Annual Report & Accounts 2010

Euromoney Institutional Investor PLC

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Euromoney Institutional Investor PLC is listed on the London Stock Exchange and is a member of the FTSE 250 share index. It is a leading international business-to-business media group focused primarily on the international finance, metals and commodities sectors. It publishes more than 70 magazines, newsletters and journals, including *Euromoney, Institutional Investor* and *Metal Bulletin*. It also runs an extensive portfolio of conferences, seminars and training courses and is a leading provider of electronic information and data covering international finance, metals and commodities, and emerging markets. Its main offices are located in London, New York, Montreal and Hong Kong and more than a third of its revenues are derived from emerging markets.

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Highlights

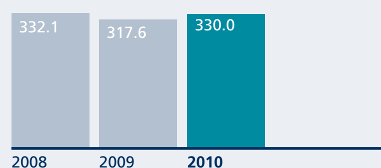
Record profits

"The resilience of subscription income combined with a good recovery in advertising and sponsorship revenues during the second half to produce a record profit, and this revenue growth has continued into the first quarter of the new financial year. Cash flows are strong and debt is falling rapidly to leave headroom for increased investment in new products, most of them with digital platforms, as well as small strategic acquisitions. The external environment, however, continues to be threatened by sovereign debt problems in the eurozone and by the challenges facing financial institutions in developed countries. Those considerations apart, the group is well placed to continue to grow."

Padraic Fallon, Chairman

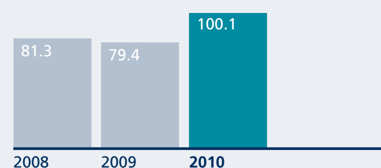
Revenue

£330m



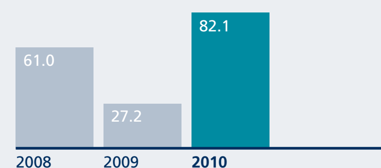
Adjusted Operating Profit*

£100.1m



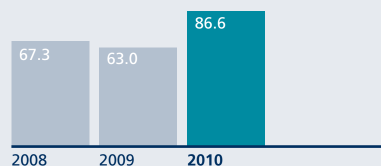
Operating Profit

£82.1m



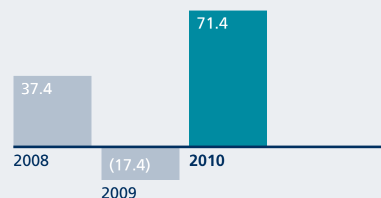
Adjusted Profit before Tax*

£86.6m



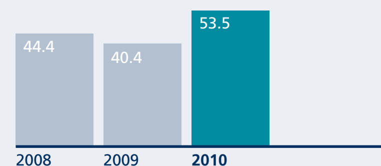
Profit/(Loss) before Tax

£71.4m



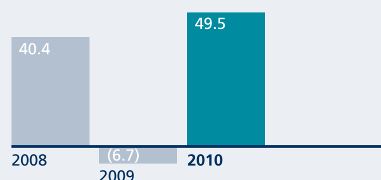
Adjusted Diluted Earnings per share*

53.5p



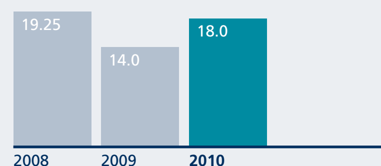
Diluted Earnings/(Loss) per share

49.5p



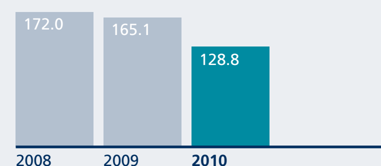
Dividend

18.0p



Net Debt

£128.8m



* See Reconciliation of Group Income Statement to underlying results on page 6.

Highlights

Our Performance

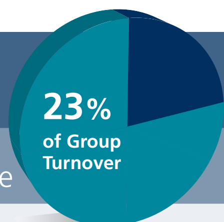
Our Governance

Group Accounts

Company Accounts

Our Divisions

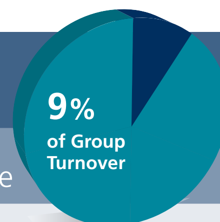
FINANCIAL PUBLISHING



£76.6m Revenue

Financial publishing includes an extensive portfolio of titles covering the international capital markets as well as a number of specialist financial titles. Products include: magazines, newsletters, journals, surveys and research, directories, and books. A selection of the company's leading financial brands includes: *Euromoney*, *Institutional Investor*, *EuroWeek*, *Latin Finance*, *Asiamoney*, *Global Investor*, *Project Finance*, *Futures & Options World*, *Total Derivatives* and the hedge fund titles *EuroHedge*, *InvestHedge*, *AsiaHedge* and *AR*.

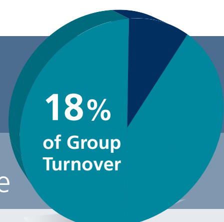
TRAINING



£29.9m Revenue

The training division runs a comprehensive range of banking, finance and legal courses, both public and in-house, under the Euromoney and DC Gardner brands. Courses are run all over the world for both financial institutions and corporates. In addition, the company's Boston-based subsidiary, MIS, runs a wide range of courses for the audit and information security market.

BUSINESS PUBLISHING



£59.1m Revenue

The business publishing division produces specialist magazines and other publications covering the metals and mining, legal, telecoms and energy sectors. Its leading brands include: *Metal Bulletin*, *American Metal Market; International Financial Law Review*, *International Tax Review* and *Managing Intellectual Property; Capacity; Petroleum Economist, World Oil* and *Hydrocarbon Processing.*

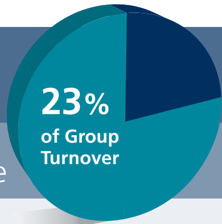
PRINCIPAL BRANDS

EUROMONEY

American MetalMarket

CONFERENCES AND SEMINARS

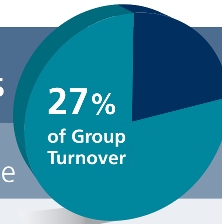
£78.8m Revenue



The group runs a large number of sponsored conferences and seminars for the international financial markets, mostly under the Euromoney, Institutional Investor, Metal Bulletin and IMN brands. Many of these conferences are the leading annual events in their sector and provide sponsors with a high quality programme and speakers, and outstanding networking opportunities. Such events include: *The Global Borrowers and Investors Forum*; the *Annual Global Hedge Fund Summit*; the *European Airfinance Conference*; the *Islamic Finance Summit*; the *Super Bowl of Indexing®*; and *Global ABS* and *ABS East* for the asset-backed securities market. In the energy sector, the group runs the world's leading annual coal conferences, *Coaltrans* and *Coaltrans Asia*; TelCap runs *International Telecoms Week*, the best meeting place worldwide for telecom carriers and service providers; and MIS runs a leading event for the information security sector in the US, *InfoSec World*.

DATABASES AND INFORMATION SERVICES

£89.8m Revenue



The group provides a number of subscription-based database and electronic information services for financial markets. Montreal based BCA Research is one of the world's leading independent providers of global investment research. The company's US subsidiary, Internet Securities, Inc., provides the world's most comprehensive service for news and data on global emerging markets under the Emerging Markets Information Service (EMIS) brand, and also includes CEIC, one of the leading providers of time-series macro-economic data for emerging markets. The company also offers global capital market databases through a venture with its AIM-listed partner, Dealogic plc.

Chairman's Statement

Padraic Fallon

Your company's revenues are growing as I write, and the number of our colleagues is also growing as we invest for further growth. The new financial year has begun well on the back of the old, when we produced a 37% increase in adjusted profits before tax to £86.6 million, easily a record. Cash flows are very strong, debt is falling rapidly, and there is more headroom for acquisitions that fit our strict criteria.

We cannot see far into this new financial year, yet through 41 years of Euromoney's history we have seen how volatile markets can be, how big financial institutions can fail, and how fast the business world can change, so we continue with a strategy that increasingly rests on long-term growth in emerging markets or, more accurately, in those outside the OECD member countries.

That strategy is one of providing the highest quality independent research, information, data, events, and training, at an international level, increasingly from digital platforms and with a growing emphasis on subscription income. Its emphasis is on owning high quality products that are valued in bad times as well as good, and are as resilient as we can make them, and we plan to add more of this type of product in 2011 than in any year I can remember. They probably won't all be successful, and the rewards from those that customers may come to value will not generate significantly higher revenues and profits for some time, but we believe that there will be many opportunities that we should seize.

We proved in the year before last – a very dangerous one in financial markets – that we could successfully defend our earnings in very tough conditions by quickly restructuring costs. The results for last year demonstrated how the company could perform when revenues began to grow again. They also demonstrated how valuable a strong subscription base can be when more volatile revenues are hit hard. Overall, on the back of a 4% increase in revenues, the company delivered an increase in adjusted diluted earnings a share of 32% and, as promised, the total dividend, if the proposed final is approved, will be covered three times by earnings, to produce an increase of 28% to 18p a share.

After strong first half results, driven largely by the benefit of cost cuts made the year before, the second half brought an increase in revenues of 16%, after an 8% fall in the first. This better than expected revenue performance helped to offset the group's significant investment in new products and the online migration of its print businesses. The group's adjusted operating margin improved to 30% last year, against 25% in 2009.

Net debt at September 30 was £128.8 million compared to £178.1 million at March 31. The sharp reduction in debt levels reflects the good second half revenue performance as well as the group's rigorous debt management and strong cash flows. Our net debt to EBITDA ratio fell to 1.3 times, against 1.9 times at March 31, similar to the level immediately before the acquisition of Metal Bulletin plc in 2006.

The recent strength of equity and commodity markets, and the positive outlook for emerging markets, all provide momentum for further recovery. However, the broader outlook for global economic growth remains challenging, while many global financial institutions have reported disappointing results for their second and third quarters. This, together with lingering concerns over sovereign debt levels in Europe, and the effectiveness of measures to avoid a repeat of the credit crisis, creates uncertainty over the outlook beyond December.

Nevertheless, the outlook for the start of the new financial year is good and the recovery in revenues experienced in the second half has continued into the first quarter. As usual at this time, forward revenue visibility beyond the first quarter, traditionally the group's least important three months of trading, is limited other than from subscriptions, and revenue growth will be harder to achieve as the 2010 comparatives become tougher.

Strategy

Throughout the year the company continued its efforts to increase the proportion of revenues derived from subscription products, accelerate the online migration of its print products as well as developing new electronic information services, invest in products of the highest quality, eliminate products with a low margin or too high a dependence on advertising, maintain tight cost control at all times, retain and foster an entrepreneurial culture, and to generate strong cash flows to fund acquisitions that fit the criteria we set.

Over the past year, the opportunities to acquire such businesses have been limited, although the acquisition of Arete in August was a good example of the small but high quality online publishing businesses the group seeks to acquire. Arete is the definitive global data and news source for retail structured-investment products, primarily through its proprietary database containing information on more than 1.3 million structured products around the world. Early signs of trading at Arete are encouraging.

While tight cost management was maintained throughout the year, the strategic focus has shifted to driving revenue growth, both from existing products as markets recover, and from investment in technology platforms and new products as part of the migration to an online information business. During the year the group invested more than £6 million in online products and new businesses, all of it from profits, and there is a significant programme of new launches planned for 2011. Perhaps of even more significance is the amount of scarce management time invested in these new products.

At the same time, the group began to execute long-term investment programmes for two of the group's most important electronic information businesses – BCA, the independent economic research business, and CEIC, the provider of emerging market databases for economists and analysts around the world – with a view to building rapidly the quality and coverage of their products as well as expanding their global sales resources. This increased level of investment is being undertaken with a view to driving revenue growth for 2012 and beyond.

Outlook

The board expects the good revenue performance achieved in the second half of 2010 to continue through the first quarter of financial year 2011. Further, subscriptions, which account for nearly 50% of the group's revenues, were growing at an annual rate of 7% at the end of 2010, which provides support for further growth in 2011. However, comparisons for advertising and events revenues, which began to recover in the second quarter of financial year 2010, will be tougher from January onwards.

The level of spending on technology and new product investment will increase further in 2011. In the short-term, this may reduce operating margins as most of the investment is being made in subscription-based electronic information services which have a long lead time to build and sell, whereas the investment entails adding people and marketing costs and is expensed as incurred. The group will also continue to execute significant long-term investment programmes for BCA and CEIC, two of its most important online information businesses, with a view to building rapidly the quality and coverage of their products as well as expanding their sales forces to take advantage of an increasing demand for research and information.

Our colleagues – who now number more than 2,000 across the world – have done a remarkable job in producing such good results, and I thank them, as I thank them also for their enthusiastic support for the group's latest charitable project which will bring clean water and sanitation to an estimated 22,000 people in one of the poorest slums in Africa.

Padraic Fallon
Chairman
November 10 2010

Appendix to Chairman's Statement

Reconciliation of Consolidated Income Statement to underlying results for the year ended September 30 2010

The reconciliation below sets out the underlying results of the group and the related adjustments to the statutory Income Statement that the directors consider necessary in order to provide an indication of the underlying trading performance.

	Notes	Underlying £000's	Adjustments £000's	2010 Total £000's	Underlying £000's	Adjustments £000's	2009 Total £000's
Total revenue	3	330,006	–	330,006	317,594	–	317,594
Operating profit before acquired intangible amortisation, long-term incentive expense and exceptional items	3	100,057	–	100,057	79,447	–	79,447
Acquired intangible amortisation		–	(13,671)	(13,671)	–	(15,891)	(15,891)
Long-term incentive expense		(4,364)	–	(4,364)	(2,697)	–	(2,697)
Exceptional items	5	–	(228)	(228)	–	(33,901)	(33,901)
Operating profit before associates		95,693	(13,899)	81,794	76,750	(49,792)	26,958
Share of results in associates		281	–	281	219	–	219
Operating profit		95,974	(13,899)	82,075	76,969	(49,792)	27,177
Finance income	7	1,637	–	1,637	2,281	–	2,281
Finance expense	7	(10,968)	(1,320)	(12,288)	(16,262)	(30,557)	(46,819)
Net finance costs		(9,331)	(1,320)	(10,651)	(13,981)	(30,557)	(44,538)
Profit/(loss) before tax		86,643	(15,219)	71,424	62,988	(80,349)	(17,361)
Tax (expense)/credit on profit/(loss)	8	(23,325)	10,486	(12,839)	(17,060)	27,472	10,412
Profit/(loss) after tax from continuing operations		63,318	(4,733)	58,585	45,928	(52,877)	(6,949)
Profit for the year from discontinued operations	15	–	–	–	–	1,207	1,207
Profit/(loss) for the year		63,318	(4,733)	58,585	45,928	(51,670)	(5,742)
Attributable to:							
Equity holders of the parent		62,838	(4,733)	58,105	45,383	(51,670)	(6,287)
Equity non-controlling interests		480	–	480	545	–	545
		63,318	(4,733)	58,585	45,928	(51,670)	(5,742)
Diluted earnings/(loss) per share – continuing operations	10	53.50p	(4.03)p	49.47p	40.39p	(47.06)p	(6.67)p

Underlying figures are presented before the impact of amortisation of acquired intangible assets and goodwill impairment, restructuring and other exceptional operating costs, non-cash movements on acquisition option commitment values, foreign exchange losses on restructured hedge arrangements and foreign exchange losses on tax equalisation swap contracts. In respect of earnings, underlying amounts reflect a tax rate that includes the current tax effect of the goodwill and intangible assets.

Further analysis of the adjusting items is presented in notes 5, 7, 8 and 10 to the Annual Report.

Directors' Report

The directors submit their annual report and group accounts for the year ended September 30 2010.

Certain statements made in this document are forward-looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results referred to in these forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, the directors do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future development or otherwise. Nothing in this document shall be regarded as a profit forecast.

The Directors' Report has been prepared for the group as a whole and, therefore, gives greater emphasis to those matters which are significant to Euromoney Institutional Investor PLC and its subsidiary undertakings when viewed as a whole. It has been prepared solely to provide additional information to shareholders to assess the company's strategy and the potential for that strategy to succeed, and the directors' report should not be relied upon by any other party for any other purpose. The corporate governance report forms part of this directors' report.

1. Principal Activities

Euromoney Institutional Investor PLC is listed on the London Stock Exchange and is a member of the FTSE 250 share index. It is a leading international business-to-business media group focused primarily on the international finance, metals and commodities sectors. It publishes more than 70 magazines, newsletters and journals, including *Euromoney*, *Institutional Investor* and *Metal Bulletin*. It also runs an extensive portfolio of conferences, seminars and training courses and is a leading provider of electronic information and data covering international finance, metals and commodities, and emerging markets. Its main offices are located in London, New York, Montreal and Hong Kong and more than a third of its revenues are derived from emerging markets. Details of the group's legal entities can be found in note 13.

2. Strategy

The key elements of the group's strategy are:

- driving top-line revenue growth from both new and existing products;
- building robust subscription and repeat revenues and reducing the dependence on advertising;
- improving operating margins through revenue growth and tight cost control;
- investing from profits in new businesses, technology and the online migration of its publishing activities;
- leveraging technology to launch specialised new electronic information services;
- making acquisitions that supplement the group's existing businesses, strengthen the company's market position in key areas and have the capacity for organic growth using the existing knowledge base of the group; and
- keeping its debt within a net debt to EBITDA limit of three times.

In 2009, to supplement this strategy, the board set the group a profit* target of £100 million to be achieved by 2013 against a base of £62.3 million in 2009. At the company's 2010 AGM, shareholders approved a new long-term incentive scheme, the Capital Appreciation Plan 2010 (CAP 2010), with performance criteria linked to the group's £100 million profit* target. The board is firmly of the view that this incentive scheme is an essential element of the group's strategy to drive above average long-term profit growth. Further details of CAP 2010 are set out in the remuneration report.

* Profit before tax excluding acquired intangible amortisation, long-term incentive expense, exceptional items, net movements in acquisition option commitments values, imputed interest on acquisition option commitments, foreign exchange loss interest charge on tax equalisation contracts and foreign exchange on restructured hedging arrangements but including redundancy costs as set out in the Income Statement, note 5 and note 7.

3. Business Review

3.1 Group results and dividends

The group profit for the year attributable to shareholders amounted to £58.1 million (2009: loss £6.3 million). The directors recommend a final dividend of 11.75 pence per ordinary share (2009: 7.75 pence), payable on February 4 2011 to shareholders on the register on November 19 2010. This, together with the interim dividend of 6.25 pence per ordinary share (2009: 6.25 pence) which was declared on May 13 2010 and paid on July 15 2010, brings the total dividend for the year to 18.0 pence per ordinary share (2009: 14.0 pence).

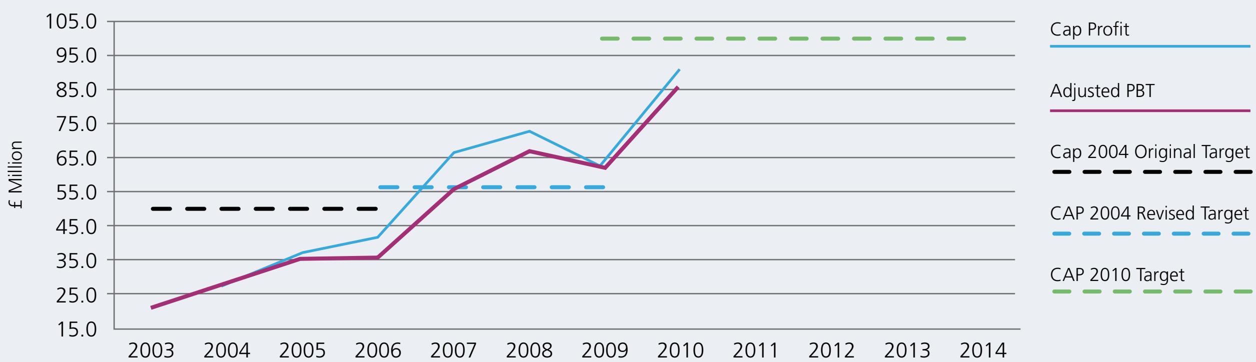
3.2 Key performance indicators

The group monitors its performance against its strategy using the following key performance indicators.

	Revenue 2010 £m	Mix 2010 %	Revenue 2009 £m	Mix 2009 %	Revenue growth %
Revenue growth and mix					
Subscriptions	153.7	46%	152.3	47%	+1%
Advertising	57.6	17%	54.8	17%	+5%
Sponsorship	41.8	13%	38.5	12%	+9%
Delegates	71.4	21%	69.6	21%	+3%
Other	9.7	3%	10.5	3%	(8%)
Foreign exchange losses on forward contracts	(4.2)	–	(8.1)	–	–
	330.0	100%	317.6	100%	+4%

	2010	2009	Change
Gross margin[1]	74.1%	71.9%	+2.2%
Adjusted operating margin[2]	30.3%	25.0%	+5.3%
Like-for-like growth/(reduction) in profits[3]	£12.3m	(£3.0m)	
Headcount[4]	1,988	1,841	147
Net debt to EBITDA[5]	1.28:1	1.99:1	

CAP Profit[6] and Adjusted PBT[7]



1 **Gross margin:** gross profit as a percentage of revenue. Gross profit and revenue are both as per note 4 in the financial statements.

2 **Adjusted operating margin:** operating profit before acquired intangible amortisation, long-term incentive plan expense, exceptional items and associates as a percentage of revenue. Operating profit and revenue are both as per the Group Income Statement in the financial statements.

3 **Like-for-like growth in profits:** proportion of operating profit growth that relates to organic growth, rather than acquisitions. Operating profit is from continuing operations and excludes closed businesses, acquired intangible amortisation and exceptional items and is adjusted for significant timing differences.

4 **Headcount:** number of permanent people employed at the end of the period including people employed in associates.

5 **Net debt to EBITDA:** the amount of the group's net debt (converted at the group's weighted average exchange rate for the rolling 12 month period) to earnings before interest, tax, depreciation, amortisation and also before exceptional items but after the long-term incentive plan expense.

6 **CAP profit:** profit before tax excluding acquired intangible amortisation, long-term incentive plan expense, exceptional items, net movements in acquisition option commitments values, imputed interest on acquisition option commitments, foreign exchange loss interest charge on tax equalisation contracts and foreign exchange on restructured hedging arrangements but including redundancy costs as set out in the group income statement, note 5 and note 7.

7 **Adjusted PBT:** CAP profit after the deduction of long-term incentive expense and the exclusion of redundancy costs as set out on page 6.

3.3 KPIs explained

The key performance indicators are all within the board's expectations and support its successful strategy. These indicators are discussed in detail in the Chairman's Statement on pages 4 and 5, and in section 3.4 below.

3.4 Development of the business of the group

3.4.1 Trading review

Total revenue increased by 4% to £330.0 million, but with a marked difference between the revenue performance in each half: an 8% fall in the first half was offset by a 16% increase in revenue in the second (see table below). Traditionally the recovery in revenue at the end of a downturn tends to be slower than the fall at the start, but this has not been the case following the credit crisis, when the recovery has happened much earlier and faster than expected.

The faster than expected recovery of subscription revenues was the most encouraging trading sign during the second half. The pick-up in subscription renewal rates began in the summer of 2009, and has been followed by a recovery in sales of new subscriptions. This reflects a combination of stronger markets, increased investment in marketing and electronic publishing, as well as many new customers identified in the aftermath of the credit crisis. Subscriptions continue to account for nearly 50% of group revenues.

Most of the group's biggest subscription businesses, including BCA Research, II Memberships and CEIC have seen revenues and renewal rates return to pre-credit crisis levels earlier than expected. Subscription revenues increased by 1% over the year, while the quarterly year-on-year growth rate (at constant exchange rates) improved to 7% by the end of the year.

	2010	2009	Headline change			Change at constant exchange
Revenues	£m	£m	H1	H2	Year	rates
Subscriptions	153.7	152.3	(7%)	9%	1%	1%
Advertising	57.6	54.8	(7%)	16%	5%	5%
Sponsorship	41.8	38.5	(18%)	34%	9%	8%
Delegates	71.4	69.6	(11%)	19%	3%	2%
Other/closed	9.7	10.5	(14%)	(3%)	(8%)	(8%)
Foreign exchange losses on forward currency contracts	(4.2)	(8.1)	–	–	–	–
Total revenue	330.0	317.6	(8%)	16%	4%	4%

Advertising revenues were the first to suffer during the credit crisis, and the first to recover. Advertising budgets and campaigns tend to be linked to the calendar year, although the rate of recovery has improved each quarter as global financial institutions became more confident about the outlook for financial markets. In addition, the financial year closed with a particularly strong September, the key month of the year for many of the group's advertising-led businesses.

Revenues from events, which comprise both sponsorship and paying delegates, experienced the most rapid recovery in 2010. Event revenues were hit hard during the credit crisis as customers exercised tight controls over training, event attendance and travel. At the same time the group cut event volumes by eliminating many of its smaller, low margin events, and continued to invest to enhance the market leading positions of its annual conferences and meetings. The majority of the group's largest events are held in the second half of its financial year and as markets have recovered, so attendance at these events has returned rapidly to pre-credit crisis levels or better.

As in the first half, emerging markets, which account for more than a third of the group's revenue, continued to hold up reasonably well, with Asia and Latin America providing the main sources of growth.

The group derives nearly two-thirds of its revenue in US dollars and movements in the sterling–US dollar rate have had a significant impact on reported revenues in some years. However, in 2010 the average sterling–US dollar exchange rate was $1.55, against $1.58 a year ago, and movements in exchange rates have not had a significant impact on reported revenues or margins.

While the results for the first half reflected the continuing benefit of cost cuts in 2009, the return to revenue growth in the second half has meant the increased investment in technology and new products has been executed with minimal impact on margins. Inevitably headcount has increased – permanent headcount at September 30 was 1,988, an increase of 141 during the second half – but the adjusted operating margin in the second was 30%, very similar to that achieved in the first half.

3.4.2 Business division review

Financial Publishing: revenues, approximately 40% of which are subscription-driven, increased by 3% to £76.6 million. However, adjusted operating profit increased by 29% to £26.2 million on the back of an improvement in the adjusted operating margin from 27% to 34%. The better margin partly reflects the cost-cuts made in 2009 – the Financial Publishing division was one of those most affected by the credit crisis – and partly the strong end to the year as many of the titles publish their biggest issue of the year in September. Among the best performers were *Euromoney*, *EuroWeek* and *Latin Finance*, all of which have a significant emerging market exposure.

Business Publishing: the group's activities outside finance are less volatile, reflecting the spread of sectors covered including metals, commodities, energy, telecoms and law, and the higher proportion of revenues derived from subscriptions. These sectors held up relatively well during the credit crisis and were not subject to significant cost cuts, leaving limited margin upside. Revenues increased by 5% to £59.1 million and the adjusted operating margin was unchanged at 42%. Metal Bulletin was again the best performer as subscription revenues continued to grow, driven by a combination of product investment and increased marketing spend.

Training: the group's Training division predominantly serves the global financial sector and was the hardest hit by the credit crisis and cuts in training spend, headcount and travel budgets. Training revenues, which are mostly derived from paying delegates, fell by 6% to £29.9 million, largely due to a 26% decline in the first quarter as the impact of the credit crisis continued into the early part of the financial year. From January, as customer training budgets returned, delegate bookings gradually improved, although course volumes have been held back until there is more certainty over the recovery. The resultant increase in average bookings per course helped the margin improve from 20% to 24%, and adjusted operating profit increased by 14% to £7.2 million.

Conferences and Seminars: revenues comprise both sponsorship and paying delegates and increased by 4% to £78.8 million. The recovery in the adjusted operating margin from 21% to 29% helped drive an increase in adjusted operating profit of nearly 50% to £23.2 million, and demonstrates the success of the group's strategy to cut low margin events in a downturn, while continuing to focus on building its larger, must-attend annual events in niche markets. As markets have recovered, the group's bigger events have seen a sharp recovery in demand and attendance has improved. Growth has come across all sectors, with some such as structured finance and hedge funds rebounding faster than expected, and others such as metals, coal and telecoms, with their strong emerging markets exposure, achieving record attendance and revenues.

Databases and Information Services: revenues are predominantly derived from subscription contracts of 12 months or longer, and the performance of this division therefore tends to lag the others. Revenues increased by 3% to nearly £90 million and, with a steady adjusted operating margin of 41%, adjusted operating profit increased by 2% to £37.0 million. Revenue growth in this division slowed from the second half of 2009, a trend which continued into the first half of 2010 before recovering in the second half. This largely reflects the lag effect of cuts in headcount and information-buying by customers in the first half of 2009. BCA returned to growth from the third quarter, earlier than expected, and margins were maintained despite the start of a substantial investment programme to build BCA's editorial resource and to expand its sales teams. CEIC continued to experience strong growth in revenue from its emerging markets data service, which helped offset weaker demand for ISI's emerging markets information service.

3.4.3 Financial review

The adjusted profit before tax of £86.6 million compares to a statutory profit before tax of £71.4 million. A detailed reconciliation of the group's underlying and statutory results is set out in the appendix to the Chairman's Statement. The statutory profit is generally lower than the adjusted profit before tax because of the impact of acquired intangible amortisation.

Underlying net finance costs for the group's committed borrowing facility fell by £4.7 million to £9.3 million, reflecting both lower debt levels and lower interest rates. The average cost of funds for the year was 5.2% (2009: 6.0%). The group's policy of swapping 80% of its debt into fixed rates for at least the next 12 months means that the average cost of funds in 2011 is unlikely to increase significantly.

The underlying effective tax rate for the year was 27%, the same as 2009. The tax rate depends on the geographic mix of profits and is not expected to change significantly in 2011. Net cash taxes paid were only £1.9 million, reflecting the benefit of tax losses in 2009. However, the strong profit performance and utilisation of tax losses means the group is now paying taxes in all jurisdictions and cash taxes will match more closely the underlying tax expense in 2011.

The group continues to generate nearly two-thirds of its revenues in US dollars, including approximately 30% of the revenues in its UK-based businesses, and more than half its operating profits are US dollar-denominated. The group hedges its exposure to the US dollar revenues in its UK businesses by using forward contracts to sell surplus US dollars. This delays the impact of movements in exchange rates for at least a year. As a result of this hedging policy, the group benefited from a £3.9 million reduction in hedging losses compared to last year.

The group does not hedge the foreign exchange risk on the translation of overseas profits, although it does endeavour to match foreign currency borrowings with investments. The related foreign currency finance costs provide a partial hedge against the translation of overseas profits. In 2010, the impact of foreign exchange rates movements on the translation of profits was not significant.

3.4.4 Finance costs

IAS 39 'Financial Instruments: Recognition and Measurement' requires an imputed interest charge to be recognised on the group's future acquisition payments under option agreements. This additional finance charge increased the group's interest cost by £0.1 million (2009: £0.6 million). IAS 39 also requires any movements in the estimated value of acquisition option commitments to be recognised in interest and in 2010 this amount was £1.2 million (2009: £2.2 million). There is no related cash effect of these amounts.

The group's interest cost in 2009 included £19.9 million (2010: £nil) in relation to foreign exchange losses on hedges on intra-group financing. These were matched by an equal and opposite tax credit in the group's tax line from tax equalisation swaps designed to hedge this transaction. In addition, last year the group also restructured its hedging arrangements (see note 7 and note 19) and incurred foreign exchange losses of £7.9 million (2010: £nil) on its resultant ineffective hedges.

Excluding these amounts, the group's net finance cost decreased from £14.0 million to £9.3 million, reflecting the lower cost of the group's debt facility following the strengthening of its net debt to EBTIDA covenant coupled with lower debt levels. The group continues to follow its treasury policy of fixing the interest rate on a portion of its long-term borrowings (see treasury section below) and hence changes to LIBOR rates do not immediately affect the group's interest cost.

3.4.5 Net debt, cash flow and dividend

Net debt at September 30 was £128.8 million compared with £178.1 million at March 31. The reduction in net debt of nearly £50 million since the half year reflects the strong operating cash flows of the group. These are traditionally weighted to the second half due to the timing of payment for annual profit shares, dividends and acquisition earn-outs. Cash generated from operations increased by £28.2 million to £100.8 million and the operating cash conversion rate was 101% (2009: 91%).

In August, the group completed the acquisition of Arete Consulting Limited, its first material transaction since the acquisition of Metal Bulletin in October 2006. The group acquired a 100% interest in Arete for an expected net consideration of £5.8 million, of which £0.6 million is deferred until April 2011, with the final price dependent on Arete's profit for its financial year to February 28 2011. Arete's revenue for that year is expected to be in the region of £3 million.

The group's debt is provided through a $400 million multi-currency committed facility from Daily Mail and General Trust plc. The facility is provided in a mix of sterling and US dollar funds over three and five year terms expiring in December 2011 and 2013 respectively. The reduction in debt levels in 2010 and expected continued strong cash flows in 2011 means any remaining debt under the three year facility can be rolled into the five year facility at the December 2011 expiry date.

The net debt to EBITDA covenant on the group's committed facility is subject to a limit of four times, although the group manages its gearing to a more conservative internal limit of three times EBITDA. The ratio at the end of September was 1.3 times against just under 2.0 times a year ago. There are no significant capital or acquisition cash commitments currently expected for 2011.

In 2009, the board increased the company's target dividend cover to three times after-tax earnings. Pursuant to this policy, the board has recommended a final dividend of 11.75p a share (2009: 7.75p) making a total dividend for the year of 18.0p (2009: 14.0p). The final dividend will be paid on February 4 2011 to shareholders on the register at November 19 2010. A scrip dividend alternative will again be available to shareholders and the group's majority shareholder, Daily Mail and General Trust plc, has indicated its intention to accept the scrip alternative.

3.4.6 Balance sheet

The net assets of the group were £169.5 million compared to £105.0 million in 2009. The main movements in the balance sheet items were in: **intangible assets**, reflecting the recognition of £7.7 million of goodwill and other intangible assets following the acquisition of Arete, foreign exchange gains of £4.8 million, amortisation costs of £13.9 million and impairment costs of £1.8 million; **property, plant and equipment** fell by £0.3 million to £19.5 million, largely as a result of depreciation of £2.7 million and disposals of £0.8 million, offset by regular capital expenditure across the group of £3.1 million. **Net derivative financial instrument** (due less than one year and more than one year) fell from a liability of £23.4 million to a liability of £13.6 million reflecting the lower level of forward currency contracts in place; **acquisition option commitments** due in less than one year fell £10.2 million to £1.1 million reflecting the exercise during the year of the option commitments over ISI, Total Derivatives, TelCap and Coaltrans and £1.0 million of true-up adjustments; **trade and other payables** fell £27.9 million to £31.3 million reflecting the payment of a £23.9 million balance due to a DMGT group undertaking from a 2009 intergroup funding transaction; **deferred income** increased £11.1 million to £93.7 million reflecting the increase in the group's forward sold subscription and event revenues; **loan notes** fell £3.7 million to £2.0 million, a result of loan note redemption during the year; **committed loan facility** fell £33.5 million to £137.9 million, reflecting the net cash generated by the group from operations; **net pension deficit** increased from a deficit of £0.4 million to a deficit of £1.5 million reflecting a £3.9 million increased in the pension obligation offset by a £2.7 million increased in the asset value; the net **deferred tax** liability has remained level at £3.3 million, the asset increasing due to recognition of tax losses following the agreement by the tax authorities of open tax matters offset by an increased liability from the tax effect on the successful resolution of an outstanding legal claim, the use of tax losses and the unwinding of deferred tax on intangible assets and goodwill impairment.

3.4.7 Capital Appreciation Plan (CAP)

The CAP is the group's long-term, performance-based incentive designed to retain and reward those who drive profit growth and is an integral part of the group's successful growth strategy. CAP 2010 was approved by shareholders at the Annual General Meeting in January 2010.

The terms of CAP 2010 broadly require an adjusted profit before tax (and before CAP long-term incentive expense) of £100 million to be achieved, from a base profit of £62.3 million in 2009, within the four year performance period ending in September 2013. If achieved, rewards under CAP 2010 will be satisfied by the issue of approximately 3.5 million new ordinary shares and £15 million cash, with 50% of the reward deferred for a further 12 months and subject to additional performance tests.

The total cost of CAP 2010 will be no more than £30 million, which is being expensed over the expected life of the plan. The CAP expense for the seven months since it was launched in March 2010 was £3.9 million. In the event the CAP profit target is achieved a year before the end of the 2013 performance period, the expected life of the plan would be shortened and the annual CAP expense would increase. For the financial years 2011 and 2012, if the £100 million CAP profit target was achieved in 2012, the annual CAP expense would increase from £6.8 million to £9.2 million. Further details on the CAP 2010 are set out in the Directors' Remuneration Report.

3.4.8 Acquisitions and disposals

Acquisitions remain an important part of the group's growth strategy. In particular the board believes that acquisitions are valuable for taking the group into new sectors, for bringing new technologies into the group and for increasing the group's revenues by buying into rapidly growing niche businesses. The group continues to look for strategic acquisitions in the areas of international finance, commodities and energy, and in emerging markets.

Acquisition

In August 2010 the group acquired 100% of the equity of Arete Consulting Limited, the market leading database of retail structured investment products, for a cash consideration of £6.1 million with a further payment in 2011 of approximately £0.6 million dependent on the audited profits of the business.

