Annual Report & Accounts 2011

Euromoney Institutional Investor PLC

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.

The group publishes more than 70 titles in both print and on-line format, including *Euromoney*, *Institutional Investor* and *Metal Bulletin*, and is a leading provider of electronic research and data under the BCA Research, Ned Davis Research and ISI Emerging Markets brands. It also runs an extensive portfolio of conferences, seminars and training courses for financial markets.

The group's main offices are 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 14.

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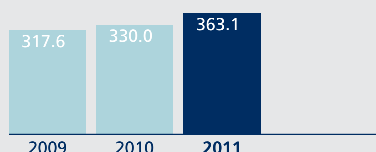
Highlights

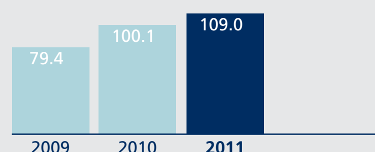
"The environment's getting tougher and more volatile revenues like advertising have shown signs of weakness, but cash flows are very strong and the immediate outlook is fairly positive."

Padraic Fallon
Chairman

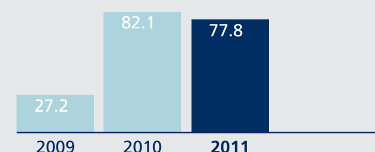
Revenue
£363.1m



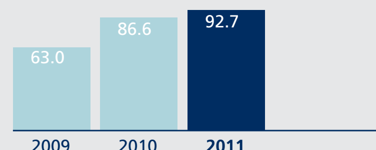
Adjusted Operating Profit*
£109m



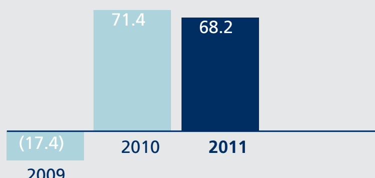
Operating Profit
£77.8m



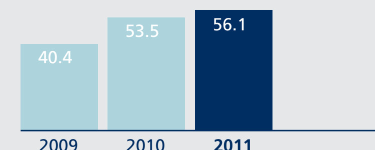
Adjusted Profit before Tax*
£92.7m



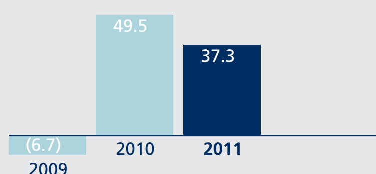
Profit/(Loss) before Tax
£68.2m



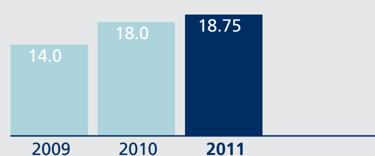
Adjusted Diluted Earnings Per Share*
56.1p



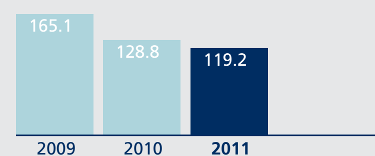
Diluted Earnings/(Loss) Per Share
37.3p



Dividend
18.75p



Net Debt
£119.2m



* See reconciliation of Consolidated Income Statement to adjusted results on page 6.

Our Divisions
Activities

FINANCIAL PUBLISHING
£83.8m Revenue

23% of group turnover

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* and the hedge fund titles *EuroHedge*, *InvestHedge*, *AsiaHedge* and *AR*.

TRAINING
£32.5m Revenue

9% of group turnover

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
£59.5m Revenue

16% of group turnover

The business publishing division produces specialist magazines and other publications covering the metals and mining, legal, telecoms and energy sectors.

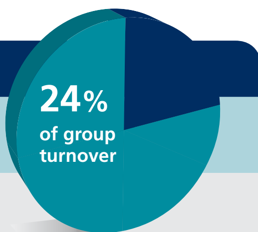
Its leading brands include: *Metal Bulletin*, *American Metal Market*; *International Financial Law Review*, *International Tax Review* and *Managing Intellectual Property*; *Capacity*; *Petroleum Economist*, *World Oil* and *Hydrocarbon Processing*.

Principal Brands

EUROMONEY

CONFERENCES and SEMINARS

£86.2m Revenue

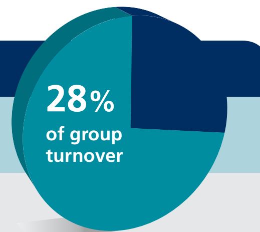


The group runs a large number of sponsored conferences and seminars for the international financial markets, mostly under the Euromoney, Institutional Investor, Metal Bulletin and IMN brands.

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 *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 worldwide meeting place for telecom carriers and service providers; and MIS runs a leading event for the information security sector in the US, *InfoSec World*.

RESEARCH and DATA

£104.3m Revenue



The group provides a number of subscription-based research and data services for financial markets.

Montreal based BCA Research is one of the world's leading independent providers of global economic research. During the year, the group expanded its independent research activities with the acquisition of US-based Ned Davis Research, a leading provider of independent financial research to institutional and retail investors. 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 group also offers global capital market databases through a venture with its AIM-listed partner, Dealogic plc.

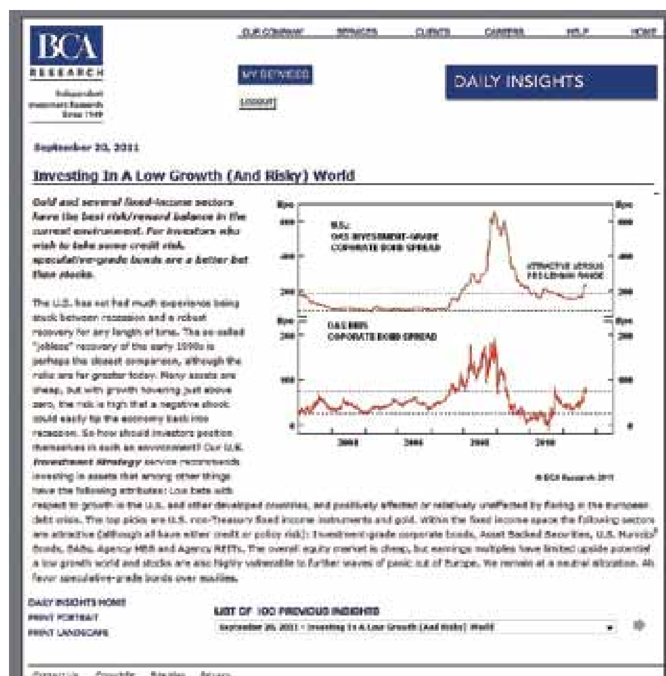
Chairman's Statement

Padraic Fallon

In 2012 your company is expected to pass a significant milestone in its longer-term strategy to increase the quality of its earnings, when revenues from subscriptions will exceed half of the total. What is more, much of the growth in subscriptions is expected to arise from products that are delivered electronically, and that generate higher margins.

Our margin was remarkably stable at 30% in the year to September 30 last in spite of a heavy investment programme. We also generated more cash than ever, achieved record adjusted profits and record revenues, and hit the Capital Appreciation Plan's profit target two years ahead of plan, clear signals that our strategy has been working well. The recommended final dividend, if you approve it, will increase the total by 4% to 18.75p a share.

The operating climate for many of our businesses, though, remains harsh. Some markets look more volatile than ever and some revenue streams are flat or weak. In spite of that, the immediate trading outlook is fairly positive, while the balance sheet is strong and getting stronger. We are also pleased that the integration of Ned Davis Research, acquired in August last for £65 million in cash, has so far gone according to plan.



We have, as we said we would, continued with the strategy of developing as a robust and tightly focused global online information business with a strong emphasis on emerging markets. This involves increasing the proportion of revenues derived from subscription products; using technology efficiently to assist the online migration of the group's print products as well as developing new electronic information services; investing in products of the highest quality that customers will value in tough times as well as good; eliminating products with a low margin or too high a dependence on advertising; maintaining tight cost control at all times; retaining and fostering an entrepreneurial culture; and using a healthy balance sheet and strong cash flows to fund selective acquisitions.

During 2011 the group continued its ambitious programme of investing in new technology and content delivery platforms, particularly for the mobile user, and in new digital information products, as part of its migration to a global online information business. Over the year the group spent more than £9 million enhancing its existing products, all of it expensed from profits, and expects a similar level of investment in 2012. In addition, the group has undertaken a substantial investment programme at two of its most important electronic information businesses, BCA Research and CEIC Data, with a view to building rapidly the quality and coverage of their products and expanding their global sales resources. In 2012, the company intends to continue to pursue its successful strategy of tight cost control while investing in digital publishing and selective acquisitions of specialist online information businesses to drive further long-term revenue growth.

In August the group completed the acquisition of Ned Davis Research (NDR). NDR produces data, financial models, charts and independent market commentary to help clients execute their asset allocation strategies. All of NDR's content is published online and the acquisition is expected to increase the proportion of the group's revenues derived from subscriptions to more than 50% for the first time. Euromoney intends to apply a similar investment strategy to NDR as it has done so successfully with its other independent research business, BCA Research, and build a range of new international products and drive revenue growth through an expanded global sales team. The early signs of trading at NDR are encouraging, and the board believes that the acquisition strengthens the company's quality of earnings.

Highlights and recommended final dividend

Group adjusted profit before tax rose to £92.7 million for the year to September 30 2011, against £86.6 million in 2010. Adjusted diluted earnings a share were 56.1p (2010: 53.5p). The Directors recommend

a 6% increase in the final dividend to 12.50p, giving a total for the year of 18.75p (2010: 18.0p), to be paid to shareholders on February 9 2012.

These record results mean the group has achieved the profit target under its Capital Appreciation Plan two years earlier than first expected. Although individual awards under the plan cannot vest more than one year early, the satisfaction of the performance test triggers an additional accelerated long-term incentive expense of £6.6 million, with a corresponding reduction in the expense in future years. This additional accelerated expense has been excluded from adjusted profit before tax and the adjusted diluted earnings a share figure used for setting the final dividend.

The group's performance in the second half has broadly matched that of the first, although markets have become more challenging as the year has progressed. Double digit growth in subscription revenues was maintained throughout the year while the quality of the group's event portfolio has been demonstrated by the 20% growth in sponsorship revenues. Total revenues for the year increased by 10% to £363.1 million and this revenue growth, combined with tight control of headcount, helped the group maintain its adjusted operating margin at 30% in spite of significant investment in new products and technology.

Net debt at September 30 was £119.2 million compared with £102.7 million at March 31, following the acquisition of NDR in August for a cash consideration of £64.8 million. Excluding acquisitions, net debt fell by approximately £50 million in the second half, reflecting the group's strong cash flows and an operating cash conversion rate* in excess of 100%. The group's net debt to EBITDA ratio at year end was 1.0 times, leaving plenty of headroom for the group to pursue its selective acquisition strategy.

Outlook

Financial markets continue to suffer from concerns over increased fiscal risk, particularly in the Eurozone, and weaker prospects for global economic growth. Nevertheless, the outlook for the first quarter of the new financial year is reasonably positive. Subscriptions increased at an underlying rate of 10% in the fourth quarter of financial year 2011, which provides good momentum for further revenue growth. Delegate bookings for the group's training and event businesses have also held up well. In contrast, as announced in September, sales of advertising, and to a lesser degree event sponsorship, have shown signs of weakness since the summer. The board expects the trading environment for the rest of financial year 2012 to be more challenging and, as usual at this time, forward revenue visibility beyond the first quarter is limited other than for subscriptions.

For 2012, the group plans to continue its programme of investing in the digital transformation of its businesses, and in improving the quality of the products and expanding the sales resources of its research and data businesses including the recently acquired NDR. Total investment costs are expected to be similar to those expensed in financial year 2011 which, combined with tight cost control, will help underpin the group's objective to maintain its adjusted operating margin close to 30%.

Succession

In August the doctors told me I had cancer, and as announced I will retire as chairman at the AGM in January 2013 after 21 years in the chair and 38 with the company. I am very confident that my successor will have the same strong support from you, the shareholders, and from our colleagues and the board as I have.

Our people across the world have done a wonderful job to deliver such a good result in a year that has been notable for the levels of political attention focused on financial markets, particularly in Europe, and for the degree of uncertainty across the world economy generally. I thank them on your behalf and on mine, and I wish them well in the times ahead.

Padraic Fallon
Chairman
November 9 2011

* The operating cash conversion rate is the percentage by which cash generated from operations covers adjusted operating profit.

Appendix to Chairman's Statement

Reconciliation of Consolidated Income Statement to adjusted results for the year ended September 30 2011

The reconciliation below sets out the adjusted 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 adjusted trading performance.

	Note	**Adjusted £000's**	**Adjust-ments £000's**	**2011 Total £000's**	Adjusted £000's	Adjust-ments £000's	2010 Total £000's
Total revenue	3	**363,142**	**–**	**363,142**	330,006	–	330,006
Operating profit before acquired intangible amortisation, long-term incentive expense and exceptional items	3	**108,967**	**–**	**108,967**	100,057	–	100,057
Acquired intangible amortisation		**–**	**(12,221)**	**(12,221)**	–	(13,671)	(13,671)
Long-term incentive expense		**(9,491)**	**–**	**(9,491)**	(4,364)	–	(4,364)
Additional accelerated long-term incentive expense	6	**–**	**(6,603)**	**(6,603)**	–	–	–
Exceptional items	5	**–**	**(3,295)**	**(3,295)**	–	(228)	(228)
Operating profit before associates		**99,476**	**(22,119)**	**77,357**	95,693	(13,899)	81,794
Share of results in associates		**408**	**–**	**408**	281	–	281
Operating profit		**99,884**	**(22,119)**	**77,765**	95,974	(13,899)	82,075
Finance income	8	**1,761**	**–**	**1,761**	1,637	–	1,637
Finance expense	8	**(8,961)**	**(2,368)**	**(11,329)**	(10,968)	(1,320)	(12,288)
Net finance costs		**(7,200)**	**(2,368)**	**(9,568)**	(9,331)	(1,320)	(10,651)
Profit before tax		**92,684**	**(24,487)**	**68,197**	86,643	(15,219)	71,424
Tax expense on profit	9	**(24,164)**	**1,637**	**(22,527)**	(23,325)	10,486	(12,839)
Profit after tax		**68,520**	**(22,850)**	**45,670**	63,318	(4,733)	58,585
Attributable to:							
Equity holders of the parent		**68,441**	**(22,850)**	**45,591**	62,838	(4,733)	58,105
Equity non-controlling interests		**79**	**–**	**79**	480	–	480
		68,520	**(22,850)**	**45,670**	63,318	(4,733)	58,585
Diluted earnings per share – continuing operations	11	**56.05p**	**(18.71)p**	**37.34p**	53.50p	(4.03)p	49.47p

Adjusted figures are presented before the impact of amortisation of acquired intangible assets (comprising brands, trademarks, databases and customer relationships) and goodwill impairment, the additional accelerated long-term incentive expense, restructuring and other exceptional operating costs, deferred consideration, non-cash movements on acquisition option commitment values. In respect of earnings, adjusted 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, 6, 8, 9 and 11 to the Annual Report.

Directors' Report

The directors submit their annual report and group accounts for the year ended September 30 2011.

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 titles in both print and on-line format, including *Euromoney*, *Institutional Investor* and *Metal Bulletin*, and is a leading provider of electronic research and data under the BCA Research, Ned Davis Research and ISI Emerging Markets brands. It also runs an extensive portfolio of conferences, seminars and training courses for financial markets. The group's main offices are 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 14.

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 profit target was achieved this year, adjusted pre-tax profits* were £101.3 million, a significant achievement and two years earlier than expected. However, the internal rules of the plan prevent the awards vesting more than one year early so although the target has been achieved the award pool will be allocated between the holders of outstanding awards by reference to their contribution to the growth in profits of the group from the 2009 base year to the profits achieved in financial year 2012. The board are 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 Directors' Remuneration Report.

* Profit before tax excluding acquired intangible amortisation, CAP 2010 element of long-term incentive expense, exceptional items, profits from significant acquisitions, 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 as set out in the Income Statement, note 5, 6 and note 8.

Directors' Report
continued

3. Business review

3.1 Group results and dividends

The group profit for the year attributable to shareholders amounted to £45.6 million (2010: £58.1 million). The directors recommend a final dividend of 12.5 pence per ordinary share (2010: 11.75 pence), payable on February 9 2012 to shareholders on the register on November 18 2011. This, together with the interim dividend of 6.25 pence per ordinary share (2010: 6.25 pence) which was declared on May 19 2011 and paid on July 21 2011, brings the total dividend for the year to 18.75 pence per ordinary share (2010: 18.0 pence).

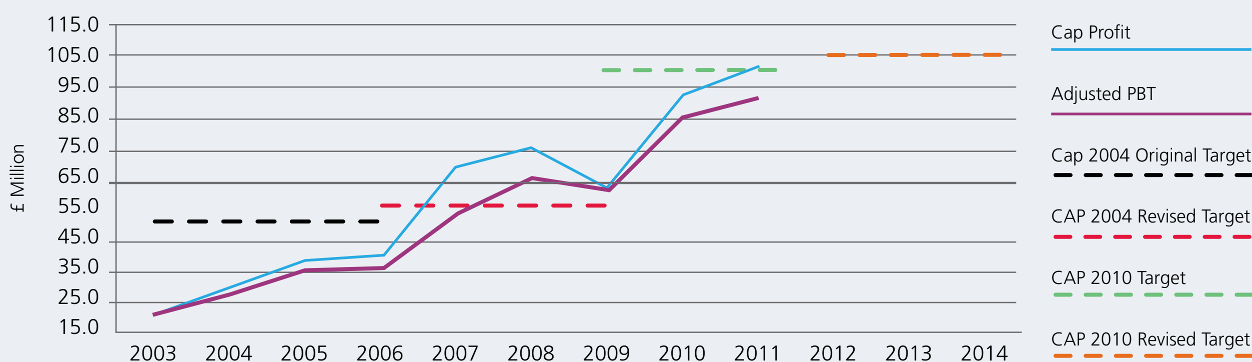
3.2 Key performance indicators

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

	Revenue 2011 £m	**Mix 2011 %**	Revenue 2010 £m	Mix 2010 %	**Revenue growth %**
Revenue growth and mix					
Subscriptions	**171.0**	**47%**	153.7	46%	**+11%**
Advertising	**62.7**	**17%**	57.6	17%	**+9%**
Sponsorship	**48.8**	**13%**	40.6	12%	**+20%**
Delegates	**75.0**	**20%**	70.8	21%	**+6%**
Other/closed	**9.4**	**3%**	11.5	4%	**(18%)**
Foreign exchange losses on forward contracts	**(3.8)**	**–**	(4.2)	–	**–**
	363.1	**100%**	330.0	100%	**+10%**

	2011	2010	**Change**
Gross margin[1]	**73.9%**	74.1%	**(0.2%)**
Adjusted operating margin[2]	**30.0%**	30.3%	**(0.3%)**
Like-for-like growth in profits[3]	**£12.4m**	£12.3m	
Headcount[4]	**2,111**	1,988	**123**
Net debt to EBITDA[5]	**1.01:1**	1.28:1	

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 and the accelerated long-term incentive plan expense, but after the normal 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 as set out in the Group Income Statement, note 5 and note 8.
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 10% to £363.1 million. After a 13% increase in the first half, the headline rate of revenue growth dropped to 7% in the second, largely due to the impact of exchange rates. At constant currency, the underlying rate of revenue growth was 12% in the second half, against 13% in the first, with growth across all revenue streams.

	2011	2010	Headline change			Change at constant exchange rates
Revenues	**£m**	£m	H1	H2	Year	Year
Subscriptions	**171.0**	153.7	13%	10%	11%	14%
Advertising	**62.7**	57.6	15%	5%	9%	11%
Sponsorship	**48.8**	40.6	34%	12%	20%	25%
Delegates	**75.0**	70.8	3%	9%	6%	8%
Other/closed	**9.4**	11.5	(12%)	(24%)	(18%)	(18%)
Foreign exchange losses on forward currency contracts	**(3.8)**	(4.2)	–	–	–	–
Total revenue	**363.1**	330.0	13%	7%	10%	12%

Subscriptions account for nearly half the group's revenue and the group has maintained double digit growth throughout financial year 2011, despite comparisons with 2010 becoming tougher as the year progressed. More than 70% of subscription revenues are derived in US dollars and currency movements have had a negative impact on growth rates in the second half. After removing the effect of exchange rates and the acquisition of NDR, underlying subscription revenues increased at a rate of 11%. This subscription growth continues to be generated by the group's premium online research and data services such as BCA Research and CEIC Data, contrasting with the lower growth rates of the traditional print publishing businesses. The acquisition of NDR and the group's investment in online publishing is expected to continue to support subscription revenue growth in the first half of financial year 2012.

Directors' Report
continued

As reported in the pre-close trading update in September, the volatility and uncertainty in markets over the summer was followed by a slowing in the rate of growth of advertising and, to a lesser degree, event sponsorship sales. As a result, September's advertising revenues were lower than expected although the impact of this advertising slow-down is more likely to be felt in the first quarter of financial year 2012.

The event businesses have been a key driver of the group's strong recovery over the two years since the global credit crisis. Revenues broadly comprise an equal mix of both sponsorship and paying delegates, and the growth in the second half reflects the success of the group's strategy of building large, must-attend annual events in niche markets, and continually investing to grow these events while adding new, smaller events as markets improve. The recent market uncertainty has had limited impact on the group's event businesses, while delegate bookings for training courses have held up well.

The group derives nearly two thirds of its total revenue in US dollars and movements in the sterling-US dollar rate can have a significant impact on reported revenues. This was not the case in the first half but in the second the average US dollar rate increased to $1.63 (2010: $1.51) which means that headline revenue growth rates are lower than underlying growth rates at constant currency by several percentage points (see table above).

The group's adjusted operating margin was 30.0% against 30.3% in 2010. The continued investment in digital publishing and the lag effect of increases in headcount at the end of 2010 was expected to have a negative impact on margins in 2011. This was the case in the first half when the adjusted operating margin fell by one percentage point, but this trend was reversed in the second half as revenue growth was derived from the group's higher margin research and data businesses and headcount was tightly controlled in expectation of a more challenging trading environment. Permanent headcount at September 30 was 2,111 against 2,011 at March 31 and the increase in headcount in the second half was entirely due to the acquisition of NDR. The average permanent headcount for the year increased by 9% to 2,032.

3.4.2 Business division review

Financial Publishing: revenues, approximately 50% of which are advertising-related, increased by 5% to £83.8 million and adjusted operating profit by 3% to £28.2 million. Advertising revenues came under pressure towards the end of the year but the increased investment in digital publishing has contributed to an increasing proportion of advertising revenues from online rather than print, and a strong performance from products less dependent on advertising such as *EuroWeek* and Institutional Investor Research.

Business Publishing: the group's activities outside finance cover a number of sectors including metals, commodities, energy, telecoms and law, with only 35% of revenues derived from advertising. Revenues increased by 7% to £59.5 million and the adjusted operating margin dropped from 41% to 39% due to the impact of investment in digital publishing, particularly in businesses such as Metal Bulletin and legal publishing.

Training: the group's training division predominantly serves the global financial sector with a strong focus on emerging markets. After a slow start to the calendar year, due partly to the political unrest in the Middle East, delegate bookings improved from June and the division finished the year strongly with a 16% increase in Q4 revenues. Training revenues for the year increased by 9% to £32.5 million and adjusted operating profits by 10% to £7.9 million at a consistent adjusted operating margin of 24%.

Conferences and Seminars: revenues comprise both sponsorship and paying delegates and increased by 12% to £86.2 million. Adjusted operating profit increased by 13% to £26.6 million and the adjusted operating margin was unchanged at 31%. Growth has come across all sectors but in particular from those outside finance such as metals, coal and telecoms which have a higher emerging market exposure.

Research and Data: revenues are predominantly derived from subscriptions and increased by 16% to £104.3 million. Adjusted operating profit increased by 12% to £42.5 million and the adjusted operating margin fell by one percentage point to 41% reflecting the investment programme at BCA research and CEIC Data. NDR contributed subscription revenues of £4.6 million and an adjusted operating profit of £1.2 million for the two months since acquisition.

3.4.3 Financial review

The adjusted profit before tax of £92.7 million compares to a statutory profit before tax of £68.2 million. A detailed reconciliation of the group's adjusted 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. In addition, the earlier than expected achievement of the CAP profit target has triggered an additional accelerated CAP expense of £6.6 million which has further reduced the group's statutory profit.

Adjusted net finance costs for the group's committed borrowing facility fell by £2.1 million to £7.2 million, reflecting the rapid reduction in net debt prior to the acquisition of NDR. The average cost of funds for the year increased to 5.7% (2010: 5.2%) as the group's cheaper floating rate debt comprised a smaller portion of the total debt for most of the year. Following the acquisition of NDR, this position is expected to reverse in 2012 when the average cost of debt should be less than 5%. Statutory net finance costs of £9.6 million (2010: £10.7 million) include a £1.8 million charge for the increase in deferred consideration paid on the acquisition of Arete in 2010.

