

Annual Report & Accounts 2014

# Euromoney Institutional Investor PLC

# Euromoney Institutional Investor PLC

is listed on the London Stock Exchange and 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 owns more than 70 brands including *Euromoney*, *Institutional Investor* and *Metal Bulletin*, and is a leading provider of economic and investment research and data under brands including BCA Research, Ned Davis Research and the emerging markets information providers, EMIS and CEIC. It also runs an extensive portfolio of conferences, seminars and training courses for financial and commodities 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.

## Year in Brief

### October

Acquisition of *Infrastructure Journal (IJ)* for £12.5m

### April

Disposal of MIS Training  
Launch of *IJGlobal* — merger of *Project Finance* and *IJ*

### March

Delphi project with investment of £10m completed on time and on budget

BCA and *GlobalCapital* first products launched on Delphi content platform

# Highlights

Revenue

## £406.6m

2014	406.6
2013	404.7
2012	394.1

Operating Profit

## £103.6m

2014	103.6
2013	105.6
2012	95.9

Profit before Tax

## £101.5m

2014	101.5
2013	95.3
2012	92.4

Diluted Earnings per Share

## 59.2p

2014	59.2
2013	56.7
2012	55.2

### June

Decision to move London headquarters to Bouverie Street after 40 years in Nestor House

### July

Acquisition of Mining Indaba for £45m

Net Debt

## £37.6m

2014	37.6
2013	9.9
2012	30.8

Adjusted Operating Profit

## £119.8m

2014	119.8
2013	121.1
2012	118.2

Adjusted Profit before Tax

## £116.2m

2014	116.2
2013	116.5
2012	106.8

Adjusted Diluted Earnings per Share

## 70.6p

2014	70.6
2013	71.0
2012	65.9

Dividend

## 23.0p

2014	23.00
2013	22.75
2012	21.75

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# Our Divisions

## RESEARCH AND DATA

REVENUE  
**£126.5m**

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 macro-economic research. In 2011, 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. EMIS provides the world's most comprehensive service for news and data on global emerging markets and CEIC, one of the leading providers of time-series macro-economic data for emerging markets.

## FINANCIAL PUBLISHING

REVENUE  
**£80.3m**

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*, *GlobalCapital*, *Latin Finance*, *Insurance Insider*, *IJGlobal*, *Air Finance*, *FOW* and the hedge fund title *EuroHedge*.

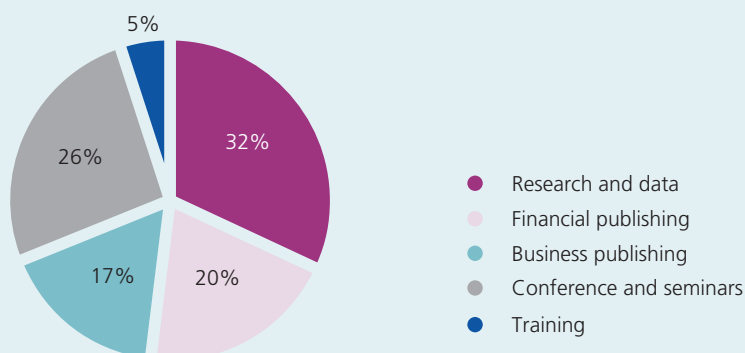
## BUSINESS PUBLISHING

REVENUE  
**£67.8m**

The business publishing division produces print and online information for the metals, minerals and mining, legal, telecoms and energy sectors.

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

### Divisional split



## CONFERENCES AND SEMINARS

REVENUE  
**£106.1m**

The group runs a large number of sponsored conferences and seminars for the international financial and commodities markets, mostly under the Euromoney, Institutional Investor, Metal Bulletin, Coaltrans 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: Euromoney's *Covered Bond Congress*; the *Saudi Arabia Conference*; the *EuroHedge Summit*; the *Global Airfinance Conference*; and *Global ABS and ABS East* for the asset-backed securities market. In the commodities sector, events include Metal Bulletin's *Middle East Iron and Steel* conference and the world's leading annual coal conferences, *Coaltrans World Coal Conference* and *Coaltrans Asia*; and TelCap runs *International Telecoms Week*, the worldwide meeting place for telecom carriers and service providers and *Capacity Middle East*.

## TRAINING

REVENUE  
**£19.4m**

The training division runs a comprehensive range of banking, finance, energy 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.

**EUROMONEY**

**Institutional  
Investor**

**GlobalCapital**  
Incorporating EUROWEEK www.globalcapital.com

**LATINFINANCE**

**BCA**  
RESEARCH

 **Ned Davis  
Research**  
Group

**CEIC** | A Euromoney  
Institutional  
Investor Company

 **EMIS**  
A Euromoney Institutional Investor Company

**MetalBulletin**

SINCE 1882  
**AMM**  
American Metal Market

INFORMATION  
MANAGEMENT  
NETWORK **IMN**

**capacity**  
media

# Chairman's Statement

We have continued to invest in the business despite the difficult trading conditions. The Delphi content platform was successfully launched and the focus in 2015 will include rolling out Delphi's functionality to Euromoney's other titles and investing in a strong pipeline of new information services and databases, while accelerating the move to a digital-only format for most of the group's titles by the end of 2016.

The pressures on the investment banking sector from increased regulation and compliance costs show no real sign of easing. However, other organic growth initiatives in events and data provide confidence in the company's longer term growth strategy, while its strong balance sheet and cash flows provide plenty of headroom for future investment and selective acquisitions.

## Highlights

Euromoney Institutional Investor PLC, the international online information and events group, achieved an adjusted profit before tax of £116.2 million for the year to September 30 2014, against £116.5 million in 2013. Adjusted diluted earnings a share were 70.6p (2013: 71.0p). The directors recommend a 2% increase in the dividend to 16.00p, giving a total for the year of 23.00p (22.75p) to be paid to shareholders on February 12 2015.

Total revenues for the year were marginally ahead of last year at £406.6 million. Underlying revenues, after adjusting for acquisitions and

disposals, increased by 3% at constant currency. The underlying revenue trends reported for the first half for subscriptions and advertising largely continued into the second, while event revenue growth was driven by a combination of increased event volumes and favourable timing. The adjusted operating margin fell from 30% to 29%, reflecting the group's continued strategic investment in digital publishing.

The new Delphi content platform was launched successfully earlier in the year and is already starting to generate benefits for businesses such as BCA and the newly launched *GlobalCapital* news and data service for international capital markets. The digital focus in 2015 will include rolling out Delphi's functionality to the group's other titles and investing in a strong pipeline of new information services and databases, while accelerating the move to a digital-only format for most of the group's titles by the end of 2016.

Net debt at September 30 was £37.6 million compared with £28.6 million at March 31 and £9.9 million at last year end. The increase reflects net acquisition spend of £55.7 million, including £45.6 million for the purchase of Mining Indaba and £12.5 million for *Infrastructure Journal*, and £21.5 million spent buying the company's own shares to satisfy expected future rewards under its new long-term incentive plan. Underlying cash flows remain strong and there is plenty of headroom for the group to pursue its selective acquisition strategy.

## Strategy

The group's strategy remains the building of a robust and tightly focused global online information business with an emphasis on emerging markets. This strategy is being executed through increasing the proportion of revenues derived from electronic subscription products; investing in technology to drive the online migration of the group's products as well as developing new electronic information services; building large, must-attend annual events; maintaining products of the highest quality; eliminating products with a low margin or too high a dependence on print advertising;

maintaining tight cost control; retaining and fostering an entrepreneurial culture; and using a healthy balance sheet and strong cash flows to fund selective acquisitions. A detailed review of the group's strategy is set out in the Strategic Report from page 7.

## Capital Appreciation Plan (CAP)

The CAP is the 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 strategy. The CAP was first introduced in 2004, since then it has been a key driver of the more than fivefold increase in the company's adjusted profit before tax.

Shareholders approved the introduction of CAP 2014 at the AGM in January 2014. It has a similar structure to CAP 2010. Initial awards under CAP 2014 were granted on June 20 to approximately 250 senior employees and executive directors. A maximum of 3.5 million ordinary shares and £7.6 million of cash will be used to satisfy CAP 2014 awards. The shares will be acquired in the market under the authority granted by shareholders at the AGM, and 1.7 million shares were acquired during 2014 at a cost of £21.5 million. CAP awards are expected to vest in three tranches in 2018, 2019 and 2020, subject to certain performance tests.

The primary performance test for CAP 2014 requires the group to achieve growth in adjusted profit before tax (and CAP expense) of at least 10% a year over a four-year period, i.e. £173.6 million by 2017 from a base of £118.6 million in 2013. If the primary performance test is not satisfied in 2017 the awards will lapse, subject to the secondary performance test. The secondary performance test requires the group to achieve an adjusted profit before tax (and CAP expense) of at least 84.9% of the primary performance target, i.e. £147.4 million, equivalent to growth of 6% a year, at which point only one third of the awards will vest. If the adjusted profit before tax (and CAP expense) in 2017 is between the secondary and primary targets, then between 33% and 100% of the CAP awards will vest according to a sliding scale.

The rules of the CAP require these performance targets to be adjusted for significant acquisitions or disposals during the performance period. The only significant transaction in the period was the acquisition of Mining Indaba, as a result of which the primary and secondary performance targets have been increased to £178.4 million and £151.5 million, respectively. These performance targets will also require adjustment for the Dealogic transaction once it completes.

The maximum cost of CAP 2014 is £41 million if the primary performance test is satisfied in 2017 and all subsequent performance tests are satisfied in full. The CAP cost will be amortised over the expected six-year life of CAP 2014. Given the uncertainty of both financial markets and the timing of future acquisitions and disposals, the significant digital investment requirements, and the volatility of exchange rates, it is difficult to estimate the level of profit the group will achieve in 2017. For the purpose of provisioning, the group has decided to amortise the CAP cost on the assumption that only the secondary performance test will be satisfied by 2017. This means that initially the CAP amortisation charge assumes a total CAP cost of £30 million. The charge in future years will be adjusted once there is more visibility over future profits. On this basis the CAP charge for 2014 is £2.4 million and the expected charge for 2015 is £6.1 million.

## Outlook

The pressures on the investment banking sector from increased regulation and compliance costs show no real sign of easing. It is the investment banks' fixed income activities which are most important to Euromoney and which have been hardest hit over the past couple of years from low trading volumes and volatility, as well as weak commodity prices. In contrast, the group's businesses serving the asset management sector have seen conditions improve during 2014 and recent trends in subscription sales and renewal rates suggest these businesses are positioned for further growth in 2015.

Looking ahead, the acquisition of Mining Indaba should contribute approximately £5 million to operating profits in 2015. However, it is anticipated that adjusted operating profits will be reduced by approximately £3 million from unfavourable event timing differences, property costs will increase by £2 million following the London office relocation, and the group's adjusted operating margin will also be reduced by the impact of a full year's Delphi costs and investment in other new products including the Investor Intelligence Network. In addition, the full year impact of the cost of CAP 2014 will reduce adjusted profit before tax by nearly £4 million. Further, as previously reported, the proposed Dealogic transaction will lead to

earnings dilution in 2015 of approximately 2% assuming it completes at the end of December as expected.

First quarter trading has started in line with the board's expectations. As usual at this time, there is little visibility into the start of the next calendar year when new budgets are set by most customers. While the trading environment remains challenging, the initial reaction to the Delphi content platform has been very positive and the pipeline for new Delphi-based products is strong which, with other organic growth initiatives in events and data, provides confidence in the company's longer term growth strategy. At the same time, the company's low balance sheet gearing and strong cash flows provide plenty of headroom for future investment and acquisitions.



**Richard Ensor**

Chairman

November 19 2014

## BCA Analytics

One of the first products launched on the Delphi Content platform was BCA Analytics (BAN) – a new application that bridges the gap between strategy research and the investment decision-making process. This service delivers the power to spot trends, uncover correlations and identify actionable investment opportunities. The BAN platform provides clients with the ability to build upon BCA Research's high quality research and effectively communicate their ideas through powerful data visualisations.



# Appendix to Chairman's Statement

## Reconciliation of Consolidated Income Statement to adjusted results for the year ended September 30 2014

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.

	Notes	Adjusted £000	Adjust- ments £000	2014 Total £000	Adjusted £000	Adjust- ments £000	2013 Total £000
<b>Total revenue</b>	3	<b>406,559</b>	–	<b>406,559</b>	404,704	–	404,704
<b>Operating profit before acquired intangible amortisation, long-term incentive expense and exceptional items</b>							
	3	<b>119,809</b>	–	<b>119,809</b>	121,088	–	121,088
Acquired intangible amortisation	11	–	<b>(16,735)</b>	<b>(16,735)</b>	–	(15,890)	(15,890)
Long-term incentive expense		<b>(2,367)</b>	–	<b>(2,367)</b>	(2,100)	–	(2,100)
Exceptional items	5	–	<b>2,630</b>	<b>2,630</b>	–	2,232	2,232
<b>Operating profit before associates</b>		<b>117,442</b>	<b>(14,105)</b>	<b>103,337</b>	118,988	(13,658)	105,330
Share of results in associates		<b>264</b>	–	<b>264</b>	284	–	284
<b>Operating profit</b>		<b>117,706</b>	<b>(14,105)</b>	<b>103,601</b>	119,272	(13,658)	105,614
Finance income	7	<b>248</b>	<b>1,298</b>	<b>1,546</b>	595	–	595
Finance expense	7	<b>(1,799)</b>	<b>(1,873)</b>	<b>(3,672)</b>	(3,340)	(7,609)	(10,949)
<b>Net finance costs</b>		<b>(1,551)</b>	<b>(575)</b>	<b>(2,126)</b>	(2,745)	(7,609)	(10,354)
<b>Profit before tax</b>		<b>116,155</b>	<b>(14,680)</b>	<b>101,475</b>	116,527	(21,267)	95,260
Tax expense on profit	8	<b>(25,722)</b>	<b>112</b>	<b>(25,610)</b>	(25,241)	3,006	(22,235)
<b>Profit after tax</b>		<b>90,433</b>	<b>(14,568)</b>	<b>75,865</b>	91,286	(18,261)	73,025
<b>Attributable to:</b>							
Equity holders of the parent		<b>89,832</b>	<b>(14,568)</b>	<b>75,264</b>	90,884	(18,261)	72,623
Equity non-controlling interests		<b>601</b>	–	<b>601</b>	402	–	402
		<b>90,433</b>	<b>(14,568)</b>	<b>75,865</b>	91,286	(18,261)	73,025
<b>Diluted earnings per share</b>	10	<b>70.60p</b>	<b>(11.45)p</b>	<b>59.15p</b>	70.96p	(14.26)p	56.70p

Adjusted figures are presented before the impact of amortisation of acquired intangible assets (comprising trademarks and brands, databases and customer relationships), exceptional items, net movements in acquisition deferred consideration and acquisition commitments. 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, 7, 8, 10 and 11 to the group financial statements.



# Strategic Report

Euromoney delivered a robust performance in the context of continued challenging market conditions. The investment banking sector, particularly fixed income, accounts for roughly half the group's revenues. Regulatory pressures on investment banks remain the biggest drag on the group's trading and have offset the improvement in revenues from the asset management sector. In addition, the strength of sterling against the US dollar has had a significant negative impact on the group's results for most of the second half of the financial year.

Total revenues for the year were in line with last year at £406.6 million, with an underlying increase, at constant currency and excluding acquisitions and disposals, of 3%. The slight decrease in operating margin over the previous year reflected tight control of underlying costs offset by planned investment in digital publishing, including the Delphi content platform which was launched in the second quarter. A detailed operating and financial review is set out from page 22.

**The main focus of 2014 has been the completion of Project Delphi including the launch of the group's new platform for authoring, storing and delivering its content. The Delphi content platform will improve the quality of existing subscription products and reduce the time to market for new digital information services.**

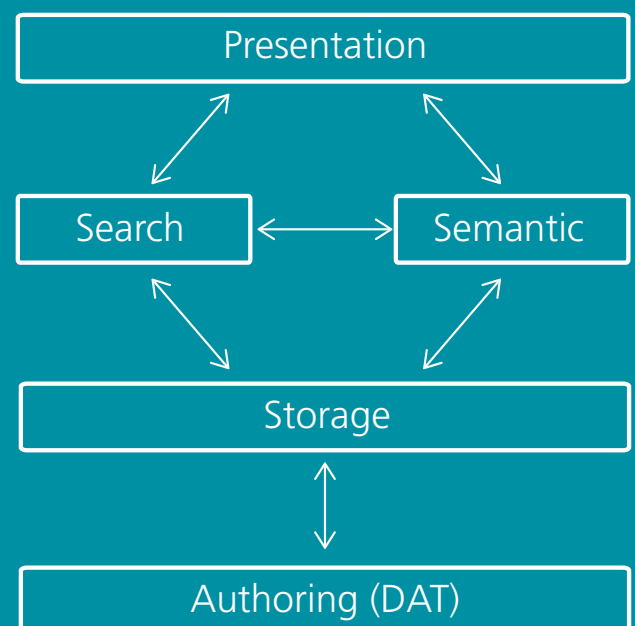
The first products launched on the platform included BCA Analytics, a standalone interactive charting tool which has already generated sales of nearly \$1 million, and the *GlobalCapital* news and data service for international capital markets which combines

content from *EuroWeek*, *Asiamoney* and a number of smaller newsletters, as well as a new offshore renminbi service. For BCA, the real value of Delphi is still to come: first from BCA Edge, a fully integrated online research service including a content dashboard featuring live reports, personalised views and alerts, theme insights and recommendations for trades and asset allocation. Delphi will also help BCA accelerate its plans to launch a number of new research services over the next two years.

In 2015, Delphi's digital authoring tool and enhanced search functionality will be rolled out across the group's titles. Further investment will also be made in an exciting pipeline of new products for launch on the Delphi platform in 2015 and 2016, including new or enhanced services for HedgeFund Intelligence, Metal Bulletin and Euromoney, as well as several new financial databases. Restructurings took place in 2014 with a view to consolidating or reducing the number of print products, and several print titles were closed or sold. With the help of Delphi, the group expects most of its titles to be digital-only by the end of 2016.

## Project Delphi

Delphi is the group's new content platform to help drive the group's digital-first strategy. It will increase the value of the group's content with enhanced personalisation and discoverability. Journalists and editors use an intuitive authoring interface to create content and giving them greater editorial control over web presentation. The content relationships are better defined using semantic tagging (intelligent relationships) within a domain ontology (e.g. asset classes) which significantly enhances search capabilities. Content is easily distributed to multiple devices (desktop, tablet, phone) using responsive design.



## Strategic Report continued

The group's investment in new products is not limited to those on the Delphi platform. One of the most exciting opportunities is the Investor Intelligence Network launched by Institutional Investor. This private online network brings together some of the largest asset owners and managers around the world and allows them to connect, share knowledge and put capital to work. This disruptive technology connects buyers, sellers and intermediaries in the asset management industry. Revenues will come from capital introduction fees, data services, platform fees and, subject to regulatory approval being obtained, the ability to charge basis points on capital placed.

Acquisitions are a key part of the group's growth strategy. The group completed four small transactions in 2013, all of which have been integrated successfully and are performing well. In October 2013 the group acquired *Infrastructure Journal*, a leading information source for the international infrastructure markets. Its deal database and news coverage were combined with the deal analysis, awards and events of *Euromoney's Project Finance* to create the most comprehensive online source of news, analysis and data for the infrastructure

market. The business was re-launched under the *IJGlobal* brand in March 2014. In July 2014 the group acquired the *Investing in African Mining Indaba* ("Mining Indaba"), the largest mining event in emerging markets, as part of its strategy to build on its strength in the global commodities sector. The group will draw on its strong links to institutional investors and governments to enhance the investor content and networking opportunities which have been at the heart of Mining Indaba's success.

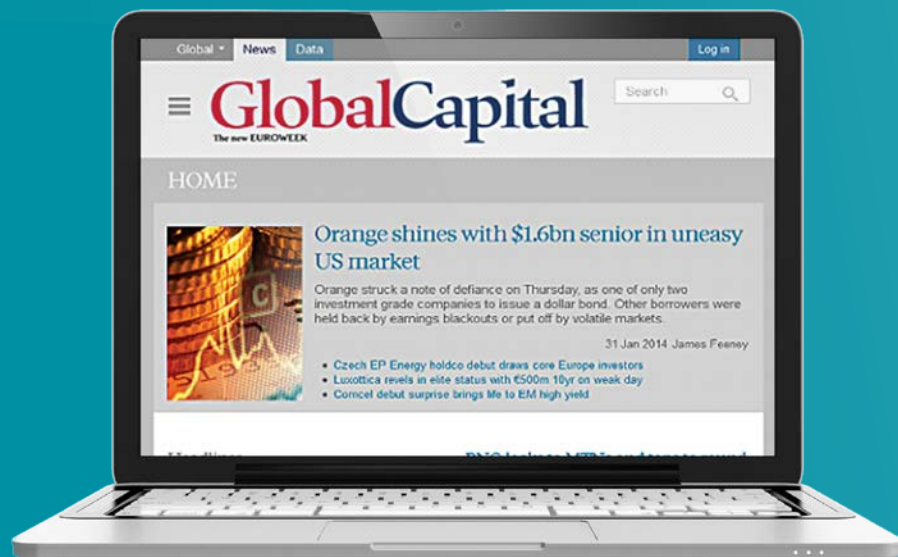
Since the year end, the group has announced plans to acquire a 15.5% equity stake in a company ("New Dealogic") incorporated by The Carlyle Group to acquire Dealogic Holdings plc (Dealogic) alongside Carlyle and Dealogic's founders. This investment fits Euromoney's strategy of expanding the scope of its activities in the global financial information and analytics sector. Dealogic, with its strong brand and global adoption levels among investment banks in the US, EMEA and Asia-Pacific, offers Euromoney attractive strategic and financial upside. Euromoney's investment will be funded through the sale to New Dealogic of its interests in two businesses, Capital DATA and Capital NET, which Dealogic and Euromoney

have jointly operated since the 1980s. The transaction values Euromoney's participation in these two businesses at \$85 million, comprising equity in New Dealogic of \$59 million and cash and preference shares of \$26 million. The transaction is subject to regulatory approval and is expected to complete by the end of December. While the transaction has significant long-term financial upside, in the short term the loss of earnings from the Capital DATA and Capital NET arrangements\* will more than offset the group's share of profits from New Dealogic and lead to earnings dilution of approximately 2% in 2015.

As part of a regular portfolio review, at the beginning of the year the group reviewed the strategy for its training division and concluded that MIS Training Institute, the Boston-based provider of audit and information security training, offered limited synergies with the rest of Euromoney's financial training business and would require significant investment to drive future growth. Accordingly, the business was sold to a private equity buyer on April 1 for an initial consideration of £6.6 million and deferred consideration of up to £2.2 million.

## GlobalCapital

One of the first products launched on the Delphi Content platform was *GlobalCapital*, a consolidated capital markets service incorporating *EuroWeek*, *Asiamoney* and a number of smaller newsletters. *GlobalCapital* provides both a customisable series of dedicated 'vertical' news and data services for specific markets and, for full subscribers, a universal view of the wholesale financial markets worldwide. While the web service has been expanded, the regular print output has been rationalised into a single weekly publication, together with supplements as and when required.



Following the expiry of the lease for one of its London properties, the company has decided to consolidate its offices in refurbished premises a short distance away in Bouverie Street, off Fleet Street. The new space has significantly larger floor plates and will reflect a more modern working environment, encourage a digital-first culture and give the group more flexibility for expansion. It will, however, increase the group's operating costs by £2 million a year. At the same time the company expects to release up to £10 million of capital from the sale of its freehold and leasehold interests later in 2015.

An indication of the trading outlook for the group is given in the Chairman's Statement on page 5. In 2015 the board will continue with its strategy of maintaining its portfolio, including the possibility of disposing, closing or restructuring any under-performing businesses as well as pursuing relevant acquisitions. The group will invest in technology and new businesses, particularly electronic information products, as well as in its internal systems. Euromoney expects to use its financial strength

to fund further acquisitions. The roll-out of the Delphi platform to boost organic growth will be a priority.

\*For the year to September 30 2014, Euromoney's subscription revenues and adjusted operating profits included licence fees of £5.7 million from Capital DATA, while its adjusted profit before tax included an amount of £0.3 million from equity accounting for its 48.4% interest in Capital NET.



**Christopher Fordham**

Managing Director  
November 19 2014

The new web platform is 'responsive'; adapting automatically to the format of the reader's device. New product streams will be quicker to market on this platform.

The first of these, *GlobalRMB*, a news and data product about the internationalisation of the renminbi, was completed in ten weeks.



# Strategic Report

## continued

### BUSINESS MODEL

The group's activities are categorised into five operating divisions: Research and data; Financial publishing; Business publishing; Conferences and seminars; and Training (see page 2 for further details). The group has many valuable brands (see page 3) allowing the group to extend the value of existing products and to develop in new areas – both geographically and with new products. For example, publishing businesses often run branded events and produce data products covering their area of specialism. The group has a sizeable and valuable marketing database allowing new and existing products to be matched with relevant customers.

The group primarily generates revenues from four revenue streams: subscriptions; advertising; sponsorship; and delegates.

**Subscription** revenues are the fees that customers pay to receive access to the group's information, through online access to various databases, through regular delivery of soft copy research, publications and newsletters or hard copy magazines. Subscriptions are also received from customers who belong to Institutional Investor's exclusive specialised membership groups.

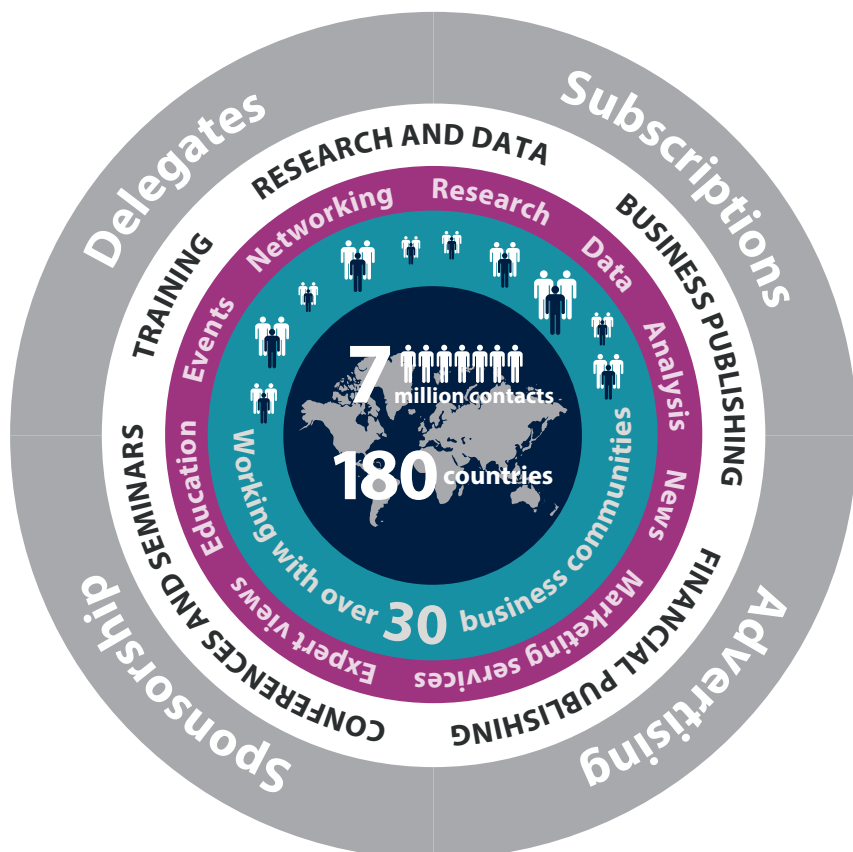
**Advertising** revenues represent the fees that customers pay to place an advertisement in one or more of the group's publications, either in print or online.

**Sponsorship** revenues represent fees paid by customers to sponsor an event. A payment of sponsorship can entitle the sponsor to high-profile speaking opportunities at the conference, unique branding before, during and after the event and an unparalleled networking opportunity to invite the sponsor's clients and representatives.

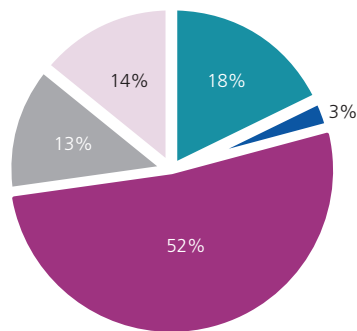
**Delegate** revenues represent fees paid by customers to attend a conference, training course or seminar.

Details of the group's revenues by revenue stream and by division are set out in note 3 to the group financial statements.

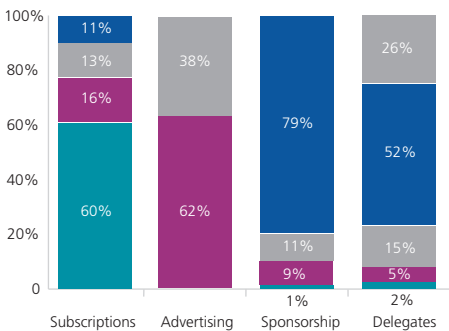
The group's costs are tightly managed with a constant focus on margin control. The group benefits from having a flexible cost base, outsourcing the printing of publications, hiring external venues for events and choosing to engage freelancers, contributors, external trainers and speakers to help deliver its products. Other than its main offices, the group does not incur the fixed costs of offices in most of the markets in which it operates; this allows the group to scale up or reduce overheads as the economic environment in which it operates demands.



**Group revenue split**



- Subscriptions
- Advertising
- Sponsorship
- Delegates
- Other



- Research and data
- Financial publishing
- Business publishing
- Conferences and seminars
- Training

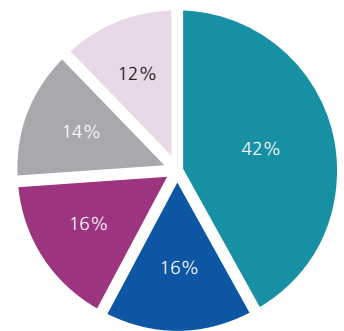
**MARKETPLACE**

Euromoney has a global customer base with revenue derived from almost 200 countries, with approximately 60% from the US, Canada, UK and Europe and more than a third of its revenue from emerging markets. Its customer base predominantly consists of global financial institutions, investment banks and asset managers; governments, agencies and corporates; and service providers including lawyers, consultants and technology providers.

The group's total addressable market is driven by customers' capital and trading activities. The group's EDEN marketing database holds two million active names of which more than 600,000 have bought Euromoney's products in the past three years. However, more important than the size of the market is its propensity to spend which is driven by the profitability of the group's clients, their expectations of market developments and increasingly the regulatory environment. They spend more willingly where there is market share to be won (for example the renminbi bond market) than in a market in structural decline. Although total headcount in financial markets has been on a downward trend for the past five years, the group's strategy is driven by growing revenue per customer.

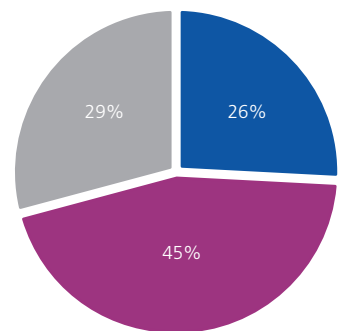
Euromoney is an international group with a strong focus on emerging markets. Only 16% of revenues are derived from the UK and approximately 60% of the group's people are based outside the UK. More than a third of the revenues are derived from emerging markets, including sales of specific emerging market products (for example EMIS and CEIC) to developed market customers.

**Revenue by customer location**



- UK
- Other
- Asia
- US
- Western Europe

**Revenue by market sector**



- Banking
- Asset management
- Other

# Strategic Report

## continued

### STRATEGIC PRIORITIES

The group's strategy is designed to build a growing, robust and tightly focused global online information business with a strong emphasis on emerging markets. This represents a significant and challenging transformation from its roots as a traditional print publishing and events business.

The group's key strategic priorities are:

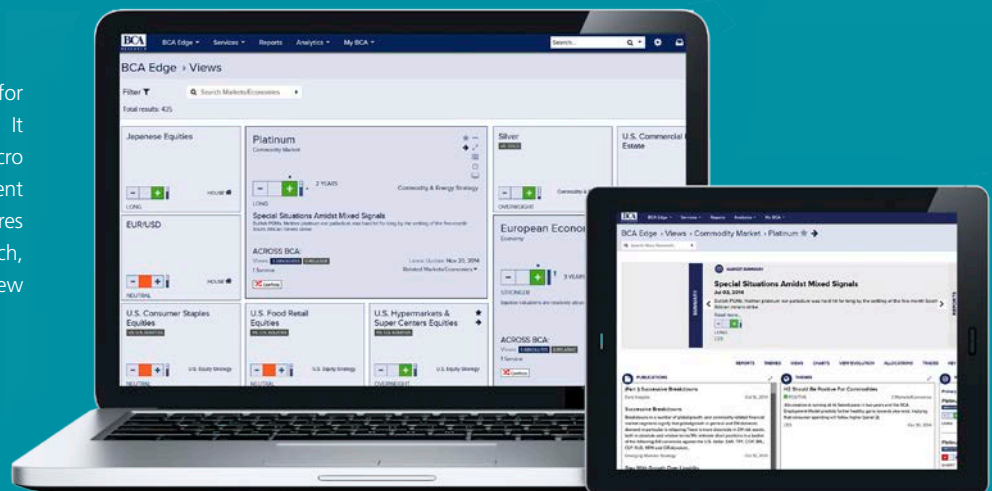
Priorities	Actions	Key risks	KPIs
Increasing the proportion of revenues derived from subscription products	The group has increased the proportion of revenues derived from subscription products to more than half of its total revenues and expects the proportion to remain between 50% and 60% for the foreseeable future. Subscription-based products, particularly online, have the advantage of premium-prices, high renewal rates and high margins.	<ul style="list-style-type: none"> <li>● Downturn in economy or market sector</li> </ul>	<ul style="list-style-type: none"> <li>● Underlying subscription revenue growth</li> <li>● Subscription share of total revenues</li> <li>● Subscription retention rates</li> </ul>
Using technology efficiently to assist the online migration of the group's print products and develop new electronic information services	The group invests for the long term in businesses and products that meet certain financial and strategic criteria. The group is investing heavily in its programme to migrate its print products online, develop new electronic information services, and to take advantage of mobile and cloud technology.	<ul style="list-style-type: none"> <li>● Data integrity, availability and cyber security</li> <li>● Failure of central back-office technology</li> <li>● Failure of online strategy</li> </ul>	<ul style="list-style-type: none"> <li>● Investment in technology and new products</li> <li>● Online user engagement</li> <li>● Subscription retention rates</li> </ul>
Investing in products of the highest quality	Approximately two thirds of the group's revenues are derived from its information activities including online and print content, databases and research. The other third is derived from events including training. Since 2010, the group has been investing heavily in technology and content delivery platforms, particularly for the mobile user, and in new digital products as part of its transition to an online information business.	<ul style="list-style-type: none"> <li>● Downturn in economy or market sector</li> <li>● Failure of online strategy</li> </ul>	<ul style="list-style-type: none"> <li>● Underlying revenue growth</li> <li>● Percentage of revenues delivered online</li> </ul>
Eliminating products with a low margin or too high a dependence on print advertising.	The group continues to eliminate products with a low margin or too high a dependence on print advertising. The group closed, in 2014, the <i>Asiamoney</i> print edition and Euromoney's Colchester-based yearbooks and handbooks division.	<ul style="list-style-type: none"> <li>● Downturn in economy or market sector</li> </ul>	<ul style="list-style-type: none"> <li>● Revenue by type</li> <li>● Adjusted operating margin</li> <li>● Adjusted profit before tax</li> </ul>
Maintaining tight cost control at all times	The group's costs are tightly managed with a constant focus on margin control. The group benefits from having a flexible cost base, outsourcing the printing of publications, hiring external venues for events, and choosing to engage freelancers, contributors, external trainers and speakers to help deliver its products. Other than its main offices, the group avoids the fixed costs of offices in most of the markets in which it operates. This allows the group to scale up resources or reduce overheads as the economic environment in which it operates demand.	<ul style="list-style-type: none"> <li>● Downturn in economy or market sector</li> </ul>	<ul style="list-style-type: none"> <li>● Adjusted operating margin</li> <li>● Adjusted profit before tax</li> </ul>

Priorities	Actions	Key risks	KPIs
Retaining and fostering an entrepreneurial culture	The board does not micro-manage each business, but instead devolves operating decisions to the local management of each business, while taking advantage of a strong central control environment for monitoring performance and underlying risk. This encourages an entrepreneurial culture where businesses have the right kind of support and managers are motivated and rewarded for growth and initiative.	<ul style="list-style-type: none"> <li>Loss of key staff</li> </ul>	<ul style="list-style-type: none"> <li>Long-term incentives (see Directors' Remuneration Report)</li> <li>Variable pay as a percentage of total pay</li> </ul>
Using a healthy balance sheet and strong cash flows to fund selective acquisitions	<p>While the market for acquisitions of specialist online information businesses remains competitive and valuations challenging, the group continues to use its robust balance sheet and strong cash flows to pursue further transactions. Equally, where businesses no longer fit, the group divests.</p> <p>The group has strong covenants and takes advantage of its ability to borrow money cheaply using these funds to invest in new products and fund acquisitions. The group's subscription revenues are normally received in advance, at the beginning of the subscription service, and a typical subscription contract would be for a 12-month period. This helps provide the group with strong cash flows and normally leads to cash generated from operations being in excess of adjusted operating profit – a cash conversion percentage in excess of 100%.</p>	<ul style="list-style-type: none"> <li>Acquisition and disposal risk</li> <li>Treasury operations</li> </ul>	<ul style="list-style-type: none"> <li>Cash consideration on acquisitions</li> <li>Acquisitions: <i>Infrastructure Journal</i> and Mining Indaba</li> <li>Disposals: MIS Training</li> <li>Net debt to EBITDA</li> <li>Cash conversion rate</li> </ul>

See page 16 for detailed explanation of the group's principal risks and uncertainties and page 14 for the group's performance against its KPIs.

## BCA Dashboard

The new BCA Dashboard is a platform for all customised content in one location. It focuses on showcasing the quality of macro themes, analyses, insights and investment recommendations. Some of the key features include powerful semantic tagging and search, personalised investment guidance, view evolution and the semantic search graph.



