

Euromoney
Institutional
Investor PLC

Annual Report and Accounts 2018

Contents

Strategic Report

Who we are	01
Group at a glance	02
Chairman's introduction	04
Market overview	06
Our business model	08
Chief Executive's Strategic Review	10
Our strategy in action	14
Key performance indicators	18
Segment review	20
Corporate and social responsibility	22
Operating and financial review	24
Risk management	31

Governance

Board of Directors	40
Corporate Governance Report	42
Nominations Committee Report	49
Audit Committee Report	50
Directors' Remuneration Report	56
Directors' Report	75

Financial Statements

Independent Auditors' Report	79
Consolidated Financial Statements	88
Company Accounts	148

Additional Information

Five year record	155
Shareholder information	156

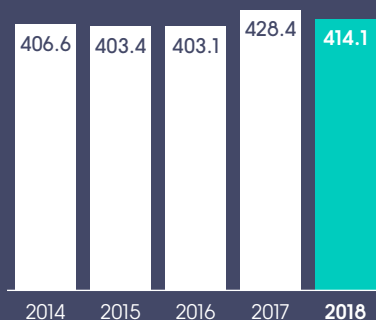


Further information can be found online by visiting our website at euromoneyplc.com

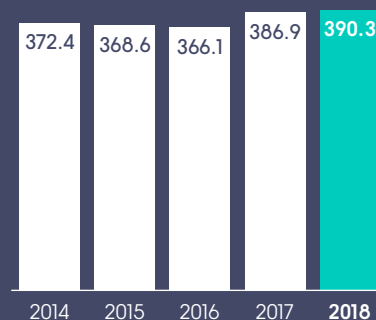


Financial highlights

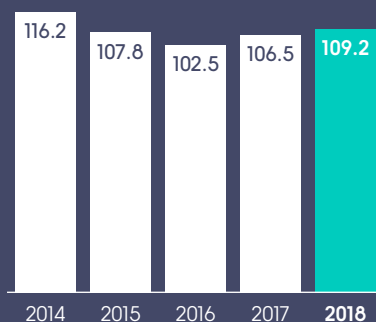
Total revenue: £414.1m



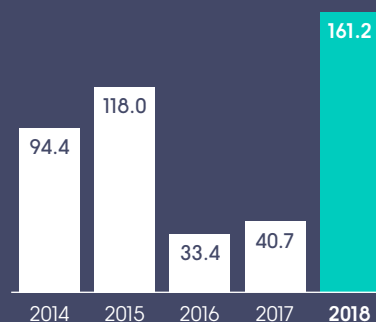
Statutory revenue: £390.3m



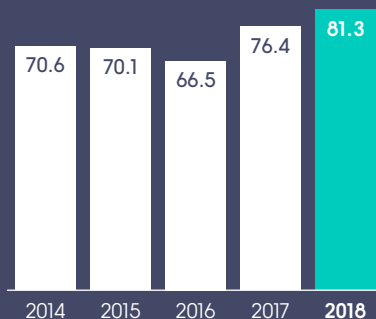
Adjusted profit before tax: £109.2m



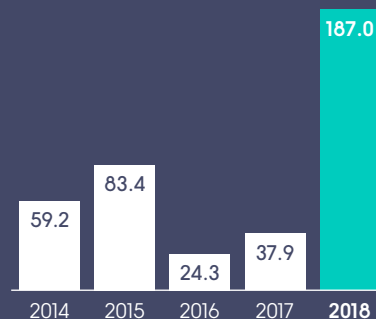
Statutory profit before tax: £161.2m



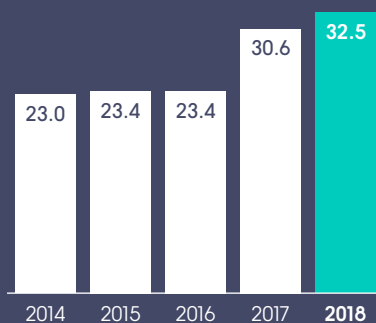
Adjusted diluted earnings per share: 81.3p



Statutory diluted earnings per share: 187.0p



Dividend per share: 32.5p



A detailed reconciliation of the Group's statutory and adjusted results is set out on pages 27 and 28.

Adjusted measures include the results of continuing and discontinued operations and exclude the impact of amortisation of acquired intangible assets, exceptional items and other adjusting items in accordance with the Group's policy set out on page 27.

Total revenue represents the combined reported revenue from continuing and discontinued operations.

Euromoney is a global, multi-brand information business which provides critical data, price reporting, insight, analysis and must-attend events to financial services, commodities, telecoms and legal markets. We are listed on the London Stock Exchange and a member of the FTSE 250 share index.

Our strategy is to manage a portfolio of businesses in markets where information, data and convening market participants are valued.

We deliver products and services that support our clients' critical activities.

→ See Chief Executive's Strategic Review on page 10

We look to serve markets which are semi-opaque; that is, where the information which organisations need in order to operate effectively is hard to find.

→ See Group at a glance on page 2

Our ambition is to generate consistent and meaningful returns for our shareholders at relatively low risk.

→ See our business model on page 8

Group at a glance

The Group actively manages a portfolio of information B2B businesses across Asset Management; Pricing, Data & Market Intelligence; Banking & Finance; and Commodity Events. We operate where information, data and convening market participants support our clients' critical activities

Asset Management

Focus

Provides information services and networking events to the global asset management industry

Divisions

- Institutional Investor
- Investment Research

Segment revenue

£151.0m

Segment adjusted operating profit

£61.1m

Number of employees

417

Key brands

- Institutional Investor
- BCA
- NDR

Pricing, Data & Market Intelligence

Focus

Provides prices, data, analysis and events that are critical for our clients' business processes and workflow across a number of industries

Divisions

- Fastmarkets
- Specialist Information
- Telecoms

Segment revenue

£144.7m

Segment adjusted operating profit

£53.2m

Number of employees

668

Key brands

- Fastmarkets
- AirFinance Journal
- Insurance Insider
- Capacity Media

Our year in review

October 2017

- Sale of wine exhibition businesses, Adhesion and World Bulk Wine, to Comexposium

November 2017

- Board announces appointment of three new independent Non-Executive Directors to the Board (Jan Babiak, Imogen Joss and Lorna Tilbian)

December 2017

- Acquisition of TowerXchange, the leading source of information on the telecoms tower and mobile infrastructure markets
- Disposal of minority stake in Dealogic to Ion Investment Group

January 2018

- Sale of Institutional Investor Journals business to Pageant Media

February 2018

- Chairman, John Botts, retires from the Board and Acting Chairman, David Pritchard, appointed
- Board approves appointment of Colin Day as independent Non-Executive Director to the Board

Banking & Finance

Focus

Provides market intelligence, thought leadership, news, training and conferences to the global finance industry

Divisions

- Banking & Finance

Segment revenue

£70.7m

Segment adjusted operating profit

£17.7m

Number of employees

230

Key brands

- Euromoney
- Global Capital
- IMN

Commodity Events

Focus

Provides leading conferences in various commodity areas

Divisions

- Fastmarkets
- Mining Indaba

Segment revenue

£20.8m

Segment adjusted operating profit

£9.1m

Number of employees

50

Key brands

- Fastmarkets MB Events
- Coaltrans
- Global Grain
- RISI

March 2018

- Acquisition of Extel, the annual independent survey of quality across the European equities investment community

April 2018

- Sale of Global Market Intelligence Division (CEIC and EMIS) to CITIC Capital Holdings and Caixin Global
- Il Magazine and Alpha merge and become digital only

May 2018

- Sir Patrick Sergeant, the Company's founder, retires from the Board of Directors and is appointed as Life President

June 2018

- Colin Jones, Finance Director, retires and steps down from the Board
- Interim dividend of 10.2p per share

August 2018

- Acquisition of Random Lengths to further reinforce the Group's position as a global leader in the commodity price reporting industry
- Wendy Pallot joins as Chief Financial Officer and is appointed to the Board

October 2018

- Sale of Mining Indaba to ITE Group plc

Chairman's introduction

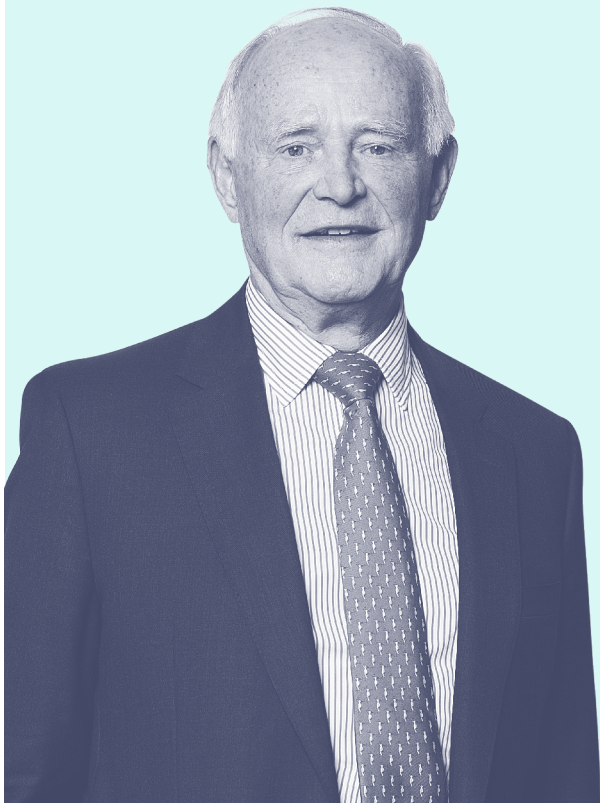
Our 2018 results have exceeded expectations

Our Board composition has changed significantly and is now more diverse and independent



A strong set of 2018 results reflect the hard work our people continue to invest into developing the business.

David Pritchard
Acting Chairman



After serving as a Non-Executive Director on the Board for nine years, it is a privilege to be Acting Chairman following the retirement of John Botts.

John served on the Company's Board for over 25 years, including as Chairman for two years. He led the Company through important changes when the Company became fully independent following DMGT's sell down in 2017.

The Company benefited greatly from his wisdom and experience over the years. We thank him warmly for his service and contribution.

Strategy

We are now in the third year of the strategy we announced in March 2016. The strategy has delivered growth powered by our best-of-both-worlds operating model where business units which are close to customers are enabled by capable central services.

Successful M&A has long been a Euromoney strength and it remains crucial to our strategy. During the year, we successfully sold CEIC and EMIS (together our Global Markets Intelligence Division) as well as our minority stake in Dealogic. These disposals generated significant capital for the Group which we have invested and will continue to invest in other areas aligned with our big themes.

Dividend

Last year, the Company approved a new, progressive dividend policy based around paying out approximately 40% of adjusted earnings. This year the Board approved a 16% increase in the interim dividend to 10.2p per share which was paid to shareholders in June.

Following a strong financial performance over the full year, with underlying revenue growth of 3% and a 2% improvement in Group adjusted operating profit margin, the Board is recommending to shareholders a 2% increase in the final dividend to 22.3p per share to be paid on 14 February 2019. This will result in a total dividend for the year of 32.5p (2017: 30.6p).

Board changes

Our Board's composition has changed significantly during the year. We have welcomed four new independent Non-Executive Directors onto the Board – Jan Babiak, Colin Day, Imogen Joss and Lorna Tilbian. Following the appointment of Wendy Pallot in August 2018 as Chief Financial Officer, we are delighted to have increased female representation on the Board to 36%. Gender is only one aspect of diversity and we continue to work hard at improving opportunities for all across every level of the organisation.

During the year, our largest shareholder, DMGT, rotated its representative directors with Lord Rothermere and Paul Zwillenberg retiring from the Board. Tim Collier, DMGT's CFO, and Kevin Beatty, CEO of dmg media, joined the Board in their place. Particular thanks go to Lord Rothermere who had served on the Board since 1998 and whose support and insight have been critical to Euromoney's success. We would also like to thank Colin Jones, who retired as Finance Director in June 2018, for his dedicated service and we wish him well.

Sir Patrick Sergeant

During the year, Sir Patrick Sergeant retired from the Board. Sir Patrick has made a unique contribution to the Group over nearly 50 years. Sir Patrick founded Euromoney in 1969 and his entrepreneurial spirit has guided and influenced the Group's success over the following five decades, first as Managing Director, then as Chairman and latterly as Non-Executive Director. We are delighted that following his retirement from the Board, Sir Patrick agreed to become Life President of the Company.

Corporate social responsibility

I want to say a few words about our employees around the world. Our best-of-both-worlds operating model is enabling us to take a more joined-up look at our impact as a Company on the world around us.

Andrew Rashbass invited our staff this year to help make Euromoney a great place to work. We are conscious that staff make choices about where to work based on a range of factors and we must ensure that Euromoney can attract and retain talented people.

There is more to do but I am delighted to see that our staff have embraced these initiatives which we will continue to support.

Governance

I have already referred to the more diverse Board we now have. In addition, independent Non-Executive Directors now form a majority on the Board for the first time. The appointment of new Non-Executive Directors has enabled us to increase the number of Directors with relevant financial experience sitting on our Audit Committee. This year also saw the formal closure of profit-share and long-term incentive schemes, now replaced by the Performance Share Plan we introduced in 2015.

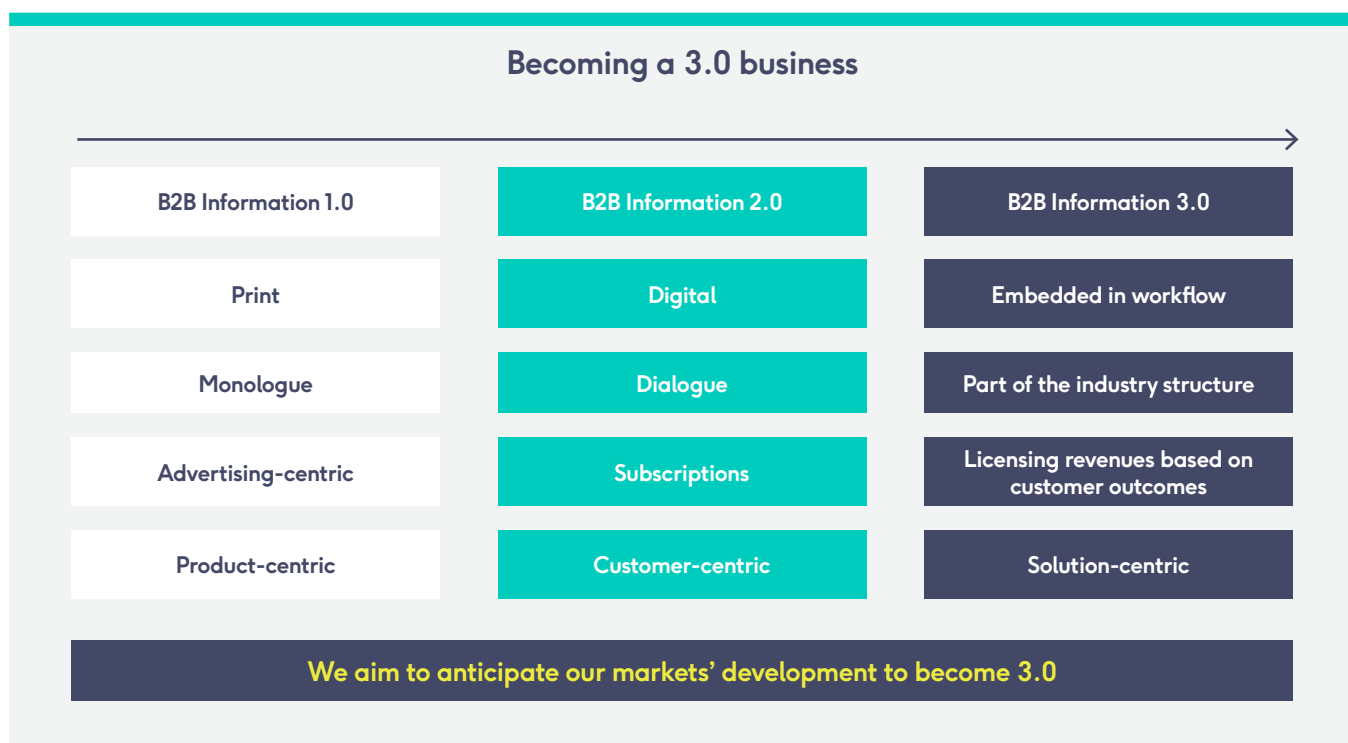
My current focus is leading the process to appoint a new Chairman. We are making good progress and expect to make our appointment shortly.