The adjusted effective tax rate for the year was 26% against 27% in 2010. The tax rate depends on the geographic mix of profits and the group has benefited this year from reductions in UK and Canadian corporate tax rates, which are expected to lower the adjusted effective tax rate again in 2012. After utilising tax losses to reduce cash taxes paid in 2010, the group returned to a tax paying position in 2011 and cash taxes paid in the year were £27.0 million against an adjusted tax expense of £24.2 million.

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 £0.4 million reduction in currency hedging losses compared to last year.

The group does not hedge the foreign exchange risk, primarily from the US dollar, on the translation of overseas profits. It does, however, 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. The translation impact of a one cent movement in the average sterling-US dollar exchange rate on overseas profits is approximately £0.4 million on an annualised basis. The average sterling-US dollar rate for the year was $1.61 (2010: $1.55) which reduced profits by approximately £2.5 million, most of it in the second half when the rate was $1.63 against $1.51 for the same period in 2010.

3.4.4 Net debt, cash flow and dividend

Net debt at September 30 was £119.2 million compared with £102.7 million at March 31, following the acquisition of NDR in August for a net cash consideration of £64.8 million. Excluding acquisitions, net debt has fallen by approximately £50 million since March 31, reflecting the group's strong cash flows which are traditionally weighted to the second half. Cash generated from operations increased by £17.2 million to £118.0 million and the operating cash conversion rate (the percentage by which cash generated from operations covers adjusted operating profit) was 108% (2010: 101%).

The acquisition of an 85% interest in NDR was funded from the group's existing borrowing facility. The remaining 15% will be acquired under an earn-out agreement, in two equal instalments, based on the profits of NDR for the years to December 31 2012 and 2013. At September 30, the expected discounted consideration payable under the earn-out was £10.1 million.

The group's debt is provided through a $400 million (£258 million) multi-currency committed facility from its parent company, Daily Mail and General Trust plc (DMGT). The three year facility (£65 million) is due to expire in December 2011 and will not be renewed. The five year facility (£193 million) expires in December 2013 and will be used to fund the group's borrowing requirements for the next two years. In addition, DMGT has recently renewed its bank facilities for a five year period to April 2016, under which a facility of $300 million (£193 million) will be available to the group on expiry of its five year facility should it be required.

The net debt to EBITDA ratio on the group's committed facility was 1.0 times at year end, well within the group's internal covenant of three times. There are no significant capital or acquisition commitments currently expected for financial year 2012, leaving the group with plenty of headroom to pursue its selective acquisition strategy.

The company's policy is to distribute a third of its after–tax earnings by way of dividends each year. Accordingly, the board recommends a final dividend of 12.5p a share (2010: 11.75p) making a total dividend for the year of 18.75p (2010: 18.0p). The adjusted diluted earnings a share figure (56.1p) used to calculate the final dividend excludes the additional accelerated CAP long–term incentive scheme expense of £6.6 million because the board believes this gives a better indication of the underlying earnings of the group. The final dividend will be paid on February 9 2012 to shareholders on the register at November 18 2011. A scrip dividend alternative will again be available to shareholders and the group's majority shareholder, DMGT, has indicated its intention to accept the scrip alternative.

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3.4.5 Balance sheet

The net assets of the group were £225.6 million compared to £169.5 million in 2010. The main movements in the balance sheet items were **intangible assets** increased by £67.3 million, reflecting the recognition of £34.8 million of goodwill and £37.7 million of acquired intangible assets following the acquisition of NDR, foreign exchange gains of £7.0 million, and amortisation costs of £12.5 million; **property, plant and equipment** increased by £0.9 million to £20.4 million, largely as a result of the acquired assets of NDR, £1.4 million, regular capital expenditure across the group of £2.1 million offset by depreciation of £2.7 million; **trade and other receivables** increased by £8.6 million to £71.4 million due to an £8.5 million increase in trade debtors primarily reflecting the increased revenues of the group and partly from the acquisition of NDR, a £0.2 million increase in other receivables and a £0.3 million reduction in the debtors provision; **net derivative financial instrument** (due less than one year and more than one year), fell from a liability of £13.6 million to a liability of £6.9 million following maturity of several forward currency and interest rate swap contracts during the year coupled with a reduction in the mark to market loss of the group's future interest rate swaps; total **acquisition option commitments** increased from £1.1 million to £11.0 million reflecting the new commitment to purchase the remaining equity shareholding in NDR; **accruals** increased by £10.8 million to £56.2 million due in part to the early payment of the UK profit shares last year to take advantage of the lower tax rates and foreign exchange; **deferred income** increased by £11.8 million to £105.5 million reflecting the increase in the group's forward sold subscription and event revenues; **other non-current liabilities** increased from £0.9 million to £11.0 million reflecting the liability for the cash element of the CAP 2010, including the portion that relates to the accelerated charge (see note 6); **committed loan facility** fell £7.8 million to £130.1 million, net cash generated by the group from operations of £118.0 million offset by £66.4 million used in investing activities (mainly the acquisition of NDR), £23.3 million spent on financing activities and £27.0 million on tax; **net pension deficit** increased from a deficit of £1.5 million to a deficit of £1.9 million reflecting a £0.5 million increase in the pension obligation offset by a £0.1 million increased in the asset value; the net **deferred tax** liability has increased by £5.7 million to £9.0 million, the asset decreasing due to the use of tax losses and the unwinding of deferred tax on intangible assets and goodwill impairment.

3.4.6 Capital Appreciation Plan (CAP)

The CAP is the group's long-term incentive scheme designed to retain and reward those who drive profit growth and is an integral part of the group's successful growth and investment strategy.

The terms of CAP 2010 broadly require an adjusted profit before tax (and before CAP expense) of £100 million to be achieved, from a base profit of £62.3 million in financial year 2009, within the four year performance period ending in September 2013. The better than expected financial performance of the group in the last two years means the CAP profit target has been achieved in financial year 2011, two years earlier than expected.

The total cost of CAP 2010 can be no more than £30 million. This cost was being expensed over the expected life of the plan, starting from March 2010, on the assumption that the profit performance test would first be satisfied in the financial year ending in September 2012, one year earlier than originally expected. The profit performance has now been satisfied two years earlier than expected and, under IFRS 2, the earlier achievement of the CAP profit target triggers an additional accelerated CAP expense of £6.6 million in this financial year, with a corresponding reduction in the expected CAP expense for financial years 2012, 2013 and 2014 of £1.1 million, £3.8 million and £1.7 million respectively. The board believes that this additional accelerated CAP expense distorts the underlying earnings of the group and has excluded this cost from its reported adjusted profit before tax and the adjusted diluted earnings a share figure used for setting the final dividend.

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 rules of the CAP were modified this year such that individual awards could not vest more than one year ahead of the original performance period. This means that although the CAP profit target has been reached in financial year 2011, individual CAP awards will be based on profits for financial year 2012 and the first 50% tranche of CAP awards will not vest until February 2013.

The second 50% tranche of CAP 2010 awards will only vest if the CAP profit target is again achieved in financial year 2012 or later. Following the acquisition of NDR, the profit target for the second 50% vesting of CAP awards has been increased by £5 million to £105 million.

3.4.7 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 and commodities, and in emerging markets.

Acquisition

On July 29 2011, the group acquired 84.99% of the equity share capital of Ned Davis Research (NDR), the US-based provider of independent financial research to institutional and retail investors, for a cash consideration of US$112 million (£68.2 million). The remaining interest in NDR will be acquired under an earn-out agreement, in two equal instalments, based on the profits of NDR for the years to December 31 2012 and 2013 for approximately US$15.8 million (£10.1 million). Further details are set out in note 15.

Deferred consideration payments

In August 2010 the group acquired 100% of the equity of Arete Consulting Limited, the market leading database of retail structured investment products, for an initial cash consideration of £6.1 million with a further payment in 2011 calculated using a pre-determined multiple of the February 2011 audited profits of the Arete group. This payment was initially estimated as approximately £0.6 million. Due to the strong performance of Arete since acquisition, the amount of deferred consideration paid under this mechanism increased to £2.4 million.

Increase in equity holdings

During the year the group spent £50,000 on an additional 0.08% interest in Internet Securities Inc., the emerging market content aggregator and data business, taking its holding to 98.8%.

3.4.8 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 the second half of 2010 the group stepped up its investment in new businesses and increased headcount accordingly ending 2010 with 1,988 people. This investment continued in the first quarter of financial year 2011 and headcount peaked at 2,048 people. However, following the subsequent restructuring of some underperforming businesses the group reduced headcount by approximately 120 people. This was offset, in headcount terms, by the additional people from the acquisition of NDR. The group's headcount at the end of 2011 was 2,111.

3.4.9 Marketing and digital development

In 2011 the group's marketing strategy has focused on growing online revenue through online product development and online marketing, combined with increased automation and outsourcing efficiencies.

The directors have striven to provide users with more choice in how to access content while on the move, launching a number of iPhone and iPad apps throughout 2011. One of the group's key apps, *EuroWeek*, was chosen as an Apple iTunes 'staff pick' and became a top performer for premium financial news whilst BCA's iPad and iPhone apps have now been used by 35% of the group's client organisations.

The group has also continued to invest in online with a £7.85 million investment. This investment was used to spearhead 24 new or redeveloped products across the portfolio. It also enabled the start of the roll-out of a new campaign management system and a two-year investment in enterprise-wide website analytics (*Webtrends*), providing detailed insights into user activity and website performance and ROI measurement. Across all our subscription websites the average number of unique visits has increased 11%.

The group's customer-focus is reflecting in the subscriber feedback – for example 88% subscribers of the recently launched *Industrial Minerals* rated the publication in an independent survey (October 2011) as Good/ Excellent (which makes it a leading industry publication).

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In 2011 marketing's cost efficiency has continued, with Manila-based telesales making up 47% (£12 million) of total UK and Asia delegate revenues. In addition, efficiencies have continued with data research and cleansing operations, resulting in 100% of contacts research and cleansing now performed by our Mumbai–based outsource company.

3.4.10 Systems and information technology

The group continues to invest across all technology areas.

The group launched a new technology initiative in 2011, the Campus programme, to improve how company systems and data are accessed and managed outside of the office. The programme is also introducing a Bring Your Own Device "BYOD" environment to enable employees to use their own personal laptops, tablets and devices more effectively for work. The group is adding new hot desk areas during 2012 to provide better optimisation of office space and reduce business overheads.

New CRM technology has been integrated with the company's telecom, marketing and online systems to streamline processes, generate new sales and promote cross-selling. The roll out to sales teams across the group will continue through 2012.

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.

New secure multi-functional device technology was rolled out in London enabling employees to collect prints, make copies or scan documents directly to email, from any device, on any floor, in any building. Planning is underway to expand the solution to other offices.

The group has invested in resilient and high capacity telecom infrastructure. The VoIP networks provide a scalable and feature-rich telephony network across the group. Least cost routing helps source the best value tariffs across worldwide regions. 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. 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. The technology is being extended during 2012 to employee desktops and other office locations including outsourcing sites. Telecom suppliers and services are reviewed annually to ensure costs are managed tightly.

Investment in technology to support online businesses continues. The group has invested significantly in new utility computing and cloud-based hosting technology to ensure its websites maintain the very highest performance. The new platform is expected to go live early next year. A new content management system is being rolled out across the group during 2012 to optimise publishing to web, print and the rapidly increasing number of mobile platforms including iPad, Android and Blackberry.

Investment in e-commerce infrastructure continued throughout 2011. New online store technology is in development to provide a flexible and optimised platform to promote better cross-selling of products across the group. We are also continuing to invest in technology that can help protect online and offline content.

The group is in the process of implementing a new online advertising system to optimise usage of advertising inventory and improve management reporting across the group. The group is also introducing new online reporting software during the year to improve analysis of web application and social network activity across sites.

Many sites were re-launched during 2011 with fresh designs and updated technologies.

There was a full review of the group's information security policy in 2011. 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.

The group has established a 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.

3.4.11 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 2011, the group had 62% 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 foregone 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. The group hedges 80% of forecast US dollar revenues for the coming 12 months and up to 50% for a further 6 months.

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 20 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 26% (2010: 27%). The group's reported effective tax rate increased to an expense of 33% compared to an expense of 18% in 2010. A reconciliation to the underlying effective rate is set out in note 9 in the accounts.

The total net deferred tax balance held is a liability of £9.0 million (2010: £3.3 million) and relates primarily to capitalised intangible assets 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 Commercial 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.

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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.

4.2 Operational risks

Data risk – loss, theft, integrity and availability of data including customer, employee and commercial data

Euromoney holds and publishes large quantities of data including:

- customer, subscriber, attendee, exhibitor data;
- employee data;
- commercial data – financial information, forecasts and business plans; and
- published information (see published content risk below).

The loss, theft, corruption or unavailability of this information could result in operational and regulatory challenges, costs to the group, reputational damage to the businesses and the permanent loss of revenue.

The group has comprehensive information security standards and practices in place which are reviewed on a regular basis. Access to key systems and data is restricted, monitored, and logged with auditable data trails. Restrictions are in place to prevent unauthorised data downloads. The group is subject to regular internal security audits, supplemented by expert external resource. 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 professional indemnity insurance in place.

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 content risk – incorrect information published or results of reader polls or awards successfully challenged

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 and incur costs in defending the claim.

There is the potential for errors in data collection, processing and accuracy, particularly in the group's database businesses. Reliance on inaccurate information could result in losses and could significantly damage the group's reputation.

The group runs over 100 reader polls and awards each year. Any challenge to the integrity of polls and awards could damage the reputation of the product challenged and the whole group resulting in legal costs and permanently lost revenue.

To mitigate this risk the group runs mandatory annual libel courses for all journalists and editors. Polls and awards are regularly audited and a Chinese wall approach is adopted between the commercial arm of the business and the editors involved in the polls and awards. Key staff are aware of the significant nature of publishing content 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.

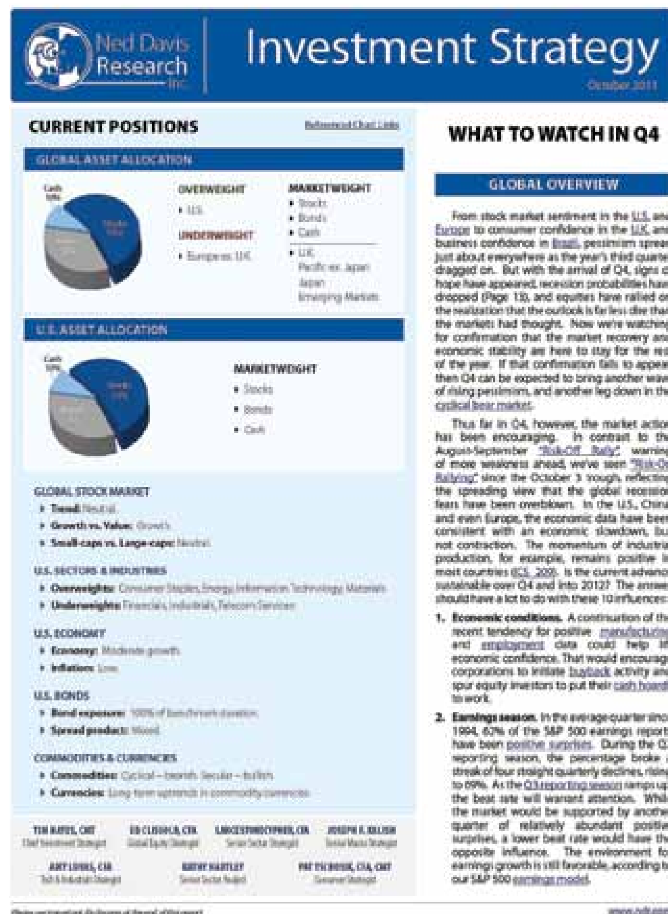
Incorrect circulation claims

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 market place 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.

Loss of key staff

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. If key staff leave or retire, there is a risk that knowledge or competitive advantage is lost.



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.

Failure of the back-office project

The business is undertaking a project to replace its back-office system, the group's web user and product management platform. The back-office system is critical to the successful functioning of the business and hence the project carries a significant amount of risk. Any delays or problems with the project could result in a loss of access to systems and data which could in turn lead to a loss of revenues. Additionally, if the project overruns or cannot be delivered in line with budget there is a risk that additional costs will be incurred.

The project is being managed, planned and run by dedicated, skilled resource and its progress is closely monitored by the executive committee and the board.

4.3 Strategic risks

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. There is a risk that an opportunity could be missed.

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. Additionally, there is a risk that a newly acquired business is not integrated into the group successfully or that 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, failing to identify at the right time which businesses should be disposed 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. The board regularly reviews the group's existing portfolio of businesses to identify under-performing businesses or businesses that no longer fit with the group's strategy and puts in place divestment plans accordingly.

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Failure of online strategy

Technology changes will result in changing customer behaviour which will in turn, be disruptive to the group's publishing businesses. The strategy of transitioning published products from hard copy to an online environment has been pursued for a number of years. There are several potential areas of risk in executing this strategy:

1) Pricing and competing with free content from the internet;
2) Migration of subscribers to online products;
3) Back office and technical support for online products;
4) Changing editorial practices, moving to continuous publishing from traditional monthly cycle;
5) Maintaining advertising revenue for online as hard copy circulation falls;
6) Changing competitive landscape – lower barriers to entry and proliferation of free on-line content;
7) Further changes in technology, e.g. mobile devices – tablets, impact of social media such as Facebook and Twitter;

Failure to succeed in any of these areas could result in lower than expected results and a permanent loss of revenue.

The group is already embracing these challenges, and overall sees the internet and other technological advances as an opportunity not a threat. Significant investment in the group's online strategy has already been made and will continue for as long as necessary (see 3.4.10 of the Directors' Report). Many of the group's businesses already produce soft copies of publications to supplement the hard copies as well as provide information and content via apps. The group's acquisition strategy has been interlinked with the opportunity to increase the group's mix of online information providers. 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.

4.4 Financial risks

Liquidity risk

The group 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 expire 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 cashflow forecasts to ensure that sufficient headroom is available and that the covenants are not close or potentially close to breach. At September 30 2011, the group's net debt to adjusted EBITDA was 1.01 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 2011 the group's cash conversion rate was 108% compared to 101% last year.

Under the DMGT facility, at September 30 2011, the group had £127.9 million of undrawn but committed facilities available. The group intends to allow its three year facility (£64.5 million) to expire when it comes up for renewal in December 2011. Any remaining funds drawn under this facility at this date will be rolled into the unused portion of the five year facility (£193.4 million) and, in the absence of any significant acquisitions, the group has no pressing requirement to arrange new finance before this five year facility expires in December 2013. In addition, the group has agreed terms with DMGT that provide it with access to additional funding should the group require it during the period from December 2013 through April 2016. There is a risk that the undrawn portion of the facility, or that the additional funding, 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 20 represent the replacement costs calculated using the market rates of interest and exchange at September 30 2011. 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 foregone 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 20.

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 and Euro denominated forward contracts are put in place to sell forward surplus US dollars and Euros between 12 and 18 months to hedge 80% of revenues for the first 12 months and 50% for the following 6 months. The timing and value of these forward contracts is based on managements' estimate of its future US dollar and Euro denominated revenues over a 18 month period. If management materially underestimate the group's future US dollar and Euro denominated revenues this would lead to too few forward contracts being in place and the group being more exposed to swings in US dollar and Euro to sterling exchange rates. An overestimate of the group's US dollar and Euro denominated revenues would lead to associated costs in unwinding the excess forward contracts. At September 30 2011, the fair value of the group's forward contracts was a liability of £4.3 million (2010: liability of £7.8 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

Directors' Report
continued

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 tax jurisdictions and 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 2012 the directors will manage the business to facilitate growth 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 46. The directors' interests are given on page 51. SM Brady resigned as an executive director on November 15 2010. There were no other changes in the executive or non-executive directors during the year.

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 38 to 52.

7. 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 (DMGT). 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 (£199 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 2011, the group's net debt to adjusted EBITDA was 1.01 times and the committed undrawn facility available to the group was £127.9 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).

The group intends to allow its three year facility (£65 million) to expire when it comes up for renewal in December 2011. Any remaining funds drawn under this facility at this date will be rolled into the unused portion of the five year facility (£193 million) and, in the absence of any significant acquisitions, the group has no pressing requirement to arrange new finance before this five year facility expires in December 2013. In addition, the group has agreed terms with DMGT that provide it with access to additional funding should the group require it during the period from December 2013 through April 2016.

The group's forecasts and projections, looking out to September 2014 and 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.

8. Capital structure and significant shareholdings

Details of the company's share capital are given in note 24. 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.

Name of holder	Nature of holding	Number of shares	% of voting rights
DMG Charles Limited	Direct	80,382,470	66.30

9. 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 which is not covered elsewhere in this annual report. Such disclosures are as follows:

- there are no restrictions on the transfer of securities (shares or loan notes) in the company, including: (i) limitations on the holding of securities; and (ii) requirements to obtain the approval of the company, or of other holders or securities in the company, for a transfer of securities;
- there are no people who hold securities carrying special rights with regard to control of the company;
- the company's employee share schemes do not give rights with regard to control of the company that are not exercisable directly by employes;
- there are no restrictions on voting rights;
- the directors are not aware of any agreements between holders or securities that may result in restrictions on the transfer of securities or on voting rights; and
- the company has 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.
- details of the directors' entitlement to compensation for loss of office following a takeover or contract termination are given in the Directors' Remuneration Report.

Directors' Report
continued

10. 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 20 2011, the shareholders authorised the directors to allot shares up to an aggregate nominal amount of £88,948 expiring at the conclusion of the annual general meeting to be held in 2012. A resolution to renew this authority for a further period will be put to shareholders at this meeting.

11. Political and charitable contributions

During the year the group raised charitable contributions of £1,108,000 (2010: £445,000). There were no political contributions in either year. See pages 32 to 35 for details of the group's charitable projects.

12. Directors' indemnities

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.

13. Annual general meeting

The company's next annual general meeting will be held on January 26 2012.

14. Auditor

A resolution to reappoint Deloitte LLP as the company's auditor is expected to be proposed at the forthcoming annual general meeting.

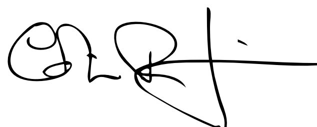
15. Disclosure of information to auditor

In the case of each of the persons who is a director of the company at November 9 2011:

- 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 auditor is 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 auditor is 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 9 2011

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 9 2011

Colin Jones
Company Secretary
November 9 2011

Directors and Advisors

Executive Directors

Mr PM Fallon‡

Chairman

Mr PM Fallon (aged 65) 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 63) 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., Ned Davis Research Inc., and Davis, Mendel & Regenstein Inc., and an outside member of the Finance Committee of Oxford University Press.

Mr NF Osborn

Mr NF Osborn (aged 61) 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 53) 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

Mr CR Jones (aged 51) 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.

Ms DE Alfano

Ms DE Alfano (aged 55) 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 51) 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 recently acquired NDR group.

Ms JL Wilkinson

Ms JL Wilkinson (aged 46) joined the company in 2000 and was appointed an executive director in March 2007. She is group director of marketing and digital publishing and CEO of Institutional Investor's publishing activities and president of Institutional Investor, Inc.

Mr B AL-Rehany

Mr B AL-Rehany (aged 54) was appointed as an executive director in November 2009. He is chief executive officer and a director of BCA Research, Inc. which he joined in January 2003. Euromoney acquired BCA Research, Inc. in October 2006.

Non-executive Directors

The Viscount Rothermere‡
The Viscount Rothermere (aged 43) was appointed a non-executive Director in September 1998 and is a member of the nominations committee. He is chairman of Daily Mail and General Trust plc.

Sir Patrick Sergeant‡
Sir Patrick Sergeant (aged 87) 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 70) 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 65) 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 61) was appointed a non-executive director on October 1 2008. He is a member of the remuneration and nominations committees. 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 67) was appointed a non-executive director in December 2008. He is chairman of the audit committee and on May 18 2011 was appointed as a member of the remuneration committee. He is chairman of Songbird Estates plc and of AIB Group (UK) 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

Advisors and registered office

President
Sir Patrick Sergeant

Company Secretary
CR Jones

Registered Office
Nestor House, Playhouse Yard,
London EC4V 5EX

Registered Number
954730

Auditor
Deloitte LLP,
2 New Street Square,
London EC4A 3BZ

Solicitors
Nabarro, Lacon House,
Theobald's Road,
London WC1X 8RW

Brokers
UBS, 1 Finsbury Avenue,
London EC2M 2PP

Registrars
Equiniti, Aspect House, Spencer
Road, Lancing, West Sussex,
BN99 6DA

Corporate Governance

The Financial Reporting Council's UK Corporate Governance Code ("the Code") is part of the Listing Rules ("the Rules") of the Financial Services Authority. The paragraphs below and in the Directors' Remuneration Report on pages 38 to 52 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 31.

Directors

The board and its role

Details of directors who served during the year are set out on page 46. During the year the board comprised the chairman, managing director, eight 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 15 2010, SM Brady resigned as an executive director.