# Strategic Report

## continued

### KEY PERFORMANCE INDICATORS

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

KPI	Description	Performance												
<b>Underlying revenue growth</b>	Total revenue at constant currency excluding acquisitions and disposals.	<table border="1"> <tr><th>Year</th><td>2010</td><td>2011</td><td>2012</td><td>2013</td><td>2014</td></tr> <tr><th>Growth (%)</th><td>4%</td><td>12%</td><td>8%</td><td>1%</td><td>3%</td></tr> </table>	Year	2010	2011	2012	2013	2014	Growth (%)	4%	12%	8%	1%	3%
Year	2010	2011	2012	2013	2014									
Growth (%)	4%	12%	8%	1%	3%									
<b>Underlying subscription revenue growth</b>	Subscription revenues at constant currency excluding acquisitions and disposals.	<table border="1"> <tr><th>Year</th><td>2010</td><td>2011</td><td>2012</td><td>2013</td><td>2014</td></tr> <tr><th>Growth (%)</th><td>1%</td><td>14%</td><td>4%</td><td>2%</td><td>2%</td></tr> </table>	Year	2010	2011	2012	2013	2014	Growth (%)	1%	14%	4%	2%	2%
Year	2010	2011	2012	2013	2014									
Growth (%)	1%	14%	4%	2%	2%									
<b>Subscription share of total revenues</b>	Subscription-based products, particularly online, have the advantage of premium-prices, high renewal rates and high margins. The group has increased the proportion of revenues derived from subscription products to more than half of its total revenues and expects the proportion to remain between 50% and 60% for the foreseeable future.	<table border="1"> <tr><th>Year</th><td>2010</td><td>2011</td><td>2012</td><td>2013</td><td>2014</td></tr> <tr><th>Share (%)</th><td>46%</td><td>47%</td><td>51%</td><td>52%</td><td>52%</td></tr> </table>	Year	2010	2011	2012	2013	2014	Share (%)	46%	47%	51%	52%	52%
Year	2010	2011	2012	2013	2014									
Share (%)	46%	47%	51%	52%	52%									
<b>Investment in technology and new products (£m)</b>	The group's investment in technology and new digital products as part of its transition to an online information business.	<table border="1"> <tr><th>Year</th><td>2010</td><td>2011</td><td>2012</td><td>2013</td><td>2014</td></tr> <tr><th>Investment (£m)</th><td>6.0</td><td>9.0</td><td>10.0</td><td>12.3</td><td>14.5</td></tr> </table>	Year	2010	2011	2012	2013	2014	Investment (£m)	6.0	9.0	10.0	12.3	14.5
Year	2010	2011	2012	2013	2014									
Investment (£m)	6.0	9.0	10.0	12.3	14.5									
<b>Cash consideration on acquisitions (£m)</b>	The total cash outflow on acquisition related activity net of cash acquired in the Consolidated Statement of Cash Flows.	<table border="1"> <tr><th>Year</th><td>2010</td><td>2011</td><td>2012</td><td>2013</td><td>2014</td></tr> <tr><th>Cash (£m)</th><td>16.7</td><td>67.2</td><td>6.5</td><td>28.1</td><td>61.2</td></tr> </table>	Year	2010	2011	2012	2013	2014	Cash (£m)	16.7	67.2	6.5	28.1	61.2
Year	2010	2011	2012	2013	2014									
Cash (£m)	16.7	67.2	6.5	28.1	61.2									
<b>Net debt to EBITDA</b>	The amount of the group's net debt (converted at the group's weighted average exchange rate for a rolling 12-month period) to adjusted operating profit earnings before depreciation and amortisation of licences and software, adjusted for the timing impact of acquisitions and disposals. The strategic priority is to keep net debt to EBITDA below three times.	<table border="1"> <tr><th>Year</th><td>2010</td><td>2011</td><td>2012</td><td>2013</td><td>2014</td></tr> <tr><th>Ratio</th><td>1.28</td><td>1.01</td><td>0.27</td><td>0.09</td><td>0.30</td></tr> </table>	Year	2010	2011	2012	2013	2014	Ratio	1.28	1.01	0.27	0.09	0.30
Year	2010	2011	2012	2013	2014									
Ratio	1.28	1.01	0.27	0.09	0.30									



KPI	Description	Performance												
<b>Cash conversion rate</b>	The percentage by which cash generated from operations covers adjusted operating profit. The group's cash conversion rate was less than 100% in 2014 and 2013 due to cash payments during the year in respect of long-term costs, for which the expense was accrued in previous years. The underlying operating cash conversion rate, after adjusting for these timing differences, was 100% (2013: 103%).	<table border="1"> <thead> <tr> <th>Year</th> <th>Cash conversion rate (%)</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>101%</td> </tr> <tr> <td>2011</td> <td>108%</td> </tr> <tr> <td>2012</td> <td>103%</td> </tr> <tr> <td>2013</td> <td>88%</td> </tr> <tr> <td>2014</td> <td>92%</td> </tr> </tbody> </table>	Year	Cash conversion rate (%)	2010	101%	2011	108%	2012	103%	2013	88%	2014	92%
Year	Cash conversion rate (%)													
2010	101%													
2011	108%													
2012	103%													
2013	88%													
2014	92%													
<b>Adjusted profit before tax (£m)</b>	Adjusted profit before tax as set out in the appendix to the Chairman's Statement.	<table border="1"> <thead> <tr> <th>Year</th> <th>Adjusted profit before tax (£m)</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>86.6</td> </tr> <tr> <td>2011</td> <td>92.7</td> </tr> <tr> <td>2012</td> <td>106.8</td> </tr> <tr> <td>2013</td> <td>116.5</td> </tr> <tr> <td>2014</td> <td>116.2</td> </tr> </tbody> </table>	Year	Adjusted profit before tax (£m)	2010	86.6	2011	92.7	2012	106.8	2013	116.5	2014	116.2
Year	Adjusted profit before tax (£m)													
2010	86.6													
2011	92.7													
2012	106.8													
2013	116.5													
2014	116.2													
<b>Adjusted operating margin</b>	Operating profit before acquired intangible amortisation, long-term incentive expense, exceptional items and associates as a percentage of revenue. The decrease in operating margin in 2014 over the previous year is due to the planned investment in digital publishing, including the Delphi content platform which was launched in the second quarter.	<table border="1"> <thead> <tr> <th>Year</th> <th>Adjusted operating margin (%)</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>30%</td> </tr> <tr> <td>2011</td> <td>30%</td> </tr> <tr> <td>2012</td> <td>30%</td> </tr> <tr> <td>2013</td> <td>30%</td> </tr> <tr> <td>2014</td> <td>29%</td> </tr> </tbody> </table>	Year	Adjusted operating margin (%)	2010	30%	2011	30%	2012	30%	2013	30%	2014	29%
Year	Adjusted operating margin (%)													
2010	30%													
2011	30%													
2012	30%													
2013	30%													
2014	29%													
<b>Variable pay as a percentage of total pay</b>	Staff incentives including bonuses, commissions and normal long-term incentive expense as a percentage of total staff costs as per note 6 to the group financial statements.	<table border="1"> <thead> <tr> <th>Year</th> <th>Variable pay as a percentage of total pay (%)</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>40%</td> </tr> <tr> <td>2011</td> <td>44%</td> </tr> <tr> <td>2012</td> <td>39%</td> </tr> <tr> <td>2013</td> <td>32%</td> </tr> <tr> <td>2014</td> <td>31%</td> </tr> </tbody> </table>	Year	Variable pay as a percentage of total pay (%)	2010	40%	2011	44%	2012	39%	2013	32%	2014	31%
Year	Variable pay as a percentage of total pay (%)													
2010	40%													
2011	44%													
2012	39%													
2013	32%													
2014	31%													

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 the operating and financial review from page 22.

# Strategic Report



## continued


### PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties the group faces vary across the different businesses and are identified in the group's risk register. Management of significant risk is regularly on the agenda of the board and other senior management meetings.

The geographical spread and diverse portfolio of businesses within the group help to dilute the impact of some of the group's key risks.


The group's principal risks and uncertainties are summarised below. The arrows provide a pictorial indication of the change in level of perceived risk compared to last year.

Risk	Potential Impact	Mitigation	Trend
<p><b>Downturn in economy or market sector</b></p> <p>The group generates significant income from certain key geographical regions and market sectors.</p>	<p>Uncertainty in global financial markets increases the risk of a downturn or potential collapse in one or more areas of the business. If this occurs income is likely to be adversely affected and for events businesses some abandonment costs may also be incurred.</p>	<p>The group has a diverse product mix and operates in many geographical locations. This reduces dependency on any one sector or region. Management has the ability to cut costs quickly if required or to switch the group's focus to new or unaffected markets, e.g. through development of new vertical markets or transferring events to better performing regions.</p>	
<p><b>Travel risk</b></p> <p>The conference, seminar and training businesses account for approximately a third of the group's revenues and profits. The success of these events and courses relies heavily on the confidence in and ability of delegates and speakers to travel internationally.</p>	<p>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.</p> <p>Past incidents such as transport strikes, extreme weather including hurricanes, terrorist attacks, fears over SARS and swine flu, and natural disasters such as the disruption from volcanic ash in Europe, have all had a negative impact on the group's results, although none materially.</p>	<p>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 online technologies.</p> <p>Cancellation and abandonment insurance is in place for the group's largest events, including Ebola cover for Mining Indaba, the group's newest conference taking place in South Africa in February 2015.</p>	

Risk	Potential Impact	Mitigation	Trend
<p><b>Compliance with laws and regulations</b></p> <p>Group businesses are subject to legislation and regulation in the jurisdictions in which they operate. The key laws and regulations that may have an impact on the group cover areas such as libel, bribery and corruption, competition, data protection, privacy (including e-privacy), health and safety and employment law.</p> <p>More recently new financial regulations being introduced as a result of the financial crisis of 2008 have implications for the group's price reporting, benchmark and indices businesses (see published content risk).</p>	<p>A breach of legislation or regulations could have a significant impact on the group in terms of additional costs, management time and reputational damage.</p> <p>In recent years responsibilities for managing data protection have increased significantly. The emergence of new online technology is further driving legislation and responsibilities for managing data privacy.</p> <p>Proposed new regulation by the European Union to improve market transparency under which prices, benchmarks and indices are provided, contributed to and used will affect a number of businesses in the group.</p> <p>Failure to comply with laws and regulations in any part of the world could result in significant financial penalties and reputational damage.</p>	<p>Compliance with laws and regulations is taken seriously throughout the group. A Code of Conduct (and supporting policies) sets out appropriate standards of business behaviour and highlights the key legal and regulatory issues affecting group businesses. Divisional and local management are responsible for compliance with applicable local laws and regulations, overseen by the executive committee and the board and supported by internal audit.</p> <p>A new compliance framework for price reporting, benchmark and indices businesses was implemented during the year, formalising standards of conduct, procedural guidance and staff training. Two ethics audits were also completed.</p> <p>The group has strict policies and controls in place for the management of data protection and privacy. This is supported by new computer-based training (CBT) being rolled out worldwide in 2015. The group has website technology to reinforce online legal and regulatory compliance.</p> <p>A new compliance handbook is being provided to all managers in all office locations this year, to support governance and further mitigate compliance risk.</p>	

# Strategic Report



## continued

Risk	Potential Impact	Mitigation	Trend
<p><b>Data integrity, availability and cyber security</b></p> <p>The group uses large quantities of data including customer, employee and commercial data in the ordinary course of its business. The group also publishes data (see published content risk).</p> <p>The integrity, availability and security of this data is key to the success of the group.</p> <p>Information risk has increased as a result of the growing number of cyber-attacks affecting organisations around the world.</p>	<p>Any challenge to the integrity or availability of information that the group relies upon could result in operational and regulatory challenges, costs to the group, reputational damage to the businesses and the permanent loss of revenue. This risk has increased as the threat of cyber-attack has become more significant. A successful cyber-attack could cause considerable disruption to business operations.</p> <p>The wider use of social media has also increased information risk as negative comments made about the group's products can now spread more easily.</p> <p>Although technological innovations in mobile working, the introduction of cloud-based technologies and the growing use of social media present opportunities for the group, they also introduce new information security risks that need to be managed carefully.</p>	<p>The group has comprehensive information security standards and policies 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 information security audits, supplemented by expert external resource. The group continues to invest in appropriate cyber defences including implementation of intrusion detection systems to mitigate the risk of unauthorised access.</p> <p>The group's Information Security Group meets regularly to consider and address cyber risks.</p> <p>Comprehensive back-up plans for IT infrastructure and business data are in place to protect the businesses from unnecessary disruption.</p> <p>The group's professional indemnity insurance provides cover for cyber risks including cyber-attack and data breach incidents.</p>	
<p><b>London, New York, Montreal or Hong Kong wide disaster</b></p> <p>The group's main offices are located in London, New York, Montreal and Hong Kong. A significant incident affecting these cities could lead to disruption to group operations.</p>	<p>An incident affecting one or more of the key offices could disrupt the ordinary operations of the businesses at these locations; a region-wide disaster affecting all offices could have much worse implications with serious management and communication challenges for the group and a potential adverse effect on results.</p> <p>The risk of office space becoming unusable for a prolonged period and a lack of suitable alternative accommodation in the affected area could also cause significant disruption to the business and interfere with delivery of products and services.</p> <p>Incidents affecting key clients or staff in these regions could also give rise to the risk of not achieving forecast results.</p>	<p>Business continuity plans are in place for all businesses. These plans are refreshed annually and a programme is in place for testing. If required, employees can work remotely.</p> <p>The group has robust IT systems with key locations (including the UK, US, Canada and Asia) benefiting from offsite data back-ups, remote recovery sites and third-party 24-hour support contracts for key applications.</p> <p>The group's business continuity planning helped its New York office to recover quickly and effectively from the significant disruption caused by Hurricane Sandy in 2012, and more recently maintain operations in its Bangkok office during the Thai political crisis earlier this year.</p>	

Risk	Potential Impact	Mitigation	Trend
<p><b>Published content risk</b></p> <p>The group generates a significant amount of its revenue from publishing information and data online or in its magazines and journals. As a result, there is an inherent risk of error which, in some instances, may give rise to claims for libel. The rapid development of social media has increased this risk.</p> <p>The transition to online publishing means content is being distributed far quicker and more widely than ever before. This has introduced new challenges for securing and delivering content and effective management of content rights and royalties.</p> <p>The business also publishes databases and data services with a particular focus on high-value proprietary data. There is the potential for errors in data collection and data processing. The group publishes industry pricing benchmarks for the metals markets and more than 1,000 equity and bond indices. The group also runs more than 100 reader polls and awards each year.</p>	<p>A successful libel claim could damage the group's reputation. The rise in use of social media, and in particular blogging, has increased this risk. Damage to the reputation of the group arising from libel could lead to a loss of revenue, including income from advertising. In addition, there could be costs incurred in defending the claim.</p> <p>The failure to manage content redistribution rights and royalty agreements could lead to overpayment of royalties, loss of intellectual property and additional liabilities for redistribution of content.</p> <p>The integrity of the group's published data is critical to the success of the group's database, research and data services. The group also publishes extensive pricing information and indices for the global metals industries and financial markets. Errors in published data, price assessments or indices could affect the reputation of the group leading to fewer subscribers and lower revenues.</p> <p>Any challenge to the integrity of polls and awards could damage the reputation of the product and by association the rest of the group, resulting in legal costs and a permanent loss of revenue.</p>	<p>The group runs mandatory annual libel courses for all journalists and editors. Controls are in place, including legal review, to approve content that may carry a libel risk. Editorial controls are also in place for social media and this activity is monitored carefully.</p> <p>The group's policy is to own its content and manage redistribution rights tightly. Royalty and redistribution agreements are in place to mitigate risks arising from online publishing. Tight controls have been implemented for the verification, cleaning and processing of data used in its database, research and data services.</p> <p>Processes and methodologies for assessing metals and other commodity prices and calculating indices are clearly defined and documented. All employees involved with publishing pricing information or indices receive relevant training. Robust contractual disclaimers are in place for all businesses that publish pricing data, benchmarks and indices.</p> <p>Polls and awards are regularly audited and a firewall is in place between the commercial arm of the business and the editors.</p> <p>Key staff are aware of the significant risks associated with publishing content and strong internal controls are in place for reporting to senior management if a potential issue arises. These are documented in a publishing risk handbook provided to all journalists. The group also has libel insurance and professional indemnity cover.</p>	
<p><b>Loss of key staff</b></p> <p>The group is reliant on key management and staff across all of its businesses. Many products are dependent on specialist, technical expertise.</p>	<p>The inability to recruit and retain talented people could affect the group's ability to maintain its performance and deliver growth.</p> <p>When key staff leave or retire, there is a risk that knowledge or competitive advantage is lost.</p>	<p>Long-term incentive plans are in place for key staff to encourage retention. 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.</p> <p>Succession planning is in place for senior management.</p>	

# Strategic Report

## continued

Risk	Potential Impact	Mitigation	Trend
<p><b>Failure of central back-office technology</b></p> <p>The business has invested significantly in central back-office technology to support the transition of the business from print to online publishing.</p> <p>The back-office provides customer and product management, digital rights management, e-commerce and performance and activity reporting. The platform supports a large share of the group's online requirements including key activities for publishing, events and data businesses.</p> <p>The back-office technology is critical to the successful functioning of the online business and hence carries a significant amount of risk.</p>	<p>A failure of the back-office technology may affect the performance, data integrity or availability of the group's products and services. Any extensive failure is likely to affect a large number of businesses and customers, and lead directly to a loss of revenues.</p> <p>Online customers are accessing the group's digital content in an increasing number of ways, including using websites, apps and e-books. The group relies on effective digital rights management technology to provide flexible and secure access to its content. An inability to provide flexible access rights to the group's content could lead to products being less competitive or allow unauthorised access to content, reducing subscription revenues as a result.</p> <p>The group's reliance on key suppliers, particularly IT suppliers, has increased. An operational or financial failure of a key supplier could affect the group's ability to deliver products, services or events with a direct impact on management time and financial results.</p>	<p>The group continues to invest significantly in its central back-office technology. The platform is planned, managed and run by a dedicated, skilled team and its progress and performance are closely monitored by the executive committee and the board.</p> <p>The group has digital rights management technology to ensure its content is adequately secured and changing customer requirements for accessing the group's products and services are met.</p> <p>Operational and financial due diligence is undertaken for all key suppliers as part of a formal risk assessment process. Contingency planning is carried out to mitigate risk from supplier failure.</p> <p>The group has made a substantial investment in e-commerce technology and hosting infrastructure to ensure the back-office platform continues to perform effectively.</p>	
<p><b>Acquisition and disposal risk</b></p> <p>As well as launching and building new businesses, the group continues to make strategic acquisitions where opportunities exist to strengthen the group. The management team reviews a number of potential acquisitions each year with only a small proportion of these going through to the due diligence stage and possible subsequent purchase. The strategy also results in the disposal of businesses that no longer fit the group's strategy.</p>	<p>There is a risk that an acquisition opportunity could be missed. The group could also suffer an impairment loss if an acquired business does not generate the expected returns or fails to operate or grow. 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 are misunderstood. As a consequence a significant amount of management time could be diverted from other operational matters.</p> <p>The group is also subject to disposal risk, possibly failing to achieve optimal value from disposed businesses, failing to identify the time at which businesses should be sold or underestimating the impact on the remaining group from such a disposal.</p>	<p>Senior management perform detailed in-house due diligence on all possible acquisitions and call on expert external advisers where necessary. Acquisition agreements are usually structured 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 group acquired Mining Indaba and <i>Infrastructure Journal</i> during the year.</p> <p>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. In 2014 the group disposed of MIS Training.</p>	

Risk	Potential Impact	Mitigation	Trend
<p><b>Failure of online strategy</b> The emergence of new technologies such as tablets and other mobile devices and the proliferation of social media are changing how customers access and use the group's products and services.</p> <p>The group has established a strategy to meet the many challenges of migrating the publishing businesses from traditional print media to online and to ensure the non-publishing businesses take advantage of new technology when advantageous to do so.</p> <p>This strategy has been pursued for a number of years.</p>	<p>The group's online strategy addresses a number of challenges arising from the group's transition from print media to an online business and changing customer behaviour.</p> <p>Competition has increased, with free content becoming more available on the Internet and new competitors benefiting from lower barriers to entry. A failure to manage pricing effectively or successfully differentiate the group's products and services could negatively affect business results.</p> <p>The customer environment is changing fast with an increasing number spending more time using the Internet. Print circulation is declining and a failure to convert customers from print risks a permanent loss of customers to competitors.</p> <p>Further changes in technology including the widespread use of tablets and other mobile devices and social media such as LinkedIn and Twitter are changing customer behaviour and will introduce new challenges.</p> <p>A failure in the group's online strategy to meet these challenges could result in a permanent loss of revenue.</p>	<p>The group is already embracing these challenges and overall sees the Internet and other technological advances as an opportunity not a threat.</p> <p>Significant investment in the group's online strategy has already been made and will continue for as long as necessary. New content management technology is being implemented across the group to enable more effective publishing to web, print and the rapidly increasing number of mobile platforms coming onto the market. 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.</p> <p>The group's acquisition strategy has increased the number of online information providers in the business. However, while online revenues are important, the group's product mix reduces dependency on this income. For example, the group generates a third of its profits from its event businesses and face-to-face meetings remain an important part of customers' marketing activities.</p>	
<p><b>Treasury operations</b> The group treasury function is responsible for executing treasury policy which seeks to manage the group's funding, liquidity and treasury derivatives risks. These include currency exchange rate fluctuations, interest rate risks, counterparty risk and liquidity and debt levels. These risks are described in more detail in note 18 to the group financial statements.</p>	<p>If the treasury policy does not adequately mitigate the group's financial risks or is not correctly executed, it could result in unforeseen derivative losses or higher than expected finance costs.</p> <p>The treasury function undertakes high-value transactions hence there is an inherent high risk of payment fraud or error having an adverse impact on group results.</p>	<p>The tax and treasury committee is responsible for reviewing and approving group treasury policies which are executed by the group treasury.</p> <p>Segregation of duties and authorisation limits are in place for all payments made. The treasury function is also subject to regular internal audit.</p>	
<p><b>Unforeseen tax liabilities</b> The group operates within many tax jurisdictions and earnings are therefore subject to taxation at differing rates across these jurisdictions.</p>	<p>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.</p>	<p>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.</p>	

# Strategic Report

## continued

### OPERATING REVIEW

The group generates approximately two thirds of both its revenues, including approximately a third of its UK revenues, and profit before tax in US dollars. The exposure to US dollar revenues in its UK businesses is hedged using forward contracts to sell US dollars, which delays the impact of movements in exchange rates for at least a year. However, the group does not hedge the foreign exchange risk on the translation of overseas profits. While it endeavours to match foreign currency borrowings with investments, as debt levels have fallen the related foreign

currency finance cost has been of only limited benefit as a hedge against the translation of overseas profits.

The strength of sterling against the US dollar started to have a negative impact on the translation of overseas profits towards the end of the first half and had a more significant impact in the second half. The average sterling-US dollar rate for the year to September 30 was \$1.66 (2013: \$1.56). This reduced headline revenue growth rates for the year by approximately four percentage points and

adjusted profit before tax by approximately £5 million. Each one cent movement in the US dollar rate reduces profits on translation by approximately £0.6 million on an annualised basis.

The revenue tables below show headline growth rates as well as those at constant currency. Underlying revenue growth rates exclude the impact of acquisitions, disposals and currency movements.

### Trading review

Total revenues were in line with last year at £406.6 million. At constant currency total revenues increased by 4% and, once acquisitions and disposals are excluded, underlying revenues by 3%.

Revenues	2014 £m	2013 £m	Headline change	Change at constant exchange rates	Underlying change at constant exchange rates
Subscriptions	205.0	206.2	(1%)	5%	2%
Advertising	53.6	57.6	(7%)	(3%)	(4%)
Sponsorship	56.9	51.0	12%	18%	12%
Delegates	71.2	69.4	3%	5%	5%
Other	13.4	12.0	12%	15%	14%
Sold/closed businesses	3.6	9.2	(61%)	(60%)	(3%)
Foreign exchange gains/(losses) on forward contracts	2.9	(0.7)	–	–	–
<b>Total revenue</b>	<b>406.6</b>	<b>404.7</b>	<b>–</b>	<b>4%</b>	<b>3%</b>
Less: revenue from acquisitions/disposals	(9.1)	(5.5)			
<b>Underlying revenue</b>	<b>397.5</b>	<b>399.2</b>			

Trading conditions have remained difficult, particularly in the investment banking sector, where there has been no real sign of an easing of the pressures from increased compliance, a tougher regulatory regime, tighter capital adequacy tests and record fines for bank misdemeanours including most recently the global settlements for foreign exchange manipulation. The commodities sector has also suffered from price weakness and lower trading volumes. In contrast, the performance of the group's businesses serving the asset management industry has improved over the course of the year, although the natural lag effect of subscriptions means the full benefit

will not be seen until 2015. The strength of sterling against the US dollar also had a negative impact on revenues in 2014, although more recent currency trends have been positive.

The main driver of underlying revenue growth was a 12% increase in event sponsorship and a 5% increase in delegate revenues largely from new financial market events in the second quarter and favourable timing of events. Underlying subscription revenues have been increasing at a steady rate of 2% for the past 18 months from a combination of new products and a gradual return to growth of the asset management sector. Underlying advertising

revenues continued to decline in 2014 largely due to reduced bank spend.

The adjusted operating margin fell from 30% to 29% as a result of the group's continued strategic investment in digital publishing including the new Delphi content platform. Delphi was launched in March and has full year running costs of £4 million including amortisation of the build costs. Permanent headcount has increased by 49 to 2,191 people since September 30 2013 reflecting acquisitions and the increased investment in technology and new products.



## Business division review

**Research and data:** underlying revenues, which are derived predominantly from subscriptions, fell by 1%. This has been a consistent trend throughout the year following a tough 2013 for both the banking and asset management sectors with the burden of additional compliance costs on information buying budgets. Sales and renewal rates for the group's research businesses, BCA and NDR, improved in the second half, the benefits from which should be seen in 2015, although revenue growth in 2014 was held back by the lag effect of the difficult 2013. The cost pressures facing investment banks have also affected the performances of the group's emerging market information and data products, EMIS and CEIC, although again there were signs of a recovery in the second half. The adjusted operating margin was down 2% at 40% mainly due to investments made by BCA in the Delphi content platform and NDR's repurposing of its content into new, more targeted products.

	2014	2013	Headline	Change at	Underlying	Operating	Operating
Revenues	£m	£m	change	constant	change at	margin	margin
				exchange	constant	2014	2013
				rates	exchange	£m	£m
					rates		
Research and data	126.5	131.3	(4%)	2%	(1%)	40%	42%
Financial publishing	80.3	75.6	6%	10%	7%	28%	32%
Business publishing	67.8	68.9	(2%)	2%	2%	34%	38%
Conferences and seminars	106.1	99.4	7%	12%	9%	29%	29%
Training	19.4	21.0	(8%)	(2%)	(2%)	20%	18%
Sold/closed businesses	3.6	9.2	(61%)	(60%)	(3%)	13%	16%
Foreign exchange gains/(losses) on forward contracts	2.9	(0.7)	–	–	–	–	–
<b>Total revenue</b>	<b>406.6</b>	<b>404.7</b>	<b>–</b>	<b>4%</b>	<b>3%</b>	<b>29%</b>	<b>30%</b>
Less: revenue from acquisitions/disposals	(9.1)	(5.5)					
<b>Underlying revenue</b>	<b>397.5</b>	<b>399.2</b>					

**Financial publishing:** underlying revenues increased by 7% reflecting the group's newly combined infrastructure finance business, *IJGlobal*, and a strong performance from *LatinFinance*, offset by weakness in other financial titles from their dependence on banks for advertising. The reduction in the adjusted operating margin reflects the continued investment in the transition to a digital publishing model including the launch of *GlobalCapital* using the Delphi content platform.

**Business publishing:** the 2% increase in underlying revenues reflects a good performance from the wholesale telecoms information business, *TelCap*, offset by tough commodities and energy markets faced by *Metal Bulletin* and *Gulf Publishing*. As with *Financial Publishing*, the adjusted operating margin fell after investment in digital publishing including *Metal Bulletin's* steel information service and a new pricing database.

**Conferences and seminars:** underlying event revenues increased by 9% from a combination of new financial market events in the US, the favourable timing of events, and the strength of Institutional Investor's subscription-based memberships for the asset management industry. In contrast, markets for commodities-related events including metals and coal have been more challenging.

**Training:** revenues for the training division, which relies heavily on customers in the banking sector, fell by 2%. The adjusted operating margin improved from 18% to 20% following a restructuring undertaken last year and the sale of the lower margin MIS business.

# Strategic Report

## continued

### 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 and profits by buying into rapidly growing niche businesses. The group continues to look for strategic acquisitions which will fit well with its existing businesses. Equally, where businesses no longer fit, the group divests.

During 2014, the group purchased the trade and assets of two businesses, *Infrastructure Journal (IJ)* and Mining Indaba and disposed of 100% of its equity share capital in MIS Training. Details of all acquisitions and disposals are set out in note 14 to the group financial statements.

Business acquired	Description	Strategic priority	Total consideration	Date acquired
	Leading provider of online data, intelligence and events for the global infrastructure sector.	The acquisition is consistent with the group's strategy of investing in online subscription and events businesses which will benefit from its global reach.	£12,767,000	October 15 2013
	The world's largest mining investment forum and Africa's largest mining event.	The acquisition is consistent with the group's strategy to consolidate and strengthen its position in the global metals and mining sector.	£45,405,000	July 15 2014

On April 1 2014 the group sold 100% of its equity share capital in MIS Training for an initial cash consideration of US\$11 million (£6.6 million), offset by a working capital adjustment of US\$1.1 million (£0.7 million) paid in April 2014. At date of disposal a discounted deferred consideration receivable of US\$3.7 million (£2.2 million) was recognised. In September 2014 deferred consideration of US\$0.1 million (£0.07 million) was paid and the remaining discounted deferred consideration is expected to be received in cash between January 2015 and September 2019. The disposal of MIS Training gave rise to a profit on disposal of £6.8 million, after deducting disposal costs incurred, which was recognised as an exceptional item (note 5) in the Income Statement.

## IJGlobal

In October 2013 the group acquired *Infrastructure Journal*, and merged it with an existing title, *Project Finance*, to launch *IJGlobal* in April 2014. The product combined the two titles' presence in New York, Hong Kong and London, their databases and events portfolios, alongside a rebranding and redesign.

Despite combining competing titles with disparate customer bases, the product has 95% of the mandated lead arrangers and financial advisors subscribing to its service, has grown its flagship *World Infrastructure Summit*, and improved its website and database functionality. The *IJGlobal* site now receives over 48,000 visitors each month.



## Systems and information technology

The group continues to invest in developing its digital platforms and services as well as the people that support and deliver them.

The original scope of Project Delphi was completed with the new *GlobalCapital* site going live in the second quarter and the main BCA Research product in beta by the third quarter. Plans for a second phase involving Institutional Investor and other businesses are well underway with individual components of the platform being rolled out to additional titles across the group replacing legacy search and authoring tools. Over 70 other agile-based projects were also completed with a focus on continuous deployment and automated testing. Notable achievements include the re-launches of *EuromoneySeminars.com* and *NDR.com*, the integration of *Infrastructure Journal*, the development of a delegate messenger tool for events businesses and an internal, auditable pricing tool for the Metals group. Most websites have also been redesigned to be mobile-responsive.

On the corporate infrastructure side, a project to migrate all employees to Microsoft Office365 and upgrade the legacy XP desktop environment was successfully completed. The on-premises data centres have now been retired in both the UK and US with more than 90% of the infrastructure virtualised and operating within a fault tolerant managed service. There has continued to be significant investment in both the testing and infrastructure surrounding Disaster Recovery and Information Security. These remain key priorities. New acquisitions and offices have been integrated to make use of corporate applications across the group including the latest version of Microsoft Dynamics CRM.

There has been a particular focus this year on recruiting, developing and retaining top technical talent. Both an internal and external Hackathon were held during the year with the aim of fostering ideas as well as promoting Euromoney as a high-quality place to work in technology.

## Marketing and digital development

The group continues to invest in digital development especially customer engagement and product innovation.

The group's digital success is reflected in its engagement metrics. There are now more than 100 businesses active on social media. The group's social media connections have increased 183% year on year, and the group has more than 600,000 members across major social platforms, such as LinkedIn and Twitter. The group has also developed a more integrated approach to content marketing in both publishing and events businesses. This combines multi-media and agenda-led content with speaker, sponsor and attendee interaction throughout the year. The success of this integrated approach was demonstrated at the AMM's *Steel Success Strategies XXIX* conference, which led to an increase of 1,700% in overall site visits, 200% increase in social visits and 30% new prospects. This increased level of activity is contributing to event sales, subscription trials and sponsorship opportunities.

A number of significant product initiatives were undertaken. Highlights include the launches of *GlobalCapital*, a new publishing platform that consolidated a number of products including *EuroWeek* and *Asiamoney*, onto a single digital property; new product for the offshore RMB (renminbi) market; *IJGlobal* the merger of *Project Finance* and *Infrastructure Journal* with new branding, integration of news and data, and a new website design with improved functionality and usability. Finally a new platform was developed for Euromoney Seminars that is reusable and scalable, reducing the time to market for new events businesses. The group also focused on improving the customer experience across a number of businesses such as *II.com* and *Sovereign Wealth Center*.

The group continues to invest in EDEN, the group's marketing database, which has in excess of two million active names. The

customer insight team is now providing dedicated analytical support to business groups such as Metals, Mining and Minerals and Asset Management. These analysts provide more in-depth analysis of customer usage behaviour, renewal cycles, web usage, demographics, helping to identify opportunities for cross-selling and new customer opportunities.

## Headcount

The number of people employed is monitored monthly to ensure there are sufficient resources to meet the forthcoming demands of each business and to make sure that the businesses continue to deliver sustainable profits. During 2014 the directors have focused on maintaining headcount at a similar level to that in 2013, hiring new heads only where it was considered essential or for investment purposes. Headcount at September 2014 was 2,191, an increase of 49 since September 2013, including 43 acquired heads offset by 41 leavers from the disposal of MIS Training.

## Capital Appreciation Plan (CAP)

The CAP, the group's long-term incentive plan, remains an important part of the group's remuneration strategy. It is a highly geared, performance-based share option scheme which both directly rewards executives for the growth in profits of the businesses they manage, and links to the delivery of shareholder value by satisfying rewards in a mix of shares in the company and cash. It aims to deliver exceptional profit growth over the performance period and for this profit to be maintained over the remaining payout period. Further details are set out in the company share schemes section in the Directors' Remuneration Report.

## FINANCIAL REVIEW

The adjusted profit before tax of £116.2 million compares to a statutory profit before tax of £101.5 million. The statutory profit before tax is usually lower than the adjusted profit before tax because of the impact of acquired intangible amortisation and non-cash movements in acquisition liabilities. A detailed reconciliation of the group's adjusted and statutory results is set out in the appendix to the Chairman's Statement.

# Strategic Report continued

A net exceptional credit of £2.6 million (2013: £2.2 million credit) has been recognised. This includes a £6.8 million profit from the sale of MIS Training offset by exceptional acquisition, restructuring and property costs of £4.2 million.

The long-term incentive expense of £2.4 million (2013: £2.1 million) reflects the cost of CAP 2014 awards which were granted in June 2014. The charge in 2013 reflected the final cost of CAP 2010.

Interest payable on the group's committed borrowing facility fell by £1.2 million to £1.3 million, reflecting lower funding costs. Headline net finance costs of £2.1 million (2013: £10.4 million) include a non-cash charge of £0.6 million (2013: £7.6 million) for increases in deferred acquisition liabilities.

The adjusted effective tax rate was 22%, the same as 2013. The tax rate in each period depends mainly on the geographic mix of

profits and applicable tax rates. The group continues to benefit from reductions in the UK corporate tax rate, offset by higher US taxes. The adjusted effective tax rate is expected to fall to 20% in 2015, in line with the reduction in the UK corporate tax rate.

## Balance sheet

The main movements in the balance sheet were as follows:

	2014 £m	2013 £m	Change £m
Goodwill and other intangible assets	545.4	505.6	39.8
Property, plant and equipment	16.9	16.8	0.1
Acquisition commitments and deferred consideration	(21.9)	(31.1)	9.2
Liability for cash-settled options	(0.6)	(7.4)	6.8
Deferred income	(122.3)	(117.3)	(5.0)
Other non-current assets and liabilities	(3.1)	(1.3)	(1.8)
Other current assets and liabilities	3.6	(6.9)	10.5
Net pension deficit	(4.8)	(2.9)	(1.9)
Deferred tax	(19.1)	(11.8)	(7.3)
<b>Net assets before net debt</b>	<b>394.1</b>	<b>343.7</b>	<b>50.4</b>
Net debt	(37.6)	(9.9)	(27.7)
<b>Net assets</b>	<b>356.5</b>	<b>333.8</b>	<b>22.7</b>

In 2014 the net assets increased by £22.7 million to £356.5 million. The increase in net assets is broadly as a result of the £75.3 million group profit offset by dividends of £28.8 million and £21.5 million for the purchase of 1.7 million of the company's own shares for the CAP 2014 share scheme.

## EMIS

EMIS launched its first industry-specific business information service, EMIS Energy, in September 2014.

EMIS Energy has been designed as a new vertical to capture financial, industry and company reports on the emerging markets from the flagship EMIS platform. The information within EMIS Energy relates only to the energy sector, the aim being to build a larger client base among corporate clients within the energy industry who have specific information needs.



These movements are explained below:

- **Goodwill and other intangible assets** – includes £30.8 million of goodwill and £28.6 million of acquired intangible assets following the acquisitions of *Infrastructure Journal* and Mining Indaba and the addition of £3.2 million of intangible assets in development, offset by amortisation costs of £18.7 million and the disposal of £2.5 million of goodwill for MIS Training;
- **Property, plant and equipment** – regular capital expenditure across the group of £3.1 million offset by depreciation of £2.9 million;
- **Acquisition commitments and deferred consideration** – the decrease is due to payments of £2.8 million for CIE and TTI/Vanguard; release of the deferred consideration paid in advance into escrow of £4.5 million for Insider Publishing and CIE; and reduction of deferred consideration from the disposal of MIS Training of £2.2 million;
- **Liability for cash-settled options** – reflecting the cash payment of £7.0 million following the vesting of the second tranche of the cash element of CAP 2010 in February 2014;
- **Deferred income** – due to balances brought into the balance sheet following this year's acquisitions and an underlying increase of 4% in deferred subscription revenue, mainly from BCA and II Memberships;
- **Other non-current assets and liabilities** – includes movements on the marked to market valuation of long-term derivatives contracts and increase in provisions for dilapidations for new London headquarters;
- **Other current assets and liabilities** – includes an increase of £4.2 million in trade debtors in line with the improvement in revenue in the fourth quarter and balances brought into the balance sheet following the acquisitions offset partly by disposal of MIS Training. Prepayments decreased by £4.1 million as the deferred consideration paid in advance into escrow in 2013 for

Insider Publishing and CIE were released. Net current tax liabilities decreased by £5.6 million due to timing of tax payments and decrease of UK corporation tax;

- **Net pension deficit** – losses from changes in demographic and financial assumptions of £4.0 million were offset by return on plan assets of £1.4 million and contributions by the employer of £0.6 million;
- **Deferred tax** – the group has reversed out the deferred tax assets on the CAP 2010 share plan as a result of option exercises taking place in the year and the utilisation of US federal tax losses against US taxable income.

#### Net debt and cash flow

Net debt at September 30 was £37.6 million compared with £28.6 million at March 31 and £9.9 million at last year end. The increase largely reflects £55.7 million of net acquisition spend and £21.5 million to purchase the company's own shares to satisfy future CAP 2014 rewards. A further £2.6 million was invested in Project Delphi, bringing the total project cost to date to £10.0 million, of which £9.3 million has been capitalised and is being amortised over a four-year period (see Statement of Cash Flows on page 75).

The operating cash conversion rate was 92% (2013: 88%). The rate was less than 100% in 2014 and 2013 as the vesting of options under CAP 2010 triggered cash outflows of approximately £9 million in both years for which the expense was accrued in previous years. The underlying operating cash conversion rate, adjusting for this timing difference, was 100% (2013: 103%).

The group's debt is provided through a dedicated multi-currency borrowing facility from Daily Mail and General Trust plc, the group's parent. In November 2013 the group replaced its US\$300 million (£185 million) facility, which was due to expire in December 2013, with a new US\$160 million (£99 million) facility which expires in April 2016.

#### Dividends

The company's policy is to distribute a third of its after-tax earnings by way of dividends. Pursuant to this policy, the board recommends a final dividend of 16.00p a share (2013: 15.75p) giving a total dividend for the year of 23.00p a share (2013: 22.75p). As previously explained, the earlier than expected achievement of the CAP 2010 profit target triggered an accelerated CAP expense of £6.6 million in 2011 which was not charged against earnings for dividend purposes that year, but spread over the period to which it originally related (i.e. mostly 2012 and 2013). This has enabled a small increase in the final dividend despite the decrease in adjusted diluted earnings a share.

#### 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. 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. Given the group's low level of debt, there were no interest rate hedges in place as at September 30 2014.

## Strategic Report continued

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 six 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 18 to the group financial statements.

### Tax

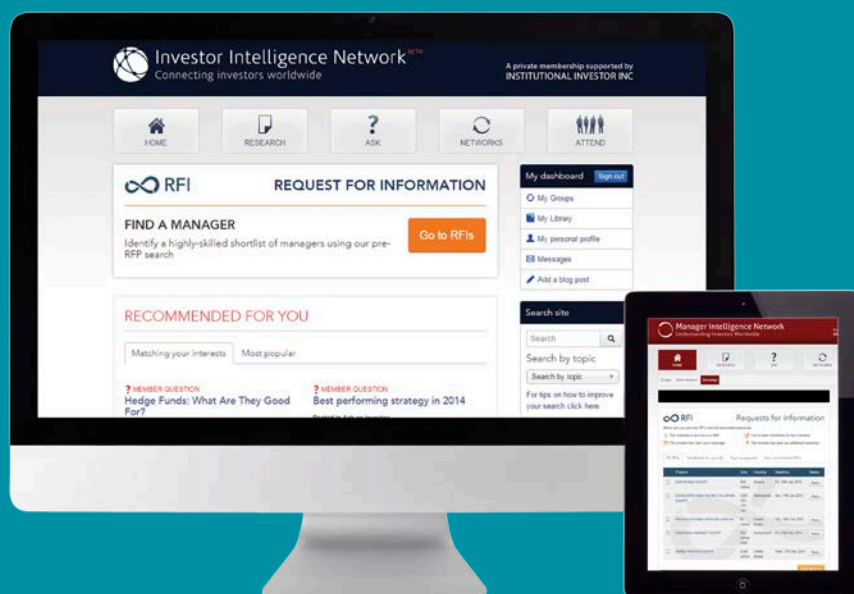
The adjusted effective tax rate based on adjusted profit before tax and excluding deferred tax movements on intangible assets, prior year items and exceptional items is 22% (2013: 22%). The group's reported effective tax rate increased to 25% compared to 23% in 2013. A reconciliation to the underlying effective rate is set out in note 8 to the group financial statements.