With the support of our shareholders, the work of our colleagues and the expertise of our Board, I am confident the Company will continue to thrive.



David Pritchard
Acting Chairman

21 November 2018



Market overview

We serve markets that are or have the potential to become what we call B2B 3.0 information markets

Asset Management

Headwinds are squeezing asset management fees. However, cost cutting, an increase in assets under management and a strong stock market have increased absolute industry profits.

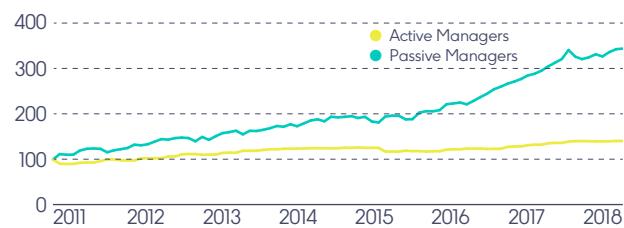
MiFID II has changed the way that asset managers pay for research which is increasing competition for research revenue.

Key market drivers

- MiFID II is reshaping the way that asset managers buy research
- Strong stock market performance is increasing short-term revenue
- Fees for traditional asset managers are being eroded

Asset management income mix

Assets under Management Index (2011 = 100)



Source: NDR Multi-Cap Institutional (Universe), S&P Capital IQ and MSCI, Inc (GICS). Thomson Reuters, IHS Market, S&P Dow Jones Indices

How we are responding

- We restructured our Investment Research Division to better respond to the headwinds faced by our customers
- We are investing in product development to increase value for our customers
- We are simplifying our product portfolio to ensure focused use of capital
- We have acquired Extel to bolster our rankings expertise

Links to strategic pillars



Pricing, Data & Market Intelligence

Price discovery is being used more deeply and broadly. Benchmark prices are used for new resources and new technology. Benchmarks are used by suppliers, manufacturers and end users to give pricing certainty across product life cycles.

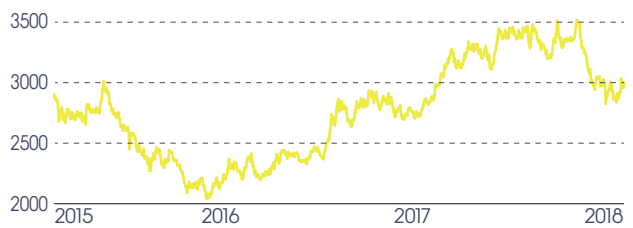
The method of price discovery varies by industry but prices are used in contracts for metals, telecoms and infrastructure development among other segments.

Key market drivers

- Growth in the pricing market is driven by increased use of benchmarks in financial contracts
- Technology and telecoms developments are creating new requirements
- New benchmarks are being developed for a wider range of non-traditional commodities

Metals market growth

LME Index price (\$/tonne)



Source: London Metal Exchange data from Bloomberg

How we are responding

- We are entering new market segments through specialist events and prices
- We have acquired businesses which drive our growth such as Random Lengths (price reporting) and TowerXchange (telecoms)
- We constantly review our product-suite to identify new opportunities for benchmark reporting

Links to strategic pillars



These markets are semi-opaque, where the information which organisations need in order to operate effectively is hard to find. This is how we are responding to the issues driving those markets

Banking & Finance

Central banks have begun to increase interest rates. Benchmark rates in the UK and USA are at eight-year highs, increasing banks' revenue.

Innovation in finance has reached a new level from open banking and AI customer service to FinTech and Bitcoin.

Regulatory relief and lower taxes in the USA are encouraging investment and increasing competition.

Key market drivers

- Rising interest rates result in increasing revenue for banks
- Digital capabilities are becoming more important
- US banks are investing and competing more aggressively with their European counterparts
- Brexit continues to cause uncertainty in the sector

Banking market

S&P Banks Select Industry Index



Source: S&P Dow Jones data from Bloomberg

How we are responding

- We are expanding our marketing services for digital content marketing and thought leadership
- We are increasing our bank polls, awards and data franchises to cover more markets in more detail
- We are enabling banks to understand and communicate their relative strengths to their customers

Links to strategic pillars



Commodity Events*

Recent tariffs and sanctions are impacting the market, creating uncertainty and increasing prices for some commodities.

US tariffs on steel and aluminium, along with sanctions on some Russian producers, have impacted the global metals trade. This has increased volatility with prices rising sharply in some markets while others are cautious.

Key market drivers

- Electric vehicles are increasing demand for battery minerals, in particular lithium
- Chinese trade tariffs impact corn, soy beans, grain and oilseeds
- Coal prices have stabilised after several years of decline due to increasing demand in Asia

Commodity prices

Dow Jones Commodity Index



Source: S&P Dow Jones data from Bloomberg

How we are responding

- We are developing new and expanded events for investors in growing segments
- We are using our global footprint in order to react to favourable market conditions wherever they occur
- We are increasing our focus on the fast growing coal markets in Asia

Links to strategic pillars



* Following the disposal of Mining Indaba, the Commodity Events segment will be incorporated into the Pricing, Data & Market Intelligence segment in 2019

Our business model

Our business model provides an operating framework for each of our segments, enabling our businesses to serve our customers' needs, thereby creating value for all of our stakeholders

Our people, brands and products convene to meet our customers' needs

People and culture

- Euromoney is known for its entrepreneurial culture. We empower our teams to deliver the best for their customers, businesses and fast-moving markets
- Our people are creative, action-orientated, close to their customers, passionate about their brands, knowledgeable about the industries they serve and accountable for their results
- We have more than 1,600 staff working in 32 offices across more than 10 countries who contribute to our success

Customers

- We have a global customer base with revenues split across UK (41%), North America (52%) and Rest of World (7%)
- Our customers are financial institutions, investment banks, commodity traders, miners, asset managers, governments, corporations, professional service providers, consultants and technology providers
- Our customers' level of spend is affected by their profitability, expectations of market developments and the regulatory environment
- Our products enable our customers to operate effectively in their market

Trusted brands

- We deliver products and services which are part of our customers' daily workflow
- We have globally recognised and trusted brands
- We have long-standing relationships with buyers and sellers

Agile products and technology

- We use a central stack that provides a scaleable technology platform for our businesses
- Our technology teams implement and maintain specific systems within their own businesses that enable them to operate effectively
- Where possible we use cloud-based non-configured services to reduce cost and complexity
- We benefit from a best-of-both-worlds approach to IT that creates scale and flexibility

We map our businesses along two dimensions, industry structure and cycle, to create our quadrants



This creates our quadrants that identify when and where to invest and where to withdraw capital:



The quadrants guide our investment decisions, capital allocation and define our strategic priorities

Read more on page 12

We create content such as data, research, analysis and rankings that can be used across a range of different services

The characteristics of our businesses mean that our products and services are scalable and cash generative



Create once, sell many

We create content such as data, research, analysis and rankings that can be used across a range of different services. This reduces production costs and increases margin.

Must-have content

We provide must-have and hard to get information. We serve markets where the information organisations need in order to operate effectively is hard to find. Therefore, in the markets we serve, many of our customers do not regard our services as a discretionary spend.



Recurring revenues

The majority of our revenues are subscription based and therefore predictable and recurring. The majority of our events are repeat events. This enables us to accurately predict revenues and results in stability for our businesses.

Low capital intensity

Our businesses and products use common infrastructure, skill sets and have a high cash conversion rate. This reduces working capital requirements and improves cash flow.



We generate revenue in the following ways

Subscriptions and content revenues

are the recurring subscription and licence fees that customers pay to receive access to the Group's information through tools and platforms which form part of our customers' daily workflow. Asset managers also subscribe to Institutional Investor's exclusive membership groups.

Sponsorship revenues

are fees paid by customers to sponsor or be associated with an event.



Delegate revenues

are fees paid by customers to attend conferences, training courses or seminars.

Advertising revenues

are fees paid by customers to place an advertisement in one or more of our publications.

As well as selling more traditional brand and product advertising, we also meet our customers' thought-leadership marketing needs.

Creating value for our stakeholders

Shareholders

We allocate and recycle capital efficiently to good organic and inorganic opportunities via our investment quadrants. Our ambition is to generate consistent and meaningful returns for our shareholders at relatively low risk.

We have increased our dividend payment from 30.6p to 32.5p.

Customers

We deliver products and services that support our clients' critical activities and in particular serve markets which are semi-opaque, that is, where there is information which our customers need in order to operate effectively but is hard to find.

We are developing into a 3.0 business to more effectively serve our customers.

Partners

We collaborate with our partners in mutually beneficial ways to enable us both to understand and serve each other's markets better.

We are building strong and long-term relationships with key partners to help us execute our strategy.

Employees

We serve our four segments through six divisions supported by strong central functions. This ensures that our employees can be expert, creative, action-oriented and customer-focused and take advantage of Euromoney's scale, share best practice, operate strategically and create career paths for themselves and their colleagues across the Group.

We have developed new training for our leaders, managers, sales people and recruiters among others.

Chief Executive's Strategic Review

Our best-of-both-worlds operating model enables us to serve our customers more effectively



I am constantly impressed by the commitment, energy and determination of our exceptional people – our results are down to them.

Andrew Rashbass
Chief Executive Officer



Overview

At our Investor Day in March 2016 we said that 2017 would be a year of transition and 2018 a year of growth. In fact, we returned to growth in 2017 and that growth has continued during 2018. Both underlying profit and revenue are ahead of last year.

We continue to invest in Pricing, Data & Market Intelligence and have seen strong growth in this segment. This growth has outpaced the headwinds buffeting our Asset Management segment which continued to challenge our investment research businesses, BCA and NDR, whose customers are reducing research spend, a trend which has been accelerated by MiFID II. We have taken action to address these challenges by reducing costs significantly. We are also prioritising investment in product development for research areas where we see growth and in sales and marketing.

M&A remains a core part of our strategy and we recycled capital this year by selling businesses which do not align with our strategy. The sales of our Global Markets Intelligence Division (GMID), our minority stake in Dealogic, and Mining Indaba (completed shortly after year-end) are examples of this.

Our strong balance sheet means when assets become available we can make acquisitions which align with our strategy. During the year, we acquired Random Lengths, TowerXchange and Extel.

We are investing time and money in developing our people. I am delighted at the response from our staff across the world to our challenge to them to help us make Euromoney a better place to work. Although there remains much to do, it is rewarding to see how engaged our people are in this. Our Group Management Board sponsored a range of activities to make all staff feel Euromoney is a place where they can thrive personally and professionally. As a result, we now have a wide range of groups which are run by our staff. These include Women@Euromoney, environment@Euromoney, a LGBT&A group, a Race, Faith & Inclusion group and a Well-being Forum. You can read more about these initiatives in the CSR section on page 22.

Strategy

Our strategy is to manage a portfolio of businesses in markets where information, data and convening market participants are valued. We deliver products and services that support our clients' critical activities. We look to serve markets which are semi-opaque, that is, where the information which organisations need to operate effectively is hard to find.

Our strategy is designed to develop the businesses we own and deliver strategic, timely and well-executed acquisitions and disposals. We aim to allocate and recycle capital efficiently to good organic and inorganic opportunities via our investment quadrants. Our ambition is to generate consistent and meaningful returns for our shareholders at relatively low risk.



We characterise the business models of B2B information companies into three generations, which we call B2B Information 1.0, 2.0 and 3.0. Their characteristics are set out on page 5.

As we manage our portfolio to achieve our strategy and to become a 3.0 business, we categorise our businesses into four quadrants. We allocate capital to the top two quadrants and withdraw capital from the bottom two. This quadrant-based assessment leads to three pillars of strategic activity which we describe on pages 12 and 13.

Performance for the year

We have delivered a robust performance over the year. Overall, statutory revenue is up 1% year-on-year. The adjusted operating profit and adjusted profit before tax are both up 3% on last year. Total revenue is down 3%, reflecting only seven months of revenue from GMID, which we sold during the year, and currency headwinds.

The Pricing, Data & Market Intelligence and Commodity Events segments performed very strongly, contributing to our growth, whereas the Asset Management segment, in particular BCA and NDR, continued to hold back the Group's performance. We have taken strategic actions to address these challenges. Advertising revenues continued to decline, though they now make up less than 9% of the Group's adjusted revenues.

Our full-year adjusted profit before tax of £109.2m represents an encouraging performance for the Group, with adjusted diluted earnings per share growing 6% to 81.3p from 76.4p last year. Statutory profit before tax of £161.2m is higher than adjusted profit before tax largely due to exceptional gains relating to our disposals. In addition, we continue to achieve strong cash conversion with underlying conversion of adjusted operating profit to cash in the year at 102%.

Outlook

We remain confident about the prospects for continued, strong growth for our Pricing, Data & Market Intelligence segment which includes the majority of what we call our B2B 3.0 businesses. Our investment research businesses will continue to face tough market conditions. We therefore expect to see continued divergence in subscriptions performance between the Pricing, Data & Market Intelligence and Asset Management segments.

Our strategy continues to deliver growth in our businesses and value for our shareholders. However, we enter the new financial year with uncertainty around Brexit and this could disrupt our customers and therefore us. That said, Euromoney is made up of exceptional people and I am constantly impressed by their commitment, energy and determination to win whatever the world throws our way. I would like to thank them all for their hard work – our results are down to them.

Capacity Media, one of our largest events, welcomes more than 2,000 visitors

Adjusted profit before tax

+3%

Statutory profit before tax

£161.2m

Underlying revenue growth

+3%

Our Board

In closing, I would like to note two retirements and one joiner. Colin Jones became Euromoney's Finance Director in 1996. Colin has a well-deserved reputation among our shareholders for his part in stewarding Euromoney for more than two decades. I would like to thank Colin for his outstanding contribution and for his openness to change over the past three years. At the same time, I would like to welcome Wendy Pallot who succeeds Colin. In her first few months, Wendy has already demonstrated how her skills and experience will help us seize opportunities in potentially turbulent times for our customers and for information businesses.

Finally, I would like to thank Sir Patrick Sergeant who retired from the Board this year. Euromoney will be 50 years old in 2019 and our plans for celebrating this milestone of course include recognising Sir Patrick's foundational role. I did not know Sir Patrick before I joined Euromoney and I have been amazed at his openness to change in the business he started. I have gained enormously from his clear-sighted sense of priorities. I am delighted that I and the rest of the Board will continue to tap into Sir Patrick's wisdom in his role as Life President.

Andrew Rashbass
Chief Executive Officer

21 November 2018

Chief Executive's Strategic Review

continued

● Active quadrants ○ Non-active quadrants



Strategic pillars



Invest around the big themes

- Price discovery
- Proprietary, must-have market intelligence
- Post-trade activities
- Telecoms

We deploy capital to invest in the themes which best serve our customers' critical needs. We invest in our existing businesses and also through acquisitions.



Transform the operating model

- Our target business model (page 8)
- A best-of-both-worlds operating model encompassing four segments, six divisions and central functions
- An entrepreneurial culture combined with the benefits of an efficient, capable corporation

Our best-of-both-worlds operating model continues to strengthen under the leadership of our Group Management Board where the heads of our business divisions come together with the heads of our functions to serve our four segments.



Actively manage the portfolio

- Dispose of non-strategic assets to free up capital
- Acquire businesses consistent with our investment priorities

We continue to manage our portfolio by investing in our big themes, removing the bottom-left quadrant drag of businesses that are structurally challenged and finding better owners for businesses that do not fit our strategy.

Strategic progress in 2018



Invest around the big themes

We look to serve semi-opaque markets where the information organisations' need to operate effectively is hard to find. This determines our big themes which include price discovery, post-trade activities, proprietary, must-have market intelligence and telecoms.

Progress made in 2018

- Investment in the creation of Fastmarkets (encompassing Metal Bulletin, American Metal Markets and Industrial Minerals) to provide our customers with one definitive source for commodities pricing, data insights and events
- The successful integration of RISI and Random Lengths into Fastmarkets
- Acquisition of TowerXchange to provide our Telecoms customers with access to the leading source of information on the telecoms tower and mobile infrastructure markets

How we measure progress

The Pricing, Data & Market Intelligence segments underlying revenue increased by 9% and underlying operating profit by 18% (see page 20).