Increase in equity holdings

During the year the group has invested £11.6 million in increasing its equity interests in a number of its subsidiaries under acquisition earn-out agreements. This includes: the acquisition of the final 5% minority interest in Coaltrans Conferences Limited, the provider of high-calibre conferences for the international coal industry, for £1.3 million; the acquisition of the final 10.8% minority interest in Total Derivatives Limited, a leading provider of real-time news and analysis about the global fixed income derivatives market, for £1.8 million; the acquisition of the final 15% minority interest in TelCap Limited, the global wholesale telecoms publisher and conference organiser, for £5.7 million; and the acquisition, through Internet Securities Inc., of the final 49% interest in Benchmark Financials Limited, a leading provider of company financial data, analysis and business credit ratings for Colombian companies, for £1.0 million. The group also spent £1.7 million on an additional

1% interest in Internet Securities Inc., the emerging market content aggregator and data business, taking its holding to 98.7%. Further details are provided in note 14. Following these payments, the total commitment under outstanding acquisition option agreements has fallen from £11.9 million at September 30 2009 to £1.1 million.

3.4.9 Headcount

The number of people employed is monitored monthly to ensure that there are sufficient resources to meet the forthcoming demands of each business and also to make sure that the businesses continue to deliver sufficient profits to support the people they employ. During 2009, given the down-turn in trading, the directors reduced the group's headcount by nearly 20% and employed 1,841 people at the end of September 2009. The number of employees was unchanged during the first half of 2010 but has increased during the second half as revenues recover and the group stepped up its investment in new businesses. At the end of September 2010, the group employed 1,988 people.

3.4.10 Marketing and digital development

In 2010 the marketing strategy has focused on driving more revenue bookings through the group's online channels. In 2010 £11.8 million was booked directly through the group's websites, an increase of 39% on 2009. This has been achieved both by improvements to the usability of websites and a significant shift from traditional marketing methods to more focused online marketing. Social media is now being used across the portfolio to drive leads which are then converted to sales on the websites.

In conjunction with the marketing strategy to drive more customers to book online, online product development has also been a significant focus in 2010. In 2010 18 websites were either redeveloped or launched resulting in online subscription revenues across the financial and business publishing titles up 9% and online advertising up 31%.

During 2010 £5.5 million was invested in central digital infrastructure, in particular in a new online subscription platform. A three year digital technology strategy has been implemented including a complete redevelopment of the content management and database systems, and mobile delivery structure. Investment will continue in 2011 as these large projects continue.

Eight new online products that started development in 2010 which will be launched and start generating revenues in 2011.

As part of its strategy to manage cost-effectively the group has continued to outsource two key areas of marketing: telesales and list research. In 2010, 7% of all sales generated by telesales were taken via the outsource operation in Manila. Management have also outsourced list research to India resulting in significant savings for the group.

3.4.11 Systems and information technology

The group continues to invest across all technology areas.

The group has an active programme to implement specialised information systems worldwide. During 2010 new central CRM technology was rolled out to sales teams across the group. The group has implemented cutting-edge event management and registration technology, integrating systems with the conference business websites. The group continues to implement the central advertising billing software globally.

Desktop technology is kept up to date annually; a refresh of office application software was undertaken globally during the year.

The group has invested in resilient and high capacity telecom infrastructure; the VoIP networks provide increased internet bandwidth and a scalable and feature-rich telephony network across the group. The group is continuing to develop a unified communications platform, providing businesses with a single interface for accessing email, voicemail, instant messaging and fax communications, for both office-based employees and remote workers. This year the group has invested in high resolution video conferencing technology between the offices in London, New York, Montreal and Hong Kong, improving communication and reducing global travel costs. Telecom suppliers and services are reviewed annually to ensure costs are managed tightly.

Investment in technology to support online businesses continues. The group is investing significantly in new hosting technology during 2011 to ensure its websites maintain the very highest performance. The group has also developed new technology for launching products on mobile platforms including Blackberry and iPad. Many sites were relaunched during 2010 with fresh designs and updated technologies.

Investment in e-commerce infrastructure continued throughout 2010. New technology has been developed to enhance how the group manages its website customers, products and online orders; new access control software has increased the number of ways it can deliver content online. A comprehensive training programme is underway to support the software roll-out across the group.

There was a full review of the group's information security policy in 2010. All company laptops are encrypted and new software was introduced across the networks to track and control access to corporate data. Security and penetration tests are run against networks and systems annually, including tests this year at the BCA office in Montreal and against the central marketing system in London.

In 2010 the group established a new recovery site to support the business in the event of the London office being unavailable. Disaster recovery and business continuity plans for all businesses were updated during the year and the group has an active programme for testing these disaster recovery plans for all business units.

3.4.12 Tax and treasury

Committee

The group's tax and treasury committee normally meets twice a year and is responsible for recommending policy to the board. The committee members are the chairman, managing director and finance director of the company, and the finance director and the deputy finance director of DMGT. The chairman of the audit committee is also invited to attend tax and treasury meetings. The group's treasury policies are directed to giving greater certainty of future costs and revenues and ensuring that the group has adequate liquidity for working capital and debt capacity for funding acquisitions.

Treasury

The treasury department does not act as a profit centre, nor does it undertake any speculative trading activity, and it operates within policies and procedures approved by the board.

Interest rate swaps are used to manage the group's exposure to fluctuations in interest rates on its floating rate borrowings. The maturity profile of these derivatives is matched with the expected future debt profile of the group. The group's policy is to fix the interest rates on approximately 80% of its term debt looking forward over five years. The maturity dates are spread in order to avoid interest rate basis risk and also to mitigate short-term changes in interest rates.

At September 30 2010, the group had 90% of its gross debt fixed by the use of interest rate hedges. The predictability of interest costs is deemed to be more important than the possible opportunity cost forgone of achieving lower interest rates and this hedging strategy has the effect of spreading the group's exposure to fluctuations arising from changes in interest rates and hence protects the group's interest charge against sudden increases in rates but also prevents the group from benefiting immediately from falls in rates.

The group generates approximately two-thirds of its revenues in US dollars, including approximately 30% of the revenues in its UK-based businesses, and approximately 60% of its operating profits are US dollar-denominated. The group is therefore exposed to foreign exchange risk on the US dollar revenues in its UK businesses, and on the translation of the results of its US dollar-denominated businesses.

In order to hedge its exposure to US dollar revenues in its UK businesses, a series of forward contracts are put in place to sell forward surplus US dollars. In 2008, the group hedged fully for the coming 12 months and partially for a further 36 months. In 2009, the directors reviewed the group's hedging policy and as a result reduced the period of partial hedging from up to 48 months to between 12 and 18 months and reduced the percentage of revenues hedged in the first 12 months to 80%. The transition to the revised policy will take some time, with forward deals in excess of 18 months being allowed to naturally unwind.

The group does not hedge the foreign exchange risk on the translation of overseas profits, although it does endeavour to match foreign currency borrowings with investments and the related foreign currency finance costs provide a partial hedge against the translation of overseas profits. As a result of this hedging strategy, any profit or loss from the strengthening or weakening of the US dollar will largely be delayed until the following financial year and beyond.

Details of the financial instruments used are set out in note 19 to the accounts.

Tax

The underlying effective tax rate based on adjusted profit before tax and excluding deferred tax movements on intangible assets, prior year items and exceptionals is 27% (2009: 27%). The group's reported effective tax rate decreased to an expense of 18% compared to 60% credit in 2009. In 2009, a credit of £19.9 million relating to tax on foreign exchange losses was treated as exceptional as it was hedged by £19.9 million of foreign exchange losses on tax equalisation contracts included within net finance costs (note 7). There were no such foreign exchange losses in 2010. A reconciliation to the underlying effective rate is set out in note 8 in the accounts.

The total net deferred tax balance held is a liability of £3.3 million (2009: £3.3 million) and relates primarily to capitalised intangible assets, tax deductible US goodwill and rolled over capital gains, net of deferred tax assets held in respect of US and UK tax losses and short-term timing differences and the future deductions available for the CAP.

4. Principal risks and uncertainties

The group has continued to develop its processes for risk management. Management of significant risk is regularly on the agenda of the board and other senior management meetings.

Specific risk areas that potentially could have a material impact on the group's long-term performance include:

4.1 Operational risks

Downturn in economy or market sector

The group generates significant income from certain key geographical regions and market sectors for both its publishing and events businesses. Uncertainty in global financial markets increases the risk of a downturn or potential collapse in one of these areas, and should this occur, income is likely to be adversely affected and for events businesses some abandonment costs may also be incurred.

However, the group has a diverse product mix and operates in multiple geographical locations which reduces dependency on any one sector or region. Management has shown a proven ability to switch the group's focus to new or unaffected markets (e.g. following the SARS outbreak in Asia and terrorist attacks in New York).

Travel risk

The conference, seminars and training businesses account for 33% of the group's revenues and 30% of the group's profits. The success of these events and courses relies heavily on the confidence in and ability of delegates and speakers to travel internationally. Significant disruptions to or reductions in international travel for any reason could lead to events and courses being postponed or cancelled and could have a significant impact on the group's performance. Past incidents such as transport strikes, extreme weather including hurricanes, terrorist attacks, fears over SARS and swine flu, and more recently the disruption from volcanic ash in Europe, have all had a negative impact on the group's results, although none materially.

Where possible, contingency plans are in place to minimise the disruption from travel restrictions. Events can be postponed or moved to another location, or increasingly can be attended remotely using new online technologies. Cancellation and abandonment insurance is also in place for the group's largest events.

London, New York, Montreal or Hong Kong wide disaster

The group has its main offices located in London, New York, Montreal and Hong Kong. An area-wide disaster could have serious consequences with office space potentially becoming unusable for several months and a lack of suitable alternative accommodation, loss of key clients and staff in an affected area and difficult communications with both customers and staff. As a consequence of the above, the group could suffer a loss of revenue.

To mitigate this risk the group has detailed disaster recovery (DR) plans for all businesses. All employees can work remotely. The group regularly tests its DR plans. It has robust systems in place with key locations (including the UK, US, Canada and Asia) benefiting from dual location of back-ups, dual loading of live back-ups for key systems and third-party 24-hour support.

Publishing legislation

The group generates a significant amount of its revenue from publishing and hence has an inherent libel risk. A successful libel claim could affect the group's reputation in the market where the libel claim arose and where the publication was published. As a consequence the group could suffer a loss of advertising and other revenue streams.

To mitigate this risk the group runs mandatory annual libel courses for all journalists and editors. Key staff are aware of the significant nature of libel risk and strong internal controls are in place for reporting to senior management if a potential issue arises. The group also has libel insurance cover.

Circulation

The group publishes over 70 titles and publications and sells advertising based partly on circulation figures. An incorrect claim for circulation could adversely affect the group's reputation in the applicable marketplace with a potential knock-on effect for other titles within the group. This could lead to the permanent loss of advertisers and other revenue streams.

To mitigate this risk the group runs rolling annual internal audits and regularly monitors internal controls designed to cover circulation. Detailed guidance is provided to all relevant employees and their understanding of the rules is regularly monitored. There are a large number of mutually exclusive titles and it is unlikely that an incorrect circulation claim, should it arise, would affect the circulation of other titles within the wider group. Similar controls are applied to claims for electronic publishing activities.

Acquisition and disposal risk

Part of the group's strategy is to make strategic acquisitions. Management review a number of potential acquisitions each year with only a small proportion of these going through to due diligence stage and possible subsequent purchase. The group could suffer an impairment loss if an acquired business does not generate the expected returns or fails to operate or grow in its markets and products areas. The expected risks of a newly acquired entity may be misunderstood. As a consequence a significant amount of management time could be diverted from other operational matters. The group is also subject to disposal risk, possibly failing to achieve optimal value from disposed businesses or underestimating the impact on the remaining group businesses from such a disposal.

To mitigate this risk experienced senior management perform detailed in-house due diligence and call on expert external advisers where deemed necessary. Acquisition agreements are usually structured so as to retain key employees in the acquired company and there is close monitoring of performance at board level of the entity concerned post-acquisition.

Key staff leaving

The group is reliant on key management and staff across many of its businesses, and many of its products are reliant on the technological and specialist expertise provided by a number of talented staff. All key staff are engaged in long-term incentive plans to encourage retention. In addition, the directors remain committed to recruitment and retention of high quality management and talent, and provide a programme of career opportunity and progression for employees including extensive training and international transfer opportunities.

Reliance on key brands

The group has a portfolio of significant brands. Damage to any of these brands, or increasing popularity of a competitor brand, could affect the group's reported profits. The group works hard to manage the quality and reputation of its brands and products and protects these where necessary with trademarks which are monitored by external advisers. In addition, the group has a broad range of products, and brands which helps diversify the brand risk.

Technological change and IT infrastructure

All of the group's businesses are dependent on technology to some degree. Information systems are critical for the effective management and provision of services around the group. Disruption to information technology could adversely affect the business and damage the group's reputation. The internet is becoming an increasingly important revenue stream for the group and with this comes risk. The internet, through

the proliferation of free content and content aggregators, has the potential to erode hard copy advertising and subscription revenues. The group's increasing dependence on information systems has also heightened the information security risk to the group with breaches in data security systems having a potential impact on the group's business and reputation.

The group is already embracing these challenges, and overall sees the internet and other technological advances as an opportunity not a threat. Business continuity plans are in place in each business and include comprehensive back-up plans for IT infrastructure, with the aim to protect the businesses from unnecessary disruption. The group has comprehensive information security standards and practices in place which are reviewed on a regular basis. Many of the group's businesses already produce soft copies of publications to supplement the hard copies. While the internet is an important tool for generating additional revenue the group's product mix provides protection for any potential unforeseen problems. For example, the group's share of profit from event businesses is significant, with face-to-face meetings of increasing importance.

4.2 Financial risks

Liquidity risk

The group has significant borrowings and is an approved borrower under a Daily Mail and General Trust plc (DMGT) $400 million dedicated multi-currency facility. The facility is divided into four quantums of US dollar and sterling funds with three and five year terms with a total maximum borrowing capacity as follows:

	3 year tranche	5 year tranche
US dollar	$60 million	$250 million
Sterling	£26 million	£33 million

The three year quantums of the facility are due for renewal in December 2011 and the five year quantums in December 2013. The facility requires the group to meet certain covenants based on net debt and profits adjusted for certain non-cash items and the impact of foreign exchange. Failure to do so would result in the group being in breach of the facility potentially resulting in the facility being withdrawn or impediment of management decision making by the lender. Management regularly monitor the covenants and prepare detailed cash flow forecasts to ensure that sufficient headroom is available and that the covenants are not close or potentially close to breach. At September 30 2010, the group's net debt to adjusted EBITDA was 1.28 times.

The group's strategy is to use excess operating cash to pay down its debt. The group generally has an annual cash conversion rate (the percentage by which cash generated from operations covers operating profit before acquired intangible amortisation, long-term incentive expense, and exceptional items) of over 100% due to much of its subscription, sponsorship and delegate revenue being paid in advance. For the year to September 30 2010 the group's cash conversion rate was 101%.

Under the DMGT facility, at September 30 2010, the group had £117.8 million of undrawn but committed facilities available. This is more than sufficient for the group to meet expected and unexpected short-term working capital requirements. Although the level of uncertainty in the global economy and financial markets has eased since 2009, there is a risk that the undrawn portion of the facility may be unavailable or withdrawn if DMGT experience funding difficulties themselves. However, if DMGT were unable to fulfil its funding commitment to the group, the directors are confident that the group would be in a position to secure adequate external facilities, although probably at a higher cost of funding.

Market price risk

Market price risk is the possibility that changes in currency exchange rates, interest rates or commodity prices will adversely affect the value of the group's financial assets, liabilities or expected future cash flows. The group's primary market risks are interest rate fluctuations and exchange rate movements. 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. Derivatives used by the group for hedging a particular risk are not specialised and are generally available from numerous sources. The fair values of interest rate swaps, currency options and forward exchange contracts set out in note 19 represent the replacement costs calculated using the market rates of interest and exchange at September 30 2010. The group has no other material market price risks.

Interest rate risk

The group's borrowings are in both pounds sterling and US dollars with the related interest tied to GBP and US dollar LIBOR. This results in the group's interest charge being at risk to fluctuations in interest rates. It is the group's policy to hedge approximately 80% of its interest exposure, converting its floating rate debt into fixed debt by means of interest rate swaps. The maturity dates are spread in order to avoid interest rate basis risk and also to negate short-term changes in interest rates. The predictability of interest costs is deemed to be more important than the possible opportunity cost forgone of achieving lower interest rates and this hedging strategy has the effect of spreading the group's exposure to fluctuations arising from changes in interest rates and hence protects the group's interest charge against sudden increases in rates but also prevents the group from benefiting immediately from falls in rates. Details of the group's interest rate swaps are given in note 19.

Foreign currency risk

The group generates approximately two-thirds of its revenues in US dollars, including approximately 30% of the revenues in its UK-based businesses, and approximately 60% of its operating profits are US dollar-denominated. The group is therefore exposed to foreign exchange risk on the US dollar revenues in its UK businesses, and on the translation of the results of its US dollar-denominated businesses.

The group does not hedge the translation of the results of its US dollar-denominated businesses. Consequently, fluctuations in the value of sterling versus the US dollar could materially affect the translation of

their results in the consolidated financial statements. However, the group endeavours to match foreign currency borrowings to investments in order to provide a natural hedge for the translation of the net assets of overseas subsidiaries with the related foreign currency interest cost arising from these borrowings providing a part natural hedge against the translation of foreign currency profits.

Subsidiaries normally do not hedge transactions in foreign currencies into the functional currency of their own operations. However, at a group level, a series of US dollar forward contracts are put in place to sell forward surplus US dollars between 12 and 18 months to hedge 80% of revenues for the first 12 months and 50% for the following six months. The timing and value of these forward contracts is based on managements estimate of its future US dollar revenues over an 18 month period. If management materially underestimated the group's future US dollar revenues this would lead to too few forward contracts being in place and the group being more exposed to swings in US dollar to sterling exchange rates. An overestimate of the group's US dollar revenue would lead to associated costs in unwinding the excess forward contracts. At September 30 2010, the fair value of the group's forward contracts was a liability of £7.8 million (2009: a liability of £15.8 million).

Credit risk

The group seeks to limit interest rate and foreign currency risks described above by the use of financial instruments and as a result has a credit risk from the potential non-performance by the counterparties to these 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 risks are controlled by monitoring the amounts outstanding with, and the credit quality of, these counterparties. For the group's cash and cash equivalents these are principally licensed commercial banks and investment banks with strong long-term credit ratings, and for derivative financial instruments DMGT who have treasury policies in place which do not allow concentrations of risk with individual counterparties and do not allow significant treasury exposures with counterparties which are rated lower than AA.

The group also has credit risk with respect to trade and other receivables, prepayments and accrued income. The concentration of credit risk from trade receivables is limited due to the group's large and broad customer base. Trade receivable exposures are managed locally in the business units where they arise. Allowance is made for bad and doubtful debts based on management's assessment of the risk of non-payment taking into account the ageing profile, experience and circumstance.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, recorded in the balance sheet.

Tax

The group operates within many jurisdictions; earnings are therefore subject to taxation at differing rates across these jurisdictions. The directors endeavour to manage the tax affairs of the group in an efficient manner; however, due to an ever more complex international tax environment there will always be a level of uncertainty when provisioning for tax liabilities. There is also a risk of tax laws being amended by authorities in the different jurisdictions in which the group operates which could have an adverse effect on the financial results. External tax experts and in-house tax specialists, reporting to the tax and treasury committee, work together to review all tax arrangements within the group and keep abreast of changes in global tax legislation.

5. Future development in the business

An indication of the trading outlook for the group is given in the Chairman's Statement on page 5. In 2011 the directors will manage the business to take advantage of the economic recovery and to facilitate growth in an improving global market and to continue to shape the business to remain competitive in the economic environments in which it operates. The group is well placed to diversify its product and geographical base and remains committed to its strategy set out on page 7.

The board will continue to review the portfolio of businesses, disposing, closing or restructuring any under-performing businesses to allow the group to have the necessary resources and skills to remain acquisitive. The group will invest in technology and new businesses, particularly electronic information products, as well as in its internal systems.

6. Directors and their interests

The company's Articles of Association give power to the board to appoint directors from time to time. In addition to the statutory rights of shareholders to remove a director by ordinary resolution, the board may also remove a director where 75% of the board give written notice to such director. The Articles of Association themselves may be amended by a special resolution of the shareholders.

The directors who served during the year are listed on page 37. The directors' interests are given on page 44. B AL-Rehany was appointed an executive director on November 11 2009, MJ Carroll resigned as an executive director at the company's Annual General Meeting on January 21 2010 and GG Mueller resigned as an executive director on September 30 2010.

Following best practice under the June 2010 UK Corporate Governance Code and in accordance with the company's Articles of Association, all directors submit themselves for re-election annually. Accordingly, all executive directors will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election. Also, as required by best practice under the June 2010 UK Corporate Governance Code, all non-executive directors will submit themselves for re-election on an annual basis. In addition, in accordance with the June 2010 UK Combined Code on Corporate Governance, before the re-election of a non-executive director, the chairman is required to confirm to shareholders that, following formal performance evaluation, the non-executive directors' performance continues to be effective and demonstrates commitment to the role. Accordingly, the non-executive directors will retire at the forthcoming Annual General Meeting and, being eligible following a formal performance evaluation by the chairman, offer themselves for re-election.

Details of the interests of the directors in the ordinary shares of the company and of options held by the directors to subscribe for ordinary shares in the company are set out in the Directors' Remuneration Report on pages 30 to 45.

7. Capital structure and significant shareholdings

Details of the company's share capital are given in note 23. The company's share capital is divided into ordinary shares of 0.25 pence each. Each share entitles its holder to one vote at shareholders' meetings and the right to receive one share of the company's dividends.

At November 9 2010, being the latest practical date before approval of the accounts, notification had been received, in accordance with chapter 5 of the Disclosure and Transparency Rules, of the following voting rights as a shareholder of the company:

Name of holder	Nature of holding	Number of shares	% of voting rights
Daily Mail and General Holdings Limited	Direct	78,321,134	66.10
AEGON UK	Direct	4,731,564	3.99

Until December 14 2009 Banque Internationale à Luxembourg SA had in issue international depositary receipts (IDR) in bearer form in respect of a total of 812,800 shares (0.7%) registered in its name. Each IDR in issue equated to one underlying ordinary share in the capital of Euromoney Institutional Investor PLC. On December 14 2009 the company terminated the deposit agreement and delisted the underlying shares from the Luxemburg Stock Exchange.

Details of the directors' entitlement to compensation for loss of office following a takeover or contract termination are given in the Directors' Remuneration Report.

8. EU Takeovers Directive

Pursuant to s992 of the Companies Act 2006, which implements the EU Takeovers Directive, the company is required to disclose certain additional information. Such disclosures, which are not covered elsewhere in this annual report, include a number of agreements that take effect, alter or terminate upon a change of control of the company following a takeover bid, such as commercial contracts, bank loan agreements, property lease arrangements, directors' service agreements and employee share plans. None of these agreements are deemed to be significant in terms of their potential impact on the business of the group as a whole.

9. Authority to purchase and allot own shares

The company's authority to purchase up to 10% of its own shares expires at the conclusion of the company's next Annual General Meeting. A resolution to renew this authority for a further period will be put to shareholders at this meeting.

At the Annual General Meeting of the company on January 21 2010, the shareholders authorised the directors to allot shares up to an aggregate nominal amount of £85,339 expiring at the conclusion of the Annual General Meeting to be held in 2011. A resolution to renew this authority for a further period will be put to shareholders at this meeting.

10. Political and charitable contributions

During the year the group raised charitable contributions of £445,000 (2009: £207,000). There were no political contributions in either year. See pages 28 and 29 for details of the group's charitable projects.

11. Directors' idemnities

The company has directors and officers liability and corporate reimbursement insurance for the benefit of the company's directors and those of other associated companies. This insurance has been in place throughout the year and remains in force at the date of this report.

12. Annual General Meeting

The company's next Annual General Meeting will be held on January 20 2011.

13. Auditors

A resolution to reappoint Deloitte LLP as the company's auditors is expected to be proposed at the forthcoming Annual General Meeting.

14. Disclosure of information of auditors

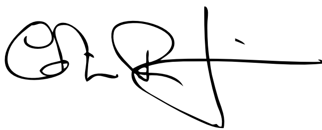
In the case of each of the persons who is a director of the company at November 10 2010:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditors are unaware; and

- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of the information.

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

By order of the board



Colin Jones
Company Secretary
November 10 2010

Directors and Advisors

Executive Directors

Mr PM Fallon ‡

Chairman

Mr PM Fallon (aged 64) is chairman. He joined the company in 1974 and was appointed an executive director in October 1975. He was appointed managing director in 1985, chief executive in 1989 and chairman in 1992. He is chairman of the nominations committee. He is also an executive director of Daily Mail and General Trust plc.

Mr PR Ensor ‡

Managing director

Mr PR Ensor (aged 62) is the managing director. He joined the company in 1976 and was appointed an executive director in 1983. He was appointed managing director in 1992 and is a member of the nominations committee. He is also a director of Internet Securities, Inc., BCA Research, Inc. and since October 2009 an outside member of the Finance Committee of Oxford University Press.

Mr NF Osborn

Mr NF Osborn (aged 60) joined the company in 1983 and was appointed an executive director in February 1988. He is the publisher of *Euromoney*. He is also a director of Internet Securities, Inc., and of OAO RBC Information Systems, a Russian public company.

Mr DC Cohen

Mr DC Cohen (aged 52) joined the company in 1984 and was appointed an executive director in September 1989. He is managing director of the training division.

Mr CR Jones

Finance director

Mr CR Jones (aged 50) is the finance director and a chartered accountant. He joined the company in July 1996 and was appointed finance director in November 1996. He is also the company secretary and a director of Institutional Investor, Inc., Information Management Network, Inc., Internet Securities, Inc. and BCA Research, Inc.

Mr SM Brady

Mr SM Brady (aged 45) joined the company in 1988 and was appointed an executive director in May 1999. He is managing director of *Euromoney.*

Ms DE Alfano

Ms DE Alfano (aged 54) joined Institutional Investor, Inc. in 1984 and was appointed an executive director in July 2000. She is managing director of Institutional Investor's conference division and a director and chairman of Institutional Investor, Inc.

Mr CHC Fordham

Mr CHC Fordham (aged 50) joined the company in 2000 and was appointed an executive director in July 2003. He is the director responsible for acquisitions and disposals as well as some of the company's publishing businesses, including the Metals, Minerals & Mining division of *Metal Bulletin*.

Ms JL Wilkinson

Ms JL Wilkinson (aged 45) joined the company in 2000 and was appointed an executive director in March 2007. She is group director of marketing and digital publishing and recently moved to New York to become CEO of Institutional Investor's publishing activities and president of Institutional Investor, Inc.

Mr B AL-Rehany

Mr B AL-Rehany (aged 53) was appointed as an executive director on November 11 2009. He is chief executive officer and a director of BCA Research, Inc. which he joined in January 2003. Euromoney acquired Metal Bulletin plc in October 2006, at which point he joined the company.

Non-executive Directors

The Viscount Rothermere †‡
The Viscount Rothermere (aged 42) was appointed a non-executive director in September 1998 and is a member of the remuneration and nominations committees. He is chairman of Daily Mail and General Trust plc.

Sir Patrick Sergeant ‡
Sir Patrick Sergeant (aged 86) is a non-executive director and president. He founded the company in 1969 and was managing director until 1985 when he became chairman. He retired as chairman in September 1992 when he was appointed as president and a non-executive director. He is a member of the nominations committee.

Mr JC Botts †‡§
Mr JC Botts (aged 69) was appointed a non-executive director in December 1992 and is chairman of the remuneration committee and a member of the audit and nominations committees. He is senior adviser of Allen & Company in London, a non-executive chairman of United Business Media Group Limited, a director of Songbird Estates plc and a director of several private companies.

Mr JC Gonzalez §
Mr JC Gonzalez (independent) (aged 64) was appointed a non-executive director in November 2004 and is a member of the audit committee. He is chairman and chief executive of American Orient Capital Partners Holdings Limited, an investment and financial advisory services firm based in Hong Kong covering the Asia Pacific region, and a director of a number of publicly listed companies in the Philippines.

Mr MWH Morgan †‡
Mr MWH Morgan (aged 60) was appointed a non-executive director on October 1 2008. He was also appointed a member of the remuneration and nominations committees with effect from October 1 2008. He was previously chief executive of DMG Information and became chief executive of Daily Mail and General Trust plc on October 1 2008.

Mr DP Pritchard §
Mr DP Pritchard (independent) (aged 66) was appointed a non-executive director on December 22 2008. He is a member of the audit committee and on September 16 2010 he took over from Mr JC Botts as chairman of the audit committee. He is chairman of Songbird Estates plc and of AIB Group (UK) plc, a director of Allied Irish Banks plc and a director of The Motability Tenth Anniversary Trust. He was formerly deputy chairman of Lloyds TSB Group, chairman of Cheltenham & Gloucester plc and a director of Scottish Widows Group and LCH.Clearnet Group.

† member of the remuneration committee
‡ member of the nominations committee
§ member of the audit committee

President
Sir Patrick Sergeant

Company Secretary
CR Jones

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Theobald's Road,
London WC1X 8RW

Brokers
UBS, 1 Finsbury Avenue,
London EC2M 2PP

Registrars
Capita Registrars, The Registry,
34 Beckenham Road,
Beckenham, Kent, BR3 4TU

Corporate Governance

The Financial Reporting Council's Combined Code ('the Code') on Corporate Governance is part of the Listing Rules ('the Rules') of the Financial Services Authority. The paragraphs below and in the Directors' Remuneration Report on pages 30 to 45 set out how the company has applied the principles laid down by the Code.

The company continues substantially to comply with the Code, save for the exceptions disclosed in the Directors' Compliance Statement on page 27.

Directors

The board and its role

Details of directors who served during the year are set out on page 37. During the year the board comprised the chairman, managing director, ten other executive directors and six non-executive directors. Two of the six non-executive directors are independent, one is the founder and ex-chairman of the company, two are directors of DMGT, an intermediate parent company, and one has served on the board for more than the recommended term of nine years under the Code. On November 11 2009, B AL-Rehany was appointed to the board as an executive director. MJ Carroll and GG Mueller resigned as executive directors on January 21 2010 and September 30 2010 respectively.

There are clear divisions of responsibility within the board such that no one individual has unfettered powers of decision. The board, although large, does not consider itself to be unwieldy and believes it is beneficial to have representatives from all key areas of the business at board meetings. There is a procedure for all directors in the furtherance of their duties to take independent professional advice, at the company's expense. They also have access to the advice and services of the company secretary. In accordance with best corporate governance practice under the UK Corporate Governance Code 2010, all directors will submit themselves for annual re-election. Newly appointed directors are submitted for election at the first available opportunity after their appointment.

The board meets every two months and there is frequent contact between meetings. Board meetings take place in London, New York, Montreal and Hong Kong, and occasionally in other locations where the group has operations. The board has delegated specific aspects of the group's affairs to standing committees, each of which operates within defined terms of reference. Details of these are set out below. However, to ensure its overall control of the group's affairs, the board has reserved certain matters to itself for decision. Board meetings are held to set and monitor strategy, identify, evaluate and manage material risks, to review trading performance, ensure adequate funding, examine major acquisition possibilities and approve reports to shareholders. Procedures are established to ensure that appropriate information is communicated to the board in a timely manner to enable it to fulfil its duties.

Committees

Executive committee

The executive committee is the management forum that meets each month to discuss strategy, trading outlook, results, risks, possible acquisitions and divestitures, costs, forecasts, staff numbers, recruitment and training and other management issues. It also discusses charitable matters. It is chaired by the group chairman and comprises all executive directors plus other senior managers. It is not empowered to make decisions except those that can be made by the members in their individual capacities as executives with powers approved by the board of the company. The discussions of the committee are summarised by the group chairman and reported to each board meeting, together with recommendations on matters reserved for board decisions.

Nominations committee

The nominations committee is responsible for proposing candidates for appointment to the board having regard to the balance of skills and structure of the board and ensuring the appointees have sufficient time available to devote to the role. This committee meets when required and comprises PM Fallon (chairman of the committee), PR Ensor and four non-executive directors, being Sir Patrick Sergeant, The Viscount Rothermere, MWH Morgan and JC Botts. The committee's terms of reference are available on the company's website (www.euromoneyplc.com/reports/Nominationcommittee.pdf).

This committee met four times during the year to recommend to the board: the appointment of B AL-Rehany as an executive director; the appointment of DP Pritchard as chairman of the audit committee; the extension of PM Fallon's and PR Ensor's service contracts; and the re-election of directors retiring by rotation.

Remuneration committee

The remuneration committee meets twice a year and additionally as required. It is responsible for determining the contract terms, remuneration and other benefits for executive directors, including performance related profit share schemes. This committee also recommends and monitors the level of remuneration for senior management and overall, the group, including group-wide share-option schemes. The composition of the committee, details of directors' remuneration and interests in share-options and information on directors' service contracts are set out in the Directors' Remuneration Report on pages 30 to 45. The committee's terms of reference are available on the company's website (www.euromoneyplc.com/reports/Remunerationcommittee.pdf).

Audit committee

Details of the members and role of the audit committee are set out on page 25. The committee's terms of reference are available on the company's website (www.euromoneyplc.com/reports/Auditcommittee.pdf).

Tax and treasury committee
Details of the members and role of the tax and treasury committee are set out in the Directors' Report on page 14.

Non-executive directors
The non-executive directors bring both independent views and the views of the company's major shareholder to the board. The non-executive directors who served during the year, whose biographies can be found on page 21 of the accounts, were The Viscount Rothermere, Sir Patrick Sergeant, JC Botts, JC Gonzalez, MWH Morgan and DP Pritchard.

At least once a year the company's chairman meets the non-executive directors without the executive directors being present.

The board considers JC Gonzalez and DP Pritchard to be independent non-executive directors.

JC Botts has been on the board for more than the recommended term of nine years under the Code and the board believes that his length of service enhances his role as a non-executive director. However, due to his length of service, JC Botts does not meet the Code's definition of independence.

Sir Patrick Sergeant has served on the board in various roles since founding the company in 1969 and has been a non-executive director since 1992 and hence, under the Code, is not considered independent.

The Viscount Rothermere has a significant shareholding in the company through his beneficial holding in DMGT and because of this he is not considered independent.

The Viscount Rothermere and MWH Morgan are also executive directors of DMGT, an intermediate parent company. However, the company is run as a separate, distinct and decentralised subsidiary of DMGT and these directors have no involvement in the day-to-day management of the company. They bring valuable experience and advice to the company but the board does not believe these non-executive directors are able to exert undue influence on decisions taken by the board, nor does it consider their independence to be impaired by their positions with DMGT. However, their relationship with DMGT means they do not meet the Code's definition of independence.

Board and committee meetings
Board and committee meetings are arranged well in advance of the meeting date and papers covering the points to be discussed are distributed to its members in advance of the meetings. The following table sets out the number of board and committee meetings attended by the directors during the year to September 30 2010:

	Board	Executive committee	Remuneration committee	Nominations committee	Audit committee	Tax & treasury committee
Number of meetings held during year	**6**	**11**	**3**	**4**	**3**	**3**
Executive directors						
PM Fallon – chairman	6	11	3	2	–	0
PR Ensor – managing director	6	9	3	2	–	3
NF Osborn	6	11	–	–	–	–
DC Cohen	6	10	–	–	–	–
CR Jones – finance director	6	11	3	–	–	3
SM Brady	6	9	–	–	–	–
DE Alfano	6	11	–	–	–	–
GG Mueller (resigned September 30 2010)	6	11	–	–	–	–
MJ Carroll (resigned January 21 2010)	1	1	–	–	–	–
CHC Fordham	6	10	–	–	–	–
JL Wilkinson	6	11	–	–	–	–
B AL-Rehany (appointed November 11 2009)	6	9	–	–	–	–
Non-executive directors						
The Viscount Rothermere	3*	–	1	3	–	–
Sir Patrick Sergeant	4	–	–	2	–	–
JC Botts	5	–	3	4	3	2
JC Gonzalez	4	–	–	–	0	–
MWH Morgan	6	–	2	4	–	–
DP Pritchard	5	–	–	–	3	3

* JP Williams, finance director of DMGT, attends as alternate.

Board and committee effectiveness

During the year the board, through its chairman, assessed its performance and that of its committees. The chairman surveyed each board member and evaluated the strengths and weaknesses of the board and its members. In addition, each of the main committees completed a detailed questionnaire encompassing key areas within their mandates. The results of the assessment were presented and discussed at a board meeting and it was concluded that the board and its committees had been effective throughout the year.

As part of the performance evaluation the board are asked to assess the chairman's performance. The results of the assessment are provided to the non-executive directors for review in the absence of the group having a senior independent director. It was concluded that the chairman had been effective throughout the year.