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 2010 UK Corporate Governance Code 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 three times during the year: to recommend to the board – the appointment of SW Daintith as alternate non-executive director to The Viscount Rothermere, the appointment of A Perry as alternate director to MWH Morgan, the appointment of SW Daintith to the audit committee and DP Pritchard to the remuneration committee; to recommend to the board the re-election of directors retiring by rotation; and to discuss succession planning. The committee also met several times informally during the year.

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 38 to 52. The committee's terms of reference are available on the company's website (http://www.euromoneyplc.com/reports/Remunerationcommittee.pdf).

Audit committee

Details of the members and role of the audit committee are set out on page 30. The committee's terms of reference are available on the company's website (http://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 15.

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 25 of the accounts, were The Viscount Rothermere, Sir Patrick Sergeant, JC Botts, JC Gonzalez (independent), MWH Morgan and DP Pritchard (independent).

At least once a year the company's chairman meets the non-executive directors without the executive directors being present. The non-executive directors meet without the company's chairman present at least annually to appraise the chairman's performance and on other occasions as necessary.

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.

Corporate Governance
continued

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 2011:

	Board	Executive committee	Remuneration committee	Nominations committee	Audit committee	Tax & treasury committee
Number of meetings held during year	**5**	**10**	**3**	**3**	**3**	**3**
Executive directors						
PM Fallon – chairman	5	9	–	3	–	0
PR Ensor – managing director	5	8	–	3	–	3
NF Osborn	5	9	–	–	–	–
DC Cohen	5	8	–	–	–	–
CR Jones – finance director	5	9	–	–	–	3
SM Brady (resigned November 15 2010)	0	1	–	–	–	–
DE Alfano	4	8	–	–	–	–
CHC Fordham	5	9	–	–	–	–
JL Wilkinson	4	8	–	–	–	–
B AL-Rehany	5	9	–	–	–	–
Non-executive directors						
The Viscount Rothermere	5*	–	1	3	–	–
Sir Patrick Sergeant	4	–	–	3	–	–
JC Botts	4	–	3	3	3	–
JC Gonzalez	4	–	–	–	2	–
MWH Morgan	4	–	3	3	–	–
DP Pritchard	5	–	1	–	3	3

* JP Williams, finance director of DMGT, attended one meeting as an 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 2010. 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 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

Corporate Governance
continued

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), until April 14 2011 JP Williams, who retired following his retirement from his role as finance director of DMGT, and, with effect from May 18 2011, SW Daintith, the finance director of DMGT. Three of the four members are non-executive directors. All members of the committee have a high level of financial literacy, JP Williams and SW Daintith are chartered accountants and members 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 and includes a policy on employment of former audit staff, an annual assessment of the qualifications, expertise and resources of the external auditor, 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. Fees paid to Deloitte for audit services, audit related services and other non-audit services are set out in note 4. During 2011 Deloitte did not provide significant non-audit services. The group's non-audit fee policy is available on the company's website (www.euromoneyplc.com/reports/nonauditfee.pdf). The committee considers the required audit partner rotation plans. It also discusses the nature, scope and findings of the audit with the external auditor and considers and determines relevant action in respect of any control issues raised by the external auditor.

The appointment of Deloitte as the group's external auditors (incumbents since the last audit tender in 1998) is kept under annual review, and, if satisfactory, the committee will recommend the reappointment of the audit firm. The appointment of Deloitte followed a formal tender process undertaken in 1998 and, rather than adopting a policy on tendering frequency, the annual review of the effectiveness of the external audit is supplemented by a periodic comprehensive reassessment by the committee. The last such reassessment was performed in financial year 2009, when having received assurances on the continued quality of the audit, the committee determined to recommend the reappointment of the incumbent firm. As the appointment of the auditors is for one year only, being subject to annual approval at the company's AGM, there is no contractual commitment to the current audit firm and, as such, the committee may undertake an audit tender at any time at its discretion. In performing its review, the committee evaluated the adequacy of the audit firm's key processes and controls in certain key areas including, but not limited to: arrangements for ensuring independence and objectivity; including the rotation of key audit partners; appropriateness of the planned audit scope and its execution; the robustness and perceptiveness of the auditors in their handling of the key accounting and audit judgments; and the quality of their reporting. The committee concluded that it was in the group's and shareholders interests not to tender the external audit in 2011 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).

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 2010 UK Corporate Governance Code issued by the Financial Reporting Council. Save for the exceptions outlined below, the group has complied throughout the financial year ended September 30 2011 with the provisions set out in Section 1 of the Code.

Provision B.1.2 states that half the board, excluding the chairman, should be comprised of non-executive directors determined by the board to be independent. However, during the year the board comprised 16 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.4.1, 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 B.2.1 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 B.3.2 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 C.3.1 and D.2.1 require the remuneration and audit committees to comprise entirely of independent non-executive directors. The remuneration committee is comprised of three non-executive directors, one of whom, from May 18 2011, 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 9 2011

Corporate and 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 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. In 2011, the group began the roll out of new secure multi-functional device technology which enables two sided printing and allows employees to delete unwanted documents at the printer before printing. This initiative should reduce paper, ink and electricity usage. Planning is underway to expand this solution to other offices.

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 43,420kg of paper and card, which is equivalent to 446 trees. The UK offices' recycling capability includes 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 8% compared to last year, after adjusting for acquisitions and disposals, and by 18% compared to the 2007 baseline. The company, as part of the wider DMGT group, having achieved the targeted 10% reduction two years early, is now consulting with the group's business units with a view to fixing a new, stretching target for the group.

FTSE4Good

In financial year 2011 the group was included for the first time in the FTSE4Good indices. The group has a ESG rating of 3/5 which gives the group a percentile rating of 39% in the ICB 'Global Super Sector'.

Social responsibility

This year over £1 million has been contributed to a variety of international charitable causes. Contributions came from Euromoney's own charitable budget and individual fundraising efforts, and also by way of a number of our clients who generously made donations that support Euromoney company-wide charitable projects.

Euromoney encourages its people to be active in charities. This is a 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 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.

Water and Sanitation, Kechene, Addis Ababa, Ethiopia

Following on from the company-wide vote, the winning charity, African and Medical Research Foundation (AMREF) sustainable water and sanitation project in Kechene (the largest slum in Addis Ababa in Ethiopia), received donations of over £111,000 during the year. This was by way of contributions from the company as a whole and fundraising efforts by various divisions by way of awards dinners and other initiatives as well as individual employee donations via the Give as You Earn Scheme. The Kechene project, which will benefit 22,000 people, is scheduled to be completed in January 2013 but throughout the year work was carried out involving the rehabilitation of previously redundant water springs, as well as the construction of sanitation kiosks, shower blocks, and water storage tanks. As part of the project, local committees in Kechene have been established to ensure sustainability of the new facilities for the community.

Site of the new Kechene spring

Collecting water from the new standpipes

AMREF Mobile Technology Health Project

TelCap/Capacity Media raised funds for AMREF's work to extend the use of mobile technology in its health and learning programmes in East and Southern Africa.

Corporate and Social Responsibility
continued

Little Rock School, Kibera, Nairobi

In addition, the other project that was involved in the charity selection vote, Little Rock School, was adopted as a second company-wide charitable project. This has included the purchase of land for the planned building of new school facilities in Kibera, which is Kenya's most concentrated slum of over one million people. Funds of close to £600,000 were raised at an auction involving generous donations from our client banks as well as seed capital from the Euromoney charity budget at the annual *Euromoney Awards Dinner* in London in July.

Construction of the Little Rock building project is planned to commence in January 2012 and be completed in October 2012. This will involve the existing school (which caters for 240 children – over a third of whom are disabled) moving to the brand new teaching facility, and an increase in the school's capacity to over 700 children. Euromoney is working closely on the Little Rock School project with the UK-registered charity AbleChildAfrica which cares for disabled children and young people in Kenya, Tanzania, and Uganda.

Little Rock School at work . . .

. . . and play

Water Well Project in Kimbunga Valley, Kenya

Euromoney made a donation during the year to fund the construction of a water well for two communities in the Kimbunga region of Southern Kenya. These communities had until recently little source of water and had to purchase it from a water kiosk – involving a four hour walking round trip from the communities. In addition, very often water was not available, particularly in times of drought and because of competition for water resources from Mombasa's urban population as well as the hotels in the area.

The successful drilling and completion of the water well has meant that over 1,800 people now have access to a well in close proximity while ensuring water security – even in times of extreme drought.

Euromoney has worked on this project with The Haller Foundation which has been supporting communities by way of land regeneration in rugged and inhospitable locations outside Mombasa.

haller
releasing potential

The well site has been identified and cleared – ready to start digging

The water table is found and the inside wall of the well is constructed using stones and cement

Corporate and Social Responsibility
continued

The community at large

In addition to the above company-wide charitable projects, there were divisional fundraising initiatives which included a number of charity dinners and other activities:

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.

Hope and Homes for Children

EuroWeek held two charity dinners raising nearly £244,000 for Hope and Homes for Children charity, which works with children, their families, communities and governments across Central and Eastern Europe and Africa.

Orbis – Saving Sight Worldwide

Euromoney Seminars and Airfinance Journal continue to support Orbis which works to prevent and treat blindness by way of their annual charity dinner held alongside the Airfinance Journal conference in Dublin each January. In addition, an auction of the name for a new Ethiopian Airlines Boeing aircraft resulted in a donation to AMREF.

Institutional Investor charity initiatives

Institutional Investor and *Institutional Investor Journals* continued to support a number of charitable projects in the US including: One To World (which supports Fulbright Scholars); Baruch College Fund (journalism qualifications for underprivileged students); Cathedral Spires Foundation and Student Sponsor Partnership (to support local students in furthering their primary education); Working In Support of Education (a financial aid and mentoring programme targeted to low-income communities and survivors of domestic violence). *Institutional Investor Intelligence* made a donation to Sparks which funds medical research for the treatment of conditions affecting babies and children.

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 and it is group policy to make payments in accordance with these terms. The group had 77 days of purchases in creditors at September 30 2011 (2010: 73 days).

Employees involvement and training

Equal opportunities

The group is an equal opportunity employer. It seeks to employee 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, the UK bribery act, 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 supported by an externally monitored and run whistle blowing hotline. The whistle blowing policy 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 26 2012.

Remuneration committee

During the year the remuneration committee comprised JC Botts (chairman), MWH Morgan, The Viscount Rothermere and DP Pritchard (independent). On May 18 2011, The Viscount Rothermere retired as a member of the committee and DP Pritchard was appointed in his place. 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. For the year under review, the committee also sought advice and information from the company's chairman, 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 2011. The group itself can take external advice and information in preparing proposals for the remuneration committee, but no material assistance from a single source was received in 2011.

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 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 profit growth. Each profit centre is in turn part of a larger business group and each business group manager has a profit share based on the business group's profit growth. Profit sharing encourages directors and managers to grow their businesses, to manage costs tightly, to launch new products 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 ten executive directors who served in the year, 89% was derived from profit shares.

The second objective is encouraged through the 2010 Capital Appreciation Plan (CAP 2010).

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 the growth in profits of each executive's businesses but also links more closely equity reward with the delivery of shareholder value. CAP 2010 aims to mirror the success of CAP 2004 for both shareholders and employees by delivering exceptional profit growth over the performance period. Further details of CAP 2010 are set out on page 40.

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 42.

The company also has an executive share option scheme which 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 43. This scheme expired in 2006, and no 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 of 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.

Base salary and benefits

The base 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 usually below the market average, which is reviewed annually by the remuneration committee. Certain non-cash benefits are also provided including private health care and life assurance.

Pension

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 47 of this report. There are no other post-retirement benefits.

Profit share

The profit sharing scheme links the pay of each executive director to the growth in profits of the businesses that the director manages.

The executive directors have profit thresholds for the businesses for which they are responsible. These 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 up to 1% of profits up to a threshold and then 5% of profits 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 5.16% (2010: 5.21%) of the adjusted pre-tax profit. The managing director is entitled to 3.05% (2010: 3.08%) of the adjusted pre-tax profit up to a threshold of £37.0 million (2010: £35.2 million) and an additional 1.14% (2010: 1.16%) of the adjusted pre-tax profit in excess of this threshold.

Directors' Remuneration Report
continued

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

JL Wilkinson is responsible for all the group's marketing activities and, in addition to her profit share on the business she runs, receives an incentive based on the growth in the group's subscription and delegate revenues.

Each executive director's profit share 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. In the event profits fall from one year to another, there is no clawback of profit share paid in respect of previous years, but the executive's profit share will decrease at a faster rate than the rate of reduction in profits of the businesses he/she manages. Each director's profit share is subject to remuneration committee approval, and can be revised at any time if the director's responsibilities are changed.

There is no deferral of profit share, which is paid in full in the December following the year in which it is earned. The deferral element of the directors' remuneration is achieved through the delayed vesting and additional performance conditions under the CAP 2010.

The table below shows the 2011 percentage split of the fixed and variable elements of each director's remuneration package.

Executive directors	Fixed salary & benefits	Variable profit share
PM Fallon	4%	96%
PR Ensor	4%	96%
NF Osborn	26%	74%
DC Cohen	22%	78%
CR Jones	28%	72%
SM Brady (resigned November 15 2010)	100%	0%
DE Alfano	19%	81%
CHC Fordham	19%	81%
JL Wilkinson	40%	60%
B AL-Rehany	28%	72%
Total	11%	89%

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 48 to 51.

2010 Capital Appreciation Plan (CAP 2010)

CAP 2010 was approved by shareholders on January 21 2010. CAP 2010 was a direct replacement for CAP 2004 and 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. No individual may receive an award over more than 6% of the award pool. 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 with 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 become exercisable on satisfaction of the primary performance condition, but no earlier than February 2013, and lapse to the extent unexercised by September 30 2020. The second tranche of awards becomes exercisable in the February following a subsequent financial year in which adjusted pre-tax profits[1] again equal or exceed £100 million (increased to £105 million following the acquisition of NDR), but no earlier than February 2014. The second tranche only vests on satisfaction of the primary 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[1] remain at £100 million or more for a subsequent year following the initial year of vesting. Following the acquisition of NDR, the profit target for the second tranche of awards has been increased by £5 million to £105 million.

The primary performance condition was achieved in financial year 2011, two years earlier than expected, when adjusted pre-tax profits[1] were £101.3 million. However, the internal rules of the plan were modified to prevent the awards vesting more than one year early so although the primary condition has been achieved the award pool will be allocated between the holders of outstanding awards by reference to their contribution to the growth in profits of the group from the 2009 base year to the profits achieved in financial year 2012 and these awards are expected to become exercisable in February 2013.

The **additional performance condition**, applicable for the vesting of the second tranche of the award, requires that the profits of each business in the subsequent vesting period remain at least 75% of that achieved in the year the first tranche of awards become exercisable. As the initial allocation of awards to participants will be calculated with reference to the profits achieved in financial year 2012, the earliest the additional performance condition can be applied is by reference to the profits achieved in financial year 2013, provided the primary performance condition has been met for a second time in financial year 2012 or 2013. Thus if the primary performance condition is again met in financial year 2012 the second tranche of awards will not become exercisable until February 2014. Equally if the primary performance condition is not achieved again until financial year 2013 the second tranche of awards also become exercisable in February 2014. 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 CAP 2010 is reduced by the number of options vesting with participants from the 2010 Company Share Option Plan (see below and note 25).

The number of options received under CAP 2010 is provisional and reflects management's best estimate taking into consideration the profit forecasts to 2012 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 48 to 51.

The fair value per option granted and the assumptions used to calculate its value are set out in note 25.

Directors' Remuneration Report
continued

2010 Company Share Option Plan (2010 CSOP)

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 and 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 these 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 will vest proportionally reduces 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 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 ending September 30 2008 and remain at least this level for two further vesting periods. 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.

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. The additional performance condition was applied again to profits for financial year 2010 for those individual participants where the additional performance conditions for the second and final tranches had not previously been met and 303,321 options vested in February 2011. 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 second and third tranches of the CAP 2004 award that vested in February 2011 to each director is set out in the directors' share option table on pages 48 to 51 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.

1996 executive share option scheme

Some of 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 set by the remuneration committee such 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 25.

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 and CHC Fordham, details of which can be found on pages 48 to 51 of this report.

DMGT SIP scheme

Daily Mail and General Trust (DMGT), the group's parent company, operates a share incentive plan scheme in which all UK-based employees of the Euromoney group can 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. The executive directors who participated in this scheme during the year were PM Fallon, PR Ensor and CR Jones, details of which can be found on page 52 of this report.

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, and the cost of the CAP itself.

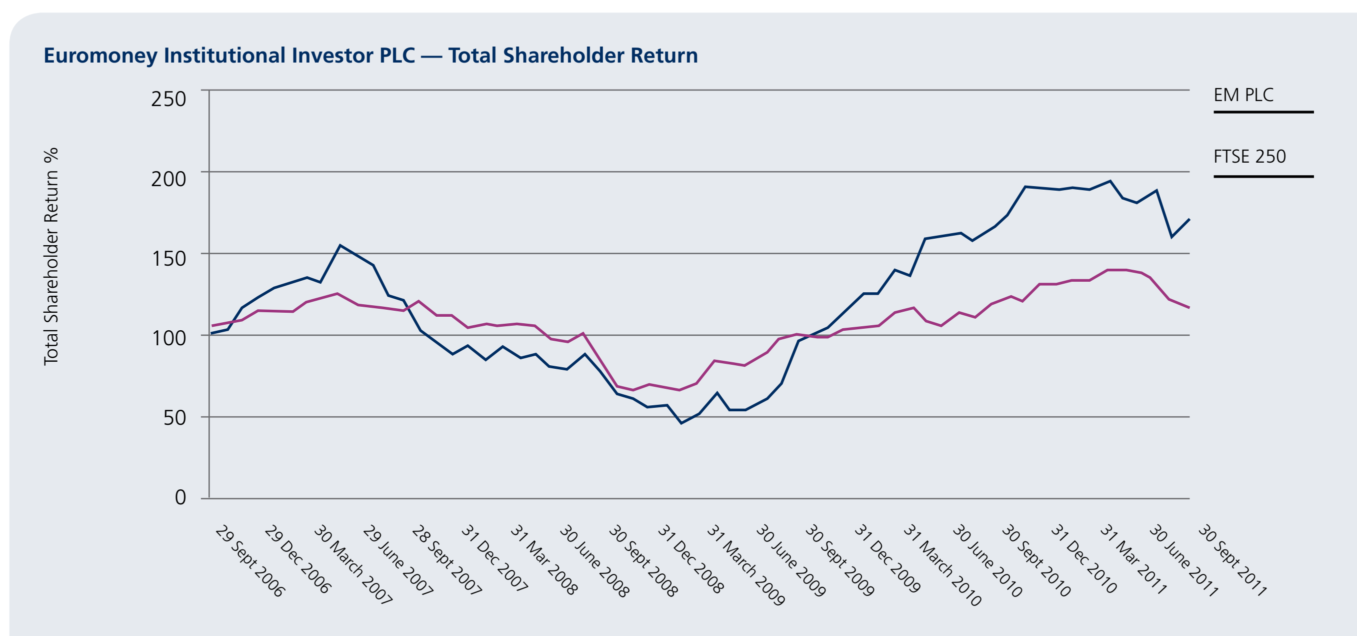
2 The Canadian version of the CSOP 2010 has a grant date of March 30 2010 and an exercise price of £5.01, the market value of the company's shares at the date of grant, and enables each Canadian participant to purchase up to 19,960 shares in the company.

3 The net gain on the CSOP options is the market price of the company's shares at the date of exercise less the exercise price (£6.032) multiplied by the number of options exercised.

Directors' Remuneration Report
continued

Total shareholder return (TSR)

Shown below is the group's TSR for the five years to September 2011 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 executive share option scheme referred to above. The TSR calculations assume the reinvestment of dividends.



Directors' 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 meeting of the Nominations Committee on January 20 2010, PR Ensor's service contract was extended to September 20 2013. 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 Nominations Committee meeting on November 9 2011, PM Fallon's service contract was extended by a further year until the AGM in January 2013. At this point PM Fallon intends to retire as chairman of the company and the process to appoint his successor is already underway.

Executive directors	Date of service contract	Notice period (months)	Retirement 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 (resigned November 15 2010)	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), (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 of termination.	(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), (5)
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 which may be 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) DE Alfano's service agreement is with Institutional Investor, Inc.

(5) 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.

Directors' Remuneration Report
continued

Information subject to audit (pages 46 to 51)
Directors' remuneration table

	Salary and fees 2011 £	Benefits in kind 2011 £	Profit share 2011 £	Total 2011 £	Total 2010[3] £
		Year to September 30			
Executive directors					
PM Fallon	**217,000**	**849**	**5,136,781**	**5,354,630**	4,861,943
PR Ensor	**194,418**	**849**	**4,201,414**	**4,396,681**	3,976,660
NF Osborn[1]	**129,418**	**849**	**379,272**	**509,539**	477,253
DC Cohen	**115,700**	**1,061**	**419,778**	**536,539**	477,839
CR Jones	**227,500**	**1,061**	**582,947**	**811,508**	736,080
SM Brady (resigned November 15 2010)	**16,783**	**257**	**–**	**17,040**	332,798
DE Alfano	**136,654**	**9,944**	**624,139**	**770,737**	684,163
GG Mueller (resigned September 30 2010)	**–**	**–**	**–**	**–**	798,246
MJ Carroll (resigned January 21 2010)[2]	**–**	**–**	**–**	**–**	138,377
CHC Fordham	**146,300**	**1,061**	**635,592**	**782,953**	713,535
JL Wilkinson	**209,729**	**6,771**	**324,718**	**541,218**	428,185
B AL-Rehany (appointed November 11 2009)	**256,952**	**1,902**	**676,441**	**935,295**	749,979
Non-executive directors					
The Viscount Rothermere	**28,000**	**–**	**–**	**28,000**	26,600
Sir Patrick Sergeant	**28,000**	**–**	**–**	**28,000**	26,600
JC Botts	**34,500**	**–**	**–**	**34,500**	36,492
JC Gonzalez	**28,000**	**–**	**–**	**28,000**	26,600
MWH Morgan	**28,000**	**–**	**–**	**28,000**	26,600
DP Pritchard	**34,500**	**–**	**–**	**34,500**	26,600
	1,831,454	**24,604**	**12,981,082**	**14,837,140**	14,544,550

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

PR Ensor is also a non-executive director of the Oxford University Press. During the year he retained earnings of £20,000 (2010: £20,000) in relation to this role.

NF Osborn is a non-executive director of OAO RBC Information Systems. During the year he retained earnings of US$25,000 (2010: US$nil) in relation to this role.

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 2010 salary and fees includes £128,645 of severance pay.
3. 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.

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 2011 £	Euromoney Pension Plan 2011 £	Private schemes 2011 £	Total 2011 £	Total 2010 £
PM Fallon	–	–	–	–	–
PR Ensor	–	–	–	–	–
NF Osborn	–	9,237	–	9,237	9,074
DC Cohen	15,872	–	–	15,872	18,004
CR Jones	34,418	–	–	34,418	37,636
SM Brady (resigned November 15 2010)	–	1,148	–	1,148	13,780
DE Alfano	–	–	3,383	3,383	3,922
GG Mueller (resigned September 30 2010)	–	–	–	–	4,445
MJ Carroll (resigned January 21 2010)	–	–	–	–	–
CHC Fordham	–	14,630	–	14,630	14,130
JL Wilkinson	–	12,221	–	12,221	–
B AL-Rehany (appointed November 11 2009)	–	–	7,043	7,043	7,250
	50,290	37,236	10,426	97,952	108,241

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 2011 £	Pension cash accrual September 30 2011 £	Transfer value September 30 2011 £	Transfer value September 30 2010 £	Increase in transfer value (net of directors' contributions) £
PM Fallon*	1,000	11,000	–	202,000	184,000	18,000
DC Cohen	1,000	29,800	15,855	548,000	475,000	73,000
CR Jones	1,900	41,500	36,000	691,000	583,000	108,000

The accrued annual pension entitlement is that which would be paid annually on retirement based on service to September 30 2011 and ignores any increase for future inflation. The pension cash accrual represents the sum which would be available on retirement based on service to September 30 2011 to secure retirement benefits, ignoring 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 include the pension cash accrual and 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. The pension cash accrual has been included in 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.