Priorities for 2019

We will continue to invest in Pricing, Data & Market Intelligence. Fastmarkets and Telecoms will remain an important theme and we will continue to look out for acquisitions.



Transform the operating model

We have developed what we call a best-of-both-worlds operating model. Euromoney is known for its entrepreneurial culture – our people are creative, action-orientated, close to their customers, passionate about their brands, knowledgeable about the industries they serve and accountable for their results. Across four segments we are structured as six divisions supported by central functions. This ensures we take advantage of Euromoney's scale, share best practice, operate strategically and create career paths for staff across the whole company.

Progress made in 2018

- Launched our Global Finance Transformation Programme to improve the Group's reporting and analytical capabilities while reducing cost and standardising controls
- Developed an action-oriented approach to risk management, for example, in the creation of risk-management tools for our events businesses
- A more rigorous approach to hiring senior roles
- Created a Senior Management Group of approximately 75 people across the Group
- Investing in our people through leadership and management courses and an early career academy

How we measure progress

More than 200 staff have attended at least one of our new development courses during the year.

Priorities for 2019

Continued investment in our staff to ensure continued collaboration between our divisions and central functions to ensure that our best-of-both-worlds operating model delivers value across our segments to our customers. In 2019, we will roll out a company-wide sales academy.



Actively manage the portfolio

Acquisitions remain an important part of our strategy. We have a record of identifying good businesses where our ownership adds value. We also sell businesses where we believe we are not the best owners. This generates capital to invest in other parts of our business and in acquisitions which fit our strategy.

Progress made in 2018

- Disposed of Adhesion and World Bulk Wine, Il Journals, GMID and our minority stake in Dealogic
- Acquired Random Lengths, TowerXchange and Extel
- Successfully integrated RISI

How we measure progress

We have invested £30m in acquiring new businesses aligned with our strategy.

Priorities for 2019

M&A will continue to be important to our strategy to accelerate the Group's transition towards a B2B 3.0 information business. We will also continue to disinvest where a business does not align with our strategy, as demonstrated by the sale of Mining Indaba in October 2018.

Our strategy in action



Bringing together commodities pricing under a single brand

Case study: consolidating our price reporting businesses range through a common brand

We have been identifying price benchmarks for commodities since 1882. Over the last year, we have consolidated our cross-sector price-reporting businesses under Fastmarkets, a common brand. As a result, we can now provide our customers with a single, definitive source for commodities data and insights.

The Fastmarkets team is made up of 400 employees across 14 global offices providing over 5,000 price references and benchmarks to enable the international trade of metals, minerals, lumber, pulp, paper and container board. Fastmarkets prices are supplemented with world-class events, news, market intelligence and forecasts for its markets.

In addition, we have completed the successful integration of RISI into our business and continued to invest through the acquisition of Random Lengths, a leader in wood products pricing, which is complementary to our existing strength in global pulp and paper prices.

We are investing in our products by developing prices for commodity exchanges and transforming our prices into benchmarks. We were selected this year by the London Metal Exchange to provide settlement prices for five cash-settled derivatives, which are expected to launch in 2019. In addition, NASDAQ announced the launch of its first metal derivative with a contract settled against our AMM Midwest Shredded benchmark price.

We are investing in technology by developing a new consolidated platform that will better serve our customers, providing a dedicated portal for our pricing, workflow and advanced data tools. Finally, we continue to lead the market through our alignment to the International Organization of Securities Commissions (IOSCO) principles, providing our customers with confidence in the integrity and accuracy of our prices.

“

Our success is built on providing value for our clients through the way we deliver and develop our prices.



Raju Daswani
CEO, Fastmarkets

Our strategy in action



Selling good businesses to buy strategic ones

Case study: recycling capital

Active portfolio management and recycling capital are fundamental parts of our strategy. We are evolving our portfolio of businesses to provide our customers with B2B 3.0 information services.

In September 2017, we announced our intention to explore our strategic options for our Global Markets Intelligence Division (GMID), consisting of the CEIC and EMIS brands. We began a sales process and in April 2018, we concluded the sale of GMID to CITIC Capital Holdings and Caixin Global for an equity value of \$180.5m.

GMID was and remains a leader in emerging market data and analysis, however, as a business it did not match our big themes. It is an example of how we will sell good businesses which do not fit our strategic priorities or main investment themes, to enable us to invest in new businesses that will continue our acceleration towards becoming a B2B 3.0 business.

Our acquisitions of Random Lengths, Extel and TowerXchange are examples of the recycling of this capital towards our big investment themes. These will support the continued development of our Fastmarkets, Institutional Investor and Telecoms divisions.



We will sell good businesses that do not fit our strategy in order to generate capital for ones that do.



Andrew Himsley
Global Head of
Corporate Development

Our strategy in action



Consolidating as one digital brand

Case study: moving Institutional Investor to digital only

In April 2018, we took the decision to cease printing Institutional Investor magazine after 51 years and 588 issues.

We had started to migrate Institutional Investor away from print and towards digital media many years ago. The decision to cease printing was the final step to ensure we can deliver on our customers' need to measure the return on investment of their advertising spend.

Our Institutional Investor business has performed well this year, but our flagship print title had over the last few years moved into our bottom-left disinvest quadrant. Disinvesting is not only about selling businesses; it's also about redirecting capital away from products which could create a drag on an individual business, and moving it towards services which are growing and therefore merit increased investment.

At Institutional Investor we are investing in our industry-renowned research businesses and in-person events businesses. We will continue to serve our loyal readership through the strongly growing Institutional Investor website and investing in the awards and events which enable its readership to network and convene in person.



Our investor community values our ability to bring them together at 'must attend' events.

Kip McDaniel
Chief Content Officer
and Editor-in-Chief,
Institutional Investor



Our strategy in action



Risk management in context

Case study: risk management in action

Successful risk management results in better business outcomes, which is why we have invested time this year designing a risk management framework for our events businesses across the Group. For example, our Telecoms division hired a full-time Risk and Compliance Officer to work closely with the division's event teams at both the planning, operational and post-event stage. As a result, we are embedding risk management into our processes and creating a more risk-aware culture.

Our framework enables our event managers to identify and manage risks specific to an event in a consistent way. It covers a range of areas including business continuity, disaster recovery, health and safety, venue risk assessments and compliance.

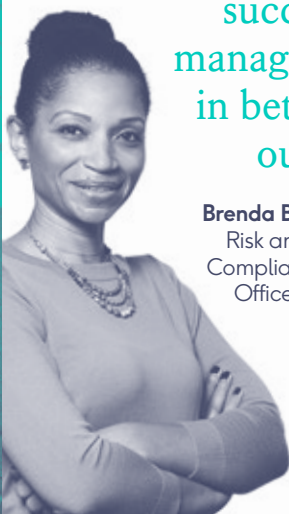
Our events and risk teams worked closely together at one of our largest commodity events of the year on areas as diverse as event security, media planning and health and safety standards. The results have been mutually beneficial; the risk team now has a better understanding of the logistical challenges of running an event in real-time, improving their approach to the practical management of risk, while the events team benefits from seeing risks managed in a systematic way.

We have seen the benefits of the policy in action, for example, by navigating the potential hazards of a drought in one of our event host cities and the successful operation of an event in another city at a time of political instability.

The work we have done in this area is an example of our best-of-both-worlds operating model in action. We plan to build on it in the coming year.

“

We recognise that successful risk management results in better business outcomes.



Brenda Begg
Risk and Compliance Officer



Ros Irving
Divisional Director



Key performance indicators

The Group monitors its performance against its strategy using the following key performance indicators



Invest around big themes



Transform the operating model



Actively manage the portfolio

Key

Relevance

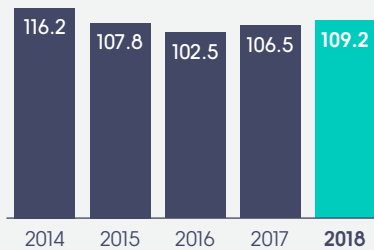
Performance

Narrative

Adjusted profit before tax (£m)



Euromoney actively manages its portfolio and allocates capital to increase adjusted profit before tax over the long term. The definition of adjusted profit before tax is set out on pages 27 and 28.

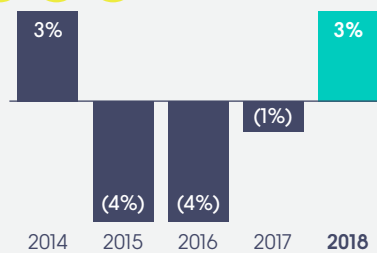


Adjusted profit before tax increased by 3% to £109.2m, reflecting the successful delivery of our strategy and portfolio management, assisted by a continued focus on cost control and lower interest costs following the repayment of our term loans in May 2018.

Underlying revenue growth



Underlying revenue growth compares revenues on a like-for-like basis and is an important indicator of the health and trajectory of our segments and the Group as a whole. The definition of underlying revenue is set out on page 29.

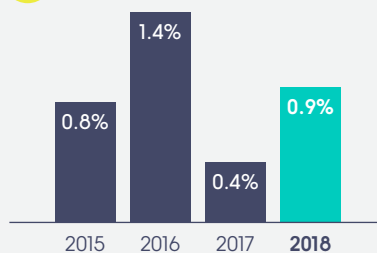


Underlying revenues grew by 3% mainly due to continued strong performance from the Pricing, Data & Market Intelligence segment and improved sentiment in the banking and commodities markets. This growth was partly offset by weak performance in the Asset Management segment (in particular in our BCA and NDR businesses). The headwinds faced by the Asset Management segment from the reduction in clients' research spend have been accelerated by MiFID II.

Subscription Book of Business



Book of Business ("BoB") represents the annual contracted values for subscriptions across the Group and reflects the impact of new sales, price increases, upgrades, downgrades and full cancellations. It is a key indicator of the Group's subscriptions growth.

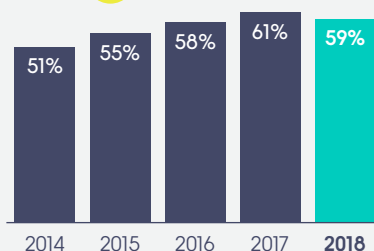


The subscription BoB growth was 0.9% at the end of September 2018 reflecting the continued headwinds affecting our Asset Management segment offsetting most of the strong growth in the Price, Data & Market Intelligence segment.

Subscription share of total revenues



Subscription-based products usually have the advantage of premium prices, high renewal rates and high margins.



The Group's proportion of revenues derived from subscription and content-related products has reduced slightly to 59% of its total revenues.

The key performance indicators are all within the Board's expectations and are discussed in detail in the operating and financial review on pages 24 to 30.

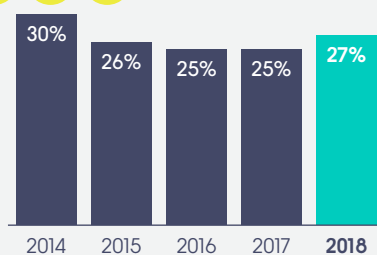
A detailed reconciliation of the Group's adjusted and underlying results to the equivalent statutory measures is set out on pages 27 to 29.

All adjusted measures combine the results of the Group's continuing and discontinued operations as the discontinued operations were managed as part of the Group until their disposal in April 2018. Underlying measures reported in 2017 included the adjusted results of continuing and discontinued operations and are stated at constant exchange rates, including pro forma prior year comparatives for acquisitions and excluding disposals and significant event timing differences. In 2018, the underlying measures are on the same basis but exclude discontinued operations. This means that the 2018 underlying measures only reflect the performance of the continuing businesses.

Adjusted operating margin



The movement in adjusted operating margin measures the efficiency of the Group. Consistent operating margin improvement is a business imperative, driven by investment choices, our focus on driving out costs and improving mix. The calculation of adjusted operating margin is set out on page 28.

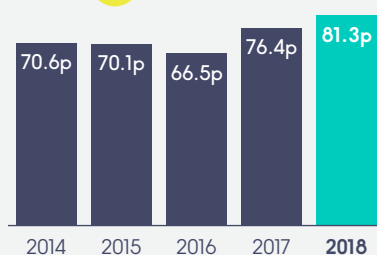


The adjusted operating margin increased from 25% to 27% due to the impact of our strategic pillars: investing around the big themes, transforming the operating model and actively managing the portfolio.

Adjusted diluted earnings per share



Management seeks sustained long-term growth in adjusted diluted earnings per share to maximise overall returns to our shareholders. The definition of adjusted diluted earnings per share is included on page 111.

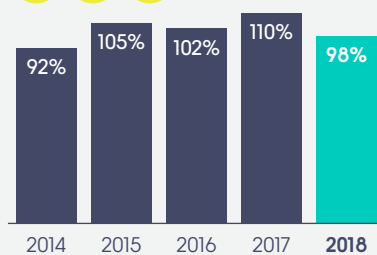


The increase from 76.4p to 81.3p reflects the improvement in adjusted profit before tax and the benefit of the share buyback.

Adjusted cash conversion rate



Cash conversion is a measure of the quality of Euromoney's earnings. The objective is to achieve consistent conversion of earnings into cash in excess of 100%. This KPI measures the percentage by which cash generated from operations covers adjusted operating profit. The definition of adjusted cash conversion rate is set out on page 29.

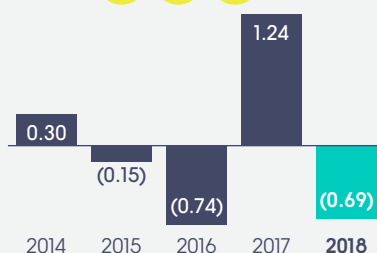


The adjusted operating cash conversion rate was 98% (2017: 110%). Last year's rate was inflated following a concerted effort to improve working capital. After adjusting for timing differences and exceptional items, the underlying cash conversion rate was 102% (2017: 118%).

Adjusted net (cash)/debt to EBITDA



The Group's strategic priority is to keep net debt below three times EBITDA. The amount of the Group's net (cash)/debt to adjusted operating profit and share of results in associates and joint ventures before depreciation and amortisation of licences and software is adjusted for the timing of acquisitions and disposals. The calculation of adjusted net (cash)/debt to EBITDA is set out on page 30.



At 30 September, the Group has net cash of £78.3m, reflecting the net proceeds from the disposal of GMID and the minority stake in Dealogic. Following these large disposals and continued strong operating cash flows, in May 2018 the Group repaid the term loans used to fund last year's share buyback and increased the maximum size of its revolving credit facility to £240m (from £130m).

Employee engagement



In 2018, we launched our first global staff survey. Ensuring our employees have a voice and are heard is important to us and is key to the successful delivery of the Group's strategy. We will be monitoring the percentage of our staff, worldwide, who choose to participate in the survey as a benchmark for monitoring the progress we make in our employee engagement in the future. We may in future derive other KPIs from the survey once it becomes embedded across the Group.

The percentage of people participating in our global staff survey was 62%.

Segment review

We operate as four segments which are served through six divisions

Asset Management

The Asset Management segment includes our brands and businesses that serve the global asset management industry. This segment provides independent research that enables our clients to make informed investment decisions; runs networks and conferences that bring asset allocators and asset managers together in an effective and efficient way; and provides news and data that are critical for the industry to stay informed and make deals in an increasingly complex world. Its main brands include BCA, Ned Davis Research (NDR) and the Institutional Investor family of businesses.

Almost 80% of the segment revenues are derived from subscriptions to research and data products and from annual membership fees.

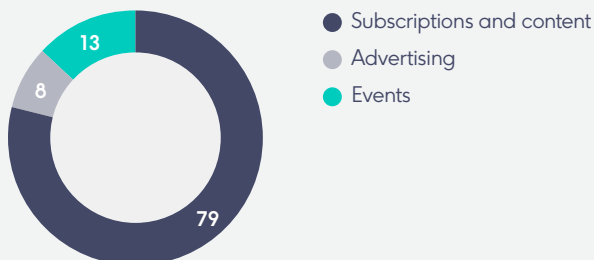
Segment**	2018 £m	2017* £m	Movement %	Underlying %
Revenue	151.0	167.9	(10)	(4)
Adjusted operating profit	61.1	68.2	(10)	(4)
Adjusted operating margin	40%	41%		

Asset Management revenues decreased by 10% to £151.0m. Underlying revenues also declined by 4%, mainly reflecting the reduction in client research spend which has been accelerated by MiFID II.