Communication with shareholders

The company's chairman, together with the board, encourages regular dialogue with shareholders. Meetings with shareholders are held, both in the UK and US, to discuss annual and interim results and highlight significant acquisitions or disposals, or at the request of institutional shareholders. Private shareholders are encouraged to participate in the Annual General Meeting. In line with best practice all shareholders have at least 20 working days notice of the Annual General Meeting at which the executive directors, non-executive directors and committee chairs are available for questioning.

The company's chairman and finance director report to fellow board members matters raised by shareholders and distribute analyst notes on the company to ensure members of the board, and in particular the non-executive directors, develop an understanding of the investors' and potential investors' view of the company.

Internal control and risk management

The board is responsible for the group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

In accordance with principle C.2 and C.2.1 of the Code, the board has implemented a continuing process for identifying, evaluating and managing the material risks faced by the group.

The board has reviewed the effectiveness of the group's system of internal control and has taken account of material developments which have taken place since September 30 2009. It has considered the major business and financial risks, the control environment and the results of internal audit. Steps have been taken to embed internal control and risk management further into the operations of the group and to deal with areas of improvement which have come to management's and the board's attention.

Key procedures which the directors have established with a view to providing effective internal control, and which have been in place throughout the year and up to the date of this report, are as follows:

The board of directors

- the board normally meets six times a year to consider group strategy, risk management, financial performance, acquisitions, business development and management issues;
- the board has overall responsibility for the group and there is a formal schedule of matters specifically reserved for decision by the board;
- each executive director has been given responsibility for specific aspects of the group's affairs;
- the board divides the group's key risks into six broad categories and reviews and assesses each of these at least annually;
- the board seeks assurance that effective control is being maintained through regular reports from business group management, the audit committee and various independent monitoring functions; and
- the board approves the annual forecast after performing a review of key risk factors. Performance is monitored regularly by way of variances and key performance indicators to enable relevant action to be taken and forecasts are updated each quarter. The board considers longer-term financial projections as part of its regular discussions on the group's strategy and funding requirements.

In addition, from September 2009, the board established a risk committee whose members are responsible for managing and addressing risk matters as they arise. The committee comprises the company's chairman, managing director and finance director.

During the year and up to the approval of this annual report and accounts the board has not identified nor been advised of any failings or weaknesses in the group's system of internal control which it has determined to be significant. Therefore, a confirmation of necessary actions has not been considered appropriate.

Investment appraisal

The managing director, finance director and business group managers consider proposals for acquisitions and new business investments. Proposals beyond specified limits are put to the board for approval and are subject to due diligence by the group's finance team and, if necessary, independent advisors. Capital expenditure is regulated by strict authorisation controls. For capital expenditure above specified levels, detailed written proposals must be submitted to the board and reviews are carried out to monitor progress against business plan.

Accounting and computer systems controls and procedures
Accounting controls and procedures are regularly reviewed and communicated throughout the group. Particular attention is paid to authorisation levels and segregation of duties. The group's tax, financing and foreign exchange positions are overseen by the tax and treasury committee, which meets at least twice a year. Controls and procedures over the security of data and disaster recovery are periodically reviewed and are subject to internal audit.

Internal audit
The group's internal audit function is managed by DMGT's internal audit department, working closely with the company's finance director. Internal audit draws on the services of the group's central finance teams to assist in completing the audit assignments. Internal audit aims to provide an independent assessment as to whether effective systems and controls are in place and being operated to manage significant operating and financial risks. It also aims to support management by providing cost-effective recommendations to mitigate risk and control weaknesses identified during the audit process, as well as provide insight into where cost efficiencies and monetary gains might be made by improving the operations of the business. Businesses and central departments are selected for an internal audit visit on a risk-focused basis, taking account of the risks identified as part of the risk management process; the risk and materiality of each of the group's businesses; the scope and findings of external audit work; and the departments and businesses reviewed previously and the findings from these reviews. This approach ensures that the internal audit focus is placed on the higher risk areas of the group, while ensuring an appropriate breadth of coverage. DMGT's internal audit reports its findings to management and to the audit committee.

Accountability and audit

Audit Committee
The audit committee comprises DP Pritchard (chairman, independent), JC Botts, JC Gonzalez (independent) and JP Williams, the finance director of DMGT. DP Pritchard became chairman of the audit committee on September 16 2010, replacing JC Botts. JC Botts continues to be a member of the audit committee. Three of the four members are non-executive directors. All members of the committee have a high level of financial literacy, JP Williams is a chartered accountant and a member of the ICAEW and DP Pritchard has considerable audit committee experience. The committee meets at least three times each financial year and is responsible for reviewing the interim report, the annual report and accounts and other related formal statements before their submission to the board, and reviewing and overseeing controls necessary to ensure the integrity of the financial information reported to the shareholders. The audit committee advises the board on the appointment or reappointment of external auditors and on their remuneration, both for audit and non-audit work. It has set and applied a formal policy, which focuses on the effectiveness, independence and objectivity of the external audit, the type of non-audit work permissible and a diminimus level of fees acceptable. Any non-audit work performed outside this remit is assessed and where appropriate approved by the committee. It also considers the required audit partner rotation plans. The committee discusses the nature, scope and findings of the audit with the external auditors and considers and determines relevant action in respect of any control issues raised by the external auditors. The committee concluded that it was in the group's and shareholders' interests not to tender the external audit in 2010 and recommends the reappointment of Deloitte as the group's auditors. The audit committee is also responsible for monitoring and assessing the effectiveness of internal audit, and reviews the internal audit programme and receives periodic reports on its findings. It reviews the whistle-blowing arrangements available to staff. The audit committee's terms of reference are available on the company's website (www.euromoneyplc.com/reports/Auditcommittee.pdf).

Going concern, debt covenants and liquidity

The results of the group's business activities, together with the factors likely to affect its future development, performance and financial position, are set out in the Chairman's Statement on pages 4 and 5.

The financial position of the group, its cash flows and liquidity position are set out in detail in this annual report. The group meets its day-to-day working capital requirements through its $400 million dedicated multi-currency borrowing facility with Daily Mail and General Trust plc group. The facility is divided into four quantums of sterling and US dollar funds with three and five year terms with a total maximum borrowing capacity of $310 million (£197 million) and £59 million respectively. The facility's covenant requires the group's net debt to be no more than four times adjusted EBITDA on a rolling 12 month basis. At September 30 2010, the group's net debt to adjusted EBITDA was 1.28 times and the committed undrawn facility available to the group was £117.8 million. The three year quantums of the facility are due for renewal in December 2011 and the five year quantums in December 2013 (see note 19 for further details).

Trading conditions have significantly improved since September 2009, which has reduced the uncertainty over the level of demand for the group's products. Over the last 12 months, the exchange rate between sterling and the US dollar has been more stable than a year ago although the group remains exposed to the impact on the translation of US dollar profits and losses from its US dollar-based businesses and transactions including the gains or losses from the group's forward contracts used to partially hedge these. Bank credit is becoming more readily available and the group has no pressing requirement to arrange new finance. The group continues to operate well within the limits of its dedicated multi-currency borrowing facility and the first quantum (£64.1 million) is not due for renewal until December 2011. Any remaining funds drawn under the three year facility at this renewal date are expected to be rolled into the unused portion of the five year facility.

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level and covenants of its current borrowing facility for the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing this annual report.

Directors' responsibility statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

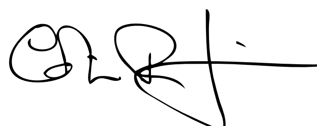
Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Richard Ensor
Director
November 10 2010



Colin Jones
Company Secretary
November 10 2010

Statement by the directors on compliance with the Code

The UK Listing Rules require the board to report on compliance throughout the accounting year with the applicable principles and provisions of the 2008 Combined Code on Corporate Governance issued by the Financial Reporting Council. Save for the exceptions outlined below, the group has complied throughout the financial year ended September 30 2010 with the provisions set out in Section 1 of the Code.

Provision A.3.2 states that half the board, excluding the chairman, should be composed of non-executive directors determined by the board to be independent. However, during the year the board comprised 18 directors, of whom six are non-executive directors. There are clear division of responsibility within the board such that no one individual has unfettered powers of decision. The board, although large, does not consider itself to be unwieldy and believes it is beneficial to have representatives from all key areas of the business at board meetings.

Two of the non-executive directors are considered to be independent under the Code.

JC Botts has been on the board for more than the recommended term of nine years under the Code and the board believes that his length of service enhances his role as a non-executive director. However, due to his length of service, JC Botts does not meet the Code's definition of independence.

Sir Patrick Sergeant has served on the board in various roles since founding the company in 1969 and has been a non-executive director since 1992 and hence, under the Code, is not considered independent.

The Viscount Rothermere has a significant shareholding in the company through his beneficial holding in DMGT and because of this he is not considered independent.

The Viscount Rothermere and MWH Morgan are also executive directors of DMGT, an intermediate parent company. However, the company is run as a separate, distinct and decentralised subsidiary of DMGT and these directors have no involvement in the day-to-day management of the company. They bring valuable experience and advice to the company but the board does not believe these non-executive directors are able to exert undue influence on decisions taken by the board, nor does it consider their independence to be impaired by their positions with DMGT. However, their relationship with DMGT means they do not meet the Code's definition of independence.

Contrary to provision A.3.3, the board has not identified a senior independent non-executive director as the directors are of the opinion that all matters relating to the effective governance of the group must be dealt with by the board as a whole.

Provision A.4.1 requires that the majority of the nominations committee should be comprised of independent non-executive directors. Although the committee consists of four non-executive and two executive directors, none of these non-executive directors can be considered independent under the Code.

Provision A.4.4 states that the terms and conditions of appointment of non-executive directors should be available for inspection. As explained in the Directors' Remuneration Report, the non-executive directors do not have service contracts.

Provisions B.2.1 and C.3.1 require the remuneration and audit committees to comprise entirely of independent non-executive directors. The remuneration committee is comprised of three non-executive directors, none of whom can be considered independent under the Code. During the year, the audit committee comprised four members, only three of which were non-executive directors of the company only two of whom can be considered independent under the Code.

On behalf of the board

Padraic Fallon
Chairman
November 10 2010

Corporate Social Responsibility

The group is diverse and operates through a large number of businesses in many geographical locations. Each separate business provides important channels of communication to different sections of society throughout the world. The success of the group's businesses owes much to understanding and engaging with the communities that they serve. This allows them to identify the issues relevant to their customers and to campaign effectively delivering benefits to a broad range of stakeholders.

The group also owes much of its success to the entrepreneurial ability of its management teams. Each business thrives by allowing local decisions in a local context, while benefiting from the global outlook and financial resources of the wider group.

The paragraphs below provide more detailed explanations on key impact areas of corporate responsibility:

Environmental responsibility

The group does not operate directly in industries where there is the potential for serious industrial pollution. It does not print products in-house or have any investments in printing works. It takes its environmental responsibility seriously and complies with all relevant environmental laws and regulations in each country in which it operates. Wherever economically feasible, account is taken of environmental issues when placing contracts with suppliers of goods and services and these suppliers are regularly reviewed and monitored. For instance, the group's two biggest print contracts are outsourced to companies who have environment management systems compliant with the ISO 14001 standard. The paper used for the group's publications is produced from pulp obtained from sustainable forests, manufactured under strict, monitored and accountable environmental standards.

The group is not a heavy user of energy; however, it does manage its energy requirements sensibly using low-energy office equipment where possible and using a common sense approach to office energy management.

Each office within the group is encouraged to reduce waste, reuse paper and only print documents and emails where necessary. The main offices across the group also recycle waste where possible. This year the UK offices recycled 56,721 kg of paper and card, which is equivalent to 664 trees or 76,276 kg of CO_2. The UK offices' recycling capability has recently been extended to include plastics, glass and cans.

Carbon footprint

The company, as part of the wider Daily Mail and General Trust plc group (DMGT), participates in a DMGT group-wide carbon footprint analysis completed by ICF International. This exercise has been undertaken every year since 2006 using the widely recognised GHG protocol methodology developed by the World Resource Institute and the World Business Council for Sustainable Development.

In addition, the company, through DMGT, is part of the Carbon Disclosure Project (CDP) and has been submitting full responses to them since 2007 and is included in the FTSE CDP Carbon Strategy Index Series.

The directors are committed to reducing the group's carbon emissions and managing its carbon footprint. The company, as part of the wider DMGT group, committed to reducing its carbon footprint by 10% from the baseline year of 2007 by the end of 2012. This year the footprint fell by 5% compared to last year and by 13% compared to the 2007 baseline. The company, as part of the wider DMGT group, having achieved the targeted 10% reduction in under five years is now considering what carbon commitment should be made for the next five years to 2015.

Social responsibility

Ethiopian water and sanitation project

The company encourages its people to be active in charities, and directs the group charity budget exclusively to good causes that its employees support, matching or more the money raised. This is an active and healthy two-way process – often an individual running a marathon for his or her chosen cause asks the company to donate – but in addition the board believes that periodically a big, company-wide project should be selected that is a challenge, is very focused on results, and has a specific social goal of permanently changing the lives of some of the poorest people in the world. The additional benefit to the company if the project is successful is that it brings together employees from all parts of the group in the common pursuit of a cause that unites them.

This year, an excellent one for profits, we followed on from our successful funding of the Kalinga Children's Eye Hospital in Orissa, India, by asking all group employees to suggest a list of charitable projects that they are associated with. We received a list of over 50 projects and detailed evaluations were carried out on a shortlist of seven. The executive committee then selected two of the charities, which were subjected to a company-wide vote in July.

The chosen charity was an African Medical and Research Foundation sustainable water and sanitation project in Kechene, the largest slum in Addis Ababa, Ethiopia. Dirty water is one of the most serious threats to the health of Kechene's people, transmitting a range of diseases including cholera, typhoid, trachoma and diarrhoea which – despite being easily treatable in Europe – is a leading killer of African children.

The group and the foundation will be working together throughout 2011 to fund and tackle the delivery of this project which will directly benefit the lives and well-being of 22,000 people. The group, its employees, and its customers will fund the provision of more sources of clean water and will build sanitation kiosks (small buildings, latrines and showers) to serve the local community, which establishes its own

committees responsible for managing and maintaining them. The group will donate £100,000 directly to this project subject to final board approval, in addition to its usual charity budget, and will encourage colleagues and customers to raise the remainder. Every colleague has been asked to help, and each profit centre has been invited to volunteer to raise a certain amount. To ensure the sustainability of the project, the company will work closely with the foundation and the local community to ensure the facilities are managed and maintained in the long term, and will retain a close involvement.

The community at large

There is no fixed limit to the group's charity budget and the group deliberately supports the same good causes that its employees support, matching or bettering the money raised by its people. In addition to the Ethiopian water and sanitation project above, some other examples of donations made during the year are as follows:

Bali Sports Peace Foundation

Coaltrans gave a donation of $10,000 towards the Bali Sports Peace Foundation. This is a foundation which provides sporting opportunities for underprivileged children in Bali and Papua New Guinea and other parts of Indonesia.

Charity dinners

Consistent with prior years, a number of charity dinners were held during the year. *EuroWeek* held two charity dinners raising nearly £200,000 for the Hope and Homes for Children charity.

Institutional Investor held a charity dinner which raised $10,000 for a charity called Little Kids Rock, an enterprise providing musical instruments and training to inner-city youth.

Institutional Investor Journals also held a charity dinner raising $4,000 for the Comp2kids programme. This programme endeavours to provide computers to low income students in New York City middle schools for use in their homes, to empower and enrich their educational experiences through technology.

Customers and suppliers

The group operates through a large number of businesses in many geographical locations. As such, the relationships with key customers and suppliers is decentralised such that there is no overarching policy on how the group manages these relationships. This enables each business to tailor their approach to suit customers and suppliers' specific needs and requirements. Each key customer and supplier has an account manager allocated to them ensuring that open communication is maintained throughout the contractual relationship. Further communication is regularly provided to the group's key customers through emails and online information in order to promote respective products.

Each business agrees payment terms with its suppliers on an individual basis and it is group policy to make payments in accordance with these terms. The group had 73 days of purchases in creditors at September 2010 (2009: 84 days).

Employee involvement and training

Equal opportunities

The group is an equal opportunity employer. It seeks to employ a workforce which reflects the diverse community at large, because the contribution of the individual is valued, irrespective of sex, age, marital status, disability, sexual preference or orientation, race, colour, religion, ethnic or national origin. It does not discriminate in recruitment, promotion or other employee matters. The group endeavours to provide a working environment free from unlawful discrimination, victimisation or harassment.

Quality and integrity of employees

The competence of people is ensured through high recruitment standards and a commitment to management and business skills training. The group has the advantage of running external training businesses and uses this expertise and resource to train cost-effectively its employees in-house on a regular basis. Employees are also encouraged actively to seek external training as necessary.

High quality and honest personnel are an essential part of the control environment. The high ethical standards expected are communicated by management and through the employee handbook which is provided to all employees. The employee handbook includes specific policies on matters such as the use of the group's information technology resources, data protection policy and disciplinary and grievance procedures. The group operates an internal intranet site which is used to communicate regularly with employees and provide guidance and assistance on day-to-day matters facing employees. The group has a specific whistle-blowing policy that is updated regularly and is reviewed by the audit committee.

Human rights and health and safety requirements

The group is committed to the health and safety and the human rights of its employees and communities in which it operates. Health and safety issues are monitored to ensure compliance with all local health and safety regulations. External health and safety advisers are used where appropriate. The UK businesses benefit from a regular assessment of the working environment by experienced assessors and regular training of all existing and new UK employees in health and safety matters.

Disabled employees

It is the group's policy to give full and fair consideration to applications for employment from people who are disabled; to continue, wherever possible, the employment of, and to arrange appropriate training for employees who become disabled; and to provide opportunities for the career development, training and promotion of disabled employees.

Directors' Remuneration Report

Introduction

This remuneration report sets out the group's policy and structure for the remuneration of executive and non-executive directors together with details of directors' remuneration packages and service contracts. The report has been prepared in accordance with Schedule 8 (Quoted Companies: Directors' Remuneration Report) to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and shareholders will be invited to approve this report at the Annual General Meeting on January 20 2011.

The remuneration committee

The remuneration committee is chaired by JC Botts. Its other members during the year were The Viscount Rothermere and MWH Morgan. All members of the committee are non-executive directors of the company. The Viscount Rothermere and MWH Morgan are also directors of Daily Mail and General Trust plc (DMGT) but have no personal financial interests in the company (other than as shareholders), and no day-to-day involvement in running the business. The group chairman normally attends meetings of the remuneration committee, but is not present at any discussion concerning his own remuneration. For the year under review, the committee also sought advice and information from the company's managing director and finance director. The committee's terms of reference permit its members to obtain professional external advice on any matter, at the company's expense, although none did so in 2010. The group itself can take external advice and information from many sources in preparing proposals for the remuneration committee, but no material assistance from a single source was received in relation to remuneration decisions for 2010.

Remuneration policy

The group believes in aligning the interests of management with those of shareholders. The two consistent objectives in its remuneration policy since the company's inception in 1969 have been the maximisation of earnings per share and the creation of shareholder value.

The first objective is achieved through a comprehensive profit sharing scheme that links the pay of executive directors and key managers to the profits and growth in profits of the group or relevant parts of the group. This scheme is completely variable with no guaranteed floor and no ceiling.

To support the policy of profit sharing, the group is divided into a number of profit centres. The manager of each profit centre is paid a profit share related to the profit centre's profits and profit growth. Each profit centre is part of a larger business group. Each business group manager has an incentive based on the business group's profits and profit growth. Profit sharing encourages directors and managers to grow their businesses, to launch new ventures and to search for acquisitions that would fit well with their businesses.

All executives on profit shares are aware that if profits rise, so does their pay. Similarly if profits fall, so do their profit shares. The profit shares of executive directors and senior managers make up much of their total pay. For example, of the total remuneration of the 12 executive directors who served in the year, 87% was derived from profit shares.

The creation of shareholder value is also encouraged through the 2010 Capital Appreciation Plan (CAP 2010), the 2004 Capital Appreciation Plan (CAP 2004) and an executive share option scheme.

CAP 2010 was approved by shareholders at the 2010 Annual General Meeting and is a highly geared performance-based share option scheme which not only directly rewards growth in profits of each executive's businesses but also links more closely equity reward with the delivery of economic shareholder value. CAP 2010 is deliberately similar to CAP 2004, and aims to mirror the success of CAP 2004 for both shareholders and employees by delivering exceptional profit growth over the four years to 2013. Further details of CAP 2010 are set out on page 32.

Shareholders approved CAP 2004 in February 2005. The CAP 2004 profit target was achieved in 2007, a year ahead of expectations, and exceeded again in both 2008 and 2009 resulting in the second and final tranche of options vesting, subject to the additional performance condition also being met by the individual businesses. A more detailed explanation of CAP 2004 is given on page 33.

The current executive share option scheme was approved by shareholders in January 1996. The performance criteria under which options granted under this scheme may be exercised are set out on page 34. This scheme expired in 2006, but no share options have been issued under it since February 2004 although options previously granted may be exercised before various dates to February 2014.

The directors believe that these profit sharing and share option arrangements are responsible for much of the company's success since 1969. These arrangements align the interests of the directors and managers with those of shareholders and are considered an important driver of the company's growth strategy.

The remuneration of the non-executive directors is determined by the board based on the time commitment required by the non-executive, their role and market conditions.

The remuneration of the group's employees is reviewed on an annual basis with consideration given to local pay conditions, an individual's performance and the performance of the business that employs them. The remuneration committee approves the overall remuneration increases for employees and in addition reviews the remuneration structure and value of senior management and key employees.

Remuneration structure

Executive directors

It is the group's policy to construct executive remuneration packages such that a significant part of a director's compensation is based on the growth in the group's profits contributed by that director. The details of the remuneration packages of individual directors are set out below.

Basic salary and benefits

The basic salary and benefits are generally not the most significant part of a director's overall compensation package. Each executive director receives a salary which is reviewed annually by the remuneration committee. Certain non-cash benefits are also provided including private health care, and life assurance through the membership of one of the pension schemes.

Pension schemes

Each UK-based director is entitled to participate in the Harmsworth Pension Scheme (a defined benefit scheme, closed to new directors), the Euromoney Pension Plan (a money purchase plan) or their own private pension scheme. Directors based overseas are entitled to participate in the pension scheme arrangements applicable to the country where they work. Details of pension scheme contributions can be found on page 38 of this report. There are no other post-retirement benefits.

Profit share scheme

The group believes in aligning the economic interests of management with those of shareholders and achieves this through a comprehensive profit sharing scheme that links the pay of each executive director to the profits and growth in profits of the businesses that the executive director manages.

The executive directors who manage business divisions are set profit thresholds for the businesses for which they are responsible. The profit thresholds are set at the time the director takes on responsibility for the businesses concerned, usually based on the profits of the previous 12 months, and are adjusted if such responsibilities change. The normal profit share arrangement pays 1% of profits up to a threshold and then 5% of profits achieved in excess of this threshold. Some of the directors have schemes which have been in place for a number of years and pay profit shares at slightly higher rates or which are subject to additional thresholds.

The profit shares of the chairman and managing director are based on the adjusted pre-tax post non-controlling interests profit of the group, thereby matching their profit share with the pre-tax return the group generates for its shareholders. The chairman is entitled to 5.21% (2009: 5.32%) of the adjusted pre-tax profit. The managing director is entitled to 3.08% (2009: 3.15%) of the adjusted pre-tax profit up to a threshold of £35,249,841 (2009: £33,571,277) and an additional 1.16% (2009: 1.18%) of adjusted pre-tax profit in excess of this threshold.

The finance director receives a profit share linked to the pre-tax adjusted earnings per share (EPS) of the group. A fixed sum is payable for every percentage point the EPS is above 11p and an additional fixed sum is payable for every percentage point that EPS is above 20p.

CHC Fordham, in addition to his profit share, has an incentive linked to the performance of acquisitions in the period post-acquisition.

JL Wilkinson is responsible for all the group's marketing and digital publishing activities and receives an incentive based on the growth in the group's subscription and delegate revenues.

Each of the executive director's profit share schemes is completely variable with no guaranteed floor and no ceiling and is designed to be the most significant part of the executive director's remuneration package. Each director's profit share scheme is subject to remuneration committee approval, and can be revised at any time if the director's responsibilities are changed.

The table below shows the 2010 percentage split of the fixed and variable elements of each director's remuneration package.

	Fixed Salary & benefits	Variable profit share
Executive directors		
PM Fallon	4%	96%
PR Ensor	5%	95%
NF Osborn	24%	76%
DC Cohen	23%	77%
CR Jones	28%	72%
SM Brady	39%	61%
DE Alfano	20%	80%
GG Mueller (resigned September 30 2010)	20%	80%
MJ Carroll (resigned January 21 2010)	100%	0%
CHC Fordham	19%	81%
JL Wilkinson	23%	77%
B AL-Rehany (appointed November 11 2009)	32%	68%
Total	13%	87%

Share schemes

The directors consider that share schemes are an important part of overall compensation and align the interests of directors and employees with those of shareholders. Details of the directors' share options can be found on pages 39 to 44.

2010 Capital Appreciation Plan (CAP 2010)

CAP 2010 was approved by shareholders on January 21 2010 and is a modestly revised version of and replaces the previously approved CAP 2009. CAP 2010 is the direct replacement for CAP 2004 as no further awards may be granted under CAP 2004.

Awards were granted under CAP 2010 on March 30 2010 to approximately 200 directors and senior employees who have direct and significant responsibility for the profits of the group. Each CAP 2010 award comprises two equal elements: an option to subscribe for ordinary shares of 0.25p each in the company at an exercise price of 0.25p per ordinary share; and a right to receive a cash payment. In accordance with the terms of CAP 2010, no consideration was payable for the grant of the awards. The award pool comprises 3,500,992 ordinary shares which have an option value (calculated at date of grant using an option pricing valuation model) of £15 million, and cash of £15 million, limiting the total accounting cost of the scheme to £30 million over its life. The awards will vest in two equal tranches. The first tranche of awards becomes exercisable on satisfaction of the primary or secondary performance condition and lapses to the extent unexercised by September 30 2020. The second tranche of awards becomes exercisable in a subsequent financial year in which the profits achieved in the year of initial vesting are again achieved. The second tranche only vests on satisfaction of the primary (or secondary) performance condition and an additional performance condition.

The primary performance condition requires the group to achieve adjusted pre-tax profits[1] of £100 million, from a 2009 base profit of £62.3 million, by no later than the financial year ending September 30 2013 and that profits remain at this level or more for the vesting period of the second tranche. If the primary performance condition is not met, the secondary performance condition requires the group to achieve adjusted pre-tax profits[1] of at least £84.9 million (60% of the growth under the primary performance condition) for the year ending September 30 2013 and remain at this level or more for the vesting of the second tranche of awards. The award pool is reduced on a sliding scale when the secondary condition is met, with a minimum award pool of 33% of the total if pre-tax profits are £84.9 million. If the secondary performance condition is met (but not the primary condition) and adjusted pre-tax profits[1] increase in the following year then the award pool for the second tranche of options is increased (catch-up award).

In the event that either the primary or secondary profit target is achieved, the award pool will be allocated between the holders of outstanding awards by reference to their contribution to the achievement of the performance condition, but no individual may have an award over more than 6% of the award pool. The catch-up award is also allocated between the CAP participants in the same manner but by reference to their contribution to the achievement of the profit growth in the year the catch-up award applies only.

The additional performance condition, applicable for the vesting of the second tranche of the award, requires that the profits of the respective participants' businesses in the subsequent vesting period remain at least 75% of that achieved in the year the primary (or secondary) performance condition was met. Thus the CAP 2010 is designed so that profit growth must be sustained if awards are to vest in full.

The number of options received under the share award of the CAP 2010 is reduced by the number of options vesting with participants from the 2010 Company Share Option Plan (see below and note 24).

The number of options received by the directors for CAP 2010 is provisional and reflects management's best estimate taking into consideration the profit forecasts to 2013 of the individual profit centres, the respective weighting of these profits between participants and the offsetting number of options delivered under the CSOP 2010. The provisional number of options anticipated to be received by the directors for the CAP 2010 are given in the directors' share option table on pages 39 to 42.

The fair value per option granted and the assumptions used to calculate its value are set out in note 24.

2010 Company Share Option Plan (2010 CSOP)

In parallel with the CAP 2010, the shareholders approved the 2010 Company Share Option Plan at the AGM on January 21 2010. The CSOP 2010 plan was approved by HM Revenue & Customs on June 21 2010.

Awards were granted under the CSOP 2010 on June 28 2010[2] to approximately 135 directors and senior employees of the group who have direct and significant responsibility for the profits of the group. Each CSOP 2010 option enables each participant to purchase up to 4,972[2] shares in the company at a price of £6.03[2] per share, the market value at the date of grant. No consideration was payable for the grant of the awards. The options will vest and become exercisable at the same time as the corresponding share award under the CAP 2010 providing the CSOP option is in the money at that time and does not vest before June 28 2013. Once vested the CSOP option remains exercisable for a period of one month and then lapses. If the CSOP option is not in the money at the time of vesting of the corresponding CAP 2010 share award it continues to subsist and becomes exercisable at the same time as the second tranche of the CAP 2010 share award.

The CSOP has the same performance criteria as that of the CAP 2010 as set out above. The number of CSOP 2010 awards that vest will proportionally reduce the number of shares that vest under the CAP 2010. The CSOP is effectively a delivery mechanism for part of the CAP 2010 award. The CSOP 2010 options have an exercise price of £6.03[2], which will be satisfied by a funding award mechanism which is in place and results in the net gain[3] on these options being delivered in the equivalent number of shares to participants as if the same gain had been delivered using 0.25p CAP 2010 options. The amount of the funding award will depend on the company's share price at the date of exercise.

2004 Capital Appreciation Plan (CAP 2004)

The CAP 2004 was approved by shareholders on February 1 2005 and replaced the 1996 executive share option scheme. Each CAP 2004 award comprises an option to subscribe for ordinary shares of 0.25p each in the company for an exercise price of 0.25p per ordinary share. In accordance with the terms of CAP 2004, no consideration was paid for the grant of the awards. The awards vest in three equal tranches.

The first tranche of awards became exercisable on satisfaction of the primary performance condition in 2007, and lapse to the extent unexercised on September 30 2014. The other two tranches of awards became exercisable following the results achieved in the 2008 and 2009 financial years when the profits exceeded those achieved in 2007 but only to the extent that an additional performance condition was also achieved. The scheme was potentially available to all employees. The primary performance condition, broadly, required that the company achieve adjusted pre-tax profits[1] of £57 million by no later than the financial year ended September 30 2008 and remain at least this level for two further vesting periods. For the purposes of 2009 profits, redundancy costs were charged against profits for CAP purposes. The additional performance condition requires that the profits of the respective participants' businesses in the subsequent two vesting periods remain at least 75% of that achieved in the year the primary performance condition was met.

[1] Adjusted pre-tax profits are before goodwill amortisation and impairment, exceptional items, movements in acquisition option commitment values, imputed interest on acquisition option commitments, foreign exchange gains on losses on tax equalisation contracts on hedges of intra-group financing, foreign exchange loss on restructured hedging arrangements, the cost of the CAP itself and for 2009, after charging redundancy costs.

[2] The Canadian version of the CSOP 2010 has a grant date of March 30 2010 and an exercise price of £5.01, the market value of the company's shares at the date of grant, and enables each Canadian participant to purchase up to 19,960 shares in the company.

[3] Net gain on the CSOP options is the market price of the company's shares at the date of exercise less the exercise price (£6.03[2]) multiplied by the number of options exercised.

The CAP 2004 profit target was achieved in 2007 and the option pool (of a maximum of 7.5 million shares) was allocated between the holders of outstanding awards by reference to their contribution to the achievement of the primary performance condition, subject to the condition that no individual had an option over more than 10% of the option pool. One third of the awards vested immediately. The primary performance target was achieved again in 2008 and, after applying the additional performance condition, 2,241,269 options from the second tranche of options vested in February 2009. The primary performance target was achieved again in 2009 and, after applying the additional performance condition, 1,527,152 options from the third (final) tranche of options vested in February 2010. For those individual participants where the additional performance conditions for the second and final tranches have not been met, the vesting is deferred until the profits are at least 75% of that achieved in 2007 but no later than by reference to the year ending September 30 2012.

The actual value of the third tranche of the CAP 2004 award to each director is set out in the directors’ share option table on pages 39 to 43 and has been trued-up from the estimates provided in last year’s annual report. The provisional number of options vesting this year under CAP 2004 for those directors who have options that did not vest under the second and third tranches due to the additional performance test not being satisfied in previous years are also set out in the directors’ share option table. The number of options vesting is provisional and will depend on the extent that the additional performance test has been met this year for their respective businesses. The remuneration committee require the results of the businesses to be reviewed and subsequently modified for true-up adjustments during the period to December 31.

The fair value per option granted and the assumptions used to calculate its value are set out in note 24.

1996 executive share option scheme

The executive directors have options from a previous executive share option scheme approved by shareholders in 1996. This scheme expired in 2006 and no share options have been issued under it since February 2004 although options granted may be exercised before various dates to February 2014. These options are exercisable subject to certain performance conditions. For options that expired on January 5 2010 the performance test set by the remuneration committee required the growth in the company’s earnings per share for the three consecutive financial years commencing from the year of grant to exceed the growth in the retail prices index by an average of 4% a year. For all other options expiring after 2005, the performance condition set by the remuneration committee requires that the Total Shareholder Return (TSR) of the company exceeds that of the average TSR for the FTSE 250 index for the same period. For the performance condition to be satisfied, the TSR of the company must exceed that of the FTSE 250 on a cumulative basis, measured from the date of grant of the option, in any four out of six consecutive months starting 30 months after the option grant date.

The fair value per option granted and the assumptions used to calculate its value are set out in note 24.

SAYE scheme

The group operates an all employee save as you earn scheme in which those directors employed in the UK are eligible to participate. Participants save a fixed monthly amount of up to £250 for three years and are then able to buy shares in the company at a price set at a 20% discount to the market value at the start of the savings period. In line with market practice, no performance conditions attach to options granted under this plan. The executive directors who participated in this scheme during the year were PM Fallon, PR Ensor, NF Osborn, DC Cohen, CR Jones, SM Brady and CHC Fordham, details of which can be found on pages 39 to 43 of this report.

DMGT SIP scheme

Daily Mail and General Trust plc, (DMGT), the group’s parent company, operates a share incentive plan scheme in which all UK-based employees of the Euromoney group are able to participate. Employees can contribute up to £125 per month from their gross pay to purchase DMGT ‘A’ shares. These shares are received tax free by the employee after five years.

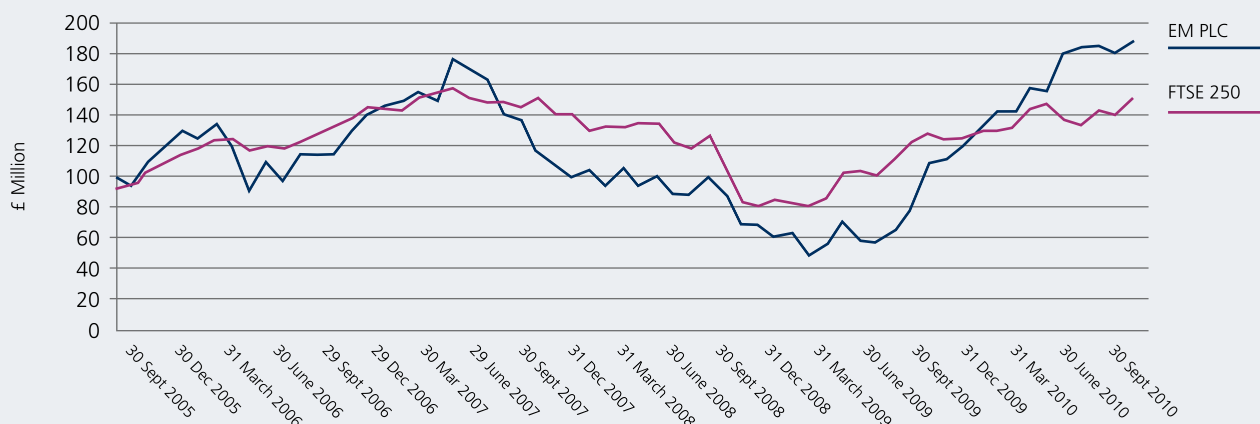
Internet Securities, Inc. option scheme

GG Mueller and NF Osborn are also participants in the Internet Securities, Inc. option scheme. There are no performance conditions attached to these options. Their options, all of which are fully vested and exercisable, are set out on page 44. The market price at the date of exercise is determined by an independent financial valuation of Internet Securities, Inc.

Total shareholder return (TSR)

Shown below is the group's TSR for the five years to September 2010 compared to the TSR achieved by the FTSE 250 index over the same period. This index has been presented as it comprises the comparator group for the performance conditions attached to the share option executive scheme referred to above. The TSR calculations assume the reinvestment of dividends.