Directors' Remuneration Report
continued

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
PR Ensor	5,133	–	–	5,133	§	£1.87	Feb 01 12	Aug 01 12
NF Osborn	5,133	–	–	5,133	§	£1.87	Feb 01 12	Aug 01 12
	10,772	1,059	–	11,831	^	£0.0025	Performance criteria not satisfied	Sep 30 20
	4,972	–	–	4,972	†	£6.03	Performance criteria not satisfied	Feb 14 20
	20,877	1,059	–	21,936				
DC Cohen	8,000	–	(8,000)	–		£5.38	lapsed	Mar 02 11
	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	exercised	Aug 01 11
	–	7,969	–	7,969	‡	£0.0025	Feb 11 12	Sep 30 14
	19,337	6,689	–	26,026	^	£0.0025	Performance criteria not satisfied	Sep 30 20
	3,454	–	–	3,454	†	£6.03	Performance criteria not satisfied	Feb 14 20
	48,809	14,658	(11,018)	52,449				
CR Jones	8,000	–	(8,000)	–		£5.38	lapsed	Mar 02 11
	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
	31,926	19,370	–	51,296	^	£0.0025	Performance criteria not satisfied	Sep 30 20
	4,972	–	–	4,972	†	£6.03	Performance criteria not satisfied	Feb 14 20
	85,031	19,370	(8,000)	96,401				
SM Brady (resigned November 15 2010)	8,000	–	(8,000)	–		£5.38	lapsed	Mar 02 11
	18,644	–	(18,644)	–	^	£0.0025	lapsed	Sep 30 20
	4,972	–	(4,972)	–	†	£6.03	lapsed	Feb 14 20
	31,616	–	(31,616)	–				

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
DE Alfano	5,000	–	(5,000)	–		£5.38	lapsed	Mar 02 11
	10,000	–	(10,000)	–		£2.59	exercised	Dec 04 12
	10,000	–	–	10,000		£4.19	now	Jan 28 14
	17,207	1,662	–	18,869	^	£0.0025	Performance criteria not satisfied	Sep 30 20
	4,919	–	(4,919)	–	‡	£0.0025	exercised	Sep 30 14
	47,126	1,662	(19,919)	28,869				
CHC Fordham	4,424	–	(4,424)	–		£5.38	lapsed	Mar 02 11
	20,000	–	(20,000)	–		£2.59	exercised	Dec 04 12
	10,000	–	(10,000)	–		£4.19	exercised	Jan 28 14
	5,133	–	–	5,133	§	£1.87	Feb 01 12	Aug 01 12
	20,863	–	(20,863)	–	‡	£0.0025	exercised	Sep 30 14
	–	1,480	–	1,480	‡	£0.0025	Feb 11 12	Sep 30 14
	48,950	(4,754)	–	44,196	^	£0.0025	Performance criteria not satisfied	Sep 30 20
	4,972	–	–	4,972	†	£6.03	Performance criteria not satisfied	Feb 14 20
	114,342	(3,274)	(55,287)	55,781				
JL Wilkinson	31,493	3,504	–	34,997	^	£0.0025	Performance criteria not satisfied	Sep 30 20
	4,972	–	–	4,972	†	£6.03	Performance criteria not satisfied	Feb 14 20
	36,465	3,504	–	39,969				
B AL-Rehany	29,755	3,580	–	33,335	^	£0.0025	Performance criteria not satisfied	Sep 30 20
	19,960	–	–	19,960	†	£5.01	Performance criteria not satisfied	Feb 14 20
	49,715	3,580	–	53,295				
Total	**444,247**	**40,559**	**(125,840)**	**358,966**				

Directors' Remuneration Report
continued

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/ trued up during year	Exercised/ lapsed during year	At end of year/date of retirement		Date from which entitled	Expiry date
NF Osborn	67,456	4,538	–	71,994	^	Performance criteria not satisfied	Sept 30 20
DC Cohen	97,647	28,661	–	126,308	^	Performance criteria not satisfied	Sept 30 20
CR Jones	158,088	82,992	–	241,080	^	Performance criteria not satisfied	Sept 30 20
SM Brady (resigned Nov 15 2010)	101,184	–	(101,184)	–	^	Performance criteria not satisfied	Sept 30 20
DE Alfano	73,722	7,124	–	80,846	^	Performance criteria not satisfied	Sept 30 20
CHC Fordham	231,028	(20,370)	–	210,658	^	Performance criteria not satisfied	Sept 30 20
JL Wilkinson	156,234	15,015	–	171,249	^	Performance criteria not satisfied	Sept 30 20
B AL-Rehany	213,004	15,338	–	228,342	^	Performance criteria not satisfied	Sept 30 20
	1,098,363	**133,298**	**(101,184)**	**1,130,477**			

* 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 42) in relation to awards outstanding from either tranche 2 or tranche 3 of the CAP 2004 which vest on February 10 2012, 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 2012). 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 25).

† 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 25).

Directors' share options *continued*

The market price of the company's shares on September 30 2011 was £6.15. The high and low share prices during the year were £7.37 and £5.23 respectively. There were 40,559 options granted during the year (2010: 297,671). The aggregate gain made by the directors on the exercise of share options in the year was £363,807 (2010: £2,248,296).

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
DC Cohen	3,018	Feb 01 11	6.985	11,483	3,018
DE Alfano	10,000	Dec 10 10	7.153	45,630	–
DE Alfano	4,919	Feb 11 11	7.300	35,896	–
CHC Fordham	10,000	Nov 26 10	7.075	28,850	2,717
CHC Fordham	20,000	Nov 26 10	7.075	89,700	5,434
CHC Fordham	20,863	Feb 11 11	7.300	152,248	10,187
	68,800			**363,807**	**21,356**

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	
	2011	2010
PM Fallon	**625,250**	625,250
PR Ensor	**194,529**	194,529
NF Osborn	**41,471**	41,471
DC Cohen	**124,490**	121,472
CR Jones	**156,139**	156,139
SM Brady (resigned November 15 2010)	**n/a**	14,375
DE Alfano	**99,256**	99,256
GG Mueller (resigned September 30 2010)	**n/a**	174,563
CHC Fordham	**135,244**	116,906
JL Wilkinson	**77,275**	77,275
B AL-Rehany	**14,791**	14,791
The Viscount Rothermere	**23,899**	23,393
Sir Patrick Sergeant	**165,304**	165,304
JC Botts	**15,503**	15,503
JC Gonzalez	**–**	–
MWH Morgan	**7,532**	7,532
DP Pritchard	**–**	–
	1,680,683	1,847,759
Non-beneficial		
Sir Patrick Sergeant	**20,000**	20,000

Directors' Remuneration Report
continued

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	
	2011	2010	**2011**	2010
The Viscount Rothermere[1&2]	**11,903,132**	11,903,132	**75,134,502**	76,007,244
PM Fallon	**4,000**	–	**41,860**	41,500
PR Ensor	**–**	–	**488**	–
CR Jones	**–**	–	**444**	–
Sir Patrick Sergeant	**–**	–	**36,000**	36,000
MWH Morgan[1&2]	**764**	764	**927,731**	910,499

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 MWH Morgan and The Viscount Rothermere respectively, 35,266 and nil of these shares were subject to restrictions as explained in Daily Mail and General Trust plc's annual report (2010: 816,570 and 17,140 shares respectively subject to restrictions).

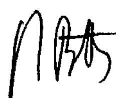
The Viscount Rothermere had non-beneficial interests as a trustee at September 30 2011 in 5,540,000 'A' ordinary non-voting shares of 12.5p each (2010: 5,540,000 shares) plus 639,208 ordinary shares (2010: 639,208 shares).

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 (2010: 12,542,340 shares).

At September 30 2011 and September 30 2010, 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 472,887 and 277,412 respectively 'A' ordinary non-voting shares in Daily Mail and General Trust plc at September 30 2011 (2010: The Viscount Rothermere and MWH Morgan had options over 315,306, and 215,140 respectively). The exercise price of these options ranges from £nil to £7.24. Further details of these options are listed in the Daily Mail and General Trust plc group accounts.

Since September 30 2011, PM Fallon, PR Ensor and CR Jones purchased, through the DMGT SIP scheme, 67, 64 and 64 additional 'A' ordinary non-voting shares in Daily Mail and General Trust plc respectively. There have been no other changes in the directors' interests since September 30 2011.



John Botts
Chairman of the Remuneration Committee
November 9 2011

Independent Auditor's 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 2011 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 32. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 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;
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the board on directors' remuneration.

Other matter

We have reported separately on the parent company financial statements of Euromoney Institutional Investor PLC for the year ended September 30 2011 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 Auditor
London, United Kingdom
November 9 2011

Consolidated Income Statement

for the year ended September 30 2011

	Notes	**2011 £000's**	2010 £000's
Total revenue	3	**363,142**	330,006
Operating profit before acquired intangible amortisation, long–term incentive expense and exceptional items	3	**108,967**	100,057
Acquired intangible amortisation	12	**(12,221)**	(13,671)
Long-term incentive expense		**(9,491)**	(4,364)
Additional accelerated long-term incentive expense	6	**(6,603)**	–
Exceptional items	5	**(3,295)**	(228)
Operating profit before associates	3, 4	**77,357**	81,794
Share of results in associates		**408**	281
Operating profit		**77,765**	82,075
Finance income	8	**1,761**	1,637
Finance expense	8	**(11,329)**	(12,288)
Net finance costs	8	**(9,568)**	(10,651)
Profit before tax	3	**68,197**	71,424
Tax expense on profit	9	**(22,527)**	(12,839)
Profit after tax	3	**45,670**	58,585
Attributable to:			
Equity holders of the parent		**45,591**	58,105
Equity non-controlling interests		**79**	480
		45,670	58,585
Basic earnings per share – continuing operations	11	**38.02p**	50.04p
Diluted earnings per share – continuing operations	11	**37.34p**	49.47p
Adjusted basic earnings per share	11	**57.09p**	54.12p
Adjusted diluted earnings per share	11	**56.05p**	53.50p
Dividend per share (including proposed dividends)	10	**18.75p**	18.00p

A detailed reconciliation of the group's statutory results to the adjusted 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 2011

	2011 £000's	2010 £000's
Profit after tax	**45,670**	58,585
Change in fair value of cash flow hedges	**(1,340)**	732
Transfer of loss on cash flow hedges from fair value reserves to income statement:		
Foreign exchange losses in total revenue	**4,398**	3,897
Foreign exchange (gains)/losses in operating profit	**(695)**	64
Interest payable on committed borrowings	**3,985**	1,662
Net exchange differences on translation of net investments in overseas subsidiary undertakings	**9,330**	1,177
Net exchange differences on foreign currency loans	**(5,691)**	(272)
Actuarial losses on defined benefit pension schemes	**(1,032)**	(1,748)
Tax on items taken directly to equity	**1,395**	447
Other comprehensive income for the year	**10,350**	5,959
Total comprehensive income for the year	**56,020**	64,544
Attributable to:		
Equity holders of the parent	**55,923**	64,057
Equity non-controlling interests	**97**	487
	56,020	64,544

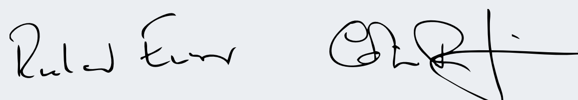
Consolidated Statement of Financial Position

as at September 30 2011

	Notes	2011 £000's	2010 £000's
Non-current assets			
Intangible assets			
Goodwill	12	**336,632**	297,618
Other intangible assets	12	**153,410**	125,089
Property, plant and equipment	13	**20,390**	19,485
Investments	14	**–**	248
Deferred tax assets	23	**13,216**	20,819
Derivative financial instruments	20	**218**	369
		523,866	463,628
Current assets			
Trade and other receivables	17	**71,417**	62,808
Current income tax assets		**9,803**	–
Cash at bank and in hand		**14,046**	12,078
Derivative financial instruments	20	**1,126**	2,021
		96,392	76,907
Current liabilities			
Acquisition option commitments	26	**(852)**	(1,061)
Trade and other payables	18	**(29,970)**	(31,331)
Current income tax liabilities		**(8,044)**	(10,844)
Group relief payable		**(1,063)**	–
Accruals		**(56,249)**	(45,473)
Deferred income	19	**(105,507)**	(93,740)
Derivative financial instruments	20	**(6,275)**	(7,671)
Provisions	22	**(810)**	(1,111)
Committed loan facility	21	**(58,516)**	–
Loan notes	21	**(1,617)**	(2,039)
Bank overdrafts	21	**(1,549)**	(888)
		(270,452)	(194,158)
Net current liabilities		**(174,060)**	(117,251)
Total assets less current liabilities		**349,806**	346,377
Non-current liabilities			
Acquisition option commitments	26	**(10,149)**	–
Liability for cash-settled options and other non-current liabilities	25	**(11,039)**	(936)
Preference shares		**(10)**	–
Committed loan facility	21	**(71,543)**	(137,908)
Deferred tax liabilities	23	**(22,225)**	(24,124)
Net pension deficit	28	**(1,899)**	(1,537)
Derivative financial instruments	20	**(1,970)**	(8,368)
Provisions	22	**(5,396)**	(4,021)
		(124,231)	(176,894)
Net assets		**225,575**	169,483
Shareholders' equity			
Called up share capital	24	**303**	296
Share premium account		**82,124**	66,082
Other reserve		**64,981**	64,981
Capital redemption reserve		**8**	8
Own shares		**(74)**	(74)
Reserve for share-based payments		**33,725**	25,658
Fair value reserve		**(32,768)**	(33,425)
Translation reserve		**55,216**	45,904
Retained earnings		**16,218**	53
Equity shareholders' surplus		**219,733**	169,483
Equity non-controlling interests		**5,842**	–
Total equity		**225,575**	169,483

The accounts were approved by the board of directors on November 9 2011.

Richard Ensor
Colin Jones
Directors



Consolidated Statement of Changes in Equity

as at September 30 2011

	Share capital £000's	Share premium account £000's	Other reserve £000's	Capital redemption reserve £000's	Own shares £000's	Reserve 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 2010	**296**	**66,082**	**64,981**	**8**	**(74)**	**25,658**	**(33,425)**	**45,904**	**53**	**169,483**	**–**	**169,483**
Retained profit for the year	–	–	–	–	–	–	–	–	45,591	45,591	79	45,670
Change in fair value of cash flow hedges	–	–	–	–	–	–	(1,340)	–	–	(1,340)	–	(1,340)
Transfer of loss on cash flow hedges from fair value reserves to income statement:												
Foreign exchange losses in total revenue	–	–	–	–	–	–	4,398	–	–	4,398	–	4,398
Foreign exchange losses in operating profit	–	–	–	–	–	–	(695)	–	–	(695)	–	(695)
Interest payable on committed borrowings	–	–	–	–	–	–	3,985	–	–	3,985	–	3,985
Exchange differences arising on translation of net investments in overseas subsidiary undertakings	–	–	–	–	–	–	–	9,312	–	9,312	18	9,330
Net exchange differences on foreign currency loans	–	–	–	–	–	–	(5,691)	–	–	(5,691)	–	(5,691)
Actuarial losses on defined benefit pension schemes	–	–	–	–	–	–	–	–	(1,032)	(1,032)	–	(1,032)
Tax on items taken directly to equity	–	–	–	–	–	–	–	–	1,395	1,395	–	1,395
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**657**	**9,312**	**45,954**	**55,923**	**97**	**56,020**
Changes in ownership of subsidiaries	–	–	–	–	–	–	–	–	1,091	1,091	(208)	883
Recognition of acquisition option commitments	–	–	–	–	–	–	–	–	(9,451)	(9,451)	–	(9,451)
Non-controlling interest recognised on acquisition	–	–	–	–	–	–	–	–	–	–	5,981	5,981
Exercise of acquisition option commitments	–	–	–	–	–	–	–	–	19	19	(19)	–
Credit for share-based payments	–	–	–	–	–	8,067	–	–	–	8,067	–	8,067
Scrip/cash dividends paid	6	15,325	–	–	–	–	–	–	(21,448)	(6,117)	(28)	(6,145)
Exercise of share options	1	717	–	–	–	–	–	–	–	718	19	737
At September 30 2011	**303**	**82,124**	**64,981**	**8**	**(74)**	**33,725**	**(32,768)**	**55,216**	**16,218**	**219,733**	**5,842**	**225,575**

The investment in own shares is held by the Euromoney Employees' Share Ownership Trust (ESOT). At September 30 2011 the ESOT held 58,976 shares (2010: 58,976 shares) carried at a historic cost of £1.25 per share with a market value of £363,000 (2010: £361,000). 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 Changes in Equity continued

as at September 30 2010

	Share capital £000's	Share premium account £000's	Other reserve £000's	Capital redemp-tion reserve £000's	Own shares £000's	Reserve for share-based pay-ments £000's	Fair value reserve £000's	Trans-lation reserve £000's	Retained earnings £000's	Total £000's	Equity non-control-ling interests £000's	Total £000's
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:												
Foreign exchange losses in total revenue	–	–	–	–	–	–	3,897	–	–	3,897	–	3,897
Foreign exchange losses in operating profit	–	–	–	–	–	–	64	–	–	64	–	64
Interest payable on committed borrowings	–	–	–	–	–	–	1,662	–	–	1,662	–	1,662
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**

Consolidated Statement of Cash Flows

for the year ended September 30 2011

	2011 £000's	2010 £000's
Cash flow from operating activities		
Operating profit	**77,765**	82,075
Share of results in associates	**(408)**	(281)
Acquired intangible amortisation	**12,221**	13,671
Licences and software amortisation	**302**	238
Long-term incentive expense	**16,094**	4,364
Goodwill impairment	**–**	1,214
Intangible impairment	**120**	593
Depreciation of property, plant and equipment	**2,651**	2,691
Increase/(decrease) in provisions	**1,033**	(861)
Loss on disposal of property, plant and equipment	**11**	708
Operating cash flows before movements in working capital	**109,789**	104,412
Increase in receivables	**(7,464)**	(3,493)
Increase/(decrease) in payables	**15,645**	(148)
Cash generated from operations	**117,970**	100,771
Income taxes paid	**(27,022)**	(1,912)
Net cash from operating activities	**90,948**	98,859
Investing activities		
Dividends paid to non-controlling interests	**(28)**	(723)
Dividends received from associate	**656**	242
Interest received	**293**	243
Purchase of intangible assets	**(557)**	(333)
Purchase of property, plant and equipment	**(2,112)**	(3,107)
Proceeds from disposal of property, plant and equipment	**95**	44
Purchase of subsidiary undertaking	**(64,773)**	(5,165)
Net cash used in investing activities	**(66,426)**	(8,799)
Financing activities		
Dividends paid	**(6,117)**	(3,809)
Interest paid	**(6,644)**	(9,414)
Interest paid on loan notes	**(17)**	(38)
Issue of new share capital	**718**	1,323
Payment of acquisition deferred consideration	**(2,423)**	–
Purchase of additional interest in subsidiary undertakings	**(50)**	(11,576)
Proceeds from disposal of interest in subsidiary undertakings	**891**	–
Settlement of derivative assets/liabilities	**(746)**	(3,295)
Redemption of loan notes	**(420)**	(3,673)
Amounts paid on intergroup tax equalisation swaps	**–**	(23,906)
Loan repaid to DMGT group company	**(506,567)**	(116,569)
Loan received from DMGT group company	**498,067**	79,590
Net cash used in financing activities	**(23,308)**	(91,367)
Net increase/(decrease) in cash and cash equivalents	**1,214**	(1,307)
Cash and cash equivalents at beginning of year	**11,190**	12,063
Effect of foreign exchange rate movements	**93**	434
Cash and cash equivalents at end of year	**12,497**	11,190

Cash and cash equivalents include bank overdrafts.

Note to the Consolidated Statement of Cash Flows

Net debt	**2011 £000's**	2010 £000's
Net debt at beginning of year	**(128,757)**	(165,060)
Increase/(decrease) in cash and cash equivalents	**1,214**	(1,307)
Decrease in amounts owed to DMGT group company	**8,500**	36,979
Redemption of loan notes	**420**	3,673
Interest paid on loan notes	**17**	38
Other non-cash changes	**(15)**	14
Effect of foreign exchange rate movements	**(558)**	(3,094)
Net debt at end of year	**(119,179)**	(128,757)
Net debt comprises:		
Cash at bank and in hand	**14,046**	12,078
Bank overdrafts	**(1,549)**	(888)
Total cash and cash equivalents	**12,497**	11,190
Committed loan facility	**(130,059)**	(137,908)
Loan notes	**(1,617)**	(2,039)
Net debt	**(119,179)**	(128,757)

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 those 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 2011 financial year:

– Amendments to IAS 32, 'Financial Instruments: Presentation: Classification of Rights Issues', effective for accounting periods beginning on or after February 1 2010.

– IFRIC 15, 'Agreements for the Construction of Real Estate', effective for accounting periods beginning on or after January 1 2010.

– IFRIC 17, 'Distributions of Non-cash Assets to Owners', effective for accounting periods beginning on or after November 1 2009.

– IFRIC 18, 'Transfer of Assets from Customers', effective for accounting periods beginning on or after November 1 2009.

– IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments', effective for accounting periods beginning on or after July 1 2010.

None of these newly adopted standards has had a material impact on the group's results in this financial year.

(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 has put systems in place to capture the necessary information. The revised standard is expected to have no material impact on the group's results.

  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 20.

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.

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 acquiree either at fair value or at the non-controlling interest proportionate share of the acquiree's net assets.

Notes to the Consolidated Financial Statements continued

1 Accounting policies *continued*

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.

Partial acquisitions – control unaffected

Where the group acquires an additional interest in an entity in which a controlling interest is already held, the consideration paid for the additional interest is reflected within movements in equity as a reduction in non-controlling interests. No goodwill is recognised.

Step acquisitions – control passes to the group

Where a business combination is achieved in stages, at the stage at which control passes to the group, the previously held interest is treated as if it had been disposed of, along with the consideration paid 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 the consideration and the non-controlling interest less the fair value of identifiable net assets.

The consideration paid for the earlier stages of a step acquisition, before control passes to the group, is treated as an investment in an associate.

(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. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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:

Trademarks & brands	5–30 years
Customer relationships	3–16 years
Databases	1–22 years
Licences and software	3–5 years

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.

Notes to the Consolidated Financial Statements continued

1 Accounting policies *continued*

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 financial assets

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 assets, categorised as 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.

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

1 Accounting policies *continued*

- Observable data indicating that there is a measurable decrease in the estimate future cash flows from a portfolio of financial assets 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.

Trade payables

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

Derivative 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.

Notes to the Consolidated Financial Statements continued

1 Accounting policies *continued*

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.

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.

1 Accounting policies *continued*

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.

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 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.

Notes to the Consolidated Financial Statements continued

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 purchase consideration for the acquisition of a subsidiary or business 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), customer relationships, trademarks, brands, repeat and well established events. At September 30 2011 the net book value of intangible assets was £152.8 million (2010: £124.7 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 £nil (2010: £1.2 million) (note 5). Goodwill held on the Statement of Financial Position at September 30 2011 was £336.6 million (2010: £297.6 million).

Deferred consideration

The group often pays for a portion of the equity acquired at a future date. This deferred consideration is contingent on the future results of the entity acquired and applicable payment multipliers dependant on those results. The initial amount of the deferred consideration is recognised as a liability in the Statement of Financial Position. Each period end management reassess the amount expected to be paid and any changes to the initial amount are recognised as a finance income or expense in the Income Statement. Significant management judgement is required to determine the amount of deferred consideration that is likely to be paid particularly in relation to the future profitability of the acquired business.

Acquisition option commitments

The group is party to a number of put and call options over the remaining non-controlling 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 Statement of Financial Position 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 2011 the discounted present value of these acquisition option commitments was £11.0 million (2010: £1.1 million).

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 expected 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.

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

These assumptions are set out in note 25. 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 directors regularly reassess the expected vesting period. A plan that vests earlier than originally estimated results in an acceleration of the fair value expense of the plan recognised in the Income Statement at the time the reassessment occurs. Equally, a plan that vests later than previously estimated results in a credit to the Income Statement at the date of reassessment.

The charge for long-term incentive payments for the year ended September 30 2011 is £16.1 million (2010: £4.4 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 28. 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 2011, the group had a deferred tax asset of £13.2 million (2010: £20.8 million).

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 2011, the fair value of the group's interest rate swaps was a £2.6 million liability (2010: £5.9 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.

Notes to the Consolidated Financial Statements continued

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

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.

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 and Euro forward contracts is put in place up to 18 months forward partially to hedge its US dollar and Euro denominated revenues into sterling. The timing and value of these forward contracts is based on managements estimate of its future US dollar and Euro revenues over a 18 month period. If management materially underestimated the group's future US dollar or Euro revenues this would lead to too few forward contracts being in place and the group being more exposed to swings in US dollar and Euro to sterling exchange rates. An overestimate of the group's US dollar or Euro revenues would lead to associated costs in unwinding the excess forward contracts. At September 30 2011, the fair value of the group's forward contracts was a net liability of £4.3 million (2010: £7.8 million).

Details of the financial instruments used are set out in note 20 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 Research and data (formerly Databases and information services). 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. Research and data consists of subscription revenue. A breakdown of the group's revenue by type is set out below.

The directors have recategorised four of the group's profit centres into different divisions to more accurately reflect their operations following development of their products. In addition, event table revenue has become a larger revenue stream for the group and as such has been reclassified by some businesses from sponsorship revenue to delegate revenue. As a result the comparative split of divisional revenues, revenue by type and operating profits has been restated. The total revenue and operating profits by source remain unchanged.