As a result of these headwinds, the adjusted operating margin declined from 41% to 40%. Operating margins fell, however, this was kept to a 1% decline due to the Group's rigorous approach to capital allocation and cost control as the challenging headwinds in asset management continued. During the year, our asset management businesses shifted from the top-left to become quasi bottom-left quadrant (treating the businesses as bottom-left although they are not). Strategic actions were taken to tackle these challenges and the segment's businesses took quasi bottom-left actions, implementing profit protection measures to minimize the impact on the adjusted operating profit, which also declined 4% on an underlying basis.



Segment revenue by type (%)



Pricing, Data & Market Intelligence

The Pricing, Data & Market Intelligence segment houses businesses spanning many industries that provide information and analysis critical for our clients' business processes and workflows. The segment's largest business is Fastmarkets, a leading price reporting agency for the metals and mining industries. It also includes our businesses active in the telecoms, insurance and airline industries. Approximately two-thirds of the segment's revenues are derived from subscriptions.

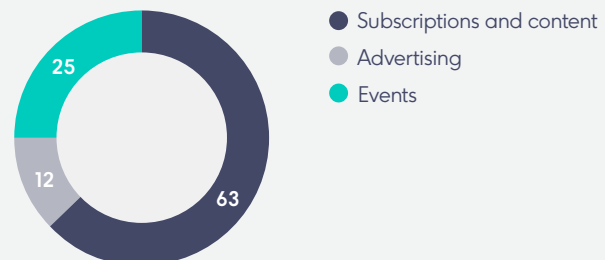
Price discovery is a big theme and is expected to grow significantly as industries seek more transparency around the prices and risks they face in their traditionally opaque markets. In April 2018, we disposed of GMID which was included in this segment and contributed significant revenue.

Segment**	2018 £m	2017* £m	Movement %	Underlying %
Revenue	144.7	124.0	17	9
Adjusted operating profit	53.2	45.8	16	18
Adjusted operating margin	37%	37%		

Excluding GMID, revenue increased by 17% to £144.7m. Excellent performances from Fastmarkets, Insurance Insider and strong growth from RISI, since its acquisition in April 2017, increased underlying revenues by 9%. The disposal of GMID and a strong focus on cost control retained the segment's adjusted operating margin at 37%. The segment has seen significant investment and allocation of capital continues to drive revenue opportunities. On an underlying basis, adjusted operating profit was up 18%.



Segment revenue by type (%)



* The 2017 adjusted operating profit by segment has been restated to reflect a change in the way unallocated corporate costs are recharged. From 1 October 2017, central costs, over which a segment had no influence, were not recharged to that segment. This restatement has no effect on the total Group results but reflects the operating profit of each segment as if the new recharge methodology had been applied from 1 October 2016. Central costs of £17.6m were reallocated to unallocated corporate costs.

** Revenue and adjusted operating profit by segment excludes all sold/closed businesses.

Banking & Finance

Banking & Finance provides market intelligence, news, training and conferences to the global finance industry. It includes the flagship Euromoney magazine, a leading publication for the global banking sector, which, through its awards for excellence, has been the arbiter of status for banks for over 45 years. Its conferences under the Euromoney and IMN brands are the pre-eminent events for their industry sectors. This segment derives over 70% of its revenues from delegates and sponsorships for its events.

Segment**	2018 £m	2017* £m	Movement %	Underlying %
Revenue	70.7	69.7	1	5
Adjusted operating profit	17.7	17.0	4	10
Adjusted operating margin	25%	24%		

The strong performance of IMN events increased revenues by 1% to £70.7m. We eliminated low-margin events and training courses to focus on large events which increased underlying revenues by 5%. This was supported by success in the strategic investment in thought-leadership products in Euromoney magazine.

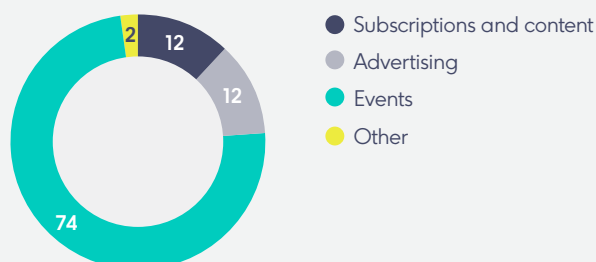
The focus on larger events and training courses and strong performance in the IMN business, improved adjusted operating margin from 24% to 25%. As a result, on an underlying basis, adjusted operating profit increased by 10%.

EURMONEY
TRADEDATA

IMN GlobalCapital

EUROMONEY

Segment revenue by type (%)



Commodity Events

We convene the leading conferences in the metals, agriculture and energy sectors with our commodity events. Most of the conferences are large deal-making events, bringing the whole industry together to conduct business and exchange market intelligence.

Segment**	2018 £m	2017* £m	Movement %	Underlying %
Revenue	20.8	19.7	6	9
Adjusted operating profit	9.1	7.7	18	25
Adjusted operating margin	44%	39%		

Strong performance in core events increased revenue by 6% to £20.8m and underlying revenue by 9%.

Due to the focus on cost control and an excellent performance in Mining Indaba, adjusted operating margin increased from 39% to 44%. Underlying operating profit increased by 25%.

In October 2018 we announced the sale of Mining Indaba to ITE Group plc. This is in line with the strategy of actively managing our portfolio and selling businesses which do not fully align with our strategic priorities in order to recycle capital towards our big investment themes. Following this disposal, the Commodity Events segment will be removed for reporting purposes. We will move the remaining commodity events into the Pricing, Data & Market Intelligence segment to reflect how they will be managed in future.

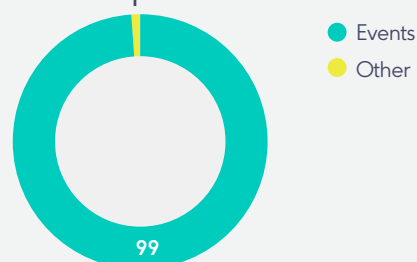
Coaltrans
Conferences

GLOBALGRAIN

Fastmarkets

RISI

Segment revenue by type (%)



Corporate and social responsibility

Last year, we said we had more to do in the area of corporate and social responsibility. Our staff have helped us make significant progress in a range of areas, but there remains much to do

Staff survey

This year we conducted a global staff survey for the first time. The feedback was clear: our people want to feel more valued. Let me give you two examples. Pay is towards the top of the list. As a result, we will benchmark more against the market. Flexible working is also important to our staff. Therefore, we have introduced a global flexible working framework and are training all our managers on how to accommodate flexible working within their teams. We will assess our progress in these and other areas raised by our staff by conducting regular surveys.

Investing in talent

At Euromoney we have always given people responsibility early in their careers. This year we have focused on training managers and our future leaders. Over the year, more than 200 colleagues have attended courses run in London, Hong Kong, Montreal, and New York, learning the core skills needed to be a successful manager and leader at Euromoney. We have also introduced an early career Academy for staff in the first five years of their career to learn about key business and career-development themes.

Making Euromoney a great place to work

We have set our colleagues across the world a challenge – to help us make Euromoney a great place to work. They have responded enthusiastically.

Our Women@Euromoney group hosts monthly meetings and workshops, often with guest speakers, to empower and inspire women to go further in their careers.

Our Well-being Forum focuses on the important issue of well-being in the workplace, with a particular emphasis on mental health. The London group recently hosted a mental health workshop with a speaker from the Samaritans. We want to support our staff whatever the health issues they face.

Passionate environmentalists run our environment@Euromoney group. Early initiatives include 'bee hotels' and bee-friendly plants on the roof of our London office. The group members have also used their volunteer days to clear litter from riverbanks and beaches, with more projects planned for the coming year.



Women@Euromoney is already making an impact and we have lots of initiatives planned for 2019.

Izzy Griffin-Smith
Co-network Chair,
Women@Euromoney

Empowering and inspiring women

Case study: Women@Euromoney

Women@Euromoney launched in November 2017 and we have run at least one event or workshop every month since. I chose to get involved because I loved the idea of having a creative outlet for an already deep-seated passion for diversity and gender equality.

We now have a membership of almost 400 people from many different functions and regions across the Group. Our purpose is to empower and inspire women to go further in their careers; drive constructive dialogue on gender issues; build a stronger community across Euromoney businesses and functions; and make Euromoney a better place to work for everyone.

Over the last year, we have run a wide range of successful events for both female and male staff across the Group. These have included the 'How to be a better boss with Radical Candor' presentation by the best-selling author, CEO advisor and ex-Google Kim Scott; various workshops on mortgages, Euromoney's gender pay report and personal branding; and an inspiring talk from the acclaimed tech entrepreneur and philanthropist Dame Stephanie Shirley.

The initiative has succeeded because we listen to the insights and feedback provided by our members when organising events and the strong can-do attitude that fuels the Women@Euromoney steering committee. We love working together and seeing the impact that we have made so far and this is just the beginning!

Our plans for 2019 include a big event for International Women's Day, a 'Where's the Line?' campaign to address the grey areas of inappropriate behaviour and more workshops on issues such as pensions and investing.



Our LGBT&A and Race, Faith & Inclusion groups are also working hard to enable our colleagues to reflect their full personality and backgrounds at work, which we believe leads to greater staff engagement and better performance.

For Euromoney these are welcome developments and we are lucky to have an engaged workforce keen to participate for the benefit of all.



Gender diversity

Our Board is now more diverse than ever. This year, Imogen Joss, Lorna Tilbian, Jan Babiak and Wendy Pallot joined. We are delighted to have attracted such talented executives to join the Company.

We still have more to do to make sure we are recruiting and promoting more women to senior positions. The charts below summarise our gender split at Board, Group Management Board, senior management and Company level.

Our Code of Conduct states that recruitment, promotion and remuneration decisions must be made on merit, irrespective of, for example, gender, sexual orientation, disability, race or age.

Our gender pay gap analysis (available on our website) shows that although men and women are paid equally for doing equivalent jobs across the business in the UK, the average pay for women is substantially lower than the average pay for men. This gap is driven by the under-representation of women in more senior roles. We are taking steps to reduce the imbalance, including, for example, making sure shortlists for senior roles include talented female candidates.

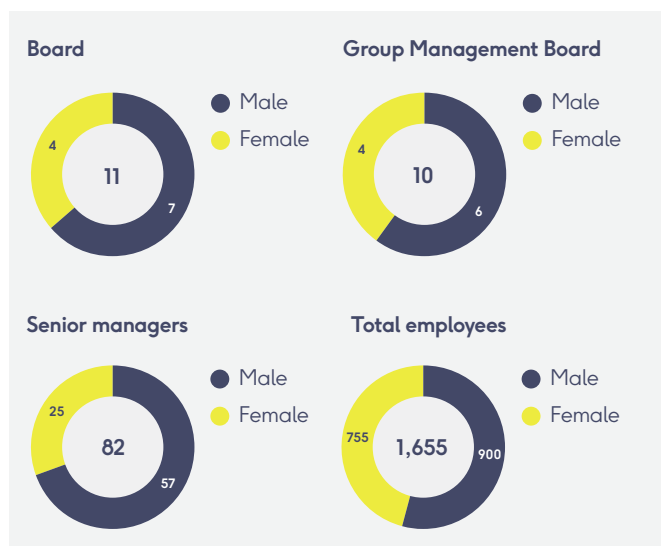
Staff forum

We will shortly introduce an elected employee forum to allow us to consult staff on issues such as working conditions, employee relations, pay and staff engagement.

Volunteer days

This year we introduced two paid volunteering days each year, making it easier for staff to participate in the causes they care about.

Gender diversity charts



Environment

Last year, we said we would ask our staff for their ideas around the environment. The result was the creation of our environment@Euromoney group. In the UK, the Group has spent time understanding how we procure our utilities and recycle our waste – our London business now uses a zero emissions green electricity tariff, recycled printing paper and we work with First Mile recycling to dispose of the office’s waste. In January, we won the Gold Award at the City of London Clean City Awards Scheme for our approach to recycling.

The environment group is now thinking about how to reduce the Company’s total carbon footprint. We continue to do the easy things like switching the lights off at night and including shower facilities for staff who cycle or run to work, as well as participating in the UK Bike2Work scheme.

We aim to roll out the environment group beyond London.

Social investment

Our staff drive our charity fundraising which comes from both individual fundraising efforts and the Group’s charitable budget.

In New York, our colleagues have volunteered at The Bowery Mission, a rescue mission which supports homeless New Yorkers. The US team has also assembled backpacks for The Children’s Village, which assists vulnerable children across the world, and participated in City Harvest’s ‘Skip Lunch Fight Hunger’ fundraising drive. In Asia, employees from our Hong Kong office used their volunteer days to help Hong Kong Cleanup, collecting rubbish from Big Wave Bay Beach following a typhoon. The environment@Euromoney team in London used their volunteer days helping on a wood clearance project. In addition, our Capacity Media team organised a charity run at ITW supporting Telecoms Sans Frontieres. Overall, through a combination of Group donations and staff fundraising, approximately £0.3m has been raised for charitable causes, including significant donations or pledges to Haller, Afghan Connection, Haven House, AbleChildAfrica and Orbis.

2019

We said last year, and it continues to be largely true, that Euromoney is well known as a place where entrepreneurs do well. We also said that in the past this might have meant we have overlooked people with different skills and motivations as well as some of the benefits of being a large group. Our aim is to create an environment where we have the best of both these models. We are proud of how our staff are now taking the lead to ensure that Euromoney really can be a place where staff experience, and benefit from, our best-of-both-worlds operating model.

This will enable us to attract and retain the right talent, which in turn has benefits for our other stakeholders – our customers, our shareholders and the communities in which we operate.



If we can attract and retain the right talent, this will benefit our customers, shareholders and the communities in which we operate.

Andrew Rashbass
Chief Executive Officer

Operating and financial review

2018 was a successful year for Euromoney



Underlying revenue grew 3%, driven by a strong performance in our Pricing, Data & Market Intelligence segment.

Wendy Pallot
Chief Financial Officer



Revenue

Underlying revenue grew 3%, driven by a strong performance in our Pricing, Data & Market Intelligence segment as we continue to evolve towards a 3.0 business model. Total revenue for the year decreased by 3% to £414.1m, largely because of the disposal of GMID in April 2018 and stronger sterling compared to the US dollar. Statutory revenue increased by 1% to £390.3m.

The Group's businesses focused on price discovery, data and market intelligence, performed strongly, with underlying operating profit growing 18%. Subscription revenues increased by an underlying 12%, mainly due to an excellent performance from Fastmarkets, our price reporting agency. In August 2018, we acquired Random Lengths for \$18.8m, a wood-pricing provider and leading news source for the North American lumber industry, filling a gap in the Group's forest products price-reporting coverage.

Structural and cyclical industry issues facing investment research continued to affect our Asset Management segment. This led to a decline in revenues and profits in the segment. The performance of Institutional Investor where revenues are sourced from asset-management marketing rather than research budgets, improved during the year. We have conducted a strategic review to help our investment research businesses (BCA and NDR) adapt to this challenging business environment. This review has delivered significant cost savings of around £7m across the investment research businesses, which have been partly reinvested in sales and marketing, digital technology and product development. The outlook for our investment research businesses continues to be challenging, but our strategic review should mitigate some of the revenue downsides in 2019. We transitioned Institutional Investor magazine to digital-only during 2018. Institutional Investor is now largely a membership, events and research business, with publishing making up just 9% of its revenue.

The Commodity Events and Banking & Finance segments, which together accounted for 22% of total revenue, returned to growth following the strategic measures taken during 2017, which focused events revenues on large core events and eliminated low-margin events and training courses. In October 2018, we sold Mining Indaba as it did not align with our strategy. Following this disposal, the Commodity Events segment will be removed for reporting purposes, with the remaining commodity events being moved into the Pricing, Data & Market Intelligence segment, reflecting how they will be managed in future.

In line with disclosure in 2017, GMID which was sold in April 2018, has met the recognition criteria of discontinued operations and therefore has been presented as such in the Group's Financial Statements. As the division was managed as part of the Group up until disposal in April, its results have been included in the Group's review of its adjusted performance until disposal.