Euromoney Institutional Investor PLC — Total Shareholder Return



Service contracts

The group's policy is normally to employ executive directors on 12 month rolling service contracts. The remuneration committee seeks to minimise termination payments and believes these should be restricted to the value of remuneration for the notice period. With the exception of Sir Patrick Sergeant, none of the non-executive directors has a service contract. All executive service contracts are reviewed from time to time and updated where necessary. A service contract terminates automatically on the director reaching their respective retirement age. At a nominations committee meeting on November 9 2009, PM Fallon's service contract was extended until the company's AGM in 2012. At a meeting of the nominations committee on January 20 2010, PR Ensor's service contract was extended to September 20 2013.

Directors' Remuneration Report
continued

Service contracts *continued*

Executive directors	Date of service contract	Notice period (months)	Retire-ment age	Benefits accruing if contract terminated*	Benefits accruing if contract terminated due to incapacity/death†	Note
PM Fallon	Jun 2 1986	12	65	12 months' salary, profit share and pension.	9 months' salary, profit share, and pension.	(1), (3)
PR Ensor	Jan 13 1993	12	65	12 months' salary, profit share and pension.	6 months' salary, profit share and pension.	(3)
NF Osborn	Jan 4 1991	12	62	12 months' salary, pension and a pro-rated profit share up to the date notice of termination is given.	1 month's salary, pension and a pro-rated profit share up to the date of termination.	(2), (3)
DC Cohen	Nov 2 1992	12	62	12 months' salary, pension and a pro-rated profit share up to the date notice of termination is given.	1 month's salary, pension and a pro-rated profit share up to the date of termination.	(3)
CR Jones	Aug 27 1997	12	62	12 months' salary, pension and a pro-rated profit share up to the date notice of termination is given.	6 months' salary, pension and a pro-rated profit share up to the date of termination.	(3)
SM Brady	Feb 17 2000	12	62	12 months' salary, pension and a pro-rated profit share up to the date notice of termination is given.	6 months' salary, pension and pro-rated profit share up to the date of termination.	(3)
DE Alfano	Jan 10 2001	6	62	6 months' salary, pension and a pro-rated profit share up to the date notice of termination is given.	Salary, pension and profit share earned up to the date of termination only.	(3), (5)
GG Mueller	Jan 25 1999	12	62	12 months' salary, pension and a pro-rated bonus up to the date notice of termination is given. In addition, if the company terminates the contract without cause, Mr Mueller is entitled to exercise immediately any outstanding and unvested options due to vest in two years.	Salary and pension earned up to the date of termination only, and any incentive earned provided it has already been paid.	(3), (4)
CHC Fordham	Sep 21 2004	12	62	12 months' salary, pension and a pro-rated profit share up to the date notice of termination is given.	6 months' salary, pension and pro-rated profit share up to the date of termination.	(3)
JL Wilkinson	July 26 2000	12	62	12 months' salary, pension and a pro-rated profit share up to the date notice of termination is given.	6 months' salary, pension and a pro-rated profit share up to the date notice of termination is given.	(3)
B AL-Rehany	Nov 11 2009	12	62	12 months' salary, pension and a pro-rated profit share up to the date notice of termination is given.	6 months' salary, pension and pro-rated profit share up to the date of termination.	(3), (6)
Non-executive director						
Sir Patrick Sergeant	Jan 10 1993	12	n/a	12 months' expense allowance.	Expense allowance up to the date of termination.	

(1) PM Fallon has a second service contract with a subsidiary of the group, Euromoney Institutional Investor (Jersey) Limited (EIIJ), dated May 4 1993. This service contract has the same terms as his contract with Euromoney Institutional Investor PLC. Any termination payment would include profit share based on EIIJ's results.
(2) NF Osborn has a second service contract with a subsidiary of the group, Euromoney Inc, dated January 4 1991 normally terminated by 12 months notice. In the event of termination Mr Osborn is entitled to 12 months base salary and pension, plus a pro-rated profit share to the date notice of termination is given. The company may also terminate his agreement due to incapacity giving 3 months notice and Mr Osborn would be entitled to 3 months salary, pension and prorated profit share.†
(3) On termination, profit share is calculated as though the director has been employed for the full financial year and then pro-rated accordingly to the date of termination unless otherwise stated.
(4) GG Mueller's service agreement was with Internet Securities, Inc.
(5) DE Alfano's service agreements is with Institutional Investor, Inc.
(6) B AL-Rehany's service agreement is with BCA Research, Inc.

* If the director terminated reaches retirement age before the expiration of their notice period then benefits will only be paid up to the date of retirement.
† This also applies if the director gives less than their notice period to the company. If the contract is terminated for reasons of bankruptcy or serious misconduct it is terminated immediately without any payment in lieu of notice.

Information subject to audit (pages 37 to 44)
Directors' remuneration table

	Year to September 30				
	Salary and fees 2010 £	Benefits in kind 2010 £	Profit share 2010 £	Total 2010 £	Total 2009 £
Executive directors					
PM Fallon	201,400	808	4,659,735	4,861,943	3,427,287
PR Ensor	188,497	808	3,787,355	3,976,660	2,697,788
NF Osborn[1]	114,314	808	362,131	477,253	427,678
DC Cohen	109,915	1,010	366,914	477,839	350,053
CR Brown (died July 2009)	–	–	–	–	322,628
CR Jones	204,250	1,010	530,820	736,080	549,361
RT Lamont (retired January 14 2009)	–	–	–	–	56,475
SM Brady	130,910	404	201,484	332,798	255,411
DE Alfano	125,643	10,290	548,230	684,163	583,122
GG Mueller (resigned September 30 2010)	142,411	15,302	640,533	798,246	462,590
MJ Carroll (resigned January 21 2010)[2]	137,723	654	–	138,377	78,588
CHC Fordham	134,235	1,010	578,290	713,535	646,302
JL Wilkinson	99,750	404	328,031	428,185	327,560
B AL-Rehany (appointed November 11 2009)	235,982	1,850	512,147	749,979	–
Non-executive directors					
The Viscount Rothermere	26,600	–	–	26,600	26,367
Sir Patrick Sergeant	26,600	–	–	26,600	26,367
JC Botts	36,492	–	–	36,492	35,548
JC Gonzalez	26,600	–	–	26,600	26,367
MWH Morgan	26,600	–	–	26,600	26,367
DP Pritchard (appointed December 22 2008)	26,600	–	–	26,600	20,228
	1,994,522	34,358	12,515,670	14,544,550	10,346,087

Fees as a director include fees paid as a director of subsidiary companies. Benefits in kind include payments by the company for health care.

The salaries of the executive directors, and the fees of the non-executive directors, were reduced by 10% for the period from March 1 2009 to March 31 2010 in response to the difficult trading conditions.

1. NF Osborn has waived £8,674 of profit share in respect of the current and future years. The profit share waived was paid into a private pension scheme on the director's behalf. This waiver has not been deducted from the profit shares above.
2. MJ Carroll's salary and fees includes £128,645 of severance pay.

Directors' pensions

Executive directors can participate in the Harmsworth Pension Scheme (a defined benefit scheme, closed to new directors), the Euromoney Pension Plan (a money purchase plan) or their own private pension scheme.

Group pension contributions

	Harmsworth Pension Scheme 2010 £	Euromoney Pension Plan 2010 £	Private schemes 2010 £	Total 2010 £	Total 2009 £
PM Fallon	–	–	–	–	–
PR Ensor	–	–	–	–	–
NF Osborn	–	9,074	–	9,074	9,074
DC Cohen	18,004	–	–	18,004	18,604
CR Brown (died July 16 2009)	–	–	–	–	1,703
CR Jones	37,636	–	–	37,636	37,636
RT Lamont (retired January 14 2009)	–	–	–	–	1,359
SM Brady	–	13,780	–	13,780	13,780
DE Alfano	–	–	3,922	3,922	4,658
GG Mueller (resigned September 30 2010)	–	–	4,445	4,445	4,658
MJ Carroll (resigned January 21 2010)	–	–	–	–	4,658
CHC Fordham	–	14,130	–	14,130	14,130
JL Wilkinson	–	–	–	–	–
B AL-Rehany (appointed November 11 2009)	–	–	7,250	7,250	–
	55,640	36,984	15,617	108,241	110,260

In addition to the company pension contributions, NF Osborn has elected to waive part of his profit share. The profit share waived is paid by the company into a private pension scheme as set out on page 37.

Under the Harmsworth Pension Scheme, the following pension benefits were earned by the directors:

Director	Increase in accrued annual pension during the year £	Accrued annual pension at September 30 2010 £	Transfer value September 30 2010 £	Transfer value September 30 2009 £	Increase/ (decrease) in transfer value (net of directors' contributions) £
PM Fallon*	1,000	10,000	184,000	170,000	14,000
PR Ensor†	–	–	–	1,380,000	(1,380,000)
DC Cohen	1,900	28,800	475,000	410,000	65,000
CR Jones	3,800	39,600	583,000	490,000	93,000

The accrued annual pension entitlement is that which would be paid annually on retirement based on service to September 30 2010 and ignores any increase for future inflation. All transfer values have been calculated on the basis of actuarial advice in accordance with 'Retirement Benefit – Transfer Values (GN11)' published by the Board for Actuarial Standards. The transfer values of the accrued entitlement represent the value of assets that the pension scheme would need to transfer to another pension provider on transferring the scheme's liability in respect of the directors' pension benefits. They do not represent a sum paid or payable to individual directors and, therefore, cannot be added meaningfully to annual remuneration. These changes contributed to the increase in transfer value (net of directors' contributions). Members of the scheme have the option of paying additional voluntary contributions. Neither the contributions nor the resulting benefits are included in the above table. The normal retirement age for the Harmsworth Pension Scheme is 62 years.

* PM Fallon's pension benefits relate to a deferred pension in the Mail Newspapers Pension Scheme for pensionable service between April 1 1978 and April 1 1986. No further contributions have been made to this scheme by the group or PM Fallon.

† PR Ensor was paid a transfer value from the scheme during the year in lieu of the benefits held for him. PR Ensor has no further benefit in the scheme.

Directors' share options

The directors hold options to subscribe for new ordinary shares of 0.25p each in the company as follows:

	At start of year	Granted/ trued up during year	Exercised/ lapsed/ forfeited during year	At end of year/date of retirement	Exercise price	Date from which exercisable	Expiry date
PM Fallon	5,133	–	–	5,133 ¶	£1.87	Feb 01 12	Aug 01 12
	46,126	–	(46,126)	–	£0.0025	exercised	
	51,259	–	(46,126)	5,133			
PR Ensor	5,133	–	–	5,133 ¶	£1.87	Feb 01 12	Aug 01 12
	46,126	–	(46,126)	–	£0.0025	exercised	
	51,259	–	(46,126)	5,133			
NF Osborn	5,000	–	(5,000)	–	£4.19	exercised	
	5,133	–	–	5,133 ¶	£1.87	Feb 01 12	Aug 01 12
	18,052	748	(18,800)	– ‡	£0.0025	exercised	
	–	10,772	–	10,772 ^	£0.0025	Performance criteria not satisfied	Sept 30 20
	–	4,972	–	4,972 †	£6.03	Performance criteria not satisfied	Feb 14 20
	28,185	16,492	(23,800)	20,877			
DC Cohen	8,000	–	–	8,000	£5.38	TSR criteria not satisfied	Mar 02 11
	6,000	–	(6,000)	–	£3.35	exercised	
	10,000	–	–	10,000	£2.59	now	Dec 04 12
	5,000	–	–	5,000	£4.19	now	Jan 28 14
	3,018	–	–	3,018 **	£3.18	Feb 01 11	Aug 01 11
	8,214	4,102	(12,316)	– ‡	£0.0025	exercised	
	–	19,337	–	19,337 ^	£0.0025	Performance criteria not satisfied	Sept 30 20
	–	3,454	–	3,454 †	£6.03	Performance criteria not satisfied	Feb 14 20
	40,232	26,893	(18,316)	48,809			
CR Jones	8,000	–	–	8,000	£5.38	TSR criteria not satisfied	Mar 02 11
	6,000	–	(6,000)	–	£3.35	exercised	
	20,000	–	–	20,000	£2.59	now	Dec 04 12
	15,000	–	–	15,000	£4.19	now	Jan 28 14
	5,133	–	–	5,133 ¶	£1.87	Feb 01 12	Aug 01 12
	46,126	–	(46,126)	–	£0.0025	exercised	
	–	31,926	–	31,926 ^	£0.0025	Performance criteria not satisfied	Sept 30 20
	–	4,972	–	4,972 †	£6.03	Performance criteria not satisfied	Feb 14 20
	100,259	36,898	(52,126)	85,031			

Directors' share options *continued*

	At start of year	Granted/ trued up during year	Exercised/ lapsed/ forfeited during year	At end of year/date of retirement	Exercise price	Date from which exercisable	Expiry date
SM Brady	8,000	–	–	8,000	£5.38	TSR criteria not satisfied	Mar 02 11
	6,000	–	(6,000)	–	£3.35	exercised	
	20,000	–	(20,000)	–	£2.59	exercised	
	10,000	–	(10,000)	–	£4.19	exercised	
	2,255	–	(2,255)	– *	£4.19	exercised	
	46,475	–	(46,475)	–	£0.0025	exercised	
	–	18,644	–	18,644 ^	£0.0025	Performance criteria not satisfied	Sept 30 20
	–	4,972	–	4,972 †	£6.03	Performance criteria not satisfied	Feb 14 20
	92,730	23,616	(84,730)	31,616			
DE Alfano	8,000	–	(8,000)	–	£5.62	lapsed	
	5,000	–	–	5,000	£5.38	TSR criteria not satisfied	Mar 02 11
	10,000	–	–	10,000	£2.59	now	Dec 04 12
	10,000	–	–	10,000	£4.19	now	Jan 28 14
	–	–	–	–	£0.0025	exercised	
	35,049	5,787	(40,836)	– ‡	£0.0025	exercised	
	–	17,207	–	17,207 ^	£0.0025	Performance criteria not satisfied	Sept 30 20
	–	4,919	–	4,919 ‡	£0.0025	Feb 11 11	Sept 30 14
	68,049	27,913	(48,836)	47,126			
GG Mueller (resigned September 30 2010)	10,000	–	–	10,000	£5.38	TSR criteria not satisfied	Mar 02 11
	6,000	–	(6,000)	–	£3.35	exercised	
	20,000	–	(20,000)	–	£2.59	exercised	
	48,777	4,201	(52,978)	– ‡	£0.0025	exercised	
	–	693	–	693 ‡	£0.0025	Feb 11 11	Sept 30 14
	84,777	4,894	(78,978)	10,693			
MJ Carroll (resigned January 21 2010)	8,000	–	(8,000)	–	£5.62	lapsed	
	4,000	–	(4,000)	–	£5.38	exercised	
	20,000	–	(20,000)	–	£2.59	exercised	
	10,000	–	(10,000)	–	£4.19	exercised	
	22,036	–	(22,036)	–	£0.0025	exercised	
	64,036	–	(64,036)	–			

Directors' share options *continued*

	At start of year	Granted-trued up during year	Exercised/ lapsed/ forfeited during year	At end of year/date of retirement	Exercise price	Date from which exercisable	Expiry date
CHC Fordham	10,000	–	(5,576)	4,424	£5.38	TSR criteria not satisfied	Mar 02 11
	6,000	–	(6,000)	–	£3.35	exercised	
	20,000	–	–	20,000	£2.59	now	Dec 04 12
	10,000	–	–	10,000	£4.19	now	Jan 28 14
	5,133	–	–	5,133 ¶	£1.87	Feb 01 12	Aug 01 12
	23,581		(23,581)	–	£0.0025	exercised	
	–	20,863	–	20,863 ‡	£0.0025	Feb 11 11	Sept 30 14
	–	48,950	–	48,950 ^	£0.0025	Performance criteria not satisfied	Sept 30 20
	–	4,972	–	4,972 †	£6.03	Performance criteria not satisfied	Feb 14 20
	74,714	74,785	(35,157)	114,342			
JL Wilkinson	8,000		(8,000)	–	£3.35	exercised	
	8,000	–	(8,000)	–	£2.59	exercised	
	8,000	–	(8,000)	–	£4.19	exercised	
	43,789	–	(43,789)	–	£0.0025	exercised	
	–	31,493	–	31,493 ^	£0.0025	Performance criteria not satisfied	Sept 30 20
	–	4,972	–	4,972 †	£6.03	Performance criteria not satisfied	Feb 14 20
	67,789	36,465	(67,789)	36,465			
B AL-Rehany	4,597	–	(4,597)	–	£0.0025	exercised	
(appointed November 11 2009)	–	29,755	–	29,755 ^	£0.0025	Performance criteria not satisfied	Sept 30 20
	–	19,960	–	19,960 †	£5.01	Performance criteria not satisfied	Feb 14 20
	4,597	49,715	(4,597)	49,715			
Total	**727,886**	**297,671**	**(570,617)**	**454,940**			

The market price of the company's shares on September 30 2010 was £6.13. The high and low share prices during the year were £6.30 and £3.70 respectively. There were 297,671 options granted during the year (2009: 428,075). The aggregate gain made by the directors on the exercise of share options in the year was £2,248,296 (2009: £1,188,869).

Directors' share options *continued*

Directors' long-term incentive – cash settled

Under the terms of CAP 2010, the directors have been granted the following cash awards:

	At start of year	Granted during year	Exercised/ lapsed during year	At end of year/date of retirement	Date from which entitled	Expiry date
NF Osborn	–	67,456	–	67,456 ^	Performance criteria not satisfied	Sept 30 20
DC Cohen	–	97,647	–	97,647 ^	Performance criteria not satisfied	Sept 30 20
CR Jones	–	158,088	–	158,088 ^	Performance criteria not satisfied	Sept 30 20
SM Brady	–	101,184	–	101,184 ^	Performance criteria not satisfied	Sept 30 20
DE Alfano	–	73,722	–	73,722 ^	Performance criteria not satisfied	Sept 30 20
CHC Fordham	–	231,028	–	231,028 ^	Performance criteria not satisfied	Sept 30 20
JL Wilkinson	–	156,234	–	156,234 ^	Performance criteria not satisfied	Sept 30 20
B AL-Rehany	–	213,004	–	213,004 ^	Performance criteria not satisfied	Sept 30 20
	–	**1,098,363**	**–**	**1,098,363**		

* Issued under the Euromoney Institutional Investor PLC Save As You Earn scheme 2007.

** Issued under the Euromoney Institutional Investor PLC Save As You Earn scheme 2008.

¶ Issued under the Euromoney Institutional Investor PLC Save As You Earn scheme 2009.

‡ Options granted are those expected to be issued following the satisfaction of the additional performance test (see page 33) in relation to awards outstanding from either tranche 2 or tranche 3 of the CAP 2004 which vest on February 11 2011, three months following the announcement of the company's results. The number of such options granted to each director is provisional and will require a true-up to reflect adjustments to the respective director's individual business profits between year end and December 31 2010 as required by the remuneration committee. As such the actual number of options granted could vary from that disclosed.

^ The number of options granted and amount of the cash award granted under CAP 2010 to each director is provisional and based on the performance of the respective directors' individual businesses up to the end of the performance period (September 2013). As such the actual number of options and amount of the cash award issued is likely to be different to the amount granted. The number of options received under the share award of the CAP 2010 is reduced by the number of options vesting with participants from the CSOP 2010 (note 24).

† The number of options granted under CSOP 2010 to each director will vest and become exercisable at the same time as the corresponding share award under the CAP 2010 providing the CSOP is in the money at that time and does not vest before June 28 2013. Once vested the option remains exercisable for a period of one month and then lapses. If the option is not in the money at the time of vesting of the corresponding CAP 2010 award it continues to subsist and becomes exercisable at the same time as the second tranche of the CAP 2010 share award (note 24).

Directors' share options *continued*

Options exercised during the year:

	Number of options exercised	Date of exercise	Market price per share on date of exercise (£)	Gain on exercise (£)	Number of shares retained
PM Fallon	46,126	Feb 12 10	4.75	218,983	46,126
PR Ensor	46,126	Feb 12 10	4.75	218,983	46,126
NF Osborn	18,800	Feb 18 10	4.68	87,978	11,251
NF Osborn	5,000	Sept 24 10	6.02	9,150	5,000
DC Cohen	6,000	Jan 28 10	4.79	8,658	–
DC Cohen	12,316	Feb 18 10	4.68	57,635	7,247
CR Jones	6,000	Jan 21 10	4.62	7,602	6,000
CR Jones	46,126	Feb 18 10	4.68	215,855	36,126
SM Brady	46,474	Feb 18 10	4.68	217,483	27,347
SM Brady	2,255	Mar 10 10	4.66	1,060	2,255
SM Brady	6,000	Mar 22 10	4.69	8,038	–
SM Brady	20,000	Sept 24 10	6.02	68,602	11,330
SM Brady	10,000	Sept 24 10	6.02	18,301	3,045
DE Alfano	40,836	Feb 18 10	4.68	191,099	24,439
GG Mueller	52,978	Feb 18 10	4.68	247,920	–
GG Mueller	6,000	Jul 23 10	5.84	14,956	–
GG Mueller	20,000	Sept 24 10	6.02	68,636	–
MJ Carroll	22,036	Feb 18 10	4.68	103,121	–
MJ Carroll	4,000	Sept 09 10	5.86	1,938	–
MJ Carroll	20,000	Sept 09 10	5.86	65,490	–
MJ Carroll	10,000	Sept 09 10	5.86	16,728	–
CHC Fordham	6,000	Jan 21 10	4.62	7,602	6,000
CHC Fordham	23,581	Feb 18 10	4.68	110,351	13,876
JL Wilkinson	8,000	Feb 08 10	4.82	11,761	–
JL Wilkinson	43,789	Feb 18 10	4.68	204,918	25,767
JL Wilkinson	8,000	Sept 28 10	6.12	28,219	–
JL Wilkinson	8,000	Sept 28 10	6.12	15,405	–
B AL-Rehany	4,597	Feb 12 10	4.75	21,824	4,597
	549,040			2,248,296	276,532

ISI share options

In addition, the following directors hold options to subscribe for common stock of $0.001 each in Internet Securities, Inc., a subsidiary of the company. All of these options are fully vested and exercisable. No options in Internet Securities, Inc. were granted during the year.

	At start of year	Granted during year	Exercised during year	At end of year	Exercise price
GG Mueller	5,063	–	(5,063)	–	$7.07
NF Osborn	5,000	–	(5,000)	–	$8.95
Total	**10,063**	**–**	**(10,063)**	**–**	

Options exercised during the year:

	Number of options exercised	Date of exercise	Market price on date of exercise	Gain on exercise (£)	Number of shares retained
GG Mueller	5,063	Mar 8 10	$16.07	29,931	5,063
NF Osborn	5,000	Mar 8 10	$16.07	23,384	–
Total	**10,063**			**53,315**	**5,063**

Information not subject to audit

Directors' interests in the company

The interests of the directors and their families in the ordinary shares of the company and its subsidiaries as at September 30 were as follows:

	Ordinary shares of 0.25p each	
	2010	2009
PM Fallon	625,250	579,124
PR Ensor	194,529	148,403
NF Osborn	41,471	52,675
DC Cohen	117,472	110,225
CR Jones	156,139	114,013
SM Brady	14,375	34,907
DE Alfano	99,256	74,817
GG Mueller (resigned September 30 2010)	174,563	174,563
MJ Carroll (resigned January 21 2010)	n/a	15,000
CHC Fordham	116,906	97,030
JL Wilkinson	77,275	51,508
B AL-Rehany (appointed November 11 2009)	14,791	–
The Viscount Rothermere	23,393	22,708
Sir Patrick Sergeant	165,304	165,304
JC Botts	15,503	15,503
JC Gonzalez	–	–
MWH Morgan	7,532	7,532
DP Pritchard	–	–
	1,843,759	1,663,312
Non-beneficial		
Sir Patrick Sergeant	20,000	20,000

At September 30 2010 GG Mueller was beneficially interested in 85,063 shares of Internet Securities, Inc. a subsidiary of the group (2009: 160,000 shares). In March 2010, GG Mueller sold 80,000 shares in Internet Securities, Inc. to Euromoney Institutional Investor PLC for an independently assessed market price of $16.07 per share.

Directors' interests in Daily Mail and General Trust plc

The interests of the directors, to be disclosed under chapter 9.8.6 of the UKLA Listing Rules, in the shares of Daily Mail and General Trust plc as at September 30 were as follows:

	Ordinary shares of 12.5p each		'A' ordinary non-voting shares of 12.5p each	
	2010	2009	2010	2009
The Viscount Rothermere[1&2]	11,903,132	11,903,132	76,007,244	75,977,758
PM Fallon	–	–	41,500	41,500
Sir Patrick Sergeant	–	–	36,000	36,000
MWH Morgan[1&2]	764	764	910,499	902,007

1. The figures in the table above include 'A' shares committed by executives under a long-term incentive plan, details of which are set out in Daily Mail and General Trust plc's annual report.
2. The figures in the table above include 'A' shares awarded to executives under the DMGT Executive Bonus Scheme. For the Viscount Rothermere and MWH Morgan respectively, 17,140 and 816,570 of these shares were subject to restrictions as explained in Daily Mail and General Trust plc's annual report. The comparable figure for the Viscount Rothermere and MWH Morgan respectively, at October 1 2009 was 25,013 and 816,575.

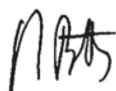
The Viscount Rothermere had non-beneficial interests as a trustee at September 30 2010 in 5,540,000 'A' ordinary non-voting shares of 12.5p each (2009: 5,540,000 shares) plus 639,208 ordinary shares (2009: 639,208 shares).

Daily Mail and General Trust plc has been notified that, under section 824 of the Companies Act 2006 and including the interests shown in the table above, The Viscount Rothermere is deemed to have been interested in 12,542,340 ordinary shares of 12.5p each (2009: 12,542,340 shares).

At September 30 2010 and September 30 2009, The Viscount Rothermere was beneficially interested in 756,700 ordinary shares of Rothermere Continuation Limited, the company's ultimate parent company.

The Viscount Rothermere and MWH Morgan had options over 315,306 and 215,140 respectively 'A' ordinary non-voting shares in Daily Mail and General Trust plc at September 30 2010 (2009: The Viscount Rothermere and MWH Morgan had options over 311,000, and 136,000 respectively). The exercise price of these options ranges from £5.73 to £10.30. Further details of these options are listed in the Daily Mail and General Trust plc group accounts.

There have been no changes in the directors' interests since September 30 2010.



John Botts
Chairman of the Remuneration Committee
November 10 2010

Independent Auditors' Report

Independent auditors' report to the members of Euromoney Institutional Investor PLC

We have audited the group financial statements of Euromoney Institutional Investor PLC for the year ended September 30 2010 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes 1 to 31. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at September 30 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement contained within the Directors' Report in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Other matter

We have reported separately on the parent company financial statements of Euromoney Institutional Investor PLC for the year ended September 30 2010 and on the information in the Directors' Remuneration Report that is described as having been audited.

Robert Matthews (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
November 10 2010

Consolidated Income Statement

for the year ended September 30 2010

	Notes	2010 £000's	2009 £000's
Total revenue	3	330,006	317,594
Operating profit before acquired intangible amortisation, long-term incentive expense and exceptional items	3	100,057	79,447
Acquired intangible amortisation	11	(13,671)	(15,891)
Long-term incentive expense		(4,364)	(2,697)
Exceptional items	5	(228)	(33,901)
Operating profit before associates	3, 4	81,794	26,958
Share of results in associates		281	219
Operating profit		82,075	27,177
Finance income	7	1,637	2,281
Finance expense	7	(12,288)	(46,819)
Net finance costs	7	(10,651)	(44,538)
Profit/(loss) before tax	3	71,424	(17,361)
Tax (expense)/credit on profit/(loss)	8	(12,839)	10,412
Profit/(loss) after tax from continuing operations	3	58,585	(6,949)
Profit for the year from discontinued operations	15	–	1,207
Profit/(loss) for the year		58,585	(5,742)
Attributable to:			
Equity holders of the parent		58,105	(6,287)
Equity non-controlling interests		480	545
		58,585	(5,742)
Basic earnings/(loss) per share – continuing operations	10	50.04p	(6.83)p
Basic earnings/(loss) per share – continuing and discontinued operations	10	50.04p	(5.73)p
Diluted earnings/(loss) per share – continuing operations	10	49.47p	(6.67)p
Diluted earnings/(loss) per share – continuing and discontinued operations	10	49.47p	(5.59)p
Adjusted diluted earnings per share	10	53.50p	40.39p
Dividend per share (including proposed dividends)	9	18.00p	14.00p

A detailed reconciliation of the group's statutory results to the underlying results is set out in the appendix to the Chairman's Statement on page 6.

Consolidated Statement of Comprehensive Income

for the year ended September 30 2010

	2010 £000's	2009 £000's
Profit/(loss) for the year	58,585	(5,742)
Change in fair value of cash flow hedges	732	(9,285)
Transfer of loss on cash flow hedges from fair value reserves to income statement	5,623	3,502
Change in fair value of intangible assets	–	3,342
Net exchange differences on translation of net investments in overseas subsidiary undertakings	1,177	27,883
Net exchange differences on foreign currency loans	(272)	(16,690)
Actuarial losses on defined benefit pension schemes	(1,748)	(3,382)
Tax on items taken directly to equity	447	3,792
Other comprehensive income for the year	5,959	9,162
Total comprehensive income for the year	64,544	3,420
Attributable to:		
Equity holders of the parent	64,057	1,815
Equity non-controlling interests	487	1,605
	64,544	3,420

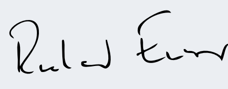
Consolidated Statement of Financial Position

as at September 30 2010

	Notes	2010 £000's	2009 £000's
Non-current assets			
Intangible assets			
Goodwill	11	297,618	291,338
Other intangible assets	11	125,089	134,310
Property, plant and equipment	12	19,485	19,750
Investments	13	248	209
Deferred tax assets	22	20,819	18,474
Derivative financial instruments	19	369	569
		463,628	464,650
Current assets			
Trade and other receivables	16	62,808	59,000
Current income tax assets		–	6,311
Cash at bank and in hand		12,078	12,545
Derivative financial instruments	19	2,021	569
		76,907	78,425
Current liabilities			
Acquisition option commitments	25	(1,061)	(11,237)
Trade and other payables	17	(31,331)	(59,214)
Current income tax liabilities		(10,844)	(6,139)
Accruals		(45,473)	(46,972)
Deferred income	18	(93,740)	(82,599)
Derivative financial instruments	19	(7,671)	(9,917)
Provisions	21	(1,111)	(2,359)
Loan notes	20	(2,039)	(5,719)
Bank overdrafts	20	(888)	(482)
		(194,158)	(224,638)
Net current liabilities		(117,251)	(146,213)
Total assets less current liabilities		346,377	318,437
Non-current liabilities			
Acquisition option commitments	25	–	(706)
Other non-current liabilities		(936)	(1,012)
Committed loan facility	20	(137,908)	(171,404)
Deferred tax liabilities	22	(24,124)	(21,777)
Net pension deficit	27	(1,537)	(364)
Derivative financial instruments	19	(8,368)	(14,592)
Provisions	21	(4,021)	(3,591)
		(176,894)	(213,446)
Net assets		169,483	104,991
Shareholders' equity			
Called up share capital	23	296	284
Share premium account		66,082	52,445
Other reserve		64,981	64,981
Capital redemption reserve		8	8
Own shares		(74)	(74)
Liability for share-based payments		25,658	23,646
Fair value reserve		(33,425)	(39,508)
Translation reserve		45,904	44,734
Retained earnings		53	(42,511)
Equity shareholders' surplus		169,483	104,005
Equity non-controlling interests		–	986
Total equity		169,483	104,991

The accounts were approved by the board of directors on November 10 2010.

Richard Ensor
Colin Jones
Directors



Consolidated Statement of Changes in Equity

as at September 30 2010

	Share capital £000's	Share premium account £000's	Other reserve £000's	Capital redemption reserve £000's	Own shares £000's	Liability for share-based payments £000's	Fair value reserve £000's	Translation reserve £000's	Retained earnings £000's	Total £000's	Equity non-controlling interests £000's	Total £000's
At September 30 2008	263	38,575	64,981	8	(74)	20,676	(19,579)	17,113	(36,916)	85,047	3,017	88,064
Retained (loss)/profit for the year	–	–	–	–	–	–	–	–	(6,287)	(6,287)	545	(5,742)
Change in fair value of cash flow hedges	–	–	–	–	–	–	(9,285)	–	–	(9,285)	–	(9,285)
Transfer of loss on cash flow hedges from fair value reserves to income statement	–	–	–	–	–	–	3,502	–	–	3,502	–	3,502
Change in fair value of intangible assets	–	–	–	–	–	–	2,544	–	–	2,544	798	3,342
Exchange differences arising on translation of net investments in overseas subsidiary undertakings	–	–	–	–	–	–	–	27,621	–	27,621	262	27,883
Net exchange differences on foreign currency loans	–	–	–	–	–	–	(16,690)	–	–	(16,690)	–	(16,690)
Actuarial losses on defined benefit pension schemes	–	–	–	–	–	–	–	–	(3,382)	(3,382)	–	(3,382)
Tax on items taken directly to equity	–	–	–	–	–	–	–	–	3,792	3,792	–	3,792
Total comprehensive income for the year	–	–	–	–	–	–	(19,929)	27,621	(5,877)	1,815	1,605	3,420
Exercise of acquisition option commitments	–	–	–	–	–	–	–	–	20,939	20,939	(1,830)	19,109
Credit for share-based payments	–	–	–	–	–	2,970	–	–	–	2,970	–	2,970
Scrip/cash dividends paid	16	13,870	–	–	–	–	–	–	(20,657)	(6,771)	(1,806)	(8,577)
Exercise of share options	5	–	–	–	–	–	–	–	–	5	–	5
At September 30 2009	**284**	**52,445**	**64,981**	**8**	**(74)**	**23,646**	**(39,508)**	**44,734**	**(42,511)**	**104,005**	**986**	**104,991**
Retained profit for the year	–	–	–	–	–	–	–	–	58,105	58,105	480	58,585
Change in fair value of cash flow hedges	–	–	–	–	–	–	732	–	–	732	–	732
Transfer of loss on cash flow hedges from fair value reserves to income statement	–	–	–	–	–	–	5,623	–	–	5,623	–	5,623
Exchange differences arising on translation of net investments in overseas subsidiary undertakings	–	–	–	–	–	–	–	1,170	–	1,170	7	1,177
Net exchange differences on foreign currency loans	–	–	–	–	–	–	(272)	–	–	(272)	–	(272)
Actuarial losses on defined benefit pension schemes	–	–	–	–	–	–	–	–	(1,748)	(1,748)	–	(1,748)
Tax on items taken directly to equity	–	–	–	–	–	–	–	–	447	447	–	447
Total comprehensive income for the year	–	–	–	–	–	–	6,083	1,170	56,804	64,057	487	64,544
Exercise of acquisition option commitments	–	–	–	–	–	–	–	–	1,895	1,895	(836)	1,059
Credit for share-based payments	–	–	–	–	–	2,012	–	–	–	2,012	–	2,012
Scrip/cash dividends paid	7	12,319	–	–	–	–	–	–	(16,135)	(3,809)	(723)	(4,532)
Exercise of share options	5	1,318	–	–	–	–	–	–	–	1,323	86	1,409
At September 30 2010	296	66,082	64,981	8	(74)	25,658	(33,425)	45,904	53	169,483	–	169,483

The investment in own shares is held by the Euromoney Employees' Share Ownership Trust (ESOT). At September 30 2010 the ESOT held 58,976 shares (2009: 58,976 shares) carried at a historic cost of £1.25 per share with a market value of £361,000 (2009: £220,000). The trust waived the rights to receive dividends. Interest and administrative costs are charged to the profit and loss account of the ESOT as incurred.

The other reserve represents the share premium arising on the shares issued for the purchase of Metal Bulletin plc in October 2006.

Consolidated Statement of Cash Flows

for the year ended September 30 2010

	2010 £000's	2009 £000's
Cash flow from operating activities		
Operating profit	82,075	27,177
Share of results in associates	(281)	(219)
Acquired intangible amortisation	13,671	15,891
Licences and software amortisation	238	256
Long-term incentive expense	4,364	2,697
Goodwill impairment	1,214	21,929
Intangible impairment	593	1,235
Depreciation of property, plant and equipment	2,691	2,544
Exceptional depreciation of property, plant and equipment	–	1,210
(Decrease)/increase in provisions	(861)	1,476
Loss on disposal of property, plant and equipment	708	125
Operating cash flows before movements in working capital	104,412	74,321
(Increase)/decrease in receivables	(3,493)	15,983
Decrease in payables	(148)	(17,727)
Cash generated from operations	100,771	72,577
Income taxes (paid)/received	(1,912)	1,263
Net cash from operating activities	98,859	73,840
Investing activities		
Dividends paid to non-controlling interests	(723)	(1,806)
Dividends received from associate	242	313
Interest received	243	801
Purchase of intangible assets	(333)	(146)
Purchase of property, plant and equipment	(3,107)	(1,260)
Proceeds from disposal of property, plant and equipment	44	21
Purchase of additional interest in subsidiary undertakings	(11,576)	(19,890)
Purchase of subsidiary undertaking	(5,165)	–
Proceeds from disposal of discontinued operations	–	1,259
Net cash used in investing activities	(20,375)	(20,708)
Financing activities		
Dividends paid	(3,809)	(6,771)
Interest paid	(9,414)	(8,887)
Interest paid on loan notes	(38)	(291)
Issue of new share capital	1,323	5
Settlement of derivative assets/liabilities	(3,295)	(35,861)
Redemption of loan notes	(3,673)	(1,767)
Amounts (paid)/received on intergroup tax equalisation swaps	(23,906)	23,088
Loan repaid to DMGT group company	(116,569)	(117,239)
Loan received from DMGT group company	79,590	83,903
Net cash used in financing activities	(79,791)	(63,820)
Net decrease in cash and cash equivalents	(1,307)	(10,688)
Cash and cash equivalents at beginning of year	12,063	20,179
Effect of foreign exchange rate movements	434	2,572
Cash and cash equivalents at end of year	11,190	12,063

Cash and cash equivalents include bank overdrafts.