The net deferred tax liability held is £19.1 million (2013: £11.8 million) and relates primarily to capitalised intangible assets, net of deferred tax assets held in respect of tax deductible goodwill, short-term temporary differences and US state tax losses. The movement in the liability is explained in the balance sheet movements above.

## Investor Intelligence Network

The Investor Intelligence Network (IIN) is a private online platform in which asset allocators around the world can share information, research, and access workflow tools that allow them to allocate capital. Over 1,600 institutions use the network, spanning 98 countries and controlling a total of \$24.4 trillion in assets. IIN is linked to a separate online community for sales executives working for asset managers – The Manager Intelligence Network – in which managers can view exclusive mandate searches posted by allocators. The Family Office Network functions as a separate, secure network exclusively for Family Offices.

Together the networks provide investors with a worldwide perspective on investment and operational issues, leveraging the views and experiences of their peers around the world, as well as direct access to the best investment managers.



**CORPORATE AND SOCIAL RESPONSIBILITY**

The group is diverse and operates through a large number of businesses in many locations. Each 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 they serve both locally and globally.

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

**Environment**

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 which have environment management systems compliant with the ISO 14001 standard. The paper used for the group's publications is produced from pulp obtained from sustainable forests, manufactured under strict, monitored and accountable environmental standards.

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

Each office within the group is encouraged to reduce waste, re-use paper and only print documents and emails where necessary. The main offices across the group also recycle waste where possible. This year the UK, US and Canadian offices recycled 218,000kg of paper and card, which is equivalent to more than 2,400 trees.

**Greenhouse Gas (GHG) reporting**

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 2007 using the widely recognised GHG protocol methodology developed by the World Resource Institute and the World Business Council for Sustainable Development. Last year, the group's carbon footprint was restated in order to account for material changes to the conversion factors provided by Defra for company reporting purposes.

The directors are committed to reducing the group's absolute carbon emissions and managing its carbon footprint. The company, as part of the wider DMGT group, committed to reducing its absolute carbon emissions by 10% from the baseline year of 2007 by the end of 2012. The targeted 10% reduction was achieved two years early. In 2012 the company, as part of the wider DMGT group, set a challenging new target to reduce its carbon footprint relative to revenue by 10% from the 2012 base by the end of 2015.

**GREENHOUSE EMISSION STATEMENT**

The following emissions have been calculated according to the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition) methodology. Data was gathered to fulfil the requirements under the CRC Energy Efficiency scheme, and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2014. The carbon footprint is expressed in tonnes of Carbon Dioxide equivalent and includes all the Kyoto Protocol gases that are of relevance to the business. The company's footprint covers emissions from its global operations and the following emission sources: Scope 1 and 2 (as defined by the GHG Protocol), business travel and outsourced delivery activities.

**ASSESSMENT PARAMETERS**

Baseline year	2012
Consolidation approach	Operational control
Boundary summary	All entities and facilities either owned or under operational control
Consistency with the financial statements	The only variation is that leased properties, under operational control, are included in scope 1 and 2 data, all scope 3 emissions are off-balance sheet emissions
Assessment methodology	Greenhouse Gas Protocol and Defra environmental reporting guidelines
Intensity ratio	Emissions per £million of revenue

# Strategic Report

## continued

GREENHOUSE GAS EMISSION SOURCE	2014		2013	
	(tCO <sub>2</sub> e)	(tCO <sub>2</sub> e)/£m	(tCO <sub>2</sub> e)	(tCO <sub>2</sub> e)/£m
Scope 1: Combustion of fuel and operation of facilities	500	1.2	600	1.5
Scope 2: Electricity, heat, steam and cooling purchased for own use	3,300	8.1	3,100	7.7
<b>Total scope 1 and 2*</b>	<b>3,800</b>	<b>9.3</b>	<b>3,700</b>	<b>9.2</b>
Scope 3: Business travel and outsourced activities	8,300	20.4	7,700	19.0
<b>Total emissions</b>	<b>12,100</b>	<b>29.7</b>	<b>11,400</b>	<b>28.2</b>

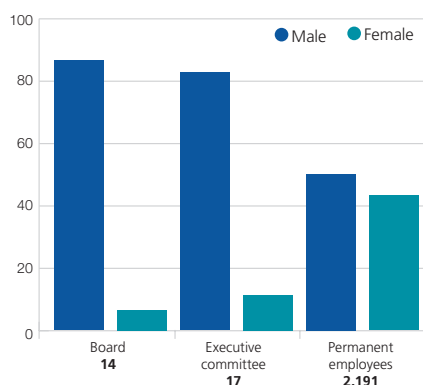
\* Statutory carbon reporting disclosures required by Companies Act 2006.

### Employees

One of the group's strategic priorities is to retain and foster an entrepreneurial culture. Employees are encouraged to think creatively, be entrepreneurial and innovative, and to deliver organic growth. As a decentralised business, people are empowered not only to deliver the best for their business, but to give back to the communities in which they live and work to the greater benefit of the group as a whole.

### Diversity

The board believes that diversity is important for board effectiveness. However, diversity is much more than an issue of gender, and includes a diversity of skills, experience, nationality and background. Diversity will continue to be a key consideration when contemplating the composition and refreshing of the board as well as senior and wider management. The board recognises that while the overall balance of gender is good within the group, with 47% of employees being female (2013: 49%), there is still more work to be done to fulfil overall diversity ambitions.



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

### Quality and integrity of employees

The competence of people is ensured through high recruitment standards and a commitment to management and business skills training. The group has the advantage of running external training businesses and uses this in-house resource to train cost effectively its employees 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 intranet which is used to communicate 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 managed 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.

### Social investment

The group continues to expand its charitable activities and raised over £0.5 million for local and international charitable causes during the year. These contributions came from its own charitable budget, individual employee fundraising efforts and also from clients who generously made donations in support of the company's charitable projects. The group also continues to encourage employees to be involved actively in supporting charities by fundraising themselves which it then matches.



The group works and partners with recognised charitable organisations that have expertise within certain sectors, thus ensuring that the implementation and management of a charitable project is carried out efficiently and that donated funds reach the communities at which the charitable cause is aimed. At the same time, the charity committee is careful to address the sustainability aspects of each charitable project to ensure a long lasting beneficial impact.

Projects that the group has supported in the last year include:

#### **Action Against Cancer (AAC)**

The company, its employees and many of its clients last year donated over £1 million to AAC, which has now spent £365,000 of the funds raised on research during 2014. The next six months will be a significant period for its research and AAC expects to spend an additional £350,000 during this time.

AAC had found that a particular part of the LMTK3 protein is responsible for most of its catalytic or cancer promoting activity. AAC has now begun the development of a specific assay to discover 'hit'-drug compounds to inhibit LMTK3 activity.

AAC is now optimising various protocol conditions before proceeding with a major drug compound screening experiment. The hope is that this will identify a small number of drug compounds that inhibit LMTK3. AAC will then look to chemically modify these compounds to create the most accurate treatment possible to inhibit the LMTK3 whilst avoiding serious side effects.

This first drug screening of LMTK3 is planned for February so 2015 will be an exciting year for this project. AAC has said that the scale of the drug screening and the depth with which it is researching the role of LMTK3 would not have been possible without Euromoney's support.

#### **Water and Sanitation, Kechene, Addis Ababa, Ethiopia**

Since 2011, Euromoney has enabled 19,000 people in Kechene's District 5, to have access to clean water and hygiene education. This work is having a positive impact on reducing cases of diarrhoea in particular. With a new grant of £100,000 from Euromoney and an additional £10,000 from DMGT, AMREF Health Africa can now implement the next phase of this work, creating new water facilities to address a continued need in this district of Kechene and extending this work for the first time into a neighbouring district. When complete, 33,600 people will have benefited from the work in this phase. This new phase has been underway for six months, and AMREF is pleased with the progress so far.

The group also tries to adopt a company-wide charity and support that for a year or more. The last such charity was Action Against Cancer for which Euromoney managed to raise over £1 million in 2013. The group is going through a selection process to find a new charity to support for the next 12 to 18 months. Employees have been requested to nominate charities which satisfy the following guidelines:

The charities:

- should be of a size where the donation will make an impact;
- may be focused on any part of the world (the group's most recent efforts have been focused on Africa and before that India);
- have some proximity to what Euromoney does – education, training, literacy; and
- must be registered.



# Strategic Report

## continued

### Water, outside Mombasa, Kenya

Euromoney has been supporters and partners of The Haller Foundation since 2010. In this time it has funded 23 small-scale projects supporting communities living outside Mombasa, Kenya in the building of community rain-fed dams, community wells and bio-loos, as well as the provision of farmer training modules at Haller's innovative Demonstration Farm at Mtopanga. Many of these communities are on their way to achieving self-sustainability.

The Haller Foundation has now developed a proprietary smartphone 'App' which combines proven sustainable agricultural training programmes with cutting edge technological design, while considering the diverse needs of different types of smallholder farmer. It is simple, graphic, visually rich and highly practical and has a choice of language (English and Swahili) as well as an audio option for the illiterate giving every farmer access to knowledge. In addition, it incorporates an e-commerce functionality that empowers users to buy and sell goods they produce and develop a nano-economy.

The pilot App was launched in October 2014 and in 2015 Euromoney plans to work with Haller to raise funds to rollout the App to 20,000 farmers and farming communities across Kenya.



### Trachoma Project, South Omo, Ethiopia

Euromoney is funding a joint programme between Africa's largest health charity, AMREF Health Africa and the sight-saving charity, ORBIS. They will pool their considerable knowledge and expertise in these areas to eradicate trachoma in the South Omo area of Ethiopia. This painful and debilitating disease affects two in every five children in Ethiopia and leads to blindness if left untreated. To do this they will be delivering a World Health Organisation strategy called SAFE, an innovative public health approach for treating and preventing trachoma. ORBIS will train 38 specialists to carry out 1,700 simple operations helping those with advanced symptoms, and will train health workers to take part in mass distribution of a drug called Zithromax which will enable prevention and treatment of early-stage disease. AMREF Health Africa will install water facilities to back up the surgery and antibiotics as well as help prevent other diseases from spreading. Overall 149,214 community members will benefit from water, sanitation and hygiene improvement.



### Little Rock School, Kibera, Nairobi, Kenya

This project involved funding the cost of land and the construction of new school premises for Little Rock School and was completed in February 2013. The original Little Rock premises consisted of five separate rented buildings spread across the slum area of Kibera in Nairobi. The new school has 16 classrooms, a computer and physiotherapy rooms, and kitchens. The school caters for over 350 full-time pupils (one-third of whom are disabled) and over 200 after-school pupils, and targets orphaned and special needs children. The coordination of Little Rock's funding is carried out by AbleChildAfrica, a UK headquartered charity which specialises in advocating for and supporting disabled children and young people in East Africa.



In November 2013, it was immensely satisfying to see the first 80 children graduate from the new Little Rock school and enter primary education in Nairobi, and a further 100 children are expected to graduate at the end of 2014. The school's operations are on a sounder footing but it still needs over £150,000 a year to operate (70% of the costs involve teacher salaries). There is no government funding and little income from the children's' parents as all the pupils live in very poor conditions. Euromoney continues to help with part of the funding and the group's employees have played an active role in helping to fund some of the operating costs of Little Rock.

### High Water Women Backpack Program

This project helps thousands of children start the school year ready to learn by providing fully supplied backpacks for children in need. Institutional Investor raised US\$165,000 at its annual awards dinner and helped reach the charity's goal of providing 12,500 children with fully supplied backpacks.

**FTSE 4 Good**

FTSE Group confirms that Euromoney Institutional Investor PLC has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. FTSE4Good is an equity index series designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent environmental, social and governance criteria, and are positioned to capitalise on the benefits of responsible business practice.



FTSE4Good

**Forward-looking statements**

Certain statements made in this document are forward-looking. 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 standards, 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 Strategic Report has been prepared for the group as a whole and therefore focuses primarily on 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 Strategic Report should not be relied upon by any other party for any other purpose.

On behalf of the board

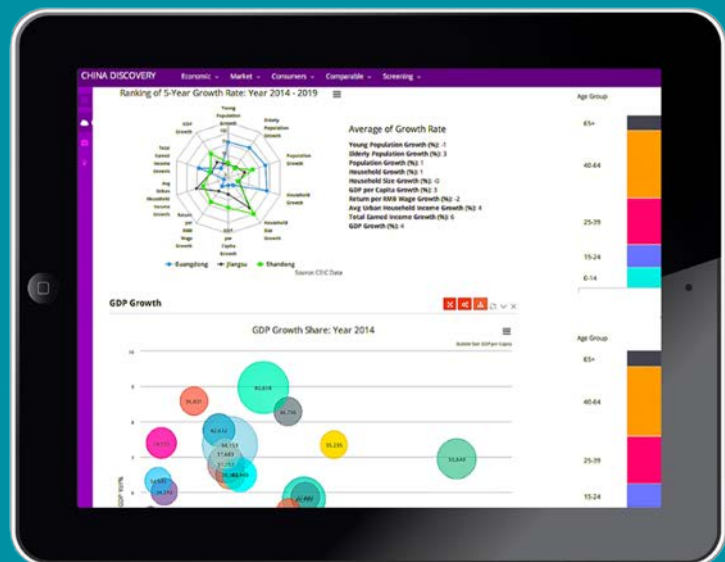
**Christopher Fordham**

Managing director

November 19 2014

**CEIC**

CEIC China Discovery, the first of a new group of web-based CEIC products, was launched in September 2014. China Discovery focuses on pre-built insights and analytics and allows CEIC to expand its business beyond its core client base with products targeted specifically at corporations.



# Board of Directors

## PR Ensor, 66 †

*Chairman and chairman of the nominations committee*

**Appointed to the board:** 1983

Richard Ensor joined the company in 1976 and was appointed managing director in 1992 and chairman in 2012. He is an outside member of the Finance Committee of Oxford University Press.

## CHC Fordham, 54 †

*Managing director*

**Appointed to the board:** 2003

Christopher Fordham joined the company in 2000 and was appointed managing director in 2012. He was previously the director responsible for acquisitions and disposals as well as running some of the company's businesses.

## NF Osborn, 64

*Executive director*

**Appointed to the board:** 1988

Neil Osborn joined the company in 1983. He is the publisher of *Euromoney*.

## CR Jones, 54

*Finance director*

**Appointed to the board:** 1996

Colin Jones is a chartered accountant. He joined the company in July 1996 from Price Waterhouse, and was appointed finance director in November 1996.

## DE Alfano, 58

*Executive director*

**Appointed to the board:** 2000

Diane Alfano joined Institutional Investor LLC in 1984. She is managing director of Institutional Investor's conference division and a director and chairman of Institutional Investor LLC.

## JL Wilkinson, 49

*Executive director*

**Appointed to the board:** 2007

Jane Wilkinson joined the company in 2000. During the year she returned to London to take on the role of managing director of the training division. She was previously group marketing director, CEO of Institutional Investor's publishing activities and president of Institutional Investor LLC.

## B AL-Rehany, 57

*Executive director*

**Appointed to the board:** 2009

Bashar AL-Rehany 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.

## The Viscount Rothermere, 46 †

*Non-executive director*

**Appointed to the board:** 1998

The Viscount is chairman of Daily Mail and General Trust plc.

## Sir Patrick Sergeant, 90 †

*Non-executive director and president*

**Appointed to the board:** 1969

Sir Patrick 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.

## JC Botts, 73 †‡§

*Non-executive director and chairman of the remuneration committee*

**Appointed to the board:** 1992

John Botts is senior adviser of Allen & Company in London, a director of Songbird Estates plc and a director of several private companies. He was formerly non-executive chairman of United Business Media plc.

## MWH Morgan, 64 †‡

*Non-executive director*

**Appointed to the board:** 2008

Martin Morgan was appointed chief executive of Daily Mail and General Trust plc in 2008. He was previously chief executive of DMG Information.

## DP Pritchard, 70 †§

*Independent non-executive director and chairman of the audit committee*

**Appointed to the board:** 2008

David Pritchard 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.

## ART Ballingal, 53

*Independent non-executive director*

**Appointed to the board:** 2012

Andrew Ballingal is Chief Executive and Chief Investment Officer of Ballingal Investment Advisors (BIA), an independent investment firm based in Hong Kong, which advises two Asia Pacific hedge funds. He has lived in Asia for over 20 years and worked in the Asia Pacific investment market at various firms before founding BIA in 2002. He has over 20 years of experience as an advisor, investor, and partner in hedge funds. Since 2008, he has served as a member of the Euromoney Institutional Investor PLC Asia Pacific Advisory Board.

## TP Hillgarth, 65 §

*Independent non-executive director*

**Appointed to the board:** 2012

Tristan Hillgarth has over 30 years of experience in the asset management industry having been a director of Jupiter Asset Management for eight years and before that at Invesco where he held several senior positions including CEO of Invesco's UK and European business. He is a non-executive director of JPMorgan Overseas Investment Trust PLC.

† Member of the remuneration committee

‡ Member of the nominations committee

§ Member of the audit committee

# Directors' Report

The Directors' Report comprises pages 35 to 45 of this report (together with the sections of the Annual Report incorporated by reference). Some of the matters required by legislation have been included in the Strategic Report (pages 7 to 33) as the board considers them to be of strategic importance. Specifically these are:

- future business developments;
- principal risks; and
- corporate and social responsibility (including diversity).

## Group results and dividends

The group profit for the year attributable to equity holders of the parent amounted to £75.3 million (2013: £72.6 million). The company's policy is to distribute a third of its after-tax earnings by way of dividends each year. Pursuant to this policy, the directors recommend a final dividend of 16.00 pence per ordinary share (2013: 15.75 pence), payable on Thursday February 12 2015 to shareholders on the register on Friday November 28 2014. This, together with the interim dividend of 7.00 pence per ordinary share (2013: 7.00 pence) which was declared on May 15 2014 and paid on June 19 2014, brings the total dividend for the year to 23.00 pence per ordinary share (2013: 22.75 pence).

## Board of directors

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 54. The directors' interests are given on page 61. In February 2014, DC Cohen resigned as an executive director with effect from September 30 2014.

Following best practice under the September 2012 UK Corporate Governance Code and in accordance with the company's Articles of Association, all directors submit themselves for re-election annually. Accordingly, all directors will retire at the forthcoming AGM and, being eligible, will offer themselves for re-election. In addition, in accordance with the September 2012 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 AGM 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 59 to 61.

## Employee Share Trust

The executive directors of the company together with other employees of the group are potential beneficiaries of the Euromoney Employee Share Trust and as such, are deemed to be interested in any ordinary shares held by the trust. The trust was established in February 2014 with the intention of purchasing ordinary shares in the company, with a nominal value of £0.0025, to satisfy share awards under CAP 2014 approved by shareholders at the 2014 AGM. At September 30 2014, the trust's shareholding totalled 1,747,631 shares, acquired for a consideration of £21.5 million (see Statement of Changes in Equity) and representing 1.4% of the company's called up ordinary share capital. No share awards have vested during the year as the performance criteria of the CAP 2014 have not yet been met. Refer to pages 57 and 58 of the Directors' Remuneration Report for further information.

## Share capital

Details of the company's share capital are given in note 22 to the group financial statements. The company's ultimate controlling party is given in note 30. 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.

## Authority to purchase and allot own shares

At the 2014 AGM, the company was authorised by shareholders to purchase up to 10% of its own shares and to allot shares up to an aggregate nominal amount of £94,850. The resolutions to renew this authority for a further period will be put to shareholders at the 2015 AGM.

## Significant shareholdings

As at November 19 2014, the company had been notified of the following significant interests:

Name of holder	Nature of holding	Number of shares	% of voting rights
DMG Charles Limited	Direct	85,838,458	66.99

## Relationship deed

The company and Daily Mail and General Trust plc, the parent company of DMG Charles Limited entered into a relationship deed on July 16 2014 in accordance with the Listing Rules and have acted in accordance with its terms since execution.

## Directors' indemnities

The company has directors' and officers' liability and corporate reimbursement insurance for the benefit of its 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.

# Directors' Report

## continued

### Political donations

No political donations were made during the year (2013: £nil).

### Post balance sheet events

Events arising after September 30 2014 are set out in note 29 to the group financial statements.

### Going concern

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 Strategic Report on pages 7 to 33.

The financial position of the group, its cash flows and liquidity position are set out in the Strategic Report on pages 26 to 28. The group's debt is provided through a dedicated US\$160 million multi-currency borrowing facility from Daily Mail and General Trust plc (DMGT) which expires at the end of April 2016 (see note 19 to the group financial statements).

The group's forecasts and projections, after 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.

### Auditor

In the case of each of the persons who is a director of the company at November 19 2014:

- 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.

In 2014 the company conducted a tender for the group statutory audit. More information on the tender process can be found on page 44. Following the tender process the board took the decision to recommend PricewaterhouseCoopers LLP as the company's new statutory auditor. A resolution to appoint PricewaterhouseCoopers LLP and to authorise the audit committee to determine their remuneration will be proposed at the 2015 AGM.

### Annual general meeting

The company's next AGM will be held on January 29 2015.

### Additional disclosures

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 employees;
- there are no restrictions on voting rights;
- the directors are not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights;
- the company has a number of agreements that take effect, alter or terminate upon a change of control of the company, such as commercial contracts, bank loan agreements, property lease arrangements, directors' service agreements and employee share plans. None of these agreements is deemed to be significant in terms of their potential impact on the business of the group as a whole; and
- 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' responsibilities

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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Each of the directors confirms that to the best of their 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 Strategic Report and the Directors' Report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

- this annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy.

On behalf of the board



**Christopher Fordham**

Director  
November 19 2014



**Colin Jones**

Director  
November 19 2014

# Corporate Governance

The Financial Reporting Council's 2012 UK Corporate Governance Code ("the Code") is part of the Listing Rules ("the Rules") of the Financial Conduct Authority. The paragraphs below and in the Directors' Remuneration Report on pages 46 to 66 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 45.

## Directors

### The board and its role

Details of directors who served during the year are set out on page 54. In February 2014 DC Cohen indicated his intention to resign as an executive director with effect from September 30 2014. Following this change the board comprised the chairman, managing director, five other executive directors and seven non-executive directors. Four of the seven non-executive directors are not independent, one is the founder and ex-chairman of the company, two are directors of Daily Mail and General Trust plc (DMGT), an intermediate parent company, and one has served on the board for more than the recommended term of nine years under the Code.

There are clear divisions of responsibility within the board such that no one individual has unfettered powers of decision. The board, although larger than average, does not consider itself to be unwieldy and believes it is beneficial to have representatives from 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 2012 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 certain 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 meets each month to discuss strategy, results and forecasts, risks, possible acquisitions and disposals, costs, staff numbers, recruitment and training, and other management issues. It also discusses corporate and social responsibility including the group's various charity initiatives. 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. It is chaired by the group chairman and comprises all executive directors plus the following divisional directors: RP Daswani (*Metal Bulletin*); RCM Garnett (Euromoney Conferences); L Gibson (Euromoney Seminars and Metal Bulletin Events); RG Irving (SRP and TelCap); BR Jones (CTO); JG Orchard (Capital Markets Group); AB Shale (Asia); DRJ Williams (Specialist Finance); A Parente (CEIC); and A Marone (Chief Development Officer). 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, structure and composition of the board and ensuring the appointees have sufficient time available to devote to the role. The committee comprises PR Ensor (chairman of the committee), CHC Fordham 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 at: [www.euromoneyplc.com/reports/Nominationcommittee.pdf](http://www.euromoneyplc.com/reports/Nominationcommittee.pdf).

The committee meets when required and this year met three times as well as informal discussions held at other times during the year. The main purpose of the meetings was to discuss potential non-executive candidates and the succession planning for PR Ensor who retires as the company's chairman at the end of financial year 2015.

The group's gender diversity information is set out in the Strategic Report on page 30.

### 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 of executive directors, including performance-related incentives. This committee also recommends and monitors the level of remuneration for senior management and overall, 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 46 to 66. The committee's terms of reference are available on the company's website at: <http://www.euromoneyplc.com/reports/Remunerationcommittee.pdf>.



### **Audit committee**

Details of the members and role of the audit committee are set out on page 42. The committee's terms of reference are available on the company's website at: <http://www.euromoneyplc.com/reports/Auditcommittee.pdf>.

### **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 deputy finance director of DMGT. The chairman of the audit committee is also invited to attend tax and treasury committee 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.

Details of the tax and treasury policies are set out in the Strategic Report on pages 27 and 28.

### **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 were The Viscount Rothermere, Sir Patrick Sergeant, JC Botts, MWH Morgan, DP Pritchard (independent), ART Ballingal (independent) and TP Hillgarth (independent). Their biographies can be found on page 34 of the accounts.

At least once a year the company's chairman meets the non-executive directors without the other 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 DP Pritchard, ART Ballingal and TP Hillgarth 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. As founder and president of the company, the board believes his insight and external contacts remain invaluable. However, due to his length of service, Sir Patrick Sergeant does not meet the Code's definition of independence.

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. While they bring valuable experience and advice to the company, and 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

The following table sets out the number of board and committee meetings attended by the directors during the year to September 30 2014:

	Board	Executive committee	Remuneration committee	Nominations committee	Audit committee	Tax & treasury committee
<b>Number of meetings held during year</b>	<b>6</b>	<b>11</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>2</b>
<b>Executive directors</b>						
PR Ensor – chairman	6	11	–	3	–	2
CHC Fordham – managing director	6	11	–	–	–	1
NF Osborn	6	11	–	–	–	–
DC Cohen (resigned September 30 2014)	4	10	–	–	–	–
CR Jones – finance director	6	11	–	–	–	2
DE Alfano	6	10	–	–	–	–
JL Wilkinson	6	11	–	–	–	–
B AL-Rehany	6	11	–	–	–	–
<b>Non-executive directors</b>						
The Viscount Rothermere	6	–	–	3	–	–
Sir Patrick Sergeant	2	–	–	1	–	–
JC Botts	6	–	2	3	3	–
MWH Morgan	6	–	2	3	–	–
DP Pritchard	5	–	2	–	3	2
ART Ballingal	6	–	–	–	–	–
TP Hillgarth	6	–	–	–	3	–

### Board and committee effectiveness

Each year the performance of the board and its committees is evaluated. The Code requires an externally facilitated evaluation of the board to be concluded every three years. This year an external performance evaluation was conducted by a company independent to the group. A questionnaire was sent to each of the directors seeking views on a broad range of subjects: the board's mandate and effectiveness; composition and diversity; corporate strategy and priorities; training; evaluation of individual performance; and committee effectiveness and communication to the board. This was followed up with more detailed reviews with the directors to discuss areas identified for improvement. The outcome of the evaluation was reported to the board. As part of the performance evaluation the board is 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.

In light of the review, the board considers the performance of each director to be effective and has concluded that the board and its committees provide the effective leadership and control required. The board will continue to review its procedures, its effectiveness and development in the year ahead.

### 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 in the 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 AGM. In line with best practice all shareholders have at least 20 working days notice of the AGM 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 analysts to ensure members of the board, develop an understanding of the investors' and potential investors' views of the company.

### Internal control and risk management

The board as a whole is responsible for the oversight of risk, 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. 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 risk management systems and has taken account of material developments which have taken place since September 30 2013. 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.

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.

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 reviews and assesses the group's principal risks and uncertainties 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.

Executive management of risk is provided by a risk committee comprising the chairman, managing director and finance director, which reports to the board at each board meeting and is responsible for managing and addressing risk matters as they arise. In addition, the group employs an information security manager, a data protection manager and a risk and compliance officer as well as having the ability to draw on the resources of DMGT's risk and assurance function should it be considered necessary.

#### 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. 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. Controls and procedures over the security of data and disaster recovery are periodically reviewed and are subject to internal audit.

# Corporate Governance

## continued

### 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 on a risk-focused basis, after taking account of the risks identified as part of the risk management process, the risk and materiality of each of the group's businesses, the scope and findings of external audit work, and the departments and businesses reviewed previously and the findings from these reviews. This approach ensures that internal audit focus is placed on the higher risk areas of the group, while ensuring an appropriate breadth of audit coverage. DMGT's internal audit function reports its findings to management and to the audit committee.

### Accountability and audit Audit committee

#### *Committee composition, skill and experience*

The audit committee comprises DP Pritchard (chairman, independent), JC Botts, SW Daintith, the finance director of DMGT and TP Hillgarth (independent). Three of the four members are non-executive directors. All members of the committee have a high level of financial literacy, SW Daintith and TP Hillgarth are chartered accountants and members of the ICAEW, and DP Pritchard has considerable audit committee experience.

### Responsibilities

The committee meets at least three times each financial year and is responsible for:

- monitoring the integrity of the interim report, the annual report and accounts and other related formal statements, reviewing accounting policies used and judgements applied;
- reviewing the content of the annual report and accounts and advise the board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy;
- considering the effectiveness of the group's internal financial control systems;
- considering the appointment or reappointment of the external auditor and to review their remuneration, both for audit and non-audit;
- monitoring and reviewing the external auditor's independence and objectivity and the effectiveness of the audit process;
- monitoring and reviewing the resources and effectiveness of internal audit;
- reviewing the internal audit programme and receiving periodic reports on its findings;
- reviewing the whistle-blowing arrangements available to staff;
- reviewing the group's policy on the employment of former audit staff; and
- reviewing the group's policy on non-audit fees.

### *Content of the annual report and accounts – fair, balanced and understandable*

One of the key governance requirements of a group's financial statements is for the report and accounts to be fair, balanced and understandable. The co-ordination and review of the group-wide input to the annual report and accounts is a sizeable exercise performed within an exacting timeframe which runs alongside the formal audit process undertaken by the external auditor.

Arriving at a position where initially the audit committee, and then the board, are satisfied with the overall fairness, balance and clarity of the report and accounts is underpinned by the following:

- early preparation by management and review by the committee of key components of the annual report, particularly those reflecting new disclosure and reporting requirements;
- comprehensive reviews undertaken by management, a sub-committee of the directors and the auditor to ensure consistency and overall balance;
- knowledge sharing by management of key risks and matters likely to affect the annual report through attendance by the chairman of the audit committee at the annual internal audit planning meeting and tax and treasury committee meetings held during the year as well as through the audit committee chairman's regular meetings with management and internal audit;
- a twice yearly review by the audit committee of key assumptions and judgements made by management in preparation of the annual and interim reports as well as considering significant issues arising during the year.

### Financial reporting and significant financial judgements

The committee, with input from the external auditor, assessed whether suitable accounting policies had been adopted, whether management had made appropriate estimates and judgements and whether disclosures were balanced and fair. For the year ended September 30 2014 the committee reviewed the following main issues:

Issue	Review
<p><b>Accounting for acquisitions and disposals</b></p> <p>The group acquired <i>Infrastructure Journal</i> and Mining Indaba and disposed of MIS Training during the year. The group also has acquisition contingent commitments on previous acquisitions.</p>	<p>The committee discussed the appropriateness of the life of the intangible asset, and the methodology around and inputs into the calculation of the amounts concerned.</p>
<p><b>Goodwill and other intangibles</b></p> <p>The group has goodwill of £383.9 million and other intangible assets of £153.2 million. There were no impairments recognised in the year.</p>	<p>The committee discussed the appropriateness of the life of the intangible asset and the methodology around and inputs into the calculation supporting the carrying value. The committee has also understood the sensitivity analysis used by management in their review of impairment.</p>
<p><b>Revenue recognition</b></p> <p>Judgement is exercised in relation to the cut-off for publications and events, the deferral of subscription revenues and the treatment of voting, best efforts and commission share agreement revenues.</p>	<p>The committee discussed with management the internal controls in place and the work the auditor had completed on revenue recognition.</p>
<p><b>Taxation</b></p> <p>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.</p>	<p>The committee discussed the deferred tax balances with the auditor and management to establish how they were determined and calculated. The chairman of the audit committee also attends the tax and treasury committee which provides valuable insight into the tax matters, related provisions and helps establish the appropriateness of the recognition of the deferred tax balances.</p>
<p><b>Share-based payments</b></p> <p>The group's new long-term incentive schemes, CAP 2014 and CSOP 2014, were granted during the year. The fair value calculated using an appropriate option pricing model 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 final award is subject to a number of performance tests which may change the number of shares that will vest.</p>	<p>The committee discussed with management the assumptions used in calculating the fair value of the CAP 2014 and CSOP 2014 options at the date of grant.</p> <p>The committee reviewed the estimated number of shares that will eventually vest based on the latest forecasts.</p>
<p><b>Significant provisions and accruals</b></p> <p>The group continues to recognise significant provisions and accruals including a provision for the impairment of trade receivables.</p>	<p>The committee discussed with management and the auditor how the provision levels were determined and calculated. They also discussed matters not provided against to establish if this was appropriate.</p>
<p><b>Presentation of the financial statements</b></p> <p>Presentation of the financial statements, in particular the presentation of the adjusted performance and the adjusting items.</p>	<p>The committee reviewed the financial statements and discussed with management and the auditor the appropriateness of the adjusted items including consideration of their consistency and the avoidance of any misleading effect on the financial statements.</p>

The committee is satisfied that all issues have been managed appropriately and in accordance with the relevant accounting standards and principles. The committee was satisfied that, taken as a whole, the 2014 Annual Report and Accounts is fair, balanced and understandable.

# Corporate Governance

## continued

### External auditor

In 2013 given the length of Deloitte's tenure (incumbents since the last audit tender in 1998) and the change to the Code in 2013, the committee indicated its intention to put the external audit contract out to tender. The tender process was initiated in May 2014 and concluded in July 2014. From the 2015 financial year, if approved by shareholders, PricewaterhouseCoopers LLP (PwC) will replace Deloitte LLP as the company's statutory auditor.

As part of its role in ensuring effectiveness, the committee completed a review during the tender process which focused on the effectiveness, independence and objectivity of the external audit. Furthermore, Deloitte confirmed to the committee that it maintained appropriate internal safeguards to ensure its independence and objectivity. The committee concluded that Deloitte remained independent and the audit effective.

### External audit tender process

A number of firms were approached to tender for the audit. The list was based upon their experience, industry skills and knowledge, their ability to perform the audit to a high standard and any pre-existing business relationships that might affect their independence. The committee held meetings with each firm individually and each presentation was followed by an extensive discussion with the audit firm. Following each meeting, the committee discussed the presentation, the views communicated and the perceived strengths and weaknesses of the team.

After reviewing all the proposals, the committee held a separate meeting to discuss the merits of each firm and their respective teams. It considered the views of internal management, the likely level of disruption as a result of any change, and the cost proposals presented by each firm. After extensive debate the committee agreed to propose to the board that PwC be appointed as statutory auditor following completion of the 2014 year end process and that this appointment would be subject to shareholder approval at the 2015 AGM.

The committee would like to thank each firm that participated in the tender and specifically thank Deloitte on the board's behalf for their significant contribution to the group over the past 16 years.

### Effectiveness of internal financial control systems

The committee invests time in meeting with internal audit to better understand their work and its outcome. At each meeting of the committee internal audit present a detailed report covering controls audited since the last meeting, matters identified and updates to any previous control issues still outstanding. The committee challenges internal audit and discusses these audits and matters identified as appropriate. Internal audit supplement their work through a series of peer reviews completed by finance people across the group but independent from the business being audited. The peer reviews audit the operation of key internal controls which have been confirmed by the businesses as in place through an annual control standards sign-off. Internal audit review the findings of this supplemental work and present a summary to the committee at each audit committee meeting. This is challenged by the committee and discussed as necessary.

### Resources available to internal audit and its effectiveness

The audit committee monitors the level and skill base available to the group from internal audit. Although internal audit areas are planned a year ahead, the amount of time available to the group from internal audit is not fixed. Internal audit is able to scale up resource as required and draws on finance people across the wider DMGT group as well as regularly supplementing its team through the use of specialists.

The committee is able to monitor the effectiveness of internal audit through their involvement in its focus, planning, process and outcome. The committee approves the internal audit plan and any revision to it during the year. The chair of the committee is invited to attend the initial internal audit planning meeting with management. Internal audit presents, at each

audit committee meeting, a summary of their work and findings, the results of the internal audit team's follow up of completed reviews and a summary of assurance work completed by other audit functions within the business; technology audits; circulation audits; polls and awards audits and peer reviews (as explained above). Internal audit is involved in other risk assurance projects including fraud investigation, the annual fraud and bribery risk assessment, information security and business continuity. Internal audit is also subject to an external review every five years, the results of which are fed back to the committee. This external review was last carried out in September 2013.

### Non-audit work

The audit committee completes an annual assessment of the type of non-audit work permissible and a *de minimis* level of non-audit 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 2014 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](http://www.euromoneyplc.com/reports/nonauditfee.pdf)).

### Annual Report and Accounts

The directors have responsibility for preparing the 2014 Annual Report and Accounts and for making certain confirmations concerning it. In accordance with the Code provision C.1.1 the board considers that taken, as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy. The board reached this conclusion after receiving advice from the audit committee.

### 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 2012 UK Corporate Governance Code issued by the Financial Reporting Council. Since its formation in 1969, the company has had a majority shareholder, Daily Mail and General Trust plc (DMGT). As majority shareholder, DMGT retains two non-executive positions on the board. These non-executive directors are not regarded as independent under the Code. In addition, the company's founder, president and ex-chairman, Sir Patrick Sergeant, remains on the board but is not regarded as an independent director under the Code. As a result, the company failed to comply throughout the financial year ended September 30 2014 with certain provisions of the Code as set out below. The company has, however, made significant strides over the past few years to bring its board structure more in line with best practice. In particular, the number of executive directors has been reduced to seven, compared to 14 in 2009, and two new independent non-executive directors were appointed in 2012. It is the company's intention over time to get to a position where the majority of its board comprises non-executive directors, even if not all are independent because of their relationship with DMGT.

Provision	Code principle	Explanation of non-compliance
A.4.1	Composition of the board	The board has not identified a senior independent director. JC Botts, although not independent due to his length of service, acts as senior non-executive director.
B.1.2	Composition of the board	Less than half the board are independent non-executive directors. However, 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 key areas of the business at board meetings.
B.2.1	Composition of the nominations committee	The nominations committee does not comprise a majority of independent non-executive directors. The committee comprises four non-executive and two executive directors, none of whom can be considered independent under the Code.
B.3.2	Terms and conditions of appointment of non-executive directors	JC Botts, DP Pritchard, ART Ballingal and TP Hillgarth have terms and conditions of appointment. However, The Viscount Rothermere, MWH Morgan and Sir Patrick Sergeant operate under the terms of their employment contracts with DMGT and Euromoney respectively.
C.3.1	Composition of the audit committee	The audit committee does not comprise at least three independent non-executives directors. The committee comprises four members, only two of whom can be considered independent under the Code.
D.2.1	Composition of the remuneration committee	The remuneration committee does not comprise at least three independent non-executives directors. The committee comprises three non-executive directors, only one of whom can be considered independent under the Code.

On behalf of the board



#### Richard Ensor

Chairman

November 19 2014

# Directors' Remuneration Report

## Report from the chairman of the remuneration committee

### Information not subject to audit

#### Remuneration report contents

This report covers the reporting period from October 1 2013 to September 30 2014 and includes three sections:

- The report from the chairman of the remuneration committee setting out the key decisions taken on executive and senior management pay during the year;
- The policy report which outlines the remuneration policy for the year to September 2015; and
- The annual implementation report on remuneration including details of payments made and outcomes for the variable pay elements based on performance for the year.

This report has been prepared in accordance with the relevant requirements of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2013 ("the Regulations") and of the Listing Rules of the Financial Conduct Authority. As required by the Regulations, a separate resolution to approve the policy and implementation reports will be proposed at the company's AGM.

#### Report from the chairman of the remuneration committee

The remuneration committee reviews the remuneration and incentive plans of the executive directors and other key employees across the group as well as looking at the remuneration costs and policies of the group as a whole. There were no changes made to the salaries and incentives of the executive directors during financial year 2014.

The committee structures remuneration packages to encourage an entrepreneurial culture with a focus on profit growth alongside tight cost control and risk management. This generally means setting salaries below market levels, with a significant part of a director's remuneration derived from variable profit driven incentives. The importance of variable pay to each director's total remuneration is illustrated on page 56.

The committee is a strong believer in long-term incentives to drive profit growth and align the interests of executive management with those of shareholders. The company's Capital Appreciation Plan (CAP), first introduced in 2004, has been a key driver of the company's growth since then with adjusted profit before tax increasing more than fivefold from a base of £21.3 million in 2003 to £116.2 million in 2014.