Total and adjusted measures combine the results from the Group's continuing and discontinued operations. The underlying results only include results pertaining to continuing operations. Detailed reconciliations of the Group's statutory, adjusted and underlying results are set out on pages 27 to 29.

Revenue (£m) ¹	Subscriptions/ Content		Advertising		Events		Other		Total	
Asset Management	119.7	(5%)	11.9	(7%)	19.4	6%	–	(62%)	151.0	(4%)
Pricing, Data & Market Intelligence	90.6	12%	16.9	–	36.7	6%	0.5	(43%)	144.7	9%
Banking & Finance	8.6	2%	8.7	(9%)	52.3	8%	1.1	8%	70.7	5%
Commodity Events	–	–	–	–	20.6	9%	0.2	(40%)	20.8	9%
	218.9	2%	37.5	(5%)	129.0	7%	1.8	–	387.2	–
Foreign exchange gains on forward contracts									1.2	–
Underlying revenue									388.4	3%
Sold/closed businesses ²									25.7	–
Total revenue									414.1	(3%)

1 Percentages are underlying growth rates compared to last year. Underlying measures as defined on page 29

2 Sold/closed businesses include continued and discontinued operations

Underlying subscription revenues, which make up 56% of Group underlying revenue, increased by 2%, with strong growth in Pricing, Data & Market Intelligence more than offsetting the reduction in the Asset Management segment. Although underlying advertising revenues declined by 5%, the rate slowed from 2017 (a reduction of 8%), reflecting success in the investment in thought-leadership products and in directories. Advertising revenue now represents only 9% of total revenue. Underlying event revenues increased 7%, with the Banking & Finance and Commodity Events segments the most significant growth areas, but with all segments performing well. The strategic focus to build large, repeat, high-margin events is delivering strong results. Mining Indaba performed well during the year, with underlying revenue growth of 18%.

Profit

The adjusted operating profit margin increased by two percentage points to 27%, largely due to our choices on allocation of capital, our focus on driving out costs and improving sales mix. 2018 saw significant investment in the Pricing, Data & Market Intelligence segment and the integration of RISI. The drag from our accelerated investment in central functions following the DMGT sell down in 2017 slowed in the second half of 2018, with that team now largely complete. Adjusted operating profit increased by 3% to £110.7m.

Adjusted profit before tax increased by 3% to £109.2m. Adjusted diluted earnings per share increased by 6% to 81.3p (2017: 76.4p), largely reflecting the combined benefit of the improvement in earnings and the reduced number of shares in issue following the share buyback. Underlying adjusted profit before tax grew by 8% reflecting operational gearing and cost control.

The statutory profit before tax of £161.2m is higher than the adjusted profit before tax due to exceptional items of £81.4m, offset by acquired intangible amortisation of £22.7m and a £6.6m contribution from discontinued operations. Statutory profit before tax increased from £40.7m to £161.2m resulting in an improvement in the operating margin from 11% to 41%.

Exceptional items

	2018 £m	2017 £m
Profit on disposal	86.8	2.9
Impairment charges	(3.0)	(29.7)
Release of overseas sales tax provision	–	3.9
Restructuring and other exceptional costs	(2.4)	(8.4)
Continuing operations	81.4	(31.3)
Discontinued operations	90.3	(2.4)
Total	171.7	(33.7)

The Group recognised a £3.0m impairment charge in relation to one of its recent acquisitions, Layer123, following its disappointing financial performance post acquisition.

During the year, in addition to the disposal of GMID, the Group sold Adhesion, World Bulk Wine and II Journals resulting in a net profit of £15.1m (note 15). The disposal of the Group's stake in Dealogic resulted in a gain of £71.7m.

Restructuring and other exceptional items consist of severance costs, product closures, professional fees and other costs arising from the strategic review of the Investment Research business. Normal restructuring costs amounting to £0.7m are included in operating profit. Restructuring and other exceptional items also include deferred compensation costs for the acquisition of TowerXchange, Random Lengths and Layer123 and costs for the acquisition of Random Lengths partly offset by the favourable settlement of the legal dispute with the previous owners of Centre for Investor Education (CIE). Acquisition costs for smaller transactions have not been treated as exceptional consistent with the Group's policy.

The exceptional items of £90.3m relating to discontinued operations all relate to the disposal of GMID. More detail is included in note 15.

Balance sheet

The main movements in the balance sheet were as follows:

	2018 £m	2017 £m	Change £m
Goodwill and other intangible assets	588.2	594.0	(5.8)
Property, plant and equipment	16.1	17.2	(1.1)
Investments	4.3	30.4	(26.1)
Acquisition commitments and deferred consideration	0.5	(11.5)	12.0
Deferred income	(120.4)	(117.0)	(3.4)
Other non-current assets and liabilities	(32.2)	(31.1)	(1.1)
Other current assets and liabilities	(41.2)	(30.6)	(10.6)
Net assets before net cash/(debt)	415.3	451.4	(36.1)
Net cash/(debt)	78.3	(164.5)	242.8
Net cash classified as held for sale	–	9.9	(9.9)
Total net cash/(debt)	78.3	(154.6)	232.9
Net assets	493.6	296.8	196.8

Operating and financial review

continued

- **Goodwill and other intangible assets** – the movement reflects amortisation charge of £25.6m, reclassification of £12.8m to assets held for sale and impairment of £3.0m for Layer123, partially offset by favourable exchange movement of £11.5m from the predominantly US dollar denominated balance and additions of £21.5m following the acquisitions of Xtel, TowerXchange and Random Lengths.
- **Investments** – the movement is predominantly due to the disposal of Dealogic of £26.2m.
- **Acquisition commitments and deferred consideration** – primarily reflects the exercise of the NDR and Layer123 put options.
- **Deferred income** – excluding exchange differences, acquisitions and disposals, deferred income increased £0.5m mainly due to underlying subscriptions revenue growth.
- **Other non-current assets and liabilities** – mainly reflects an increase in deferred tax liabilities of £5.1m due to the utilisation of tax losses and other tax attributes, partially offset by the revaluation of deferred tax following the reduction in the US federal tax rate from 35% to 21%. In addition, the net retirement benefit liability decreased by £7.0m due to changes in the financial and demographic assumptions.
- **Other current assets and liabilities** – the movement is due to an increase in the net income tax liability of £16.2m resulting from the increase in an uncertain tax position relating to a HMRC enquiry and Canadian withholding tax due to an intercompany dividend partially offset by other working capital movements.

Net cash/(debt)

The main movements in the cash flow were as follows:

	2018 £m	2017 £m	Change £m
Cash generated from operations	108.6	118.2	(9.6)
Capex and other movements	(5.0)	(17.4)	12.4
Taxation	(38.9)	(21.8)	(17.1)
Free cash flow	64.7	79.0	(14.3)
Dividends paid	(34.8)	(30.8)	(4.0)
Net M&A	195.7	(102.2)	297.9
Share buyback	–	(193.5)	193.5
	225.6	(247.5)	473.1
Opening net (debt)/cash	(154.6)	83.8	(238.4)
Effect of foreign exchange rate and other non cash movements	7.3	9.1	(1.8)
Closing net cash/(debt)	78.3	(154.6)	232.9

Net cash at 30 September 2018 was £78.3m compared with net debt of £37.0m at 31 March 2018 and net debt of £154.6m at 30 September 2017. The move to a net cash position follows receipt of net proceeds of £226.5m from disposals including Dealogic and GMID, as well as strong underlying operating cash flows of £113.3m. The increase in cash was partly offset by dividend payments of £34.8m and payments for acquisitions and increased subsidiary holdings of £30.8m.

Following the share buyback in January 2017, the Group arranged five-year external borrowing facilities comprising term-loans of \$100m and £40m (total £114.6m) and a £130m multi-currency revolving credit facility. There is a further uncommitted accordion facility of £130m should the Group wish to request it. Following large disposals and continued strong operating cash flows, in May 2018 the Group repaid its \$100m and £40m term loans and increased the size of its revolving credit facility to £240m. Cash used in financing activities was £213.7m (2017: cash

generated £21.7m), principally from the repayment of borrowings of £167.7m and the purchase of additional interest in subsidiary undertakings of £10.1m. Drawings under the revolving credit facility bear interest charged at LIBOR plus a margin, the applicable margin being based on the Group's ratio of adjusted net debt to EBITDA. At 30 September 2018, the Group's ratio of adjusted net cash to EBITDA was (0.69) times and the committed undrawn facility available to the Group was £240m. The reconciliation to statutory cash flow is included in note 19.

The Group's underlying operating cash conversion for the 12 months to September 2018 was 102% (2017: 118%). The 2018 cash conversion included one-off improvements in working capital performance.

Currency

The Group generates approximately two-thirds of its revenues, including approximately 40% of its UK revenues and approximately two-thirds of operating profits in US dollars. The exposure to US dollar revenues in our UK businesses is partially hedged using forward contracts to sell US dollars, which delays the impact of movements in exchange rates for at least a year. The Group however, does not hedge the foreign exchange risk on the translation of overseas profits.

The average sterling-US dollar rate for the year to 30 September 2018 was \$1.35 (2017: \$1.27). This had a negative impact on headline revenue growth rates for the year by approximately two percentage points though benefited adjusted profit before tax by £1.5m. Each one cent movement in the US dollar rate has an impact on profits, on translated profits, net of UK revenue hedging, of approximately £0.7m on an annualised basis. The Group also translates its non-sterling denominated balance sheet items resulting in a loss in 2018 of £1.5m (2017: £0.4m).

Dividends

The Group has a progressive dividend policy targeting a dividend pay-out ratio of 40% of adjusted diluted earnings per share. The Directors are recommending a final dividend of 22.3 pence per share, which is subject to shareholder approval at our AGM on 1 February 2019 and will be paid on 14 February 2019 to shareholders on the register at the close of business on 30 November 2018. Together with the interim dividend, this makes a total dividend for the year ended 30 September 2018 of 32.5 pence per share, a 6% increase on the 30.6 pence dividend for the year ended 30 September 2017.

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.

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. 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. The Group does not hedge the foreign exchange risk on the translation of overseas profits.

The Group's revolving credit facility allows for drawing in multiple currencies with the related interest tied to LIBOR. It is the Group's policy to hedge up to 80% of its term loan interest exposure, converting its floating rate debt into fixed debt by means of interest rate swaps. The predictability of interest costs is deemed to be more important than the possible opportunity cost foregone of achieving lower interest rates. At 30 September 2018, the Group's revolving credit facility remained undrawn and subsequently there were no interest rate hedges in place.

Details of the financial instruments used are set out in note 19 to the Group's Financial Statements.

Tax

The adjusted effective tax rate is 20% (2017: 19%) which is based on adjusted profit before tax and excludes deferred tax movements on intangible assets, tax on exceptional items, prior year items and other tax adjusting items as described further below. The tax rate in each year depends mainly on the geographic mix of profits and applicable tax rates. US tax reform did not have a material impact on the adjusted effective tax rate for 2018.

The Group's statutory effective tax rate increased to 32% compared to 8% in 2017. The increase in rate is driven by the tax on disposal of shares in GMID and non-recoverable foreign withholding tax on the payment of a \$380m intercompany dividend from our Canadian subsidiary to the UK in the year.

Significant reconciling items between the adjusted and statutory tax expense include: a tax charge of £16.8m that arises from the disposal of GMID and Dealogic, non-recoverable withholding tax of £14.6m that arises from the \$380m intercompany dividend and the impact of US tax reform including a deferred tax credit of £4.7m arising from the revaluation of the Group's US net deferred tax liabilities and a one-time deemed repatriation tax charge of £3.2m. Prior year items primarily reflect an increase in a provision for an uncertain tax position in relation to a HMRC enquiry. These items are excluded from adjusted tax as they are significant and not in the ordinary course of business. Full details are included in note 8.

Following a review of the impact of US tax reform on the Group's debt profile, certain financing arrangements have partially been unwound during the year (and will be fully unwound by the end of the next financial year) and the dividend was paid from Canada. The result is that the adjusted effective tax rate is now expected to remain at 20% in 2019 rather than 23% as previously advised.

The net deferred tax liability held is £27.2m (2017: £21.9m) and relates primarily to capitalised intangible assets and tax deductible goodwill, net of short-term temporary differences and tax losses. The increase in the net deferred tax liability relates to utilisation of tax losses and other tax attributes, partially offset by revaluation of deferred tax assets and liabilities following the reduction in the US federal tax rate from 35% to 21%.

The Group continues to have a number of uncertain tax positions, primarily the Canadian and UK exposures which have been highlighted in previous periods for which the maximum exposures are explained in note 2.

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 2018, the Directors have focused on hiring new heads only where it was considered essential or for investment purposes. Headcount has fallen by 573 since September 2017 to 1,655 mainly attributable to the disposals of GMID, World Bulk Wine, Adhesion and II Journals and measures undertaken in the Asset Management segment following the structural review offset by the acquisitions of TowerXchange, Extel and Random Lengths.

Adjusted measures

The Directors believe that the adjusted measures provide additional useful information for shareholders to evaluate and compare the performance of the business from period to period. These measures are used by management for budgeting, planning and monthly reporting purposes and are the basis on which executive management is incentivised. The non-IFRS measures also enable the Group to track more easily and consistently the underlying operational performance by separating out the following types of exceptional income, charges and non-cash items.

Total revenue represents the combined reported revenue from continuing and discontinued operations.

Adjusted results include continuing and discontinued operations. The discontinued operations for the GMID have been included in the adjusted results as it was owned and managed as part of the Group for the period to 30 April 2018.

Adjusted figures are presented before the impact of amortisation of acquired intangible assets (comprising trademarks and brands, databases and customer relationships); exceptional items, share of associates' and joint ventures' acquired intangibles amortisation and exceptional items; net movements in deferred consideration and acquisition commitments; related tax items and other adjusting items described below.

The amortisation of acquired intangible assets is adjusted as the premium paid relative to the net assets on the balance sheet of the acquired business is classified as either goodwill or as an intangible asset arising on a business combination and is recognised on the Group's balance sheet. This differs to organically developed businesses where assets such as employee talent and customer relationships are not recognised on the balance sheet. Impairment and amortisation of intangible assets and goodwill arising on acquisitions are excluded from adjusted results as they are balance sheet items that relate to historical M&A activity rather than the trading performance of the business.

Exceptional items are items of income or expense considered by the Directors as being significant, non-recurring and not attributable to underlying trading. It is Group policy to treat, as exceptional, significant earn-out payments required by IFRS to be recognised as a compensation cost. IFRS requires that earn-out payments to selling shareholders retained in the acquired business for a contractual time period are treated as a compensation cost. Given that these payments are in substance part of the cost of an investment and will not recur once the earn-out payments have been made, they have been excluded from adjusted profit.

In 2018, adjusted finance costs exclude a net gain realised on the close-out of interest rate swaps of £1.2m following the repayment of the Group's term-loan. The net gain has been excluded from adjusted finance costs as it would not have crystallised had the disposal of GMID not completed. In addition, interest of £0.6m on the £7.9m increase in uncertain tax provisions described on page 28 has also been excluded from adjusted finance costs.

Adjusted share of results in associates and joint ventures excludes the share of exceptional items that relates to restructuring and earn-out costs in Dealogic, which was sold in December 2017.

In respect of earnings, adjusted amounts reflect a tax rate that includes the current tax effect of goodwill and intangible assets. Many of the Group's acquisitions, particularly in the US, give rise to significant tax savings as the amortisation of goodwill and intangible assets on acquisition is deductible for tax purposes. The Group considers that the resulting adjusted effective tax rate is therefore more representative of its tax payable position. Since 30 September 2017, there have been changes to US tax rules

Operating and financial review

continued

as a result of US Tax Reform. The federal tax rate has reduced to 21% from 35% from 1 January 2018 and the US group has a blended federal tax rate for the year of 24.5%. As a consequence of this change, the revaluation of the Group's net US deferred tax liabilities has resulted in a one-off deferred tax credit of £4.7m that is excluded from adjusted tax. In addition, there is a one-time deemed repatriation tax charge of £3.2m arising from US tax reform. As a result of the change in attribution rules that dictate which entities are treated as a controlled foreign corporation (CFC) for US income tax purposes, the disposal of shares in Dealogic and GMID crystallised a gain that is subject to US tax. The tax charge on these exceptional gains is £16.8m. Following the disposal of GMID and other restructuring that took place during the year, a dividend payment of \$380m was made in September 2018 from BCA Research Inc. to Euromoney Canada Limited, a UK group entity. Canadian withholding tax of £14.6m arose on the

dividend payment and was paid in full to the Canadian Revenue Agency in October 2018. Prior year items primarily reflect a further provision of £7.9m made in respect of uncertain tax positions in relation to a HMRC enquiry. These items are excluded from adjusted tax as they are significant and not in the ordinary course of business.