Note to the Consolidated Statement of Cash Flows

Net debt

	2010 £000's	2009 £000's
Net debt at beginning of year	(165,060)	(171,994)
Decrease in cash and cash equivalents	(1,307)	(10,688)
Decrease in amounts owed to DMGT group company	36,979	33,336
Redemption of loan notes	3,673	1,767
Interest paid on loan notes	38	291
Other non-cash changes	14	(4,748)
Effect of foreign exchange rate movements	(3,094)	(13,024)
Net debt at end of year	(128,757)	(165,060)
Net debt comprises:		
Cash at bank and in hand	12,078	12,545
Bank overdrafts	(888)	(482)
Total cash and cash equivalents	11,190	12,063
Committed loan facility	(137,908)	(171,404)
Loan notes	(2,039)	(5,719)
Net debt	(128,757)	(165,060)

Non-cash changes represent interest added to the principal amounts owed to DMGT and accrued interest on loan notes.

Notes to the Consolidated Financial Statements

1 Accounting policies

General information

Euromoney Institutional Investor PLC (the 'company') is a company incorporated in the United Kingdom (UK).

The group financial statements consolidate those of the company and its subsidiaries (together referred to as the 'group') and equity-account the group's interest in associates. The parent company financial statements present information about the entity and not about its group.

The group financial statements have been prepared and approved by the directors in accordance with the International Financial Reporting Standards ('IFRS') adopted for use in the European Union and, therefore, comply with Article 4 of the EU IAS Regulation. The company has elected to prepare its parent company financial statements in accordance with UK GAAP.

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements, and estimates with a significant risk of material adjustment in the next year, are discussed in note 2.

(a) Relevant new standards, amendments and interpretations issued and applied in the 2010 financial year

– IFRS 3 'Business Combinations' (effective for accounting periods beginning on or after July 1 2009). The revised standard continues to apply the acquisition method to business combinations with some significant changes. For example all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt and subsequently re-measured through the Income Statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest proportionate share of the acquiree's net assets. All acquisition-related costs are expensed;

– IAS 1 (Revised) 'Presentation of Financial Statements' (effective for accounting periods beginning on or after January 1 2009) requires non-owner changes in equity to be presented separately from owner changes in equity. As a result, non-owner changes in equity are included in a new primary statement called a Statement of Comprehensive Income. This change in accounting policy only affects presentational aspects and there is no impact on the group's net assets or income;

– IAS 27 'Consolidated and Separate Financial Statements' (effective for annual periods beginning on or after July 1 2009) requires that, where there is no change in ownership of an existing controlled entity, this is accounted for as an equity transaction, with no adjustment to goodwill or gains or losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in the Income Statement. This differs from the group's previous approach whereby goodwill was calculated separately for each transaction and the acquiree's assets and liabilities were fair valued at the date of acquisition. The new requirements have been applied prospectively to the purchase of additional interests in controlled entities during the year (see note 14);

– Amendment to IFRS 2 'Vesting Conditions and Cancellations' (effective for accounting periods beginning on or after January 1 2009) clarifies the definition of vesting conditions for the purposes of IFRS 2 and introduces the concept of 'non-vesting' conditions. The amendment has been applied retrospectively in accordance with the relevant transitional provision. This has had no impact on the group in the year to September 30 2010;

– Amendments to IAS 32 'Financial Instruments: Recognition and Measurement' (effective for annual periods beginning on or after January 1 2009) amends the criteria for debt or equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met. This has had no impact on the group in the year to September 30 2010;

– IFRS 8 'Operating Segments' (effective for annual periods beginning on or after January 1 2009) requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in a change to segments reported;

– IFRS 7 'Financial Instruments – Disclosures' (effective for annual periods beginning on or after January 1 2009). The amendment requires enhanced disclosures in relation to fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements according to the following fair value measurement hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

This change in accounting standards results in additional disclosure only (see note 19).

1 Accounting policies *continued*

(b) Relevant new standards, amendments and interpretations issued but effective in future accounting periods

– IFRS 9 'Financial instruments' issued in November 2009 (effective for annual periods beginning on or after January 1 2013). This standard is the first step in the process to replace IAS 39 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the group's accounting for its financial assets. This standard has not yet been endorsed by the EU. The group is yet to assess IFRS 9's full impact.

– Revised IAS 24 (revised) 'Related party disclosures', issued in November 2009 (effective for annual periods beginning on or after January 1 2011). It supersedes IAS 24 'Related party disclosures' issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after January 1 2011. Earlier application, in whole or in part, is permitted. However, the standard has not yet been endorsed by the EU.

The revised standard clarifies and simplifies the definition of a related party. The group is putting systems in place to capture the necessary information. It is, therefore, not possible at this stage to disclose the impact, if any, of the revised standard on the related party disclosures.

The directors anticipate that the adoption of these standards in future periods will have no material impact on the financial statements of the group except for additional disclosures.

Basis of preparation

The accounts have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. The accounting policies set out below have been applied consistently to all periods presented in these group financial statements. The directors continue to adopt the going concern basis in preparing this report as explained in detail on page 25.

Basis of consolidation

(a) Subsidiaries

The consolidated accounts incorporate the accounts of the company and entities controlled by the company (its 'subsidiaries'). Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Intercompany transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect amendments from contingent consideration. Cost also includes direct attributable costs of investment.

The group uses the acquisition method of accounting to account for business combinations. The amount recognised as consideration by the group equates to the fair value of the assets, liabilities and equity acquired by the group plus contingent consideration (should there be any such arrangement). Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the aquiree either at fair value or at the non-controlling interest proportionate share of the acquiree's net assets.

To the extent the consideration (including the assumed contingent consideration) provided by the acquirer is greater than the fair value of the assets and liabilities, this amount is recognised as goodwill. Goodwill also incorporates the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired. If this is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Statement of Comprehensive Income.

Step acquisitions

Where a business combination is achieved by more than one exchange transaction the previously held interest is treated as if it has been disposed of in return, along with consideration transferred for the controlling interest in the subsidiary. The fair value of the previously held interest then forms one of the components that is used to calculate goodwill, along with consideration and non-controlling interest less the fair value of identifiable net assets.

1 Accounting policies *continued*

(b) Transactions and non-controlling interests

Transactions with non-controlling interests in the net assets of consolidated subsidiaries are identified separately and included in the group's equity. Non-controlling interests consist of the amount of those interests at the date of the original business combination and its share of changes in equity since the date of the combination. Losses applicable to the non-controlling interest, in excess of the non-controlling interest in the subsidiary's equity, are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Where the group owns a non-controlling interest in the equity share capital of a non-quoted company and does not exercise significant influence, it is held as an investment and stated in the balance sheet at the lower of cost and net realisable value.

(c) Associates

An associate is an entity over which the group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of associate post-acquisition profit or losses is recognised in the Income Statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates are recognised in the Income Statement.

Foreign currencies

Functional and presentation currency

The functional and presentation currency of Euromoney Institutional Investor PLC and its UK subsidiaries is sterling. The functional currency of subsidiaries and associates is the currency of the primary economic environment in which they operate.

Transactions and balances

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date.

Gains and losses arising on foreign currency borrowings and derivative instruments, to the extent that they are used to provide a hedge against the group's equity investments in overseas undertakings, are taken to equity together with the exchange difference arising on the net investment in those undertakings. All other exchange differences are taken to the Income Statement.

Group companies

The Income Statements of overseas operations are translated into sterling at the weighted average exchange rates for the year and their balance sheets are translated into sterling at the exchange rates ruling at the balance sheet date. All exchange differences arising on consolidation are taken to equity. In the event of the disposal of an operation, the related cumulative translation differences are recognised in the Income Statement in the period of disposal.

1 Accounting policies *continued*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation of property, plant and equipment is provided on a straight-line basis over their expected useful lives at the following rates per year:

Freehold land	do not depreciate
Freehold buildings	2%
Long-term leasehold premises	over term of lease
Short-term leasehold premises	over term of lease
Office equipment	11% – 33%
Motor vehicles	20%

Intangible assets

Goodwill

Goodwill represents the excess of the fair value of purchase consideration over the net fair value of identifiable assets and liabilities acquired.

Goodwill is recognised as an asset at cost and subsequently measured at cost less accumulated impairment. For the purposes of impairment testing, goodwill is allocated to those cash generating units that have benefited from the acquisition. Assets are grouped at the lowest level for which there are separately identifiable cash flows. The carrying value of goodwill is reviewed for impairment at least annually or where there is an indication that goodwill may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, then the impairment loss is allocated first to reduce the carrying amount of the goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis. Any impairment is recognised immediately in the Income Statement and may not subsequently be reversed. On disposal of a subsidiary undertaking, the attributable amount of goodwill is included in the determination of the profit and loss on disposal.

Goodwill arising on foreign subsidiary investments held in the consolidated balance sheet are retranslated into sterling at the applicable period end exchange rates. Any exchange differences arising are taken directly to equity as part of the retranslation of the net assets of the subsidiary.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts having been tested for impairment at that date. Goodwill written off to reserves under UK GAAP before October 1 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

Other intangible assets

For all other intangible assets, the group initially makes an assessment of their fair value at acquisition. An intangible asset will be recognised as long as the asset is separable or arises from contractual or other legal rights, and its fair value can be measured reliably.

Subsequent to acquisition, amortisation is charged to other intangibles so as to write off the costs of intangible assets over their estimated useful lives, using a straight-line or reducing balance method. All other intangible assets are reviewed for impairment as described below.

The costs of acquiring and developing software that are not integral to the related hardware are capitalised separately as an intangible asset. These intangibles are stated at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation of intangible assets is provided on a reducing balance basis or straight-line basis as appropriate over their expected useful lives at the following rates per year:

Brands	20–30 years
Data provider contracts	5 years
Customer relationships	3–16 years
Licences and software	3 years
Subscription contracts	1 year

1 Accounting policies *continued*

Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Trade and other receivables

Trade receivables are recognised and carried at original invoice amount, less provision for impairment. A provision is made and charged to the Income Statement when there is objective evidence that the group will not be able to collect all amounts due according to the original terms. More information on impairment is included in the impairment of financial assets section below.

Cash and cash equivalents

Cash and cash equivalents 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 group cash flow statement, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

Financial assets

The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its assets at initial recognition and re-evaluates this designation at every reporting date.

Classification

Financial assets at fair value through profit and loss

This category has two sub categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the date on which the group commits to purchase or sell the asset. All financial assets, other than those carried at fair value through profit or loss, are initially recognised at fair value plus transaction costs.

Financial assets at fair value through profit and loss

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit and loss component of the Statement of Comprehensive Income. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss category' are included in the profit and loss component of the Statement of Comprehensive Income in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss component of the Statement of Comprehensive Income as part of other income when the group's right to receive payments is established.

1 Accounting policies *continued*

Loans and receivables

Loans and receivables are carried at amortised cost using the effective interest method.

Available-for-sale financial assets

Available-for-sale financial assets are subsequently measured at fair value.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Impairment of financial assets

The group assesses at each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimate future cash flows from a portfolio of financial asset since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) Adverse changes in the payment status of borrowers in the portfolio; and
  (ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

The group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the profit and loss component of the Statement of Comprehensive Income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If the asset's carrying amount is reduced, the amount of the loss is recognised in the profit and loss component of the Statement of Comprehensive Income.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit and loss component of the Statement of Comprehensive Income.

Financial liabilities

Committed borrowings and bank overdrafts

Interest-bearing loans and overdrafts are recorded at the amounts received, net of direct issue costs. Direct issue costs are amortised over the period of the loans and overdrafts to which they relate. Finance charges, including premiums payable on settlement or redemption are charged to the Income Statement as incurred using the effective interest rate method and are added to the carrying value of the borrowings or overdraft to the extent they are not settled in the period which they arise.

1 Accounting policies *continued*

Trade payables

Trade payables are not interest-bearing and are stated at their fair value.

Derivatives financial instruments

The group uses various derivative financial instruments to manage its exposure to foreign exchange and interest rate risks, including forward foreign currency contracts and interest rate swaps.

All derivative instruments are recorded in the balance sheet at fair value. The recognition of gains or losses on derivative instruments depends on whether the instrument is designated as a hedge and the type of exposure it is designed to hedge. The group designates certain derivatives as either:

(a) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
(b) hedges of a net investment in a foreign operation (net investment hedge).

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the derivative matures in more than 12 months, and as a current asset or liability when the derivative matures in less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedge

The effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income within the Statement of Comprehensive Income. The ineffective portion of such gains and losses is recognised in the Income Statement immediately.

Amounts accumulated in equity are reclassified to the Income Statement in the periods when the hedged item is recognised in the Income Statement (for example, when the forecast transaction that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the Income Statement accordingly, the gain or loss relating to the ineffective portion is recognised in the Income Statement immediately. However, whenever the forecast transaction that is hedged results in the recognition of a non-financial asset (for example fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in depreciation in the case of fixed assets.

When a hedging instruments expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

The premium or discount on interest rate instruments is recognised as part of net interest payable over the period of the contract. Interest rate swaps are accounted for on an accruals basis.

Net investment hedge

Hedges of net investments in foreign operations are accounted for in the same way as cash flow hedges.

Gains or losses on the qualifying part of net investment hedges are recognised in other comprehensive income together with the gains and losses on the underlying net investment. The ineffective portion of such gains and losses is recognised in the Income Statement immediately.

Changes in the fair value of the derivative financial instruments that do not qualify for hedge accounting are recognised in the Income Statement as they arise.

Gains and losses accumulated in equity are transferred to the Income Statement when the foreign operation is partially disposed of or sold.

1 Accounting policies *continued*

Liabilities in respect of put option agreements

Liabilities for put options over the remaining minority interests in subsidiaries are recorded in the Statement of Financial Position at their estimated discounted present value. These discounts are unwound and charged to the Income Statement as notional interest over the period up to the date of the potential future payment.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

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 taxation is calculated under the provisions of IAS 12 'Income tax' and is recognised on differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit, and 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. No provision is made for temporary differences on unremitted earnings of foreign subsidiaries or associates where the group has control and the reversal of the temporary difference is not foreseeable.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset 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.

Provisions

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event, and it is probable that economic benefits will be required to settle the obligation. If material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Pensions

Contributions to pension schemes in respect of current and past service, ex gratia pensions, and cost of living adjustments to existing pensions are based on the advice of independent actuaries.

Defined contribution plans

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate non-group related entity. Payments to the Euromoney Pension Plan and the Metal Bulletin Group Personal Pension Plan, both defined contribution pension schemes, are charged as an expense as they fall due.

The group also participates in the Harmsworth Pension Scheme, a defined benefit pension scheme which is operated by Daily Mail and General Trust plc. As there is no contractual agreement or stated policy for charging the net defined benefit cost for the plan as a whole to the individual entities, the group recognises an expense equal to its contributions payable in the period and does not recognise any unfunded liability of this pension scheme on its balance sheet. In other words, this scheme is treated as a defined contribution plan.

1 Accounting policies *continued*

Defined Benefit Plans

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The group operates the Metal Bulletin Pension Scheme, a defined benefit scheme. The present value of providing benefits is determined by triennial valuations using the attained age method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the Statement of Comprehensive Income in the period in which they occur. The retirement benefit obligation recognised in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets.

Share-based payments

The group makes share-based payments to certain employees which are equity and cash-settled. These payments are measured at their estimated fair value at the date of grant, calculated using an appropriate option pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of the number of shares that will eventually vest. At the period end the vesting assumptions are revisited and the charge associated with the fair value of these options updated. For cash-settled share-based payments a liability equal to the portion of the services received is recognised at the current fair value as determined at each balance sheet date.

Revenue

Revenue represents income from advertising, subscriptions, sponsorship and delegate fees, net of value added tax.

- Advertising revenues are recognised in the Income Statement on the date of publication.
- Subscription revenues are recognised in the Income Statement on a straight-line basis over the period of the subscription.
- Sponsorship and delegate revenues are recognised in the Income Statement over the period the event is run.

Revenues invoiced but relating to future periods are deferred and treated as deferred income in the Statement of Financial Position.

Leased assets

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease rentals are charged to the Income Statement on a straight-line or other systematic basis as allowed by IAS 17 'Leases'.

Dividends

Dividends are recognised as a liability in the period in which they are approved by the company's shareholders. Interim dividends are recorded in the period in which they are paid.

Own shares held by Employees' Share Ownership Trust

Transactions of the group-sponsored trust are included in the group financial statements. In particular, the trust's holdings of shares in the company are debited direct to equity.

Earnings per share

The earnings per share and diluted earnings per share calculations follow the provisions of IAS 33 'Earnings per share'. The diluted earnings per share figure is calculated by adjusting for the dilution effect of the exercise of all ordinary share options, SAYE options and the Capital Appreciation Plan options granted by the company, but excluding the ordinary shares held by the Euromoney Employees' Share Ownership Trust.

Exceptional items

Exceptional items are items of income or expense considered by the directors, either individually or if of a similar type in aggregate, as being either material or significant and which require additional disclosure in order to provide an indication of the underlying trading performance of the group.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the board and executive committee members who are responsible for strategic decisions, allocating resources and assessing performance of the operating segments.

2 Key judgemental areas adopted in preparing these financial statements

The group prepares its group financial statements in accordance with International Financial Reporting Standards (IFRS), the application of which often requires judgements to be made by management when formulating the group's financial position and results. Under IFRS, the directors are required to adopt those accounting policies most appropriate to the group's circumstances for the purpose of presenting fairly the group's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the group should it later be determined that a different choice would have been more appropriate.

Management considers the accounting estimates and assumptions discussed below to be its key judgemental areas and, accordingly, provides an explanation of each below. Management has discussed its critical accounting estimates and associated disclosures with the group's audit committee.

The discussion below should also be read in conjunction with the group's disclosure of IFRS accounting policies, which is provided in note 1.

Acquisitions

The group's accounting policy is that on acquisition of a subsidiary or business, the purchase consideration is allocated over the net fair value of identifiable assets, liabilities and contingent liabilities acquired.

Fair value

Determining the fair value of assets, liabilities and contingent liabilities acquired requires management's judgement and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash flows, recoverability of assets, and unprovided liabilities and commitments particularly in relation to tax and VAT.

Intangible assets

The group makes an assessment of the fair value of intangible assets arising on acquisitions. An intangible asset will be recognised as long as the asset is separable or arises from contractual or other legal rights, and its fair value can be measured reliably.

The measurement of the fair value of intangible assets acquired requires significant management judgement particularly in relation to the expected future cash flows from the acquired marketing databases (which are generally based on management's estimate of marketing response rates), trademarks, brands, repeat and well established events. At September 30 2010 the net book value of intangible assets was £124.7 million (2009: £134.0 million).

Goodwill

Goodwill is impaired where the carrying value of goodwill is higher than the net present value of future cash flows of those cash generating units to which it relates. Key areas of judgement in calculating the net present value are the forecast cash flows, the long-term growth rate of the applicable businesses and the discount rate applied to those cash flows. During the year the group recognised a goodwill impairment of £1.2 million (2009: £21.9 million) (note 5). Goodwill held on the Statement of Financial Position at September 30 2010 was £297.6 million (2009: £291.3 million).

Acquisition option commitments

The group is party to a number of put and call options over the remaining minority interests in some of its subsidiaries. IAS 39 'Financial Instruments: Recognition and Measurement' requires the discounted present value of these acquisition option commitments to be recognised as a liability on the balance sheet with a corresponding decrease in reserves. The discounts are unwound as a notional interest charge to the Income Statement. Key areas of judgement in calculating the discounted present value of the options are the expected future cash flows and earnings of the business, the period remaining until the option is exercised and the discount rate. At September 30 2010 the discounted present value of these acquisition option commitments was £1.1 million (2009: £11.9 million).

2 Key judgemental areas adopted in preparing these financial statements *continued*

Share-based payments

The group makes long-term incentive payments to certain employees. These payments are measured at their estimated fair value at the date of grant, calculated using an appropriate option pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of the number of shares that will eventually vest. The key assumptions used in calculating the fair value of the options are the discount rate, the group's share price volatility, dividend yield, risk free rate of return, and expected option lives. These assumptions are set out in note 24. Management regularly perform a true-up of the estimate of the number of shares that are expected to vest, which is dependent on the anticipated number of leavers.

The charge for long-term incentive payments for the year ended September 30 2010 is £4.4 million (2009: £2.7 million).

Defined benefit pension scheme

The surplus or deficit in the defined benefit pension scheme that is recognised through the Statement of Comprehensive Income is subject to a number of assumptions and uncertainties. The calculated liabilities of the scheme are based on assumptions regarding salary increases, inflation rates, discount rates, the long-term expected return on the scheme's assets and member longevity. Details of the assumptions used are shown in note 27. Such assumptions are based on actuarial advice and are benchmarked against similar pension schemes.

Taxation

The group's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the group's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profit and loss and/or cash flow variances.

The group is a multi-national group with tax affairs in many geographical locations. This inherently leads to a higher than usual complexity to the group's tax structure and makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the group and it is often dependent on the efficiency of the legislative processes in the relevant taxing jurisdictions in which the group operates. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result, there can be substantial differences between the tax charge in the Income Statement and tax payments.

The group has certain significant open items in several tax jurisdictions and as a result the amounts recognised in the group financial statements in respect of these items are derived from the group's best estimation and judgement, as described above. However, the inherent uncertainty regarding the outcome of these items means eventual resolution could differ from the accounting estimates and therefore affect the group's results and cash flows.

Recognition of deferred tax assets

The recognition of net deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Recognition, therefore, involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

Historical differences between forecast and actual taxable profits have not resulted in material adjustments to the recognition of deferred tax assets. At September 30 2010, the group had a deferred tax asset of £20.8 million (2009: £18.5 million).

2 Key judgemental areas adopted in preparing these financial statements

Treasury

Interest rate exposure

Interest rate swaps are used to manage the group's exposure to fluctuations in interest rates on its floating rate borrowings. The maturity profile of these derivatives is matched with the expected future debt profile of the group. The group's policy is to fix the interest rates on approximately 80% of its term debt looking forward over five years. The expected future debt profile of the group is based on estimates of both timings and size of future, as yet unknown, acquisitions offset by an estimate of the cash generated by the group over a five year period. If management materially underestimate the group's future debt profile this would lead to too few interest rate instruments being in place and the group more exposed to swings in interest rates. An overestimate of the group's future debt profile would lead to associated costs in unwinding the excess interest rate instruments. At September 30 2010, the fair value of the group's interest rate swaps was a £5.9 million liability (2009: £7.6 million liability).

Forward contracts

The group is exposed to foreign exchange risk in the form of transactions in foreign currencies entered into by group companies and by the translation of the results of foreign subsidiaries into sterling for reporting purposes.

The group does not hedge the translation of the results of foreign subsidiaries, consequently, fluctuations in the value of sterling versus foreign currencies could materially affect the amount of these items in the consolidated financial statements, even if their values have not changed in their original currency. The group does endeavour to match foreign currency borrowings to investments in order to provide a natural hedge for the translation of the net assets of overseas subsidiaries.

Approximately two-thirds of the group's revenues are in US dollars. Subsidiaries normally do not hedge transactions in foreign currencies into the functional currency of their own operations. However, at a group level a series of US dollar forward contracts is put in place up to 18 months forward partially to hedge its dollar revenues into sterling. The timing and value of these forward contracts is based on managements estimate of its future US dollar revenues over a 18 month period. If management materially underestimated the group's future US dollar revenues this would lead to too few forward contracts being in place and the group being more exposed to swings in US dollar to sterling exchange rates. An overestimate of the group's US dollar revenue would lead to associated costs in unwinding the excess forward contracts. At September 30 2010, the fair value of the group's forward contracts was a net liability of £7.8 million (2009: £15.8 million) and the foreign exchange loss on restructured hedging arrangements from unwinding excess forward contracts was £nil (2009: £7.9 million) (note 7).

Details of the financial instruments used are set out in note 19 to the accounts.

3 Segmental analysis

Segmental information is presented in respect of the group's business divisions and reflects the group's management and internal reporting structure. The group is organised into five business divisions: Financial publishing; Business publishing; Training; Conferences and seminars; and Databases and information services. This is considered to be the primary reporting format. Financial publishing and Business publishing consist primarily of advertising and subscription revenue. The Training division consists primarily of delegate revenue. Conferences and seminars consists of both sponsorship income and delegate revenue. Databases and information services consists of subscription revenue. A breakdown of the group's revenue by type is set out below.

Analysis of the group's three main geographical areas is also set out to provide additional information on the trading performance of the businesses.

Inter-segment sales are charged at prevailing market rates and shown in the eliminations columns below.

	United Kingdom		North America		Rest of World		Eliminations		Total	
	2010 £000's	2009 £000's	2010 £000's	2009 £000's	2010 £000's	2009 £000's	2010 £000's	2009 £000's	2010 £000's	2009 £000's
Revenue by division and source:										
Financial publishing	43,423	43,330	33,933	34,074	2,201	1,856	(2,942)	(4,614)	76,615	74,646
Business publishing	45,325	42,765	15,113	14,601	1,651	1,760	(3,005)	(2,798)	59,084	56,328
Training	17,423	19,025	7,238	8,838	5,522	4,180	(327)	(374)	29,856	31,669
Conferences and seminars	31,389	28,584	35,167	34,084	12,303	12,918	(65)	(131)	78,794	75,455
Databases and information services	9,944	10,185	56,789	54,707	23,032	22,589	(8)	–	89,757	87,481
Sold/closed businesses	38	13	68	113	–	–	–	(3)	106	123
Corporate revenue	246	1,625	–	331	–	2	(246)	(1,958)	–	–
Foreign exchange losses on forward contracts	(4,206)	(8,108)	–	–	–	–	–	–	(4,206)	(8,108)
Total revenue	143,582	137,419	148,308	146,748	44,709	43,305	(6,593)	(9,878)	330,006	317,594
Investment income (note 7)	17	31	26	2	150	213	–	–	193	246
Total revenue and investment income	143,599	137,450	148,334	146,750	44,859	43,518	(6,593)	(9,878)	330,199	317,840

	United Kingdom		North America		Rest of World		Total	
	2010 £000's	2009 £000's	2010 £000's	2009 £000's	2010 £000's	2009 £000's	2010 £000's	2009 £000's
Revenue by type and destination:								
Subscriptions	27,238	26,364	66,253	71,379	60,182	54,562	153,673	152,305
Advertising	6,656	4,977	23,444	21,513	27,507	28,327	57,607	54,817
Sponsorship	9,308	5,534	17,286	18,241	15,248	14,679	41,842	38,454
Delegates	9,092	7,327	17,313	18,842	44,997	43,419	71,402	69,588
Other	3,915	3,190	3,248	4,406	2,419	2,819	9,582	10,415
Sold/closed businesses	38	13	68	110	–	–	106	123
Foreign exchange losses on forward contracts	(4,206)	(8,108)	–	–	–	–	(4,206)	(8,108)
Total revenue	52,041	39,297	127,612	134,491	150,353	143,806	330,006	317,594

3 Segmental analysis *continued*

	United Kingdom		North America		Rest of World		Total	
	2010 £000's	2009 £000's	2010 £000's	2009 £000's	2010 £000's	2009 £000's	2010 £000's	2009 £000's
Operating profit[1] by division and source:								
Financial publishing	17,758	15,436	8,062	4,682	386	212	26,206	20,330
Business publishing	19,644	18,614	5,045	4,351	303	412	24,992	23,377
Training	4,225	3,909	1,046	1,164	1,884	1,229	7,155	6,302
Conferences and seminars	10,662	7,832	9,860	8,584	2,636	(505)	23,158	15,911
Databases and information services	5,637	6,629	26,681	24,990	4,644	4,602	36,962	36,221
Sold/closed businesses	37	(116)	(67)	(53)	–	–	(30)	(169)
Unallocated corporate costs	(15,910)	(25,122)	(1,741)	3,391	(735)	(794)	(18,386)	(22,525)
Operating profit before acquired intangible amortisation, long-term incentive expense and exceptional items	42,053	27,182	48,886	47,109	9,118	5,156	100,057	79,447
Acquired intangible amortisation[2]	(4,288)	(5,474)	(8,429)	(8,913)	(954)	(1,504)	(13,671)	(15,891)
Long-term incentive expense	(2,250)	(2,042)	(1,971)	(504)	(143)	(151)	(4,364)	(2,697)
Exceptional items (note 5)	–	(595)	1,755	(25,813)	(1,983)	(7,493)	(228)	(33,901)
Operating profit before associates	35,515	19,071	40,241	11,879	6,038	(3,992)	81,794	26,958
Share of results in associates							281	219
Net finance costs (note 7)							(10,651)	(44,538)
Profit/(loss) before tax							71,424	(17,361)
Tax (expense)/credit (note 8)							(12,839)	10,412
Profit/(loss) after tax							58,585	(6,949)

[1] Operating profit before acquired intangible amortisation, long-term incentive expense and exceptional items (refer to the appendix to the Chairman's Statement).
[2] Acquired intangible amortisation represents amortisation on acquisition related non-goodwill assets such as brands, databases, trademarks and customer relationships.

	Acquired intangible amortisation		Long-term incentive expense		Exceptional items		Depreciation and amortisation	
	2010 £000's	2009 £000's	2010 £000's	2009 £000's	2010 £000's	2009 £000's	2010 £000's	2009 £000's
Other segmental information by division:								
Financial publishing	(605)	(638)	(819)	(798)	(278)	(1,120)	(86)	(85)
Business publishing	(3,982)	(5,203)	(741)	(365)	(17)	(241)	(25)	(33)
Training	–	–	(243)	(679)	(5)	(71)	(18)	(33)
Conferences and seminars	(423)	(478)	(711)	(396)	(2,012)	(23,697)	(47)	(88)
Databases and information services	(8,526)	(9,430)	(1,227)	41	(26)	(1,181)	(652)	(544)
Unallocated corporate costs	(135)	(142)	(623)	(500)	2,110	(7,591)	(2,101)	(2,017)
	(13,671)	(15,891)	(4,364)	(2,697)	(228)	(33,901)	(2,929)	(2,800)

3 Segmental analysis *continued*

	Financial publishing £000's	Business publishing £000's	Training £000's	Conferences and seminars £000's	Databases and information services £000's	Closed businesses £000's	Non-operating assets/ (liabilities) £000's	Total £000's
Net assets/(liabilities) by division:								
As at September 30 2010								
Assets	56,861	55,139	16,622	49,748	305,693	4,657	51,815	540,535
Liabilities	(24,860)	(21,114)	(6,040)	(55,528)	(58,985)	(3,874)	(200,651)	(371,052)
Net assets/(liabilities)	32,001	34,025	10,582	(5,780)	246,708	783	(148,836)	169,483
Capital expenditure (excluding intangibles)	(20)	(4)	(58)	(77)	(1,021)	–	(1,927)	(3,107)
Depreciation (excluding intangibles)	(86)	(25)	(18)	(47)	(494)	–	(2,021)	(2,691)
Amortisation	(605)	(3,982)	–	(423)	(8,684)	–	(215)	(13,909)
Impairment losses	–	–	–	(1,807)	–	–	–	(1,807)
Acquisition put option commitments	–	–	–	–	(1,061)	–	–	(1,061)

	Financial publishing £000's	Business publishing £000's	Training £000's	Conferences and seminars £000's	Databases and information services £000's	Closed businesses £000's	Non-operating assets/ (liabilities) £000's	Total £000's
Net assets/(liabilities) by division:								
As at September 30 2009								
Assets	59,082	56,920	17,947	52,165	298,164	4,796	54,001	543,075
Liabilities	(93,430)	(83,972)	(33,821)	(95,173)	(85,026)	(7,098)	(39,564)	(438,084)
Net assets/(liabilities)	(34,348)	(27,052)	(15,874)	(43,008)	213,138	(2,302)	14,437	104,991
Capital expenditure (excluding intangibles)	(2)	(4)	(18)	(126)	(288)	–	(822)	(1,260)
Depreciation (excluding intangibles)	(85)	(33)	(33)	(85)	(405)	–	(1,903)	(2,544)
Exceptional depreciation	(167)	–	–	(84)	(28)	–	(931)	(1,210)
Amortisation	(638)	(5,203)	–	(481)	(9,569)	–	(256)	(16,147)
Impairment losses	–	–	–	(23,164)	–	–	–	(23,164)
Acquisition put option commitments	(1,710)	(5,646)	–	(1,354)	(3,233)	–	–	(11,943)

Non-operating assets and liabilities principally include deferred tax, corporation tax, external bank loans, loans to and from DMGT, dividend receivable, deferred consideration and acquisition option commitments.

	United Kingdom		North America		Rest of World		Total	
	2010 £000's	2009 £000's	2010 £000's	2009 £000's	2010 £000's	2009 £000's	2010 £000's	2009 £000's
Net assets/(liabilities) by location:								
Assets	190,551	189,579	325,239	326,972	24,745	26,524	540,535	543,075
Liabilities	(196,562)	(238,834)	(123,982)	(152,867)	(50,508)	(46,383)	(371,052)	(438,084)
Net assets/(liabilities)	(6,011)	(49,255)	201,257	174,105	(25,763)	(19,859)	169,483	104,991
Capital expenditure by location	(809)	(554)	(1,552)	(438)	(746)	(268)	(3,107)	(1,260)

4 Operating profit

	2010 £000's	2009 £000's
Revenue	330,006	317,594
Cost of sales	(85,402)	(89,161)
Gross profit	244,604	228,433
Distribution costs	(3,894)	(4,836)
Administrative expenses	(158,916)	(196,639)
Operating profit before associates	81,794	26,958

Administrative expenses include a goodwill and intangible impairment of £1,807,000 (2009: £23,164,000) and other exceptional income of £1,579,000 (2009: exceptional costs of £10,737,000) (note 5).

Operating profit is stated after charging/(crediting):	2010 £000's	2009 £000's
Staff costs (note 6)	110,502	113,907
Intangible amortisation		
Acquired intangible amortisation	13,671	15,891
Licenses and software	238	256
Goodwill and intangible asset impairment (note 5)	1,807	23,164
Depreciation of property plant and equipment	2,691	2,544
Exceptional depreciation of property plant and equipment*	–	1,210
Auditors' remuneration:		
Group audit	750	739
Non-audit	223	140
Property operating lease rentals	6,177	6,662
Loss on disposal of property, plant and equipment	708	125
Other exceptional (income)/costs* (note 5)	(1,579)	10,737
Foreign exchange loss	371	1,108

Audit and non-audit services relate to:	2010 £000's	2009 £000's
Fees payable for the audit of the company's annual accounts	499	486
Fees payable for other services to the group		
The audit of subsidiaries pursuant to local legislation	251	253
Total audit fees	750	739
Other audit services		
Tax services	153	105
Other services	70	35
Total non-audit fees	223	140

* Other exceptional (income)/costs (note 5) includes exceptional depreciation which is also included in the depreciation of property plant and equipment above.

5 Exceptional items

Exceptional items are items of income or expense considered by the directors, either individually or if of a similar type in aggregate, as being either material or significant and which require additional disclosure in order to provide an indication of the underlying trading performance of the group.

	2010 £000's	2009 £000's
Goodwill and intangible asset impairment (note 11)	(1,807)	(23,164)
Other exceptional income/(costs)	1,579	(10,737)
	(228)	(33,901)

The group has reviewed the carrying value of goodwill and intangible assets and as a result has impaired capitalised goodwill and intangible assets, mostly in connection with the group's Asia-based conference and training business, by £1,807,000 (2009: Asia and US-based conference business: £23,164,000) with a corresponding tax credit of £130,000 (2009: £6,374,000).

During the year, the group recognised exceptional income of £1,579,000. This comprised an exceptional restructuring charge of £649,000 following further reductions in group headcount, and an exceptional credit of £2,228,000 following successful resolution of a US legal dispute. The group's tax charge includes a related tax expense of £640,000 comprising a current year charge of £1,257,000 and a prior year credit of £617,000.

In 2009, in response to tough trading conditions, the directors restructured the group's operations through rationalisation of its property portfolio (exceptional cost of £3,715,000), a reduction in group headcount (exceptional cost of £3,371,000), and other exceptional costs (£3,651,000) giving rise to total other exceptional costs of £10,737,000 and a related tax credit of £4,138,000.