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**	
	2011 £000's	2010 (restated) £000's	**2011 £000's**	2010 (restated) £000's	**2011 £000's**	2010 (restated) £000's	**2011 £000's**	2010 (restated) £000's	**2011 £000's**	2010 (restated) £000's
Revenue by division and source:										
Financial publishing	**50,235**	45,283	**35,970**	36,305	**2,403**	2,201	**(4,824)**	(4,294)	**83,784**	79,495
Business publishing	**43,118**	40,617	**16,397**	15,113	**1,702**	1,651	**(1,725)**	(1,661)	**59,492**	55,720
Training	**19,670**	17,423	**7,854**	7,238	**5,264**	5,522	**(250)**	(327)	**32,538**	29,856
Conferences and seminars	**37,752**	31,389	**40,901**	35,167	**7,680**	10,391	**(87)**	(65)	**86,246**	76,882
Research and data	**15,341**	12,792	**63,822**	54,417	**25,203**	23,032	**(47)**	–	**104,319**	90,241
Sold/closed businesses	**–**	38	**–**	68	**534**	1,912	**–**	–	**534**	2,018
Corporate revenue	**6**	246	**–**	–	**6**	–	**(12)**	(246)	**–**	–
Foreign exchange losses on forward contracts	**(3,771)**	(4,206)	**–**	–	**–**	–	**–**	–	**(3,771)**	(4,206)
Total revenue	**162,351**	143,582	**164,944**	148,308	**42,792**	44,709	**(6,945)**	(6,593)	**363,142**	330,006
Investment income (note 8)	**12**	17	**4**	26	**158**	150	**–**	–	**174**	193
Total revenue and investment income	**162,363**	143,599	**164,948**	148,334	**42,950**	44,859	**(6,945)**	(6,593)	**363,316**	330,199

3 Segmental analysis *continued*

	United Kingdom		North America		Rest of World		Total	
	2011 £000's	2010 (restated) £000's	**2011 £000's**	2010 (restated) £000's	**2011 £000's**	2010 (restated) £000's	**2011 £000's**	2010 (restated) £000's
Revenue by type and destination:								
Subscriptions	**30,207**	27,238	**78,870**	66,253	**61,890**	60,182	**170,967**	153,673
Advertising	**9,259**	6,656	**24,167**	23,444	**29,228**	27,507	**62,654**	57,607
Sponsorship	**8,797**	8,112	**18,962**	17,262	**21,055**	15,218	**48,814**	40,592
Delegates	**9,254**	10,288	**20,066**	17,337	**45,689**	43,129	**75,009**	70,754
Other	**1,691**	3,915	**4,242**	3,248	**3,002**	2,405	**8,935**	9,568
Sold/closed businesses	**–**	38	**–**	68	**534**	1,912	**534**	2,018
Foreign exchange losses on forward contracts	**(3,771)**	(4,206)	**–**	–	**–**	–	**(3,771)**	(4,206)
Total revenue	**55,437**	52,041	**146,307**	127,612	**161,398**	150,353	**363,142**	330,006

	United Kingdom		North America		Rest of World		Total	
	2011 £000's	2010 (restated) £000's	**2011 £000's**	2010 (restated) £000's	**2011 £000's**	2010 (restated) £000's	**2011 £000's**	2010 (restated) £000's
Operating profit[1] by division and source:								
Financial publishing	**19,613**	18,124	**8,073**	8,785	**508**	386	**28,194**	27,295
Business publishing	**17,233**	17,499	**5,799**	5,045	**340**	303	**23,372**	22,847
Training	**4,887**	4,225	**1,335**	1,046	**1,631**	1,884	**7,853**	7,155
Conferences and seminars	**12,626**	10,662	**12,202**	9,860	**1,733**	3,015	**26,561**	23,537
Research and data	**8,915**	7,416	**28,325**	25,958	**5,236**	4,644	**42,476**	38,018
Sold/closed businesses	**–**	37	**1**	(67)	**(162)**	(379)	**(161)**	(409)
Unallocated corporate costs	**(17,676)**	(15,910)	**(1,152)**	(1,741)	**(500)**	(735)	**(19,328)**	(18,386)
Operating profit before acquired intangible amortisation, long–term incentive expense and exceptional items	**45,598**	42,053	**54,583**	48,886	**8,786**	9,118	**108,967**	100,057
Acquired intangible amortisation[2]	**(3,259)**	(4,288)	**(8,441)**	(8,429)	**(521)**	(954)	**(12,221)**	(13,671)
Long-term incentive expense	**(5,284)**	(2,250)	**(3,897)**	(1,971)	**(310)**	(143)	**(9,491)**	(4,364)
Accelerated long-term incentive expense	**(3,604)**	–	**(2,781)**	–	**(218)**	–	**(6,603)**	–
Exceptional items (note 5)	**(120)**	–	**(2,574)**	1,755	**(601)**	(1,983)	**(3,295)**	(228)
Operating profit before associates	**33,331**	35,515	**36,890**	40,241	**7,136**	6,038	**77,357**	81,794
Share of results in associates							**408**	281
Finance income (note 8)							**1,761**	1,637
Finance expense (note 8)							**(11,329)**	(12,288)
Profit before tax							**68,197**	71,424
Tax expense (note 9)							**(22,527)**	(12,839)
Profit after tax							**45,670**	58,585

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 of acquisition related non-goodwill assets such as trademarks & brands, customer relationships, and databases (note 12).

Notes to the Consolidated Financial Statements continued

3 Segmental analysis *continued*

	Acquired intangible amortisation		Long-term incentive expense		Exceptional items		Depreciation and amortisation	
	2011 £000's	2010 £000's	**2011 £000's**	2010 £000's	**2011 £000's**	2010 £000's	**2011 £000's**	2010 £000's
Other segmental information by division:								
Financial publishing	**(47)**	(605)	**(3,291)**	(819)	**–**	(278)	**(60)**	(86)
Business publishing	**(2,817)**	(3,982)	**(1,758)**	(741)	**–**	(17)	**(20)**	(25)
Training	**–**	–	**(1,134)**	(243)	**–**	(5)	**(19)**	(18)
Conferences and seminars	**(354)**	(423)	**(4,202)**	(711)	**–**	(2,012)	**(49)**	(47)
Research and data	**(8,875)**	(8,526)	**(3,058)**	(1,227)	**(2,979)**	(26)	**(854)**	(652)
Sold/closed businesses	**–**	–	**–**	–	**(601)**	–	**(2)**	–
Unallocated corporate costs	**(128)**	(135)	**(2,652)**	(623)	**285**	2,110	**(1,948)**	(2,101)
	(12,221)	(13,671)	**(16,095)**	(4,364)	**(3,295)**	(228)	**(2,952)**	(2,929)

	United Kingdom		North America		Rest of World		Total	
	2011 £000's	2010 £000's	**2011 £000's**	2010 £000's	**2011 £000's**	2010 £000's	**2011 £000's**	2010 £000's
Non-current assets (excluding financial instruments and deferred tax assets) by location:								
Goodwill	**91,555**	91,114	**244,604**	206,037	**473**	467	**336,632**	297,618
Other intangible assets	**35,638**	39,295	**117,486**	85,467	**286**	327	**153,410**	125,089
Investments	**–**	248	**–**	–	**–**	–	**–**	248
Property, plant and equipment	**14,419**	15,073	**4,697**	3,487	**1,274**	925	**20,390**	19,485
Non-current assets	**141,612**	145,730	**366,787**	294,991	**2,033**	1,719	**510,432**	442,440
Capital expenditure by location	**(512)**	(809)	**(639)**	(1,552)	**(961)**	(746)	**(2,112)**	(3,107)

The group has taken advantage of paragraph 23 of IFRS 8 'Operating segments' and does not provide segmental analysis of net assets as this information is not used by the directors in operational decision making or monitoring of the businesses performance.

4 Operating profit

	2011 £'000s	2010 £'000s
Revenue	**363,142**	330,006
Cost of sales	**(94,881)**	(85,402)
Gross profit	**268,261**	244,604
Distribution costs	**(4,025)**	(3,894)
Administrative expenses	**(186,879)**	(158,916)
Operating profit before associates	**77,357**	81,794

Administrative expenses include acquisition costs of £1,012,000 (2010: £nil), a goodwill and acquired intangible asset impairment of £120,000 (2010: £1,807,000) and restructuring and other exceptional costs of £2,163,000 (2010: exceptional income of £1,579,000) (note 5).

4 Operating profit *continued*

Operating profit is stated after charging/(crediting):	2011 £000's	2010 £000's
Staff costs (note 7)	**157,572**	128,950
Intangible amortisation		
Acquired intangible amortisation	**12,221**	13,671
Licences and software	**302**	238
Goodwill and intangible asset impairment (note 5)	**120**	1,807
Depreciation of property plant and equipment	**2,651**	2,691
Auditor's remuneration:		
Group audit	**761**	670
Assurance services	**85**	80
Non-audit services	**55**	223
Property operating lease rentals	**6,276**	6,177
Loss on disposal of property, plant and equipment	**11**	708
Restructuring and other exceptional costs/(income) (note 5)	**2,163**	(1,579)
Acquisition costs (note 5)	**1,012**	–
Foreign exchange (gain)/loss	**(1,196)**	371

Audit and non-audit services relate to:	2011 £'000s	2010 £'000s
Group audit:		
Fees payable for the audit of the company's annual accounts	**509**	419
Fees payable for other services to the group:		
The audit of subsidiaries pursuant to local legislation	**252**	251
Audit services provided to all group companies	**761**	670
Assurance services:		
Interim review	**85**	80
Non-audit services:		
Tax services	**51**	153
Corporate finance services	**–**	70
Other services	**4**	–
	55	223
Total group auditor's remuneration	**901**	973

Notes to the Consolidated Financial Statements continued

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.

	2011 £000's	2010 £000's
Acquisition costs	**(1,012)**	–
Goodwill and intangible asset impairment (note 12)	**(120)**	(1,807)
Restructuring and other exceptional (costs)/income	**(2,163)**	1,579
	(3,295)	(228)

In 2011 the group recognised acquisition related costs of £1,012,000 relating to the acquisition of Ned Davis Research (NDR). The group's tax charge includes a related tax credit of £nil.

In July 2011, the group purchased the Coaltrans publishing brand for £120,000 to supplement the existing Coaltrans conference brand. The group does not plan to publish under the brand and as such immediately impaired the related intangible asset with a corresponding tax credit of £nil. At September 30 2010, the group reviewed the carrying value of goodwill and intangible assets and as a result impaired capitalised goodwill and intangible assets, mostly in connection with the group's Asia-based conference and training business, by £1,807,000 with a corresponding tax credit of £130,000.

Also in 2011, the group recognised an exceptional restructuring and other expense of £2,163,000 (2010: exceptional income of £1,579,000). This comprised an exceptional restructuring charge of £2,568,000 (2010: £649,000) following the closure or reorganisation of underperforming businesses and the restructuring of NDR. The other costs primarily include an exceptional credit of £405,000 (2010: credit of £2,228,000) following successful resolution of a US legal dispute. The group's tax charge includes a related net tax credit of £312,000 (2010: expense of £640,000).

6 Additional accelerated long-term incentive expense

The CAP 2010 adjusted pre-tax profit* target of £100 million was achieved in financial year 2011, two years earlier than expected. Following modification, the internal rules of the plan prevent the awards vesting to employees more than one year early, so although the primary condition has been achieved the award pool will be allocated to holders of awards based on the profits achieved in financial year 2012 (See Directors' Remuneration Report for further information). However, despite the awards not vesting in February 2012, IFRS 2 'Share-based payments' requires the group to accelerate recognition of the CAP 2010 accounting charge as if the awards will vest in February 2012. As such the group has recognised an additional accelerated long-term incentive expense of £6,603,000. The total charge over the life of the scheme remains unchanged at £30 million.

* Profit before tax excluding acquired intangible amortisation, CAP 2010 element of long-term incentive expense, exceptional items, profits from significant acquisitions, net movements in acquisition option commitments values and imputed interest on acquisition option commitments as set out in the Income Statement, note 5 and note 8.

7 Staff costs

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

	2011 Average	2010 Average
By business segment:		
Financial publishing	**349**	312
Business publishing	**243**	245
Training	**122**	113
Conferences and seminars	**250**	263
Research and data	**845**	735
Central	**390**	366
	2,199	2,034

	2011 Average	2010 Average
By geographical location:		
United Kingdom	**793**	699
North America	**663**	615
Rest of World	**743**	720
	2,199	2,034

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

	2011 £000's	2010 £000's
Salaries, wages and incentives	**129,523**	113,880
Social security costs	**9,713**	8,553
Pension contributions	**2,243**	2,153
Long-term incentive expense	**16,093**	4,364
	157,572	128,950

Details of directors' remuneration has been disclosed in the Directors' Remuneration Report on page 46.

Notes to the Consolidated Financial Statements continued

8 Finance income and expense

	2011 £000's	2010 £000's
Finance income		
Interest income:		
Interest receivable from DMGT group undertakings	**136**	26
Interest receivable from short-term investments	**174**	193
Expected return on pension scheme assets	**1,451**	1,283
Fair value gains on financial instruments:		
Ineffectiveness of interest rate swaps and forward contracts	**–**	135
	1,761	1,637
Finance expense		
Interest expense:		
Interest payable on committed borrowings	**(7,007)**	(9,575)
Interest payable to DMGT group undertakings	**(25)**	–
Interest payable on loan notes	**(15)**	(31)
Interest on pension scheme liabilities	**(1,290)**	(1,225)
Net movements in acquisition option commitment values	**(358)**	(1,191)
Imputed interest on acquisition option commitments	**(181)**	(129)
Movement in acquisition deferred consideration (note 15)	**(1,829)**	–
Interest on tax underpaid	**(317)**	(137)
Fair value losses on financial instruments:		
Ineffectiveness of interest rate swaps and forward contracts	**(307)**	–
	(11,329)	(12,288)
Net finance costs	**(9,568)**	(10,651)

	2011 £000's	2010 £000's
Reconciliation of net finance costs in Income Statement to adjusted net finance costs		
Total net finance costs in the Income Statement	**(9,568)**	(10,651)
Add back:		
Net movements in acquisition option commitment values	**358**	1,191
Imputed interest on acquisition option commitments	**181**	129
Movement in acquisition deferred consideration	**1,829**	–
	2,368	1,320
Adjusted net finance costs	**(7,200)**	(9,331)

The reconciliation of net finance costs in the Income Statement has been provided since the directors consider it necessary in order to provide an indication of the adjusted net finance costs.

9 Tax on profit on ordinary activities

	2011 £000's	2010 £000's
Current tax expense/(credit)		
UK corporation tax expense	**4,018**	6,314
Foreign tax expense	**12,359**	12,071
Release of prior years' provisions	**–**	(3,239)
Adjustments in respect of prior years	**(709)**	(1,292)
	15,668	13,854
Deferred tax expense/(credit)		
Current year	**7,605**	6,356
Release of prior years' provisions	**–**	(6,141)
Adjustments in respect of prior years	**(746)**	(1,230)
	6,859	(1,015)
Total tax expense in Income Statement	**22,527**	12,839

The effective tax rate for the year is an expense of 33% (2010: expense of 18%). The adjusted effective tax rate for the year is 26% (2010: 27%) as set out below:

	2011 £000's	2010 £000's
Reconciliation of tax expense in Income Statement to adjusted tax expense		
Total tax expense in Income Statement	**22,527**	12,839
Add back:		
Tax on intangible amortisation	**4,041**	4,395
Tax on exceptional items	**312**	(1,127)
Tax on additional accelerated long-term incentive expense	**493**	–
Tax on US goodwill amortisation	**(4,664)**	(4,684)
Tax on release of prior years' provisions	**–**	9,380
Tax adjustments in respect of prior years	**1,455**	2,522
	1,637	10,486
Adjusted tax expense	**24,164**	23,325
Adjusted profit before tax (refer to the appendix to the Chairman's Statement)	**92,684**	86,643
Adjusted effective tax rate	**26%**	27%

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

The group presents the above adjusted 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 adjusted 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 adjusted effective tax rate is more representative of its tax payable position, as the deferred tax effect on the goodwill and intangible items is not expected to crystallise.

Notes to the Consolidated Financial Statements continued

9 Tax on profit on ordinary activities *continued*

The rate of corporation tax for large companies was reduced from 28% to 26% from April 1 2011. The UK income tax expense for the group's UK companies is 27% (2010: 28%) as the financial year straddles the two different tax rates.

The actual tax expense for the year is different from 27% of profit before tax for the reasons set out in the following reconciliation:

	2011 £000's	2010 £000's
Profit before tax	**68,197**	71,424
Tax at 27% (2010: 28%)	**18,413**	19,999
Factors affecting tax charge:		
Rates of tax on overseas profits	**2,021**	2,278
Associate income reported net of tax	**(110)**	(79)
US state taxes	**1,116**	1,304
Goodwill and intangibles	**(48)**	341
Disallowable expenditure	**1,001**	704
Effect of additional accelerated long-term incentive expense	**1,717**	–
Tax impact of consortium relief	**(354)**	–
Deferred tax charge arising from changes in tax laws	**229**	194
Release of prior years' provisions	**–**	(9,380)
Adjustments in respect of prior years	**(1,458)**	(2,522)
Total tax expense for the year	**22,527**	12,839

The UK government also announced that there will be three further annual reductions in the main tax rate of 1% per year down to 23% by April 2014. 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. 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:

	2011 £000's	2010 £000's
Current tax	**–**	(556)
Deferred tax	**(1,395)**	109
	(1,395)	(447)

10 Dividends

	2011 £000's	2010 £000's
Amounts recognisable as distributable to equity holders in period		
Final dividend for the year ended September 30 2010 of 11.75p (2009: 7.75p)	**13,928**	8,816
Interim dividend for year ended September 30 2011 of 6.25p (2010: 6.25p)	**7,531**	7,327
	21,459	16,143
Employees' Share Ownership Trust dividend	**(11)**	(8)
	21,448	16,135
Proposed final dividend for the year ended September 30	**15,156**	13,927
Employees' Share Ownership Trust dividend	**(7)**	(7)
	15,149	13,920

The proposed final dividend of 12.5 pence (2010: 11.75 pence) is subject to approval at the Annual General Meeting on January 26 2012 and has not been included as a liability in these financial statements in accordance with IAS 10 'Events after the balance sheet date'.

The directors have resolved to offer a scrip dividend alternative, under the scheme approved by shareholders on January 28 2009, to the final dividend payment. Full details of the scrip dividend alternative will be included in the shareholder's circular to be sent to shareholders in December 2011 and on the company's website.

11 Earnings per share

	2011 £000's	2010 £000's
Earnings attributable to equity holders of the parent	**45,591**	58,105
Basic earnings	**45,591**	58,105
Acquired intangible amortisation	**12,221**	13,671
Exceptional items	**3,295**	228
Imputed interest on acquisition option commitments	**181**	129
Net movements in acquisition option commitment values	**358**	1,191
Movements on acquisition deferred consideration	**1,829**	–
Additional accelerated long-term incentive scheme expense	**6,603**	–
Tax on the above adjustments	**(4,846)**	(3,268)
Tax deduction on US goodwill	**4,664**	4,684
Provision released in respect of prior years' tax	**–**	(9,380)
Tax adjustment in respect of prior years	**(1,455)**	(2,522)
Adjusted earnings	**68,441**	62,838

Notes to the Consolidated Financial Statements continued

11 Earnings per share *continued*

	2011 Adjusted basic earnings per share Number 000's	**2011 Adjusted diluted earnings per share Number 000's**	2010 Adjusted basic earnings per share Number 000's	2010 Adjusted diluted earnings per share Number 000's
Weighted average number of shares	**119,957**	**119,957**	116,166	116,166
Shares held by the Employees' Share Ownership Trust	**(59)**	**(59)**	(59)	(59)
Weighted average number of shares	**119,898**	**119,898**	116,107	116,107
Effect of dilutive share options		**2,214**		1,344
Diluted weighted average number of shares		**122,112**		117,451

	Pence per share	**Pence per share**	Pence per share	Pence per share
Basic earnings per share	**38.02**	**38.02**	50.04	50.04
Effect of dilutive share options		**(0.68)**		(0.57)
Diluted earnings per share		**37.34**		49.47
Effect of acquired intangible amortisation	**10.19**	**10.01**	11.77	11.64
Effect of exceptional items	**2.75**	**2.70**	0.20	0.19
Effect of imputed interest on acquisition option commitments	**0.15**	**0.15**	0.11	0.11
Effect of net movements in acquisition option commitment values	**0.30**	**0.29**	1.03	1.01
Movements on acquisition deferred consideration	**1.53**	**1.50**	–	–
Additional accelerated long-term incentive scheme expense	**5.51**	**5.41**	–	–
Effect of tax on the above adjustments	**(4.04)**	**(3.98)**	(2.81)	(2.78)
Effect of tax deduction on US goodwill	**3.89**	**3.82**	4.03	3.99
Effect of provision release in respect of prior years' tax	**–**	**–**	(8.08)	(7.98)
Effect of tax adjustment in respect of prior years	**(1.21)**	**(1.19)**	(2.17)	(2.15)
Adjusted basic and diluted earnings per share	**57.09**	**56.05**	54.12	53.50

The adjusted diluted earnings per share figure has been disclosed since the directors consider it necessary in order to give an indication of the underlying trading performance.

All of the above earning figures per share relate to continuing operations.

12 Goodwill and other intangibles

	Acquired intangible assets						
	Trademarks & brands 2011 £000's	Customer relation-ships 2011 £000's	Databases 2011 £000's	Total acquired intangible assets 2011 £000's	Licences & software 2011 £000's	Goodwill 2011 £000's	Total 2011 £000's
2011							
Cost/carrying amount							
At October 1 2010	133,399	50,933	4,787	**189,119**	2,445	327,016	**518,580**
Additions	120	–	–	**120**	437	–	**557**
Acquisitions (note 15)	7,285	25,984	4,383	**37,652**	–	34,781	**72,433**
Disposals	–	–	–	**–**	(80)	–	**(80)**
Exchange differences	1,520	1,766	270	**3,556**	(41)	4,233	**7,748**
At September 30 2011	**142,324**	**78,683**	**9,440**	**230,447**	**2,761**	**366,030**	**599,238**
Amortisation and impairment							
At October 1 2010	33,645	28,043	2,776	**64,464**	2,011	29,398	**95,873**
Amortisation charge for the year	7,217	4,099	905	**12,221**	302	–	**12,523**
Impairment losses	120	–	–	**120**	–	–	**120**
Disposals	–	–	–	**–**	(80)	–	**(80)**
Exchange differences	451	287	55	**793**	(33)	–	**760**
At September 30 2011	**41,433**	**32,429**	**3,736**	**77,598**	**2,200**	**29,398**	**109,196**
Net book value/carrying amount at September 30 2011	**100,891**	**46,254**	**5,704**	**152,849**	**561**	**336,632**	**490,042**

	Acquired intangible assets						
	Trademarks & brands 2010 £000's	Customer relation-ships 2010 £000's	Databases 2010 £000's	Total acquired intangible assets 2010 £000's	Licences & software 2010 £000's	Goodwill 2010 £000's	Total 2010 £000's
2010							
Cost/carrying amount							
At October 1 2009	129,942	49,053	4,743	**183,738**	2,028	319,522	**505,288**
Additions	–	–	–	**–**	333	–	**333**
Acquisitions	1,937	1,383	–	**3,320**	–	4,351	**7,671**
Disposals	–	–	–	**–**	(11)	–	**(11)**
Exchange differences	1,520	497	44	**2,061**	95	3,143	**5,299**
At September 30 2010	133,399	50,933	4,787	**189,119**	2,445	327,016	**518,580**
Amortisation and impairment							
At October 1 2009	25,226	22,434	2,086	**49,746**	1,710	28,184	**79,640**
Amortisation charge for the year	7,593	5,407	671	**13,671**	238	–	**13,909**
Impairment losses	586	7	–	**593**	–	1,214	**1,807**
Disposals	–	–	–	**–**	(11)	–	**(11)**
Exchange differences	240	195	19	**454**	74	–	**528**
At September 30 2010	33,645	28,043	2,776	**64,464**	2,011	29,398	**95,873**
Net book value/carrying amount at September 30 2010	99,754	22,890	2,011	**124,655**	434	297,618	**422,707**

Notes to the Consolidated Financial Statements continued

12 Goodwill and other intangibles *continued*

Intangible assets, other than goodwill, have a finite life and are amortised over their expected useful lives at the rates set out in the accounting policies in note 1 of this report.

The carrying amounts of acquired intangible assets and goodwill by business are as follows:

	Acquired intangible assets		Goodwill	
	2011 £000's	2010 £000's	**2011 £000's**	2010 £000's
CEIC	**2,537**	3,040	**13,501**	13,347
Internet Securities	**–**	–	**8,714**	8,615
MIS	**–**	–	**2,644**	2,614
Petroleum Economist	**–**	–	**236**	236
Gulf Publishing	**–**	–	**4,896**	4,840
HedgeFund Intelligence	**–**	–	**14,718**	14,718
Information Management Network	**3,646**	3,931	**30,313**	29,967
MAR	**55**	89	**192**	190
BCA	**71,770**	77,973	**148,426**	146,730
Metal Bulletin publishing businesses	**27,365**	30,096	**52,710**	52,710
FOW	**–**	47	**196**	196
Total Derivatives	**2,729**	3,164	**8,180**	8,180
TelCap	**2,549**	2,716	**10,448**	10,448
Benchmark Financials	**286**	327	**473**	467
Structured Retail Products	**2,996**	3,272	**4,794**	4,351
NDR	**38,916**	–	**36,182**	–
Other	**–**	–	**9**	9
Total	**152,849**	124,655	**336,632**	297,618

Of the goodwill set out above, £34.0 million is expected to be tax deductible (2010: £nil).