Further analysis of the adjusting items is presented in notes 3, 5, 7, 8, 12 and 14 to the Group Financial Statements.

The Group has consistently applied these principles in calculating adjusted measures, as it has reported on its financial performance in the past and it is the Group's intention to continue to consistently apply these principles in the future.

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 to provide useful and comparable information about the Group's adjusted trading performance.

	Notes	2018				2017			
		Statutory £000	Discontinued operations £000	Adjustments £000	Adjusted £000	Statutory £000	Discontinued operations £000	Adjustments £000	Adjusted £000
Revenue	3	390,279	23,815	–	414,094	386,923	41,490	–	428,413
Adjusted operating profit	3	103,198	7,510	–	110,708	95,253	11,886	–	107,139
Acquired intangible amortisation	12	(22,739)	–	22,739	–	(20,566)	(249)	20,815	–
Exceptional items	5	81,396	(969)	(80,427)	–	(31,253)	(2,437)	33,690	–
Operating profit		161,855	6,541	(57,688)	110,708	43,434	9,200	54,505	107,139
Operating profit margin		41%	27%	–	27%	11%	22%	–	25%
Share of results in associates and joint ventures	14	157	–	953	1,110	(1,890)	–	5,183	3,293
Finance income	7	5,248	43	(4,468)	823	3,290	107	(3,147)	250
Finance expense	7	(6,034)	(11)	2,583	(3,462)	(4,146)	(74)	–	(4,220)
Net finance (costs)/income	7	(786)	32	(1,885)	(2,639)	(856)	33	(3,147)	(3,970)
Profit before tax		161,226	6,573	(58,620)	109,179	40,688	9,233	56,541	106,462
Tax expense on profit	8	(51,360)	200	29,550	(21,610)	(3,390)	(3,344)	(13,111)	(19,845)
Profit for the year		109,866	6,773	(29,070)	87,569	37,298	5,889	43,430	86,617
Profit for the year from discontinued operations	11	91,342	(6,773)	(84,569)	–	5,889	(5,889)	–	–
Profit for the year		201,208	–	(113,639)	87,569	43,187	–	43,430	86,617
Attributable to:									
Equity holders of the parent		201,069	–	(113,639)	87,430	42,718	–	43,430	86,148
Equity non-controlling interests		139	–	–	139	469	–	–	469
		201,208	–	(113,639)	87,569	43,187	–	43,430	86,617
Diluted earnings per share	10	186.96p			81.30p	37.91p			76.44p

Underlying measures

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

When calculating underlying growth, adjustments are made to give a like-for-like comparison. For example, the adjusted results in 2018 were adversely impacted by the weakening of the US dollar relative to sterling. To calculate underlying growth, the prior year comparatives are restated using 2018 exchange rates. Similarly, adjustments are made to exclude disposals from both years. In 2018, discontinued operations have been treated the same as a disposal, as the sale of GMID completed during the current financial year. This is a change from the treatment in 2017 where

GMID was included in the underlying results. When businesses are acquired, the prior year comparatives are adjusted to include the acquisition. The timing of events can also be a distortion. To give a fair like-for-like comparison when calculating underlying growth, significant event timing differences are excluded from the year in which they were held. There were no significant event timing differences in the current or prior periods.

The Group's adjusted and underlying measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS. The adjusted and underlying measures used by the Group are not necessarily comparable with those used by other companies.

The following table sets out the reconciliation from statutory to underlying for revenues and profit before tax:

	2018 £000	2017 £000	Change %
Statutory revenue	390,279	386,923	1%
Discontinued operations	23,815	41,490	
Total revenue	414,094	428,413	(3%)
Discontinued operations	(23,815)	(41,490)	
M&A	(1,835)	(577)	
Timing differences	–	(502)	
Foreign exchange	–	(7,462)	
Underlying revenue	388,444	378,382	3%
Statutory profit before tax	161,226	40,688	296%
Adjustments	(58,620)	56,541	
Discontinued operations	6,573	9,233	
Adjusted profit before tax	109,179	106,462	3%
Discontinued operations	(7,542)	(1,919)	
M&A	(1,005)	(2,359)	
Foreign exchange	–	597	
Underlying profit before tax	100,632	92,781	8%

Cash conversion

Cash conversion measures the percentage by which cash generated from operations covers adjusted operating profit.

	2018 £000	2017 £000
Adjusted operating profit	110,708	107,139
Cash generated from operations	108,560	118,201
Exceptional items	5,580	12,375
Other working capital movements	(868)	(4,551)
Underlying cash generated from operations	113,272	126,025
Adjusted cash conversion %	98%	110%
Underlying cash conversion %	102%	118%

The underlying basis is after adjusting for significant timing differences affecting the movement on working capital and exceptional items. For the year ended 30 September 2018, exceptional items mainly consist of restructuring payments and cash payments for the legal and professional fees in relation to acquisitions and disposals, net of the favourable settlement of a legal dispute. For the year ended 30 September 2017, exceptional items largely consist of cash payments for restructuring costs, legal and professional fees and share buyback costs. The other working capital movements in 2018 and 2017 are mainly the result of the landlord's contribution to the fit-out of the New York office which will be amortised over the period of the lease and the rent-free period of the London and New York offices.

As cash generated from operations in the Consolidated Statement of Cash Flows includes those from discontinued operations, the statutory cash conversion rate has not been provided as it would not give a fair indication of the Group's cash conversion performance.

Operating and financial review

continued

Net cash/(debt)

	2018 £000	2017 £000
At 1 October	(154,621)	83,782
Net increase in cash and cash equivalents	57,875	4,459
Decrease/(increase) in borrowings	167,740	(178,504)
Deposit received with DMGT group company	–	(73,618)
Redemption of loan notes	–	185
Other non-cash changes	(955)	–
Effect of foreign exchange rate movements	8,234	9,075
At 30 September	78,273	(154,621)
Net cash/(debt) comprises:		
Cash at bank and short-term deposits	78,273	4,426
Classified as held for sale	–	9,846
Total cash and cash equivalents	78,273	14,272
Borrowings	–	(168,893)
Net cash/(debt)	78,273	(154,621)
Average exchange rate adjustment	(2,216)	(2,188)
Adjusted net cash/(debt)	76,057	(156,809)
Adjusted operating profit	110,708	107,139
Share of results in associates and joint ventures	1,110	3,293
Add back:		
Intangible amortisation on licences and software	2,908	3,965
Depreciation of property, plant and equipment	3,356	3,202
Share of associates' interest, depreciation and amortisation	721	4,632
M&A annualised adjustment	(8,774)	3,912
Adjusted EBITDA	110,029	126,143
Adjusted net (cash)/debt to EBITDA ratio	(0.69)	1.24

The Group's borrowing facility contains certain covenants, including adjusted net debt to EBITDA. The amounts and foreign exchange rates used in the covenant calculations are subject to adjustments as defined under the terms of the arrangement. The facility's covenant requires the Group's net debt to be no more than three times adjusted EBITDA and requires minimum levels of interest cover of three times on a rolling 12-month basis.

The bank covenant ratio uses an average exchange rate in the calculation of net debt and includes an annualised adjustment attributable to acquisitions and disposals in the calculation of adjusted EBITDA. When businesses are acquired after the beginning of the financial year, the calculation of adjusted EBITDA includes EBITDA attributable to the business as if the acquisition had been completed on the first day of the financial year. The calculation excludes the EBITDA of any businesses disposed of during the year. The full reconciliation to statutory cash flow is included in note 19.

Risk management

We continue to place an emphasis on the management and reporting of risk. We will review our risk management framework in 2019

The principal risks and uncertainties the Group faces vary across its different businesses. Management of significant risk is the responsibility of the Board and during the year was overseen by the Risk Committee. For the year ahead, the Risk Committee will continue to operate as a management committee, reporting into our reconstituted Audit and Risk Committee which will result in management providing the Board with a more regular and detailed review of the management of the Group's principal risks. In tandem with this, the Group plans to review the controls in place across the business and update its risk management framework.

The Group's risk register identifies the principal risks facing the business. The register is put together following a Group-wide assessment of risks reported in its business risk registers (bottom-up approach). The risk register of each business considers the likelihood of a risk occurring and both the monetary and reputational impact of the risk crystallising. The risk assessment process also considers the view of the principal risk owners and appetite for the respective risk (top-down approach).

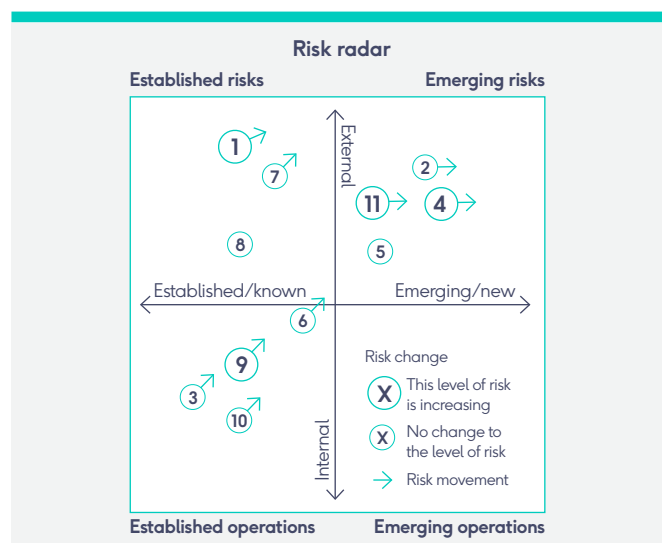
Like most UK public companies, as at the date of this report the increasing likelihood of the UK leaving the European Union without an agreement in place (a so-called hard Brexit) is a fast-approaching risk which is reflected in the identification of a new standalone EU exit-related principal risk. This was previously addressed as part of the Group's market downturn (cyclical) risk.

The structural shifts being seen in the asset management sector, one of the Group's four segments, continue to pose the most significant operational risk and the most challenging risk to manage.

The Risk Committee has completed a robust and detailed assessment of both the risk management processes and the risk register and has considered the impact of significant risks on the Group including our principal risks. Further details of the risk management processes, the governance structure for risk and the Risk Committee can be found in the Governance section.

We use a number of tools to analyse risks and facilitate discussions at the Board, Group Management Board and Risk Committee. In the coming year this will also involve the newly reconstituted Audit and Risk Committee.

The following risk matrix shows the relative likelihood of the principal risks crystallising and their potential impact on the Group. The risks are shown as post-mitigation, residual risks. We also consider the extent to which each risk arises from external or internal factors, and whether each risk is established and understood or is an emerging risk and therefore less well understood. The risk radar maps the principal risks using these criteria, with increasing risk indicated by the larger circles. The arrows indicate the change in level of perceived risk compared to last year.











The Group registers its risks based on a residual risk rating after taking account of mitigating controls.

- | | |
|---|---|
| 1 Downturn in key geographic region or market sector (cyclical downturn) | 6 Disruption to operations from a business continuity failure |
| 2 Product and market transformation/disruption (structural change) | 7 Catastrophic or high impact incident affecting key events or wider business |
| 3 Exposure to US dollar exchange rate | 8 Acquisition or disposal fails to generate expected returns |
| 4 Information security breach resulting in challenge to data integrity | 9 Uncertain tax liabilities |
| 5 Reputational damage from a legal, regulatory or behavioural issue arising from operational activities | 10 Failure to implement the strategy effectively due to a loss of key staff |
| | 11 Impact on people and operations of the UK exiting the EU |

Risk management continued

The Group's principal risks and uncertainties are summarised below

Key factors	Mitigation	Risk appetite	Link to strategic pillars
Downturn in key geographic region or market sector (cyclical downturn)			
<ul style="list-style-type: none"> Concentration of customers in financial services sector makes this exposure acute Global economic and geopolitical risk has further increased this year driven by continuing uncertainty in the UK and Europe over the UK's EU exit and the increasingly protectionist trade policies of the US and China Headwinds in the asset management market including the shift towards passive portfolio management, new technologies and the impact of MiFID II continue to affect clients in the sector <p>Board's view There are limited options to mitigate impact of a significant cyclical downturn in the short and medium term. The residual risk will remain high.</p> <p>The Board also wishes to continue to serve the Asset Management segment because it considers it to be sufficiently attractive over the medium term.</p>	<ul style="list-style-type: none"> The Group actively manages cyclical risk through its strategic framework The Group continues to carry out comprehensive risk reviews of its asset management businesses resulting in detailed mitigation plans for each business and continuous tracking of effective risk management A significant restructuring exercise has been carried out to 'right-size' our BCA and NDR businesses and ensure focus on core products The Group operates in many geographical markets Some diversification in sector mix Ability to cut some costs temporarily and quickly 	<p>Risk tolerant Prior years (relative position) 2017: Risk tolerant 2016: Risk tolerant 2015: Risk tolerant</p> <p>Post-mitigation risk trend Increasing</p> <p>Description of risk change Global economic and geopolitical uncertainty is increasing following the US election, US and Chinese protectionism, limited progress of the UK's EU exit negotiations and disruption in a sector with concentrated Group revenues</p>	 
Product and market transformation/disruption (structural change)			
<ul style="list-style-type: none"> Competition from existing competitors, new disruptive players and new entrants New technologies change how customers access and use our products Changing demographics can affect customer needs and opportunities Structural pressure on customer business models will affect demand for the Group's products and services, particularly in financial services Regulations such as MiFID II creating both challenges and opportunities in asset management sector Free content available via the internet increases the threat to paid subscription model Lower barriers to entry for new entrants Not acquiring the types of assets that the Group's strategy requires <p>Board's view Controls are in place but exposure to this risk will remain moderate.</p>	<ul style="list-style-type: none"> Strategy designed to appraise and evaluate structural risks and respond to them, taking advantage of opportunities where identified Regular CEO-led reviews across all divisions Entrepreneurial approach Effective management reporting with regular forecast reviews Portfolio spreads risk to some degree Portfolio management allows the Group to sell structurally challenged businesses and to buy structurally strong ones Cyclical review of divisional activities by the Risk Committee 	<p>Risk tolerant Prior years (relative position) 2017: Risk tolerant 2016: Risk tolerant 2015: Risk tolerant</p> <p>Post-mitigation risk trend Unchanged</p> <p>Description of risk change As an entrepreneurial business, the Group is experienced at managing this risk</p>	  

Key factors	Mitigation	Risk appetite	Link to strategic pillars
Exposure to US dollar exchange rate			
<ul style="list-style-type: none"> Approximately two-thirds of revenues and profits are generated in US dollars, including approximately 40% of the revenues in the UK-based businesses. This gives significant exposure to movements in the US dollar for both UK revenues and the translation of results of foreign subsidiaries A significant strengthening of sterling against the US dollar could reduce profits and dividends The Group also undertakes transactions in many other currencies, although none currently provides a significant risk to the results The UK's exit from the EU may result in significant currency fluctuations depending on the terms of the exit 	<ul style="list-style-type: none"> US dollar forward contracts are used to hedge 80% of UK based US dollar revenues for the coming 12 months and 50% of these revenues for a further six months Exposure from the translation of US dollar-denominated earnings is not directly hedged but is partially offset by US dollar costs and the use of US dollar-denominated debt when debt is required Sensitivity analysis is performed regularly to assess the impact of currency risk and is reviewed by the Tax and Treasury Committee Given heightened volatility, the Group hedging strategy is under frequent review and includes regular impact analysis of various exchange rate scenarios together with internal risk mitigations such as natural hedging of non-sterling earnings 	<p>Risk tolerant</p> <p>Prior years (relative position)</p> <p>2017: Risk tolerant</p> <p>2016: Risk tolerant</p> <p>2015: Risk tolerant</p> <p>Post-mitigation risk trend</p> <p>Unchanged</p> <p>Description of risk change</p> <p>The Group is experienced at managing risks related to its exposure to the US dollar and this risk remains unchanged</p>	  
<p>Board's view</p> <p>Although the Group considers this risk unchanged, the increased volatility and uncertainty of sterling against the US dollar after the UK's exit from the EU is expected to continue for some time.</p>			

Risk management continued

[Link to strategic pillars](#)

Key factors

Mitigation

Risk appetite

Information security breach resulting in challenge to data integrity

- Integrity of data products is fundamental to the success of the business
- The Group relies on large quantities of data including customer, employee and commercial data
- Increasing number of cyber-attacks affecting organisations globally
- The Group has many websites and is reliant on distributed technology, increasing exposure to threats
- A successful cyber-attack could cause considerable disruption to business operations, lost revenue, regulatory fines and reputational damage
- The EU General Data Protection Regulation increases regulatory scrutiny and potential penalties
- Technological innovations in mobile working, cloud-based technologies and social media introduce new information security risks
- Threats such as ransomware and cryptomining require the Group to adapt to a continually shifting landscape
- Phishing remains one of the most serious threats to network security

Board's view

The use of technology creates this inherent risk. The Group strives to balance the need to innovate through the use of technology while responsibly managing risk, including through the use of third party expertise. Controls to prevent an information security breach or cyber-attack are reviewed regularly and, where required, enhanced. However, the rising number of cyber-attacks affecting organisations globally, the Group's greater dependency on technology and the growing threat from cyber-crime are increasing this risk.