6 Staff costs

(i) Number of staff (including directors and temporary staff)

	2010 Average	2009 Average
By business segment:		
Financial publishing	312	410
Business publishing	245	260
Training	113	132
Conferences and seminars	263	365
Databases and information services	735	705
Central	366	338
	2,034	2,210

	2010 Average	2009 Average
By geographical location:		
United Kingdom	699	766
North America	615	682
Rest of World	720	762
	2,034	2,210

(ii) Staff costs (including directors and temporary staff)

	2010 £000's	2009 £000's
Salaries, wages and incentives	95,432	101,104
Social security costs	8,553	7,755
Pension contributions	2,153	2,351
Long-term incentive expense	4,364	2,697
	110,502	113,907

7 Finance income and expense

	2010 £000's	2009 £000's
Finance income		
Interest income:		
Interest receivable from DMGT group undertakings	26	654
Interest receivable from short-term investments	193	246
Expected return on pension scheme assets	1,283	1,162
Fair value gains on financial instruments:		
Ineffectiveness of interest rate swaps and forward contracts	135	219
	1,637	2,281
Finance expense		
Interest expense:		
Interest payable on committed borrowings	(9,575)	(12,297)
Interest payable to DMGT group undertakings	–	(1,294)
Interest payable on loan notes	(31)	(197)
Interest on pension scheme liabilities	(1,225)	(1,189)
Foreign exchange loss on restructured hedging arrangements	–	(7,863)
Net movements in acquisition option commitment values	(1,191)	(2,202)
Imputed interest on acquisition option commitments	(129)	(638)
Interest on tax underpaid	(137)	(1,364)
Foreign exchange loss on tax equalisation contracts	–	(19,854)
Other gains on tax equalisation contracts	–	79
Net loss on tax equalisation contracts	–	(19,775)
	(12,288)	(46,819)
Net finance costs	(10,651)	(44,538)

In 2009 the group recognised £19,854,000 (2010: £nil) in relation to foreign exchange losses on hedges on intra-group financing. This foreign exchange loss was matched by an equal and opposite tax credit so that there was no financial impact on earnings per share. The foreign exchange loss and the tax credit were excluded from underlying profit and the underlying tax expense (note 8).

Also in 2009 the group recognised £7,863,000 (2010: £nil) of foreign exchange losses on restructured hedging arrangements which arose from forward contracts classified as ineffective under IAS 39 'Financial Instruments' following the directors' review of the group's US dollar revenue capacity in its UK-based businesses.

	2010 £000's	2009 £000's
Reconciliation of net finance costs in Income Statement to underlying net finance costs		
Total net finance costs in the Income Statement	(10,651)	(44,538)
Add back:		
Foreign exchange losses on restructured hedging arrangements	–	7,863
Net movements in acquisition option commitment values	1,191	2,202
Imputed interest on acquisition option commitments	129	638
Foreign exchange loss on tax equalisation contracts	–	19,854
	1,320	30,557
Underlying net finance costs	(9,331)	(13,981)

8 Tax on profit/(loss) on ordinary activities

	2010 £000's	2009 £000's
Current tax expense/(credit)		
UK corporation tax expense	6,314	340
Foreign tax expense/(credit)	12,071	(3,016)
Release of prior years' provisions	(3,239)	–
Adjustments in respect of prior years	(1,292)	550
	13,854	(2,126)
Deferred tax expense/(credit)		
Current year	6,356	(10,446)
Release of prior years' provisions	(6,141)	–
Adjustments in respect of prior years	(1,230)	2,160
	(1,015)	(8,286)
Total tax expense/(credit) in Income Statement	12,839	(10,412)

The effective tax rate for the year is an expense of 18% (2009: credit of 60%). The underlying tax rate for 2010 is 27% (2009: 27%) as set out below:

	2010 £000's	2009 £000's
Reconciliation of tax expense/(credit) in Income Statement to underlying tax expense		
Total tax expense/(credit) in Income Statement	12,839	(10,412)
Add back:		
Tax on intangible amortisation	4,395	4,684
Tax on exceptional items	(1,127)	10,512
Tax on acquisition option commitments	–	(2,503)
Tax credit on foreign exchange loss on tax equalisation contracts	–	19,854
Tax on foreign exchange loss on restructured hedging arrangements	–	2,202
Tax on US goodwill amortisation	(4,684)	(4,567)
Tax on release of prior years' provisions	9,380	–
Tax adjustments in respect of prior years	2,522	(2,710)
	10,486	27,472
Underlying tax expense	23,325	17,060
Underlying profit before tax (refer to the appendix to the Chairman's Statement)	86,643	62,988
Underlying effective tax rate	27%	27%

In 2010 the release of prior years' provisions of £9,380,000 (2009: £nil) arose due to the agreement by the tax authorities of open tax matters during the year.

In 2009 a credit of £19,854,000 (2010: £nil) relating to tax on foreign exchange losses was treated as exceptional and it was hedged by £19,854,000 (2010: £nil) of foreign exchange losses on tax equalisation contracts included within net finance costs (note 7).

The group presents the above underlying effective tax rate to help users of this report better understand its tax charge. In arriving at this rate, the group removes the tax effect of items which are adjusted for in arriving at the underlying profit disclosed in the appendix to the Chairman's Statement. However, the current tax effect of goodwill and intangible items is not removed. The group considers that the resulting underlying effective tax rate is more representative of its tax payable position, as the deferred tax effect of the goodwill and intangible items is not expected to crystallise.

8 Tax on profit/(loss) on ordinary activities *continued*

The actual tax expense/(credit) for the year is different from 28% of profit/(loss) before tax for the reasons set out in the following reconciliation:

	2010 £000's	2009 £000's
Profit/(loss) before tax	71,424	(17,361)
Tax at 28% (2009: 28%)	19,999	(4,861)
Factors affecting tax charge:		
Rates of tax on overseas profits	2,278	(1,307)
Associate income reported net of tax	(79)	(61)
US state taxes	1,304	1,281
Goodwill and intangibles	341	2,024
Disallowable expenditure	704	1,594
Tax effects of intra-group transactions eliminated on consolidation	–	(14,295)
Reversal of deferred tax asset on exercise of acquisition option commitments	–	2,503
Deferred tax charge arising from changes in tax laws	194	–
Release of prior years' provisions	(9,380)	–
Adjustments in respect of prior years	(2,522)	2,710
Total tax expense/(credit) for the year	12,839	(10,412)

The UK income tax expense for the year is based on the UK statutory rate of corporation tax for the period of 28% (2009: 28%). The impact of changes in statutory tax rates relates principally to the reduction of the UK corporation tax rate from 28% to 27% from April 1 2011 which was enacted on July 27 2010. This change has resulted in a deferred tax charge arising from the reduction in the balance sheet carrying value of deferred tax assets to reflect the anticipated rate of tax at which those assets are expected to reverse.

The UK government has also indicated that it intends to enact future reductions in the main tax rate of 1% each year down to 24% by April 1 2014. Management estimate that the future tax rate changes would further reduce the UK deferred tax asset recognised but the actual impact will be dependent on the deferred tax position at that time.

In addition to the amount charged to the Income Statement, the following amounts relating to tax have been directly recognised in other comprehensive income:

	2010 £000's	2009 £000's
Current tax	(556)	–
Deferred tax	109	(3,792)
	(447)	(3,792)

9 Dividends

	2010 £000's	2009 £000's
Amounts recognisable as distributable to equity holders in period		
Final dividend for the year ended September 30 2009 of 7.75p (2008: 13.0p)	8,816	13,697
Interim dividend for year ended September 30 2010 of 6.25p (2009: 6.25p)	7,327	6,971
	16,143	20,668
Employees' Share Ownership Trust dividend	(8)	(11)
	16,135	20,657
Proposed final dividend for the year ended September 30	13,927	8,816
Employees' Share Ownership Trust dividend	(7)	(5)
	13,920	8,811

The proposed final dividend of 11.75p (2009: 7.75p) is subject to approval at the Annual General Meeting on January 20 2011 and has not been included as a liability in these financial statements in accordance with IAS10 'Events after the balance sheet date'.

The directors have resolved to offer the scrip dividend alternative, as approved by shareholders on January 28 2009, to the final dividend payment. Full details of the scrip dividend alternative can be found in the shareholders' circular to be sent to shareholders in December 2010 and on the company's website.

10 Earnings/(loss) per share

	2010 £000's	2009 £000's
Earnings/(loss) attributable to equity holders of the parent	58,105	(6,287)
Less earnings from discontinued operations	–	(1,207)
Basic earnings/(loss) – continuing operations	58,105	(7,494)
Acquired intangible amortisation	13,671	15,891
Exceptional items	228	33,901
Imputed interest on acquisition option commitments	129	638
Net movements in acquisition option commitment values	1,191	2,202
Foreign exchange loss on restructured hedging arrangements	–	7,863
Tax on the above adjustments	(3,268)	(14,895)
Tax deduction on US goodwill	4,684	4,567
Provision released in respect of prior years' tax	(9,380)	–
Tax adjustment in respect of prior years	(2,522)	2,710
Adjusted earnings	62,838	45,383

	Number 000's	Number 000's
Weighted average number of shares	116,166	109,750
Shares held by the Employees' Share Ownership Trust	(59)	(59)
	116,107	109,691
Effect of dilutive share options	1,344	2,682
Diluted weighted average number of shares	117,451	112,373

	Pence per share	Pence per share
Basic ear[illegible] Diluted weighted average number of shar[illegible]		
[illegible] Pence [illegible] options		

Notes to the Consolidated Financial Statements
continued

11 Goodwill and other intangibles

	Intangibles acquired on acquisition 2010 £000's	Licences & software 2010 £000's	Goodwill 2010 £000's	Intangibles acquired on acquisition 2009 £000's	Licences & software 2009 £000's	Goodwill 2009 £000's
Cost/carrying amount						
At October 1	183,738	2,028	319,522	165,677	1,738	278,351
Additions	–	333	–	–	146	–
Acquisitions (note 14)	3,320	–	4,351	5,149	–	18,060
Disposals	–	(11)	–	–	(12)	–
Exchange differences	2,061	95	3,143	12,912	156	23,111
At September 30	189,119	2,445	327,016	183,738	2,028	319,522
Amortisation and impairment						
At October 1	49,746	1,710	28,184	30,584	1,349	6,255
Amortisation charge for the year	13,671	238	–	15,891	256	–
Impairment losses	593	–	1,214	1,235	–	21,929
Disposals	–	(11)	–	–	(12)	–
Exchange differences	454	74	–	2,036	117	–
At September 30	64,464	2,011	29,398	49,746	1,710	28,184
Net book value/carrying amount at September 30	124,655	434	297,618	133,992	318	291,338

The carrying amounts of goodwill by business are as follows:

	2010 £000's	2009 £000's
CEIC	13,347	13,150
Internet Securities	8,615	8,488
MIS	2,614	2,575
Petroleum Economist	236	236
Gulf Publishing	4,840	4,769
HedgeFund Intelligence	14,718	14,718
Information Management Network	29,967	29,525
MAR	190	187
BCA	146,730	144,565
Metal Bulletin publishing businesses	52,710	52,710
FOW	196	196
Total Derivatives	8,180	8,180
TelCap	10,448	10,448
Asia Business Forum	–	1,122
Benchmark Financials	467	460
Arete	4,351	–
Other	9	9
Total	297,618	291,338

Acquired intangible amortisation represents amortisation on acquisition related non-goodwill assets such as brands, databases, customer relationships and trademarks.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (businesses) that are expected to benefit from that business combination.

During the year the goodwill in respect of each of the above businesses was tested for impairment in accordance with IAS 36 'Impairment of assets'. The methodology applied to the value in use calculations, reflecting past experience and external sources of information, included:

- Forecasts by business based on pre-tax cash flows derived from approved budgets for 2011. Management believe these budgets to be reasonably achievable;
- Subsequent cash flows for between one and three additional years increased in line with growth expectations of the applicable business;
- The pre-tax discount rate of 10.3%, reflecting the companies weighted average cost of capital; and
- Long-term nominal growth rate of 3%.

11 Goodwill and other intangibles *continued*

Impairment

Due to current market conditions an impairment of capitalised goodwill of £1,214,000 (2009: £21,929,000) was recognised in the year. This is limited to its Asia-based conference organiser and training business which has not yet recovered from the decline in its customers spend on training. This business is part of the conferences and seminars business division.

Sensitivities

Certain businesses, after the annual impairment review required under IAS 36, had a limited value in use in excess of the carrying value of £5.0 million. For these businesses management has set out below the change in assumptions required, in isolation, in order for the estimated carrying value to be equal or less than the value in use. The change in assumptions are summarised as follows:

- Increase in the WACC by 1% point.
- Decrease in the long-term growth rate by 1%.

The result of the change in assumptions of a 1% decrease in growth rates or a 1% increase in WACC would not result in any additional impairment.

12 Property, plant and equipment

	Freehold land and buildings 2010 £000's	Long-term leasehold premises 2010 £000's	Short-term leasehold premises 2010 £000's	Office equipment 2010 £000's	Motor vehicles 2010 £000's	Total 2010 £000's
Cost						
At October 1 2009	6,383	2,727	15,226	15,858	9	40,203
Additions	64	–	630	2,413	–	3,107
Disposals	–	–	(623)	(1,103)	(9)	(1,735)
Acquisitions (note 14)	–	–	33	28	–	61
Exchange differences	–	2	104	113	–	219
At September 30 2010	6,447	2,729	15,370	17,309	–	41,855
Depreciation						
At October 1 2009	118	420	6,808	13,098	9	20,453
Charge for the year	82	64	1,101	1,444	–	2,691
Disposals	–	–	(620)	(354)	(9)	(983)
Exchange differences	–	–	70	139	–	209
At September 30 2010	200	484	7,359	14,327	–	22,370
Net book value at September 30 2010	6,247	2,245	8,011	2,982	–	19,485

	Freehold land and buildings 2009 £000's	Long-term leasehold premises 2009 £000's	Short-term leasehold premises 2009 £000's	Office equipment 2009 £000's	Motor vehicles 2009 £000's	Total 2009 £000's
Cost						
At October 1 2008	6,357	2,701	15,126	17,340	8	41,532
Additions	26	12	141	1,049	32	1,260
Disposals	–	–	(637)	(3,642)	(32)	(4,311)
Exchange differences	–	14	596	1,111	1	1,722
At September 30 2009	6,383	2,727	15,226	15,858	9	40,203
Depreciation						
At October 1 2008	37	258	5,504	14,064	8	19,871
Charge for the year	81	157	791	1,514	1	2,544
Exceptional charge for the year[1]	–	–	931	279	–	1,210
Disposals	–	–	(556)	(3,608)	(1)	(4,165)
Exchange differences	–	5	138	849	1	993
At September 30 2009	118	420	6,808	13,098	9	20,453
Net book value at September 30 2009	6,265	2,307	8,418	2,760	–	19,750
Net book value at September 30 2008	6,320	2,443	9,622	3,276	–	21,661

The directors do not consider the market value of freehold land and buildings to be significantly different from its book value.

[1] Exceptional depreciation in 2009 related to the rationalisation of the group's property portfolio.

13 Investments

	Investments in associated undertakings 2010 £000's	Investments in associated undertakings 2009 £000's
At October 1	209	303
Share of profits after tax retained	281	219
Dividends	(242)	(313)
At September 30	248	209

Associated undertakings

The associated undertaking at September 30 2010 was Capital NET Limited whose principal activity is the provision of electronic database services. The group has a 48.4% (2009: 48.4%) interest in Capital NET Limited.

Capital NET Limited does not have a coterminous year end with the group. The total assets, liabilities, revenues and profit after tax generated by Capital NET Limited from its latest available audited accounts at December 31 are set out below.

	2010 £000's	2009 £000's
Total assets	580	548
Total liabilities	(147)	(237)
Total revenues	1,989	2,047
Profit after tax	623	536

Assets available for sale

The group has a 50% interest in Capital DATA Limited. The ordinary share capital of Capital DATA is divided into 50 'A' shares and 50 'B' shares with the group owning the 50 'A' shares. Under the terms of the Articles of Association of Capital DATA, the 'A' shares held by the group do not carry entitlement to any share of dividends or other distribution of profits of Capital DATA. The group does not have the ability to exercise significant influence nor is it involved in the day to day running of Capital DATA. As such the investment in Capital DATA is accounted for as an asset available-for-sale with a £nil carrying value (2009: £nil). Under a separate licence agreement the group is entitled to 28.2% of Capital DATA's revenues being £4,353,000 in the year (2009: £3,761,000). At December 31 2009, based on its latest available audited accounts, Capital DATA Limited had £775,000 of issued share capital and reserves (December 31 2008: £964,000), and its profit for the year then ended was £1,008,000. (December 31 2008: £1,906,000).

13 Investments *continued*

Details of the company and its principal subsidiary undertakings included in these consolidated financial statements at September 30 2010 are as follows:

	Proportion held	Principal activity and operation	Country of incorporation
Company			
Euromoney Institutional Investor PLC	n/a	Non-trading investment holding company	Great Britain
Direct investments			
Euromoney Institutional Investor (Jersey) Limited	100% †	Publishing	Jersey
Euromoney Institutional Investor (Ventures) Limited	100%	Investment holding company	Great Britain
Euromoney Publications (Jersey) Limited	100% ^	Non-trading company	Jersey
Fantfoot Limited	100%	Investment holding company	Great Britain
Euromoney Hedging Limited	100%	Investment company	Great Britain
Euromoney Yen Finance Limited	100%	Investment company	Great Britain
Indirect investments			
Adhesion Group SA	100%	Conventions	France
Arete Consulting Limited	100%	Information services	Great Britain
Asia Business Forum (Singapore) Pte Limited	100%	Conferences	Singapore
BCA Research, Inc.	100%	Information services	Canada
BPR Benchmark Limitada	100%	Information services	Columbia
Carlcroft Limited	100%	Publishing	Great Britain
CEIC Holdings Limited	100%	Information services	Hong Kong
Coaltrans Conferences Limited	100%	Conferences	Great Britain
EII Holdings, Inc.	100% *	Investment holding company	US
EII US, Inc.	100%	Investment holding company	US
Euromoney Buffalo 1 Limited	100% *	Investment holding company	Great Britain
Euromoney Buffalo 2 Limited	100% *	Investment holding company	Great Britain
Euromoney (Singapore) Pte Limited	100%	Training	Singapore
Euromoney Trading Limited	100%	Publishing, training and events	Great Britain
Euromoney Training, Inc.	100%	Training	US
Euromoney, Inc.	100%	Training	US
GSCS Benchmarks Limited	100%	Publishing	Great Britain
Gulf Publishing Company, Inc.	100%	Publishing	US
EIMN, LLC	100%	Conferences	US
Glenprint Limited	100%	Publishing	Great Britain
HedgeFund Intelligence Limited	100%	Publishing	Great Britain
Institutional Investor, Inc.	100%	Publishing	US
International Debt Collection Services Limited	100%	Service company	Great Britain
Internet Securities, Inc.	99%	Information services	US
Latin American Financial Publications, Inc.	100%	Publishing	US
Metal Bulletin Holdings Corporation	100%	Investment holding company	US
Metal Bulletin Investments Limited	100%	Investment holding company	Great Britain
Metal Bulletin Limited	100%	Publishing	Great Britain
MIS Training (UK) Limited	100%	Training	Great Britain
Storas Holdings Pte Limited	100%	Investment holding company	Singapore
TelCap Limited	100%	Publishing	Great Britain
The Petroleum Economist Limited	100%	Publishing	Great Britain
Tipall Limited	100%	Property holding	Great Britain
Total Derivatives Limited	100%	Publishing	Great Britain
Associates			
Capital NET Limited	48%	Databases	Great Britain

All holdings are of ordinary shares.
In addition to the above, the group has a small number of branches outside the United Kingdom.

* 100% preference shares held in addition.
† Euromoney Institutional Investor (Jersey) Limited's principal country of operation is Hong Kong.
^ Euromoney Publications (Jersey) Limited's principal country of operation is Great Britain.

14 Acquisitions

Purchase of new business

In August 2010, the group acquired 100% of the equity share capital of Arete Consulting Limited for a cash consideration of £6.1 million with a further payment in 2011 of approximately £0.6 million dependent on the audited profits of the business. Arete Consulting Limited is the parent company of a group of companies that owns and runs the website StructuredRetailProducts.com, the leading online information source for the structured retail products market. The website provides access to the largest online database of structured retail investment products covering all the major European, Americas and Asia-Pacific markets.

	Book value £000's	Fair value adjustments £000's	Fair value £000's
Net assets acquired:			
Intangible assets	–	3,320	3,320
Other non-current assets	72	–	72
Cash and cash equivalents	978	–	978
Other current assets	266	–	266
Trade creditors and other payables	(1,354)	–	(1,354)
Other non-current liabilities	–	(896)	(896)
	(38)	2,424	2,386
Goodwill			4,351
Total consideration			6,737
Consideration satisfied by:			
Cash			6,143
Deferred consideration			594
			6,737

Intangible assets represent brands, subscriptions contracts and customer relationships for which amortisation of £49,000 has been charged in the year. Goodwill is attributable to the value of the workforce and anticipated future operating synergies. Other non-current liabilities includes a deferred tax liability arising on the intangible assets.

The Arete group contributed £393,000 to the group's revenue, £66,000 to the group's operating profit and £66,000 to the group's profit before tax for the period between the date of acquisition and September 30 2010.

Increase in equity holdings

IAS 27 'Consolidated and Separate Financial Statements' (effective for annual periods beginning on or after July 1 2009) requires that, where there is no change in ownership of an existing controlled entity, an increase in equity is accounted for as an equity transaction, with no adjustment to goodwill or gains and losses. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in the Income Statement. This differs from the group's previous approach whereby goodwill was calculated separately for each transaction and the acquiree's assets and liabilities were fair valued at the date of acquisition. The new requirements have been applied to the purchase of additional interests in controlled entities during the year as set out below.

In October 2009, the group purchased the final 5% of the equity share capital of Coaltrans Conferences Limited for a cash consideration of £1,341,000.

In January 2010, the group exercised its option to purchase the final 10.8% of the equity share capital of Total Derivatives Limited for a cash consideration of £1,820,000. The group's equity shareholding in Total Derivatives Limited increased to 100%.

In February 2010, the group purchased the final 15% of the equity share capital of TelCap Limited for a cash consideration of £5,691,000. The group's equity shareholding in TelCap Limited increased to 100%.

Also in February 2010, the group purchased a further 1% of the equity share capital of Internet Securities, Inc. (ISI) for a cash consideration of $2,654,000 (£1,744,000). The group's equity shareholding in ISI increased to 98.7%.

In March 2010, the group, through ISI, acquired the final 49% interest in Benchmark Financials Limited (BPR) for a cash consideration of $1,479,000 (£980,000) paid in April 2010. The group's equity shareholding in BPR increased to 100%.

If the above acquisitions had been completed on the first day of the financial year, group revenues for the year would have been increased by £2,347,000 and group profit attributable to equity holders of the parent would have been increased by £898,000.

15 Discontinued operations

In September 2009 the group received a final payment of £1,207,000 after related costs from the sale of the Atalink Limited, following the agreement of their completion accounts. There was no related tax charge. The business and net assets of Atalink Limited were sold in March 2007 and were treated as a discontinued operation up to that date.

The group's 2009 Income Statement did not include any trading results from discontinued operations other than the profit on disposal from the proceeds above.

16 Trade and other receivables

	2010 £000's	2009 £000's
Amounts falling due within one year		
Trade receivables	50,330	48,419
Less: provision for impairment of trade receivables	(8,036)	(8,189)
Trade receivables – net of provision	42,294	40,230
Other debtors	12,066	11,326
Prepayments	5,946	5,976
Accrued income	2,502	1,468
	62,808	59,000

The average credit period on sales of goods and services is 30 days. Trade receivables beyond 60 days overdue are provided for based on estimated irrecoverable amounts from the sale of goods and services, determined by reference to past default experience.

Credit terms for customers are determined in individual territories. Concentration of credit risk with respect to trade receivables is limited due to the group's customer base being large and diverse. Due to this, management believe there is no further credit risk provision required in excess of the normal provision for doubtful receivables. There are no customers who represent more than 5% of the total balance of trade receivables.

As at September 30 2010, trade receivables of £26,703,000 (2009: £24,480,000) were not yet due.

As of September 30 2010, trade receivables of £11,461,000 (2009: £12,415,000) were past due for which the group has not provided as there has been no significant change in their credit quality and the amounts are still considered recoverable. These relate to a number of independent customers for whom there is no recent history of default. The average age of these receivables is 65 days (2009: 59 days). The group does not hold any collateral over these balances. The ageing of these trade receivables is as follows:

	2010 £000's	2009 £000's
Past due less than a month	6,848	8,618
Past due more than a month but less than two months	2,627	2,510
Past due more than two months but less than three months	784	703
Past due more than three months	1,202	584
	11,461	12,415

As at September 30 2010, trade receivables of £12,166,000 (2009: £11,524,000) were impaired and partially provided for. The amount of the provision was £8,036,000 (2009: £8,189,000). It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	2010 £000's	2009 £000's
Past due less than a month	3,206	1,119
Past due more than a month but less than two months	2,321	2,644
Past due more than two months but less than three months	1,330	2,005
Past due more than three months	5,309	5,756
	12,166	11,524

16 Trade and other receivables *continued*

Movements on the group provision for impairment of trade receivables are as follows:

	2010 £000's	2009 £000's
At October 1	(8,189)	(6,593)
Impairment losses recognised	(3,258)	(4,684)
Impairment losses reversed	2,503	1,295
Amounts written off as uncollectible	946	1,967
Exchange differences	(38)	(174)
At September 30	(8,036)	(8,189)

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit risk provision required in excess of the allowance for doubtful debts.

The allowance for doubtful debts does not include individually impaired trade receivables which have been placed under liquidation as these trade receivables are written off directly to the income statement.

17 Trade and other payables

	2010 £000's	2009 £000's
Trade creditors	3,363	3,747
Amounts owed to DMGT group undertakings	90	26,429
Other creditors	27,878	29,038
	31,331	59,214

The directors consider the carrying amount of trade and other payables approximates their fair values.

18 Deferred income

	2010 £000's	2009 £000's
Deferred subscription income	76,095	66,944
Other deferred income	17,645	15,655
	93,740	82,599

The analysis of deferred income was not included in the audited financial statements for the year ended September 30 2009. The directors, however, believe it provides a useful indication of the financial position of the group.

19 Financial instruments

Derivative financial instruments

The derivative financial assets/(liabilities) at September 30 comprised:

	2010		2009	
	Assets £000's	Liabilities £000's	Assets £000's	Liabilities £000's
Current				
Interest rate swaps	–	(1,206)	–	(1,661)
Forward foreign exchange contracts – fair value through profit and loss	172	(912)	–	(3,312)
Forward foreign exchange contracts – cash flow hedge	1,849	(5,553)	569	(4,944)
	2,021	(7,671)	569	(9,917)
Non-current				
Interest rate swaps	–	(4,649)	7	(5,934)
Forward foreign exchange contracts – fair value through profit and loss	–	(332)	–	(1,198)
Forward foreign exchange contracts – cash flow hedge	369	(3,387)	562	(7,460)
	369	(8,368)	569	(14,592)
	2,390	(16,039)	1,138	(24,509)

19 Financial instruments *continued*

Financial risk management objectives

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Full details of the objectives, policies and strategies pursued by the group in relation to financial risk management are set out on page 57 of the accounting policies and page 64 of the key judgemental areas. In summary, the group's tax and treasury committee normally meets twice a year and is responsible for recommending policy to the board. The group's treasury policies are directed to giving greater certainty of future costs and revenues and ensuring that the group has adequate liquidity for working capital and debt capacity for funding acquisitions.

The treasury department does not act as a profit centre, nor does it undertake any speculative trading activity and it operates within policies and procedures approved by the board.

Interest rate swaps are used to manage the group's exposure to fluctuations in interest rates on its floating rate borrowings. Further details are set out in the interest rate risk section on page 82.

Forward contracts are used to manage the group's exposure to fluctuations in exchange rate movements. Further details are set out in the foreign exchange rate risk section below.

Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The group's overall strategy remains unchanged from 2009.

The capital structure of the group consists of debt, which includes the borrowings disclosed in note 20, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 23 and the Consolidated Statement of Changes in Equity.

Net debt to EBITDA ratio*

The group's tax and treasury committee reviews the capital structure at least twice a year. As part of the debt covenants under the loan facility provided by Daily Mail and General Trust plc (DMGT), the board has to ensure that net debt to a rolling 12 month EBITDA* does not exceed four times. The group expects to be able to remain within these limits during the life of the facility. The net debt to EBITDA covenant is defined to allow the rate used in the translation of US dollar EBITDA, including hedging contracts, to be used also in the calculation of net debt, thereby removing any distortion to the covenant from increases in net debt due to short-term movements in the US dollar.

The net debt to EBITDA* ratio at September 30 is as follows:

	2010 £000's	2009 £000's
Committed loan facility	(135,679)	(165,151)
Loan notes	(2,039)	(5,719)
Total debt	(137,718)	(170,870)
Cash and cash equivalents	11,190	12,063
Net debt	(126,528)	(158,807)
EBITDA*	98,903	79,769
Net debt to EBITDA* ratio	1.28	1.99

* EBITDA (Earnings before interest, tax, depreciation, amortisation) = underlying operating profit before depreciation and amortisation of licences and software.

19 Financial instruments *continued*

Forward foreign exchange contracts

It is the policy of the group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts. In 2009, the directors reviewed the group's hedging policy and as a result reduced the period of hedging from up to 48 months to 18 months and reduced the percentage of revenues hedged in the first 12 months to 80%. The transition to the revised policy will take some time, with forward deals in excess of 18 months being allowed to naturally unwind.

	Average exchange rate		Foreign currency		Contract value		Fair value	
	2010	2009	2010	2009	2010	2009	2010	2009
Cash Flow Hedges			USD 000's	USD 000's	£000's	£000's	£000's	£000's
Sell USD buy GBP								
Less than a year	1.842	1.988	59,500	52,000	32,305	26,152	(5,501)	(6,356)
More than a year but less than two years	1.850	1.923	32,000	48,500	17,296	25,220	(3,070)	(5,079)
More than two year but less than three years	–	1.838	–	33,000	–	17,956	–	(2,695)
Sell USD buy CAD†								
Less than a year	1.099	1.066	19,700	21,600	13,388	12,865	820	(632)
More than a year but less than two years	1.030	1.146	13,500	17,700	8,602	11,329	(78)	200
More than two year but less than three years	–	1.074	–	13,500	–	8,100	–	(380)
			EUR 000's	EUR 000's	£000's	£000's	£000's	£000's
Sell EUR buy GBP								
Less than a year	1.141	1.159	22,500	10,500	19,726	9,062	237	(700)
More than a year but less than two years	1.195	1.132	7,000	4,500	5,860	3,974	(202)	(141)

† Rate used for conversion from CAD to GBP is 1.6165 (2009: 1.7166)

As at September 30 2010, the aggregate amount of unrealised losses under forward foreign exchange contracts deferred in the fair value reserve relating to future revenue transactions is £6,722,000 (2009: £11,273,000). It is anticipated that the transactions will take place over the next 24 months at which stage the amount deferred in equity will be released to the Income Statement.

As at September 30 2010, the aggregate amount of unrealised losses under ineffective cash flow hedges still in place at the year end is £1,072,000 (2009: £4,510,000)

19 Financial instruments *continued*

Interest rate swap contracts

Under interest rate swap contracts, the group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the yield curves at the reporting date and the credit risk inherent in the contract, and is disclosed below.

The average interest rate is based on the outstanding balances at the end of the financial year.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

Cash flow hedges

US dollar: Receive floating pay fixed

	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2010 %	2009 %	2010 £000's	2009 £000's	2010 £000's	2009 £000's
Less than 1 year	3.64	4.28	31,730	40,640	(793)	(1,276)
1 to 2 years	3.98	3.64	34,903	31,262	(2,024)	(1,448)
2 to 5 years	3.07	4.21	25,384	40,640	(1,600)	(2,812)

GBP: Receive floating pay fixed

	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2010 %	2009 %	2010 £000's	2009 £000's	2010 £000's	2009 £000's
Less than 1 year	4.02	5.73	22,000	15,000	(413)	(385)
1 to 2 years	4.46	5.68	15,000	12,000	(896)	(779)
2 to 5 years	2.57	5.53	5,000	10,000	(129)	(888)

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is LIBOR. The group will settle the difference between the fixed and floating interest rate on a net basis. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount deferred in equity is recognised in the Income Statement over the period that the floating rate interest payments on debt impact the Income Statement.

As at September 30 2010, the aggregate amount of unrealised interest under swap contracts deferred in the fair value reserve relating to future interest payable is £5,855,000 (2009: £7,580,000). It is anticipated that the transactions will take place over the next 48 months at which stage the amount deferred in equity will be released to the Income Statement.

As at September 30 2010, the aggregate amount of unrealised interest under ineffective swaps still in place at the year end is £nil (2009: £8,000) which has been recognised in the Income Statement.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group seeks to limit interest rate and foreign currency risks described above by the use of financial instruments and as a result has a credit risk from the potential non-performance by the counterparties to these 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 risks are controlled by monitoring the amounts outstanding with, and the credit quality of, these counterparties. For the group's cash and cash equivalents these are principally licensed commercial banks and investment banks with strong long-term credit ratings, and for derivative financial instruments with DMGT who have treasury policies in place which do not allow concentrations of risk with individual counterparties and do not allow significant treasury exposures with counterparties which are rated lower than AA.

The group also has credit risk with respect to trade and other receivables, prepayments and accrued income. The concentration of credit risk from trade receivables is limited due to the group's large and broad customer base. Trade receivable exposures are managed locally in the business units where they arise. Allowance is made for bad and doubtful debts based on management's assessment of the risk of non-payment taking into account the ageing profile, experience and circumstance.

19 Financial instruments *continued*

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, recorded in the Statement of Financial Position. The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year.

Liquidity risk

The group has significant intercompany borrowings and is an approved borrower under a DMGT $400 million dedicated multi-currency borrowing facility. The facility is divided into four quantums of US dollar and sterling funds with three and five year terms with a total maximum borrowing capacity of $310 million (£197 million) and £59 million. Interest is payable on this facility at a variable rate of between 1.3% and 3.0% above LIBOR dependent on the ratio of adjusted net debt to EBITDA. The facility's covenant requires the group's net debt to be no more than four times adjusted EBITDA on a rolling 12 month basis. Failure to do so would result in the group being in breach of the facility, potentially resulting in the facility being withdrawn or impediment of management decision making by the lender. Management regularly monitor the covenant and prepare detailed debt forecasts to ensure that sufficient headroom is available and that the covenants are not close or potentially close to breach. The group's strategy is to use excess operating cash to pay down its debt. The group has a cash conversion rate (the percentage by which cash generated by operations covers operating profit before acquired intangible amortisation, share option expense and exceptional items) of 101% (2009: 91%), due to much of its subscription, conference and training revenue being paid in advance. The three year quantums of the facility are due for renewal in December 2011 and the five year quantums in December 2013.

Under the DMGT facility, at September 30 2010, the group has £117.8 million of undrawn but committed facilities available to draw upon if required. This is more than sufficient for the group to meet expected and unexpected short-term working capital requirements. However, given the level of uncertainty in the global economy and financial markets, there is a risk that the undrawn portion of the facility may be unavailable or withdrawn if DMGT experience funding difficulties themselves. It is, however, unlikely that this would impact the group as DMGT have a wide range of funding sources, other than bank debt, available to them. In addition, if DMGT were unable to fulfil its commitment to the group the directors are confident that the group is in a position that would enable it to secure adequate facilities outside of DMGT, albeit at an increased cost to the business due to high interest charges imposed given the crisis in the credit markets. The following table details the group's remaining contractual maturity for its non-derivative financial liabilities, mainly variable borrowings.

This table has been drawn up based on the undiscounted contractual cash flows of the financial liabilities including both interest and principal cash flows. To the extent that the interest rates are floating, the undiscounted amount is derived from interest rate curves at September 30 2010. The contractual maturity is based on the earliest date on which the group may be required to settle.

2010	**Weighted average effective interest rate 2010 %**	**Less than one year £000's**	**1–3 years £000's**	**Total £000's**
Variable rate borrowings	**2.14**	**2,927**	**137,908**	**140,835**
Acquisition option commitments	**–**	**1,061**	**–**	**1,061**
Non interest bearing liabilities (Trade creditors and accruals)	**–**	**76,804**	**–**	**76,804**

2009	Weighted average effective interest rate 2009 %	Less than one year £000's	1–3 years £000's	Total £000's
Variable rate borrowings	3.80	6,201	171,404	177,605
Acquisition option commitments	–	11,346	794	12,140
Non interest bearing liabilities (Trade creditors and accruals)	–	106,186	–	106,186

At September 30 2010, £100,901,000 (2009: £149,111,000) of borrowings were designated in US dollars with the remainder in sterling. The average rate of interest paid on the debt was 5.23% (2009: 5.95%).