The CAP is a highly geared performance-based share option scheme which directly rewards executives for the growth in profits of the businesses they manage, and links to the delivery of shareholder value by satisfying rewards in a mix of shares and cash. It aims to deliver exceptional profit growth over the performance period and for this profit to be maintained.

A new CAP, CAP 2014 was approved by shareholders at the 2014 AGM with a view to driving further above-average profit growth and to helping retain key employees. The performance target for CAP 2014 requires the group to generate profit growth of at least 10% a year over a four-year period from a base of profits achieved in 2013. If the CAP 2014 profit target is achieved by 2017, CAP rewards will vest in three tranches in February 2018, 2019 and 2020, with the second and third tranches subject to an additional RPI test as well as the requirement for individual businesses to achieve at least 80% of the profits achieved in 2017. This ensures that the profits of the group are maintained in relation to at least inflation and the businesses continue to focus on sustainable profit growth.

CAP 2014 will cost the group, in accounting terms, no more than £41 million over its life and will be satisfied with a maximum of 3.5 million ordinary shares and £7.6 million in cash. As at September 30 2014, 1.75 million shares had been purchased in the market at a cost of £21.5 million and it is expected that the balance will be purchased over the remaining life of the plan.

The committee also focuses on the remuneration of the wider group and this year approved an average group-wide salary increase of 2% (excluding promotions). None of the executive directors received an increase. In approving the group salary increase, the committee ensured that the directors and local management considered inflation in local areas in which the group operates, the performance of the businesses they work for, micro and macroeconomic factors, market rates for similar roles, and the skills and responsibilities of the individuals concerned. The increases proposed by local management were focused on those individuals who excelled in their roles and were performing above expectations. This means that strong performing employees received an increase well above the average and conversely those who were not meeting expectations received no increase.

#### Remuneration committee

During the year the remuneration committee comprised JC Botts (chairman), MWH Morgan, and DP Pritchard (independent). All members of the committee are non-executive directors of the company. MWH Morgan is the chief executive of Daily Mail and General Trust plc, the group's parent company. 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 advice on any matter, at the company's expense, although none did so in 2014. The group itself can use external advice and information in preparing proposals for the remuneration committee. It does apply external benchmarking although no material assistance from a single source was received in 2014.



The key activities of the committee in the year included:

- confirming that salaries of the executive directors would remain unchanged at April 1 2014;
- approving the average annual pay increase for the group, effective from April 1 2014, of 2%;
- approving the annual profit shares for the executive directors and senior management of the group for financial year 2014;
- approving the vesting in February 2014 of the second tranche of awards under CAP 2010 following the satisfaction of the primary and additional performance condition;
- approving the grant of options under CAP 2014 to the executive directors;
- approving the increase in the profit target under CAP 2014 following the acquisition of Mining Indaba.

### Linking KPIs to remuneration

As explained in the Remuneration Policy Report on page 48, the group's remuneration policies are designed to drive and reward earnings growth and shareholder value. The KPIs set out on pages 14 and 15 of the Strategic Report similarly contribute to the growth in the group's earnings and shareholder value. These KPIs are integral to the setting of incentives for senior managers and others across the group.

### Remuneration at a glance

2014	Salary and fees £	Benefits £	Profit Share £	Pension £	Total £
<b>Executive directors</b>					
PR Ensor	175,500	1,416	4,375,610	22,918	4,575,444
CHC Fordham	375,000	1,771	480,935	37,500	895,206
NF Osborn	130,863	1,416	237,451	9,399	379,129
DC Cohen (resigned September 30 2014)	115,700	1,771	334,775	15,855	468,101
CR Jones	265,000	1,771	640,800	39,750	947,321
DE Alfano	132,882	8,130	623,265	3,986	768,263
JL Wilkinson	180,000	45,656	103,194	17,982	346,832
B AL-Rehany	231,740	1,096	357,896	6,191	596,923
	<b>1,606,685</b>	<b>63,027</b>	<b>7,153,926</b>	<b>153,581</b>	<b>8,977,219</b>



### John Botts

Chairman of the remuneration committee

# Directors' Remuneration Report continued

## Remuneration policy report

### Information not subject to audit

#### Introduction

This report sets out the group's policy and structure for the remuneration of executive and non-executive directors together with details of how the policy is applied to each component of remuneration. In accordance with the Large and Medium-sized Companies and Groups Accounts and Reports Regulations, shareholders are provided with the opportunity to endorse the company's remuneration policy through a binding vote. The first binding vote on the company's directors' remuneration policy was approved by shareholders at the AGM on January 30 2014 and it is expected that the policy will be resubmitted for approval by shareholders at the AGM in January 2015.

#### Remuneration policy

The group believes in aligning the interests of management with those of shareholders. It is the group's policy to construct executive remuneration packages such that a significant part of a director's remuneration is based on the growth in the group's profits contributed by that director. Salaries and benefits are generally not intended to be the most significant part of a director's remuneration.

The two consistent objectives in its remuneration policy since the company's formation in 1969 have been the maximisation of earnings per share and the creation of shareholder value.

#### Maximising earnings per share

This first objective is achieved through a profit sharing scheme that links the pay of executive directors and key managers to the growth in profits of the group or parts of the group. This scheme is completely variable with no guaranteed floor and no ceiling. All those on profit shares are aware that if profits rise, so does their pay. Similarly if profits fall, so do their profit shares.

To support the policy of profit sharing, the group is divided into approximately 100 profit centres from which approximately 100 directors and managers receive profit shares. The manager of each profit centre is paid a profit share based on the profit centre's profit growth above a threshold each year. Each profit centre is in turn part of a larger division and each divisional director or executive director has a profit share based on the division's profit growth. Profit sharing is closely aligned with the group's strategy in that it encourages managers and directors to grow their businesses, to invest in new products, to search for acquisitions, and to manage costs and risks tightly.

#### Creating shareholder value

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

The CAP is a highly geared performance-based share option scheme which directly rewards executives for the growth in profits of the businesses they manage, and links this to the delivery of shareholder value by satisfying rewards in a mix of shares in the company and cash. The CAP has been a key factor in driving the exceptional profit growth achieved by the company since it was introduced in 2004. Further details of CAP 2010 and CAP 2014 are set out on pages 57 and 58.

The directors believe that these profit sharing and share option arrangements contributed significantly to the company's success. They align the interests of the directors and managers with those of shareholders and are considered an important driver of the company's growth.

### Detailed remuneration arrangements of executive directors

In formulating its directors' remuneration policy, the group has considered employee pay and benefits available across the group and did not consider it necessary to consult with its employees though it has consulted its largest shareholder.

Basic salary	
<b>Purpose and link to strategy</b>	<ul style="list-style-type: none"> <li>Part of an overall pay package which seeks to keep fixed salary costs below market with salary generally not the most significant part of a director's overall package;</li> <li>Reflect the individual's experience, role and performance within the company.</li> </ul>
<b>Operation</b>	<ul style="list-style-type: none"> <li>Paid monthly in cash;</li> <li>Normally reviewed by the remuneration committee in April each year.</li> </ul>
<b>Benchmarking</b>	<ul style="list-style-type: none"> <li>The committee examines salary levels at FTSE 250 companies and other listed peer group companies to help determine executive director pay increases.</li> </ul>
<b>Relationship to employee salaries</b>	<ul style="list-style-type: none"> <li>There is no prescribed maximum employee salary level. The approach to setting base salary increases across the group takes into account performance of the individuals concerned, the performance of the business they work for, micro and macroeconomic factors, and market rates for similar roles, skills and responsibility.</li> </ul>
Benefits	
<b>Purpose and link to strategy</b>	<ul style="list-style-type: none"> <li>Basic benefits are provided but are not the most significant part of a director's overall remuneration and are not linked to performance, role or experience.</li> </ul>
<b>Operation</b>	<p><i>Benefits may include:</i></p> <ul style="list-style-type: none"> <li>Private healthcare;</li> <li>Life insurance;</li> <li>Overseas relocation and housing costs.</li> </ul>
<b>Relationship to employee benefits</b>	<ul style="list-style-type: none"> <li>Benefits are available to all directors and employees subject to a minimum length of service or passing a probationary period.</li> </ul>
<b>Benefit levels</b>	<ul style="list-style-type: none"> <li>All executive directors participate in the healthcare scheme offered in the country where they reside. There is no prescribed maximum level of benefits.</li> </ul>
Pensions	
<b>Purpose and link to strategy</b>	<ul style="list-style-type: none"> <li>Retirement benefits are provided as a retention mechanism and to reward long service.</li> </ul>
<b>Operation</b>	<ul style="list-style-type: none"> <li>Directors may participate in the pension arrangements applicable to the country where they work;</li> <li>A director who is obliged to cease contributing to a company pension scheme due to changes in tax or pension legislation may choose to receive additional salary in lieu of the company's pension contributions.</li> </ul>
<b>Relationship to employee pension levels</b>	<ul style="list-style-type: none"> <li>All directors and employees are entitled to participate in the same pension scheme arrangements applicable to the country where they work. The maximum employers' contribution to a pension scheme is 15% of pensionable salary.</li> </ul>

# Directors' Remuneration Report continued

## Remuneration policy report continued

Profit shares	
<b>Purpose and link to strategy</b>	<ul style="list-style-type: none"> <li>Profit share links the pay of directors directly to the growth in profits of their businesses. It encourages each director to grow their profits, to invest in new products, to search for acquisitions, and to manage costs and risks tightly;</li> <li>Profit shares are designed to maximise sustainable profits with no guaranteed floor and no ceiling;</li> <li>Profit shares are expected to make up much of a director's total pay and encourage long-term retention.</li> </ul>
<b>Operation</b>	<ul style="list-style-type: none"> <li>Profit shares are paid in full in the financial year following the year in which they are earned. In exceptional circumstances profit shares may be paid in part during the year in which they are earned but only to the extent that profits have already been generated;</li> <li>There is no deferral of profit share;</li> <li>There is no guaranteed floor or ceiling on profit shares earned;</li> <li>Profit shares are calculated after charging the cost of funding acquisitions at the group's actual cost of funds;</li> <li>Each director's profit share is subject to audit and to remuneration committee approval, and can be revised at any time if the director's responsibilities are changed;</li> <li>Gains or losses on the disposal of capital assets, including subsidiaries and investments, are not included in profit shares;</li> <li>The profit share of PR Ensor is based on the adjusted pre-tax post non-controlling interests' profit of the group, thereby matching his profit share with the pre-tax return the group generates for its shareholders. The profit share is calculated by applying a multiplier to the adjusted pre-tax profits. The multiplier is adjusted for changes in the company's share capital;</li> <li>CHC Fordham and CR Jones receive a profit share linked to the adjusted pre-tax EPS of the group;</li> <li>All other executive directors receive profit shares linked to the operating profits of the businesses they manage at fixed rates on profits above various thresholds.</li> </ul>
<b>Relationship to employee incentive schemes</b>	<ul style="list-style-type: none"> <li>Incentives, including profit shares, are an important part of the group culture. The directors believe they directly reward good and exceptional performance. Most employees across the group have some incentive scheme in place.</li> </ul>

### Long-term incentive plans

#### Purpose and link to strategy

- Share schemes are an important part of overall compensation and align the interests of directors and managers with shareholders. They encourage directors to deliver long-term, sustainable profit growth.

#### Operation

- *2014 Capital Appreciation Plan (CAP 2014)*  
At the company's AGM in January 2014 the directors received approval for a new long-term incentive scheme following the achievement of the performance conditions of CAP 2010, (see page 46). Awards under CAP 2014 are granted to senior employees who have direct and significant responsibility for the profits of the group. Each CAP 2014 award will comprise a nil-paid option to subscribe for ordinary shares of 0.25 pence each in the company and a right to receive a cash payment. No individual may receive an award over more than 5% of the award pool. In accordance with the terms of CAP 2014, no consideration will be payable for the grant of these awards.

The primary performance test under CAP 2014 requires the company to achieve an adjusted profit before tax (before CAP costs) of £173.6 million by financial year 2017 (increased to £178.4 million for the acquisition of Mining Indaba). This is equivalent to an average profit growth rate of at least 10% a year from a base in 2013 which the committee decided was a sufficiently challenging target. Subject to the performance test being satisfied, rewards under CAP 2014 are expected to vest in three tranches in February 2018, 2019 and 2020.

The profit target under CAP 2014 will be adjusted in the event that any significant acquisitions or disposals are made during the performance period. Awards are granted under CAP 2014 to senior employees of acquired entities who have direct and significant responsibility for the profits of the group.

- *2014 Company Share Option Plan (CSOP 2014)*  
At the company's AGM, the directors also received approval for a new CSOP. The CSOP 2014 will be a delivery mechanism for part of the CAP 2014 award. Awards are granted under the CSOP 2014 to senior employees who have direct and significant responsibility for the profits of the group. Each CSOP 2014 option will enable each UK based participant to purchase up to £30,000\* of shares in the company with reference to the market price of the company's shares at the date of grant. No consideration will be 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 2014 providing the CSOP option is in the money at that time.

\* The Canadian version of the CSOP 2014 will enable a Canada-based participant to purchase up to \$100,000 of shares in the company with reference to the market price of the company's shares at the date of grant.

- *Euromoney 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. No performance conditions attach to options granted under this plan. It is designed to incentivise all employees. Participants save a fixed monthly amount of up to £500 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.

- *DMGT SIP*  
Daily Mail and General Trust plc, the group's parent company, operates a share incentive plan in which all UK-based employees of the Euromoney group can participate. Participants contribute up to £125 a month from their gross pay to purchase DMGT 'A' non-voting shares. These shares are received tax free after five years.

#### Relationship to all employee long-term incentive schemes

- All employees based in the UK are entitled to participate in the Euromoney SAYE and DMGT SIP schemes. The CAP 2014 scheme is available only to senior employees across the group who have direct and significant responsibility for the profits of their businesses. New participants may be added during the performance period.

# Directors' Remuneration Report continued

## Remuneration policy report continued

### Non-executive directors

The remuneration of non-executive directors is determined by the board based on the time commitment required by the non-executive directors, their role and market conditions. Each non-executive director receives a base fee for services to the board with an additional fee payable to the chairs of the remuneration and audit committees. The non-executive directors do not participate in any of the company's incentive schemes. The non-executive directors receive reimbursement for reasonable expenses incurred as part of their role as non-executive directors.

### Policy on external appointments

The company encourages its executive directors to take a limited number of outside directorships provided they are not expected to impinge on their principal employment. Subject to the approval of the company chairman, directors may retain the remuneration received from the first such appointment.

### Recruitment policy

Compensation packages for new board directors are set on the same basis as those in place for existing board directors. The main components are detailed below.

New executive directors will receive a salary commensurate with their responsibilities, likely to be below market average and not the most significant part of the director's overall remuneration package. The director will also be offered the benefit of private healthcare. Other benefits may include a relocation or housing allowance and compensation for loss of earnings from previous employment which have been forfeited in order to join the company. Where these exceptional circumstances apply the remuneration committee would try to match closely the compensation type foregone with that offered by the company.

New executive directors are expected to be paid a profit share directly linked to the growth in profits of the business they manage. There will be no floor or ceiling to the profit share. Profit share thresholds and the specific arrangements

will be agreed with the remuneration committee. In some exceptional cases there may be an additional incentive paid to a director in the event of the director turning around a non-performing business. The quantum of this incentive will be dependent on the time taken to turn the business around and the initial level of losses.

New executive directors may be granted awards under CAP 2014 if they have direct and significant responsibility for the profits of the group. New executive directors are also entitled to participate in the Euromoney SAYE and DMGT SIP schemes.

New non-executive directors appointed to the board will receive a base fee in line with that payable to other non-executive directors.

### Directors' service contracts

The company's policy is 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. Directors' 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. Service contracts for all executive directors provide for 12 months' salary, pension and a pro-rated profit share up to the date of termination. In the event the contracts are terminated due to incapacity, the contracts provide for six months' salary, pension and pro-rated profit share up to the date of termination for all executive directors apart from NF Osborn and DE Alfano. The contract of NF Osborn provides for one month's salary, pension and a pro-rated profit share up to the date of termination. The contract of DE Alfano provides for salary, pension and profit share earned up to the date of termination only.

With the exception of Sir Patrick Sergeant, none of the non-executive directors have a service contract, although JC Botts, DP Pritchard, TP Hillgarth and ART Ballingal serve under a letter of appointment. The service contract of

Sir Patrick Sergeant provides for 12 months' expense allowance and an expense allowance up to the date of termination in the event of incapacity.

The directors' service contracts are available for shareholder inspection at the company's registered office.

### Policy on payment for loss of office

In the event of a termination of contract, an executive director is entitled to 12 months' salary, pension and a pro-rated profit share up to the date of termination. On termination, an executive director is not entitled to any payment from the group's CAP or other option schemes unless the schemes vest within the director's notice period, in which case the director is only entitled to the options vesting at that time. No other termination payments are provided unless otherwise required by law.

Non-executive directors' contracts can be terminated by the company giving summary notice, with the exception of Sir Patrick Sergeant who has a 12-month notice period.

### Policy on claw backs

In the event of material misstatement relating to any information used in determining the amount of profit share, or gross misconduct by an executive director, the board may claw back profit share and long-term incentives previously paid for a period of up to three years after the year when the event happened.

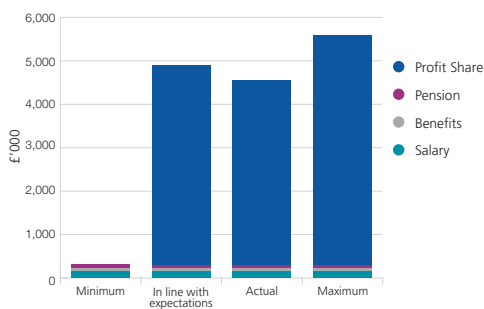
### Policy on directors holding equity in the company

All executive directors are encouraged to hold equity in the company, and all do. Although there is no minimum equity holding requirement, most of the directors have a significant holding (see table on page 61) and each has a holding valued in excess of their annual salary.

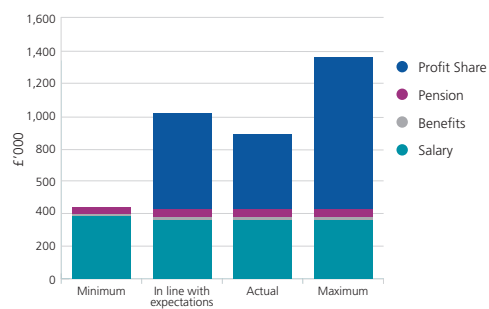
**Scenario charts for directors' remuneration**

The graphs below set out, for each director, the minimum remuneration, the remuneration expected at the beginning of the year, the actual remuneration and an estimate of the maximum remuneration for financial year 2014. The variable element of remuneration relates to the group's profit share schemes. The minimum profit share payable is zero. The maximum potential profit share was calculated assuming that profits achieved had been 20% higher, although profit shares have no ceiling.

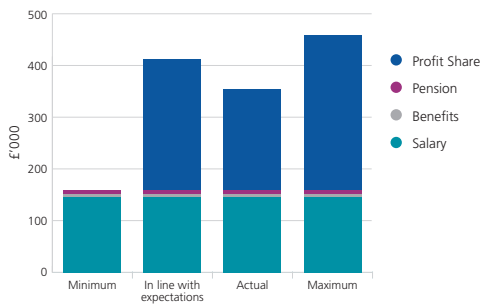
**PR Ensor**



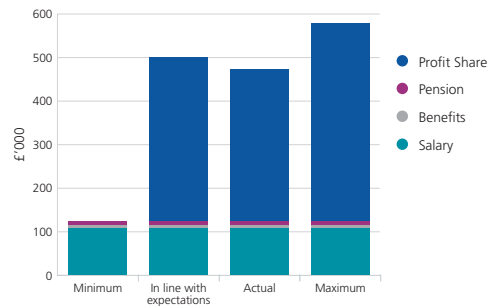
**CHC Fordham**



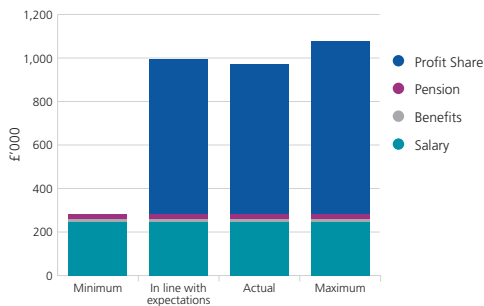
**NF Osborn**



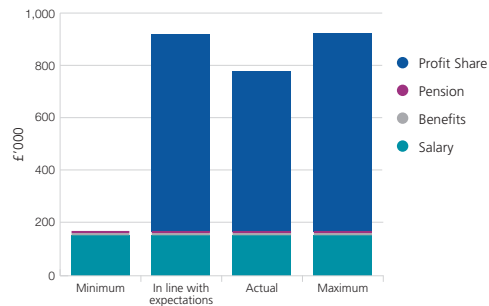
**DC Cohen (resigned September 30 2014)**



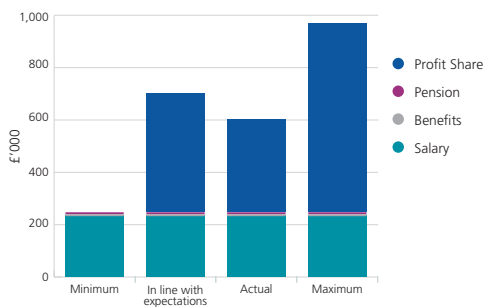
**CR Jones**



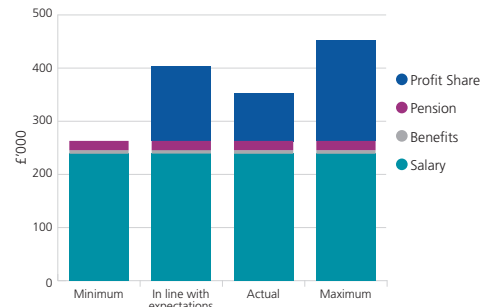
**DE Alfano**



**B AL-Rehany**



**JR Wilkinson**



# Directors' Remuneration Report continued

## Annual report on remuneration

### Information subject to audit (pages 54 and 55)

The table below sets out the break-down of the single total figure of remuneration for each executive director in 2014 and 2013.

### Single total figure of remuneration

		Salary and fees £	Benefits £	Profit share £	Long-term incentive £	Pension £	Total £
<b>Executive directors</b>							
PM Fallon (died October 14 2012)	<b>2014</b>	–	–	–	–	–	–
	2013	8,692	1,823	246,009	–	–	256,524
PR Ensor <sup>1</sup>	<b>2014</b>	<b>175,500</b>	<b>1,416</b>	<b>4,375,610</b>	–	<b>22,918</b>	<b>4,575,444</b>
	2013	175,500	1,019	4,544,828	–	22,918	4,744,265
CHC Fordham <sup>2</sup>	<b>2014</b>	<b>375,000</b>	<b>1,771</b>	<b>480,935</b>	–	<b>37,500</b>	<b>895,206</b>
	2013	375,000	1,274	648,025	585,468	37,500	1,647,267
NF Osborn <sup>3</sup>	<b>2014</b>	<b>130,863</b>	<b>1,416</b>	<b>237,451</b>	–	<b>9,399</b>	<b>379,129</b>
	2013	133,159	1,019	336,695	452	9,399	480,724
DC Cohen (resigned September 30 2014) <sup>4</sup>	<b>2014</b>	<b>115,700</b>	<b>1,771</b>	<b>334,775</b>	–	<b>15,855</b>	<b>468,101</b>
	2013	115,700	1,274	221,878	108,350	15,855	463,057
CR Jones <sup>5</sup>	<b>2014</b>	<b>265,000</b>	<b>1,771</b>	<b>640,800</b>	–	<b>39,750</b>	<b>947,321</b>
	2013	252,500	1,274	670,111	454,720	37,875	1,416,480
DE Alfano <sup>6</sup>	<b>2014</b>	<b>132,882</b>	<b>8,130</b>	<b>623,265</b>	–	<b>3,986</b>	<b>768,263</b>
	2013	141,157	8,960	644,389	180,976	4,101	979,583
JL Wilkinson <sup>7</sup>	<b>2014</b>	<b>180,000</b>	<b>45,656</b>	<b>103,194</b>	–	<b>17,982</b>	<b>346,832</b>
	2013	180,000	97,300	125,610	261,818	18,657	683,385
B AL-Rehany <sup>8</sup>	<b>2014</b>	<b>231,740</b>	<b>1,096</b>	<b>357,896</b>	–	<b>6,191</b>	<b>596,923</b>
	2013	261,830	1,491	599,433	606,825	7,447	1,477,026
<b>Total executive directors</b>	<b>2014</b>	<b>1,606,685</b>	<b>63,027</b>	<b>7,153,926</b>	–	<b>153,581</b>	<b>8,977,219</b>
	2013	1,643,538	115,434	8,036,978	2,198,609	153,752	12,148,311
<b>Non-executive directors</b>							
The Viscount Rothermere	<b>2014</b>	<b>30,000</b>	–	–	–	–	<b>30,000</b>
	2013	28,000	–	–	–	–	28,000
Sir Patrick Sergeant	<b>2014</b>	<b>30,000</b>	–	–	–	–	<b>30,000</b>
	2013	28,000	–	–	–	–	28,000
JC Botts	<b>2014</b>	<b>36,500</b>	–	–	–	–	<b>36,500</b>
	2013	34,500	–	–	–	–	34,500
JC Gonzalez (resigned January 31 2013)	<b>2014</b>	–	–	–	–	–	–
	2013	9,333	–	–	–	–	9,333
MWH Morgan	<b>2014</b>	<b>30,000</b>	–	–	–	–	<b>30,000</b>
	2013	28,000	–	–	–	–	28,000
DP Pritchard	<b>2014</b>	<b>36,500</b>	–	–	–	–	<b>36,500</b>
	2013	34,500	–	–	–	–	34,500
ART Ballingal (appointed December 12 2012)	<b>2014</b>	<b>30,000</b>	–	–	–	–	<b>30,000</b>
	2013	21,000	–	–	–	–	21,000
TP Hillgarth (appointed December 12 2012)	<b>2014</b>	<b>30,000</b>	–	–	–	–	<b>30,000</b>
	2013	21,000	–	–	–	–	21,000
<b>Total non-executive directors</b>	<b>2014</b>	<b>223,000</b>	–	–	–	–	<b>223,000</b>
	2013	204,333	–	–	–	–	204,333
<b>Total 2014</b>		<b>1,829,685</b>	<b>63,027</b>	<b>7,153,926</b>	–	<b>153,581</b>	<b>9,200,219</b>
Total 2013		1,847,871	115,434	8,036,978	2,198,609	153,752	12,352,644



- Salaries and fees include basic salaries and any non-executive directors' fees.
  - Benefits include private healthcare and dental cover for directors based in Canada and the US. The benefits figure for JL Wilkinson includes £41,837 (2013: £88,332) of housing allowance. JL Wilkinson relocated from New York to London during the year and no longer receives a housing allowance.
  - The long-term incentive figures for 2013 represent the value of CAP 2004 share options, CAP 2010 share options, CSOP 2010 share options and CAP 2010 cash awards where the performance criteria were met during the period. The value of these share options is derived by multiplying the number of options by the market value of options at vesting and deducting the exercise cost of the options. The value of the CAP 2010 cash award is the cash received.
  - Pension amounts are those contributed by the company to pension schemes or cash amounts paid in lieu of pension contributions. From November 2013, NF Osborn received a cash allowance in lieu of company pension contributions.
1. The profit share of PR Ensor is based on the adjusted pre-tax post non-controlling interests' profit of the group. The profit share is calculated by applying a multiplier of 2.97% (2013: 2.98%) to the adjusted pre-tax profits. In addition, PR Ensor is also entitled to 1.11% (2013: 1.12%) of adjusted pre-tax profit in excess of a threshold of £42,846,402 (2013: £40,806,097).
  2. The profit share of CHC Fordham is linked to the growth in the group's adjusted pre-tax earnings per share (EPS) above a base pre-tax EPS. This base EPS increases by 5% a year and he receives £24,500 for every 1 pence increase in EPS above the base. For 2014, his base EPS was 70.9 pence (2013: 67.5 pence) and the adjusted pre-tax EPS was 90.5 pence (2013: 94.0 pence).
  3. NF Osborn receives a profit-share linked to the operating profits of the businesses he manages at a rate of 2.5% on profits to £1 million, 4% on the next £1 million, 5.5% on the next £1 million and 7% on profits in excess of £3 million;
  4. DC Cohen received a profit-share linked to the operating profits of the businesses he managed at a rate of 1% on profits to £1.525 million, 5% on profits above £1.525 million, and an additional 2.5% on profits above £4.675 million;
  5. CR Jones receives a profit share linked to the growth in adjusted pre-tax EPS of the group. A sum of £500 is payable for every percentage point that the adjusted pre-tax EPS is above 11 pence and an additional sum of £800 is payable for every percentage point that the adjusted pre-tax EPS is above 20 pence;
  6. DE Alfano receives a profit-share linked to the operating profits of the businesses she manages at a rate of 1% on profits between US\$632,000 and US\$957,000, and a rate of 6.5% on profits above US\$957,000. Her profit share on acquisitions she manages is at a rate of 5%;
  7. JL Wilkinson's role changed during the year. For the first half of the year she received 5% of adjusted profits above a threshold of US\$8,341,050 for the US publishing businesses she was responsible for. As group marketing director, she received an incentive based on the growth in the group's subscription and delegate revenues above certain thresholds. For the second half of the year she received 5% of adjusted profits above a threshold of £1,000,000 for the training businesses.
  8. B AL-Rehany receives a profit-share linked to the operating profits of the businesses he manages at a rate of 5% of profits above a threshold. This threshold increases by 10% per annum.

### Non-executive directors

Each non-executive director receives a base fee for services to the board of £30,000 (2013: £28,000) with an additional fee of £6,500 payable to the chairs of the remuneration and audit committees.

# Directors' Remuneration Report continued

## Annual report on remuneration continued

### Information not subject to audit (pages 56 to 58)

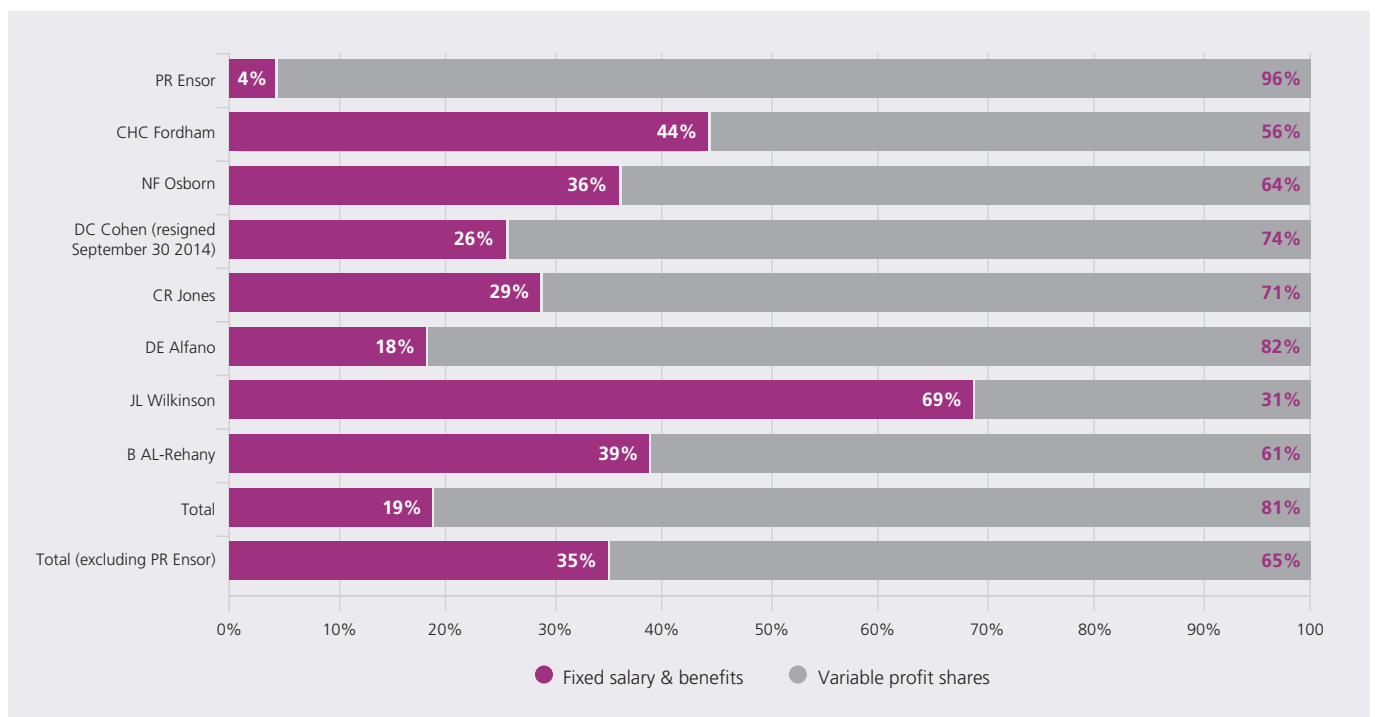
#### External appointments

PR Ensor is an external member of the Finance Committee of Oxford University Press. During the year he retained earnings of £20,000 (2013: £20,000) from this role. This amount has not been included in his single figure of remuneration on page 54.

NF Osborn resigned during the year as a non-executive director of RBC OJSC, a Moscow-listed media company. During the year he retained earnings of US\$32,500 (2013: US\$50,000) from this role. He also serves as an advisor to the boards of both DMG Events and dmgi, fellow group companies, for which he received a combined fee of US\$23,638 (2013: US\$45,000). He no longer serves on the management board of A&N International Media Limited and has not received a fee in the current year (2013: £25,000). These amounts have not been included in his single figure of remuneration on page 54.

#### Variable pay

Of the total remuneration of the eight executive directors who served in the year, 81% was derived from variable profit shares, as illustrated in the following graph:



### Company share schemes

Details of each director's share options can be found on pages 59 and 60.

### Capital Appreciation Plan 2014 (CAP 2014)

CAP 2014 was approved by shareholders at the AGM on January 30 2014 as a direct replacement for CAP 2010.

Awards under CAP 2014 were granted in June 2014 to approximately 250 directors and senior employees who have direct and significant responsibility for the profits of the group. Each CAP 2014 award comprises two equal elements: an option to subscribe for ordinary shares of 0.25 pence each in the company; and a right to receive a cash payment. No individual could receive an award over more than 5% of the award pool. In accordance with the terms of CAP 2014, no consideration was payable for the grant of the awards.

The value of awards received by a participant is directly linked to the growth in profits over the performance period of the businesses for which the participant is responsible. Where there is no growth, no awards are allocated, whereas participants whose businesses grow the most will receive the highest proportion of the award.

The award pool comprises a maximum of 3.5 million ordinary shares and cash of £7.6 million, limiting the total accounting cost of the scheme to £41 million over its life. Awards will vest in three equal tranches, subject to the performance conditions, and lapse to the extent unexercised by September 30 2023.

### Vesting

The first tranche will vest on satisfaction of the primary performance condition, but no earlier than February 2017.

The second tranche will vest in the February following the initial vesting year in which the following conditions ("subsequent conditions") are satisfied:

- a. Adjusted pre-tax profits<sup>1</sup> for that financial year equals or exceeds:
  - i. if the primary performance condition is satisfied, the primary target plus the percentage growth in RPI from the start of the initial vesting year to the start of the relevant financial year; or
  - ii. if the primary performance condition is not met but the secondary performance condition is met, the adjusted pre-tax profits<sup>1</sup> for the financial year ending September 30 2017 plus the growth in RPI from October 1 2016 to the start of the relevant financial year; and
- b. the contribution to growth of that participant does not fall by more than 20% of that made in the initial vesting year.

The third tranche will vest in the financial year following the second vesting year in which the subsequent conditions are satisfied.

### Performance conditions

The **primary performance condition** requires the group to achieve adjusted pre-tax profits<sup>1</sup> of £173.6 million, from a 2013 base profit of £118.6 million, by no later than the financial year ending September 30 2017. Following the acquisition of Mining Indaba, this profit target has been increased to £178.4 million.

The performance target for CAP 2014 requires the group to generate profit growth of at least 10% a year (or RPI plus 5%, whichever is higher) over a four year period from a base of profits achieved in 2013.

If the primary performance condition is not met during the performance period, the awards will lapse at the end of the last financial year of the performance period unless adjusted pre-tax profits<sup>1</sup> are at least 84.9% of the primary target. This is known as the **secondary performance condition**. If the secondary performance condition is met, the number of ordinary shares and cash in the award pool will be reduced in accordance with the table below to reflect the extent to which the adjusted pre-tax profits<sup>1</sup> have fallen short of the primary target.

Adjusted pre-tax profits <sup>1</sup> as a % of the primary target	% reduction in the award pool
100	–
95.7	2.0
94.2	6.0
93.1	10.0
91.5	17.3
88.2	37.1
84.9	67.0

If the secondary performance condition is met in the financial year ended September 30 2017 and the adjusted pre-tax profits<sup>1</sup> in the financial year ended September 30 2018 and/or 2019 exceeds the adjusted pre-tax profits<sup>1</sup> for 2017 then an additional number of ordinary shares and cash will be allocated to the award pool. The number of ordinary shares and the amount of cash will be equal to one-third of that which would have been included in the award pool for 2017 if the adjusted pre-tax profits had been equal to 2018 and/or 2019.

### Company Share Option Plan 2014 (CSOP 2014)

Shareholders approved the CSOP 2014 at the AGM on January 30 2014. The CSOP 2014 was approved by HM Revenue & Customs on March 31 2014.

Awards were granted under the CSOP 2014 on June 20 2014 to approximately 150 UK and Canadian directors and senior employees of the group who have direct and significant responsibility for the profits of the group. Each CSOP 2014 option enables each UK participant to purchase up to 2,688 shares and each Canadian participant to purchase up to 8,963 shares in the company at a price of £11.16 per share, the market value at the date of grant. No consideration was payable for the grant of these awards. The options vest and become exercisable at the same time as the corresponding share award under the CAP 2014.

# Directors' Remuneration Report continued

## Annual report on remuneration continued

The CSOP 2014 has the same performance criteria as CAP 2014 as set on page 57. The number of CSOP 2014 awards that vest proportionally reduce the number of shares that vest under the CAP 2014. The CSOP is effectively a delivery mechanism for part of the CAP 2014 award. The CSOP 2014 options have an exercise price of £11.16, which will be satisfied by a funding award mechanism which results in the net gain<sup>2</sup> on these options being delivered in the equivalent number of shares to participants as if the same gain had been delivered using CAP 2014 options. The amount of the funding award will depend on the company's share price at the date of exercise.

The fair value per option granted and the assumptions used to calculate its value are set out in note 23.

### Capital Appreciation Plan 2010 (CAP 2010)

CAP 2010 was approved by shareholders at the AGM on January 21 2010 as a direct replacement for CAP 2004. Each CAP 2010 award comprised two equal elements: an option to subscribe for ordinary shares of 0.25 pence each in the company at an exercise price of 0.25 pence per ordinary share; and a right to receive a cash payment. No individual could 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 comprised 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. Awards vested in two equal tranches. The first tranche became exercisable in February 2013 on satisfaction of the primary performance condition in 2012. The second tranche became exercisable in February 2014 when the primary performance condition was again satisfied in 2013. The vesting of the second tranche was subject to an additional performance condition which required the profits of each business in the subsequent

vesting period be at least 75% of that achieved in the year the first tranche of awards become exercisable. The options lapse to the extent unexercised by September 30 2020.

The number of options received under the share award of CAP 2010 was reduced by the number of options vesting from the 2010 Company Share Option Plan (see below and note 23).

The fair value per option granted and the assumptions used to calculate its value are set out in note 23.

### Company Share Option Plan 2010 (CSOP 2010)

Shareholders approved the CSOP 2010 at the AGM on January 21 2010. The CSOP 2010 plan was approved by HM Revenue & Customs on June 21 2010.

Each CSOP 2010 option enabled each participant to purchase up to 4,972<sup>3</sup> shares in the company at a price of £6.03<sup>3</sup> per share, the market value at the date of grant. No consideration was payable for the grant of these awards. Any CSOP options that did not fully vest in the first tranche of the CAP 2010 award vested at the same time as the second tranche of an individual's CAP award, but only where the CSOP 2010 is in the money.

The CSOP 2010 had the same performance criteria as CAP 2010 as set out above. The number of CSOP 2010 awards that vested proportionally reduced the number of shares that vested under the CAP 2010. The CSOP was effectively a delivery mechanism for part of the CAP 2010 award. The CSOP 2010 options had an exercise price of £6.03<sup>3</sup>, which was satisfied by a funding award mechanism which results in the net gain<sup>2</sup> 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 depended on the company's share price at the date of exercise.