- Governance provided by Risk Committee and Information Security Steering Group
- Approved information security standards and policies which are reviewed on a regular basis
- Continuing education and awareness programmes for all staff
- Active information security programme (including access management and cyber-resilience planning) to align all parts of the Group with its information security standards
- Crisis management and business continuity frameworks cover all businesses including disaster recovery planning for IT systems
- Multi-layered defence strategy
- New, more robust IT security due diligence framework for acquisitions
- Access to key systems and data is restricted, monitored and logged with auditable data trails in place
- Comprehensive backups for IT infrastructure, systems and business data
- Increase in number of dedicated IT security roles in Central Technology
- Professional indemnity insurance provides cover for cyber risks including cyber-attack and data breach incidents
- Information security is reviewed as part of our internal audit process
- Regular information security training for employees, contractors and freelancers
- Incident response playbook

Risk averse
Prior years (relative position)

2017: Risk averse
2016: Risk averse
2015: Risk averse



Post-mitigation risk trend

Increasing



Description of risk change

Most industry information security analysts agree that this risk is increasing and warn that companies will continue to face more regular and sophisticated cyber-attacks

Key factors

Mitigation

Risk appetite

Link to strategic pillars

Reputational damage from a legal, regulatory or behavioural issue arising from operational activities

- The Group operates in many jurisdictions and must be compliant with all applicable laws and regulations
- The Group's businesses publish, market and license increasingly complex content and data which in some cases is data on which its customers may choose to rely when executing transactions
- Success of the Group is dependent on client confidence in integrity of products and brands
- Claimants can forum shop when determining where to litigate or threaten legal proceedings
- Compliance risk is increasing for information providers as price, benchmark and index reporting activities are coming under scrutiny of different regulators and specifically into scope of new regulations being introduced as a result of the financial crisis of 2008 and LIBOR scandal
- Risk or reputational damage can arise from errors in underlying data or content, failures of data integrity, failure to educate customers on appropriate usage of data, inappropriate reliance on third party data or content to create proprietary content or errors in content creation, or a failure to comply with applicable law or regulation
- Processes and methodologies for assessing commodity prices and calculating benchmarks and indices are clearly defined and documented
- Compliance staff appointed in key positions
- Compliance with International Organization of Securities Commissions (IOSCO) standards achieved for relevant pricing products
- Code of conduct and other key policies in place for price assessment, benchmark and index reporting activities
- Refreshed anti-bribery and corruption training and awareness programme rolled out globally in 2018
- A review and update of the Group's trade sanctions controls and policy was completed in 2018
- Review of processes for operation of events and awards undertaken in 2018
- Specialist training in publishing law issues provided to relevant staff
- Company-wide speak-up policy in place
- Comprehensive legal disclaimers in place
- Professional indemnity insurance

Risk averse
Prior years
(relative position)

2017: Risk averse
2016: Risk averse
2015: Risk averse

Post-mitigation risk trend

Unchanged



Description of risk change

Information providers face increased compliance risks as a result of the complexity of data they publish which customers may rely on for certain business decisions

Board's view

We have a zero-tolerance approach to certain legal and regulatory risks such as bribery. At the same time, the publication of data and content in digital businesses inevitably exposes the Group to global legal and regulatory risk. The manner in which we conduct our businesses can also result in risk if policies are not complied with. Our divisions have access to the Group's central functions such as legal, risk and internal audit, which provide more specialist resource to raise awareness of, manage and mitigate risk. Legal and regulatory compliance risk for the Group is unchanged.



Risk management continued

[Link to strategic pillars](#)

Key factors

Mitigation

Risk appetite

Disruption to operations from a business continuity failure

- Significant reliance on third-party technology including hosting services
- Many products are dependent on specialist, technical and editorial expertise
- A significant incident affecting one or more of the Group's key offices (London, New York, Montreal or Hong Kong) could lead to disruption to Group operations and reputational damage
- Potential impact of the UK's exit from the EU without a deal in place could cause disruption to global business travel. This could affect both our employees' and customers' ability to travel
- Information security breach impacting wider business operations

- Crisis management and business continuity framework covers all businesses including disaster recovery planning for IT systems
- Crisis management exercise programme for the senior management team
- Group-wide IT disaster recovery testing conducted every six months and business continuity testing conducted every 12 months
- Clear responsibilities for business continuity planning established across divisions
- Substantial central and business group investment in cloud-based platforms and software
- Risk assessments for new suppliers and technologies consider operational and financial resilience
- Disposal of a number of businesses this year has reduced the number of office locations globally
- Migration of the Group's websites to cloud hosting solution

Risk averse
Prior years (relative position)

2017: Risk averse
2016: Risk averse
2015: Risk averse

Post-mitigation risk trend

Unchanged



Description of risk change

The Group recognises that business continuity events will arise from time to time and remains committed to active management of this risk

Board's view

Business disruption is an unavoidable risk but can be mitigated if business continuity plans are well developed and managed. In spite of challenges such as extreme weather in Asia and the US and unplanned technology downtime, all businesses maintained operations successfully throughout the year which demonstrated that effective controls are in place. However, regular IT and business continuity planning and testing will continue to be an important control.

Catastrophic or high impact incident affecting key events or wider business

- The Group has a number of large events which are exposed to one-off risks including natural hazards and security incidents
- Risk affects customers as well as staff and revenue, and can also adversely impact brand reputation
- Prolonged interruption to business travel will harm event revenues and disrupt management and sales operations
- The Group operates in regions with higher risk of natural hazards

- A new event risk management framework is being rolled-out in 2019
- Divisional Directors with responsibility for events sit on the Risk Committee
- Crisis management and business continuity framework requires all businesses to plan for high impact events
- Specialist security and medical assistance services engaged to support all staff working away from the office
- Mandatory security and risk management training programme for event staff and business travellers
- Close co-ordination between central functions such as risk and information risk with events teams to ensure robust approach to risk management
- With sufficient notice, events can be moved to non-affected regions
- Cancellation insurance for the Group's largest events

Risk averse
Prior years (relative position)

2017: Risk averse
2016: Risk averse
2015: Risk averse

Post-mitigation risk trend

Unchanged



Description of risk change

The Group recognises that international events businesses are exposed to this risk and the introduction of its event risk management framework will enable further mitigation of this risk in 2019

Board's view

The Group continues to invest in training and resources to keep staff safe when travelling and to improve event/conference resilience.

[Link to strategic pillars](#)

Key factors

Mitigation

Risk appetite

Acquisition or disposal fails to generate expected returns

- Active portfolio management means the Group continues to make strategic acquisitions and disposals
- Significant growth has been M&A related, through both acquired profit and growth in acquired businesses
- Failure to successfully acquire either the right businesses (meaning businesses in our top-right quadrant or which can be developed and moved into our top-right quadrant), or a failure to successfully make acquisitions at all, will negatively impact our ability to deliver the Group strategy
- Increasingly high multiples and competitive auction processes for high quality assets can favour private equity buyers
- Failure to integrate as intended may mean an acquired business does not generate the expected returns
- Risk of impairment loss if an acquired business does not generate the expected returns
- Disposal risks arise from failing to identify the time at which businesses should be sold or failing to achieve optimal price
- Group strategy relies on successful recycling of capital and therefore M&A execution impacts the core strategy

Board's view

The Board's focus on M&A combined with management's experience enables the Group to remain disciplined in its approach, minimising the risk of unsuccessful execution or a failure to make the right acquisitions, or any acquisitions at all.

- M&A strategy and execution is a regular topic of Board focus
- Investment Committee established enabling quicker decision-making and detailed Board oversight of M&A transactions
- CEO and CFO closely involved in M&A execution
- Active portfolio management with a clear framework and operating in line with agreed strategy
- Development of key objective criteria against which acquisition or disposal decisions are tested
- Appropriate approvals process in place for transactions
- Investment in a larger Corporate Development team
- Emphasis on and investment in carrying out external, independent commercial due diligence at an early stage

Risk neutral Prior years (relative position)

2017: Risk neutral
2016: Risk neutral
2015: Risk neutral



Post-mitigation risk trend

Unchanged



Description of risk change

A need to execute successful M&A in a competitive market combined with robust risk management and controls means this risk is unchanged

Uncertain tax liabilities

- The Group operates within many increasingly complex tax jurisdictions
- Changes in legislation and interpretation

Board's view

Effective controls are in place but the Group cannot eliminate this risk entirely due to the complexity of the Group's structure and the number of jurisdictions in which it operates.

The Group has made appropriate provisions for historical potential liabilities in line with advice from external advisors (see note 2 on page 102 for more details).

- Audit Committee and Tax and Treasury Committee oversight
- New Global Head of Tax and Treasury recruited in 2018 to lead dedicated Tax and Treasury team
- The disposal of a number of businesses in 2018 has reduced the number of office locations globally
- Making financial provisions where appropriate
- Policy to comply with tax laws in a responsible manner
- Appropriate care taken to protect the Group's reputation and have open and constructive relationships with fiscal authorities
- Internal audit programme covers tax

Risk averse Prior years (relative position)

2017: Risk averse
2016: Risk averse
2015: Risk averse



Post-mitigation risk trend

Increasing



Description of risk change

The Group is experienced at managing the tax risks arising from its international business portfolio. However, uncertainty over the terms of the UK's exit from the EU means this risk is increasing

Risk management continued

[Link to strategic pillars](#)

Key factors

Mitigation

Risk appetite

Failure to implement the strategy effectively due to a loss of key staff

- The strategy is embedded across the Group and is having a positive impact on financial performance. Its implementation is partially dependent on the retention and performance of key staff
- Our segments and divisions have individual strategies dependent on divisional staff with specific skills, expertise and industry knowledge
- An inability to recruit, retain and train for critical roles will adversely impact our ability to deliver the strategy successfully

Board's view

The Board recognises the importance of retaining critical staff to ensure effective delivery of Group, segmental and divisional strategies. A range of approaches are used to manage this risk effectively, and succession planning accelerated in 2018.

- Significant investment in staff budgeted for 2019 across a range of areas, including salary benchmarking and training
- Ensuring compensation for critical staff including a balance of short-term and long-term incentives
- Remuneration Committee oversight of Group Management Board rewards
- Investment in training such as Leadership 3.0 and Management 3.0 programmes
- Plan to launch an employee forum during the year, allowing for improved employee engagement
- Proactive relationship management of recruitment search companies to ensure our hiring needs are met
- New recruitment policy, process and training to be rolled out in 2019
- Maintaining the Group's reputation for an entrepreneurial approach, making it an attractive place to work
- There are sufficient businesses within each segment within the Group to mitigate the impact of 'business-as-usual' departures of critical staff
- Succession planning accelerated in 2018. Plans are now in place for most key staff and our new succession planning framework will help businesses identify and manage key staff
- Contractual notice periods are designed to manage the risk of critical staff leaving on short notice
- Culture survey results have led to a number of employee initiatives across the Group, designed to improve career progression and staff retention

Risk neutral: becoming more averse
Prior years (relative position)

2017: Risk neutral

Post-mitigation risk trend





Unchanged



Description of risk change

Successful implementation of the Group's strategy remains dependent on hiring and retaining key staff. The Group has invested in the recruitment and training of staff and accelerated succession planning

[Link to strategic pillars](#)

Key factors	Mitigation	Risk appetite	Link to strategic pillars
<h3>Impact on people and operations of the UK exiting the EU</h3>			
<ul style="list-style-type: none"> The UK is scheduled to leave the European Union (EU) in March 2019 and the potential consequences of that are unknown The terms on which the UK will exit the EU are unknown The length of any transition period following the UK's EU exit is unknown There is no precedent data or facts on which to model the likely consequences of an EU exit, in particular without agreed terms in place The Group, its staff, customers, suppliers and other stakeholders are unable to plan with precision for the uncertainty resulting from the above factors 	<ul style="list-style-type: none"> Contingency plans seek to address the key risks and leverage opportunities we identify The Group is assessing the potential impact on affected staff The Group has a global geographical footprint Hedging is in place to partially offset the impact of US dollar exchange rate risk in the UK A small percentage of Group revenue is generated in the EU outside of the UK Small number of EU nationals in our workforce Potential travel disruption can be mitigated by using international locations and planning longer lead-time for travel We use geographically diverse technology suppliers 	<p>Risk averse This is a new risk</p> <p>Post-mitigation risk trend</p> <p>Increasing </p> <p>Description of risk change The possibility of a 'no-deal' exit is increasing, leading to increased economic uncertainty, therefore this risk is increasing</p>   	
<p>Board's view The Board notes that this risk is increasing for all UK companies. The Company is carrying out contingency planning in a range of areas in light of likely continued uncertainty in the UK market during 2019.</p>			

Viability Statement

In accordance with provision C.2.2 of the UK Corporate Governance Code 2016, the Directors have assessed the viability of the Group and have selected a period of three years for the assessment from the Balance Sheet date.

The three-year forecasting horizon has been selected because the Directors believe there is sufficient, realistic visibility available to assess the Group's current and anticipated operating environment and market conditions over this period. The three-year period is also used for the Group's strategic planning cycle and is therefore considered an appropriate period for the long-term viability statement given the portfolio strategy of the business which reduces longer-term predictability.

The assessment conducted considered the Group's operating profit, revenue, cash flows, dividend cover and other key financial ratios over the three year period. These metrics were subject to severe downside stress and sensitivity analysis over the assessment period, taking account of the Group's current position, the Group's experience of managing adverse conditions in the past and the impact of a number of severe yet plausible scenarios based on the principal risks set out in the Strategic Report. The stress testing considered the principal risks assessed to have the highest probability of occurrence or the severest impact, crystallising both individually and in combination. In making the statement, the Directors have applied the following key assumptions from the related principal risks in preparing the scenarios:

- The performance of the Asset Management segment continues to decline, with a significant reduction in clients' research spend accelerating following the impact of MiFID II.
- The Pricing, Data & Market Intelligence segment suffers a downturn due to the reputational fall-out from inaccuracies in one of its reporting indexes, with a significant fall in subscription revenues.

- Significant reversal of the foreign exchange movement linked to the conclusion of the EU exit on 31 March 2019, with the outcome adversely impacting the financial results of the Group.
- All material open tax items will result in a significant cash outflow.

The Directors have also modelled an extreme scenario downside that combines the key assumptions with a number of other risks that are deemed to have a lower probability of occurrence or lower impact to assess the viability of the Group. The repayment of the term loans during the year and the Group's net cash position provides a strong foundation on which to model this extreme downside scenario.

In making the assessment, the Directors have considered the Group's robust capital position, the cash-generative nature of the business, the visibility of subscriptions revenue, the ability of the Group to cut costs quickly, the access to available credit, the absence of significant pension liabilities and the Group's ability to restrict dividends. Based on the results of this analysis, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period under review.