19 Financial instruments *continued*

The following tables detail the group's remaining contractual maturity for its non-derivative financial assets, mainly medium term deposits for amounts on loans owed by DMGT group undertakings and equity non-controlling interests. This table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the group anticipate that the cash flow will occur in a different period.

2010	Weighted average effective interest rate %	Less than one year £000's	Total £000's
Variable interest rate instruments (cash at bank)	1.34	12,078	12,078
Non interest bearing assets	–	56,862	56,862
		68,940	68,940

2009			
Variable interest rate instruments (cash at bank and short-term deposits)	1.38	12,545	12,545
Non interest bearing assets	–	53,024	53,024
		65,569	65,569

The following table details the group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

2010	Less than 1 month £000's	1–3 months £000's	3 months to 1 year £000's	1–5 years £000's	Total £000's
Net settled					
Interest rate swaps	–	(828)	(1,708)	(1,938)	(4,474)
Gross settled					
Foreign exchange forward contracts inflows	7,746	24,540	74,723	44,201	151,210
Foreign exchange forward contracts outflows	(7,815)	(24,035)	(79,492)	(47,382)	(158,724)
	(69)	(323)	(6,477)	(5,119)	(11,988)

2009	Less than 1 month £000's	1–3 months £000's	3 months to 1 year £000's	1–5 years £000's	Total £000's
Net settled					
Interest rate swaps	–	(1,551)	(3,812)	(3,375)	(8,738)
Gross settled					
Foreign exchange forward contracts inflows	5,341	11,796	68,625	78,211	163,973
Foreign exchange forward contracts outflows	(6,060)	(12,644)	(74,593)	(86,208)	(179,505)
	(719)	(2,399)	(9,780)	(11,372)	(24,270)

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

Level 1

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

19 Financial instruments *continued*

Level 2

- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments;
- Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts; and
- Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Level 3

- If one or more significant inputs are not based on observable market date, the instrument is included in level 3.

As at September 30 2010 and the prior year, all the resulting fair value estimates have been included in level 2.

Other financial instruments not recorded at fair value

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

20 Bank overdrafts and loans

	2010 £000's	2009 £000's
Bank overdrafts – current liability	888	482
Loan notes – current liability	2,039	5,719
Committed loan facility – non-current liability	137,908	171,404

Loan notes

Loan notes were issued in October and November 2006 to fund the purchase of Metal Bulletin plc. Interest is payable on these loan notes at a variable rate of 0.75% below LIBOR, payable in June and December. Loan notes can be redeemed at the option of the loan note holder twice a year on the interest payment dates above. At least 20 business days' written notice prior to the redemption date is required. During the year ended September 30 2010 £3,673,000 (2009: £1,767,000) of these loan notes were redeemed reducing the debt to £2,039,000 (2009: £5,719,000).

Committed loan facility

The group's debt is provided through a dedicated $400 million multi-currency committed facility from DMGT. The facility is divided into four quantums of US dollar and sterling funds with three and five year terms with a total maximum borrowing capacity of $310 million (£197 million) and £59 million. Interest is payable on this facility at a variable rate of between 1.3% and 3.0% above LIBOR dependent on the ratio of adjusted net debt to EBITDA. The facility's covenant requires the group's net debt to be no more than four times adjusted EBITDA on a rolling 12 month basis. Failure to satisfy this covenant would result in the group being in breach of the facility, potentially resulting in the facility being withdrawn or impediment of management decision making by the lender. Management regularly monitors the covenant and prepare detailed debt forecasts to ensure that sufficient headroom is available and that the covenants are not close or potentially close to breach. At September 30 2010, the group's net debt to adjusted EBITDA was 1.28 times and the uncommitted undrawn facility available to the group was £117,817,000 (2009: £81,419,000). The three year quantums of the facility are due for renewal in December 2011 and the five year quantums in December 2013.

21 Provisions

	Onerous lease provision £000's	Other provisions £000's	Group total £000's
At October 1 2009	2,938	3,012	5,950
Provision in the year	–	472	472
Used in the year	(615)	(718)	(1,333)
Exchange differences	43	–	43
At September 30 2010	2,366	2,766	5,132

21 Provisions *continued*

Maturity profile of provisions

	2010 £000's	2009 £000's
Within one year (included in current liabilities)	1,111	2,359
Between one and two years (included in non-current liabilities)	1,216	1,198
Between two and five years (included in non-current liabilities)	2,805	2,393
	5,132	5,950

Onerous lease provision

The onerous lease provision relates to certain buildings within the property portfolio which either at acquisition were rented at non-market rates, or are no longer occupied by the group.

Other provisions

The provision consists of social security arising on share option liabilities and dilapidations on leasehold properties.

22 Deferred taxation

The net deferred tax liability at September 30 2010 comprised:

	2009 £000's	Income statement £000's	Equity £000's	Acquisitions and disposals £000's	Exchange differences £000's	2010 £000's
Capitalised goodwill and intangibles	(36,103)	2,451	–	(896)	(413)	(34,961)
Tax deductible goodwill amortisation	7,820	(2,742)	–	–	158	5,236
Tax losses	5,680	4,853	–	–	96	10,629
Financial instruments	4,742	64	(1,255)	–	–	3,551
Other short-term temporary differences	14,558	(3,611)	1,146	10	137	12,240
Deferred tax	(3,303)	1,015	(109)	(886)	(22)	(3,305)
Comprising:						
Deferred tax assets	18,474					20,819
Deferred tax liabilities	(21,777)					(24,124)
	(3,303)					(3,305)

At the balance sheet date, the group has unused US tax losses available for offset against future profits. At September 30 2010 a deferred tax asset of £2,744,000 (2009: £4,515,000) has been recognised in relation to these losses. The US losses can be carried forward for a period of 20 years from the date they arose. The US losses have expiry dates between 2010 and 2029.

At the balance sheet date, the group has unused UK tax losses available for offset against future profits. At September 30 2010 a deferred tax asset of £7,885,000 (2009: £1,165,000) has been recognised in relation to these losses. UK losses have no expiry dates.

At the balance sheet date, a net deferred tax asset of £10,190,000 (2009: £12,794,000) has been recognised in respect of US tax deductible goodwill amortisation, capitalised intangible assets and other short-term timing differences. The directors are of the opinion that, based on recent and forecast trading, it is probable that the level of profits in future years is sufficient to enable the asset to be recovered.

No deferred tax liability is recognised on temporary differences of £40,652,000 (2009: £24,363,000) 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 September 30 2010 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.

23 Called up share capital

	2010 £000's	2009 £000's
Allotted, called up and fully paid		
118,491,911 ordinary shares of 0.25p each (2009: 113,757,463 ordinary shares of 0.25p each)	296	284

During the year, 4,734,448 ordinary shares of 0.25p each (2009: 8,456,567 ordinary shares) with an aggregate nominal value of £11,836 (2009: £21,141) were issued as follows: 2,620,495 ordinary shares (2009: 6,257,957) under the company's 2009 scrip dividend alternative for a cash consideration of £nil (2009: £nil); and 2,113,953 ordinary shares (2009: 2,198,610 ordinary shares) following the exercise of share options granted under the company's share option schemes for a cash consideration of £1,322,454 (2009: £5,497).

24 Share-based payments

Equity-settled options

The following options are outstanding at September 30 and are options to subscribe for new ordinary shares of 0.25p each in the company:

Number of ordinary shares under option: 2010

	2009	Granted/ (trued-up) during year	Exercised during year	Lapsed/ forfeited during year	2010	Option price (£)	Weighted average market price at date of exercise (£)
Period during which option may be exercised:							
Executive options							
Before January 4 2010	103,648	–	–	(103,648)	–	5.63	–
Before March 1 2011	189,000	–	(18,000)	(23,576)	147,424	5.38	5.81
Before January 22 2012	106,000	–	(90,000)	(8,000)	8,000	3.35	4.98
Before December 3 2012	344,000	–	(152,000)	–	192,000	2.59	5.88
Before January 27 2014	291,000	–	(109,513)	(28,000)	153,487	4.19	5.87
SAYE							
Between February 1 2010 and July 31 2010	27,028	–	(15,198)	(11,830)	–	4.19	5.06
Between February 1 2011 and July 31 2011	43,971	–	–	(8,968)	35,003	3.18	–
Between February 1 2012 and July 31 2012	390,710	–	(1,751)	(25,965)	362,994	1.87	5.19
Between February 1 2013 and July 31 2013	–	56,435	–	(4,747)	51,688	3.44	–
CAP 2004							
Before September 30 2014[1]	75,001	–	(72,599)	(815)	1,587	0.0025	4.79
Before September 30 2014[1]	158,438	118,470 ‡	(154,211)	–	122,697	0.0025	4.92
Before September 30 2014[1]	1,521,498	190,505 ‡	(1,500,681)	–	211,322	0.0025	4.71
CAP 2010							
Before September 30 2020[2]	–	969,305	–	–	969,305	0.0025	–
Before September 30 2020[2]	–	1,750,496	–	–	1,750,496	0.0025	–
CSOP							
Before February 14 2020 (UK)[2]	–	541,671	–	–	541,671	6.0334	–
Before February 14 2020 (Canada)[2]	–	239,520	–	–	239,520	5.01	–
	3,250,294	3,866,402	(2,113,953)	(215,549)	4,787,194		

The options outstanding at September 30 2010 had a weighted average exercise price of £1.55 and a weighted average remaining contractual life of 7.88 years.

24 Share-based payments *continued*

Number of ordinary shares under option: 2009

	2008	Granted/ (trued up) during year	Exercised during year	Lapsed during year	2009	Option price (£)	Weighted average market price at date of exercise (£)
Period during which option may be exercised:							
Executive options							
Before January 28 2009	140,000	–	–	(140,000)	–	4.19	–
Before February 10 2009	160,000	–	–	(160,000)	–	3.96	–
Before June 24 2009	540,000	–	–	(540,000)	–	4.31	–
Before January 4 2010	111,648	–	–	(8,000)	103,648	5.63	–
Before March 1 2011	204,000	–	–	(15,000)	189,000	5.38	–
Before January 22 2012	110,000	–	–	(4,000)	106,000	3.35	–
Before December 3 2012	356,000	–	–	(12,000)	344,000	2.59	–
Before January 27 2014	319,000	–	–	(28,000)	291,000	4.19	–
SAYE							
Between February 1 2008 and July 31 2008	1,121	–	–	(1,121)	–	3.38	–
Between February 1 2009 and July 31 2009	70,869	–	–	(70,869)	–	3.69	–
Between February 1 2010 and July 31 2010	70,138	–	–	(43,110)	27,028	4.19	–
Between February 1 2011 and July 31 2011	92,312	–	–	(48,341)	43,971	3.18	–
Between February 1 2012 and July 31 2012	–	445,322	–	(54,612)	390,710	1.87	–
CAP 2004							
Before September 30 2014[1]	190,780	–	(115,779)	–	75,001	0.0025	2.01
Before September 30 2014[1]	2,500,000	(258,731)	(2,082,831)	–	158,438	0.0025	1.85
Before September 30 2014[1]	–	1,521,498	–	–	1,521,498	0.0025	–
	4,865,868	1,708,089	(2,198,610)	(1,125,053)	3,250,294		

The options outstanding at September 30 2009 had a weighted average exercise price of £1.55 and a weighted average remaining contractual life of 3.97 years.

[1] CAP 2004 options shown in the above tables relate to those options that have vested only (see page 33 in the Directors' Remuneration Report for further information on CAP 2004 options).

[2] The allocation of the number of options granted under each tranche of the CAP 2010 and CSOP UK and CSOP Canada represents the directors best estimate. The CAP 2010 award is reduced by the number of options vesting under the respective CSOP schemes (see below and the Directors' Remuneration Report for further details).

‡ Options granted relate to those that are likely to vest on February 11 2011 under the second and third tranche of the CAP 2004 following the achievement of the additional performance test. The number of options granted is provisional and will primarily require a true-up to reflect adjustments of the individual businesses profits during the period to December 31 2010 as required by the Remuneration Committee. As such the actual number of options vested could vary from that disclosed.

Capital Appreciation Plan 2010 (CAP 2010)

The CAP 2010 executive share option scheme was approved by shareholders on January 21 2010 and is a revised version of and replaces the previously approved CAP 2009. CAP 2010 is the direct replacement for CAP 2004 as no further awards may be granted under CAP 2004. Each CAP 2010 award comprises two equal elements – an option to subscribe for ordinary shares of 0.25p each in the company at an exercise price of 0.25p per ordinary share, and a right to receive a cash payment. The awards will vest in two equal tranches. The first tranche of awards become exercisable on satisfaction of the primary or secondary performance condition and lapse to the extent unexercised by September 30 2020. The second tranche of awards becomes exercisable in a subsequent financial year in which the profits achieved in the year of initial vesting are again achieved. The second tranche only vests on satisfaction of the primary (or secondary) performance condition and an additional performance condition. The number of options received under the share award of the CAP 2010 is reduced by the number of options vesting with participants from the 2010 Company Share Option Plan (see page 92).

24 Share-based payments *continued*

Company Share Option Plan (CSOP 2010)

In parallel with the CAP 2010, the shareholders approved the CSOP 2010 UK and Canada at the AGM on January 21 2010. The CSOP 2010 UK was approved by HM Revenue and Customs on June 21 2010 and granted on June 28 2010. The CSOP 2010 UK option enables each participant to purchase up to 4,972 shares in the company at a price of £6.03 per share, the market value at the date of grant. The options will vest and become exercisable at the same time as the corresponding share award under the CAP 2010 providing the CSOP option is in the money at that time and does not vest before June 28 2013. The CSOP 2010 Canada, granted on March 30 2010, enables each participant to purchase up to 19,960 shares in the company at a price of £5.01 per share, the market value at the date of grant. No option may vest after the date falling three months after the preliminary announcement of the results for the financial year ended September 30 2019, and the option shall lapse to the extent unvested at the time. The CSOP has the same performance criteria as that of the CAP 2010 as set out on page 91. The number of CSOP 2010 awards that vest proportionally reduce the number of shares that vest under the CAP 2010 as the CSOP is effectively a delivery mechanism for part of the CAP 2010 award. The CSOP 2010 option exercise price of £6.03 (UK) and £5.01 (Canada) will be satisfied by a funding award mechanism and results in the same net gain on the CSOP options (calculated as the market price of the company's shares at the date of exercise less the exercise price multiplied by the number of options exercised) delivered in the equivalent number of shares to participants as if the award had been delivered using 0.25p CAP options.

Capital Appreciation Plan 2004 (CAP 2004)

The CAP 2004 executive share option scheme was approved by shareholders on February 1 2005. Each of the CAP awards comprises an option to subscribe for ordinary shares of 0.25p each in the company for an exercise price of 0.25p per ordinary share. The awards become exercisable on satisfaction of certain performance conditions and lapse to the extent unexercised on September 30 2014. The initial performance condition was achieved in the financial year 2007 and the option pool (a maximum of 7.5 million shares) was allocated between the holders of outstanding awards. One-third of the awards vested immediately. The primary performance target was achieved again in 2008 and, after applying the additional performance condition, 2,241,269 options from the second tranche of options vested in February 2009. The primary performance target was also achieved in 2009 and 1,521,498 options (including a true-up adjustment of 5,654) for the third (final) tranche of options in 2009 vested in February 2010. For those individual participants' businesses where the additional performance conditions for the second and final tranche have not been met, the vesting is deferred until the profits are at least 75% of that achieved in 2007 but no later than by reference to the year ending September 30 2012. The directors estimate 303,321 of options will vest in February 2011 following satisfaction of the additional performance test.

Share Option Schemes

The company has 15 share option schemes for which an IFRS 2 'Share based payments' charge has been recognised. Details of these schemes are set out in the Directors' Remuneration Report on pages 32 to 34. The fair value per option granted and the assumptions used in the calculation are shown below:

The executive and Save as You Earn Options (SAYE) were valued using the Black–Scholes option-pricing model. Expected volatility was determined by calculating the historical volatility of the group's share price over a period of 14 years. The executive options' fair values have been discounted at a rate of 10% to reflect their performance conditions. The expected term of the option used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The charge recognised in the year in respect of these options was £39,000 (2009: credit £142,000).

	Executive Options		SAYE		
			9	10	11
Date of grant	December 4 2002	January 28 2004	December 17 2007	December 19 2008	December 11 2009
Market value at date of grant (p)	259	419	397	233	430
Option price (p)	259	419	318	187	344
Number of share options outstanding	192,000	153,487	35,003	362,994	51,688
Option life (years)	10	10	3.5	3.5	3.5
Expected term of option (grant to exercise (years))	5.5	5.5	3.0	3.0	3.0
Exercise price (p)	259	419	318	187	344
Risk-free rate	4.10%	4.10%	4.25%	5.00%	1.83%
Dividend yield	3.93%	3.93%	3.35%	5.65%	7.49%
Volatility	30%	30%	30%	30%	50%
Fair value per option (£)	0.52	0.72	1.13	0.58	1.21

24 Share-based payments *continued*

The CAP 2004 options were valued using a fair value model that adjusted the share price at the date of grant for the net present value of expected future dividend streams up to the date of expected exercise. Under IFRS 2, Internet Securities, Inc. options are classified as cash-settled options. As such their related fair value equates to the fair value at the balance sheet date. For both of these option schemes, the expected term of the option used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The long-term incentive expense recognised in the year for the CAP 2004 options was £nil (2009: £3,112,000), and for Internet Securities, Inc. options was a charge of £377,000 (2009: credit £273,000).

	CAP 2004			Internet Securities Inc. (cash-settled options)		
	Tranche 1	Tranche 2	Tranche 3			
Date of grant	June 20 2005	June 20 2005	June 20 2005	February 2 2004	May 11 2005	February 28 2006
Market value at date of grant (p)	401	401	401	n/a	n/a	n/a
Option price (p)	0.25	0.25	0.25	n/a	n/a	n/a
Number of share options outstanding	1,587	122,697	211,322	2,220	738	11,003
Option life (years)	10	10	10	10	10	10
Expected term of option (grant to exercise (years))	3.28	4.53	5.53	6.5	5.5	4.5
Exercise price (p)	0.25	0.25	0.25	$7.07	$8.72	$13.10
Risk-free rate	5.0%	5.0%	5.0%	n/a	n/a	n/a
Dividend growth	8.44%	8.44%	8.44%	n/a	n/a	n/a
Fair value per option (£)	3.28	3.02	2.82	$12.28	$12.28	$12.28

The Internet Securities, Inc. (ISI) options are over shares of ISI. The ISI options outstanding at September 30 2010 had a weighted average exercise price of $11.54 and a weighted average remaining contractual life of 4.85 years.

	CAP 2010		CSOP 2010	
	Tranche 1	Tranche 2	UK	Canada
Date of grant	March 30 2010	March 30 2010	June 28 2010	March 30 2010
Market value at date of grant (p)	501	501	603.34	501
Option price (p)	0.25	0.25	603.34	501
Number of share options outstanding	969,305	1,750,496	541,671	239,520
Option life (years)	10	10	9.38	9.38
Expected term of option (grant to exercise (years))	4	5	3	3
Exercise price (p)	0.25	0.25	603.34*	501*
Risk-free rate	2.28%	2.75%	2.28%	2.28%
Dividend growth	7.00%	7.00%	7.00%	7.00%
Fair value per option (£)	4.37	4.20	4.37	4.37

The CAP 2010 options were valued using a fair value model that adjusted the share price at the date of grant for the net present value of expected future dividend streams up to the date of expected exercise. The expected term of the option used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The number of CSOP 2010 awards that vest proportionally reduce the number of shares that vest under the CAP 2010; the CSOP is effectively a delivery mechanism for part of the CAP 2010 award. The CSOP 2010 options have an exercise price of £6.03[1], which will be satisfied by a funding award mechanism which results in the same net gain[2] on these options delivered in the equivalent number of shares to participants as if the same award had been delivered using 0.25p CAP options. The amount of the funding award will depend on the company's share price at the date of exercise. Because of the above and the other direct links between the CSOP 2010 and the CAP 2010, including the identical performance criteria, IFRS 2 'Share based payments' combines the two plans and treats them as one plan (vesting in two tranches). The long-term incentive expense recognised in the year for the CSOP 2010 and CAP 2010 options (including the charge in relation to the cash

[illegible]

25 Acquisition option commitments

The group is party to a put option over the remaining non-controlling interest in a subsidiary. IAS 39 'Financial Instruments' requires the recognition of acquisition liabilities. The group regularly performs a review of the underlying businesses with option commitments and in 2010 the review resulted in a net increase in the fair value of the group's option commitment of £1,191,000 (2009: £2,202,000). This increase is reported as finance expense in the income statement. No new option commitments (2009: £nil) were recognised relating to subsidiaries acquired in the year and existing options have been exercised totalling £12,285,000 (2009: £20,745,000). As at September 30 2010, the discounted present value of the remaining put option commitment is £1,061,000 (2009: £11,943,000). This discount is unwound as a notional interest charge to the income statement.

26 Commitments

At September 30 the group has committed to make the following payments in respect of operating leases on land and buildings:

	2010 £000's	2009 £000's
Within one year	6,348	5,749
Between two and five years	21,561	20,005
After five years	8,707	12,395
	36,616	38,149

The group's operating leases do not include any significant leasing terms or conditions.

At September 30 the group had contracted with tenants to receive the following payments in respect of operating leases on land and buildings:

	2010 £000's	2009 £000's
Within one year	933	415
Between two and five years	2,089	1,688
After five years	1,345	2,209
	4,367	4,312

27 Retirement benefit schemes

Defined contribution schemes

The group operates the following defined contribution schemes: Euromoney PensionSaver, Euromoney Pension Plan, the Metal Bulletin Group Personal Pension Plan in the UK and the 401(k) savings and investment plan in the US. It also participates in the Harmsworth Pension Scheme, a defined benefit scheme which is operated by Daily Mail and General Trust plc (DMGT) but is accounted for in Euromoney Institutional Investor PLC as a defined contribution scheme.

The pension charge in respect of defined contribution schemes for the year ended September 30 comprised:

	2010 £000's	2009 £000's
Euromoney Pension Plan/PensionSaver	856	971
Metal Bulletin Group Personal Pension Plan	29	35
Private schemes	1,007	1,063
Harmsworth Pension Scheme	191	207
	2,083	2,276

27 Retirement benefit schemes *continued*

Euromoney PensionSaver and Euromoney Pension Plan

Euromoney PensionSaver was launched on October 1 2008 to replace the Euromoney Pension Plan as the principal pension arrangement offered to employees of the group. Under both plans, contributions are paid by the employer and employees. However, Euromoney PensionSaver is a group personal pension arrangement rather than the trust-based arrangement used by the Euromoney Pension Plan. Under both schemes, employees are able to contribute a minimum of 3% of salary with an equal company contribution in the first three years of employment and thereafter at twice the employee contribution rate, up to a maximum employer contribution of 10% of salary. The Euromoney Pension Plan is a part of the DMGT Pension Trust, an umbrella trust under which DMGT UK trust-based defined contribution plans are held. Insured death benefits previously held under this trust have been transferred to a new trust-based arrangement specifically for life assurance purposes.

When the process of transferring out the remaining assets of the Euromoney Pension Plan has been completed the Plan will be wound up.

Assets of both plans are invested in funds selected by members and held independently from the company's finances. The investment and administration of both plans is undertaken by Fidelity Pension Management.

Metal Bulletin Group Personal Pension Plan

The Metal Bulletin Group Personal Pension Plan is a defined contribution arrangement under which contributions are paid by the employer and employees. The scheme is closed to new members.

The plan is contracted-in to the State Second Pension and its assets are invested under trust in funds selected by members and held independently from the company's finances. The investment and administration of the plan is undertaken by Skandia Life Group.

Private schemes

Institutional Investor, Inc. contributes to a 401(k) savings and investment plan for its employees which is administered by an independent investment provider. Employees are able to contribute up to 15% of salary with the company matching up to 50% of the employee contributions, up to 5% of salary.

Stakeholder pensions

The company provides access to a stakeholder pension plan for relevant employees who are not eligible for other pension schemes operated by the group.

Harmsworth Pension Scheme

The Harmsworth Pension Scheme is a defined benefit scheme operated by DMGT providing service-related benefits based on final pensionable salary. The assets of the scheme are held independently from the company's finances and are administered by a trustee company. The scheme is no longer offered to new employees of the company.

The contributions payable to the scheme are determined by the trustee company after taking advice from an independent qualified actuary, and following agreement with the company. The most recent actuarial valuation of the scheme, upon which the current contributions are based, was carried out as at March 31 2007 using the projected unit credit method.

DMGT continues to develop a series of measures affecting the Harmsworth Pension Scheme that are principally designed to limit the company's exposure to people living longer than is currently expected. The measures are being discussed with scheme trustees and a formal process of employee consultation will begin as soon as these proposals have been finalised. DMGT expects that this package of changes will secure the future of the scheme which continues to provide a valuable retirement provision for scheme members.

The funding strategy agreed with the Trustee of the principal scheme made allowance for assumed future investment returns on the scheme's assets of 3.3% p.a. above price inflation, compared with the real return of some 2.6% p.a. implicit within the calculation of the Technical Provisions (i.e. the value of the scheme's benefit liabilities). DMGT agreed with the Trustee that this margin would be covered by a contingent asset and DMGT has put in place a letter of credit (to be updated annually) of an amount sufficient to cover any potential shortfall in this additional investment return arising prior to the next triennial valuation. As at October 3 2010, the letter of credit had a value of £46.9 million (2009: £32.1 million). Post year-end, on October 5 2010, DMGT made a funding payment of £8.6 million in exchange for which the trustee agreed that the letter of credit could be reduced by a corresponding amount.

27 Retirement benefit schemes *continued*

Cash contributions paid by the company to the Harmsworth Pension Scheme as required by the schedule of contributions remain at the same level of 18.0% of members' scheme salaries (2009: 18.0%) with employees contributing either 5% or 7.5% depending on which section of the scheme they are in. However, since January 1 2009 a majority of members have agreed to a salary sacrifice arrangement whereby the company pays the equivalent of the employee's contribution in exchange for a corresponding reduction in salary. In addition, DMGT agreed to make a series of funding payments amounting to £3.2 million over a period of 27 months commencing in September 2009. In the year to October 3 2010 DMGT paid £1.0 million in accordance with that agreement (2009: £1.0 million).

Long-term assumed rate of:

Price inflation	3.0% p.a.
Salary increases	4.3% p.a.
Pension increases (on excess over guaranteed minimum pension)	3.0% p.a.
Discount rate for accrued liabilities	
– Pre-retirement	6.4% p.a.
– Post-retirement	4.8% p.a.

The financial assumptions shown above used in the most recent actuarial valuation were selected to provide a basis for funding the schemes and are not intended to reflect the company's experience or policy regarding pay in any one financial year.

The valuation of the scheme showed that the combined accumulated assets of the scheme as at March 31 2007 represented 99% of the scheme's Technical Provisions in respect of past service benefits. However, in common with the majority of defined benefit schemes, there was a sharp deterioration over the following two years, with the equivalent funding level falling to 63% as at March 31 2009. Recent quarterly updates provided to the Trustee indicate that the funding position has since improved.

Members are able to make additional voluntary contributions (AVCs) into unit-linked funds held within each scheme. No benefit obligation arises to the DMGT, or the company, from these AVCs and the related unit-linked AVC assets have been excluded from the valuation of assets and liabilities reported below.

The group's pension charge for the Harmsworth Pension Scheme for the year ended September 30 2010 was £191,000 (2009: £207,000).

The group is unable to identify its share of the underlying assets and liabilities in the Harmsworth Pension Scheme. The scheme is operated on an aggregate basis with no segregation of the assets to individual participating employers and, therefore, the same contribution rate is charged to all participating employers (i.e. the contribution rate charged to each employer is affected by the experience of the schemes as a whole). The scheme is therefore accounted for as a defined contribution scheme by the company. This means that the pension charge reported in these financial statements is the same as the cash contributions due in the period.

DMGT, is required to account for the Harmsworth Pension Scheme under IAS 19 'Employee Benefits'. The IAS 19 disclosures in the Annual Report and Accounts of DMGT have been based on calculations performed as part of the work being carried out for the formal valuation of the scheme as at March 31 2007, and adjusted to October 3 2010 to take account of membership data as at September 30 2010. The calculations are adjusted to allow for the assumptions and actuarial methodology required by IAS 19. These showed that the market value of the scheme's assets was £1,342.6 million (2009: £1,228.4 million) and that the actuarial value of these assets represented 86.2% (2009: 78%) of the benefits that had accrued to members (also calculated in accordance with IAS 19).

Defined benefit scheme

The company operates the Metal Bulletin plc Pension Scheme (closed to new members), a defined benefit scheme.

Metal Bulletin Pension Scheme

The Metal Bulletin plc Pension Scheme (MBPS) is a defined benefit scheme providing service-related benefits based on final pensionable salary. The assets of the scheme are held independently from the company's finances, being invested with the Norwich Union Life Insurance Society, Schroder Investment Management Ltd, and certain other specific investments managed directly by the Trustees. Contributions to the scheme are charged to the income statement so as to spread the cost of pensions over employees' working lives with the group. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the attained age method. The most recent actuarial valuation of the scheme, upon which the current contributions are based, was carried out as at June 1 2007.

The company cash contribution rate to the scheme during the year was 22.3% (2009: 22.8%) of pensionable salaries.

27 Retirement benefit schemes *continued*

This MBPS is closed to new members. The figures in this note are based on calculations carried out in connection with the actuarial valuation of the scheme as at June 1 2007 and adjusted to September 30 2010 by the actuary. The key financial assumptions adopted were as follows:

	2010	2009
Long-term assumed rate of:		
Pensionable salary growth	4.6% p.a.	4.4% p.a.
Pension escalation in payment (pre January 1997 members)	5.0% p.a.	5.0% p.a.
Pension escalation in payment (pensions earned from May 30 2002 to June 30 2006) (post January 1997 members)	3.3% p.a.	3.1% p.a.
Pension escalation in payment (pensions earned from June 30 2006) (post January 1997 members)	2.5% p.a.	2.5% p.a.
Discount rate for accrued liabilities	5.0% p.a.	5.6% p.a.
Inflation	3.3% p.a.	3.1% p.a.
Pension increase in deferment	3.3% p.a.	3.1% p.a.

The discount rate for scheme liabilities reflects yields at the balance sheet date on high quality corporate bonds. All assumptions were selected after taking actuarial advice.

The fair value of the assets held by the MBPS and the long-term expected rate of return on each class of assets are shown in the following table:

2010	Equities	Bonds	With profits policy	Cash	Total
Value at September 30 2010 (£000's)	6,190	13,497	2,330	2,257	24,274
% of assets held	25.5%	55.6%	9.6%	9.3%	100.0%
Long-term rate of return expected at September 30 2010	8.00%	5.50%	5.75%	3.50%	

2009	Equities	Bonds	With profits policy	Cash	Total
Value at September 30 2009 (£000's)	5,474	11,616	2,091	2,371	21,552
% of assets held	25.4%	53.9%	9.7%	11.0%	100.0%
Long-term rate of return expected at September 30 2009	8.00%	5.50%	5.75%	3.50%	

A reconciliation of the net pension deficit reported in the balance sheet is shown in the following table:

	2010 £000's	2009 £000's
Present value of defined benefit obligation	(25,811)	(21,916)
Assets at fair value	24,274	21,552
Deficit reported in the balance sheet	(1,537)	(364)

The deficit for the year excludes a related deferred tax asset of £415,000 (2009: asset £102,000).

Changes in the present value of the defined benefit obligation are as follows:

	2010 £000's	2009 £000's
Present value of obligation at October 1	(21,916)	(16,985)
Service cost	(70)	(75)
Interest cost	(1,225)	(1,189)
Benefits paid	680	490
Members contributions	(15)	(15)
Actuarial movement	(3,265)	(4,142)
Present value of obligation at September 30	(25,811)	(21,916)

27 Retirement benefit schemes *continued*

Changes in the fair value of plan assets are as follows:

	2010 £000's	2009 £000's
Fair value of plan assets at October 1	21,552	19,512
Expected return on plan assets	1,283	1,162
Contributions:		
Employer	587	593
Members	15	15
Annuity surplus refund	154	–
Actual return less expected return on pension scheme assets	1,363	760
Benefits paid	(680)	(490)
Fair value of plan assets at September 30	24,274	21,552

The actual return on plan assets was a gain of £2,646,000 (2009: gain £1,922,000) representing the expected return plus the associated actuarial gain or loss during the year.

The amounts charged to the Income Statement based on the above assumptions are as follows:

	2010 £000's	2009 £000's
Current service costs (charged to administrative costs)	70	75
Interest cost (note 7)	1,225	1,189
Expected return on plan assets (note 7)	(1,283)	(1,162)
Total charge recognised in Income Statement	12	102

Pension costs and the size of any pension surplus or deficit are sensitive to the assumptions adopted. The table below indicates the effect of changes in the principal assumptions used above.

		2010 £000's	2009 £000's
Mortality			
Change in pension obligation at September 30 from a 1 year change in life expectancy	+/-	711	548
Change in pension cost from a 1 year change	+/-	38	33
Salary Increases			
Change in pension obligation at September 30 from a 0.25% change	+/-	45	44
Change in pension cost from a 0.25% year change	+/-	5	5
Discount Rate			
Change in pension obligation at September 30 from a 0.1% change	+/-	492	416
Change in pension cost from a 0.1% change	+/-	2	4
Inflation			
Change in pension obligation at September 30 from a 0.1% change	+/-	206	197
Change in pension cost from a 0.1% change	+/-	11	11

Amounts recognised in the Consolidated Statement of Comprehensive Income (SOCI) are shown in the following table:

	2010 £000's	2009 £000's
Actual return less expected return on pension scheme assets	1,363	760
Return of surplus annuity payments	154	–
Experience adjustments on liabilities	(14)	(18)
Gains arising from changes in assumptions	(3,251)	(4,124)
Total gains recognised in SOCI	(1,748)	(3,382)
Cumulative actuarial gain recognised in SOCI at beginning of year	2,365	5,747
Cumulative actuarial gain recognised in SOCI at end of year	617	2,365

27 Retirement benefit schemes *continued*

History of experience gains and losses:

	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Present value of defined benefit obligation	(25,811)	(21,916)	(16,985)	(19,501)
Fair value of scheme assets	24,274	21,552	19,512	19,865
(Deficit)/surplus in scheme	(1,537)	(364)	2,527	364
Experience adjustments on defined benefit obligation	(14)	(18)	(36)	498
Percentage of present value of defined benefit obligation	0.1%	0.1%	0.2%	2.6%
Experience adjustments on fair value of scheme assets	1,363	760	(1,717)	792
Percentage of the fair value of the scheme assets	(5.6%)	(3.5%)	8.8%	(4.0%)

The group expects to contribute approximately £509,000 (2009: expected contribution in 2010 of £577,000) to the MBPS during the 2011 financial year.

28 Contingent liabilities and assets

Claims in Malaysia

Four writs claiming damages for libel were issued in Malaysia against the company and three of its 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 the company on October 22 1996. Two of these writs have been discontinued. The total outstanding amount claimed on the two remaining writs is Malaysian ringgits 82.0 million (£16,859,000). No provision has been made for these claims in these financial statements as the directors do not believe the company has any material liability in respect of these writs.

29 Related party transactions

The group has taken advantage of the exemption allowed under IAS 24 'Related party disclosures' not to disclose transactions and balances between group companies that have been eliminated on consolidation. Other related party transactions and balances are detailed below:

(i) The group has a credit agreement with DMGRH Finance Limited, a fellow group company (note 20). As at September 30 2010 the amounts owing under the facility were: $159,000,000 (£100,901,000) (2009: $238,488,000 (£149,111,000)), and £37,007,000 (2009: £22,293,000). A commitment fee of £448,000 (2009: £319,000) was paid on the unused portion of the available facility.

The group expensed £416,000 (2009: £324,000) for services provided by Daily Mail and General Trust plc (DMGT), the group's parent and other fellow group companies.

(ii) At September 30 2010 the group had £134,017,000 (2009: £143,290,000) fixed rate interest rate swaps outstanding with Daily Mail and General Holdings Limited (DMGH), a fellow group company, amounting to $145,000,000 (2009: $170,000,000) at interest rates between 1.5% and 5.4% and termination dates between March 30 2011 and March 31 2014 and £42,000,000 (2009: £37,000,000) at interest rates between 2.0% and 6.2% and termination dates between March 30 2011 and September 28 2012. During the year the group paid $5,933,000 (2009: paid $4,721,000) and paid £1,558,000 (2009: received £1,226,000) to DMGH and related companies, fellow group companies, in respect of interest rate swaps.

(iii) In April 2008, the group agreed a loan facility from DMGH and granted a loan facility to Harmsworth Quays Printing Limited, a fellow group company. During 2009 the group paid £153,448,000 and received ¥28,407,310,000 (£197,630,000) respectively, including principal and interest. There were no amounts outstanding at the end of September 2009 and no such transactions in 2010.