All of the executive directors' options outstanding under this scheme were exercised during the year as set out on pages 59 and 60 of this report. The fair value per option granted and the assumptions used to calculate its value are set out in note 23.

### SAYE

The group operates a save as you earn scheme in which all employees, including directors, employed in the UK are eligible to participate. Participants save a fixed monthly amount of up to £500 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 PR Ensor, CHC Fordham, NF Osborn and DC Cohen, details of which can be found on pages 59 and 60 of this report.

### DMGT SIP

DMGT, the group's parent company, operates a share incentive plan in which all UK-based employees of the Euromoney group can participate. Employees can contribute up to £125 a 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 PR Ensor and CR Jones, details of which can be found on page 62 of this report.

1. Adjusted pre-tax profits are before acquired intangible amortisation, exceptional items, net movements in acquisition commitment and deferred consideration, foreign exchange loss interest charge on tax equalisation contracts, foreign exchange on restructured hedging arrangements, and the cost of the CAP itself.
2. 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 multiplied by the number of options exercised.
3. The Canadian version of the CSOP 2010 had a grant date of March 2010 and an exercise price of £5.01, the market value of the company's shares at the date of grant, and enabled each Canadian participant to purchase up to 19,960 shares in the company.

**Information subject to audit (pages 59 to 61)**  
**Directors' share options**

	At start of year	Granted/ trued up during year	Exercised during year	At end of year	Exercise price	Date from which exercisable	Expiry date
PR Ensor	1,810	–	–	1,810 *	£4.97	Feb 01 15	Aug 01 15
	1,810	–	–	1,810			
CHC Fordham	34,928	–	(34,928)	–	£0.0025	Exercised	–
	1,408	–	–	1,408 §	£6.39	Feb 01 16	Aug 01 16
	–	20,167	–	20,167 ^	£0.0025	Performance criteria not satisfied	Sept 30 23
	–	2,688	–	2,688 †	£11.16	Performance criteria not satisfied	Sept 30 23
	36,336	22,855	(34,928)	24,263			
NF Osborn	27	–	(27)	–	£6.03	Exercised	–
	18	(4)	(14)	– ‡	£0.0025	Exercised	–
	1,810	–	–	1,810 *	£4.97	Feb 01 15	Aug 01 15
	–	1,340	–	1,340 †	£11.16	Performance criteria not satisfied	Sept 30 23
	1,855	1,336	(41)	3,150			
DC Cohen (resigned September 30 2014)	10,595	(4,131)	(6,464)	–	£0.0025	Exercised	–
	–	4,131	–	4,131	£0.0025	Performance criteria not satisfied	Sept 30 20
	1,810	–	–	1,810 *	£4.97	Feb 01 15	Aug 01 15
	12,405	–	(6,464)	5,941			
CR Jones	27,128	–	(27,128)	–	£0.0025	Exercised	–
	–	14,457	–	14,457 ^	£0.0025	Performance criteria not satisfied	Sept 30 23
	–	2,688	–	2,688 †	£11.16	Performance criteria not satisfied	Sept 30 23
	27,128	17,145	(27,128)	17,145			
DE Alfano	10,797	–	(10,797)	–	£0.0025	Exercised	–
	–	28,020	–	28,020 ^	£0.0025	Performance criteria not satisfied	Sept 30 23
	10,797	28,020	(10,797)	28,020			
JL Wilkinson	17,679	(2,059)	(15,620)	–	£0.0025	Exercised	–
	–	2,059	–	2,059	£0.0025	Performance criteria not satisfied	Sept 30 20
	–	7,954	–	7,954 ^	£0.0025	Performance criteria not satisfied	Sept 30 23
	–	2,688	–	2,688 †	£11.16	Performance criteria not satisfied	Sept 30 23
	17,679	10,642	(15,620)	12,701			
B AL-Rehany	36,202	–	(36,202)	–	£0.0025	Exercised	–
	–	16,964	–	16,964 ^	£0.0025	Performance criteria not satisfied	Sept 30 23
	–	8,963	–	8,963 †	£11.16	Performance criteria not satisfied	Sept 30 23
	36,202	25,927	(36,202)	25,927			
<b>Total</b>	<b>144,212</b>	<b>105,925</b>	<b>(131,180)</b>	<b>118,957</b>			

# Directors' Remuneration Report continued

## Annual report on remuneration continued

The market price of the company's shares on September 30 2014 was £10.15. The high and low share prices during the year were £13.88 and £10.07 respectively. There were 105,925 options granted during the year (2013: 8,215).

### Directors' cash settled options

Under the terms of CAP 2010 and CAP 2014, the directors have been granted the following cash awards:

	At start of year £	Granted/ trued up during year £	Exercised during year £	At end of year £	Date from which entitled
CHC Fordham	149,650	–	(149,650)	–	Exercised Performance criteria
CHC Fordham	–	49,461	–	49,461 <sup>^</sup>	not satisfied
NF Osborn	116	–	(116)	–	Exercised Performance criteria
NF Osborn	–	2,900	–	2,900 <sup>^</sup>	not satisfied
DC Cohen (resigned September 30 2014)	27,695	–	(27,695)	–	Exercised Performance criteria
DC Cohen (resigned September 30 2014)	17,701	–	–	17,701	not satisfied
CR Jones	116,230	–	(116,230)	–	Exercised Performance criteria
CR Jones	–	37,105	–	37,105 <sup>^</sup>	not satisfied
DE Alfano	46,259	–	(46,259)	–	Exercised Performance criteria
DE Alfano	–	60,640	–	60,640 <sup>^</sup>	not satisfied
JL Wilkinson	66,923	–	(66,923)	–	Exercised Performance criteria
JL Wilkinson	8,824	–	–	8,824	not satisfied Performance criteria
JL Wilkinson	–	23,031	–	23,031 <sup>^</sup>	not satisfied
B AL-Rehany	155,109	–	(155,109)	–	Exercised Performance criteria
B AL-Rehany	–	56,109	–	56,109 <sup>^</sup>	not satisfied
	<b>588,507</b>	<b>229,246</b>	<b>(561,982)</b>	<b>255,771</b>	

The cash settled options lapse four months after the preliminary announcement of the group's results for the financial year in which the performance conditions are met (see note 23).

\* Issued under the Euromoney Institutional Investor PLC SAYE scheme 2012.

§ Issued under the Euromoney Institutional Investor PLC SAYE scheme 2013.

‡ Options granted relate to the true-up to the funding awards outstanding from tranche 2 of CAP 2010 which vested on February 13 2014. The number of such options granted was provisional last year and was trued-up to reflect the share price on the date of vesting.

† The number of options granted under CSOP 2014 to each director will vest at the same time as the corresponding share award under CAP 2014 providing the CSOP 2014 is in the money at the time. If the option is not in the money at the time of vesting of the corresponding CAP 2014 award it continues to subsist and will vest at the same time as the second or third tranche of the CAP 2014 share award.

<sup>^</sup> The number of options and amount of cash award granted under CAP 2014 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 2017). As such the actual number of options and amount of cash award issued is likely to be different to the amount disclosed. The percentage of awards that would vest if the minimum performance test was satisfied is 33%. The number of options received under the share award of the CAP 2014 is reduced by the number of options vesting with participants from the CSOP 2014. The share options awarded under CAP 2014 have a face value of £10.77 per option on the date of grant June 20 2014.

**Directors' options exercised during the year**

The aggregate gain made by the directors on the exercise of share options in the year was £1,636,637 (2013: £1,441,411) as follows:

	Number of options exercised	Date of exercise	Market price on date of exercise (£)	Gain on exercise (£)	Number of shares retained
CHC Fordham	34,928	Feb 13 14	£12.48	435,814	18,458
DC Cohen (resigned September 30 2014)	6,464	Feb 13 14	£12.48	80,655	–
NF Osborn	41	Feb 13 14	£12.48	349	–
CR Jones	27,128	Feb 13 14	£12.48	338,490	1,620
DE Alfano	10,797	Feb 13 14	£12.48	134,720	750
JL Wilkinson	15,620	Feb 13 14	£12.48	194,899	12,155
B AL-Rehany	36,202	Feb 13 14	£12.48	451,710	18,053
	<b>131,180</b>			<b>1,636,637</b>	<b>51,036</b>

**Information not subject to audit (pages 61 and 62)****Directors' interests in the company**

The interests of the directors in the shares of the company as at September 30 were as follows:

	Ordinary shares of 0.25p each	
	2014	2013
PR Ensor	194,529	194,529
CHC Fordham	179,971	161,513
NF Osborn	31,354	31,354
DC Cohen (resigned September 30 2014)	–	39,490
CR Jones	192,000	190,380
DE Alfano	78,006	99,256
JL Wilkinson	89,430	77,275
B AL-Rehany	32,844	37,276
The Viscount Rothermere	24,248	24,248
Sir Patrick Sergeant	165,304	165,304
JC Botts	15,503	15,503
MWH Morgan	7,532	7,532
DP Pritchard	–	–
ART Ballingal	–	–
TP Hillgarth	–	–
	<b>1,010,721</b>	<b>1,043,660</b>
<b>Non-beneficial</b>		
Sir Patrick Sergeant	<b>20,000</b>	<b>20,000</b>

# Directors' Remuneration Report continued

## Annual report on remuneration 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	
	2014	2013	2014	2013
The Viscount Rothermere <sup>1</sup>	<b>19,890,364</b>	17,738,163	<b>64,758,863</b>	68,570,098
PR Ensor	–	–	<b>1,318</b>	1,124
CR Jones	–	–	<b>1,271</b>	1,077
Sir Patrick Sergeant	–	–	<b>36,000</b>	36,000
MWH Morgan <sup>1</sup>	–	764	<b>1,243,403</b>	1,049,826

<sup>1</sup> The figures in the table above include 'A' shares awarded to executives under the DMGT Executive Bonus Scheme.

The Viscount Rothermere had non-beneficial interests as a trustee at September 30 2014 in 5,540,000 'A' ordinary non-voting shares of 12.5 pence each (2013: 5,540,000 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 19,890,364 ordinary shares of 12.5 pence each (2013: 17,738,163 shares).

At September 30 2013 and 2014, 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 487,680 and 201,396 respectively 'A' ordinary non-voting shares in Daily Mail and General Trust plc at September 30 2014 (2013: 632,986 and 183,047 options 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 annual report.

Since September 30 2014, PR Ensor and CR Jones each purchased, through the DMGT SIP scheme, 32 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 2014.



**Information subject to audit (page 63)****Directors' pensions**

Executive directors can participate in the Harmsworth Pension Scheme (a defined benefit scheme), the Euromoney Pension Plan (a money purchase plan) or their own private pension scheme. Further details of these schemes are set out in note 26 to the accounts. Pension contributions paid by the company on behalf of executive directors during the year were as follows:

	Cash alternative to pension scheme contribution	Euromoney Pension Plan	Private Schemes	Total	Total
	2014	2014	2014	2014	2013
	£	£	£	£	£
PR Ensor	22,918	–	–	22,918	22,918
CHC Fordham	–	37,500	–	37,500	37,500
NF Osborn	8,616	783	–	9,399	9,399
DC Cohen (resigned September 30 2014)	15,855	–	–	15,855	15,855
CR Jones	39,750	–	–	39,750	37,875
DE Alfano	–	–	3,986	3,986	4,101
JL Wilkinson	–	17,982	–	17,982	18,657
B AL-Rehany	–	–	6,191	6,191	7,447
	<b>87,139</b>	<b>56,265</b>	<b>10,177</b>	<b>153,581</b>	153,752

The Harmsworth scheme is closed to new entrants; existing members still in employment can continue to accrue benefits in the scheme on a cash basis, with members using this cash account to purchase an annuity at retirement. Under the Harmsworth Pension Scheme, the following pension benefits were earned by the directors:

Director	Harmsworth Pension Scheme					Additional value of benefits if early retirement taken	Weighting of pension benefit value as shown in single figure table
	Accrued annual pension at Sept 30 2014 £	Pension cash accrual at Sept 30 2014 £	Transfer value at Sept 30 2014 £	Normal retirement date			
DC Cohen (resigned September 30 2014)	33,370	50,200	670,000	Oct 26 2022	none	Cash allowance: 100%	
CR Jones	46,000	65,200	856,000	Aug 11 2025	none	Cash allowance: 100%	

The accrued annual pension entitlement is that which would be paid annually on retirement based on service to September 30 2014 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 2014 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 pension cash accrual element of the scheme is 65. The normal retirement age for the accrued benefits under the now closed element of the Harmsworth Pension Scheme is 62.

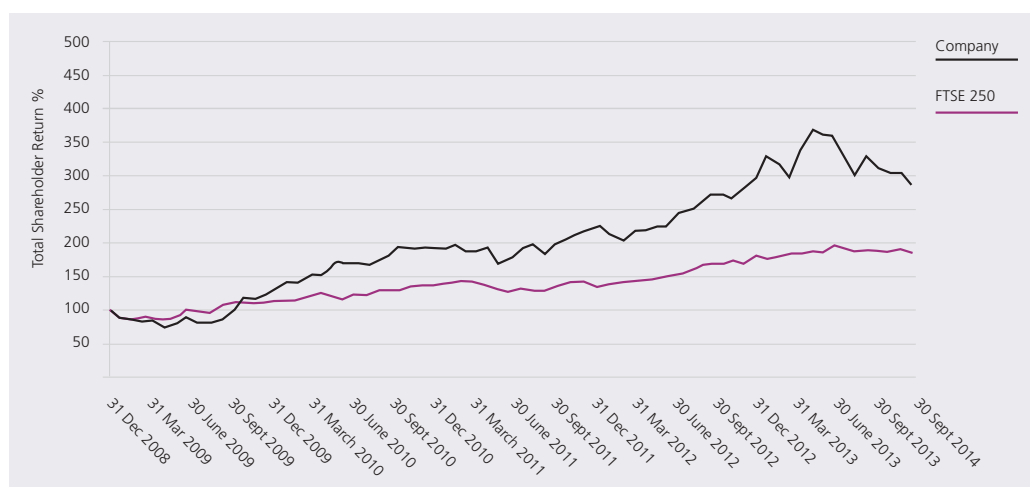
# Directors' Remuneration Report continued

## Annual report on remuneration continued

### Information not subject to audit (pages 64 to 66)

#### Comparison of overall performance and remuneration of the managing director

The chart below compares the company's total shareholder return with the FTSE 250 over the past six financial years. For these purposes shareholder return represents the theoretical growth in value of a shareholding over a specific period, assuming that dividends are reinvested to purchase additional units of equity. The company is a constituent of the FTSE 250 and, accordingly, this is considered to be an appropriate benchmark.



#### Managing director – single figure of remuneration

CHC Fordham replaced PR Ensor as managing director on October 14 2012. The single figure of total remuneration for the managing director set out below includes salary, benefits, company pension contributions and long-term incentives as set out on page 54 of this report.

		Year on year % change	Managing director single figure of total remuneration	Annual variable element (profit share)	Annual variable element (profit share) payout against maximum opportunity	Value of long-term incentive (share options) vesting in period	Maximum opportunity	Long-term incentive vesting rates against maximum opportunity
		%	£	£	%	£	£	%
<b>2014</b>	CHC Fordham	(46%)	895,206	480,935	52.1%	–	–	–
<b>2013</b>	CHC Fordham	(66%)	1,647,267	648,025	58.5%	585,468	585,468	100%
<b>2012</b>	PR Ensor	10%	4,856,723	4,630,646	81.9%	26,640	26,640	100%
<b>2011</b>	PR Ensor	11%	4,396,681	4,201,414	81.8%	–	–	–
<b>2010</b>	PR Ensor	36%	3,976,660	3,787,355	81.6%	–	–	–
<b>2009</b>	PR Ensor		2,916,771	2,508,665	81.0%	218,983	218,983	100%

The group's profit share scheme has no ceiling; the maximum annual variable element of remuneration was therefore calculated assuming that profits achieved had been 20% higher.

### Percentage change in remuneration of the managing director

The table below illustrates the change in remuneration for the managing director. It is compared with the change in remuneration of the average employee across the group at constant currency. The directors feel that this group of people is the most appropriate as a comparator because employee pay is determined annually by the remuneration committee at the same time as that of the managing director and under the same economic circumstances. The directors believe this demonstrates the best link between the increases in average remuneration compared to the managing director.

	% change 2013 to 2014		
	Salary	Benefits	Incentives
Managing director remuneration	–	39.0%	(25.8%)
Average employee	4.1%	(2.3%)	(5.3%)

Remuneration in the above table excludes long-term incentive payments and pension benefits. The remuneration of the managing director did not increase this year.

### Relative importance of spend on pay

The table below illustrates the company's expenditure on employee pay in comparison to adjusted profit before tax and distributions to shareholders by way of dividend payments. For these purposes, total employee pay includes salaries, profit shares and bonuses.

	2014	2013	% increase/ (decrease)
	£	£	£
Total employee pay	141.1	139.9	0.9%
Dividends	28.8	27.2	5.9%
Adjusted profit before tax	116.2	116.5	(0.3%)

The group has decided to show the relative importance of spend on pay in a tabular format comparing increases in employee pay with increases in adjusted profit before tax and dividends. These are deemed by the directors to be the significant distributions made during the year and will assist stakeholders in understanding the relative importance of spend on pay.

### Annual General Meeting - shareholder vote outcome

The table below shows the advisory shareholder vote on the 2013 Remuneration Report at the January 2014 AGM.

The committee believes the 91.6% votes in favour of the remuneration report shows strong shareholder support for the company's remuneration arrangements. The committee consults with key investors prior to any major changes in its remuneration arrangements.

Votes for	107,038,643	91.6%
Votes against	9,093,333	7.8%
Abstentions	693,219	0.6%

# Directors' Remuneration Report continued

## Annual report on remuneration continued

### Payments to past directors

There were no payments made to past directors during the year.

### Appointments and re-election

All directors with the exception of DC Cohen will be standing for re-election at the forthcoming AGM.

### Other related party transactions

NF Osborn serves as an advisor to the boards of both DMG Events and dmgi, fellow group companies, for which he received a combined fee of US\$23,638 (2013: US\$45,000). He no longer serves on the management board of A&N International Media Limited and has not received a fee in the current year (2013: £25,000).

### Implementation of the remuneration policy

For the year ending September 30 2015 the group intends to apply the remuneration policy as follows:

- Directors' salaries from October 1 2014 are as set out on page 54. These salaries will be reviewed (and may be increased) in April 2015.
- Benefits will also be reviewed during the year although it is not anticipated that any significant changes will be made other than possibly the provision of a UK or group-wide life insurance scheme.
- The profit share arrangement for each director will be as described on page 50. Profit share thresholds are subject to review during the year. Changes to thresholds are made only where considered appropriate by the Remuneration Committee, taking into account the businesses that the respective director is responsible for, acquisitions and disposals, and the other factors stated in the group's policy. The thresholds for the year ending September 30 2015 will be disclosed in the 2015 report and accounts.
- Directors will continue to be able to participate in the pension schemes operated in the country in which they reside.



### John Botts

Chairman of the Remuneration Committee  
November 19 2014

# Independent Auditor's Report

## to the members of Euromoney Institutional Investor PLC

### Opinion on financial statements of Euromoney Institutional Investor PLC

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at September 30 2014 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The group financial statements 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 30. The parent company financial statements comprise

the company Balance Sheet and the related notes 1 to 19. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### Going concern

As required by the Listing Rules we have reviewed the directors' statement contained within the Directors' Report that the group is a going concern. We confirm that:

- we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

### Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
<p><b>Accounting for acquisitions and disposals</b></p> <p>The group has acquired <i>Infrastructure Journal</i> and Mining Indaba in the year and disposed of the MIS Training business. They also have acquisition commitments on previous acquisitions including NDR.</p> <p>The accounting and valuation for each of these involves significant judgement and is based on management's assumptions about the fair value of assets and liabilities acquired, and the consideration paid or received.</p>	<p>We reviewed the sale and purchase agreements for significant acquisitions and assessed the acquisition accounting for each. This included testing the validity and completeness of consideration and evaluating management's assumptions and methodology supporting the fair values of intangible and net assets acquired for each significant acquisition in the year.</p> <p>We tested the profit calculation for MIS Training including auditing all related costs of sale and assessing the fair value of the consideration received by evaluating management's estimate of future performance.</p> <p>We have also assessed management's assumptions used in the valuation of the deferred consideration and put option liabilities, predominantly relating to the profit forecasts of the acquired businesses.</p>
<p><b>Impairment of goodwill and other intangible assets</b></p> <p>The group has £383.9 million of goodwill and a further £161.5 million of other intangible assets on the Consolidated Statement of Financial Position at September 30 2014.</p> <p>Management is required to carry out an annual goodwill impairment test, which is judgemental and based on a number of assumptions including in respect of future cash flow projections, growth rates and discount rates.</p>	<p>We considered whether management's impairment review methodology is compliant with IAS 36 <i>Impairment of Assets</i>. Our audit work focused on the assumptions used in the impairment model, including specifically:</p> <ul style="list-style-type: none"> <li>• using valuation experts to determine the appropriateness of the discount rates;</li> <li>• comparison of growth rates against those achieved historically and other external data, where available; and</li> <li>• agreeing the underlying cash flow projections for each cash generating unit to Board-approved forecasts and verifying trends to our other audit work to understand the drivers of potential impairment.</li> </ul>

# Independent Auditor's Report

## to the members of Euromoney Institutional Investor PLC continued

Risk	How the scope of our audit responded to the risk
<p><b>Revenue recognition</b> Revenue represents income from advertising, subscriptions, sponsorships and delegate fees.</p> <p>Judgement is exercised by management, in particular in relation to the apportionment of subscription revenue and the point of recognition of revenue earned close to the year end.</p>	<p>We carried out testing in relation to revenue using a combination of analytical procedures and substantive testing, focusing in particular on the reconciliation of deferred subscription income to subscription/fulfilment reports and the treatment of income and costs on events spanning the year end.</p>
<p><b>Share-based payments</b> The group's new Capital Appreciation Plan (CAP) was granted in the year.</p> <p>The accounting and valuation of this plan requires significant judgement and is based on management's assumptions used in calculating the fair value of the options at the date of grant and their estimate for the number of shares that are expected to eventually vest.</p>	<p>We assessed management's assumptions used in calculating the fair value of the options at the date of grant, as set out in note 23 to the consolidated financial statements, including specifically:</p> <ul style="list-style-type: none"> <li>● using valuation experts to assess the valuation model used and to determine the appropriateness of the discount rate, share price volatility, dividend yield, risk free rate of return and expected option lives used; and</li> <li>● agreeing underlying cash flow projections at the grant date to Board-approved forecasts.</li> </ul> <p>We also assessed the estimate of the number of shares that are expected to vest by agreeing the latest underlying CAP profit forecasts at the year end to Board-approved forecasts, and agreeing the calculations to the underlying rules of the scheme.</p>
<p><b>Significant provisions and accruals</b> The group continues to recognise central provisions and accruals. There is a significant judgement exercised by management in the estimation of such provision balances.</p>	<p>Our work focused on assessing the adequacy and appropriateness of the central provisions and accruals. In particular, we:</p> <ul style="list-style-type: none"> <li>● assessed the key judgements supporting provisions in relation to onerous property leases by verifying sub-let income and evaluating the likelihood of default over the lease term;</li> <li>● tested the restructuring provision to assess whether management had communicated all redundancies to employees in advance of the year end;</li> <li>● considered the ageing profile of trade receivables and the level of trade receivable provisioning across the group in relation to write-offs in the year; and</li> <li>● gained an understanding of the implications of outstanding or unresolved indirect tax and legal disputes to assess whether the level of provisioning continues to be appropriate by reviewing correspondence with legal advisors.</li> </ul>
<p><b>Tax</b> The group has exposure to tax risks through open items with tax authorities accrued for in several jurisdictions.</p>	<p>We involved our tax specialists to consider the appropriateness of provisions in respect of items under discussion with tax authorities by reviewing the group's current year correspondence and assessing management's judgements on any incremental increases or decreases in the provisions.</p>

Last year our report included two risks which are not included in our report this year: presentation of adjusting items (the group's policy is consistent with last year, and the significant items are audited within the risks above and considered separately) and the appropriateness of capitalisation of internally-generated intangible assets (the majority of the capitalized spend was completed last year).

The description of risks above should be read in conjunction with the significant issues considered by the audit committee discussed on page 43.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

### **Our application of materiality**

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the group to be £5.0 million (2013: £5.7 million), which is less than 5% (2013: less than 6%) of profit before tax.

We agreed with the audit committee that we would report to the Committee all audit differences in excess of £100,000 (2013: £114,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

### **An overview of the scope of our audit**

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level.

Based on that assessment, we focused our group audit scope primarily on the audit work at ten (2013: ten) components, which comprise operations headquartered in London together with key operations in Canada, United Kingdom, United States and Hong Kong. Six (2013: six) of these were subject to a full scope audit and a further four (2013: four)

were subject to specified audit procedures where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the group's operations at those locations. Together with the central functions which were also subject to a full scope audit, these components represent the principal business units of the group and account for 80% (2013: 79%) of revenue and 80% (2013: 85%) of operating profit before acquired intangible amortisation, long-term incentive expense and exceptional items.

They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work at these locations was executed at levels of materiality applicable to each individual entity which were lower than group materiality and ranged from £1.0m to £2.8m (2013: £0.5m to £3.2m). In locations where local statutory audits are required, a lower statutory materiality level was used.

At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

The group audit team continued to follow a programme of planned visits that has been designed so that the Senior Statutory Auditor or a senior member of the group audit team visits each of the ten locations where the group audit scope was focused at least once a year except for Hong Kong where a conference call was held to discuss the results of the component audit work. Our visits are timed to allow the group audit team to attend the audit closing meetings and to assist in the resolution of audit and accounting issues. We also have ongoing communication with component teams throughout the year.

### **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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Independent Auditor's Report

## to the members of Euromoney Institutional Investor PLC continued

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

#### ***Adequacy of explanations received and accounting records***

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

#### ***Directors' remuneration***

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

#### ***Corporate Governance Statement***

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

#### ***Our duty to read other information in the Annual Report***

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

### **Respective responsibilities of directors and auditor**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the 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 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 Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

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.

### **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 and 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Robert Matthews (Senior statutory auditor)**

for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
November 19 2014



# Consolidated Income Statement

## for the year ended September 30 2014

	Notes	2014 £000	2013 £000
<b>Total revenue</b>	3	<b>406,559</b>	404,704
<b>Operating profit before acquired intangible amortisation, long-term incentive expense and exceptional items</b>	3	<b>119,809</b>	121,088
Acquired intangible amortisation	11	<b>(16,735)</b>	(15,890)
Long-term incentive expense	23	<b>(2,367)</b>	(2,100)
Exceptional items	5	<b>2,630</b>	2,232
<b>Operating profit before associates</b>	3, 4	<b>103,337</b>	105,330
Share of results in associates		<b>264</b>	284
<b>Operating profit</b>		<b>103,601</b>	105,614
Finance income	7	<b>1,546</b>	595
Finance expense	7	<b>(3,672)</b>	(10,949)
<b>Net finance costs</b>	7	<b>(2,126)</b>	(10,354)
<b>Profit before tax</b>	3	<b>101,475</b>	95,260
Tax expense on profit	8	<b>(25,610)</b>	(22,235)
<b>Profit after tax</b>	3	<b>75,865</b>	73,025
<b>Attributable to:</b>			
Equity holders of the parent		<b>75,264</b>	72,623
Equity non-controlling interests		<b>601</b>	402
		<b>75,865</b>	73,025
Basic earnings per share	10	<b>59.49p</b>	57.88p
Diluted earnings per share	10	<b>59.15p</b>	56.70p
Adjusted basic earnings per share	10	<b>71.00p</b>	72.43p
Adjusted diluted earnings per share	10	<b>70.60p</b>	70.96p
Dividend per share (including proposed dividends)	9	<b>23.00p</b>	22.75p

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

# Consolidated Statement of Comprehensive Income

for the year ended September 30 2014

	2014 £000	2013 £000
<b>Profit after tax</b>	<b>75,865</b>	73,025
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Change in fair value of cash flow hedges	<b>(1,642)</b>	(3,298)
Transfer of gains on cash flow hedges from fair value reserves to Income Statement:		
Foreign exchange gains in total revenue	<b>990</b>	2,320
Foreign exchange gains/(losses) in operating profit	<b>164</b>	(176)
Interest rate swap gains in interest payable on committed borrowings	<b>–</b>	226
Net exchange differences on translation of net investments in overseas subsidiary undertakings	<b>(207)</b>	(7,167)
Translation reserves recycled to Income Statement	<b>(482)</b>	–
Net exchange differences on foreign currency loans	<b>(3,448)</b>	4,317
Tax on items that may be reclassified	<b>36</b>	90
<b>Items that will not be reclassified to profit or loss:</b>		
Actuarial (losses)/gains on defined benefit pension schemes	<b>(2,297)</b>	1,433
Tax credit/(charge) on actuarial gains/losses on defined benefit pension schemes	<b>459</b>	(287)
<b>Other comprehensive expense for the year</b>	<b>(6,427)</b>	(2,542)
<b>Total comprehensive income for the year</b>	<b>69,438</b>	70,483
<b>Attributable to:</b>		
Equity holders of the parent	<b>69,418</b>	69,774
Equity non-controlling interests	<b>20</b>	709
	<b>69,438</b>	70,483

# Consolidated Statement of Financial Position

## as at September 30 2014

	Notes	2014 £000	2013 £000
<b>Non-current assets</b>			
Intangible assets			
Goodwill	11	383,934	356,574
Other intangible assets	11	161,509	149,039
Property, plant and equipment	12	16,924	16,792
Investments	13	72	702
Deferred consideration	24	1,532	–
Deferred tax assets	21	–	5,015
Derivative financial instruments	18	179	746
		<b>564,150</b>	<b>528,868</b>
<b>Current assets</b>			
Trade and other receivables	15	79,845	79,245
Deferred consideration	24	354	–
Current income tax assets		6,470	5,436
Group relief receivable		613	–
Cash at bank and in hand		8,571	11,268
Derivative financial instruments	18	2,611	1,736
		<b>98,464</b>	<b>97,685</b>
<b>Current liabilities</b>			
Acquisition commitments	24	(2,088)	(539)
Deferred consideration	24	(10,389)	(7,040)
Trade and other payables	16	(25,385)	(26,841)
Liability for cash-settled options	23	(147)	(7,435)
Current income tax liabilities		(9,125)	(12,653)
Group relief payable		–	(473)
Accruals		(47,973)	(48,381)
Deferred income	17	(122,263)	(117,296)
Committed loan facility	19	–	(20,177)
Loan notes	19	(490)	(1,028)
Derivative financial instruments	18	(1,322)	(909)
Provisions	20	(2,164)	(3,974)
		<b>(221,346)</b>	<b>(246,746)</b>
		<b>(122,882)</b>	<b>(149,061)</b>
<b>Net current liabilities</b>		<b>441,268</b>	<b>379,807</b>
<b>Total assets less current liabilities</b>			
<b>Non-current liabilities</b>			
Acquisition commitments	24	(11,277)	(14,498)
Deferred consideration	24	–	(9,085)
Liability for cash-settled options and other non-current liabilities	23	(804)	(498)
Preference shares		(10)	(10)
Committed loan facility	19	(45,677)	–
Deferred tax liabilities	21	(19,101)	(16,838)
Net pension deficit	26	(4,787)	(2,883)
Derivative financial instruments	18	(385)	–
Provisions	20	(2,704)	(2,236)
		<b>(84,745)</b>	<b>(46,048)</b>
		<b>356,523</b>	<b>333,759</b>
<b>Net assets</b>			
<b>Shareholders' equity</b>			
Called up share capital	22	320	316
Share premium account		102,011	101,709
Other reserve		64,981	64,981
Capital redemption reserve		8	8
Own shares		(21,582)	(74)
Reserve for share-based payments		39,158	37,122
Fair value reserve		(22,259)	(20,216)
Translation reserve		36,706	38,707
Retained earnings		149,564	102,959
Equity shareholders' surplus		<b>348,907</b>	<b>325,512</b>
Equity non-controlling interests		7,616	8,247
<b>Total equity</b>		<b>356,523</b>	<b>333,759</b>

The accounts were approved by the board of directors on November 19 2014.

**Christopher Fordham**  
**Colin Jones**  
Directors



# Consolidated Statement of Changes in Equity

for the year ended September 30 2014

	Share capital £000	Share premium account £000	Other reserve £000	Capital redem- ption reserve £000	Own shares £000	Reserve for share- based pay- ments £000	Fair value reserve £000	Trans- lation reserve £000	Retained earnings £000	Total £000	Equity non- control- ling interests £000	Total £000
At September 30 2012	311	99,485	64,981	8	(74)	36,055	(18,152)	40,728	58,033	281,375	6,549	287,924
Profit for the year	-	-	-	-	-	-	-	-	72,623	72,623	402	73,025
Other comprehensive (expense)/income for the year	-	-	-	-	-	-	(2,064)	(2,021)	1,236	(2,849)	307	(2,542)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	(2,064)	(2,021)	73,859	69,774	709	70,483
Exercise of acquisition commitments	-	-	-	-	-	-	-	-	18	18	(18)	-
Recognition of acquisition commitments	-	-	-	-	-	-	-	-	(4,404)	(4,404)	-	(4,404)
Non-controlling interest recognised on acquisition	-	-	-	-	-	-	-	-	-	-	1,402	1,402
Credit for share-based payments	-	-	-	-	-	1,067	-	-	-	1,067	-	1,067
Cash dividends paid	-	-	-	-	-	-	-	-	(27,156)	(27,156)	(413)	(27,569)
Exercise of share options	5	2,224	-	-	-	-	-	-	-	2,229	18	2,247
Tax relating to items taken directly to equity	-	-	-	-	-	-	-	-	2,609	2,609	-	2,609
<b>At September 30 2013</b>	<b>316</b>	<b>101,709</b>	<b>64,981</b>	<b>8</b>	<b>(74)</b>	<b>37,122</b>	<b>(20,216)</b>	<b>38,707</b>	<b>102,959</b>	<b>325,512</b>	<b>8,247</b>	<b>333,759</b>
Profit for the year	-	-	-	-	-	-	-	-	75,264	75,264	601	75,865
Other comprehensive expense for the year	-	-	-	-	-	-	(2,043)	(2,001)	(1,802)	(5,846)	(581)	(6,427)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	(2,043)	(2,001)	73,462	69,418	20	69,438
Exercise of acquisition commitments	-	-	-	-	-	-	-	-	176	176	(176)	-
Adjustment arising from change in non-controlling interest	-	-	-	-	-	-	-	-	44	44	114	158
Credit for share-based payments	-	-	-	-	-	2,036	-	-	-	2,036	-	2,036
Cash dividend paid	-	-	-	-	-	-	-	-	(28,771)	(28,771)	(589)	(29,360)
Own shares acquired	-	-	-	-	(21,508)	-	-	-	-	(21,508)	-	(21,508)
Exercise of share options	4	302	-	-	-	-	-	-	-	306	-	306
Tax relating to items taken directly to equity	-	-	-	-	-	-	-	-	1,694	1,694	-	1,694
<b>At September 30 2014</b>	<b>320</b>	<b>102,011</b>	<b>64,981</b>	<b>8</b>	<b>(21,582)</b>	<b>39,158</b>	<b>(22,259)</b>	<b>36,706</b>	<b>149,564</b>	<b>348,907</b>	<b>7,616</b>	<b>356,523</b>

The investment in own shares is held by the Euromoney Employees' Share Ownership Trust (ESOT) and Euromoney Employee Share Trust (EEST). The EEST was incorporated in February 2014 to facilitate the purchase of shares for the Capital Appreciation Plan 2014. The trusts waived the rights to receive dividends. Interest and administrative costs are charged to the profit and loss account of the trusts as incurred.

	2014 Number	2013 Number
Euromoney Employees' Share Ownership Trust	58,976	58,976
Euromoney Employee Share Trust	1,747,631	-
<b>Total</b>	<b>1,806,607</b>	<b>58,976</b>
Nominal cost per share (p)	0.25	0.25
Historical cost per share (£)	11.95	1.25
Market value (£000)	18,337	684

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

# Consolidated Statement of Cash Flows

## for the year ended September 30 2014

	2014 £000	2013 £000
<b>Cash flow from operating activities</b>		
Operating profit	103,601	105,614
Share of results in associates	(264)	(284)
Acquired intangible amortisation	16,735	15,890
Licences and software amortisation	1,962	301
Depreciation of property, plant and equipment	2,908	3,926
Profit on disposal of property, plant and equipment	(7)	–
Long-term incentive expense	2,367	2,100
Profit on disposal of businesses and recycled cumulative translation differences	(6,834)	–
Impairment of carrying value of associate	444	–
Negative goodwill	–	(4,449)
Decrease in provisions	(1,326)	(786)
<b>Operating cash flows before movements in working capital</b>	<b>119,586</b>	<b>122,312</b>
Increase in receivables	(5,838)	(4,343)
Decrease in payables	(3,589)	(11,813)
<b>Cash generated from operations</b>	<b>110,159</b>	<b>106,156</b>
Income taxes paid	(19,553)	(17,230)
Group relief tax paid	(2,927)	(1,970)
<b>Net cash from operating activities</b>	<b>87,679</b>	<b>86,956</b>
<b>Investing activities</b>		
Dividends paid to non-controlling interests	(589)	(413)
Dividends received from associates	323	268
Interest received	242	239
Purchase of intangible assets	(3,236)	(6,314)
Purchase of property, plant and equipment	(3,105)	(2,701)
Proceeds from disposal of property, plant and equipment	10	2
Payment following working capital adjustment from purchase of subsidiary	(9)	(1,711)
Purchase of subsidiary undertaking, net of cash acquired	(58,001)	(20,971)
Proceeds from disposal of non-controlling interest	158	–
Proceeds from disposal of discontinued operation	5,345	–
Receipt following working capital adjustment from purchase of associate	–	49
<b>Net cash used in investing activities</b>	<b>(58,862)</b>	<b>(31,552)</b>
<b>Financing activities</b>		
Dividends paid	(28,771)	(27,156)
Interest paid	(1,372)	(3,142)
Interest paid on loan notes	–	(3)
Issue of new share capital	306	2,229
Payments to acquire own shares	(21,508)	–
Payment of acquisition deferred consideration	(2,849)	(5,329)
Purchase of additional interest in subsidiary undertakings	(369)	(153)
Redemption of loan notes	(538)	(199)
Loan repaid to DMGT group company	(326,903)	(196,264)
Loan received from DMGT group company	350,819	172,488
<b>Net cash used in financing activities</b>	<b>(31,185)</b>	<b>(57,529)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,368)</b>	<b>(2,125)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>11,268</b>	<b>13,544</b>
Effect of foreign exchange rate movements	(329)	(151)
<b>Cash and cash equivalents at end of year</b>	<b>8,571</b>	<b>11,268</b>

# Note to the Consolidated Statement of Cash Flows

<b>Net Debt</b>	<b>2014</b>	2013
	<b>£000</b>	£000
At October 1	<b>(9,937)</b>	(30,838)
Net decrease in cash and cash equivalents	<b>(2,368)</b>	(2,125)
Net (increase)/decrease in amounts owed to DMGT group company	<b>(23,916)</b>	23,776
Redemption of loan notes	<b>538</b>	199
Interest paid on loan notes	–	3
Accrued interest on loan notes	–	(2)
Effect of foreign exchange rate movements	<b>(1,913)</b>	(950)
<b>At September 30</b>	<b>(37,596)</b>	(9,937)
<b>Net debt comprises:</b>		
Cash and cash equivalents	<b>8,571</b>	11,268
Committed loan facility	<b>(45,677)</b>	(20,177)
Loan notes	<b>(490)</b>	(1,028)
<b>Net debt</b>	<b>(37,596)</b>	(9,937)

# 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 2014 financial year:**

- IFRS 7 (amendments), 'Offsetting Financial Assets and Financial Liabilities' – disclosures (effective for accounting periods beginning on or after January 1 2013). The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement. The adoption of IFRS 7 (amendments) has no material impact on the financial statements of the group except for additional disclosures.
- IFRS 13, 'Fair Value Measurement' (effective for accounting periods beginning on or after January 1 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned with IFRSs and US GAAP, do not extend to the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The adoption of IFRS 13 has no material impact on the financial statements of the group except for additional disclosures.
- IAS 19 (revised), 'Employee Benefits' (effective for accounting periods beginning on or after January 1 2013). The interest cost on pension plan liabilities and expected return on plan assets reported in previous years have been replaced with a net interest amount. The group has amended the presentation of prior-period comparative amounts to reflect these requirements. There is no material impact of adopting IAS 19 (revised) on the profit for any of the years presented.