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 2012. 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 9.7%, reflecting the companies weighted average cost of capital; and
- long term nominal growth rate of 3%.

Impairment

In the current year there has been no impairment of capitalised goodwill (2010: £1,214,000). The prior year impairment was limited to the group's Asia-based conference organiser and training business which has now been closed. This business was part of the conferences and seminars business division, but is reflected in closed businesses this year.

12 Goodwill and other intangibles *continued*

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 £0.4 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 result in an impairment of £0.1 million. Management believes that the general market conditions indicates that a decrease in growth rates to 2% or a WACC of 10.7% would be severe. Management will continue to conduct regular reviews to monitor this matter.

13 Property, plant and equipment

2011	Freehold land and buildings 2011 £000's	Long-term leasehold premises 2011 £000's	Short-term leasehold premises 2011 £000's	Office equipment 2011 £000's	Total 2011 £000's
Cost					
At October 1 2010	6,447	2,729	15,370	17,309	**41,855**
Additions	–	7	198	1,907	**2,112**
Disposals	–	–	(76)	(698)	**(774)**
Acquisitions (note 15)	–	488	(33)	982	**1,437**
Exchange differences	–	27	80	103	**210**
At September 30 2011	**6,447**	**3,251**	**15,539**	**19,603**	**44,840**
Depreciation					
At October 1 2010	200	484	7,359	14,327	**22,370**
Charge for the year	83	73	964	1,531	**2,651**
Disposals	–	–	(76)	(592)	**(668)**
Exchange differences	–	4	62	31	**97**
At September 30 2011	**283**	**561**	**8,309**	**15,297**	**24,450**
Net book value at September 30 2011	**6,164**	**2,690**	**7,230**	**4,306**	**20,390**

Notes to the Consolidated Financial Statements continued

13 Property, plant and equipment *continued*

2010	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	–	–	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**
Net book value at September 30 2009	6,265	2,307	8,418	2,760	–	**19,750**

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

14 Investments

	Investments in associated undertakings 2011 £000's	Investments in associated undertakings 2010 £000's
At October 1	**248**	209
Share of profits after tax retained	**408**	281
Dividends	**(656)**	(242)
At September 30	**–**	248

Associated undertakings

The associated undertaking at September 30 2011 was Capital NET Limited whose principal activity is the provision of electronic database services. The group has a 48.4% (2010: 48.4%) interest in Capital NET Limited.

14 Investments *continued*

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.

	Dec 31 2010 £000's	Dec 31 2009 £000's
Total assets	**560**	580
Total liabilities	**(213)**	(147)
Total revenues	**1,853**	1,989
Profit after tax	**568**	623

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 carrying value of £nil (2010: £nil). Under a separate licence agreement the group is entitled to 28.2% of Capital DATA's revenues being £4,543,000 in the year (2010: £4,353,000). At December 31 2010, based on its latest available audited accounts, Capital DATA Limited had £739,000 of issued share capital and reserves (December 31 2009: £775,000), and its profit for the year then ended was £1,064,000 (December 31 2009: £1,008,000).

Notes to the Consolidated Financial Statements continued

14 Investments *continued*

Details of the company and its principal subsidiary undertakings included in these consolidated financial statements at September 30 2011 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
Fantfoot Limited	100%	Investment holding company	Great Britain
Euromoney Canada Limited (formerly Euromoney Telcap 1 Ltd)	56%	Investment holding company	Great Britain
Euromoney Canada Finance Limited (formerly Euromoney Telcap 2 Ltd)	100%	Investment holding company	Great Britain
Indirect investments			
Adhesion Group SA	100%	Conventions	France
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
Davis, Mendel & Regenstein Inc.	85%	Information services	US
EII Holdings, Inc.	100%*	Investment holding company	US
EII US, Inc.	100%	Investment holding company	US
Euromoney Canada Limited (formerly Euromoney Telcap 1 Ltd)	44%	Investment holding company	Great Britain
Euromoney Charles Limited (formerly Total Derivatives 1 Limited)	100%	Investment holding company	Great Britain
Euromoney Consortium Limited (formerly Total Derivatives 2 Limited)	99.7%	Investment holding company	Great Britain
Euromoney Consortium 2 Limited (formerly Metal Bulletin Investments Ltd)	99.7%	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 LLC	100%	Publishing	US
Internet Securities, Inc.	99%	Information services	US
Euromoney Jersey Limited	100%	Investment holding company	Jersey
Euromoney Partnership LLP	100%	Investment holding company	Great Britain
Latin American Financial Publications, Inc.	100%	Publishing	US
Metal Bulletin Holdings LLC	100%	Investment holding company	US
Metal Bulletin Limited	100%	Publishing	Great Britain
MIS Training (UK) Limited	100%	Training	Great Britain
Ned Davis Research Inc.	85%	Information services	US
Structured Retail Products Ltd (formerly Arete Consulting Limited)	100%	Information services	Great Britain
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

14 Investments *continued*

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.

15 Acquisitions

Purchase of new business

On July 29 2011, the group acquired 84.99% of the equity share capital of Ned Davis Research (NDR), the US-based provider of independent financial research to institutional investors, for cash consideration of US$112.0 million (£68.5 million). The acquisition of NDR is consistent with the group's strategy to build a tightly focussed global online information business with a high proportion of revenues derived from subscription products.

The remaining interest in NDR is subject to a put and call option under an earn-out agreement, in two equal instalments, based on the profits of NDR for the years to December 31 2012 and 2013. The total discounted amount that the group expects to pay under this option agreement is £10.1 million. The maximum amount payable for 100% of NDR is US$173.0 million (£111.0 million).

The provisional acquisition accounting is outlined below:

	Book value £000's	Accounting policy alignment £000's	Fair value adjustments £000's	Provisional fair value £000's
Net assets:				
Intangible assets	–	–	37,652	37,652
Other non-current assets	2,920	(1,415)	–	1,505
Cash and cash equivalents	3,727	–	–	3,727
Trade and other receivables	562	2,645	–	3,207
Trade creditors and other payables	(2,111)	(4,130)	–	(6,241)
	5,098	(2,900)	37,652	39,850
Net assets acquired (84.99%)				33,869
Goodwill				34,337
Total consideration				68,206
Consideration satisfied by:				
Cash				68,500
Cash receivable from non-controlling interest				(1,390)
Deferred consideration				1,096
				68,206
Net cash outflow arising on acquisition:				
Cash consideration				68,500
Less: cash and cash equivalent balances acquired				(3,727)
				64,773

Notes to the Consolidated Financial Statements continued

15 Acquisitions *continued*

Intangible assets represent brands US$11,957,000 (£7,285,000), databases US$7,195,000 (£4,383,000) and customer relationships US$42,653,000 (£25,984,000) for which amortisation of £723,000 has been charged in the year. The brands will be amortised over their useful economic life of 20 years.

Goodwill arises from anticipated profitability and future operating synergies from combining the operations with the group. Of the goodwill recognised, £32.5 million is expected to be deductible for income tax purposes.

The fair value of the assets acquired includes trade receivables of US$553,000 (£337,000). The gross amount due under contracts is equal to this balance, and is all expected to be collectable.

NDR contributed £4,625,000 to the group's revenue, £1,185,000 to the group's operating profit and £488,000 to the group's profit before tax for the period between the date of acquisition and September 30 2011. In addition acquisition related costs (£1,012,000) and restructuring costs (£837,000) were incurred and recognised as an exceptional item in the Income Statement for the year ended September 30 2011 (note 5).

If the above acquisition had been completed on the first day of the financial year, NDR would have contributed £25,272,000 to the group's revenue for the year and £5,032,000 to the group's profit before tax for the year (excluding the exceptional costs above).

Structured Retail Products Limited (formerly Arete Consulting Limited)

In August 2010, the group acquired 100% of the equity share capital of Arete Consulting Limited (Arete), a leading on-line information source for the structured retail products market, for an initial gross cash consideration of £6.1 million with a further net consideration of up to £3.9 million dependent upon the audited profits of Arete for the year to February 28 2011.

The provisional fair value of the net assets acquired measured at September 30 2010 was £2,386,000. Following true-up adjustments during the year the provisional fair value of the net assets acquired as at March 31 2011 was adjusted to £1,943,000. As a result the goodwill on acquisition increased from £4,351,000 at September 30 2010 to £4,794,000 at September 30 2011. During the year the group received a refund of £111,000 following a post-acquisition working capital adjustment.

The deferred consideration arrangement required the group to pay the former owners of Arete an amount of up to £3.9 million calculated using a pre-determined multiple of the February 2011 audited profits of the Arete group. During the period, due to the strong performance of Arete since acquisition, the expected deferred consideration payment under this mechanism increased from £705,000 to £2,534,000 resulting in a charge to the Income Statement of £1,829,000.

In February 2011, the employees of Arete were awarded 2.67% of the existing total equity share capital of Arete from the group for £nil consideration, under an incentive arrangement.

Increase in equity holdings

IAS 27 (2008 revised) 'Consolidated and Separate Financial Statements' requires that, where there is a change in ownership that does not result in a loss of control of an existing controlled entity, this is accounted for as an equity transaction, with no adjustment to goodwill. 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.

In February 2011, the group purchased a further 0.08% of the equity share capital of Internet Securities, Inc. (ISI) for a cash consideration of $81,000 (£50,000). The group's equity shareholding in ISI increased to 98.8%.

16 Changes in ownership of subsidiaries

On May 31 2011, the group issued 7,258,408 'B' shares in Euromoney Consortium Limited to DMG Charles Limited, a DMGT group company, for £726,000. The 'B' shares issued carry 49.9% of the voting rights in the company but only 0.3% of the economic value. Euromoney Consortium Limited holds the majority of the group's UK trading entities. The sale enables the group to take advantage of HMRC's consortium relief rules and where appropriate claim tax losses from the DMGT group. The subscription price received reflected the open market value of the equity stake of the group of UK trading companies involved.

On August 1 2011, the group sold 49,900 'B' shares in Euromoney Consortium 2 Limited to DMG Charles Limited, a DMGT group company, for £128,000 and 25,000 preference shares to a third party for £10,000. The 'B' shares sold carry 49.925% of the voting rights in the company but only 0.3% of the economic value. The preference shares carry 25.013% of voting rights in the company and the right to receive a £1,000 preference dividend each year. The preference shares carry no rights to the economic value of Euromoney Consortium 2 Limited. Euromoney Consortium 2 Limited's only significant investment is a 100% equity stake in Euromoney Trading Limited, the group's main UK trading entity. The sale enables the group to take advantage of HMRC's consortium relief rules and where appropriate claim tax losses from the DMGT group. The sale price received reflected the open market value of the equity stake of Euromoney Trading Limited.

On October 19 2010, the group sold 2,000 ordinary shares of the equity share capital of Adhesion Asia Limited. Links Event China Limited acquired 750 ordinary shares, for cash consideration of €12,000 (£10,000), and Olivier Darras acquired 1,250 ordinary shares for cash consideration of €20,000 (£17,000). The ordinary shares sold carry 20% of the voting rights and 20% of the economic value.

17 Trade and other receivables

	2011 £000's	2010 £000's
Amounts falling due within one year		
Trade receivables	**58,835**	50,330
Less: provision for impairment of trade receivables	**(7,697)**	(8,036)
Trade receivables – net of provision	**51,138**	42,294
Other debtors	**10,489**	12,066
Prepayments	**8,282**	5,946
Accrued income	**1,508**	2,502
	71,417	62,808

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 2011, trade receivables of £29,150,000 (2010: £26,703,000) were not yet due.

Notes to the Consolidated Financial Statements continued

17 Trade and other receivables *continued*

As of September 30 2011, trade receivables of £20,111,000 (2010: £11,461,000) 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 67 days (2010: 65 days). The group does not hold any collateral over these balances. The ageing of these trade receivables is as follows:

	2011 £000's	2010 £000's
Past due less than a month	**11,956**	6,848
Past due more than a month but less than two months	**3,894**	2,627
Past due more than two months but less than three months	**2,168**	784
Past due more than three months	**2,093**	1,202
	20,111	11,461

As at September 30 2011, trade receivables of £9,574,000 (2010: £12,166,000) were impaired and partially provided for. The amount of the provision was £7,697,000 (2010: £8,036,000). It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	2011 £000's	2010 £000's
Past due less than a month	**116**	3,206
Past due more than a month but less than two months	**3,125**	2,321
Past due more than two months but less than three months	**1,373**	1,330
Past due more than three months	**4,960**	5,309
	9,574	12,166

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

	2011 £000's	2010 £000's
At October 1	**(8,036)**	(8,189)
Impairment losses recognised	**(3,070)**	(3,258)
Impairment losses reversed	**2,668**	2,503
Amounts written off as uncollectible	**765**	946
Exchange differences	**(24)**	(38)
At September 30	**(7,697)**	(8,036)

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.

18 Trade and other payables

	2011 £000's	2010 £000's
Trade creditors	**5,558**	3,363
Amounts owed to DMGT group undertakings	**51**	90
Other creditors	**24,361**	27,878
	29,970	31,331

The directors consider the carrying amounts of trade and other payables approximate their fair values.

19 Deferred income

	2011 £000's	2010 £000's
Deferred subscription income	**80,507**	76,095
Other deferred income	**25,000**	17,645
	105,507	93,740

20 Financial instruments

Derivative financial instruments

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

	2011 Assets £000's	2011 Liabilities £000's	2010 Assets £000's	2010 Liabilities £000's
Current				
Interest rate swaps	**–**	**(1,251)**	–	(1,206)
Forward foreign exchange contracts – fair value through profit and loss	**–**	**(332)**	172	(912)
Forward foreign exchange contracts – cash flow hedge	**1,126**	**(4,692)**	1,849	(5,553)
	1,126	**(6,275)**	2,021	(7,671)
Non-current				
Interest rate swaps – fair value through profit and loss	**–**	**(307)**	–	–
Interest rate swaps – cash flow hedge	**–**	**(1,008)**	–	(4,649)
Forward foreign exchange contracts – fair value through profit and loss	**–**	**–**	–	(332)
Forward foreign exchange contracts – cash flow hedge	**218**	**(655)**	369	(3,387)
	218	**(1,970)**	369	(8,368)
	1,344	**(8,245)**	2,390	(16,039)

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.

Notes to the Consolidated Financial Statements continued

20 Financial instruments *continued*

Full details of the objectives, policies and strategies pursued by the group in relation to financial risk management are set out on page 64 of the accounting policies and page 69 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 95.

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 (page 93).

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 2010.

The capital structure of the group consists of debt, which includes the borrowings disclosed in note 21, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity.

Net debt to EBITDA* ratio

The group's tax and treasury committee reviews the group's 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 4 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:

	2011 £000's	2010 £000's
Committed loan facility (at weighted average exchange rate)	**(123,022)**	(135,679)
Loan notes	**(1,617)**	(2,039)
Total debt	**(124,639)**	(137,718)
Cash and cash equivalents	**12,497**	11,190
Net debt	**(112,142)**	(126,528)
EBITDA*	**111,192**	98,665
Net debt to EBITDA* ratio	**1.01**	1.28

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

20 Financial instruments *continued*

Categories of financial instruments

The group's financial assets and liabilities at September 30 are as follows:

	2011 £000's	2010 £000's
Financial assets		
Derivative instruments – fair value through profit and loss	–	172
Derivative instruments in designated hedge accounting relationships	1,344	2,218
Loans and receivables (including cash and cash equivalents)	77,181	68,940
	78,525	71,330
Financial liabilities		
Derivative instruments – fair value through profit and loss	(639)	(1,244)
Derivative instruments in designated hedge accounting relationships	(7,606)	(14,795)
Acquisition option commitments (note 26)	(11,001)	(1,061)
Loans and payables (including overdrafts)	(219,444)	(217,639)
	(238,690)	(234,739)

The fair value of the financial assets and liabilities above are classified as level 2 in the fair value hierarchy other than acquisition option commitments which are classified as level 3 (page 100).

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 are set out in this note and represent the value for which an asset could be sold or liability settled between knowledgeable willing parties in an arm's length transaction calculated using the market rates of interest and exchange at September 30 2011. The group has no other material market price risks.

Market risk exposures are measured using sensitivity analysis.

There has been no change to the group's exposure to market risks or the manner in which it manages and measures the risks during the year.

i) Foreign exchange rate risk

The group's principal foreign exchange exposure is to US dollar. 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, the translation of results of foreign subsidiaries, and external loans as well as loans to foreign operations within the group where the denomination of the loan is not in the functional currency of the lender/borrower.

The carrying amounts of the group's US dollar denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2011 £000's	2010 £000's	2011 £000's	2010 £000's
US dollar	84,074	13,390	(7,967)	(30,219)

Notes to the Consolidated Financial Statements continued

20 Financial instruments *continued*

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 and Euro forward contracts are put in place to sell forward surplus US dollars and Euros so as to hedge 80% of the group's UK based US dollar and Euro revenues for the coming 12 months and 50% of the group's UK based US dollar and Euro revenues for the subsequent six months. The timing and value of these forward contracts is based on management's estimate of its future US dollar and Euro revenues over a 18 month period and is regularly reviewed and revised with any changes in estimates resulting in either additional forward contracts being taken out or existing contracts' maturity dates being moved forward or back. The group also has a significant operation in Canada whose revenues are mainly in US dollars. At a group level a series of US dollar forward contracts is put in place up to 18 months forward to hedge the operation's Canadian cost base. In addition, each subsidiary is encouraged to invoice sales in its local functional currency where possible.

Forward exchange contracts are gross settled at maturity.

The following table details the group's sensitivity to a 10% increase and decrease in sterling against US dollar. A 10% sensitivity has been determined by the board as the sensitivity rate appropriate when reporting an estimated foreign currency risk internally and represents management's assessment of a reasonably possible change in foreign exchange rates at the reporting date.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the group where the denomination of the loan is not in the functional currency of the lender/borrower. Where sterling strengthens 10% against the relevant currency a positive number below indicates an increase in profit and equity. For a 10% weakening of sterling against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

Impact of 10% strengthening of sterling against US dollar

	2011 £000's	2010 £000's
Change in profit for the year in income statement	**(954)**	(132)
Change in equity	**6,666**	7,596

The increase in the profit to a loss from the sensitivity analysis is due to a increase in the working capital asset position. The fall in profit in equity from £7,596,000 to £6,666,000 from the sensitivity analysis is due to the decrease of the value of the derivative financial liabilities.

The group is also exposed to the translation of the results of its US dollar-denominated businesses, although the group does not hedge the translation of these results. Consequently, fluctuations in the value of sterling versus other currencies could materially affect the translation of these results in the consolidated financial statements. 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 partial hedge against the translation of foreign currency profits.

The change in equity due to a 10% change in sterling against US dollars in relation to the translation of external loans and loans to foreign operations within the group where the denomination of the loan is not in the functional currency of the lender/borrower would result in a change of £6,562,000 (2010: £549,000). However, the change in equity is completely offset by the change in value of the foreign operation's net assets from their translation into sterling.

20 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. A series of US dollar and Euro forward contracts are put in place to sell forward surplus US dollars and Euros so as to hedge 80% of the group's UK based US dollar and Euro revenues for the coming 12 months and 50% of the group's UK based US dollar and Euro revenues for the subsequent six months. In addition, at a group level a series of US dollar forward contracts is put in place up to 18 months forward to hedge the operation's Canadian cost base.

	Average exchange rate		Foreign currency		Contract value		Fair value	
	2011	2010	**2011 USD 000's**	2010 USD 000's	**2011 £000's**	2010 £000's	**2011 £000's**	2010 £000's
Cash Flow Hedges								
Sell USD buy GBP								
Less than a year	**1.705**	1.842	**66,800**	59,500	**39,174**	32,305	**(3,769)**	(5,501)
More than a year but less than two years	**1.596**	1.850	**20,000**	32,000	**12,532**	17,296	**(331)**	(3,070)
Sell USD buy CAD†								
Less than a year	**1.026**	1.099	**16,880**	19,700	**10,669**	13,388	**(201)**	820
More than a year but less than two years	**0.991**	1.030	**7,400**	13,500	**4,516**	8,602	**(245)**	(78)
			EUR 000's	EUR 000's	**£000's**	£000's	**£000's**	£000's
Sell EUR buy GBP								
Less than a year	**1.158**	1.141	**34,600**	22,500	**29,871**	19,726	**55**	237
More than a year but less than two years	**1.140**	1.195	**11,100**	7,000	**9,737**	5,860	**156**	(202)

† Rate used for conversion from CAD to GBP is 1.6233 (2010: 1.6165).

As at September 30 2011, the aggregate amount of unrealised losses under forward foreign exchange contracts deferred in the fair value reserve relating to future revenue transactions is £4,003,000 (2010: £6,722,000). It is anticipated that the transactions will take place over the next 18 months at which stage the amount deferred in equity will be released to the Income Statement.

As at September 30 2011, the aggregate amount of unrealised losses under ineffective cashflow hedges still in place at the year end is £332,000 (2010: £1,072,000), which have been recognised in the Income Statement.

ii) Interest rate risk

The group's borrowings are in both sterling and US dollars with the related interest tied to 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 foregone 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 benefitting immediately from falls in rates.

The group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk section on page 97.

Notes to the Consolidated Financial Statements continued

20 Financial instruments *continued*

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the directors' assessment of a reasonably possible change in interest rates at the reporting date.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the group's:

- Profit for the year ended September 30 2011 would decrease or increase by £121,000 (2010: £337,000). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings; and
- Other equity reserves would decrease or increase by £934,000 (2010: £2,129,000) mainly as a result of the changes in the fair value of interest rate swaps.

The group's sensitivity to interest rates has not materially changed during the period due to the group benefiting from similar levels of fixed rates.

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	
	2011	2010	**2011**	2010	**2011**	2010
	%	%	**£000's**	£000's	**£000's**	£000's
Less than 1 year	**3.98**	3.64	**35,306**	31,730	**(827)**	(793)
1 to 2 years	**3.25**	3.98	**19,258**	34,903	**(889)**	(2,024)
2 to 5 years	**2.52**	3.07	**6,419**	25,384	**(307)**	(1,600)

GBP: Receive floating pay fixed

	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2011	2010	**2011**	2010	**2011**	2010
	%	%	**£000's**	£000's	**£000's**	£000's
Less than 1 year	**4.46**	4.02	**15,000**	22,000	**(424)**	(413)
1 to 2 years	**2.57**	4.46	**5,000**	15,000	**(119)**	(896)
2 to 5 years	**–**	2.57	**–**	5,000	**–**	(129)

20 Financial instruments *continued*

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 2011, the aggregate amount of unrealised interest under swap contracts deferred in the fair value reserve relating to future interest payable is £2,259,000 (2010: £5,855,000). 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 2011, the aggregate amount of unrealised interest under ineffective swaps still in place at the year end is £307,000 (2010: £nil) 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.

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 (£199 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, long-term incentive expense and exceptional items) of 108% (2010: 101%), 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.

Notes to the Consolidated Financial Statements continued

20 Financial instruments *continued*

Under the DMGT facility, at September 30 2011, the group had £127.9 million of undrawn but committed facilities available. The group intends to allow its three year facility (£64.5 million) to expire when it comes up for renewal in December 2011. Any remaining funds drawn under this facility at this date will be rolled into the unused portion of the five year facility (£193.4 million) and, in the absence of any significant acquisitions, the group has no pressing requirement to arrange new finance before this five year facility expires in December 2013. In addition, the group has agreed terms with DMGT that provide it with access to additional funding should the group require it during the period from December 2013 through April 2016. There is a risk that the undrawn portion of the facility, or that the additional funding, 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.

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 2011. The contractual maturity is based on the earliest date on which the group may be required to settle.

2011	**Weighted average effective interest rate %**	**Less than one year £000's**	**1–3 years £000's**	**Total £000's**
Variable rate borrowings	**2.34**	**61,682**	**71,543**	**133,225**
Acquisition option commitments	**–**	**852**	**10,149**	**11,001**
Non interest bearing liabilities (Trade creditors and accruals)	**–**	**86,219**	**–**	**86,219**

2010	Weighted average effective interest rate %	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

At September 30 2011, £110,059,000 (2010: £100,901,000) of borrowings were designated in US dollars with the remainder in sterling. The average rate of interest paid on the debt was 5.70% (2010: 5.23%).

20 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.

2011	**Weighted average effective interest rate %**	**Less than one year £000's**	**Total £000's**
Variable interest rate instruments (cash at bank)	**1.24**	**14,046**	**14,046**
Non interest bearing assets	**–**	**63,135**	**63,135**
		77,181	**77,181**
2010			
Variable interest rate instruments (cash at bank and short term deposits)	1.34	12,078	12,078
Non interest bearing assets	–	56,862	56,862
		68,940	68,940

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 and (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.