At the same time in April 2008, the group entered into a swap agreement with Harmsworth Quays Printing Limited to buy ¥53,925,947,000 and sell £316,051,000. These swaps were closed in October 2008 with offset deals and resulted in a loss during 2009 of £45,315,000. The balance outstanding at the end of September 2009 was £23,906,000 which was settled in the year to September 2010. There were no amounts outstanding at the end of September 30 2010.

(iv) There is an annual put option agreement over the sale of Internet Securities, Inc. (ISI) shares between the company and GG Mueller, a director of the company. The annual put option value is based on the valuation of ISI as determined by an independent financial adviser. Under the terms of the agreement consideration caps have been put in place that require the maximum consideration payable to option holders to be capped at an amount such that the results of any relevant class tests would, at the relevant time, fall below the requirement for shareholder approval.

In February 2010, under the put option agreement, GG Mueller sold 80,000 ISI shares valued at $16.07 for a total consideration of $1,286,000. Also in February 2010, NF Osborn, an executive director, exercised 5,000 ISI options with an exercise price of $8.95 and sold the shares under the above put option mechanism at $16.07 per share for a total consideration of $80,000 and realising a gain of $36,000.

29 Related party transactions *continued*

In February 2009, under the put option agreement, GG Mueller sold 220,000 ISI shares valued at $12.28 for a total consideration of $2,702,000. Also in February, JC Botts, a non-executive director, exercised 6,000 ISI options with an exercise price of $7.40 and sold the shares under the above put option mechanism at $12.28 per share for a total consideration of $74,000 realising a gain of $29,000.

(v) In October 2009, GB Strahan, a member of the group's executive committee, exercised his put option to sell his 5% equity shareholding in Coaltrans Conferences Limited (Coaltrans), a subsidiary, to the group for a cash consideration of £1,341,000. The put option enabled GB Strahan to sell his shares at a price per share based on a predetermined multiple of Coaltrans profit per share.

(vi) NF Osborn serves on the management board of A&N International Media Limited, a fellow group company, for which he received fees for the year to September 30 2010 of £25,000 (2009: £25,000).

(vii) Both PM Fallon and PR Ensor serve as directors on the executive board of DMGT, the group's parent. During the year they earned non-executive director fees of £19,500 and £8,000 respectively. In addition PM Fallon also received short-term employee benefits of £5,392.

(viii) The compensation paid or payable for key management is set out below. Key management includes the executive and non-executive directors as set out in the Directors' Remuneration Report and other key divisional directors who are not on the board.

Key management compensation

	2010 £000's	2009 £000's
Salaries and short-term employee benefits	17,376	12,969
Non-executive director's fees	169	161
Post-employment benefits	147	180
Other long-term benefits (all share-based)	560	1,196
	18,252	14,506
Of which:		
Executive directors	14,657	11,043
Non-executive directors	169	161
Divisional directors	3,426	3,302
	18,252	14,506

Details of the remuneration of directors is given in the Directors' Remuneration Report.

30 Events after the balance sheet date

The directors propose a final dividend of 11.75p per share (2009: 7.75p) totalling £13,927,000 (2009: £8,816,000) for the year ended September 30 2010. The dividend will be submitted for formal approval at the Annual General Meeting to be held on January 20 2011. In accordance with IAS 10 'Events after the balance sheet date', these financial statements do not reflect this dividend payable but will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending September 30 2011. During 2010, a final dividend of 7.75p (2009: 13.0p) per share totalling £8,816,000 (2009: £13,697,000) was paid in respect of the dividend declared for the year ended September 30 2009.

There were no other events after the balance sheet date.

31 Ultimate parent undertaking and controlling party

The directors regard the ultimate parent undertaking as Rothermere Continuation Limited, which is incorporated in Bermuda. The ultimate controlling party is The Viscount Rothermere. The largest and smallest group of which the company is a member and for which group accounts are drawn up is that of Daily Mail and General Trust plc, incorporated in Great Britain and registered in England and Wales. Copies of the report and accounts are available from:

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

www.dmgt.co.uk

Independent Auditors' Company Report

Independent auditors' report to the members of Euromoney Institutional Investor PLC

We have audited the parent company financial statements of Euromoney Institutional Investor PLC for the year ended September 30 2010 which comprise the Parent Company Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the parent company's affairs as at September 30 2010;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

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

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

Other matter

We have reported separately on the group financial statements of Euromoney Institutional Investor PLC for the year ended September 30 2010.

Robert Matthews (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
November 10 2010

Company Balance Sheet

as at September 30 2010

	Notes	2010 £000's	2009 £000's
Fixed assets			
Intangible assets	4	–	2,765
Tangible assets	5	4,691	13,832
Investments	6	468,277	791,948
Derivative financial instruments	15	–	121
		472,968	808,666
Current assets			
Debtors	8	202,240	334,807
Cash at bank and in hand		186	–
Derivative financial instruments	15	–	201
		202,426	335,008
Creditors: amounts falling due within one year	9	(10,225)	(633,738)
Net current assets/(liabilities)		192,201	(298,730)
Total assets less current liabilities		665,169	509,936
Creditors: amounts falling due after more than one year	9	(144,078)	(187,020)
Net assets		521,091	322,916
Capital and reserves			
Called up share capital	12	296	284
Share premium account	16	66,082	52,445
Other reserve	16	64,981	64,981
Capital redemption reserve	16	8	8
Capital reserve	16	1,842	1,842
Own shares	16	(74)	(74)
Liability for share-based payments	16	15,229	14,457
Fair value reserve	16	(2,917)	(10,228)
Profit and loss account	16	375,644	199,201
Equity shareholders' funds	17	521,091	322,916

Euromoney Institutional Investor PLC has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these accounts. The profit after taxation of Euromoney Institutional Investor PLC included in the group profit for the year is £191,237,000 (2009: £67,169,000).

The accounts were approved by the board of directors on November 10 2010.

Richard Ensor
Colin Jones
Directors

Notes to the Company Accounts

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention except for derivatives financial instruments which have been measured at fair value and in accordance with applicable United Kingdom accounting standards and the United Kingdom Companies Act 2006. The according policies set out below have, unless otherwise stated, been applied consistently through current and prior year.

The company has taken advantage of the exemption from presenting a cash flow statement under the terms of FRS 1 (Revised) 'Cash Flow Statements'.

The company is also exempt under the terms of FRS 8 'Related Party Disclosures' from disclosing related party transactions with entities that are 100% owned by the group.

Further, the company, as a parent company of a group drawing up consolidated financial statements that meet the requirements of IFRS 7 'Financial Instruments: Disclosure', is exempt from disclosures that comply with its UK GAAP equivalent, FRS 29 'Financial Statements: Disclosures'.

Sale and transfer of trade and assets

On September 30 2010, the directors sold the company's trade and trading assets and liabilities to Euromoney Trading Limited, a 100% indirectly owned group company. The consideration received totalled £151,000,000 and consisted of cash of £113,250,000 and 37,750 equity shares at £1,000 per share in Euromoney Trading Limited, resulting in a profit on sale of £151,000,000. The sale allows the company to operate as a non-trading investment holding company.

Going concern, debt covenants and liquidity

The financial position of the group, its cash flows and liquidity position are set out in detail in this annual report. The group meets its day-to-day working capital requirements through its $400 million dedicated multi-currency borrowing facility with Daily Mail and General Trust plc group. The facility is divided into four quantums of sterling and US dollar funds with three and five year terms with a total maximum borrowing capacity of $310 million (£197 million) and £59 million respectively. The facility's covenant requires the group's net debt to be no more than four times adjusted EBITDA on a rolling 12 month basis. At September 30 2010, the group's net debt to adjusted EBITDA was 1.28 times and the uncommitted undrawn facility available to the group was £117.8 million. The three year quantums of the facility are due for renewal in December 2011 and the five year quantums in December 2013 (see note 19 in the group accounts for further details).

Trading conditions have improved since September 2009, which has reduced the uncertainty over the level of demand for the group's products. Over the last 12 months, the exchange rate between sterling and US dollars has been more stable than a year ago although the group remains exposed to the impact on the translation of US dollar profits and losses from its US dollar-based businesses and transactions including the gains or losses from the group's forward contracts used to partially hedge these. Bank credit is becoming more readily available and the group has no pressing requirement to arrange new finance. The group continues to operate well within the limits of its dedicated multi-currency borrowing facility and the first quantum (£64 million) is not due for renewal until December 2011. Any remaining funds drawn under the three year facility at this renewal date are expected to be rolled onto the unused portion of the five year facility.

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level and covenants of its current borrowing facility.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing this annual report.

Turnover

Turnover represents income from advertising, subscriptions, sponsorship and delegate fees, net of value added tax.

- Advertising revenues are recognised in the income statement on the date of publication.
- Subscription revenues are recognised in the income statement on a straight-line basis over the period of the subscription.
- Sponsorship and delegate revenues are recognised in the income statement over the period the event is run.

Turnover invoiced but relating to future periods is deferred and treated as deferred income in the balance sheet.

Leased assets

Operating lease rentals are charged to the profit and loss account on a straight-line or other systematic basis as allowed by SSAP 21 'Accounting for Leases and Hire Purchase Contracts'.

1 Accounting policies *continued*

Pension schemes

Details of the company's pension schemes are set out in note 27 to the group accounts. The company participates in the Harmsworth Pension Scheme, a defined benefit pension scheme which is operated by Daily Mail and General Trust plc. As there is no contractual agreement or stated policy for charging the net defined benefit cost for the plan as a whole to the individual entities, the company recognises an expense equal to its contributions payable in the period and does not recognise any unfunded liability of this pension scheme on its balance sheet.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation of tangible fixed assets is provided on the straight-line basis over their expected useful lives at the following rates per year:

Freehold land	do not depreciate
Freehold buildings	2%
Short-term leasehold premises	over term of lease
Office equipment	11% – 33%

Goodwill

Where the company has divisionalised the unincorporated businesses of its subsidiaries, the investment in the subsidiary then has the substance of goodwill and is reclassified accordingly. Goodwill arising in these circumstances is not amortised in the company where the directors are of the view that the goodwill has an indefinite economic life, but is reviewed annually for impairment. The non-amortisation of goodwill represents a departure from the Companies Act 2006 but is necessary to give a true and fair view under the provisions of FRS 10 'Goodwill and Intangible Assets'. It is not possible to quantify the impact of this departure, as it would depend on the life adopted. As at September 30 2010, total goodwill was £nil (2009: £2,765,000) as it was written off as part of the sale and transfer of business (see above).

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 taxation is calculated under the provisions of FRS 19 'Deferred Taxation', and 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 the timing differences crystallise based on current tax rates and law. Deferred tax is not provided on timing differences on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are only recognised to the extent that it is regarded as more likely than not that they will be recovered.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange of the related foreign exchange contract. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date.

Derivatives and other financial instruments

The company uses various derivative financial instruments to manage its exposure to foreign exchange and interest rate risks, including forward foreign currency contracts and interest rate swaps.

All derivative instruments are recorded in the balance sheet at fair value. Recognition of gains or losses on derivative instruments depends on whether the instrument is designated as a hedge and the type of exposure it is designed to hedge.

The effective portion of gains or losses on cash flow hedges are deferred in equity until the impact from the hedged item is recognised in the profit and loss account. The ineffective portion of such gains and losses is recognised in the profit and loss account immediately.

Gains or losses on the qualifying part of net investment hedges are recognised in equity together with the gains and losses on the underlying net investment. The ineffective portion of such gains and losses is recognised in the profit and loss account immediately.

Changes in the fair value of the derivative financial instruments that do not qualify for hedge accounting are recognised in the profit and loss account as they arise.

1 Accounting policies *continued*

The premium or discount on interest rate instruments is recognised as part of net interest payable over the period of the contract. Interest rate swaps are accounted for on an accruals basis.

Liabilities for put options over the remaining minority interests in subsidiaries are recorded in the balance sheet at their estimated discounted present value. These discounts are unwound and charged to the income statement as notional interest over the period up to the date of the potential future payment. In respect of options over further interests in joint ventures and associates, only movements in their fair value are recognised.

Trade and other receivables

Trade receivables are recognised and carried at original invoice amount, less provision for impairment. A provision is made and charged to the profit and loss account when there is objective evidence that the company will not be able to collect all amounts due according to the original terms.

Cash at bank and in hand

Cash at bank and in hand includes cash, short-term deposits and other short-term highly liquid investments with an original maturity of three months or less.

Dividends

Dividends are recognised as an expense in the period in which they are approved by the company's shareholders. Interim dividends are recorded in the period in which they are paid.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, and it is probable that economic benefits will be required to settle the obligation. If it is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Share-based payments

The company makes share-based payments to certain employees which are equity-settled. These payments are measured at their estimated fair value at the date of grant, calculated using an appropriate option pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of the number of shares that will eventually vest. At the period end the vesting assumptions are revisited and the charge associated with the fair value of these options updated. In accordance with the transitional provisions, FRS 20 'Share-based payments' has been applied to all grants of options after November 7 2002, that were unvested at October 1 2004, the date of application of FRS 20.

2 Staff costs

	2010 £000's	2009 £000's
Salaries, wages and incentives	31,899	31,329
Social security costs	3,465	2,261
Pension contributions	877	934
Share-based compensation costs (note 13)	1,431	2,206
	37,672	36,730

Details of directors' remuneration are set out in the Directors' Remuneration Report on pages 30 to 45 and in note 6 of the group accounts.

The parent company, DMGT, is required to account for the Harmsworth Pension Scheme under IAS 19 'Employee Benefits'. The IAS 19 disclosures in the Annual Report and Accounts of DMGT have been based on calculations performed as part of the work being carried out for the formal valuation of the scheme as at March 31 2007, and adjusted to October 3 2010 to take account of membership data as at September 30 2010. The calculations are adjusted to allow for the assumptions and actuarial methodology required by IAS 19. These showed that the market value of the scheme's assets was £1,342.6 million (2009: £1,228.4 million) and that the actuarial value of these assets represented 86.2% (2009: 78%) of the benefits that had accrued to members (also calculated in accordance with IAS 19). The valuations and disclosures required under IAS 19 for the financial statements of DMGT are not materially different to the valuations and disclosures required under FRS 17 'Retirement Benefits'.

The group is unable to identify its share of the underlying assets and liabilities in the Harmsworth Pension Scheme. The scheme is operated on an aggregate basis with no segregation of the assets to individual participating employers and, therefore, the same contribution rate is charged to all participating employers (i.e. the contribution rate charged to each employer is affected by the experience of the schemes as a whole). The scheme is therefore accounted for as a defined contribution scheme by the company. This means that the pension charge reported in these financial statements is the same as the cash contributions due in the period.

Notes to the Company Accounts
continued

3 Remuneration of auditors

	2010 £000's	2009 £000's
Fees payable for the audit of the company's annual accounts	499	486

4 Intangible assets

	Goodwill £000's
Cost	
At October 1 2009	5,050
Impairment	(5,050)
At September 30 2010	–
Amortisation[1]	
At October 1 2009	2,285
Impairment	(2,285)
At September 30 2010	–
Net book value at September 30 2010	–
Net book value at September 30 2009	2,765

In September 2010, goodwill was written off as part of the sale and transfer of business.

[1] The company does not amortise its goodwill (note 1).

5 Tangible assets

	Freehold land and buildings £000's	Short-term leasehold premises £000's	Office equipment £000's	Total £000's
Cost				
At October 1 2009	6,383	8,322	5,571	20,276
Additions	64	11	735	810
Disposals	(6,447)	(11)	(6,306)	(12,764)
At September 30 2010	–	8,322	–	8,322
Depreciation				
At October 1 2009	118	3,097	3,229	6,444
Charge for the year	82	543	484	1,109
Disposals	(200)	(9)	(3,713)	(3,922)
At September 30 2010	–	3,631	–	3,631
Net book value at September 30 2010	–	4,691	–	4,691
Net book value at September 30 2009	6,265	5,225	2,342	13,832

6 Investments

	2010 Subsidiaries £000's	2010 Investments in associated undertakings £000's	2010 Total £000's	2009 Subsidiaries £000's	2009 Investments in associated undertakings £000's	2009 Total £000's
At October 1	791,919	29	791,948	658,469	29	658,498
Additions	399,071	–	399,071	450,711	–	450,711
Disposals	(63,469)	–	(63,469)	(175,764)	–	(175,764)
Impairment losses	(671,488)	–	(671,488)	(141,497)	–	(141,497)
Exchange differences	12,215	–	12,215	–	–	–
At September 30	468,248	29	468,277	791,919	29	791,948

As part of the restructuring of the UK group, the net assets of certain entities were distributed to their parent companies and the entities became non-trading during the year. At the same time an impairment review was completed and the company's investments in these entities were written down.

Details of the principal subsidiary and associated undertakings of the company at September 30 2010 can be found in note 13 to the group accounts.

7 Disposals

Sale and transfer of trade and assets

On September 30 2010, the directors sold the company's trade and trading assets and liabilities to Euromoney Trading Limited, a 100% indirectly owned group company. The consideration received totalled £151,000,000 resulting in a profit on sale of £151,000,000. The sale allows the company to operate as a non-trading investment holding company.

	Book value £000's
Net assets disposed:	
Fixed assets	2,208
Current assets	102,252
Creditors: amounts falling due within one year	(100,429)
Creditors: amounts falling due after more than one year	(4,031)
	–
Consideration satisfied by:	
Cash	113,250
Shares (37,750 shares issued at £1,000 per share in Euromoney Trading Limited)	37,750
	151,000

8 Debtors

	2010 £000's	2009 £000's
Due within one year:		
Trade debtors	–	11,083
Amounts owed by DMGT group undertakings	1,022	1,390
Amounts owed by subsidiary undertakings	191,752	305,101
Other debtors	–	250
Deferred tax (note 11)	9,466	15,035
Prepayments and accrued income	–	1,948
	202,240	334,807

Notes to the Company Accounts
continued

9 Creditors

	2010 £000's	2009 £000's
Due within one year:		
Bank overdraft	–	12,445
Trade creditors	–	1,515
Amounts owed to DMGT group undertakings	–	2,523
Amounts owed to subsidiary undertakings	6,396	560,013
Other creditors	–	8,686
Corporation tax	584	–
Accruals	–	20,266
Deferred income	–	9,958
Other taxation and social security	–	981
Derivative financial instruments (note 15)	1,206	8,918
Acquisition option commitments	–	1,354
Loan notes	2,039	5,719
Provisions (note 10)	–	1,360
	10,225	633,738

	2010 £000's	2009 £000's
Due after more than one year:		
Committed facility (see note 20 in the group accounts)	137,908	171,404
Provisions (note 10)	1,521	1,653
Derivative financial instruments (note 15)	4,649	13,963
	144,078	187,020

10 Provisions

	2010 Other provisions £000's	2009 Other provisions £000's
At October 1	3,013	4,070
Provision	258	(691)
Used in the year	(719)	(366)
Intra-group transfers	(1,031)	–
At September 30	1,521	3,013

	2010 £000's	2009 £000's
Maturity profile of provisions:		
Within 1 year	–	1,360
Between 1 and 2 years	–	–
Between 2 and 5 years	1,521	1,653
	1,521	3,013

Other provisions

The provision consists of dilapidations on leasehold properties. In 2009 the provision also included social security arising on share option liabilities which was transferred to Euromoney Trading Limited as part of the sale of the company's trade and trading assets and liabilities.

11 Deferred tax

The deferred tax asset at September 30 2010 comprised:

	2010 £000's	2009 £000's
Accelerated capital allowances	–	(848)
Tax losses	7,885	7,307
Other short-term timing differences	1,581	8,576
Provision for deferred tax	9,466	15,035

Movement in deferred tax:	£000's	£000's
Deferred tax asset at October 1	15,035	6,296
Deferred tax credit in the profit and loss account	(674)	6,092
Deferred tax credit to equity	(544)	2,647
Intra-group transfer	(4,351)	–
Deferred tax asset at September 30	9,466	15,035

A deferred tax asset of £9,466,000 (2009: £15,035,000) has been recognised in respect of tax losses and other short-term timing differences. The directors are of the opinion that based on recent and forecast trading, the level of profits in future years are more likely than not to be sufficient to enable the asset to be recovered.

12 Share capital

	2010 £000's	2009 £000's
Allotted, called up and fully paid		
118,491,911 ordinary shares of 0.25p each (2009: 113,757,463 ordinary shares of 0.25p each)	296	284

During the year, 4,734,448 ordinary shares of 0.25p each (2009: 8,456,567 ordinary shares) with an aggregate nominal value of £11,836 (2009: £21,141) were issued as follows: 2,620,495 ordinary shares (2009: 6,257,957) under the company's 2009 scrip dividend alternative for a cash consideration of £nil (2009: £nil) and 2,113,953 ordinary shares (2009: 2,198,610 ordinary shares) following the exercise of share options granted under the company's share option schemes for a cash consideration of £1,322,454 (2009: £5,497).

13 Share-based payments

An explanation of the company's share-based payment arrangements are set out in the Directors' Remuneration Report on pages 32 to 35. The number of shares under option, the fair value per option granted and the assumptions used to determine their values is given in note 24 to the group accounts. Their dilutive effect on the number of weighted average shares of the company is given in note 10 to the group accounts.

Equity-settled options

The executive and Save as You Earn Options were valued using the Black–Scholes option-pricing model. Expected volatility was determined by calculating the historical volatility of the group's share price over a 14 year period. The executive options' fair values have been discounted at a rate of 10% to reflect their performance conditions. The expected term of the option used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The charge recognised in the year in respect of these options was £39,000 (2009: credit £142,000).

	Executive Options		SAYE		
Date of grant	December 4 2002	January 28 2004	9 December 17 2007	10 December 19 2008	11 December 11 2009
Market value at date of grant (p)	259	419	397	233	430
Option price (p)	259	419	318	187	344
Number of share options outstanding	114,000	92,487	35,003	362,994	51,688
Option life (years)	10	10	3.5	3.5	3.5
Expected term of option (grant to exercise (years))	5.5	5.5	3	3	3
Exercise price (p)	259	419	318	187	344
Risk-free rate	4.10%	4.10%	4.25%	5.00%	1.83%
Dividend yield	3.93%	3.93%	3.35%	5.65%	7.49%
Volatility	30%	30%	30%	30%	50%
Fair value per option (£)	0.52	0.72	1.13	0.58	1.21

13 Share-based payments *continued*

Capital Appreciation Plan (CAP 2004)

The Capital Appreciation Plan (CAP 2004) options were valued using a fair value model that adjusted the share price at the date of grant for the net present value of expected future dividend streams up to the date of expected exercise. The expected term of the option used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share-based expense in the year for the CAP 2004 options was £nil (2009: £2,348,000).

	CAP 2004		
	Tranche 1	Tranche 2	Tranche 3
Date of grant	June 20 2005	June 20 2005	June 20 2005
Market value at date of grant (p)	401	401	401
Option price (p)	0.25	0.25	0.25
Number of share options outstanding	1,587	119,128	129,492
Option life (years)	10	10	10
Expected term of option (grant to exercise (years))	3.28	4.53	5.53
Exercise price (p)	0.25	0.25	0.25
Risk-free rate	5.0%	5.0%	5.0%
Dividend growth	8.44%	8.44%	8.44%
Fair value per option (£)	3.28	3.02	2.82

Capital Appreciation Plan (CAP 2010)

The CAP 2010 options were valued using a fair value model that adjusted the share price at the date of grant for the net present value of expected future dividend streams up to the date of expected exercise. The expected term of the option used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share- based expense (including the charge in relation to the cash element) recognised in the year for the CAP 2010 and CSOP 2010 options was £1,392,000 (2009: £nil).

	CAP 2010		CSOP 2010
	Tranche 1	Tranche 2	UK
Date of grant	March 30 2010	March 30 2010	June 28 2010
Market value at date of grant (p)	501	501	603.34
Option price (p)	0.25	0.25	603.34
Number of share options outstanding	429,725	622,284	192,559
Option life (years)	10	10	9.38
Expected term of option (grant to exercise (years))	4	5	3
Exercise price (p)	0.25	0.25	603.34*
Risk-free rate	2.28%	2.75%	2.28%
Dividend growth	7.00%	7.00%	7.00%
Fair value per option (£)	4.37	4.20	4.37

* Exercise price excludes the effect of the funding award (page 92).

The following options are outstanding at September 30 and are options to subscribe for new ordinary shares of 0.25p each:

	2010 Number of share options	2009 Number of share options
Outstanding at October 1	1,918,519	3,215,130
Granted during the year	1,536,347	1,259,214
Exercised during the year	(1,083,761)	(1,551,772)
Lapsed during the year	(148,734)	(1,004,053)
Outstanding at September 30	2,222,371	1,918,519

The weighted average share price at the date of exercise for share options exercised during the year was £4.76 (2009: £1.86). The options outstanding at September 30 2010 had a weighted average exercise price of £1.44 (2009: £1.19), and a weighted average remaining contractual life of 6.6 years (2009: 4.1 years).

14 Commitments

At September 30 the company has committed to make the following payments in respect of operating leases on land and buildings:

	2010 £000's	2009 £000's
Operating leases which expire:		
Within one year	–	–
Between two and five years	702	17
Over five years	242	1,033
	944	1,050

15 Financial instruments

Derivative financial instruments

The derivative financial assets/(liabilities) at September 30 comprised:

	2010		2009	
	Assets £000's	Liabilities £000's	Assets £000's	Liabilities £000's
Interest rate swaps	–	(5,855)	7	(7,595)
Forward foreign exchange contracts	–	–	315	(15,286)
	–	(5,855)	322	(22,881)
Current portion	–	(1,206)	201	(8,918)
Non-current portion	–	(4,649)	121	(13,963)

As at September 30 2010, all forward foreign exchange contracts have been transferred to Euromoney Trading Limited and the aggregate amount of unrealised losses under forward foreign exchange contracts deferred in the fair value reserve relating to future revenue transactions is £nil (2009: £6,130,000). All the amounts previously deferred in equity for effective foreign exchange contracts have been released to the income statement together with the ineffective portion recognised directly in the company's profit or loss in the year resulting in a loss of £4,171,000 (2009: £6,700,000).

The company holds all the interest rate swaps for the group and full details regarding these can be found in note 19 to the group accounts.

There were no derivatives outstanding at the balance sheet date that were designated as fair value hedges.

Hedge of net investment in foreign entity

The company has both US dollar denominated borrowings which it has designated as a hedge of the net investment of its subsidiaries which have US dollars as their functional currency. The change in fair value of these hedges resulted in a decreased liability of £584,000 (2009: increase in liability of £1,246,000). During the year a loss of £12,215,000 (2009: gain £1,246,000) was generated from the revaluation of borrowings, offset by £363,000 (2009: £nil) of exchange differences included in the sale of investments and £12,436,000 (2009: £nil) of exchange differences included in the impairment of investments. There was no ineffectiveness in these hedges to be charged to the profit and loss account (2009: £nil), the totality of the charge has been deferred in reserves and will only be recognised in the company's profit and loss account if the related investment is sold.

Fair values of non-derivative financial assets and financial liabilities

Where market values are not available, fair values of financial assets and financial liabilities have been calculated by discounting expected future cash flows at prevailing interest rates and by applying year end exchange rates. The carrying amounts of short-term borrowings approximate the book value.

Notes to the Company Accounts
continued

16 Reserves

	Share premium account £000's	Other reserve £000's	Capital redemp-tion reserve £000's	Capital reserve £000's	Own shares £000's	Liability for share-based payments £000's	Fair value reserve £000's	Profit and loss account £000's	Total £000's
At September 30 2008	38,575	64,981	8	1,842	(74)	12,251	(6,286)	152,689	263,986
Retained profit for the year	–	–	–	–	–	–	–	67,169	67,169
Change in fair value of cash flow hedges	–	–	–	–	–	–	(6,589)	–	(6,589)
Tax on items taken directly to equity	–	–	–	–	–	–	2,647	–	2,647
Credit for share-based payments	–	–	–	–	–	2,206	–	–	2,206
Scrip/cash dividends paid	13,870	–	–	–	–	–	–	(20,657)	(6,787)
Exercise of share options	–	–	–	–	–	–	–	–	–
At September 30 2009	52,445	64,981	8	1,842	(74)	14,457	(10,228)	199,201	322,632
Retained profit for the year	–	–	–	–	–	–	–	191,237	191,237
Change in fair value of cash flow hedges	–	–	–	–	–	–	3,458	–	3,458
Transfer of loss on cash flow hedges from fair value reserves to income statement	–	–	–	–	–	–	4,397	–	4,397
Tax on items taken directly to equity	–	–	–	–	–	–	(544)	–	(544)
Exercise of acquisition option commitments	–	–	–	–	–	–	–	1,341	1,341
Credit for share-based payments	–	–	–	–	–	772	–	–	772
Scrip/cash dividends paid	12,319	–	–	–	–	–	–	(16,135)	(3,816)
Exercise of share options	1,318	–	–	–	–	–	–	–	1,318
At September 30 2010	66,082	64,981	8	1,842	(74)	15,229	(2,917)	375,644	520,795

The investment in own shares is held by the Euromoney Employees' Share Ownership Trust (ESOT). At September 30 2010 the ESOT held 58,976 shares (2009: 58,976 shares) carried at a historic cost of £1.25 per share with a market value of £361,000 (2009: £220,000). The trust waived the rights to receive dividends. Interest and administrative costs are charged to the profit and loss account of the ESOT as incurred.

The other reserve represents the share premium arising on the shares issued for the purchase of Metal Bulletin plc in October 2006.

Of the reserves above £15,229,000 (2009: £14,457,000) of the liability for share-based payments and £218,776,000 (2009: £80,083,000) of the profit and loss account is distributable to equity shareholders of the company. The remaining balance of £156,868,000 (2009: £119,118,000) is not distributable.

17 Reconciliation of movements in equity shareholders' funds

	2010 £000's	2009 £000's
Profit for the financial year	191,237	67,169
Dividends paid	(16,135)	(20,657)
	175,102	46,512
Issue of shares	13,649	13,891
Change in fair value of cash flow hedges	3,458	(6,589)
Transfer of loss on cash flow hedges from fair value reserves to income statement	4,397	–
Tax on items taken directly to equity	(544)	2,647
Exercise of acquisition option commitments	1,341	–
Credit to equity for share-based payments	772	2,206
Net increase in equity shareholders' funds	198,175	58,667
Opening equity shareholders' funds	322,916	264,249
Closing equity shareholders' funds	521,091	322,916

18 Related party transactions

Related party transactions and balances are detailed below:

(i) The company has a credit agreement with DMGRH Finance Limited, a fellow group company (note 20 of group accounts). As at September 30 2010 the amounts owing under the facility were: $159,000,000 (£100,901,000) (2009: $238,488,000 (£149,111,000)), and £37,007,000 (2009: £22,293,000). A commitment fee of £448,000 (2009: £319,000) was paid on the unused portion of the available facility.

(ii) The company expensed £387,000 (2009: £324,000) for services provided by Daily Mail and General Trust plc, a parent company, and related companies.

(iii) At September 30 2010 the company had £134,017,000 (2009: £143,290,000) fixed rate interest rate swaps outstanding with Daily Mail and General Holdings Limited, a fellow group company, amounting to $145,000,000 (2009: $170,000,000) at interest rates between 1.54% and 5.43% and termination dates between March 30 2011 and March 31 2014 and £42,000,000 (2009: £37,000,000) at interest rates between 2.02% and 6.2% and termination dates between March 30 2011 and September 28 2012.

(iv) During the year the company paid $5,933,000 (2009: paid $4,721,000) and paid £1,558,000 (2009: received £1,226,000) of interest from Daily Mail and General Holdings Limited and related companies, fellow group companies, in respect of interest rate swaps.

(v) During the year the company did not enter into any trading transactions with related undertakings that are not 100% owned within the group. In 2009, the company provided £271,000 of services to Coaltrans Conferences Limited (Coaltrans), a subsidiary. At September 30 2009 the company owed £647,000 to Coaltrans.

19 Post balance sheet event

The directors propose a final dividend of 11.75p per share (2009: 7.75p) totalling £13,927,000 (2009: £8,816,000) for the year ended September 30 2010. The dividend will be submitted for formal approval at the Annual General Meeting to be held on January 20 2011. In accordance with FRS 21 'Post balance sheet events', these financial statements do not reflect this dividend payable but will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending September 30 2011. During 2010, a final dividend of 7.75p (2009: 13.0p) per share totalling £8,816,000 (2009: £13,697,000) was paid in respect of the dividend declared for the year ended September 30 2009.

20 Ultimate parent undertaking and controlling party

The directors regard the ultimate parent undertaking as Rothermere Continuation Limited, which is incorporated in Bermuda. The ultimate controlling party is The Viscount Rothermere. The largest and smallest group of which the company is a member and for which group accounts are drawn up is that of Daily Mail and General Trust plc, incorporated in Great Britain and registered in England and Wales. Copies of the report and accounts are available from:

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

www.dmgt.co.uk

Five Year Record

Consolidated income statement extracts

	2006 £000's	2007 £000's	2008 £000's	2009 £000's	2010 £000's
Total revenue	222,276	305,594	332,064	317,594	330,006
Operating profit before acquired intangible amortisation, long-term incentive expense and exceptional items	43,812	78,606	81,308	79,447	100,057
Acquired intangible amortisation	(144)	(15,716)	(12,749)	(15,891)	(13,671)
Long-term incentive expense	(4,428)	(10,176)	(5,361)	(2,697)	(4,364)
Exceptional items	(716)	855	(2,477)	(33,901)	(228)
Operating profit before associates	38,524	53,569	60,721	26,958	81,794
Share of results in associates	1,208	490	308	219	281
Operating profit	39,732	54,059	61,029	27,177	82,075
Net finance costs	(4,498)	(12,931)	(23,603)	(44,538)	(10,651)
Profit/(loss) before tax	35,234	41,128	37,426	(17,361)	71,424
Tax credit/(expense) on profit/(loss)	3,512	(8,223)	7,279	10,412	(12,839)
Profit/(loss) after tax from continuing operations	38,746	32,905	44,705	(6,949)	58,585
Profit from discontinued operations	–	500	245	1,207	–
Profit/(loss) for the year	38,746	33,405	44,950	(5,742)	58,585
Attributable to:					
Equity holders of the parent	37,430	31,822	43,719	(6,287)	58,105
Equity non-controlling interests	1,316	1,583	1,231	545	480
Profit/(loss) for the year	38,746	33,405	44,950	(5,742)	58,585
Basic earnings/(loss) per share	42.11p	30.66p	41.69p	(6.83)p	50.04p
Diluted earnings/(loss) per share	41.90p	29.86p	40.37p	(6.67)p	49.47p
Adjusted diluted earnings/(loss) per share	28.61p	35.04p	44.36p	40.39p	53.50p
Diluted weighted average number of ordinary shares	89,340,024	104,888,887	107,687,024	112,372,620	117,451,228
Dividend per share	17.00p	19.00p	19.25p	14.00p	18.00p
Consolidated Statement of Financial Position extracts					
Intangible assets	71,598	380,022	407,578	425,648	422,707
Non-current assets	63,406	38,129	41,318	39,002	40,921
Accruals	(29,478)	(43,424)	(50,016)	(46,972)	(45,473)
Deferred income liability	(45,324)	(73,382)	(89,488)	(82,599)	(93,740)
Other net current assets/(liabilities)	7,334	23,965	(171,290)	(16,642)	21,962
Non-current liabilities	(94,310)	(269,530)	(50,038)	(213,446)	(176,894)
Net assets/(liabilities)	(26,774)	55,780	88,064	104,991	169,483

Financial Calendar and Shareholder Information

2010 final results announcement	Thursday November 11 2010
Final dividend ex dividend date	Wednesday November 17 2010
Final dividend record date	Friday November 19 2010
Announcement of the final scrip reference price for the scrip alternative	Wednesday December 8 2010
Last date for receipt by the company's registrars of scrip mandate forms	3.00 p.m. on Tuesday January 11 2011
2011 AGM (approval of final dividend)	Thursday January 20 2011
Payment of final dividend	Friday February 4 2011*
2011 interim results announcement	Thursday May 12 2011*
Interim dividend ex dividend date	Wednesday May 18 2011*
Interim dividend record date	Friday May 20 2011*
Payment of 2011 interim dividend	Wednesday June 22 2011*
2011 final results announcement	Thursday November 10 2011*
Loan note interest paid to holders of loan notes on	Friday December 31 2010 Thursday June 30 2011

* Provisional dates and are subject to change.

Shareholder queries
Administrative enquiries about a holding of Euromoney Institutional Investor PLC shares should be directed in the first instance to the company's registrar whose address is:

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Telephone: 0871 664 0300 (Calls cost 10p per minute plus network extras)
(from outside the UK: +44 (0) 20 8639 3399)

E-mail: ssd@capitaregistrars.com
www.capitaregistrars.com

Loan note redemption information
Loan notes can be redeemed twice a year on the interest payment dates above by depositing the Notice of Repayment printed on the Loan Note Certificate at the company's registered office. At least 20 business days' written notice prior to the redemption date is required.

Registered office
Nestor House
Playhouse Yard
Blackfriars
London
EC4V 5EX

Company's website
www.euromoneyplc.com

communications

www.euromoneyplc.com

Euromoney Institutional Investor PLC
Nestor House, Playhouse Yard,
London EC4V 5EX