### **(b) Relevant new standards, amendments and interpretations issued but effective subsequent to the year end:**

- IFRS 9, 'Financial Instruments' – not yet adopted by the EU
- IFRS 10, 'Consolidated Financial Statements'
- IFRS 11, 'Joint Arrangements'
- IFRS 12, 'Disclosure of Interests in Other Entities'
- IFRS 15, 'Revenue from Contracts with Customers'
- IAS 27, 'Separate Financial Statements (2011)'
- IAS 28, 'Investments in Associates and Joint Ventures (2011)'
- Amendments to IAS 32 on Offsetting Financial Assets and Financial Liabilities
- Amendments to IFRS 10, 11 and 12 on transition guidance
- Amendments to IFRS 10, IFRS 12 and IAS 27 on Consolidation for Investment Entities
- Amendments to IAS 36 on Recoverable Amount Disclosures for Non-financial Assets
- Amendments to IAS 38 on Intangible Assets
- Amendments to IAS 39 on Novation of Derivatives and Continuation of Hedge Accounting
- Annual Improvements 2010–2012 Cycle
- Annual Improvements 2011–2013 Cycle
- Annual Improvements 2012–2014 Cycle

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 36.

### **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.

# Notes to the Consolidated Financial Statements

## continued

### 1 Accounting policies *continued*

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 interests proportionate share of the acquiree's net assets.

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional asset and liabilities are recognised to reflect new information obtained about facts and circumstances that existed as of the date of the acquisition that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date and is a maximum of one year.

#### **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 with 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 the Statement of 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.



## 1 Accounting policies *continued*

### Foreign currencies

#### **Functional and presentation currency**

The functional and presentation currency of Euromoney Institutional Investor PLC and its UK subsidiaries, other than Fantfoot Limited, Centre for Investor Education (UK) Limited, and Redquince Limited is sterling. The functional currency of other 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.

#### **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%

### 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.

#### **Internally generated intangible assets**

An internally generated intangible asset arising from the group's software and systems development is recognised only if all of the following conditions are met:

- An asset is created that can be identified (such as software or a website);
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Internally generated intangible assets are recognised at cost and amortised on a straight-line basis over the useful lives from the date the asset becomes usable. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

# Notes to the Consolidated Financial Statements

## continued

### 1 Accounting policies *continued*

#### **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 so as to write off the costs of other intangible assets over their estimated useful lives, using a straight-line or reducing balance method. These intangible assets are reviewed for impairment as described below.

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 and brands	5 – 30 years
Customer relationships	1 – 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 suffer 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 in accordance to the original terms. More information on impairment is included in the impairment of financial assets section below.

#### **Cash and cash equivalents**

Cash and cash equivalents includes cash, short-term deposits and other short-term highly liquid investments with an original maturity of three months or less.

For the purpose of the Statement of Cash Flows, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

#### **Financial assets**

The group classifies its financial assets into 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 on initial recognition and re-evaluates this designation at every reporting date. Financial assets in the following categories are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

#### **Classification**

##### *Financial assets at fair value through profit and loss*

Financial assets at fair value through profit or loss are financial assets held for trading. 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.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

##### *Available-for-sale (AFS) financial assets*

AFS financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

#### **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.

## 1 Accounting policies *continued*

### *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 (AFS) financial assets*

AFS financial assets are subsequently measured at fair value where it can be measured reliably. AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses.

### **Offsetting financial instruments**

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

### **Impairment of financial assets**

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

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

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimate of 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 in which they arise.

# Notes to the Consolidated Financial Statements

## continued

### 1 Accounting policies *continued*

#### **Trade payables and accruals**

Trade payables and accruals 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 Statement of Financial Position 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 the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- (b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- (c) hedges of a net investment in a foreign operation (net investment hedge).

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.

#### *Fair value hedge*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The group only applies fair value hedge accounting for hedging fixed asset risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the Income Statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the Income Statement within 'operating profit'. Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in the Income Statement within 'finance costs'.

#### *Cash flow hedge*

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

Amounts accumulated in equity are reclassified to the Income Statement in the periods when the hedged item is recognised in the Income Statement (for example when the forecast transaction that is hedged takes place).

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

When a hedging instrument 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 acquisition commitments and deferred consideration**

Liabilities for acquisition commitments over the remaining minority interests in subsidiaries and deferred consideration 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.

## 1 Accounting policies *continued*

### 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.

#### *Multi-employer scheme*

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 liability recognised in the Statement of Financial Position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in the Statement of Comprehensive Income in the period in which they occur.

Past-service costs are recognised immediately in the Income Statement.

# Notes to the Consolidated Financial Statements

## continued

### 1 Accounting policies *continued*

#### 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 end of each period 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. Subscription revenues contains certain items recognised on a cash basis including voting revenues where the amount paid by the customer is determined by a qualitative vote and paid in arrears for services rendered, and best efforts revenues where the payments for services rendered are uncertain until received.
- 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 and Employee Share Trust

Transactions of the group-sponsored trusts are included in the group financial statements. In particular, the trusts' 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 and Euromoney Employee Share Trust.

#### Exceptional items

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

#### Segment reporting

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

### 2 Key judgemental areas adopted in preparing these financial statements

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

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

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

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

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

### 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, intellectual property, repeat and well established events. At September 30 2014 the net book value of intangible assets was £153.2 million (2013: £142.0 million).

### Goodwill

Goodwill is impaired where the carrying value of goodwill is higher than the net present value of future cash flows of those cash generating units to which it relates. Key areas of judgement in calculating the net present value are the forecast cash flows, the long-term growth rate of the applicable businesses and the discount rate applied to those cash flows. Goodwill held on the Statement of Financial Position at September 30 2014 was £383.9 million (2013: £356.6 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 dependent 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. At September 30 2014 the discounted present value of deferred consideration was £8.5 million (2013: £11.6 million).

### Acquisition 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 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 commitments 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 2014 the discounted present value of these acquisition commitments was £13.4 million (2013: £15.0 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.

These assumptions are set out in note 23. Management regularly performs 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 2014 is £2.4 million (2013: £2.1 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 26. Such assumptions are based on actuarial advice and are benchmarked against similar pension schemes.

# Notes to the Consolidated Financial Statements

## continued

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

#### Taxation

The group's tax expense on profit is the sum of the total current and deferred tax expense. 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 expense 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 2014, the group had a deferred tax asset of £nil (2013: £5.0 million).

#### Treasury

##### **Forward contracts**

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

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

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 an 18 month period. If management materially underestimates 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 2014, the fair value of the group's forward contracts was a net asset of £1.1 million (2013: £1.6 million).

Details of the derivative financial instruments used are set out in note 18 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: Research and data; Financial publishing; Business publishing; Conferences and seminars; and Training. Research and data consists of subscription revenue. Financial publishing and Business publishing consist primarily of advertising and subscription revenue. Conferences and seminars consist of both sponsorship income and delegate revenue. The Training division consists primarily of delegate revenue. A breakdown of the group's revenue by type is set out below.

In April 2014 the group disposed 100% of its equity share capital in MIS Training Institute Holdings, Inc (MIS Training). As a result segment information from MIS Training has been reclassified as sold/closed business and the comparative split of divisional revenues, revenue by type and operating profits have been restated.

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	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
<b>Revenue</b>										
<b>by division and source:</b>										
Research and data	21,854	17,571	80,747	87,993	23,897	25,846	(3)	(90)	126,495	131,320
Financial publishing	50,833	46,609	32,200	32,170	1,949	2,444	(4,728)	(5,576)	80,254	75,647
Business publishing	48,900	48,621	19,327	21,137	1,786	1,766	(2,212)	(2,653)	67,801	68,871
Conferences and seminars	39,350	44,717	50,481	45,720	16,710	9,633	(411)	(686)	106,130	99,384
Training	15,226	16,410	1,343	1,675	2,970	2,979	(117)	(99)	19,422	20,965
Sold/closed businesses	1,290	3,155	2,139	5,680	183	418	(32)	(76)	3,580	9,177
Foreign exchange gains/(losses) on forward contracts	2,877	(660)	–	–	–	–	–	–	2,877	(660)
<b>Total revenue</b>	<b>180,330</b>	<b>176,423</b>	<b>186,237</b>	<b>194,375</b>	<b>47,495</b>	<b>43,086</b>	<b>(7,503)</b>	<b>(9,180)</b>	<b>406,559</b>	<b>404,704</b>
Investment income (note 7)	–	3	64	2	171	228	–	–	235	233
<b>Total revenue and investment income</b>	<b>180,330</b>	<b>176,426</b>	<b>186,301</b>	<b>194,377</b>	<b>47,666</b>	<b>43,314</b>	<b>(7,503)</b>	<b>(9,180)</b>	<b>406,794</b>	<b>404,937</b>

	United Kingdom		North America		Rest of World		Total	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
<b>Revenue</b>								
<b>by type and destination:</b>								
Subscriptions	37,681	33,519	94,808	99,167	72,473	73,418	204,962	206,104
Advertising	7,028	6,686	23,010	24,467	23,566	26,476	53,604	57,629
Sponsorship	6,330	7,370	24,737	21,638	25,858	22,022	56,925	51,030
Delegates	7,382	7,004	15,832	16,292	47,947	46,121	71,161	69,417
Other	2,784	2,715	7,535	6,245	3,131	3,047	13,450	12,007
Sold/closed businesses	278	445	1,994	5,403	1,308	3,329	3,580	9,177
Foreign exchange gains/(losses) on forward contracts	2,877	(660)	–	–	–	–	2,877	(660)
<b>Total revenue</b>	<b>64,360</b>	<b>57,079</b>	<b>167,916</b>	<b>173,212</b>	<b>174,283</b>	<b>174,413</b>	<b>406,559</b>	<b>404,704</b>

# Notes to the Consolidated Financial Statements

## continued

### 3 Segmental analysis *continued*

	United Kingdom		North America		Rest of World		Total	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
<b>Operating profit<sup>1</sup></b>								
<b>by division and source:</b>								
Research and data	10,549	8,549	34,310	40,263	5,732	5,919	50,591	54,731
Financial publishing	15,740	17,530	6,313	5,822	333	514	22,386	23,866
Business publishing	15,483	16,834	7,474	9,033	(149)	(27)	22,808	25,840
Conferences and seminars	8,936	13,290	16,373	14,145	5,284	1,443	30,593	28,878
Training	3,427	3,227	73	150	396	488	3,896	3,865
Sold/closed businesses	263	583	214	951	(24)	(34)	453	1,500
Unallocated corporate costs	(9,454)	(15,754)	(798)	(1,292)	(666)	(546)	(10,918)	(17,592)
<b>Operating profit before acquired intangible amortisation, long-term incentive expense and exceptional items</b>	<b>44,944</b>	<b>44,259</b>	<b>63,959</b>	<b>69,072</b>	<b>10,906</b>	<b>7,757</b>	<b>119,809</b>	<b>121,088</b>
Acquired intangible amortisation <sup>2</sup> (note 11)	(6,869)	(4,608)	(9,485)	(10,886)	(381)	(396)	(16,735)	(15,890)
Long-term incentive expense	(1,146)	(1,017)	(1,090)	(880)	(131)	(203)	(2,367)	(2,100)
Exceptional items (note 5)	(2,887)	2,812	6,062	(394)	(545)	(186)	2,630	2,232
<b>Operating profit before associates</b>	<b>34,042</b>	<b>41,446</b>	<b>59,446</b>	<b>56,912</b>	<b>9,849</b>	<b>6,972</b>	<b>103,337</b>	<b>105,330</b>
Share of results in associates							264	284
Finance income (note 7)							1,546	595
Finance expense (note 7)							(3,672)	(10,949)
<b>Profit before tax</b>							<b>101,475</b>	<b>95,260</b>
Tax expense (note 8)							(25,610)	(22,235)
<b>Profit after tax</b>							<b>75,865</b>	<b>73,025</b>

<sup>1</sup> Operating profit before acquired intangible amortisation, long-term incentive expense and exceptional items (refer to the appendix to the Chairman's Statement).

<sup>2</sup> Acquired intangible amortisation represents amortisation of acquisition related non-goodwill assets such as trademarks and brands, customer relationships and databases (note 11).

	Acquired intangible amortisation		Long-term incentive expense		Exceptional items		Depreciation and amortisation	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
<b>Other segmental information</b>								
<b>by division:</b>								
Research and data	(9,469)	(10,373)	(628)	(655)	(547)	(213)	(1,224)	(1,256)
Financial publishing	(3,434)	(1,672)	(464)	(238)	(1,202)	3,321	(30)	(13)
Business publishing	(2,322)	(2,507)	(232)	(298)	(28)	(16)	(28)	(21)
Conferences and seminars	(1,403)	(1,224)	(441)	(84)	(167)	(533)	(42)	(57)
Training	–	–	(116)	(493)	(23)	(115)	(6)	(14)
Sold/closed businesses	–	–	–	–	6,834	–	–	–
Unallocated corporate costs	(107)	(114)	(486)	(332)	(2,237)	(212)	(3,540)	(2,866)
	<b>(16,735)</b>	<b>(15,890)</b>	<b>(2,367)</b>	<b>(2,100)</b>	<b>2,630</b>	<b>2,232</b>	<b>(4,870)</b>	<b>(4,227)</b>

**3 Segmental analysis** *continued*

	United Kingdom		North America		Rest of World		Total	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
<b>Non-current assets (excluding derivative financial instruments, deferred consideration and deferred tax assets) by location:</b>								
Goodwill	<b>137,669</b>	106,837	<b>236,369</b>	239,175	<b>9,896</b>	10,562	<b>383,934</b>	356,574
Other intangible assets	<b>73,681</b>	52,650	<b>86,978</b>	95,256	<b>850</b>	1,133	<b>161,509</b>	149,039
Property, plant and equipment	<b>14,661</b>	13,673	<b>1,757</b>	2,486	<b>506</b>	633	<b>16,924</b>	16,792
Investments	<b>72</b>	702	<b>-</b>	-	<b>-</b>	-	<b>72</b>	702
<b>Non-current assets</b>	<b>226,083</b>	173,862	<b>325,104</b>	336,917	<b>11,252</b>	12,328	<b>562,439</b>	523,107
Capital expenditure by location	<b>(2,465)</b>	(1,618)	<b>(397)</b>	(788)	<b>(243)</b>	(295)	<b>(3,105)</b>	(2,701)

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 business performance.

**4 Operating profit**

	2014 £000	2013 £000
Revenue	<b>406,559</b>	404,704
Cost of sales	<b>(106,057)</b>	(104,104)
<b>Gross profit</b>	<b>300,502</b>	300,600
Distribution costs	<b>(3,582)</b>	(4,320)
Administrative expenses	<b>(193,583)</b>	(190,950)
<b>Operating profit before associates</b>	<b>103,337</b>	105,330

Administrative expenses include items separately disclosed in exceptional items of £2,630,000 (2013: £2,232,000) (note 5).

# Notes to the Consolidated Financial Statements

## continued

### 4 Operating profit *continued*

<b>Operating profit is stated after charging/(crediting):</b>	<b>2014</b>	2013
	<b>£000</b>	£000
Staff costs (note 6)	<b>156,923</b>	155,862
Intangible amortisation:		
Acquired intangible amortisation	<b>16,735</b>	15,890
Licences and software	<b>1,962</b>	301
Depreciation of property, plant and equipment	<b>2,908</b>	3,926
Auditor's remuneration:		
Group audit	<b>740</b>	829
Assurance services	<b>115</b>	114
Non-audit	<b>392</b>	166
Property operating lease rentals	<b>7,443</b>	6,910
Profit on disposal of property, plant and equipment	<b>(7)</b>	–
Acquisition costs (note 5)	<b>901</b>	822
Restructuring and other exceptional costs (note 5)	<b>2,859</b>	1,395
Profit on disposal of businesses and recycled cumulative translation differences (note 5)	<b>(6,834)</b>	–
Impairment of carrying value of associate (note 5)	<b>444</b>	–
Negative goodwill (note 5)	–	(4,449)
Foreign exchange loss	<b>1,437</b>	1,234
<b>Audit and non-audit services relate to:</b>	<b>2014</b>	2013
	<b>£000</b>	£000
<b>Group audit:</b>		
Fees payable for the audit of the company's annual accounts	<b>390</b>	458
Fees payable for other services to the group:		
Audit of subsidiaries pursuant to local legislation	<b>350</b>	371
<b>Audit services provided to all group companies</b>	<b>740</b>	829
<b>Assurance services:</b>		
Interim review	<b>115</b>	114
<b>Non-audit services:</b>		
Taxation compliance services	<b>85</b>	126
Other taxation advisory services	<b>284</b>	37
Other services	<b>23</b>	3
	<b>392</b>	166
<b>Total group auditor's remuneration</b>	<b>1,247</b>	1,109

## 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.

	2014 £000	2013 £000
Acquisition costs	(901)	(822)
Restructuring and other exceptional costs	(2,859)	(1,395)
Profit on disposal of businesses and recycled cumulative translation differences	6,834	–
Impairment of carrying value of associate	(444)	–
Negative goodwill	–	4,449
	<b>2,630</b>	<b>2,232</b>

For the year ended September 30 2014 the group recognised a net exceptional credit of £2,630,000. This comprised an exceptional credit for the profit on disposal of MIS Training Institute Holdings, Inc. offset by exceptional acquisition costs, restructuring and property costs, and impairment of carrying value of associate. The acquisition costs of £901,000 are in connection with the acquisitions of *Infrastructure Journal* and Mining Indaba. The restructuring and other exceptional costs of £2,859,000 include costs of £1,545,000 for the move of the group's London headquarters and restructuring costs of £1,314,000 from the reorganisation of certain businesses including closure of print products. The group's tax charge includes a related tax charge of £263,000.

For the year ended September 30 2013 the group recognised a net exceptional credit of £2,232,000. This comprised an exceptional credit for negative goodwill offset by acquisition, restructuring and other exceptional costs. The negative goodwill of £4,449,000 arose from the valuation of the intangible assets of Quantitative Techniques (QT), acquired for zero consideration. The acquisition costs of £822,000 are in connection with the acquisitions of TTI/Vanguard, Insider Publishing, Centre for Investor Education and QT. The exceptional restructuring and other costs of £1,395,000 include restructuring costs to integrate the business and assets of QT before the completion date and other restructuring costs across the group. The group's tax charge included a related tax charge of £372,000.

## 6 Staff costs

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

	2014 Average	2013 Average
<b>By business segment:</b>		
Research and data	822	827
Financial publishing	385	353
Business publishing	278	273
Conferences and seminars	343	280
Training	75	124
Central	506	467
	<b>2,409</b>	<b>2,324</b>
<b>By geographical location:</b>		
United Kingdom	990	895
North America	761	767
Rest of World	658	662
	<b>2,409</b>	<b>2,324</b>

# Notes to the Consolidated Financial Statements

## continued

### 6 Staff costs *continued*

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

	2014 £000	2013 £000
Salaries, wages and incentives	141,131	139,866
Social security costs	10,517	11,392
Pension contributions	2,908	2,504
Long-term incentive expense	2,367	2,100
	<b>156,923</b>	<b>155,862</b>

Details of directors' remuneration have been disclosed in the Directors' Remuneration Report from pages 46 to 66.

### 7 Finance income and expense

	2014 £000	2013 £000
<b>Finance income</b>		
Interest income:		
Interest receivable from short-term investments	235	233
Net movements in acquisition commitments (note 24)	1,298	–
Fair value gains on financial instruments:		
Ineffectiveness of interest rate swaps and forward contracts	13	362
	<b>1,546</b>	<b>595</b>
<b>Finance expense</b>		
Interest expense:		
Interest payable on committed borrowings	(1,349)	(2,561)
Interest payable on loan notes	–	(2)
Net interest expense on defined benefit liability (note 26)	(120)	(67)
Net movements in acquisition commitments (note 24)	–	(2,888)
Net movements in acquisition deferred consideration (note 24)	(1,873)	(4,721)
Interest on tax	(330)	(710)
	<b>(3,672)</b>	<b>(10,949)</b>
<b>Net finance costs</b>	<b>(2,126)</b>	<b>(10,354)</b>

	2014 £000	2013 £000
<b>Reconciliation of net finance costs in Income Statement to adjusted net finance costs</b>		
Total net finance costs in Income Statement	(2,126)	(10,354)
Add back:		
Net movements in acquisition commitments	(1,298)	2,888
Net movements in acquisition deferred consideration	1,873	4,721
	<b>575</b>	<b>7,609</b>
<b>Adjusted net finance costs</b>	<b>(1,551)</b>	<b>(2,745)</b>

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.

**8 Tax on profit on ordinary activities**

	<b>2014</b>	2013
	<b>£000</b>	£000
<b>Current tax expense</b>		
UK corporation tax expense	<b>6,906</b>	9,732
Foreign tax expense	<b>12,695</b>	12,522
Adjustments in respect of prior years	<b>(570)</b>	(540)
	<b>19,031</b>	21,714
<b>Deferred tax expense</b>		
Current year	<b>6,107</b>	1,859
Adjustments in respect of prior years	<b>472</b>	(1,338)
	<b>6,579</b>	521
<b>Total tax expense in Income Statement</b>	<b>25,610</b>	22,235
Effective tax rate	<b>25%</b>	23%

The adjusted effective tax rate for the year is set out below:

	<b>2014</b>	2013
	<b>£000</b>	£000
<b>Reconciliation of tax expense in Income Statement to adjusted tax expense</b>		
Total tax expense in Income Statement	<b>25,610</b>	22,235
Add back:		
Tax on intangible amortisation	<b>4,114</b>	5,592
Tax on exceptional items	<b>(263)</b>	(372)
	<b>3,851</b>	5,220
Tax on US goodwill amortisation	<b>(3,837)</b>	(4,092)
Tax adjustments in respect of prior years	<b>98</b>	1,878
	<b>112</b>	3,006
<b>Adjusted tax expense</b>	<b>25,722</b>	25,241
Adjusted profit before tax (refer to the appendix to the Chairman's Statement)	<b>116,155</b>	116,527
Adjusted effective tax rate	<b>22%</b>	22%

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

### 8 Tax on profit on ordinary activities *continued*

The actual tax expense for the year is different from 22% of profit before tax for the reasons set out in the following reconciliation:

	2014 £000	2013 £000
<b>Profit before tax</b>	<b>101,475</b>	95,260
Tax at 22% (2013: 23.5%)	<b>22,325</b>	22,386
Factors affecting tax charge:		
Different tax rates of subsidiaries operating in overseas jurisdictions	<b>6,238</b>	2,914
Associate income reported net of tax	<b>(73)</b>	(67)
US state taxes	<b>1,075</b>	987
Goodwill and intangibles	<b>63</b>	38
Disallowable expenditure	<b>92</b>	2,629
Other items deductible for tax purposes	<b>(3,394)</b>	(3,607)
Tax impact of consortium relief	<b>(618)</b>	(657)
Deferred tax credit arising from changes in tax laws	<b>–</b>	(510)
Adjustments in respect of prior years	<b>(98)</b>	(1,878)
<b>Total tax expense for the year</b>	<b>25,610</b>	22,235

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

	Other comprehensive income		Equity	
	2014 £000	2013 £000	2014 £000	2013 £000
Current tax	–	–	<b>(2,690)</b>	(2,058)
Deferred tax (note 21)	<b>(495)</b>	197	<b>996</b>	(551)
	<b>(495)</b>	197	<b>(1,694)</b>	(2,609)

### 9 Dividends

#### Amounts recognisable as distributable to equity holders in period

Final dividend for the year ended September 30 2013 of 15.75p (2012: 14.75p)

Interim dividend for year ended September 30 2014 of 7.00p (2013: 7.00p)

Employee share trust dividend

Proposed final dividend for the year ended September 30

Employee share trust dividend

	2014 £000	2013 £000
	<b>19,917</b>	18,342
	<b>8,969</b>	8,827
	<b>28,886</b>	27,169
	<b>(115)</b>	(13)
	<b>28,771</b>	27,156
	<b>20,501</b>	19,917
	<b>(289)</b>	(9)
	<b>20,212</b>	19,908

The proposed final dividend of 16.00p (2013: 15.75p) is subject to approval at the AGM on January 29 2015 and has not been included as a liability in these financial statements in accordance with IAS 10 'Events after the Reporting Period'.



**10 Earnings per share**

	<b>2014</b>		2013
	<b>£000</b>		£000
<b>Basic earnings attributable to equity holders of the parent</b>	<b>75,264</b>		72,623
Acquired intangible amortisation	<b>16,735</b>		15,890
Exceptional items	<b>(2,630)</b>		(2,232)
Net movements in acquisition commitments	<b>(1,298)</b>		2,888
Net movements in acquisition deferred consideration	<b>1,873</b>		4,721
Tax on the above adjustments	<b>(3,851)</b>		(5,220)
Tax on US goodwill amortisation	<b>3,837</b>		4,092
Tax adjustments in respect of prior years	<b>(98)</b>		(1,878)
<b>Adjusted earnings</b>	<b>89,832</b>		90,884

	<b>2014</b>	<b>2014</b>		
	<b>Basic</b>	<b>Diluted</b>		
	<b>earnings</b>	<b>earnings</b>		
	<b>per share</b>	<b>per share</b>		
	<b>Number</b>	<b>Number</b>		
	<b>000's</b>	<b>000's</b>		
Weighted average number of shares	<b>127,506</b>	<b>127,506</b>	125,532	125,532
Shares held by the employee share trusts	<b>(990)</b>	<b>(990)</b>	(59)	(59)
<b>Weighted average number of shares</b>	<b>126,516</b>	<b>126,516</b>	125,473	125,473
Effect of dilutive share options		<b>720</b>		2,605
<b>Diluted weighted average number of shares</b>		<b>127,236</b>		128,078

	<b>Basic</b>	<b>Diluted</b>		
	<b>pence</b>	<b>pence</b>		
	<b>per share</b>	<b>per share</b>		
<b>Basic earnings per share</b>	<b>59.49</b>	<b>59.49</b>	57.88	57.88
Effect of dilutive share options		<b>(0.34)</b>		(1.18)
<b>Diluted earnings per share</b>		<b>59.15</b>		56.70
Effect of acquired intangible amortisation	<b>13.23</b>	<b>13.15</b>	12.66	12.41
Effect of exceptional items	<b>(2.08)</b>	<b>(2.07)</b>	(1.78)	(1.74)
Net movements in acquisition commitments	<b>(1.03)</b>	<b>(1.02)</b>	2.30	2.25
Net movements in acquisition deferred consideration	<b>1.48</b>	<b>1.47</b>	3.76	3.69
Effect of tax on the above adjustments	<b>(3.04)</b>	<b>(3.02)</b>	(4.15)	(4.07)
Effect of tax on US goodwill amortisation	<b>3.03</b>	<b>3.02</b>	3.26	3.19
Effect of tax adjustments in respect of prior years	<b>(0.08)</b>	<b>(0.08)</b>	(1.50)	(1.47)
<b>Adjusted basic and diluted earnings per share</b>	<b>71.00</b>	<b>70.60</b>	72.43	70.96

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 earnings per share figures relate to continuing operations.

# Notes to the Consolidated Financial Statements

## continued

### 11 Goodwill and other intangibles

	Acquired intangible assets							
	Trademarks & brands	Customer relationships	Databases	Total acquired intangible assets	Licences & software	Intangible assets in development	Goodwill	Total
	2014 £000	2014 £000	2014 £000	2014 £000	2014 £000	2014 £000	2014 £000	2014 £000
<b>2014</b>								
<b>Cost/carrying amount</b>								
At October 1 2013	148,636	89,859	9,150	<b>247,645</b>	3,023	6,690	385,518	<b>642,876</b>
Additions	–	–	–	–	244	2,992	–	<b>3,236</b>
Transfer	–	–	–	–	9,598	(9,598)	–	–
Acquisitions (note 14)	16,581	9,031	2,941	<b>28,553</b>	–	–	30,832	<b>59,385</b>
Balance at disposal of company	–	–	–	–	–	–	(3,450)	<b>(3,450)</b>
Exchange differences	(374)	(177)	(8)	<b>(559)</b>	58	(22)	(1,085)	<b>(1,608)</b>
<b>At September 30 2014</b>	<b>164,843</b>	<b>98,713</b>	<b>12,083</b>	<b>275,639</b>	<b>12,923</b>	<b>62</b>	<b>411,815</b>	<b>700,439</b>
<b>Amortisation and impairment</b>								
At October 1 2013	54,746	44,821	6,043	<b>105,610</b>	2,709	–	28,944	<b>137,263</b>
Amortisation charge	7,417	8,300	1,018	<b>16,735</b>	1,962	–	–	<b>18,697</b>
Balance at disposal of company	–	–	–	–	–	–	(907)	<b>(907)</b>
Exchange differences	(19)	(62)	164	<b>83</b>	16	–	(156)	<b>(57)</b>
<b>At September 30 2014</b>	<b>62,144</b>	<b>53,059</b>	<b>7,225</b>	<b>122,428</b>	<b>4,687</b>	<b>–</b>	<b>27,881</b>	<b>154,996</b>
<b>Net book value/carrying amount at September 30 2014</b>	<b>102,699</b>	<b>45,654</b>	<b>4,858</b>	<b>153,211</b>	<b>8,236</b>	<b>62</b>	<b>383,934</b>	<b>545,443</b>

	Acquired intangible assets							
	Trademarks & brands	Customer relationships	Databases	Total acquired intangible assets	Licences & software	Intangible assets in development	Goodwill	Total
	2013 £000	2013 £000	2013 £000	2013 £000	2013 £000	2013 £000	2013 £000	2013 £000
<b>2013</b>								
<b>Cost/carrying amount</b>								
At October 1 2012	139,259	77,103	9,171	<b>225,533</b>	2,865	625	362,267	<b>591,290</b>
Additions	–	–	–	–	216	6,098	–	<b>6,314</b>
Acquisitions	10,261	13,118	–	<b>23,379</b>	–	–	25,271	<b>48,650</b>
Disposals	–	–	–	–	(41)	–	–	<b>(41)</b>
Exchange differences	(884)	(362)	(21)	<b>(1,267)</b>	(17)	(33)	(2,020)	<b>(3,337)</b>
<b>At September 30 2013</b>	<b>148,636</b>	<b>89,859</b>	<b>9,150</b>	<b>247,645</b>	<b>3,023</b>	<b>6,690</b>	<b>385,518</b>	<b>642,876</b>
<b>Amortisation and impairment</b>								
At October 1 2012	47,480	37,572	5,262	<b>90,314</b>	2,466	–	29,202	<b>121,982</b>
Amortisation charge	7,479	7,572	839	<b>15,890</b>	301	–	–	<b>16,191</b>
Disposals	–	–	–	–	(41)	–	–	<b>(41)</b>
Exchange differences	(213)	(323)	(58)	<b>(594)</b>	(17)	–	(258)	<b>(869)</b>
<b>At September 30 2013</b>	<b>54,746</b>	<b>44,821</b>	<b>6,043</b>	<b>105,610</b>	<b>2,709</b>	<b>–</b>	<b>28,944</b>	<b>137,263</b>
<b>Net book value/carrying amount at September 30 2013</b>	<b>93,890</b>	<b>45,038</b>	<b>3,107</b>	<b>142,035</b>	<b>314</b>	<b>6,690</b>	<b>356,574</b>	<b>505,613</b>

## 11 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 cash generating unit (CGU) are as follows:

	Acquired intangible assets		Goodwill	
	2014 £000	2013 £000	2014 £000	2013 £000
CEIC	2,113	2,282	12,973	12,988
EMIS	190	203	8,828	8,838
MIS Training	–	–	–	2,543
Petroleum Economist	–	–	236	236
Gulf Publishing	–	–	4,705	4,710
HedgeFund Intelligence	–	–	14,718	14,718
Information Management Network	2,667	2,907	29,312	29,345
BCA	50,853	56,558	142,621	142,780
Metal Bulletin publishing businesses	19,869	22,140	52,710	52,710
FOW	–	–	196	196
Total Derivatives	1,502	1,938	8,180	8,180
TelCap	2,041	2,210	10,448	10,448
Structured Retail Products	2,413	2,607	4,794	4,794
NDR	26,778	30,030	35,809	35,848
Global Grain	660	930	4,085	4,247
TTIVanguard	2,189	2,407	2,841	2,844
Insider Publishing	7,469	9,068	15,280	15,280
Centre for Investor Education	3,604	4,183	5,479	5,860
Euromoney Indices	3,491	4,572	–	–
IJGlobal	5,650	–	7,091	–
Mining Indaba	21,722	–	23,619	–
Other	–	–	9	9
<b>Total</b>	<b>153,211</b>	<b>142,035</b>	<b>383,934</b>	<b>356,574</b>

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs 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 for the next four years derived from approved 2014 budgets. Management believe these budgets to be reasonably achievable;
- subsequent cash flows for one additional year increased in line with growth expectations of the applicable business;
- the pre-tax discount rates between 9.5% and 11.5%, derived from benchmark companies' weighted average cost of capital (WACC) of 9.5% adjusted for risks specific to the nature of CGUs and risks included within the cash flows themselves;
- long-term nominal growth rate of 0%.

Further disclosures in accordance with IAS 36 are provided where the group holds an individual goodwill item relating to a CGU that is significant, which the group considers to be 15% of the total net book value, in comparison with the group's total carrying value of goodwill. The only significant item of goodwill included in the net book value above relate to BCA.

Using the above methodology and a pre-tax discount rate of 9.5% the recoverable amount exceeded the total carrying value by £155.3 million. For this business the directors performed a sensitivity analysis on the total carrying value of the CGU. For the recoverable amount to be equal to the carrying value the discount rate would need to be increased by 10.3% or the long-term growth rate reduced by 28.9%.

# Notes to the Consolidated Financial Statements

## continued

### 12 Property, plant and equipment

	Freehold land and buildings 2014 £000	Long-term leasehold premises 2014 £000	Short-term leasehold premises 2014 £000	Office equipment 2014 £000	Total 2014 £000
<b>2014</b>					
<b>Cost</b>					
At October 1 2013	6,447	3,082	16,583	20,791	46,903
Additions	–	–	1,838	1,267	3,105
Disposals	–	–	(11)	(319)	(330)
Balance at disposal of company	–	–	(29)	(196)	(225)
Exchange differences	–	(1)	(8)	(226)	(235)
<b>At September 30 2014</b>	<b>6,447</b>	<b>3,081</b>	<b>18,373</b>	<b>21,317</b>	<b>49,218</b>
<b>Depreciation</b>					
At October 1 2013	449	808	10,781	18,073	30,111
Charge for the year	83	121	1,121	1,583	2,908
Disposals	–	–	(11)	(316)	(327)
Balance at disposal of company	–	–	(15)	(191)	(206)
Exchange differences	–	1	1	(194)	(192)
<b>At September 30 2014</b>	<b>532</b>	<b>930</b>	<b>11,877</b>	<b>18,955</b>	<b>32,294</b>
<b>Net book value at September 30 2014</b>	<b>5,915</b>	<b>2,151</b>	<b>6,496</b>	<b>2,362</b>	<b>16,924</b>
	Freehold land and buildings 2013 £000	Long-term leasehold premises 2013 £000	Short-term leasehold premises 2013 £000	Office equipment 2013 £000	Total 2013 £000
<b>2013</b>					
<b>Cost</b>					
At October 1 2012	6,447	3,072	15,576	19,286	44,381
Additions	–	6	1,054	1,641	2,701
Disposals	–	–	(27)	(93)	(120)
Acquisitions	–	–	–	14	14
Exchange differences	–	4	(20)	(57)	(73)
<b>At September 30 2013</b>	<b>6,447</b>	<b>3,082</b>	<b>16,583</b>	<b>20,791</b>	<b>46,903</b>
<b>Depreciation</b>					
At October 1 2012	366	679	9,174	16,180	26,399
Charge for the year	83	127	1,676	2,040	3,926
Disposals	–	–	(27)	(91)	(118)
Exchange differences	–	2	(42)	(56)	(96)
<b>At September 30 2013</b>	<b>449</b>	<b>808</b>	<b>10,781</b>	<b>18,073</b>	<b>30,111</b>
<b>Net book value at September 30 2013</b>	<b>5,998</b>	<b>2,274</b>	<b>5,802</b>	<b>2,718</b>	<b>16,792</b>
<b>Net book value at September 30 2012</b>	<b>6,081</b>	<b>2,393</b>	<b>6,402</b>	<b>3,106</b>	<b>17,982</b>

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

### 13 Investments

	<b>Investments in associated undertakings</b>	Investments in associated undertakings
	<b>2014</b>	2013
	<b>£000</b>	£000
At October 1	<b>702</b>	735
Impairment	<b>(444)</b>	–
Disposals	<b>(127)</b>	–
Fair value adjustment	–	(49)
Share of profits after tax retained	<b>264</b>	284
Dividends	<b>(323)</b>	(268)
<b>At September 30</b>	<b>72</b>	702

#### **Associated undertakings**

The associated undertaking at September 30 2014 was Capital NET Limited, whose principal activity is the provision of electronic database services. The group has a 48.4% (2013: 48.4%) interest in Capital NET Limited.

On June 26 2014, the group acquired the remaining 50% of the equity share capital of GGA Pte. Limited (GG) whose sole asset is Global Grain Asia, an event for grain industry professionals in the Asia-Pacific region for £127,000 (note 14). The carrying value of the group's initial 50% equity interest in GG before the business combination amounted to £571,000. As a result the group recognised an impairment loss of £444,000 (2013: £nil) on its initial 50% equity interest in GG held before the business combination (note 5). The impairment loss is recognised within exceptional items in the Income Statement for the year ended September 30 2014.

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:

	<b>Dec 31</b>	Dec 31
	<b>2013</b>	2012
	<b>£000</b>	£000
Total assets	<b>653</b>	749
Total liabilities	<b>(195)</b>	(249)
Total revenues	<b>1,824</b>	2,032
Profit after tax	<b>511</b>	722

#### **Assets available for sale**

The group has a 50% interest in Capital DATA Limited (Capital DATA). 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 (2013: £nil). Under a separate licence agreement the group is entitled to 28.2% of Capital DATA's revenues being £5,653,000 in the year (2013: £5,361,000). At December 31 2013, based on its latest available audited accounts, Capital DATA had £589,000 of issued share capital and reserves (December 31 2012: £229,000), and its profit for the year then ended was £761,000 (December 31 2012: £708,000).

# Notes to the Consolidated Financial Statements

## continued

### 13 Investments *continued*

Details of the company and its principal subsidiary undertakings included in these consolidated financial statements at September 30 2014 are as follows:

Company	Proportion held	Principal activity and operation	Country of incorporation
Euromoney Institutional Investor PLC	n/a	Investment holding company	United Kingdom
<b>Direct investments</b>			
Euromoney Institutional Investor (Jersey) Limited	100%†	Publishing, training and events	Jersey
Euromoney Institutional Investor (Ventures) Limited	100%	Investment holding company	United Kingdom
Euromoney Canada Limited	57%	Investment holding company	United Kingdom
Euromoney Jersey Limited	100%‡	Investment holding company	Jersey
Fantfoot Limited	100%	Investment holding company	United Kingdom
Steel First Limited	100%	Research and data services	United Kingdom
<b>Indirect investments</b>			
Adhesion Group S.A.	100%	Events	France
Adhesion Asia Limited	80%	Events	Hong Kong
BCA Research, Inc.	100%	Research and data services	Canada
BPR Benchmark Limitada	100%	Information services	Columbia
Carlcroft Limited	99.7%	Publishing	United Kingdom
Centre for Investor Education (UK) Limited	75%	Investment holding company	United Kingdom
Centre for Investor Education Pty Limited	75%	Events	Australia
CEIC Holdings Limited	100%	Information services	Hong Kong
Coaltrans Conferences Limited	99.7%	Events	United Kingdom
EII Holdings, Inc.	100%*	Investment holding company	US
EII US, Inc.	100%	Investment holding company	US
Euromoney Canada Limited	43.0%	Investment holding company	United Kingdom
Euromoney Charles Limited	100%	Investment holding company	United Kingdom
Euromoney Consortium Limited	99.7%	Investment holding company	United Kingdom
Euromoney Consortium 2 Limited	99.7%	Investment holding company	United Kingdom
Euromoney Global Limited	99.7%	Publishing and events	United Kingdom
Euromoney Holdings US, Inc.	100%	Investment holding company	US
Euromoney Partnership LLP	100%	Investment holding company	United Kingdom
Euromoney (Singapore) Pte Limited	100%	Events	Singapore
Euromoney Trading Limited	99.7%	Publishing, training and events	United Kingdom
Euromoney Training, Inc.	100%	Training	US
EIMN LLC	100%	Events	US
Family Office Network Limited	51%	Information services	United Kingdom
GGA Pte. Limited	100%	Events	Singapore
Glenprint Limited	99.7%	Publishing	United Kingdom
Global Commodities Group Sarl	100%	Events	Switzerland
GSCS Benchmarks Limited	99.7%	Publishing	United Kingdom
Gulf Publishing Company	100%	Publishing	US
HedgeFund Intelligence Limited	99.7%	Publishing	United Kingdom
Insider Publishing Limited	99.7%	Publishing	United Kingdom
Institutional Investor LLC	100%	Publishing and events	US
Internet Securities, Inc.	100%	Information services	US
Latin American Financial Publications, Inc.	100%	Publishing	US
Metal Bulletin Holdings LLC	100%	Investment holding company	US
Ned Davis Research, Inc.	84.5%	Research and data services	US
Redquince Limited	100%	Investment holding company	United Kingdom
Structured Retail Products Limited	99.7%	Information services	United Kingdom
TelCap Limited	99.7%	Publishing	United Kingdom
The Petroleum Economist Limited	99.7%	Publishing	United Kingdom
Tipall Limited	100%	Property holding	United Kingdom
Total Derivatives Limited	99.7%	Publishing	United Kingdom
TTI Technologies LLC	94.6%	Events	US
<b>Associates</b>			
Capital NET Limited	48.4%	Databases	United Kingdom

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

\* 100% preference shares held in addition.