2011	**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	**–**	**(470)**	**(758)**	**(388)**	**(1,616)**
Gross settled					
Foreign exchange forward contracts inflows	**5,629**	**13,558**	**60,219**	**27,092**	**106,498**
Foreign exchange forward contracts outflows	**(6,114)**	**(14,494)**	**(62,583)**	**(27,473)**	**(110,664)**
	(485)	**(1,406)**	**(3,122)**	**(769)**	**(5,782)**

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)

Notes to the Consolidated Financial Statements continued

20 Financial instruments *continued*

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.

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 2011 and the prior year, all the resulting fair value estimates have been included in level 2 other than the group's acquisition option commitments which are classified as level 3.

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.

21 Bank overdrafts and loans

	2011 £000's	2010 £000's
Bank overdrafts – current liability	**1,549**	888
Loan notes – current liability	**1,617**	2,039
Committed loan facility – current liability	**58,516**	–
Committed loan facility – non-current liability	**71,543**	137,908
Total committed loan facility	**130,059**	137,908

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 2011 £420,000 (2010: £3,673,000) of these loan notes were redeemed.

21 Bank overdrafts and loans *continued*

Committed loan facility

The group's debt is provided through a dedicated $400 million multi-currency committed facility from Daily Mail and General Trust plc. 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 (£199 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 2011, the group's net debt to adjusted EBITDA was 1.01 times and the uncommitted undrawn facility available to the group was £127,941,000 (2010: £117,817,000). The group intends to allow its three year facility (£64.5 million) to expire when it comes up for renewal in December 2011. Any remaining funds drawn under this facility at this date will be rolled into the unused portion of the five year facility (£193.4 million) and, in the absence of any significant acquisitions, the group has no pressing requirement to arrange new finance before this five year facility expires in December 2013. In addition, the group has agreed terms with DMGT that provide it with access to new funding should the group require it during the period through April 2016.

22 Provisions

	Onerous lease provision £000's	**Other provisions £000's**	**Group total £000's**
At October 1 2010	2,366	2,766	**5,132**
Provision in the year	532	1,029	**1,561**
Used in the year	(252)	(276)	**(528)**
Exchange differences	40	1	**41**
At September 30 2011	**2,686**	**3,520**	**6,206**

Maturity profile of provisions

	2011 £000's	2010 £000's
Within one year (included in current liabilities)	**810**	1,111
Between one and two years (included in non-current liabilities)	**1,230**	1,216
Between two and five years (included in non-current liabilities)	**4,166**	2,805
	6,206	5,132

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.

Notes to the Consolidated Financial Statements continued

23 Deferred taxation

The net deferred tax liability at September 30 2011 comprised:

	2010 £000's	Income statement £000's	Equity £000's	Exchange differences £000's	2011 £000's
Capitalised goodwill and intangibles	(34,961)	2,113	–	(294)	(33,142)
Tax deductible goodwill amortisation	5,236	(2,644)	–	(28)	2,564
Tax losses	10,629	(7,681)	–	21	2,969
Financial instruments	3,551	–	1,769	–	5,320
Other short–term temporary differences	12,240	1,353	(374)	61	13,280
Deferred tax	(3,305)	(6,859)	1,395	(240)	(9,009)
Comprising:					
Deferred tax assets	20,819				13,216
Deferred tax liabilities	(24,124)				(22,225)
	(3,305)				(9,009)

	2010 £000's	Income statement £000's	Equity £000's	Exchange differences £000's	2011 £000's
Other short-term temporary differences:					
Long-term incentive expense	3,281	3,089	(632)	–	5,738
Pension deficit/surplus	415	(198)	258	–	475
Accelerated capital allowances	604	(107)	–	(20)	477
Deferred income, accruals and other provisions	7,940	(1,431)	–	81	6,590
Total other short-term temporary differences	12,240	1,353	(374)	61	13,280

At the balance sheet date, the group has unused US tax losses available for offset against future profits. At September 30 2011 a deferred tax asset of £2,201,000 (2010: £2,744,000) 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 2011 and 2029.

At the balance sheet date, the group has unused UK tax losses available for offset against future profits. At September 30 2011 a deferred tax asset of £768,000 (2010: £7,885,000) 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 £6,320,000 (2010: £10,190,000) 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 above assets to be recovered.

No deferred tax liability is recognised on temporary differences of £63,035,000 (2010: £40,652,000) 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 2011 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.

24 Called up share capital

	2011 £000's	2010 £000's
Allotted, called up and fully paid		
121,247,380 ordinary shares of 0.25p each (2010: 118,491,911 ordinary shares of 0.25p each)	**303**	296

During the year, 2,755,469 ordinary shares of 0.25p each (2010: 4,734,448 ordinary shares) with an aggregate nominal value of £6,889 (2010: £11,836) were issued as follows: 2,226,089 ordinary shares (2010: 2,620,495) under the company's 2009 scrip dividend alternative for a cash consideration of £nil (2010: £nil); and 529,380 ordinary shares (2010: 2,113,953 ordinary shares) following the exercise of share options granted under the company's share option schemes for a cash consideration of £718,392 (2010: £1,322,454).

25 Share-based payments

Equity–settled options

The options set out below are outstanding at September 30 and are options to subscribe for new ordinary shares of 0.25p each in the company. The total charge recognised in the year from equity-settled options was £8,066,000, 50% of the group's long-term incentive expense (2010: charge £2,013,000, 46%).

Number of ordinary shares under option: 2011

Period during which option may be exercised:	2010	Granted/ (trued up) during year	Exercised during year	Lapsed/ forfeited during year	2011	Option price (£)	Weighted average market price at date of exercise (£)
Executive options							
Before March 1 2011	**147,424**	**–**	**(16,000)**	**(131,424)**	**–**	**5.38**	**6.87**
Before January 22 2012	**8,000**	**–**	**–**	**–**	**8,000**	**3.35**	**–**
Before December 3 2012	**192,000**	**–**	**(106,000)**	**–**	**86,000**	**2.59**	**6.88**
Before January 27 2014	**153,487**	**–**	**(62,000)**	**–**	**91,487**	**4.19**	**6.78**
SAYE							
Between February 1 2011 and July 31 2011	**35,003**	**–**	**(28,968)**	**(3,017)**	**3,018**	**3.18**	**7.03**
Between February 1 2012 and July 31 2012	**362,994**	**–**	**(2,647)**	**(19,322)**	**341,025**	**1.87**	**7.30**
Between February 1 2013 and July 31 2013	**51,688**		**–**	**(5,222)**	**46,466**	**3.44**	**–**
Between February 1 2014 and July 31 2014		**50,743**	**–**	**(10,155)**	**40,588**	**5.65**	**–**
CAP 2004							
Before September 30 2014 (tranche 1)[1]	**1,587**	**–**	**(1,166)**	**–**	**421**	**0.0025**	**6.91**
Before September 30 2014 (tranche 2)[1]	**122,697**	**58,064‡**	**(122,385)**	**(1)**	**58,375**	**0.0025**	**7.29**
Before September 30 2014 (tranche 3)[1]	**211,322**	**276,933‡**	**(190,214)**	**(5,009)**	**293,032**	**0.0025**	**7.26**
CAP 2011							
Before September 30 2020 (tranche 1)[2]	**969,305**	**–**	**–**	**–**	**969,305**	**0.0025**	**–**
Before September 30 2020 (tranche 2)[2]	**1,750,496**	**–**	**–**	**–**	**1,750,496**	**0.0025**	**–**
CSOP							
Before February 14 2020 (UK)	**541,671**	**–**	**–**	**–**	**541,671**	**6.03**	**–**
Before February 14 2020 (Canada)	**239,520**	**–**	**–**	**–**	**239,520**	**5.01**	**–**
	4,787,194	**385,740**	**(529,380)**	**(174,150)**	**4,469,404**		

Notes to the Consolidated Financial Statements continued

25 Share-based payments *continued*

The options outstanding at September 30 2011 had a weighted average exercise price of £1.38 and a weighted average remaining contractual life of 7.34 years.

Number of ordinary shares under option: 2010

	2009	Granted/ (trued up) during year	Exercised during year	Lapsed 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 2011	103,648	–	–	(103,648)	–	5.63	–
Before March 1 2012	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		–
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)	–	541,671	–	–	541,671	6.03	–
Before February 14 2020 (Canada)	–	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.

1. CAP 2004 options shown in the above tables relate only to those options that have vested (see page 42 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 10 2012 (2010: 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 2011 (2010: December 31 2010) as required by the Remuneration Committee. As such the actual number of options vested could vary from that disclosed.

25 Share-based payments *continued*

Capital Appreciation Plan 2010 (CAP 2010)

The CAP 2010 executive share option scheme was approved by shareholders on January 21 2010. 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 performance condition, but no earlier than February 2013, and lapse to the extent unexercised by September 30 2020. The second tranche of awards becomes exercisable in the February following a subsequent financial year in which adjusted pre-tax profits* again equal or exceed £100 million (increased to £105 million following the acquisition of NDR), but no earlier than February 2014. The second tranche only vests on satisfaction of the primary 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. The primary performance condition was achieved in financial year 2011, two years earlier than expected, when adjusted pre-tax profits* were £101.3m. However, the internal rules of the plan prevent the awards vesting more than one year early so although the primary condition has been achieved the award pool will be allocated between the holders of outstanding awards by reference to their contribution to the growth in profits of the group from the 2009 base year to the profits achieved in financial year 2012 and these awards are expected to become exercisable in February 2013 (see Directors' Remuneration Report for further information).

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 options 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 above. 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 1,527,152 options (including a true-up adjustment of 5,654) for the third (final) tranche of options in 2009 vested in February 2010. The additional performance condition was applied again to profits for financial year 2010 for those individual participants where the additional performance conditions for the second and final tranches had not previously been met and 303,321 options vested in February 2011. 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 334,997 of options will vest in February 2012 following satisfaction of the additional performance test.

* Adjusted pre-tax profits is profit before tax excluding acquired intangible amortisation, CAP 2010 element of long-term incentive expense, exceptional items, profits from significant acquisitions, 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 as set out in the Income Statement, note 5, 6 and note 8.

Notes to the Consolidated Financial Statements continued

25 Share-based payments *continued*

Share Option Schemes

The company has six share option schemes for which an IFRS2 'Share-based payments' charge has been recognised. Details of these schemes are set out in the Directors' Remuneration Report on pages 40 to 43. The fair value per option granted and the assumptions used in the calculation are shown below.

The executive and Save as You Earn (SAYE) 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 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 £96,000 (2010: charge £39,000).

	Executive Options		SAYE			
			9	10	11	12
Date of grant	December 4 2002	January 28 2004	December 17 2007	December 19 2008	December 11 2009	December 21 2010
Market value at date of grant (p)	259	419	397	233	430	706
Option price (p)	259	419	318	187	344	565
Number of share options outstanding	86,000	91,487	3,018	341,025	46,466	40,588
Option life (years)	10	10	3.5	3.5	3.5	3.5
Expected term of option (grant to exercise (years))	5.5	5.5	3.0	3.0	3.0	3.0
Exercise price (p)	259	419	318	187	344	565
Risk-free rate	4.10%	4.10%	4.25%	5.00%	1.83%	1.63%
Dividend yield	3.93%	3.93%	3.35%	5.65%	7.49%	5.28%
Volatility	30%	30%	30%	30%	50%	38%
Fair value per option (£)	0.52	0.72	1.13	0.58	1.21	1.82

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 (2010: £nil), and for Internet Securities, Inc. options was a credit of £34,000 (2010: charge £377,000).

	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	421	58,375	293,032	563	738	8,626
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

25 Share-based payments *continued*

The Internet Securities, Inc. (ISI) options are over shares of ISI, a subsidiary entity. The ISI options outstanding at September 30 2011 had a weighted average exercise price of $12.43 and a weighted average remaining contractual life of 4.23 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 element) was £15,940,000 (2010: £3,948,000).

1. Exercise price of Canadian CSOP is £5.01.
2. 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[1]) multiplied by the number of options exercised.

* Exercise price excludes the effect of the funding award.

Cash-settled options

The group has liabilities in respect of three share option schemes that are classified by IFRS 2 'Share-based payments' as cash settled. These consist of the cash element of the CAP 2010 scheme, options held by employees over new equity shares in Internet Securities Inc., a subsidiary of the group, and, from 2011, options held by employees over equity shares in Structured Retail Products Limited (previously Arete Consulting Limited), a subsidiary of the group. The total carrying value at September 30, 2011 included in the Statement of Financial Position is a liability of £10,296,000 (2010: £2,115,000). Of these schemes, options with an intrinsic value of £7,000 had vested but are not yet exercised (2010: £36,000).

Notes to the Consolidated Financial Statements continued

26 Acquisition option commitments

The group is party to put options over the remaining non-controlling interest in subsidiaries. IAS 39 'Financial Instruments' requires the group to recognise the discounted present value of the remaining put option commitment. This discount is unwound as a notional interest charge to the Income Statement. The group regularly performs a review of the underlying businesses with put option commitments to assess the impact on the fair value of the respective put option commitment. Any resultant change in these fair values is reported as a finance income or expense in the Income Statement.

	2011 £000's	2010 £000's
Acquisition option commitments at October 1	1,061	11,943
Additions from acquisitions during the year	9,451	83
Net movements during the year following review of underlying business (note 8)	358	1,191
Imputed interest (note 8)	181	129
Exercise of option commitments	(50)	(12,285)
Acquisition option commitments at September 30	11,001	1,061

A total charge of £539,000 was recorded in finance costs and related to acquisition option commitments held at the year end.

Maturity profile of acquisition option commitments:

	2011 £000's	2010 £000's
Within one year	852	1,061
In more than one year	10,149	–
	11,001	1,061

There is a deferred tax asset of £3,800,000 related to the put option commitment as at September 30 2011.

As explained in note 2, key judgemental areas in preparing the financial statements, the value of the put option commitments is subject to a number of assumptions. The directors estimate that a possible range of outcomes for the fair value of the NDR put option commitments, based on possible changes in the assumptions, is as follows:

	2011 £000's
Estimated minimum	–
Estimated capped maximum	39,183

The put option agreement over the sale of Internet Securities, Inc. (ISI) shares between the company and the non-controlling shareholders of ISI is based on the valuation of ISI as determined under a methodology provided by an independent financial advisor. Under the terms of the put option 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.

Following a sensitivity analysis of the fair value of the acquisition option commitments applying reasonable possible assumptions, a 10% change in expected profit, the liabilities at September 30 2011 range from £9,986,000 to £12,016,000 with the corresponding change to the value at September 30 2011 charged or credited to the Income Statement in future periods.

27 Operating lease commitments

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

	2011 £000's	2010 £000's
Within one year	7,317	6,348
Between two and five years	19,899	21,561
After five years	4,887	8,707
	32,103	36,616

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:

	2011 £000's	2010 £000's
Within one year	903	933
Between two and five years	1,819	2,089
After five years	868	1,345
	3,590	4,367

28 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:

	2011 £000's	2010 £000's
Euromoney Pension Plan/PensionSaver	965	856
Metal Bulletin Group Personal Pension Plan	28	29
Private schemes	1,035	1,007
Harmsworth Pension Scheme	148	191
	2,176	2,083

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.

Notes to the Consolidated Financial Statements continued

28 Retirement benefit schemes *continued*

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. 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.

With effect from April 1 2011 the benefit design of the scheme changed significantly to align with DMGT's objective of controlling risk and cost going forward. On the same date the scheme also ceased to be contracted-out of the State Second Pension. The scheme continues to operate on a defined benefit basis but total benefits are no longer linked to final salary. These changes do not affect benefit entitlements accrued by members prior to April 1 2011. Benefits accrued up to March 31 2011 are protected on a final salary basis, but they have been de-linked from pensionable salary. This part of a member's benefit will instead be increased in line with the retail price index (RPI), capped at 5%.

From April 1 2011 benefits are accrued on a cash basis rather than a pension basis with members building up a retirement account (a cash balance which is used to buy an annuity from an insurance company at retirement). The accumulated retirement account is calculated on a Career Average Revalued Earnings (CARE) basis using pensionable pay history.

DMGT communicated these changes through a formal employee consultation process that ended in February 2011.

The scheme was closed to DMGT employees with effect from October 1 2009 and will fully close to new entrants on March 31 2012. Full actuarial valuations of the defined benefit schemes are carried out triennially by the actuary. The latest valuation as at March 31 2010, was signed on June 30 2011 along with a new schedule of contributions. In view of the closure of the scheme to new DMGT entrants, it was agreed to use a control period, over which the future contribution rate is assessed, equal to the average working lifetime of the active membership, known as the attained age method. The valuation as at March 31 2010 and the funding basis arising from it makes allowance for the scheme changes described above.

The rates of normal cash contributions paid by the company to the scheme under the two schedules of contributions in force during the year were 18.0% of members' scheme salaries (2010: 18%) for the six-month period to March 31 2011 (with employees contributing either 5% or 7.5% depending on which section of the scheme they are in), followed by six-months from April 1 2011 of the equivalent of 10% of members' basic salary for the 'Standard' section (with members contributing 4%) and 15% of members' basic salary for the 'Plus' section (with members contributing 6%). As a part of funding agreements with the trustees of the main schemes DMGT has agreed Recovery Plans involving a series of annual funding payments amounting to £265.9 million over a period to end on October 5 2023. The first of these payments, amounting to £36.7 million, was made post year-end on October 5 2011. The normal and deficit funding payments described above are subject to review following subsequent actuarial valuations.

28 Retirement benefit schemes *continued*

The contributions payable to the scheme are determined by the trustee company after taking advice from an independent qualified actuary and following agreement with DMGT.

The funding strategy agreed with the trustee of the scheme in connection with the 2007 valuation 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 2010 triennial valuation. As at October 2 2011, the letter of credit had a value of £53.6 million (2010: £46.9 million).

Actuarial valuation as at 31 March 2010
Long-term assumed rate of:

Price inflation RPI	**3.5% p.a.**
Price inflation CPI	**2.9% p.a.**
Salary increases	**3.3% p.a.**
Pension increases (on excess over guaranteed minimum pension)	**3.3% p.a.**
Discount rate for accrued liabilities	
– Pre-retirement	**6.5% p.a.**
– Post-retirement	**4.9% 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 2010 and taking account of the scheme changes from April 1 2011 represented 83% of the scheme's Technical Provisions in respect of past service benefits. Recent quarterly updates provided to the trustee indicate that the funding position has since deteriorated in common with most other defined benefit plans.

Members are able to make additional voluntary contributions (AVCs) into unit-linked funds held within each scheme. No benefit obligation arises to 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 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.

The group's pension charge for the Harmsworth Pension Scheme for the year ended September 30 2011 was £148,000 (2010: £191,000).

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 2010, and adjusted to October 2 2011 to take account of membership data as at September 30 2011. 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 £1,333.6 million (2010: £1,342.6 million) and that the actuarial value of these assets represented 83.0% (2010: 86.2%) of the benefits that had accrued to members (also calculated in accordance with IAS 19).

Notes to the Consolidated Financial Statements continued

28 Retirement benefit schemes *continued*

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 2010.

The company cash contribution rate to the scheme during the year was 22.3% (2010: 22.3%) of pensionable salaries.

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 2010 and adjusted to September 30 2011 by the actuary. The key financial assumptions adopted were as follows:

Long-term assumed rate of:	**2011**	2010
Pensionable salary growth	**2.5% p.a.**	4.6% 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)	**3.1% p.a.**	3.3% 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.**	5.0% p.a.
Inflation	**3.1% p.a.**	3.3% p.a.
Pension increase in deferment	**3.2% p.a.**	3.3% 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:

2011	**Equities**	**Bonds**	**With profits policy**	**Cash**	**Total**
Value at September 30 2011 (£000's)	**7,416**	**12,390**	**2,572**	**1,983**	**24,361**
% of assets held	**30.4%**	**50.9%**	**10.6%**	**8.1%**	**100.0%**
Long-term rate of return expected at September 30 2011	**8.00%**	**5.00%**	**5.75%**	**3.50%**	

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%	

28 Retirement benefit schemes *continued*

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

	2011 £000's	2010 £000's
Present value of defined benefit obligation	**(26,260)**	(25,811)
Assets at fair value	**24,361**	24,274
Deficit reported in the balance sheet	**(1,899)**	(1,537)

The deficit for the year excludes a related deferred tax asset of £475,000 (2010: asset £415,000).

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

	2011 £000's	2010 £000's
Present value of obligation at October 1	**(25,811)**	(21,916)
Service cost	**(75)**	(70)
Interest cost	**(1,290)**	(1,225)
Benefits paid	**589**	680
Members contributions	**(13)**	(15)
Actuarial movement	**340**	(3,265)
Present value of obligation at September 30	**(26,260)**	(25,811)

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

	2011 £000's	2010 £000's
Fair value of plan assets at October 1	**24,274**	21,552
Expected return on plan assets	**1,451**	1,283
Contributions:		
Employer	**584**	587
Members	**13**	15
Annuity surplus refund	**23**	154
Actual return less expected return on pension scheme assets	**(1,395)**	1,363
Benefits paid	**(589)**	(680)
Fair value of plan assets at September 30	**24,361**	24,274

Notes to the Consolidated Financial Statements continued

28 Retirement benefit schemes *continued*

The actual return on plan assets was a gain of £56,000 (2010: gain £2,646,000) 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:

	2011 £000's	2010 £000's
Current service costs (charged to administration costs)	**75**	70
Interest cost (note 8)	**1,290**	1,225
Expected return on plan assets (note 8)	**(1,451)**	(1,283)
Total charge recognised in Income Statement	**(86)**	12

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

		2011 £000's	2010 £000's
Mortality			
Change in pension obligation at September 30 from a 1 year change in life expectancy	+/–	**689**	711
Change in pension cost from a 1 year change	+/–	**35**	38
Salary Increases			
Change in pension obligation at September 30 from a 0.25% change	+/–	**30**	45
Change in pension cost from a 0.25% year change	+/–	**3**	5
Discount Rate			
Change in pension obligation at September 30 from a 0.1% change	+/–	**495**	492
Change in pension cost from a 0.1% change	+/–	**1**	2
Inflation			
Change in pension obligation at September 30 from a 0.1% change	+/–	**147**	206
Change in pension cost from a 0.1% change	+/–	**7**	11

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

	2011 £000's	2010 £000's
Actual return less expected return on pension scheme assets	**(1,395)**	1,363
Return of surplus annuity payments	**23**	154
Experience adjustments on liabilities	**827**	(14)
Losses arising from changes in assumptions	**(487)**	(3,251)
Total losses recognised in SOCI	**(1,032)**	(1,748)
Cumulative actuarial gain recognised in SOCI at beginning of year	**617**	2,365
Cumulative actuarial gain recognised in SOCI at end of year	**(415)**	617

28 Retirement benefit schemes *continued*

History of experience gains and losses:

	2011 £000's	2010 £000's	2009 £000's	2008 £000's
Present value of defined benefit obligation	**(26,260)**	(25,811)	(21,916)	(16,985)
Fair value of scheme assets	**24,361**	24,274	21,552	19,512
(Deficit)/surplus in scheme	**(1,899)**	(1,537)	(364)	2,527
Experience adjustments on defined benefit obligation	**827**	(14)	(18)	(36)
Percentage of present value of defined benefit obligation	**(3.1%)**	0.1%	0.1%	0.2%
Experience adjustments on fair value of scheme assets	**(1,395)**	1,363	760	(1,717)
Percentage of the fair value of the scheme assets	**5.7%**	(5.6%)	(3.5%)	(4.0%)

The group expects to contribute approximately £509,000 (2010: expected contribution in 2011 of £509,000) to the MBPS during the 2012 financial year.

29 Contingent liabilities

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 (£16,488,000). 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.

30 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 had borrowings under a $400 million multi-currency facility with DMGRH Finance Limited, a DMGT group company as follows:

	2011 $000's	2011 £000's	2010 $000's	2010 £000's
Amounts owing under US dollar facility at Sept 30	**171,450**	**110,059**	159,000	100,901
Amounts owing under sterling facility at Sept 30	**–**	**20,000**	–	37,007
		130,059		137,908
Commitment fee on unused portion of the available facility for year	**–**	**721**	–	448

Notes to the Consolidated Financial Statements continued

30 Related party transactions *continued*

(ii) During the year the group expensed services provided by Daily Mail and General Trust plc (DMGT), the group's parent, and other fellow group companies, as follows:

	2011 £000's	2010 £000's
Services expensed	**406**	416

(iii) At September 30, the group had fixed rate interest rate swaps outstanding with Daily Mail and General Holdings Limited (DMGH), a fellow group company, as follows:

	2011 $000's	**2011 £000's**	2010 $000's	2010 £000's
Interest rates between 2.0% and 5.4% and termination dates between March 30 2012 and March 31 2014 on US$ fixed rate interest rate swaps	**95,000**	**60,983**	145,000	92,017
Interest rates between 2.3% and 6.2% and termination dates between September 30 2012 and March 28 2013 on GBP fixed rate interest rate swaps	**–**	**20,000**	–	42,000

During the year the group paid interest to DMGH and related companies in respect of interest rate swaps as follows:

	2011 $000's	**2011 £000's**	2010 $000's	2010 £000's
US dollar interest paid	**4,475**	**2,784**	5,933	3,797
Sterling interest paid	**–**	**974**	–	1,558

(iv) In January 2011, the group granted an Indian Rupee 112 million loan facility to RMSI Private Limited, a DMGT group company, at a 10.5% fixed interest rate:

	2011 INR 000's	**2011 £000's**	2010 INR 000's	2010 £000's
Amounts owed under the facility at September 30	**120,265**	**1,576**	–	–
Interest income during the year	**8,264**	**111**	–	–

(v) In February 2011, Euromoney Holdings US Inc, a group company, was granted a US$70 million short-term loan facility from DMGH. There were no amounts outstanding at September 30 2011.