† Euromoney Institutional Investor (Jersey) Limited's principal country of operation is Hong Kong.

‡ Euromoney Jersey Limited's principal country of operation is United Kingdom.

### 13 Investments *continued*

For the year ended September 30 2014, the below subsidiary undertakings of the group were exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Companies Act 2006:

Company	Company registration number
Euromoney Canada Limited	01974125
Euromoney Charles Limited	04082590
Euromoney Institutional Investor (Ventures) Limited	05885797
Euromoney Partnership LLP	0C363064
Fantfoot Limited	05503274
Internet Securities Limited	02976791
Redquince Limited	05994621
Steel First Limited	04002471

### 14 Acquisitions and disposals

#### **Purchase of new business**

##### *Infrastructure Journal (IJ)*

On October 15 2013 the group acquired 100% of the assets of *Infrastructure Journal*, a leading information source for the international infrastructure markets, from Top Right Group for a cash consideration of £12,500,000, followed by a further cash payment of £267,000 in January 2014. The acquisition of IJ is consistent with the group's strategy of investing in online subscription and events businesses which will benefit from its global reach.

The final acquisition accounting is set out below:

	Book value £000	Fair value adjustments £000	Final fair value £000
<b>Net assets:</b>			
Intangible assets	–	6,404	6,404
Property, plant and equipment	219	(219)	–
Trade and other receivables	479	–	479
Trade and other payables	(1,207)	–	(1,207)
	<b>(509)</b>	<b>6,185</b>	<b>5,676</b>
<b>Net assets acquired (100%)</b>			<b>5,676</b>
<b>Goodwill</b>			<b>7,091</b>
<b>Total consideration</b>			<b>12,767</b>
<b>Consideration satisfied by:</b>			
Cash			12,500
Working capital adjustment			267
			<b>12,767</b>
<b>Net cash outflow arising on acquisition:</b>			
Cash consideration			12,500
Less: cash and cash equivalent balances acquired			–
			<b>12,500</b>

# Notes to the Consolidated Financial Statements

## continued

### 14 Acquisitions and disposals *continued*

Intangible assets represent a brand of £2,068,000, databases of £2,941,000, and customer relationships of £1,395,000, for which amortisation of £754,000 has been charged in the year. The brand will be amortised over its useful economic life of 20 years. The databases and customer relationships will be amortised over their useful economic lives of up to ten years.

Goodwill arises from the anticipated profitability and future operating synergies from integrating the acquired operations within the group. All of the goodwill recognised is expected to be deductible for income tax purposes.

The fair value of the assets acquired includes trade receivables of £367,000, all of which are contracted and are expected to be collectable.

IJ contributed £1,360,000 to the group's revenue, £503,000 to the group's operating profit and £125,000 to the group's profit after tax for the period between the date of acquisition and March 31 2014. In addition, acquisition related costs of £744,000 were incurred and recognised as an exceptional item in the Income Statement for the year ended September 30 2014 (note 5). If the acquisition had been completed on the first day of the financial year, IJ would have contributed £1,558,000 to the group's revenue and £228,000 to the group's profit before tax for the period between the date of acquisition and March 31 2014 (excluding exceptional costs above). From April 1 2014 the business was merged with an existing Euromoney business, *Project Finance*, and the merged business was rebranded *IJ Global*. As such it is impossible to disclose the contribution of IJ as a standalone business to the group's revenue and profit for the six months from April 1 to September 30 2014.

#### *Investment in African Mining Indaba (Mining Indaba)*

On July 15 2014, the group acquired the trade and certain assets of the mining investment events division of US-based Summit Professional Networks, the principal asset acquired was the largest mining event in emerging markets, Investing in African Mining Indaba, for a cash consideration of £45,617,000 (US\$78,000,000) offset by a working capital adjustment of £212,000 (US\$362,000) received in September 2014. The acquisition of Mining Indaba is consistent with the group's strategy to consolidate and strengthen its position in the global metals and mining sector.

The acquisition accounting is set out below and is provisional pending final determination of the fair value of the assets and liabilities acquired:

	Book value £000	Fair value adjustments £000	Provisional fair value £000
<b>Net assets:</b>			
Intangible assets	–	22,149	22,149
Property, plant and equipment	2	(2)	–
Trade and other receivables	1,585	–	1,585
Trade and other payables	(1,974)	26	(1,948)
	<b>(387)</b>	<b>22,173</b>	<b>21,786</b>
<b>Net assets acquired (100%)</b>			<b>21,786</b>
<b>Goodwill</b>			<b>23,619</b>
<b>Total consideration</b>			<b>45,405</b>
<b>Consideration satisfied by:</b>			
Cash			45,617
Working capital adjustment			(212)
			<b>45,405</b>
<b>Net cash outflow arising on acquisition:</b>			
Cash consideration			45,617
Less: cash and cash equivalent balances acquired			–
			<b>45,617</b>



#### 14 Acquisitions and disposals *continued*

Intangible assets represent a brand of £14,513,000, and customer relationships of £7,636,000, for which amortisation of £426,000 has been charged for the period. The brand will be amortised over its useful life of 20 years. The customer relationships will be amortised over their useful economic lives of up to eight years.

Goodwill arises from the anticipated profitability and future operating synergies from integrating the acquired operations within the group. All of the goodwill recognised is expected to be deductible for income tax purposes.

The fair value of the assets acquired includes trade receivables of £1,359,000, all of which are contracted and are expected to be collectable.

Mining Indaba contributed £nil to the group's revenue, £343,000 loss to the group's operating profit and £268,000 loss to the group's profit after tax for the period between the date of acquisition and September 30 2014. In addition, acquisition related costs of £151,000 were incurred and recognised as an exceptional item in the Income Statement for the year ended September 30 2014 (note 5). If the acquisition had been completed on the first day of the financial year, Mining Indaba would have contributed £10,013,000 to the group's revenue and £5,766,000 to the group's profit before tax for the year (excluding exceptional costs above).

##### *GGA Pte. Limited (GG Singapore)*

On June 26 2014 the group exercised its option to acquire the remaining 50% of the equity share capital of GG Singapore, whose sole asset is Global Grain Asia, an event for grain industry professionals in the Asia-Pacific region, for £127,000. This acquisition increased the group's equity shareholding to 100%.

The acquisition accounting is set out below and is provisional pending final determination of the fair value of the assets and liabilities acquired:

	Book value £000	Fair value adjustments £000	Provisional fair value £000
<b>Net assets:</b>			
Trade and other receivables	6	–	6
Cash and cash equivalents	243	–	243
Trade and other payables	(117)	–	(117)
	<b>132</b>	<b>–</b>	<b>132</b>
<b>Net assets acquired (100%)</b>			<b>132</b>
<b>Goodwill</b>			<b>122</b>
<b>Total consideration</b>			<b>254</b>
<b>Consideration satisfied by:</b>			
Cash			<b>127</b>
Fair value of the initial equity interest before acquisition			<b>127</b>
			<b>254</b>
<b>Net cash inflow arising on acquisition:</b>			
Cash consideration			<b>127</b>
Less: cash and cash equivalent balances acquired			<b>(243)</b>
			<b>(116)</b>

Goodwill arises from the anticipated profitability and future operating synergies from combining the acquired operations within the group. The goodwill recognised is not expected to be deductible for income tax purposes.

GG Singapore contributed £nil to the group's revenue, £13,000 loss to the group's operating profit and £10,000 loss to the group's profit after tax for the period between the date of acquisition and September 30 2014. If the acquisition had been completed on the first day of the financial year, GG Singapore would have contributed £127,000 to the group's revenue and £13,000 to the group's profit before tax for the year.

# Notes to the Consolidated Financial Statements

## continued

### **14 Acquisitions and disposals** *continued*

*TTI Technologies LLC (TTI/Vanguard) / Insider Publishing (IP) / Centre for Investor Education (CIE) / Quantitative Techniques (QT).*

During the financial year to September 30 2013, the group acquired TTI/Vanguard, IP, CIE and QT. The fair value of net assets acquired and consideration for the four acquisitions have been finalised and there were no changes since the year ended September 30 2013.

#### **Set up of new business**

*Family Office Network Limited (FON)*

On October 1 2013 the group set up a new company, FON, for an initial investment of £165,000. On the same day, the company issued new ordinary shares, equivalent to 49% of the total equity share capital, to a non-controlling interest for £158,000. The group's equity shareholding decreased to 51%.

#### **Increase in equity holdings**

*TTI Technologies LLC (TTI/Vanguard)*

In January 2014 the group acquired 7.4% of the equity of TTI/Vanguard for a cash consideration of US\$410,000 (£247,000). The group's equity shareholding in TTI/Vanguard increased to 94.6%.

*Structured Retail Products Limited (SRP)*

In September 2014 the group purchased 0.76% of the equity share capital of SRP from one of its employees for a cash consideration of £122,000, representing the fair value of 0.76% of the assets at the date of acquisition, increasing the group's effective equity shareholding in SRP to 99.7%.

#### **Sale of business**

*MIS Training Institute Holdings, Inc. (MIS Training)*

On April 1 2014 the group sold 100% of its equity share capital in MIS Training for an initial cash consideration of US\$11,000,000 (£6,564,000), offset by a working capital adjustment of US\$1,098,000 (£655,000) paid in April 2014.

At the date of disposal a discounted deferred consideration receivable of US\$3,690,000 (£2,214,000) was recognised. In September 2014 deferred consideration of US\$119,000 (£73,000) was paid and the remaining discounted deferred consideration is expected to be received in cash between January 2015 and September 2019.

The disposal of MIS Training gave rise to a profit on disposal of £6,834,000, after deducting disposal costs incurred, which was recognised as an exceptional item (note 5) in the Income Statement.

The discounted deferred consideration is pre-determined pay-out amounts based on management best estimate of the results of the business for the periods to December 31 2014, December 31 2015 and December 31 2016 and is calculated using the group's WACC at date of disposal. A sensitivity analysis was conducted and the result can be found in note 24.

**14 Acquisitions and disposals** *continued*

The net assets of MIS Training at the date of disposal were as follows:

	<b>Final fair value £000</b>
<b>Net assets:</b>	
Goodwill	2,543
Property, plant and equipment	19
Trade and other receivables	1,223
Cash and cash equivalents	(19)
Trade and other payables	(2,669)
	<b>1,097</b>
<b>Net assets disposed (100%)</b>	<b>1,097</b>
<b>Directly attributable costs</b>	<b>674</b>
<b>Recycled cumulative translation differences</b>	<b>(482)</b>
<b>Profit on disposal (note 5)</b>	<b>6,834</b>
<b>Total consideration</b>	<b>8,123</b>
<b>Consideration satisfied by:</b>	
Cash	6,564
Working capital adjustments	(655)
Deferred consideration	2,214
	<b>8,123</b>
<b>Net cash inflow arising on disposal:</b>	
Cash consideration (net of working capital adjustments and directly attributable costs)	5,326
Less: cash and cash equivalent balances disposed	19
	<b>5,345</b>

**15 Trade and other receivables**

	<b>2014 £000</b>	2013 £000
<b>Amounts falling due within one year</b>		
Trade receivables	63,336	59,712
Less: provision for impairment of trade receivables	(5,226)	(5,846)
Trade receivables – net of provision	58,110	53,866
Amounts owed by DMGT group undertakings	485	47
Other debtors	6,684	7,436
Prepayments	8,089	12,153
Accrued income	6,477	5,743
	<b>79,845</b>	<b>79,245</b>

# Notes to the Consolidated Financial Statements

## continued

### 15 Trade and other receivables *continued*

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 2014, trade receivables of £42,604,000 (2013: £32,019,000) were not yet due.

As at September 30 2014, trade receivables of £14,087,000 (2013: £20,879,000) 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 73 days (2013: 73 days). The group does not hold any collateral over these balances. The ageing of these trade receivables is as follows:

	2014 £000	2013 £000
Past due less than a month	5,978	10,579
Past due more than a month but less than two months	4,005	4,666
Past due more than two months but less than three months	1,830	2,395
Past due more than three months	2,274	3,239
	<b>14,087</b>	<b>20,879</b>

As at September 30 2014, trade receivables of £6,645,000 (2013: £6,814,000) were impaired and partially provided for. The amount of the provision was £5,226,000 (2013: £5,846,000). It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	2014 £000	2013 £000
Past due less than a month	1,763	1,525
Past due more than a month but less than two months	1,065	1,276
Past due more than two months but less than three months	157	682
Past due more than three months	3,660	3,331
	<b>6,645</b>	<b>6,814</b>

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

	2014 £000	2013 £000
At October 1	(5,846)	(6,471)
Impairment losses recognised	(4,686)	(2,981)
Impairment losses reversed	3,537	2,842
Amounts written off as uncollectible	1,707	750
Balance at disposal of company	30	–
Exchange differences	32	14
<b>At September 30</b>	<b>(5,226)</b>	<b>(5,846)</b>

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.

**15 Trade and other receivables** *continued*

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.

Prepayments at September 30 2013 included deferred consideration of £4,479,000 paid in advance into escrow following the acquisitions of Insider Publishing (£2,400,000) and CIE (A\$3,600,000, (£2,079,000)) (2014: £nil) (note 24). The escrows were released in financial year 2014.

**16 Trade and other payables**

	<b>2014</b>	2013
	<b>£000</b>	£000
Trade creditors	<b>2,969</b>	4,046
Amounts owed to DMGT group undertakings	<b>20</b>	44
Other creditors	<b>22,396</b>	22,751
	<b>25,385</b>	26,841

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

**17 Deferred income**

	<b>2014</b>	2013
	<b>£000</b>	£000
Deferred subscription income	<b>94,447</b>	90,401
Other deferred income	<b>27,816</b>	26,895
	<b>122,263</b>	117,296

**18 Financial instruments and risk management**

	<b>2014</b>		2013	
	<b>Assets</b>	<b>Liabilities</b>	Assets	Liabilities
	<b>£000</b>	<b>£000</b>	£000	£000
<b>Forward foreign exchange contracts - cash flow hedge:</b>				
Current	<b>2,611</b>	<b>(1,322)</b>	1,736	(909)
Non-current	<b>179</b>	<b>(385)</b>	746	–
	<b>2,790</b>	<b>(1,707)</b>	2,482	(909)

**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 arising in the normal course of business. Derivative financial instruments are used to manage exposures to fluctuations in foreign currency exchange rates and interest rates but are not employed for speculative purposes.

Full details of the objectives, policies and strategies pursued by the group in relation to financial risk management are set out on page 82 of the accounting policies and page 86 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.

# Notes to the Consolidated Financial Statements

## continued

### 18 Financial instruments and risk management *continued*

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 112.

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 110).

#### 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 2013.

The capital structure of the group consists of debt, which includes the borrowings disclosed in note 19, cash and cash equivalents and equity attributable to equity holders of the parent, comprising share capital, reserves and retained earnings as disclosed in the 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 three 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 group's loan facility with DMGT was due to mature on December 31 2013. On November 13 2013, the group signed a US\$160 million multi-currency replacement facility with DMGT that provides access to funds, should the group require it during the period to April 2016. The new facility requires the group's net debt to EBITDA to be no more than three times.

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

	<b>2014</b>	2013
	<b>£000</b>	£000
Committed loan facility (at weighted average exchange rate)	<b>(45,403)</b>	(20,858)
Loan notes	<b>(490)</b>	(1,028)
<b>Total debt</b>	<b>(45,893)</b>	(21,886)
Cash and cash equivalents	<b>8,571</b>	11,268
<b>Net debt</b>	<b>(37,322)</b>	(10,618)
<b>EBITDA*</b>	<b>122,576</b>	123,499
<b>Net debt to EBITDA* ratio</b>	<b>0.30</b>	0.09

\* EBITDA (Earnings before interest, tax, depreciation, amortisation) = adjusted operating profit before depreciation and amortisation of licences and software, adjusted for the timing impact of acquisitions and disposals.

**18 Financial instruments and risk management** *continued***Categories of financial instruments**

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

	<b>2014</b>	2013
	<b>£000</b>	£000
<b>Financial assets</b>		
Derivative instruments in designated hedge accounting relationships	<b>2,790</b>	2,482
Deferred consideration (note 24)	<b>1,886</b>	4,479
Loans and receivables (including cash and cash equivalents)	<b>80,327</b>	78,360
	<b>85,003</b>	85,321
<b>Financial liabilities</b>		
Derivative instruments in designated hedge accounting relationships	<b>(1,707)</b>	(909)
Acquisition commitments (note 24) (Level 3)	<b>(13,365)</b>	(15,037)
Deferred consideration (note 24) (Level 3)	<b>(10,389)</b>	(16,125)
Loans and payables	<b>(120,138)</b>	(103,862)
	<b>(145,599)</b>	(135,933)

The fair value of the financial assets and liabilities above are classified as level 2 in the fair value hierarchy other than acquisition commitments and deferred consideration which are classified as level 3 (page 115). The directors consider that the carrying value amounts of financial assets and liabilities are equal to their fair value.

The group has entered into a number of netting agreements with the banks to set off same currency cash flows under derivative instruments. The group has gross derivative assets of £2,790,000 (2013: £2,482,000) and gross derivative liabilities of £1,707,000 (2013: £909,000) that do not meet the offsetting criteria of IAS 32 and are presented separately in the Statement of Financial Position.

The group has entered into an omnibus guarantee and setoff agreement with Lloyds Banking Group plc with a right to setoff outstanding credit balances against cash balances. Gross assets of £10,338,000 (2013: £14,880,000) and gross liabilities of £1,767,000 (2013: £3,612,000) under this agreement meet the offsetting criteria of IAS 32, resulting in the presentation of a net cash at bank of £8,571,000 (2013: £11,268,000) in the Statement of Financial Position.

**i) 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 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 2014. 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.

# Notes to the Consolidated Financial Statements

## continued

### 18 Financial instruments and risk management *continued*

#### ii) 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	
	2014	2013	2014	2013
	£000	£000	£000	£000
<b>US dollar</b>	<b>77,011</b>	55,767	<b>(138,447)</b>	(8,702)

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 an 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. 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. 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.

#### Impact of 10% strengthening of sterling against US dollar

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.

	<b>2014</b>	2013
	<b>£000</b>	£000
Change in profit for the year in Income Statement (US\$ net assets in UK companies)	<b>(583)</b>	(542)
Change in equity (derivative financial instruments)	<b>6,819</b>	6,417
Change in equity (external loans and loans to foreign operations)	<b>10,350</b>	3,134



### 18 Financial instruments and risk management *continued*

The increase in the loss from the sensitivity analysis is due to a decrease in the working capital asset position. The increase in equity from £6,417,000 to £6,819,000 from the sensitivity analysis is due to the increase of the value of the derivative financial assets.

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 from 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 £10,350,000 (2013: £3,134,000). 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.

#### 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 subsidiary's Canadian cost base.

	Average exchange rate		Foreign currency		Contract value		Fair value	
	2014	2013	2014 US\$000	2013 US\$000	2014 £000	2013 £000	2014 £000	2013 £000
<b>Cash Flow Hedges</b>								
<b>Sell USD buy GBP</b>								
Less than a year	1.623	1.572	80,500	70,575	49,591	44,902	(229)	1,223
More than a year but less than two years	1.653	1.543	20,800	19,300	12,584	12,509	(308)	519
<b>Sell USD buy CAD<sup>†</sup></b>								
Less than a year	1.081	1.018	15,863	18,682	9,461	11,420	(374)	(164)
More than a year but less than two years	1.102	1.050	4,450	5,750	2,707	3,628	(69)	35
			€000	€000	£000	£000	£000	£000
<b>Sell EUR buy GBP</b>								
Less than a year	1.189	1.203	32,600	36,000	27,408	29,923	1,880	(232)
More than a year but less than two years	1.245	1.166	12,000	10,850	9,636	9,305	170	192

<sup>†</sup> Rate used for conversion from CAD to GBP is 1.8117 (2013: 1.6646).

As at September 30 2014, the aggregate amount of unrealised gains under forward foreign exchange contracts deferred in the fair value reserve relating to future revenue transactions is £1,070,000 (2013: gains £1,573,000). 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 2014, there were no ineffective cash flow hedges in place at the year end (2013: £nil).

# Notes to the Consolidated Financial Statements

## continued

### 18 Financial instruments and risk management *continued*

#### iii) 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 benefiting immediately from falls in rates.

As at September 30 2014, due to the low level of debt there were no interest rate swaps outstanding (2013: £nil).

The group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk section on page 113.

#### 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 2014 would decrease or increase by £372,000 (2013: £272,000). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings; and
- Other equity reserves would not change as a result of the changes in the fair value of interest rate swaps.

#### iv) 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 have 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.

## 18 Financial instruments and risk management *continued*

### v) Liquidity risk

The group has significant intercompany borrowings and is an approved borrower under a DMGT US\$160 million dedicated multi-currency facility. In November 2013 the group replaced its US\$300 million (£185 million) facility with the new US\$160 million (£99 million) facility which expires at the end of April 2016.

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. Exceeding the 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 monitor the covenants and prepare detailed cash flow forecasts to ensure that sufficient headroom is available and that the covenants are not close or potentially close to breach. At September 30 2014, the group's net debt to adjusted EBITDA was 0.30 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 100% or more due to much of its subscription, sponsorship and delegate revenue being paid in advance. However, the group's cash conversion rate was 92% (2013: 88%) due to cash payments in respect of the vesting of options under the CAP which were accrued in previous years.

Under the DMGT facility, at September 30 2014, the group had £53.0 million of undrawn but committed facilities available. 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 2014. The contractual maturity is based on the earliest date on which the group may be required to settle.

	Weighted average effective interest rate %	Less than 1 year £000	1–3 years £000	Total £000
<b>2014</b>				
Variable rate borrowings	2.67	490	45,677	46,167
Acquisition commitments	–	2,088	11,277	13,365
Deferred consideration	–	10,389	–	10,389
Non-interest bearing liabilities (trade and other payables, and accruals)	–	73,505	466	73,971
		<b>86,472</b>	<b>57,420</b>	<b>143,892</b>
	Weighted average effective interest rate %	Less than 1 year £000	1–3 years £000	Total £000
<b>2013</b>				
Variable rate borrowings	3.56	21,205	–	21,205
Acquisition commitments	–	539	14,498	15,037
Deferred consideration	–	7,040	9,085	16,125
Non-interest bearing liabilities (trade and other payables, and accruals)	–	82,657	–	82,657
		<b>111,441</b>	<b>23,583</b>	<b>135,024</b>

At September 30 2014, £37,782,000 (2013: £20,177,000) of borrowings were designated in US dollars with the remainder in sterling. The average rate of interest paid on the debt was 3.42% (2013: 5.68%).

# Notes to the Consolidated Financial Statements

## continued

### 18 Financial instruments and risk management *continued*

The following table details the group's remaining contractual maturity for its non-derivative financial assets, mainly short-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 anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate %	Less than 1 year £000	1–3 years £000	Total £000
<b>2014</b>				
Variable interest rate instruments (cash at bank)	1.65	8,571	–	8,571
Deferred consideration	–	354	1,532	1,886
Non-interest bearing assets (trade and other receivables excluding prepayments)	–	71,756	–	71,756
		<b>80,681</b>	<b>1,532</b>	<b>82,213</b>
	Weighted average effective interest rate %	Less than 1 year £000	1–3 years £000	Total £000
<b>2013</b>				
Variable interest rate instruments (cash at bank and short term deposits)	1.27	11,268	–	11,268
Deferred consideration	–	4,479	–	4,479
Non-interest bearing assets (trade and other receivables excluding prepayments)	–	67,092	–	67,092
		<b>82,839</b>	<b>–</b>	<b>82,839</b>

The following table details the group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on 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.

	Less than 1 month £000	1–3 months £000	3 months to 1 year £000	1–5 years £000	Total £000
<b>2014</b>					
Foreign exchange forward contracts inflows	7,463	14,515	65,983	23,426	111,387
Foreign exchange forward contracts outflows	(7,085)	(14,001)	(65,235)	(23,445)	(109,766)
	<b>378</b>	<b>514</b>	<b>748</b>	<b>(19)</b>	<b>1,621</b>
	Less than 1 month £000	1–3 months £000	3 months to 1 year £000	1–5 years £000	Total £000
<b>2013</b>					
Foreign exchange forward contracts inflows	7,033	14,668	64,544	25,442	111,687
Foreign exchange forward contracts outflows	(7,074)	(14,712)	(63,424)	(24,538)	(109,748)
	<b>(41)</b>	<b>(44)</b>	<b>1,120</b>	<b>904</b>	<b>1,939</b>

**18 Financial instruments and risk management** *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. The model used also reflects the credit risk of the various counterparties.
- 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 data, the instrument is included in level 3.

As at September 30 2014 and the prior year, all the resulting fair value estimates have been included in level 2 other than the group's acquisition 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. Such financial assets and financial liabilities include cash and cash equivalents, receivables, prepayments, accrued income, payables and loans.

**19 Loans**

	<b>2014</b>	2013
	<b>£000</b>	£000
Loan notes – current liabilities	<b>490</b>	1,028
Committed loan facility – current liabilities	–	20,177
Committed loan facility – non-current liabilities	<b>45,677</b>	–
	<b>45,677</b>	20,177

**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 2014 £538,000 (2013: £199,000) of these loan notes were redeemed.

# Notes to the Consolidated Financial Statements

## continued

### 19 Loans *continued*

#### **Committed loan facility**

The group's debt is provided through a dedicated multi-currency borrowing facility from Daily Mail and General Trust plc (DMGT). In November 2013 the group replaced its US\$300 million (£185 million) facility with a new US\$160 million (£99 million) facility which expires at the end of April 2016. Interest is payable on this facility at a variable rate of between 1.35% and 2.35% 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 three times adjusted EBITDA on a rolling 12 month basis. Exceeding the amount 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. At September 30 2014, the group's net debt to adjusted EBITDA was 0.30 times and the committed undrawn facility available to the group was £53.0 million.

In the absence of any significant acquisitions, the group has no pressing requirement to arrange new finance before the facility expires in 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 experiences 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.

### 20 Provisions

At October 1 2013  
Provision in the year  
Used in the year  
Exchange differences  
**At September 30 2014**

Onerous lease provision £000	Other provisions £000	Group total £000
1,673	4,537	6,210
741	679	1,420
(469)	(2,277)	(2,746)
(16)	–	(16)
<b>1,929</b>	<b>2,939</b>	<b>4,868</b>

#### **Maturity profile of provisions:**

Within one year (included in current liabilities)  
Between one and two years (included in non-current liabilities)  
Between two and five years (included in non-current liabilities)

2014 £000	2013 £000
2,164	3,974
463	417
2,241	1,819
<b>4,868</b>	<b>6,210</b>

#### **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.

## 21 Deferred taxation

The net deferred tax liability at September 30 2014 comprised:

	2013 £000	Income statement £000	Other comprehensive income £000	Equity £000	Exchange differences £000	2014 £000
Capitalised goodwill and intangibles	(29,749)	321	–	823	(119)	(28,724)
Tax losses	3,594	(1,444)	–	–	(20)	2,130
Financial instruments	(351)	–	36	–	–	(315)
Other short-term temporary differences	14,683	(5,456)	459	(1,819)	(59)	7,808
<b>Deferred tax</b>	<b>(11,823)</b>	<b>(6,579)</b>	<b>495</b>	<b>(996)</b>	<b>(198)</b>	<b>(19,101)</b>
<b>Comprising:</b>						
Deferred tax assets	5,015					–
Deferred tax liabilities	(16,838)					(19,101)
	<b>(11,823)</b>					<b>(19,101)</b>

### Other short-term temporary differences:

	2013 £000	Income statement £000	Other comprehensive income £000	Equity £000	Exchange differences £000	2014 £000
Share-based payments	5,725	(2,936)	–	(1,819)	(20)	950
Pension deficit	576	(79)	459	–	–	956
Accelerated capital allowances	584	85	–	–	–	669
Deferred income, accruals and other provisions	7,798	(2,526)	–	–	(39)	5,233
	<b>14,683</b>	<b>(5,456)</b>	<b>459</b>	<b>(1,819)</b>	<b>(59)</b>	<b>7,808</b>

At the balance sheet date, the group has unused US tax losses available for offset against future profits. At September 30 2014 a deferred tax asset of £2,130,000 (2013: £3,594,000) 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 2014 and 2029.

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 £180,975,000 (2013: £153,233,000) 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 2014 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.

# Notes to the Consolidated Financial Statements

## continued

### 22 Called up share capital

	<b>2014</b>	2013
	<b>£000</b>	£000
<b>Allotted, called up and fully paid</b>		
128,133,417 ordinary shares of 0.25p each (2013: 126,457,324 ordinary shares of 0.25p each)	<b>320</b>	316

During the year, 1,676,093 ordinary shares of 0.25p each (2013: 2,107,793 ordinary shares) with an aggregate nominal value of £4,191 (2013: £5,270) were issued following the exercise of share options granted under the company's share option schemes for a cash consideration of £306,472 (2013: £2,228,590).

### 23 Share-based payments

The group's long-term incentive expense at September 30 comprised:

	<b>2014</b>	2013
	<b>£000</b>	£000
<b>Equity-settled options</b>		
SAYE	<b>(144)</b>	(96)
CAP 2010	<b>165</b>	(971)
CAP 2014	<b>(2,057)</b>	–
	<b>(2,036)</b>	(1,067)
<b>Cash-settled options</b>		
CAP 2010	<b>183</b>	(971)
CAP 2014	<b>(466)</b>	–
Internet Securities, Inc.	<b>–</b>	(7)
Structured Retail Products Limited	<b>(48)</b>	(55)
	<b>(331)</b>	(1,033)
	<b>(2,367)</b>	(2,100)

The total carrying value of cash-settled options at September 30 included in the Statement of Financial Position is:

	<b>2014</b>	2013
	<b>£000</b>	£000
Current liabilities	<b>147</b>	7,435
Non-current liabilities	<b>466</b>	–
	<b>613</b>	7,435



**23 Share-based payments** *continued***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 £2,036,000, 86% of the group's long-term incentive expense (2013: charge £1,067,000, 51%).

**Number of ordinary shares under option: 2014**

	2013	Granted during year	Exercised during year	Lapsed/ forfeited during year	2014	Option price (£)	Weighted average market price at date of exercise (£)
Period during which option may be exercised:							
<b>Executive options</b>							
Before January 28 2014	8,000	–	(8,000)	–	–	4.19	12.32
<b>SAYE</b>							
Between February 1 2014 and July 31 2014	19,193	–	(18,238)	(955)	–	5.65	12.63
Between February 1 2015 and July 31 2015	126,153	–	(4,273)	(15,637)	106,243	4.97	11.74
Between February 1 2016 and July 31 2016	63,000	–	(187)	(8,962)	53,851	6.39	11.06
Between February 1 2017 and July 31 2017	–	67,309	–	(6,786)	60,523	9.17	–
<b>CAP 2010</b>							
Before September 30 2020 (tranche 1)	10,468	–	(10,468)	–	–	0.0025	12.48
Before September 30 2020 (tranche 2)	1,709,846	–	(1,611,158)	(43,267)	55,421	0.0025	12.48
<b>CSOP 2010</b>							
Before February 14 2020 (UK)	24,048	–	(23,769)	–	279	6.03	12.48
<b>CAP 2014</b>							
Before September 30 2023 <sup>1</sup>	–	2,097,363	–	–	2,097,363	0.0025	–
<b>CSOP 2014</b>							
Before September 30 2023 (UK)	–	400,512	–	–	400,512	11.16	–
Before September 30 2023 (Canada)	–	116,519	–	–	116,519	11.16	–
	<b>1,960,708</b>	<b>2,681,703</b>	<b>(1,676,093)</b>	<b>(75,607)</b>	<b>2,890,711</b>		

The options outstanding at September 30 2014 had a weighted average exercise price of £2.49 and a weighted average remaining contractual life of 8.38 years.

# Notes to the Consolidated Financial Statements

## continued

### 23 Share-based payments *continued*

#### Number of ordinary shares under option: 2013

	2012	Granted/ (trued-up) during year	Exercised during year	Lapsed/ forfeited during year	2013	Option price (£)	Weighted average market price at date of exercise (£)
Period during which option may be exercised:							
<b>Executive options</b>							
Before January 28 2014	52,000	–	(44,000)	–	8,000	4.19	10.21
<b>SAYE</b>							
Between February 1 2013 and July 31 2013	44,567	–	(41,929)	(2,638)	–	3.44	8.96
Between February 1 2014 and July 31 2014	25,497	–	(2,079)	(4,225)	19,193	5.65	10.15
Between February 1 2015 and July 31 2015	148,488	–	(653)	(21,682)	126,153	4.97	9.60
Between February 1 2016 and July 31 2016	–	70,178	–	(7,178)	63,000	6.39	–
<b>CAP 2004</b>							
Before September 30 2014 (tranche 1)	421	–	(421)	–	–	0.0025	10.88
Before September 30 2014 (tranche 3)	69,693	(14,693)‡	(55,000)	–	–	0.0025	9.27
<b>CAP 2010</b>							
Before September 30 2020 (tranche 1) <sup>1</sup>	969,305	473,606 ‡ (1,432,443)	–	–	10,468	0.0025	9.39
Before September 30 2020 (tranche 2) <sup>1</sup>	1,750,496	(32,976)‡	–	(7,674)	1,709,846	0.0025	–
<b>CSOP 2010</b>							
Before February 14 2020 (UK)	541,671	(203,283)‡	(311,708)	(2,632)	24,048	6.03	10.03
Before February 14 2020 (Canada)	239,520	(19,960)‡	(219,560)	–	–	5.01	9.32
	<u>3,841,658</u>	<u>272,872</u>	<u>(2,107,793)</u>	<u>(46,029)</u>	<u>1,960,708</u>		

The options outstanding at September 30 2013 had a weighted average exercise price of £0.67 and a weighted average remaining contractual life of 6.44 years.

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

‡ Options granted/(trued up) relate to the adjustments to those that were likely to vest in February 14 2013 under the third tranche of the CAP 2004 and the first and second tranche of CAP 2010 following the achievement of the additional performance test. The number of options granted was provisional and required a true up to reflect adjustments of the individual businesses profits during the period to December 31 2012 and 2013 as required by the Remuneration Committee.

#### Cash-settled options

The group has liabilities in respect of two 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 and the CAP 2014 scheme.

## 23 Share-based payments *continued*

### Share Option Schemes

The company has three share option schemes for which an IFRS 2 'Share-based Payments' charge has been recognised. Details of these schemes are set out in the Directors' Remuneration Report on pages 57 and 58. The fair value per option granted and the assumptions used in the calculation are shown below.

#### Save as You Earn (SAYE) options

	SAYE		
	13 December 20 2011	14 December 12 2012	15 December 22 2013
<b>Date of grant</b>			
Market value at date of grant (p)	621	798	1,146
Option price (p)	497	639	917
Option life (years)	3.5	3.5	3.5
Expected term of option (grant to exercise (years))	3.0	3.0	3.0
Exercise price (p)	497	639	917
Risk-free rate	0.53%	0.53%	0.53%
Dividend yield	4.30%	2.31%	2.50%
Volatility	35%	27%	22%
Fair value per option (£)	1.54	1.93	2.42

The 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 three years. 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.

#### Capital Appreciation Plan (CAP) and Company Share Option Plan (CSOP)

	CAP 2010	CSOP 2010	CAP 2014			CSOP 2014	
	Tranche 2 March 20 2010	UK June 20 2010	Tranche 1 June 20 2014	Tranche 2 June 20 2014	Tranche 3 June 20 2014	UK June 20 2014	Canada June 20 2014
<b>Date of grant</b>							
Market value at date of grant (p)	501	603.34	1,115.67	1,115.67	1,115.67	1,115.67	1,115.67
Option price (p)	0.25	603.34	0.25	0.25	0.25	1,115.67	1,115.67
Option life (years)	10	9.38	9.28	9.28	9.28	9.28	9.28
Expected term of option (grant to exercise (years))	5	3	4	5	6	4	4
Exercise price (p)	0.25	603.34*	0.25	0.25	0.25	1115.67*	1115.67*
Risk-free rate	2.75%	2.28%	1.50%	1.90%	2.30%	1.50%	1.50%
Dividend growth	7.00%	7.00%	8.43%	8.43%	8.43%	8.43%	8.43%
Fair value per option (£)	4.20	4.37	9.89	9.57	9.19	9.89	9.89

Each CAP award comprises two 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 CAP 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.

# Notes to the Consolidated Financial Statements

## continued

### 23 Share-based payments *continued*

The number of CSOP 2010 and CSOP 2014 awards that vest proportionally reduce the number of shares that vest under the CAP 2010 and CAP 2014 respectively. The CSOP is effectively a delivery mechanism for part of the CAP award. The CSOP 2010 and CSOP 2014 options have an exercise price of £6.03 and £11.16 respectively, which will be satisfied by a funding award mechanism which results in the same net gain<sup>1</sup> on these options delivered in the equivalent number of shares to participants as if the same award had been delivered using 0.25 pence CAP options. The amount of the funding award will depend on the company's share price at the date of vesting. 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.

- 1 Net gain on the CSOP options is the market price of the company's shares at the date of exercise less the exercise price multiplied by the number of options exercised.  
\* Exercise price excludes the effect of the funding award.

### 24 Acquisition commitments and deferred consideration

The group is party to contingent consideration arrangements in the form of both acquisition commitments and deferred consideration payments. IAS 39 'Financial Instruments' requires the group to recognise the discounted present value of the contingent consideration. This discount is unwound as a notional interest charge to the Income Statement. The group regularly performs a review of the underlying businesses to assess the impact on the fair value of the contingent consideration. Any resultant change in these fair values is reported as a finance income or expense in the Income Statement.

	Acquisition commitments		Deferred consideration	
	2014 £000	2013 £000	2014 £000	2013 £000
At October 1	15,037	7,868	11,646	77
Additions from acquisitions during the year	–	4,404	–	12,177
Reduction from disposals during the year	–	–	(2,214)	–
Net movements in finance income and expense during the year (note 7)	(1,298)	2,888	1,873	4,721
Exercise of commitments	(247)	(82)	–	–
Paid during the year	(111)	–	(2,738)	(5,329)
Exchange differences to reserves	(16)	(41)	(64)	–
<b>At September 30</b>	<b>13,365</b>	<b>15,037</b>	<b>8,503</b>	<b>11,646</b>

Exchange differences to reserves were recorded within net exchange differences on translation of net investments in overseas subsidiary undertakings in the Statement of Comprehensive Income.

### Reconciliation of finance income and expense (note 7):

	Acquisition commitments		Deferred consideration	
	2014 £000	2013 £000	2014 £000	2013 £000
Fair value adjustment	(2,682)	1,619	800	3,887
Imputed interest	1,384	1,269	1,073	834
<b>Net movements in finance income and expense during the year</b>	<b>(1,298)</b>	<b>2,888</b>	<b>1,873</b>	<b>4,721</b>
<b>Unrealised (income)/expense included in net movements during the year</b>	<b>(2,485)</b>	<b>1,641</b>	<b>753</b>	<b>3,887</b>

**24 Acquisition commitments and deferred consideration** *continued***Maturity profile of contingent consideration:**

	Acquisition commitments		Deferred consideration	
	2014 £000	2013 £000	2014 £000	2013 £000
<b>Assets</b>				
Prepayments (included in trade and other receivables)	–	–	–	(4,479)
Within one year (included in current assets)	–	–	(354)	–
In more than one year (included in non-current assets)	–	–	(1,532)	–
	–	–	(1,886)	(4,479)
<b>Liabilities</b>				
Within one year (included in current liabilities)	2,088	539	10,389	7,040
In more than one year (included in non-current liabilities)	11,277	14,498	–	9,085
	13,365	15,037	10,389	16,125
	13,365	15,037	8,503	11,646

The prepayments in 2013 represent deferred consideration paid in advance into escrow following the acquisitions of Insider Publishing (£2,400,000) and CIE (A\$3,600,000, (£2,079,000)). The escrows were released in financial year 2014.