	2011 $000's	**2011 £000's**	2010 $000's	2010 £000's
Amounts received	**70,000**	**43,750**	–	–
Amounts paid	**(70,041)**	**(43,776)**	–	–
Interest expense	**(41)**	**(26)**	–	–

30 Related party transactions *continued*

(vi) In February 2011, the company provided a US$70 million short-term loan facility to DMGH. There were no amounts outstanding at at September 30 2011:

	2011 $000's	**2011 £000's**	2010 $000's	2010 £000's
Amounts paid	**(70,000)**	**(43,750)**	–	–
Amounts received	**70,041**	**43,776**	–	–
Interest income	**41**	**26**	–	–

(vii) On May 31 2011, the group issued 7,258,408 'B' shares in Euromoney Consortium Limited to DMG Charles Limited, a DMGT group company, for £726,000. The 'B' shares issued carry 49.9% of the voting rights in the company but only 0.3% of the economic value. Euromoney Consortium Limited holds the majority of the group's UK trading entities. The sale enables the group to take advantage of HMRC's consortium relief rules and where appropriate claim tax losses from the DMGT group. The subscription price received reflected the open market value of the equity stake of the group of UK trading companies involved.

(viii) During the year £831,000 was payable by Euromoney Consortium Limited to DMGT group companies, for tax losses with a tax value of £1,109,000 under an agreement between the two groups. These tax losses are relievable against UK taxable profits of the group under HMRC's consortium relief rules. At September 30 2011 £831,000 was owed to DMGT group for these losses.

(ix) On August 1 2011, the group sold 49,900 'B' shares in Euromoney Consortium 2 Limited to DMG Charles Limited, a DMGT group company, for £128,000. The 'B' shares sold carry 49.925% of the voting rights in the company but only 0.3% of the economic value. Euromoney Consortium 2 Limited's only significant investment is a 100% equity stake in Euromoney Trading Limited, the group's main UK trading entity. The sale enables the group to take advantage of HMRC's consortium relief rules and where appropriate claim tax losses from the DMGT group. The sale price received reflected the open market value of the equity stake of Euromoney Trading Limited.

(x) During the year £232,000 was payable by Euromoney Consortium 2 Limited to DMGT group companies, for tax losses with a tax value of £309,000 under an agreement between the two groups. These tax losses are relievable against UK taxable profits of the group under HMRC's consortium relief rules. At September 30 2011 £232,000 was owed to DMGT group for these losses.

(xi) There is an annual put option agreement over the sale of Internet Securities, Inc. (ISI) shares between the company and the minority shareholders of ISI. The annual put option value is based on the valuation of ISI as determined under a methodology provided by an independent financial adviser. Under the terms of the put option 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 March 2011, under this put option mechanism, the group purchased 0.08% of the equity share capital of ISI for a cash consideration of $81,000 (£50,000). The group's equity shareholding in ISI increased to 98.8%.

(xii) NF Osborn serves on the management board of A&N International Media Limited and both DMG Events and dmgi, fellow group companies, for which he received fees for the year to September 30 2011 of £25,000 and US$40,000 respectively (2010: £25,000 and US$20,000 respectively).

(xiii) PM Fallon serves as a director on the executive board of DMGT, the group's parent. During the year he earned non-executive director fees of £19,500 (2010: £19,500) and received short-term employee benefits of £6,907 (2010: £5,392). In 2010, PR Ensor also served on the executive board of DMGT and earned £8,000. He retired from the board in 2010.

Notes to the Consolidated Financial Statements continued

30 Related party transactions *continued*

(xiv) 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

	2011 £000's	2010 £000's
Salaries and short-term employee benefits	**17,517**	17,376
Non-executive directors' fees	**197**	169
Post-employment benefits	**159**	147
Other long-term benefits (all share-based)	**2,644**	560
	20,517	18,252
Of which:		
Executive directors	**15,966**	14,657
Non-executive directors	**197**	169
Divisional directors	**4,354**	3,426
	20,517	18,252

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

31 Events after the balance sheet date

The directors propose a final dividend of 12.5p per share (2010: 11.75p) totalling £15,156,000 (2010: £13,928,000) for the year ended September 30 2011. The dividend will be submitted for formal approval at the Annual General Meeting to be held on January 26 2012. 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 2012. During 2011, a final dividend of 11.75p (2010: 7.75p) per share totalling £13,928,000 (2010: £8,816,000) was paid in respect of the dividend declared for the year ended September 30 2010.

There were no other events after the balance sheet date.

32 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 Auditor's Company 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 2011 which comprise the Company Balance Sheet and the related notes 1 to 17. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011;
- 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 2011.

Robert Matthews (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
November 9 2011

Company Balance Sheet

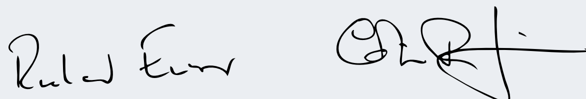
as at September 30 2011

	Notes	2011 £000's	2010 £000's
Fixed assets			
Tangible assets	4	**4,161**	4,691
Investments	5	**938,461**	468,277
		942,622	472,968
Current assets			
Debtors	6	**98,392**	202,240
Corporation tax		**2,857**	–
Cash at bank and in hand		**42**	186
		101,291	202,426
Current liabilities			
Bank overdrafts		**(353)**	–
Amounts owed to subsidiary undertakings		**(53,405)**	(6,396)
Corporation tax		**–**	(584)
Other taxation and social security		**(253)**	–
Deferred income		**(325)**	–
Derivative financial instruments	12	**(1,251)**	(1,206)
Committed loan facility (note 20 to the group accounts)		**(58,516)**	–
Loan notes		**(1,617)**	(2,039)
		(115,720)	(10,225)
Net current assets		**(14,429)**	192,201
Total assets less current liabilities		**928,193**	665,169
Non-current liabilities			
Committed loan facility (note 20 to the group accounts)		**(71,543)**	(137,908)
Derivative financial instruments	12	**(1,315)**	(4,649)
Provisions	7	**(1,521)**	(1,521)
		(74,379)	(144,078)
Net assets		**853,814**	521,091
Capital and reserves			
Called up share capital	9	**303**	296
Share premium account	13	**82,124**	66,082
Other reserve	13	**64,981**	64,981
Capital redemption reserve	13	**8**	8
Capital reserve	13	**1,842**	1,842
Own shares	13	**(74)**	(74)
Reserve for share-based payments	13	**33,725**	15,229
Fair value reserve	13	**(261)**	(2,917)
Profit and loss account	13	**671,166**	375,644
Equity shareholders' funds	14	**853,814**	521,091

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 £417,008,000 (2010: £191,237,000).

The accounts were approved by the board of directors on November 9 2011.

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 derivative 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 accounting policies set out below have, unless otherwise stated, been applied consistently throughout the 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'.

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 (DMGT). 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 (£199 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 2011, the group's net debt to adjusted EBITDA was 1.01 times and the committed undrawn facility available to the group was £127.9 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 20 to the group accounts for further details).

The group intends to allow its three year facility (£64.5 million) to expire when it comes up for renewal in December 2011. Any remaining funds drawn under this facility at this date will be rolled into the unused portion of the five year facility (£193 million) and, in the absence of any significant acquisitions, the group has no pressing requirement to arrange new finance before this five year facility expires in December 2013. In addition, the group has agreed terms with DMGT that provide it with access to new funding should the group require it during the period through April 2016.

The group's forecasts and projections, looking out to September 2014 and 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'.

Pension schemes

Details of the company's pension schemes are set out in note 28 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:

Short-term leasehold premises	over term of lease

Notes to the Company Accounts continued

1 Accounting policies *continued*

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.

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.

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

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

	2011 £000's	2010 £000's
Salaries, wages and incentives	**10**	31,899
Social security costs	**1**	3,465
Pension contributions	**–**	877
Share-based compensation costs (note 10)	**96**	1,431
	107	37,672

Details of directors' remuneration are set out in the Directors' Remuneration Report on pages 38 to 52 and in note 7 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 2010, and adjusted to October 2 2011 to take account of membership data as at September 30 2011. 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 £1,333.6 million (2010: £1,342.6 million) and that the actuarial value of these assets represented 83.0% (2010: 86.2%) 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.

On September 30 2010, the group sold the company's trade and trading assets and liabilities to Euromoney Trading Limited, an indirectly owned group company.

3 Remuneration of auditor

	2011 £000's	2010 £000's
Fees payable for the audit of the company's annual accounts	**509**	419

Notes to the Company Accounts continued

4 Tangible assets

	Short-term leasehold premises £000's
Cost	
At October 1 2010 and September 2011	**8,322**
Depreciation	
At October 1 2010 and September 2011	**3,631**
Charge for the year	**530**
At September 30 2011	**4,161**
Net book value at September 30 2011	**4,161**
Net book value at September 30 2010	4,691

5 Investments

	2011			2010		
	Subsidiaries £000's	**Investments in associated undertakings £000's**	**Total £000's**	Subsidiaries £000's	Investments in associated undertakings £000's	Total £000's
At October 1	**468,248**	**29**	**468,277**	791,919	29	791,948
Additions	**831,723**	**–**	**831,723**	399,071	–	399,071
Disposals	**(361,539)**	**–**	**(361,539)**	(63,469)	–	(63,469)
Impairment losses	**–**	**–**	**–**	(671,488)	–	(671,488)
Exchange differences	**–**	**–**	**–**	12,215	–	12,215
At September 30	**938,432**	**29**	**938,461**	468,248	29	468,277

During 2011, the company restructured its investments to take advantage of HMRC's consortium relief rules to enable its subsidiaries where appropriate to claim tax losses from the DMGT group. As part of the restructuring, the company acquired a 56% stake in Euromoney Canada Limited (ECL) (formerly Euromoney Telcap 1 Limited) and 100% stake in Euromoney Canada Finance Limited (formerly Euromoney Telcap 2 Limited) from its subsidiary Euromoney Institutional Investor (Ventures) Limited (EIIV). Following the acquisition, the company sold 100% of its shareholding in EIIV to ECL.

As part of a project to reduce the number of legal entities within the group Euromoney Yen Finance Limited (EYF), a 100% owned subsidiary, was struck off the register at Companies House during the year. Accordingly the company's investment in EYF, previously impaired to £nil net book value, was written off.

In 2010, 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. 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 2011 can be found in note 14 to the group accounts.

6 Debtors

	2011 £000's	2010 £000's
Due within one year:		
Amounts owed by DMGT group undertakings	645	1,022
Amounts owed by subsidiary undertakings	95,535	191,752
Deferred tax (note 8)	2,212	9,466
	98,392	202,240

7 Provisions

	2011 Dilapidations on leasehold properties £000's	2010 Dilapidations on leasehold properties £000's
At October 1	1,521	3,013
Provision	–	258
Used in the year	–	(719)
Intra-group transfers	–	(1,031)
At September 30	1,521	1,521

	2011 £000's	2010 £000's
Maturity profile of provisions:		
Between 2 and 5 years	1,521	1,521
	1,521	1,521

8 Deferred tax

The deferred tax asset at September 30 2011 comprised:

	2011 £000's	2010 £000's
Accelerated capital allowances		–
Tax losses	1,571	7,885
Other short-term timing differences	641	1,581
Provision for deferred tax	2,212	9,466

	2011 £000's	2010 £000's
Movement in deferred tax:		
Deferred tax asset at October 1	9,466	15,035
Deferred tax charge in the profit and loss account	(6,315)	(674)
Deferred tax charge to equity	(939)	(544)
Intra-group transfer	–	(4,351)
Deferred tax asset at September 30	2,212	9,466

A deferred tax asset of £2,212,000 (2010: £9,466,000) 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.

Notes to the Company Accounts continued

9 Share capital

	2011 £000's	2010 £000's
Allotted, called up and fully paid		
121,247,380 ordinary shares of 0.25p each (2010: 118,491,911 ordinary shares of 0.25p each)	**303**	296

During the year, 2,755,469 ordinary shares of 0.25p each (2010: 4,734,448 ordinary shares) with an aggregate nominal value of £6,889 (2010: £11,836) were issued as follows: 2,226,089 ordinary shares (2010: 2,620,495) under the company's 2009 scrip dividend alternative for a cash consideration of £nil (2010: £nil); and 529,380 ordinary shares (2010: 2,113,953 ordinary shares) following the exercise of share options granted under the company's share option schemes for a cash consideration of £718,392 (2010: £1,322,454).

10 Share-based payments

An explanation of the company's share-based payment arrangements are set out in the Directors' Remuneration Report on pages 40 to 43. The number of shares under option, the fair value per option granted and the assumptions used to determine their values is given in note 25 to the group accounts. Their dilutive effect on the number of weighted average shares of the company is given in note 11 to the group accounts.

Share option schemes
The executive and Save as You Earn (SAYE) 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 £96,000 (2010: charge of £39,000). Details of the executive and SAYE options are set out in note 25 to the group accounts.

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 (2010: £nil). Details of the CAP 2004 options are set out in note 25 to the group accounts (excludes ISI and cash-settled options).

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 recognised in the year for the CAP 2010 and CSOP 2010 options was £nil (2010: £1,392,000). Details of the CAP 2010 options are set out in note 25 to the group accounts (excludes ISI and cash-settled options).

There is no cost or liability for the cash element of the CAP 2010 option scheme. These are borne by the company's subsidiary undertakings.

A reconciliation of the options outstanding at September 30 2011 is detailed in note 25 to the group accounts.

11 Commitments

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

	2011 £000's	2010 £000's
Operating leases which expire:		
Within one year	–	–
Between two and five years	707	702
Over five years	242	242
	949	944

12 Financial instruments

Derivative financial instruments

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

	2011 Assets £000's	2011 Liabilities £000's	2010 Assets £000's	2010 Liabilities £000's
Interest rate swaps	–	(2,566)	–	(5,855)
	–	(2,566)	–	(5,855)
Current portion	–	(1,251)	–	(1,206)
Non-current portion	–	(1,315)	–	(4,649)

As at September 30 2010, all forward foreign exchange contracts were transferred to Euromoney Trading Limited and there were no unrealised losses under forward foreign exchange contracts deferred in the fair value reserve relating to future revenue transactions in the year or the prior period. 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 £nil effect in the year (2010: £4,171,000).

The company holds all the interest rate swaps for the group and full details regarding these can be found in note 20 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 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 increased liability of £914,000 (2010: decrease in liability of £584,000). During the year a loss of £914,000 (2010: loss of £12,215,000) was generated from the revaluation of borrowings, offset by £nil (2010: £363,000) of exchange differences included in the sale of investments and £nil (2010: £12,436,000) of exchange differences included in from the impairment of investments. There was no ineffectiveness in these hedges to be charged to the profit and loss account (2010: £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

13 Reserves

	Share capital £000's	Share premium account £000's	Other reserve £000's	Capital redemption reserve £000's	Capital reserve £000's	Own shares £000's	Reserve for share-based payments £000's	Fair value reserve £000's	Profit and loss account £000's	Total £000's
At September 30 2009	284	52,445	64,981	8	1,842	(74)	14,457	(10,228)	199,201	322,916
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	7	12,319	–	–	–	–	–	–	(16,135)	(3,809)
Exercise of share options	5	1,318	–	–	–	–	–	–	–	1,323
At September 30 2010	**296**	**66,082**	**64,981**	**8**	**1,842**	**(74)**	**15,229**	**(2,917)**	**375,644**	**521,091**
Retained profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**417,008**	**417,008**
Change in fair value of cash flow hedges	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3,595**	**–**	**3,595**
Tax on items taken directly to equity	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(939)**	**–**	**(939)**
Capital distribution	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(100,038)**	**(100,038)**
Credit for share–based payments	**–**	**–**	**–**	**–**	**–**	**–**	**18,496**	**–**	**–**	**18,496**
Scrip/cash dividends paid	**6**	**15,325**	**–**	**–**	**–**	**–**	**–**	**–**	**(21,448)**	**(6,117)**
Exercise of share options	**1**	**717**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**718**
At September 30 2011	**303**	**82,124**	**64,981**	**8**	**1,842**	**(74)**	**33,725**	**(261)**	**671,166**	**853,814**

The investment in own shares is held by the Euromoney Employees' Share Ownership Trust (ESOT). At September 30 2011 the ESOT held 58,976 shares (2010: 58,976 shares) carried at a historic cost of £1.25 per share with a market value of £363,000 (2010: £361,000). 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 £33,725,000 (2010: £15,229,000) of the liability for share based payments and £589,384,000 (2010: £218,776,000) of the profit and loss account is distributable to equity shareholders of the company. The remaining balance of £81,782,000 (2010: £156,868,000) is not distributable.

14 Reconciliation of movements in equity shareholders' funds

	2011 £000's	2010 £000's
Profit for the financial year inclusive of dividends	**417,008**	191,237
Dividends paid	**(21,448)**	(16,135)
	395,560	175,102
Issue of shares	**16,049**	13,649
Change in fair value of cash flow hedges	**3,595**	3,458
Transfer of loss on cash flow hedges from fair value reserves to income statement	**–**	4,397
Tax on items taken directly to equity	**(939)**	(544)
Exercise of acquisition option commitments	**–**	1,341
Credit to equity for share based payments	**18,496**	772
Capital contribution	**(100,038)**	–
Net increase in equity shareholders' funds	**332,723**	198,175
Opening equity shareholders' funds	**521,091**	322,916
Closing equity shareholders' funds	**853,814**	521,091

15 Related party transactions

Related party transactions and balances are detailed below:

(i) The company had borrowings under a $400 million multi-currency facility with DMGRH Finance Limited, a fellow group company (note 21 of group accounts):

	2011 $000's	2011 £000's	2010 $000's	2010 £000's
Amounts owing under US dollar facility at Sept 30	**171,450**	**110,059**	159,000	100,901
Amounts owing under sterling facility at Sept 30	**–**	**20,000**	–	37,007
		130,059		137,908
Commitment fee on unused portion of the available facility during the year	**–**	**721**	–	448

(ii) At September 30 the company had fixed rate interest rate swaps outstanding with Daily Mail and General Holdings Limited (DMGH), a fellow group company, as follows:

	2011 $000's	2011 £000's	2010 $000's	2010 £000's
Interest rates between 2.0% and 5.4% and termination dates between March 30 2012 and March 31 2014 on: US$ fixed rate interest rate swaps	**95,000**	**60,983**	145,000	92,017
Interest rates between 2.3% and 6.2% and termination dates between September 30 2012 and March 28 2013 on: GBP fixed rate interest rate swaps	**–**	**20,000**	–	42,000

Notes to the Company Accounts continued

15 Related party transactions *continued*

During the period the group paid interest to DMGH and related companies in respect of interest rate swaps as follows:

	2011 $000's	2011 £000's	2010 $000's	2010 £000's
US dollar interest paid	**4,475**	**2,784**	5,933	3,797
Sterling interest paid	**–**	**974**	–	1,558

(iii) In February 2011, the company provided US$70 million short-term loan facility to DMGH, a fellow group company. There were no amounts outstanding as at September 30 2011.

	2011 $000's	2011 £000's	2010 $000's	2010 £000's
Amounts paid				
Amounts received	**(70,000)**	**(43,750)**	–	–
Interest income	**70,041**	**43,776**	–	–
	41	**26**	–	–

(iv) During 2011 and 2010 the company did not enter into any trading transactions with related undertakings that are not 100% owned within the group.

16 Post balance sheet event

The directors propose a final dividend of 12.5p per share (2010: 11.75p) totalling £15,156,000 (2010: £13,928,000) for the year ended September 30 2011. The dividend will be submitted for formal approval at the Annual General Meeting to be held on January 26 2012. 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 2012. During 2011, a final dividend of 11.75p (2010: 7.75p) per share totalling £13,928,000 (2010: £8,816,000) was paid in respect of the dividend declared for the year ended September 30 2010.

17 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

	2007 £000's	2008 £000's	2009 £000's	2010 £000's	**2011 £000's**
Total revenue	305,594	332,064	317,594	330,006	**363,142**
Operating profit before acquired intangible amortisation, long-term incentive expense and exceptional items	78,606	81,308	79,447	100,057	**108,967**
Acquired intangible amortisation	(15,716)	(12,749)	(15,891)	(13,671)	**(12,221)**
Long-term incentive expense	(10,176)	(5,361)	(2,697)	(4,364)	**(9,491)**
Accelerated long-term incentive expense	–	–	–	–	**(6,603)**
Exceptional items	855	(2,477)	(33,901)	(228)	**(3,295)**
Operating profit before associates	53,569	60,721	26,958	81,794	**77,357**
Share of results in associates	490	308	219	281	**408**
Operating profit	54,059	61,029	27,177	82,075	**77,765**
Net finance costs	(12,931)	(23,603)	(44,538)	(10,651)	**(9,568)**
Profit/(loss) before tax	41,128	37,426	(17,361)	71,424	**68,197**
Tax credit/(expense) on profit/(loss)	(8,223)	7,279	10,412	(12,839)	**(22,527)**
Profit/(loss) after tax from continuing operations	32,905	44,705	(6,949)	58,585	**45,670**
Profit from discontinued operations	500	245	1,207	–	**–**
Profit/(loss) for the year	33,405	44,950	(5,742)	58,585	**45,670**
Attributable to:					
Equity holders of the parent	31,822	43,719	(6,287)	58,105	**45,591**
Equity non-controlling interests	1,583	1,231	545	480	**79**
Profit/(loss) for the year	33,405	44,950	(5,742)	58,585	**45,670**
Basic earnings/(loss) per share	30.66p	41.69p	(6.83)p	50.04p	**38.02p**
Diluted earnings/(loss) per share	29.86p	40.37p	(6.67)p	49.47p	**37.34p**
Adjusted diluted earnings per share	35.04p	44.36p	40.39p	53.50p	**56.05p**
Diluted weighted average number of ordinary shares	104,888,887	107,687,024	112,372,620	117,451,228	**122,112,168**
Dividend per share	19.00p	19.25p	14.00p	18.00p	**18.75p**

Consolidated Statement of Financial Position extracts

	2007	2008	2009	2010	**2011**
Intangible assets	380,022	407,578	425,648	422,707	**490,042**
Non-current assets	38,129	41,318	39,002	40,921	**33,824**
Accruals	(43,424)	(50,016)	(46,972)	(45,473)	**(56,249)**
Deferred income liability	(73,382)	(89,488)	(82,599)	(93,740)	**(105,507)**
Other net current assets/(liabilities)	23,965	(171,290)	(16,642)	21,962	**(12,304)**
Non-current liabilities	(269,530)	(50,038)	(213,446)	(176,894)	**(124,231)**
Net assets	55,780	88,064	104,991	169,483	**225,575**

Financial Calendar and Shareholder Information

2011 final results announcement	Thursday November 10 2011
Final dividend ex-dividend date	Wednesday November 16 2011
Final dividend record date	Friday November 18 2011
Announcement of the final scrip reference price for the scrip alternative	Wednesday December 7 2011
Last date for receipt by the company's registrars of scrip mandate forms	3.00 p.m. on Thursday January 19 2012
2012 AGM (approval of final dividend)	Thursday January 26 2012
Payment of final dividend	Thursday February 9 2012
2012 interim results announcement	Thursday May 17 2012*
Interim dividend ex-dividend date	Wednesday May 23 May 2012*
Interim dividend record date	Friday May 25 2012*
Payment of 2012 interim date	Thursday July 19 2012*
2012 final results announcement	Thursday November 15 2012*
Loan note interest paid to holders of loan notes on	Friday December 30 2011 Friday June 29 2012

* 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:

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Telephone: 0871 384 2030 (calls cost 8p per minute from a BT landline. Other telephony provider costs may vary).
Overseas Telephone: (00) 44 121 415 7047

Web: www.shareview.co.uk

A number of facilities are available to shareholders through the secure online site www.shareview.uk including:

- Viewing holdings and obtaining an indicative value;
- Notifying a change of address;
- Requesting receipt of shareholder communications by email rather than by post;
- Viewing dividend payment history;
- Making dividend payment choices.

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

euromoneyplc.com

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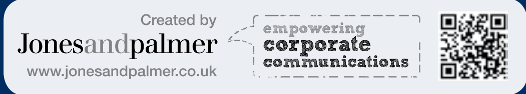

www.euromoneyplc.com

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