There is a deferred tax asset of £40,000 (2013: £168,000) relating to the acquisition commitments.

The value of the acquisition commitments and deferred consideration is subject to a number of assumptions. The potential undiscounted amount of all future payments that the group could be required to make under the acquisition contingent consideration arrangements is as follows:

	2014		2013	
	Maximum £000	Minimum £000	Maximum £000	Minimum £000
NDR	37,404	–	37,445	–
Insider Publishing	11,653	–	16,601	–
TTI/Vanguard	4,026	–	4,284	–
CIE	5,582	–	11,086	–
	58,665	–	69,416	–

The potential undiscounted amount of all future receipts that the group could receive under the disposal contingent consideration arrangement is as follows:

	2014		2013	
	Maximum £000	Minimum £000	Maximum £000	Minimum £000
MIS Training	3,466	–	–	–

The discounted acquisition commitment and deferred consideration are based on pre-determined multiples of future profits of the businesses, and have been estimated on an acquisition by acquisition basis using available performance forecasts. The directors derive their estimates from internal business plans and financial due diligence. At September 30 2014, the weighted average growth rates used in estimating the expected profits range was 5%.

A one percentage point increase or decrease in growth rate in estimating the expected profits results in the acquisition commitment and deferred consideration liability at September 30 2014 increasing or decreasing by £186,000 and £255,000 respectively with the corresponding change to the value at September 30 2014 charged to the Income Statement in future periods.

# Notes to the Consolidated Financial Statements

## continued

### 25 Operating lease commitments

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

	<b>2014</b>	2013
	<b>£000</b>	£000
Within one year	<b>9,804</b>	7,616
Between two and five years	<b>21,558</b>	15,578
After five years	<b>26,810</b>	5,548
	<b>58,172</b>	28,742

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:

	<b>2014</b>	2013
	<b>£000</b>	£000
Within one year	<b>1,195</b>	1,196
Between two and five years	<b>2,646</b>	2,649
	<b>3,841</b>	3,845

### 26 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.

In compliance with legislation the group operates a defined contribution plan, Euromoney PensionSaver, into which relevant employees are automatically enrolled.

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

	<b>2014</b>	2013
	<b>£000</b>	£000
Euromoney Pension Plan/PensionSaver	<b>1,780</b>	1,238
Metal Bulletin Group Personal Pension Plan	<b>15</b>	16
Private schemes	<b>967</b>	1,101
Harmsworth Pension Scheme	<b>90</b>	88
	<b>2,852</b>	2,443

## 26 Retirement benefit schemes *continued*

### **Euromoney PensionSaver and Euromoney Pension Plan**

Euromoney PensionSaver is a group personal pension plan and is the principal pension arrangement offered to employees of the group. Contributions are paid by the employer and employees. Employees are able to contribute a minimum of 2% 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. The benefits for all members of this scheme are being transferred to individual policies held in the member's own name. Insured death benefits previously held under this trust have been transferred to a new trust-based arrangement specifically for life assurance purposes. When the process of transferring out the remaining assets of the Euromoney Pension plan has been completed the plan will be wound up.

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

### **Metal Bulletin Group Personal Pension Plan**

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

The plan's 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 LLC 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 50% of salary (maximum of US\$52,000 a year) with the company matching up to 50% of the employee contributions, up to 6% of salary.

### **Harmsworth Pension Scheme**

The Harmsworth Pension Scheme is a defined benefit scheme operated by DMGT. The scheme is closed to new entrants. Existing members still in employment can continue to accrue benefits in the scheme on a cash balance basis, with members building up a retirement account that they can use to buy an annuity from an insurance company at retirement.

Full actuarial valuations of the defined benefit schemes are carried out triennially by the Scheme Actuary. As a result of the valuations of the main schemes as at March 31 2013, DMGT makes annual contributions of 12% or 18% of members' basic pay (depending on membership section). In addition, in accordance with agreed recovery plans, DMGT made payments of £33.8 million in the year to September 30 2014. In February 2014 DMGT agreed with the trustees that should it continue its share buy-back programme it would make payments to the schemes amounting to 20% of the value of shares bought back. Contributions of £4.6 million relating to this agreement were made in the year to September 30 2014.

DMGT enabled the trustee of the scheme to acquire a beneficial interest in a Limited Partnership investment vehicle (LP). The LP was designed to facilitate payment of part of the deficit funding payments described above over a period of 15 years to 2026. In addition, the LP is required to make a final payment to the scheme of £150 million or the funding deficit within the scheme on an ongoing actuarial valuation basis at the end of the 15 year period if this is less. For funding purposes, the interest held by the trustee in the LP is treated as an asset of the scheme and reduces the actuarial deficit within the scheme. However, under IAS 19 'Employee Benefits' the LP is not included as an asset of the scheme and therefore is not included in the calculation of the deficit.

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 group. 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 2014 was £90,000 (2013: £88,000). The expected cash contribution for the year to September 30 2015 is £90,000. There are seven active Euromoney members in the scheme, out of a total of 808 active members.

# Notes to the Consolidated Financial Statements

## continued

### 26 Retirement benefit schemes *continued*

DMGT is required to account for the Harmsworth Pension Scheme under IAS 19. The IAS 19 disclosures in the Annual Report and Accounts of DMGT have been based on the formal valuation of the scheme as at March 31 2013, and adjusted to September 30 2014 taking account of membership data at that date. 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 £1,820.5 million (2013: £1,646.3 million) and that the actuarial value of these assets represented 90.0% (2013: 89.6%) of the benefits that had accrued to members (also calculated in accordance with IAS 19).

#### Defined benefit scheme

##### Metal Bulletin Pension Scheme

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

A reconciliation of the net pension deficit reported in the Statement of Financial Position is shown in the following table:

	2014 £000	2013 £000
Present value of defined benefit obligation	(36,218)	(32,702)
Fair value of plan assets	31,431	29,819
<b>Deficit reported in the Statement of Financial Position</b>	<b>(4,787)</b>	<b>(2,883)</b>

The deficit for the year excludes a related deferred tax asset of £956,000 (2013: asset £576,000).

The movements in the defined benefit liability over the year is as follows:

	Present value of obligation 2014 £000	Fair value of plan assets 2014 £000	Net defined benefit liability 2014 £000
At September 30 2013	(32,702)	29,819	(2,883)
Current service cost	(55)	–	(55)
Interest (expense)/income	(1,380)	1,260	(120)
<b>Total charge recognised in Income Statement</b>	<b>(1,435)</b>	<b>1,260</b>	<b>(175)</b>
Remeasurements:			
Return on plan assets, excluding amounts in interest expense/income	–	1,363	1,363
Loss from changes in demographic assumptions	(774)	–	(774)
Loss from changes in financial assumptions	(3,184)	–	(3,184)
Experience gain	298	–	298
<b>Total (losses)/gains recognised in Statement of Comprehensive Income</b>	<b>(3,660)</b>	<b>1,363</b>	<b>(2,297)</b>
Contributions – employers	–	568	568
Contributions – plan participants	(12)	12	–
Payments from the plans – benefit payments	1,591	(1,591)	–
<b>At September 30 2014</b>	<b>(36,218)</b>	<b>31,431</b>	<b>(4,787)</b>



**26 Retirement benefit schemes** *continued*

	Present value of obligation 2013 £000	Fair value of plan assets 2013 £000	Net defined benefit liability 2013 £000
At September 30 2012	(31,776)	27,019	(4,757)
Current service cost	(61)	–	(61)
Interest (expense)/income	(1,302)	1,235	(67)
<b>Total charge recognised in Income Statement</b>	<b>(1,363)</b>	<b>1,235</b>	<b>(128)</b>
Remeasurements:			
Return on plan assets, excluding amounts in interest expense/income	–	1,607	1,607
Annuity surplus refund	–	30	30
Gain from changes in financial assumptions	135	–	135
Experience loss	(339)	–	(339)
<b>Total (losses)/gains recognised in Statement of Comprehensive Income</b>	<b>(204)</b>	<b>1,637</b>	<b>1,433</b>
Contributions – employers	–	569	569
Contributions – plan participants	(12)	12	–
Payments from the plans – benefit payments	653	(653)	–
<b>At September 30 2013</b>	<b>(32,702)</b>	<b>29,819</b>	<b>(2,883)</b>

The figures in this note are based on calculations carried out in connection with the actuarial valuation of the scheme as at June 1 2013 adjusted to September 30 2014 by the actuary. The key financial assumptions adopted are as follows:

	2014	2013
Discount rate	<b>3.8% p.a.</b>	4.3% p.a.
Inflation	<b>3.3% p.a.</b>	3.4% p.a.
Salary growth rate	<b>2.5% p.a.</b>	2.5% p.a.
Pension increase in deferment	<b>3.3% p.a.</b>	3.4% p.a.
Pension increases in payment:		
Pensions earned from June 1 2002 to June 30 2006	<b>3.3% p.a.</b>	3.4% p.a.
Pensions earned from July 1 2006	<b>2.5% p.a.</b>	2.5% 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.

**Assumed life expectancy in years, on retirement at 62**

	2014	2013
Retiring at the end of the reporting period:		
Males	<b>26.3</b>	25.9
Females	<b>28.6</b>	28.0
Retiring 20 years after the end of the reporting period:		
Males	<b>29.6</b>	28.1
Females	<b>31.9</b>	29.3

# Notes to the Consolidated Financial Statements

## continued

### 26 Retirement benefit schemes *continued*

Pension costs and the size of any pension surplus or deficit are sensitive to the assumptions adopted. The sensitivity of the defined obligation to changes in the weighted principal assumptions is:

Assumption	Change in assumption	Change in liabilities
Discount rate	Increase by 0.1%	Decrease by 2.0%
Rate of inflation	Increase by 0.1%	Increase by 0.1%
Rate of salary growth	Increase by 0.25%	Increase by 0.1%
Life expectancy	Increase by one year	Increase by 3.2%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice it is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to significant actuarial assumptions has been estimated by projecting the results of the last full actuarial valuation as at June 1 2013 forward to September 30 2014.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The major categories and fair values of plan assets are as follows:

	2014 £000	2013 £000
Equities	9,117	7,812
Bonds	19,977	17,981
With profits policy	2,050	2,863
Cash and cash equivalents	287	1,163
	<b>31,431</b>	<b>29,819</b>

All the assets listed above excluding cash and cash equivalents have a quoted market price in an active market. The assets do not include any of the group's own financial instruments nor any property occupied by, or other assets used by, the group. The actual return on plan assets was £2,623,000 (2013: £2,842,000).

Through the MBPS, the group is exposed to a number of risks, the most significant of which are detailed below:

#### Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The actual investment strategy adopted by the trustees is not to be fully invested in corporate bonds and holds a significant proportion of equities which are expected to outperform corporate bonds in the long term while providing volatility and risk in the short term. As the plans mature, the group tends to reduce the level of investment risk by investing more in assets that better match the liabilities.

#### Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value in the plans' bond holdings.

## 26 Retirement benefit schemes *continued*

### Inflation risk

A significant proportion of the defined benefit obligation is linked to inflation, therefore higher inflation will result in a higher defined benefit obligation (subject to the appropriate caps in place). The majority of the plan's assets are either unaffected by inflation or only loosely correlated with inflation, meaning that an increase in inflation will also decrease the deficit.

### Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan's liabilities.

### Life expectancy

The present value of the defined pension plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in life expectancy will increase the plan's liabilities.

A full actuarial valuation of the defined benefit scheme is carried out triennially by the Scheme Actuary. The latest valuation of the MBPS was completed as at June 1 2013. As a result of the valuation, the company agreed to make annual contributions of 38.9% per annum of pensionable salaries, plus £42,400 per month to the scheme. The next triennial is due to be completed as at June 1 2016. The group considers that the contributions set at the last valuation date are sufficient to eliminate the deficit and that regular contributions, which are based on service costs, will not increase significantly.

The group expects to contribute approximately £509,000 (2013: expected contribution in 2014 of £509,000) to the MBPS during the 2015 financial year.

The average duration of the defined benefit obligation at the end of the year is approximately 21 years (2013: 21 years).

Expected maturity analysis of discounted pension benefits:

Pensioners	Term to retirement				
	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
Proportion of total liabilities (funding basis)	55.7%	0.6%	5.0%	8.0%	30.7%

## 27 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 ringgit 82.6 million (£15,528,000). 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.

# Notes to the Consolidated Financial Statements

## continued

### 28 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 US\$160 million multi-currency facility with Daily Mail and General Holdings Limited (DMGH), a Daily Mail and General Trust plc (DMGT) group company, as follows:

	<b>2014</b>	<b>2014</b>	2013	2013
	<b>US\$000</b>	<b>£000</b>	US\$000	£000
Amounts owing under US\$ facility at September 30	<b>62,486</b>	<b>38,543</b>	34,782	21,478
Amounts owing under GBP facility at September 30	–	<b>7,895</b>	–	–
Amounts due under current account facility at September 30	<b>(1,234)</b>	<b>(761)</b>	(2,108)	(1,301)
		<b>45,677</b>		<b>20,177</b>
Fees on the available facility for the year	–	<b>417</b>	–	856

- ii. During the year the group expensed services provided by DMGT, the group's parent, and other fellow group companies, as follows:

	<b>2014</b>	2013
	<b>£000</b>	£000
Services expensed	<b>503</b>	424

- iii. Last year the group paid interest to DMGH and related companies in respect of interest rate swaps as follows:

	<b>2014</b>	<b>2014</b>	2013	2013
	<b>US\$000</b>	<b>£000</b>	US\$000	£000
US\$ interest paid	–	–	963	617
GBP interest paid	–	–	–	50

- iv. During the year DMGT group companies surrendered tax losses to Euromoney Consortium Limited under an agreement between the two groups. These tax losses are relivable against UK taxable profits of the group under HMRC's consortium relief rules:

	<b>2014</b>	2013
	<b>£000</b>	£000
Amounts payable	<b>1,626</b>	1,971
Tax losses with tax value	<b>2,168</b>	2,628
Amounts owed by DMGT group at September 30	<b>(387)</b>	–

**28 Related party transactions** *continued*

- v. During the year DMGT group companies surrendered tax losses to Euromoney Consortium 2 Limited under an agreement between the two groups. These tax losses are relivable against UK taxable profits of the group under HMRC's consortium relief rules:

	<b>2014</b>	2013
	<b>£000</b>	£000
Amounts payable	<b>226</b>	565
Tax losses with tax value	<b>302</b>	754
Amounts owed by DMGT group at September 30	<b>(226)</b>	473

- vi. NF Osborn serves as an advisor to the boards of both DMG Events and dmgi, fellow group companies, for which he received a combined fee of US\$23,638 (2013: US\$45,000). He no longer serves on the management board of A&N International Media Limited and has not received a fee in the current year (2013: £25,000).

- vii. During the year the group received dividends from its associate undertakings:

	<b>2014</b>	2013
	<b>£000</b>	£000
Capital NET Limited	<b>291</b>	268
GGA Pte. Limited	<b>32</b>	–
	<b>323</b>	268

- viii. The directors who served during the year received dividends of £199,000 (2013: £230,000) in respect of ordinary shares held in the company.

- ix. 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**

	<b>2014</b>	2013
	<b>£000</b>	£000
Salaries and short-term employee benefits	<b>13,119</b>	12,791
Non-executive directors' fees	<b>223</b>	204
Post-employment benefits	<b>268</b>	227
Other long-term benefits (all share-based)	<b>–</b>	4,181
	<b>13,610</b>	17,403
Of which:		
Executive directors	<b>8,977</b>	11,966
Non-executive directors	<b>223</b>	204
Divisional directors	<b>4,410</b>	5,233
	<b>13,610</b>	17,403

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

# Notes to the Consolidated Financial Statements

## continued

### 29 Events after the balance sheet date

#### **Dividend**

The directors propose a final dividend of 16.00p per share (2013: 15.75p) totalling £20,212,000 (2013: £19,908,000) for the year ended September 30 2014. The dividend will be submitted for formal approval at the AGM to be held on January 29 2015. In accordance with IAS 10 'Events after the Reporting Period', 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 2015. During 2014, a final dividend of 15.75p (2013: 14.75p) per share totalling £19,917,000 (2013: £18,342,000) was paid in respect of the dividend declared for the year ended September 30 2013.

#### **Investment**

##### *Dealogic (New Dealogic)*

On November 5 2014, the group announced it will be acquiring 15.5% equity share capital in New Dealogic, a company incorporated by the Carlyle Group, for US\$59,200,000. The investment is funded through the sale of the group's investment in Capital DATA Limited and Capital NET Limited for a consideration of US\$85,000,000, settled by US\$59,200,000 of ordinary shares in New Dealogic, US\$4,600,000 in cash and US\$21,200,000 of zero-coupon redeemable preference shares in New Dealogic. The deal is set for completion by the end of December 2014. As such, the additional IAS 10 'Events after the Reporting Period' disclosures are not provided.

#### **Sale of business**

On October 31 2014, the group completed the sale of its newsletter publications and website services titled *Compliance Intelligence*, *Fund Director Intelligence*, *Fund Industry Intelligence*, and *Real Estate Finance Intelligence* to Pageant Media Limited for an initial cash consideration of US\$150,000, royalty consideration receivable of up to US\$800,000 over a 24 month period from the completion date, and a 50% share in the net profits from the 2015 Fund Industry Intelligence Awards to be held in March 2015. The additional IAS 10 'Events after the Reporting Period' disclosures are not provided because the initial accounting for the disposal is incomplete at the time this report is authorised for issue.

There were no other events after the balance sheet date.

### 30 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 its report and accounts are available from:

The Company Secretary  
Daily Mail and General Trust plc  
Northcliffe House, 2 Derry Street  
London W8 5TT  
www.dmgmt.co.uk

# Company Balance Sheet

## at September 30 2014

	Notes	2014 £000	2013 £000
<b>Fixed assets</b>			
Tangible assets	4	3,130	3,587
Investments	5	937,499	934,208
		<b>940,629</b>	<b>937,795</b>
<b>Current assets</b>			
Debtors	6	31,954	19,488
Cash at bank and in hand		13	155
		<b>31,967</b>	<b>19,643</b>
Creditors: Amounts falling due within one year	7	(44,885)	(101,021)
<b>Net current liabilities</b>		<b>(12,918)</b>	<b>(81,378)</b>
<b>Total assets less current liabilities</b>		<b>927,711</b>	<b>856,417</b>
Creditors: Amounts falling due after more than one year	8	(101,172)	(1,041)
<b>Net assets</b>		<b>826,539</b>	<b>855,376</b>
<b>Capital and reserves</b>			
Called up share capital	11	320	316
Share premium account	15	102,011	101,709
Other reserve	15	64,981	64,981
Capital redemption reserve	15	8	8
Capital reserve	15	1,842	1,842
Own shares	15	(21,582)	(74)
Reserve for share-based payments	15	39,158	37,122
Fair value reserve	15	1,358	1,358
Profit and loss account	15	638,443	648,114
<b>Equity shareholders' funds</b>	16	<b>826,539</b>	<b>855,376</b>

Euromoney Institutional Investor PLC (registered number 954730) 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 £19,100,000 (2013: £18,320,000).

The accounts were approved by the board of directors on November 19 2014.

**Christopher Fordham**  
**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 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 members of a group that are wholly owned by a member of that 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's debt is provided through a dedicated multi-currency borrowing facility from Daily Mail and General Trust plc (DMGT). In November 2013 the group replaced its US\$300 million (£185 million) facility with a new US\$160 million (£99 million) facility which expires at the end of April 2016. Interest is payable on this facility at a variable rate of between 1.35% and 2.35% above LIBOR dependent on the ratio of adjusted net debt to EBITDA.

The group's forecasts and projections, looking out to September 2016 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 26 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 a straight-line basis over their expected useful lives at the following rates per year:

Short-term leasehold premises: over term of lease.

### 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.



## 1 Accounting policies *continued*

### Derivatives and other financial instruments

The company uses various derivative financial instruments to manage its exposure to interest rate risks, including 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 the foreign currency loans are recognised in the profit or loss account along with the associated foreign currency movement on the designated portion of the investment in subsidiaries.

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.

### 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 debtors

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 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.

# Notes to the Company Accounts

## continued

### 2 Staff costs

	2014 £000	2013 £000
Salaries, wages and incentives	255	241
Social security costs	35	28
Share-based compensation costs (note 12)	(21)	96
	<b>269</b>	<b>365</b>

Details of directors' remuneration are set out in the Directors' Remuneration Report from pages 46 to 66 and in note 6 to the group accounts.

The executive directors do not receive emoluments specifically for their services to this company.

### 3 Remuneration of auditor

	2014 £000	2013 £000
Fees payable for the audit of the company's annual accounts	390	458

### 4 Tangible assets

	Short-term leasehold premises £000
<b>Cost</b>	
At October 1 2013	9,225
Additions	263
<b>At September 30 2014</b>	<b>9,488</b>
<b>Depreciation</b>	
At October 1 2013	5,638
Charge for the year	720
<b>At September 30 2014</b>	<b>6,358</b>
<b>Net book value at September 30 2014</b>	<b>3,130</b>
Net book value at September 30 2013	3,587

## 5 Investments

	2014			2013		
	Subsidiaries £000	Investments in associated undertakings £000	Total £000	Subsidiaries £000	Investments in associated undertakings £000	Total £000
At October 1	934,179	29	934,208	983,484	29	983,513
Return of capital	–	–	–	(46,940)	–	(46,940)
Impairment	–	–	–	(4,810)	–	(4,810)
Exchange differences	3,291	–	3,291	2,445	–	2,445
<b>At September 30</b>	<b>937,470</b>	<b>29</b>	<b>937,499</b>	<b>934,179</b>	<b>29</b>	<b>934,208</b>

In March 2013, Euromoney Institutional Investor (Jersey) Limited declared a dividend of which £46,940,000 was in substance a return of the capital invested and credited against the investment.

In addition, the company restructured its investments in subsidiaries resulting in an increased investment in Fantfoot Limited and Euromoney Institutional Investor (Ventures) Limited, previously an indirect investment becoming a direct subsidiary following the transfer of its shares from Euromoney Canada Finance Limited to the company. These changes took place as follows:

- In April 2013, the company assigned loans receivable of £108,020,000 with BCA Research, Inc. to Fantfoot Limited in return for increased investment in Fantfoot Limited.
- In June 2013, the company received a dividend in specie of £261,500,000 from Euromoney Canada Finance Limited in return for 100% investment in Euromoney Institutional Investor (Ventures) Limited which was transferred to the company from Euromoney Canada Finance Limited at book value.

In accordance with UK GAAP, the decrease in investment in Euromoney Canada Finance Limited was matched against the new investment in Fantfoot Limited and Euromoney Institutional Investor (Ventures) Limited.

Following the restructure an impairment review was carried out during the year on investments held by the company, and investments in Euromoney Canada Finance Limited were written down by £4,810,000.

Details of the principal subsidiary and associated undertakings of the company at September 30 2014 can be found in note 13 to the group accounts.

# Notes to the Company Accounts

## continued

### 6 Debtors

	2014 £000	2013 £000
Trade debtors	–	619
Amounts owed by DMGT group undertakings	485	47
Amounts owed by subsidiary undertakings	26,022	18,216
Deferred tax (note 10)	148	–
Prepayments and accrued income	473	437
Corporate tax	4,826	169
	<b>31,954</b>	<b>19,488</b>
	2014 £000	2013 £000
	–	9,238

The above include the following amounts falling due after more than one year:

Amounts owed by subsidiary undertakings

Amounts owed by subsidiary undertakings include three loans totalling £26,022,000 (2013: £18,216,000) with interest rates of 3.92% (2013: between 1.47% and 10.40%) and repayable in September 2015.

### 7 Creditors: Amounts falling due within one year

	2014 £000	2013 £000
Bank overdrafts	(1,786)	–
Amounts owed to subsidiary undertakings	(40,826)	(78,206)
Accruals and other creditors	(16)	(59)
Other taxation and social security	(282)	(290)
Committed loan facility (see note 19 in the group accounts)	–	(20,177)
Provisions (note 9)	(1,485)	(1,261)
Loan notes	(490)	(1,028)
	<b>(44,885)</b>	<b>(101,021)</b>

Amounts owed to subsidiary undertakings include a loan of £28,453,000 (2013: £21,602,000) with an interest rate of zero per cent (2013: zero per cent) and repayable in September 2015. All other amounts owed to subsidiary undertakings are current account balances that are settled on a regular basis. As such, the amounts owed to subsidiary undertakings are interest free and repayable on demand.

**8 Creditors: Amounts falling due after more than one year**

	<b>2014</b>	2013
	<b>£000</b>	£000
Amounts owed to subsidiary undertakings	<b>(54,737)</b>	–
Committed loan facility (see note 19 in the group accounts)	<b>(45,677)</b>	–
Provisions (note 9)	<b>(758)</b>	(1,041)
	<b>(101,172)</b>	(1,041)

Amounts owed to subsidiary undertakings include two loans totalling £54,737,000 (2013: £nil) with interest rates between 0.55% and 2.14% and repayable between September 2016 and February 2019.

**9 Provisions**

	<b>2014</b>			2013
	<b>Onerous lease provision £000</b>	<b>Dilapidations on leasehold properties £000</b>	<b>Total £000</b>	Dilapidations on leasehold properties £000
At October 1	–	<b>2,302</b>	<b>2,302</b>	1,521
Provision/(release) in the year	<b>741</b>	<b>(789)</b>	<b>(48)</b>	807
Used in the year	–	<b>(11)</b>	<b>(11)</b>	(26)
<b>At September 30</b>	<b>741</b>	<b>1,502</b>	<b>2,243</b>	2,302

**Maturity profile of provisions:**

	<b>2014</b>	2013
	<b>£000</b>	£000
Within one year	<b>1,485</b>	1,261
Between two and five years	<b>758</b>	1,041
	<b>2,243</b>	2,302

The provision represents the directors' best estimate of the amount likely to be payable on expiry of the company's property leases.

# Notes to the Company Accounts

## continued

### 10 Deferred tax

The deferred tax asset at September 30 comprised:

	2014 £000	2013 £000
Other short-term timing differences	148	–
<b>Movement in deferred tax:</b>		
Deferred tax asset at October 1	–	148
Deferred tax credit in the profit and loss account	148	–
Deferred tax charge to equity	–	(148)
<b>Deferred tax asset at September 30</b>	<b>148</b>	<b>–</b>

A deferred tax asset of £148,000 (2013: £nil) has been recognised in respect of other short-term timing differences.

### 11 Share capital

	2014 £000	2013 £000
<b>Allotted, called up and fully paid</b>		
128,133,417 ordinary shares of 0.25p each (2013: 126,457,324 ordinary shares of 0.25p each)	320	316

During the year, 1,676,093 ordinary shares of 0.25p each (2013: 2,107,793 ordinary shares) with an aggregate nominal value of £4,191 (2013: £5,270) were issued following the exercise of share options granted under the company's share option schemes for a cash consideration of £306,472 (2013: £2,228,590).

### 12 Share-based payments

An explanation of the company's share-based payment arrangements is set out in the Directors' Remuneration Report on pages 57 and 58. The number of shares under option, the fair value per option granted and the assumptions used to determine their values are given in note 23 to the group accounts. Their dilutive effect on the number of weighted average shares of the company is given in note 10 to the group accounts.

#### Share option schemes

The 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 three year period. The charge recognised in the year in respect of these options was £144,000 (2013: £96,000). Details of the SAYE options are set out in note 23 to the group accounts.

## 12 Share-based payments *continued*

### Capital Appreciation Plan 2010 (CAP 2010) and Company Share Option Plan 2010 (CSOP 2010)

The CAP 2010 and CSOP 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 a credit of £165,000 (2013: £nil). Details of the CAP 2010 and CSOP 2010 options are set out in note 23 to the group accounts (excludes cash-settled options).

### Capital Appreciation Plan 2014 (CAP 2014) and Company Share Option Plan 2014 (CSOP 2014)

The CAP 2014 and CSOP 2014 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 2014 and CSOP 2014 options was £nil (2013: £nil). Details of the CAP 2014 and CSOP 2014 options are set out in note 23 to the group accounts (excludes cash-settled options).

There is no cost or liability for the cash element of the CAP 2010 or CAP 2014 option scheme. These are borne by the company's subsidiary undertakings.

A reconciliation of the options outstanding at September 30 2014 is detailed in note 23 to the group accounts.

## 13 Commitments and contingent liability

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

	<b>2014</b>	2013
	<b>£000</b>	£000
<b>Operating leases which expire:</b>		
Within one year	<b>328</b>	673
Between two and five years	<b>676</b>	12
Over five years	<b>260</b>	888
	<b>1,264</b>	1,573

### ***Cross-guarantee***

The company, together with the ultimate parent company and certain other companies in the Euromoney Institutional Investor PLC group, have given an unlimited cross-guarantee in favour of its bankers.

## 14 Financial Instruments

### 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 an increased liability of £3,291,000 (2013: increase in liability of £2,445,000) which has been deferred in reserves where it is offset by the translation of the related investment and will only be recognised in the company's profit and loss account if the related investment is sold. There are no differences in these hedges charged to the profit and loss account in the current and prior year.

### 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

### 15 Reserves

	Share capital £000	Share premium account £000	Other reserve £000	Capital redemp- tion reserve £000	Capital reserve £000	Own shares £000	Reserve for share- based pay- ments £000	Fair value reserve £000	Profit and loss account £000	Total £000
At September 30 2012	311	99,485	64,981	8	1,842	(74)	36,055	1,223	656,951	860,782
Retained profit for the year	–	–	–	–	–	–	–	–	18,320	18,320
Change in fair value of cash flow hedges	–	–	–	–	–	–	–	283	–	283
Tax on items taken directly to equity	–	–	–	–	–	–	–	(148)	–	(148)
Credit for share-based payments	–	–	–	–	–	–	1,067	–	–	1,067
Cash dividends paid	–	–	–	–	–	–	–	–	(27,157)	(27,157)
Exercise of share options	5	2,224	–	–	–	–	–	–	–	2,229
<b>At September 30 2013</b>	<b>316</b>	<b>101,709</b>	<b>64,981</b>	<b>8</b>	<b>1,842</b>	<b>(74)</b>	<b>37,122</b>	<b>1,358</b>	<b>648,114</b>	<b>855,376</b>
Retained profit for the year	–	–	–	–	–	–	–	–	19,100	19,100
Own shares acquired	–	–	–	–	–	(21,508)	–	–	–	(21,508)
Credit for share-based payments	–	–	–	–	–	–	2,036	–	–	2,036
Cash dividends paid	–	–	–	–	–	–	–	–	(28,771)	(28,771)
Exercise of share options	4	302	–	–	–	–	–	–	–	306
<b>At September 30 2014</b>	<b>320</b>	<b>102,011</b>	<b>64,981</b>	<b>8</b>	<b>1,842</b>	<b>(21,582)</b>	<b>39,158</b>	<b>1,358</b>	<b>638,443</b>	<b>826,539</b>

The investment in own shares is held by the Euromoney Employees' Share Ownership Trust (ESOT) and Euromoney Employee Share Trust (EEST). The EEST was incorporated in February 2014 to facilitate the purchase of shares for the Capital Appreciation Plan 2014. The trusts waived the rights to receive dividends. Interest and administrative costs are charged to the profit and loss account of the trusts as incurred.

	2014 Number	2013 Number
Euromoney Employees' Share Ownership Trust	58,976	58,976
Euromoney Employee Share Trust	1,747,631	–
<b>Total</b>	<b>1,806,607</b>	<b>58,976</b>
Nominal cost per share (p)	0.25	0.25
Historical cost per share (£)	11.95	1.25
Market value (£000)	18,337	684

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 £39,158,000 (2013: £37,122,000) of the liability for share-based payments and £535,268,000 (2013: £544,939,000) of the profit and loss account is distributable to equity shareholders of the company. The remaining balance of £103,175,000 (2013: £103,175,000) is not distributable.



**16 Reconciliation of movements in equity shareholders' funds**

	<b>2014</b>	2013
	<b>£000</b>	£000
Profit for the financial year inclusive of dividends	<b>19,100</b>	18,320
Dividends paid	<b>(28,771)</b>	(27,157)
	<b>(9,671)</b>	(8,837)
Issue of shares	<b>306</b>	2,229
Own shares acquired in the year	<b>(21,508)</b>	–
Change in fair value of cash flow hedges	–	283
Tax on items taken directly to equity	–	(148)
Credit to equity for share-based payments	<b>2,036</b>	1,067
<b>Net increase in equity shareholders' funds</b>	<b>(28,837)</b>	(5,406)
Opening equity shareholders' funds	<b>855,376</b>	860,782
<b>Closing equity shareholders' funds</b>	<b>826,539</b>	855,376

**17 Related party transactions**

Related party transactions and balances are detailed below:

- i. The company had borrowings under a US\$160 million multi-currency facility with Daily Mail and General Holdings Limited, a fellow group company (note 19 of group accounts):

	<b>2014</b>	<b>2014</b>	2013	2013
	<b>US\$000</b>	<b>£000</b>	US\$000	£000
Amounts owing under US\$ facility at September 30	<b>62,486</b>	<b>38,543</b>	34,782	21,478
Amounts owing under GBP facility at September 30	–	<b>7,895</b>	–	–
Amounts due under current account facility at September 30	<b>(1,234)</b>	<b>(761)</b>	(2,108)	(1,301)
		<b>45,677</b>		20,177
Fees on the available facility for the year	–	<b>417</b>	–	856

- ii. Last year the group paid interest to DMGH and related companies in respect of interest rate swaps as follows:

	<b>2014</b>	<b>2014</b>	2013	2013
	<b>US\$000</b>	<b>£000</b>	US\$000	£000
US\$ interest paid	–	–	963	617
GBP interest paid	–	–	–	50

- iii. During the year the company received a dividend of £291,000 (2013: £268,000) from Capital NET Limited, an associate of the company.

# Notes to the Company Accounts

## continued

### 17 Related party transactions *continued*

iv. During the year the company entered into the following trading transactions with Euromoney Trading Limited:

	2014 £000	2013 £000
Guarantee fee	1,300	1,300
Licence fee	6,931	6,303
Management fee	(1,002)	(611)
	<b>7,229</b>	6,992
Amounts due under current account	<b>(33,214)</b>	(73,178)

### 18 Post balance sheet event

#### **Dividend**

The directors propose a final dividend of 16.00p per share (2013: 15.75p) totalling £20,212,000 (2013: £19,908,000) for the year ended September 30 2014 subject to approval at the AGM to be held on January 29 2015. 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 2015. During 2014, a final dividend of 15.75p (2013: 14.75p) per share totalling £19,917,000 (2013: £18,342,000) was paid in respect of the dividend declared for the year ended September 30 2013.

#### **Investment**

##### *Dealogic (New Dealogic)*

On November 5 2014, the group announced it will be acquiring 15.5% equity share capital in New Dealogic, a company incorporated by the Carlyle Group, for US\$59,200,000. The investment is funded through the sale of the group's investment in Capital DATA Limited and Capital NET Limited for a consideration of US\$85,000,000, settled by US\$59,200,000 of ordinary shares in New Dealogic, US\$4,600,000 in cash and US\$21,200,000 of zero-coupon redeemable preference shares in New Dealogic. The deal is set for completion by the end of December 2014. As such the additional FRS 21 'Past Balance Sheet Events' disclosures are not provided.

There were no other events after the balance sheet date.

### 19 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 its report and accounts are available from:

The Company Secretary  
Daily Mail and General Trust plc  
Northcliffe House, 2 Derry Street  
London W8 5TT  
www.dmgmt.co.uk

# Five Year Record

## Consolidated Income Statement Extracts

	2010 £000	2011 £000	2012 £000	2013 £000	2014 £000
<b>Total revenue</b>	330,006	363,142	394,144	404,704	<b>406,559</b>
<b>Operating profit before acquired intangible amortisation, long-term incentive expense and exceptional items</b>	100,057	108,967	118,175	121,088	<b>119,809</b>
Acquired intangible amortisation	(13,671)	(12,221)	(14,782)	(15,890)	<b>(16,735)</b>
Long-term incentive expense	(4,364)	(9,491)	(6,301)	(2,100)	<b>(2,367)</b>
Additional accelerated long-term incentive expense	–	(6,603)	–	–	<b>–</b>
Exceptional items	(228)	(3,295)	(1,617)	2,232	<b>2,630</b>
<b>Operating profit before associates</b>	81,794	77,357	95,475	105,330	<b>103,337</b>
Share of results in associates	281	408	459	284	<b>264</b>
<b>Operating profit</b>	82,075	77,765	95,934	105,614	<b>103,601</b>
Net finance costs	(10,651)	(9,568)	(3,566)	(10,354)	<b>(2,126)</b>
<b>Profit before tax</b>	71,424	68,197	92,368	95,260	<b>101,475</b>
Tax expense on profit	(12,839)	(22,527)	(22,528)	(22,235)	<b>(25,610)</b>
<b>Profit for the year</b>	58,585	45,670	69,840	73,025	<b>75,865</b>
<b>Attributable to:</b>					
Equity holders of the parent	58,105	45,591	69,672	72,623	<b>75,264</b>
Equity non-controlling interests	480	79	168	402	<b>601</b>
<b>Profit for the year</b>	58,585	45,670	69,840	73,025	<b>75,865</b>
Basic earnings per share	50.04p	38.02p	56.74p	57.88p	<b>59.49p</b>
Diluted earnings per share	49.47p	37.34p	55.17p	56.70p	<b>59.15p</b>
Adjusted diluted earnings per share	53.50p	56.05p	65.91p	70.96p	<b>70.60p</b>
Diluted weighted average number of ordinary shares	117,451,228	122,112,168	126,290,412	128,077,588	<b>127,236,311</b>
Dividend per share	18.00p	18.75p	21.75p	22.75p	<b>23.00p</b>

## Consolidated Statement of Financial Position Extracts

Intangible assets	422,707	490,042	469,308	505,613	<b>545,443</b>
Non-current assets	40,921	33,824	26,357	23,255	<b>18,707</b>
Accruals	(45,473)	(56,249)	(54,170)	(48,381)	<b>(47,973)</b>
Deferred income liability	(93,740)	(105,507)	(105,106)	(117,296)	<b>(122,263)</b>
Other net current assets/(liabilities)	21,962	(12,304)	32,151	16,616	<b>47,354</b>
Non-current liabilities	(176,894)	(124,231)	(80,616)	(46,048)	<b>(84,745)</b>
<b>Net assets</b>	169,483	225,575	287,924	333,759	<b>356,523</b>

# Shareholder Information

## Financial calendar

2014 final results announcement	Thursday November 20 2014
Final dividend ex dividend date	Thursday November 27 2014
Final dividend record date	Friday November 28 2014
Interim Management Statement	Thursday January 29 2015*
2015 AGM (approval of final dividend and remuneration policy)	Thursday January 29 2015
Payment of final dividend	Thursday February 12 2015
2015 interim results announcement	Thursday May 14 2015*
Interim dividend ex dividend date	Thursday May 21 2015*
Interim dividend record date	Friday May 22 2015*
Payment of 2015 interim dividend	Thursday June 18 2015*
Interim Management Statement	Thursday July 23 2015*
2015 final results announcement	Thursday November 19 2015*
Loan note interest paid to holders of loan notes on	Wednesday December 31 2014 Tuesday June 30 2015

\* Provisional dates and are subject to change

## Company secretary and registered office

Bridget Hennigan  
Nestor House  
Playhouse Yard  
London  
EC4V 5EX  
England registered number: 954730

From January 1 2015, the company's registered office will change to 6–8 Bouverie Street, London, EC4Y 8AX.

## Shareholder enquiries

Administrative enquiries about a holding of Euromoney Institutional Investor PLC shares should be directed in the first instance to the company's registrar, Equiniti.

Telephone: 0871 384 2951 (Calls cost 8p per minute plus network extras. Lines open 8.30 a.m. to 5.30 p.m. Monday to Friday.)

Overseas Telephone: (00) 44 121 415 0246

A number of facilities are available to shareholders through the secure online site [www.shareview.co.uk](http://www.shareview.co.uk).

## 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.

## Advisors

### Auditor

Deloitte LLP  
2 New Street Square,  
London EC4A 3BZ

### Brokers

UBS  
1 Finsbury Avenue,  
London EC2M 2PP

### Solicitors

Nabarro  
125 London Wall,  
London EC2Y 5AL

### Registrars

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



[www.euromoneyplc.com](http://www.euromoneyplc.com)

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