The Strategic Report was approved by the Board of Directors on 21 November 2018 and signed on its behalf by



Andrew Rashbass
Chief Executive Officer

21 November 2018

Board of Directors

The Board is delighted at the Company's admission during the year to the 30% Club

David Pritchard A N R

Acting Chairman

Appointed to the Board:
December 2008



Skills and experience: David Pritchard has extensive board level experience and brings a wealth of knowledge to the Board. David has over 30 years of experience in the financial services sector and was formerly Chairman of AIB Group (UK) plc, Chairman of Cheltenham & Gloucester plc, Deputy Chairman of Lloyds TSB Group and a director of Scottish Widows Group and LCH.Clearnet Group. David also served as Chairman of Songbird Estates plc. David is a director of The Motability Tenth Anniversary Trust.

Andrew Rashbass

Chief Executive Officer

Appointed to the Board:
October 2015



Skills and experience: Andrew Rashbass has broad international experience managing information businesses. Between 2013 and 2015 Andrew was Chief Executive of Reuters, the news division of Thomson Reuters. Before joining Reuters, he spent 15 years at The Economist Group, where for the last five years he was Chief Executive.

Wendy Pallot

Chief Financial Officer

Appointed to the Board:
August 2018



Skills and experience: Wendy Pallot has over 15 years' experience working as Group Finance Director in UK main market listed companies in the media sector. Between 2011 and 2018, Wendy was Group Finance Director of Bloomsbury Publishing plc. Prior to that, she was Group Finance Director for GCap Media plc and GWR Group plc. Wendy is the Non-Executive Chair and co-founder of a company which operates local radio stations, and a Governor of the Central School of Ballet. She qualified as a Chartered Accountant with Coopers & Lybrand.

Andrew Ballingal

Independent
Non-Executive Director

Appointed to the Board:
December 2012



Skills and experience: Andrew Ballingal is Chief Executive of Ballingal Investment Advisors, an independent investment firm based in Hong Kong. Andrew has over 20 years of experience in senior management positions in the financial services sector as an advisor, investor and partner in hedge and absolute return funds, principally in the Asia Pacific region.

Jan Babiak N

Independent
Non-Executive Director

Appointed to the Board:
December 2017



Skills and experience: Jan Babiak has over 25 years' experience in professional services in a variety of leadership roles at EY. Jan holds non-executive director roles at Walgreens Boots Alliance, Inc. and Bank of Montreal. Jan chairs the Audit Committee and sits on the Finance Committee of Walgreens Boots Alliance, Inc. and chairs the Audit and Conduct Review Committee and sits on the Governance and Nominating Committee at the Bank of Montreal. Jan is a US qualified Certified Public Accountant, a UK qualified Chartered Accountant and member of the Institute of Chartered Accountants in England and Wales, where she has served as a Council Member since 2011. Jan is also qualified as a Certified Information Security Manager and Certified Information System Auditor.

Kevin Beatty N R

Non-Executive Director

Appointed to the Board:
November 2017



Skills and experience: Kevin Beatty is an experienced media executive and is CEO of dmg media. His prior roles in the media sector include Managing Director of the Scottish Daily Record and Sunday Mail. Kevin has also been COO of Associated New Media and Northcliffe Newspapers.

Key

- A** Member of the Audit Committee
- N** Member of the Nominations Committee
- R** Member of the Remuneration Committee
- Committee Chair

Tim Collier **A** **N**

Non-Executive Director

Appointed to the Board:
November 2017



Skills and experience: Tim Collier is Chief Financial Officer of Daily Mail and General Trust plc. His experience spans media and business information industries and prior to joining DMGT he was CFO of Thomson Reuters Financial and Risk Business.

Tristan Hillgarth **A** **N**

Independent
Non-Executive Director

Appointed to the Board:
December 2012



Skills and experience: Tristan Hillgarth has over 30 years of experience in asset management and has held senior positions at Framlington, Invesco and Jupiter. He is a Non-Executive Director of JPMorgan Global Growth & Income plc.

Colin Day **A**

Independent
Non-Executive Director

Appointed to the Board:
March 2018



Skills and experience: Colin Day has significant experience in senior operational and financial roles gained across a variety of sectors. He has previously held non-executive director roles and chaired the Audit Committee at Amec Foster Wheeler plc, WPP plc, Cadbury plc, Imperial Brands plc and EasyJet plc. Colin spent his executive career in a range of senior roles including Chief Executive of Essentra PLC, Chief Financial Officer at Reckitt Benckiser Group plc and Group Finance Director of Aegis Group plc. Colin is a Non-Executive Director at Meggitt plc, where he chairs the Audit Committee and is a member of the Nominations and Remuneration Committees. Colin is also a Non-Executive Director of FM Global and Non-Executive board member for the Department for Environment, Food and Rural Affairs, where he chairs the Audit and Risk Assurance Committee. Colin is a Chartered Certified Accountant.

Lorna Tilbian

Independent
Non-Executive Director

Appointed to the Board:
January 2018



Skills and experience: Lorna Tilbian is an experienced media analyst having served as Head of the Media Sector at Numis Corporation Plc (Numis) and as a main board director at Numis for over ten years. Lorna has served as a Cabinet Ambassador for Creative Britain for the Department for Culture, Media and Sport. She is a Non-Executive Director at M&C Saatchi plc, Rightmove plc, Jupiter UK Growth Investment Trust PLC, ProVen VCT plc and Finsbury Growth & Income Trust plc.

Imogen Joss **R**

Independent
Non-Executive Director

Appointed to the Board:
November 2017



Skills and experience: Imogen Joss has held a number of senior executive positions in the business information industry and most recently served as the President of S&P Global Platts, Inc. She is the Senior Independent Non-Executive Director and Chair of the Remuneration Committee at Gresham Technologies plc. Imogen also holds Non-Executive Director roles at the International Property Securities Exchange and Grant Thornton, where she chairs the Remuneration Committee.

Corporate Governance Report

This Corporate Governance Report explains how the Company has applied the main principles of the UK Corporate Governance Code (the 'Code'). We have used the key themes of the Code as a framework:

- Leadership and effectiveness are on pages 44 to 45.
- Accountability: The reports of the Audit and Risk Committees are set out on pages 50 to 55.
- Relations with shareholders on page 48.
- Remuneration is covered in the Directors' Remuneration Report on pages 56 to 74.

Statement of compliance

The Company continues substantially to comply with the provisions of the Code and has made progress during the course of the year remedying areas where it was previously not compliant.

The Company entered into a relationship deed with Daily Mail General Trust (DMGT) on 8 December 2016 in light of DMGT's substantial shareholding in the Company. The deed contains provisions which protect other shareholders of the Company. The Board values the significant support provided by DMGT to the Company and accordingly DMGT is entitled to two Non-Executive Director positions on the Board and certain Committee representation in accordance with the terms of the Deed. DMGT's representative directors are not considered independent since they are shareholder-nominated representatives, therefore the composition of the Company's Board and Committees cannot be fully Code compliant.

Prior to his retirement from the Board in May 2018, Sir Patrick Sergeant, the Company's founder, Life President and ex-Chairman, was not regarded as independent under the Code due to his long association with the Company.

The Company therefore did not comply throughout the financial year ended 30 September 2018 with certain provisions of the Code as set out on page 43.

In terms of progress during the year, the Company appointed four new independent Non-Executive Directors which has resulted in the composition of the Board and its Committees being more in line with the requirements of the Code than in previous years.

Following those appointments, at least half of the Board, excluding the Chairman, are now independent Non-Executive Directors. In addition, the Audit and Remuneration Committees are now chaired by independent Non-Executive Directors. Following the decision of our former Chairman, John Botts, to retire at this year's AGM, David Pritchard was appointed Acting Chairman and Chairman of the Nominations Committee. David is leading the search for a new Non-Executive Chairman and providing continuity through to the appointment of John's permanent successor.

The Board is committed to continuing to reduce the areas of non-compliance with the Code. Areas of focus are described in the Nominations Committee Report on page 49.

Provision	Code requirement	Explanation of non-compliance
A.3.1	Chairman	John Botts and David Pritchard did not meet the Code's definition of independence on appointment as Chairman and Acting Chairman, respectively, due to their length of service on appointment. The Board believes that David Pritchard's recent service as Senior Independent Director and familiarity with the Company made him a suitable candidate for Acting Chairman and will enhance the Company's search for a new independent Non-Executive Chairman during the transitional period.
A.4.1	Senior Independent Director	David Pritchard was appointed Acting Chairman in February 2018, meaning that he could no longer continue in his role as Senior Independent Director. The Board intends to appoint a new Senior Independent Director in 2019 to support the new Chairman following their appointment.
B.1.2	Composition of the Board	Prior to March 2018, fewer than half the Board were independent Non-Executive Directors. The majority of the Board now comprise independent Non-Executive Directors.
B.2.1	Composition of the Nominations Committee	The Nominations Committee comprises five Non-Executive Directors, including two considered independent under the Code. The Acting Chairman is chairing the Nominations Committee in order to manage the process to appoint a new Chairman.
B.3.2	Terms and conditions of appointment of Non-Executive Directors	During the year, the following Non-Executive Directors did not have terms and conditions of appointment with the Company: The Viscount Rothermere, Paul Zwillenberg, Tim Collier, Kevin Beatty and Sir Patrick Sergeant. The Directors noted above operated under the terms of their employment contracts with DMGT and Euromoney respectively. Sir Patrick's retirement from the Board during the year means that only DMGT's representatives on the Board do not have terms of appointment with the Company.
C.3.1	Composition and Chairmanship of the Audit Committee	<p>The Audit Committee does not comprise at least three independent Non-Executive Directors. The Committee comprises four Non-Executive Directors, two of whom are considered independent under the Code. The Acting Chairman has served as Chair of the Committee during part of the year and is considered by the Board to be a valuable and independently minded member of the Committee.</p> <p>Colin Day, an independent Non-Executive Director with recent and relevant financial experience, was appointed Chair of the Committee in June 2018. Tim Collier, CFO of DMGT, joined the Committee as a member on his appointment to the Board in November 2017 and brings significant insight and financial experience to the Committee. The Committee as a whole has competence relevant to the sector in which the Company operates. The Committee has agreed that the new Chairman of the Board, once appointed, will not be a member of the Audit Committee.</p>
D.2.1	Composition and chairmanship of the Remuneration Committee	The Remuneration Committee does not comprise at least three independent Non-Executive Directors. The Committee comprises three Non-Executive Directors, one of whom is considered independent under the Code. John Botts served as Committee Chairman during the year and was succeeded by Imogen Joss, an independent Non-Executive Director, in February 2018. The Board will consider appointing additional independent Non-Executive Directors to the Committee in 2019.
E.1.1	Senior Independent Director dialogue with shareholders	The Company does not have an appointed Senior Independent Director. David Pritchard, Acting Chairman and previously Senior Independent Director, has met with major shareholders during the year in his capacity as Acting Chairman.

Corporate Governance Report

continued

Leadership and effectiveness

Role of the Board and its Committees

Board

Meets every two months – chaired by David Pritchard

Approve and monitor strategy, identify, evaluate and manage material risks, review trading performance, ensure adequate funding, examine major acquisition possibilities and approve reports to shareholders



Matters reserved to the Board and delegated authorities

The Board has delegated certain aspects of the Group's affairs to standing Committees, each of which operates within defined terms of reference. However, to ensure its overall control of the Group's affairs, the Board has reserved certain matters to itself for decision. Procedures are established to ensure that appropriate information is communicated to the Board in a timely manner to enable it to fulfil its duties.



Board

Nominations Committee

Meets at least three times a year – chaired by David Pritchard

Reviews the structure, size and composition of the Board and its Committees, and makes recommendations to the Board accordingly.

Page 49

Remuneration Committee

Meets at least three times a year – chaired by Imogen Joss

Responsible for determining the contract terms, remuneration and other benefits of Executive Directors, including performance-related incentives. This Committee also recommends and monitors the overall level of remuneration for senior management, including Group-wide share incentive schemes.

Page 56

Audit Committee

Meets at least three times a year – chaired by Colin Day

Reviews and is responsible for oversight of the Group's financial reporting processes, the integrity of the Financial Statements and the management of risk across the Group. It scrutinises the work of the external and internal auditors and any significant accounting judgements made by management. The Committee reports on its operations to the Board to enable the Directors to determine the overall effectiveness of the Group's internal controls system. The Committee will be reconstituted as the Audit and Risk Committee in 2019.

Page 50



Management Committees

Group Management Board

Meets each month

A management board that operates under the direction and authority of the CEO and comprises the Group's divisional and functional leaders. It assists the CEO and CFO in implementing strategy; monitoring financial performance of our segments; developing the Group's approach to managing employees; taking joint responsibility for the Group's approach to corporate governance; and ensuring that the Group's best-of-both-worlds operating model works effectively.

Tax and Treasury Committee

Meets twice a year – chaired by Wendy Pallot

A management committee responsible for recommending policy to the Audit and Risk Committee. The Group's treasury policies are designed to reduce the impact of short-term currency movements giving greater certainty and ensuring that the Group has adequate liquidity for working capital and debt capacity for funding acquisitions. The Committee is also responsible for the Group's tax strategy. Its members are the CEO, CFO, Deputy CFO and General Counsel & Company Secretary. All Non-Executive Directors of the Company are invited to attend the meetings.

Risk Committee

Meets four times a year – chaired by Wendy Pallot

Oversees the Group's risk management processes. It reviews specific risks and monitors developments in relevant legislation and regulation, assessing the impact on the Group. The Committee reports on its operations to the Board to enable the Directors to determine the overall effectiveness of the Group's risk management. Its members are the CEO, CFO, Chief Information Officer, General Counsel & Company Secretary, Head of Risk as well as two Divisional Directors on a yearly rotating basis. All Non-Executive Directors of the Company are invited to attend the meetings. In 2019, our management Risk Committee will report to the Audit and Risk Committee on the management of risk across the Group.



The discussions of the Board Committees are summarised and reported to the Board following each Committee meeting, together with recommendations on matters reserved for Board decisions.

Board composition and roles

The Board comprises an Acting Chairman, two Executive Directors, six independent Non-Executive Directors and two Non-Executive Directors.

There are clear divisions of responsibility within the Board such that no one individual has unfettered powers of decision. 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.

A summary of changes to the Board during the year and their key responsibilities are set out in the table below:

Executive Directors			
Chief Executive Officer	Andrew Rashbass	Strategy and Group performance	
Chief Financial Officer	Wendy Pallot ¹	Group financial and operational performance	
Finance Director	Colin Jones ²		
Chairman			
Acting Chairman	David Pritchard ³	Board governance, performance, shareholder engagement and leading the search for a new Chairman	
Chairman	John Botts ⁴	Board governance, performance, shareholder engagement	
Non-Executive Directors			
Life President	Sir Patrick Sergeant ⁵		
Independent Non-Executive Directors	Jan Babiak ⁶	Bring an external perspective, independence and objectivity to the Board's deliberations and decision-making	Support and constructively challenge the Executive Directors using their broad range of experience and expertise. Monitor the delivery of the agreed strategy within the risk management framework set by the Board
	Andrew Ballingal		
	Colin Day ⁷		
	Tristan Hillgarth		
	Imogen Joss ⁸		
Non-Executive Directors and directors of DMGT	Lorna Tilbian ⁹	Bring the views of the Company's largest shareholder to the Board	
	Kevin Beatty ¹⁰		
	Tim Collier ¹¹		
	The Viscount Rothermere ¹²		
	Paul Zwillenberg ¹³		

1 Appointed to the Board on 16 August 2018

2 Resigned from the Board on 15 June 2018

3 Appointed Acting Chairman on 1 February 2018

4 Resigned from the Board on 1 February 2018

5 Resigned from the Board on 16 May 2018 and appointed Life President

6 Appointed to the Board on 1 December 2017

7 Appointed to the Board on 5 March 2018

8 Appointed to the Board on 10 November 2017

9 Appointed to the Board on 1 January 2018

10 Appointed to the Board on 21 November 2017

11 Appointed to the Board on 21 November 2017

12 Resigned from the Board on 21 November 2017

13 Resigned from the Board on 21 November 2017

Independence

The Board has determined that Jan Babiak, Andrew Ballingal, Colin Day, Tristan Hillgarth, Imogen Joss and Lorna Tilbian are independent within the meaning of the Code. David Pritchard has been on the Board for more than the recommended term of nine years under the Code. The Board believes that David Pritchard's recent service as Senior Independent Director and familiarity with the Company enhances his role as Acting Chairman and that he remains independently minded. Andrew Ballingal will not be seeking re-election at the 2019 AGM having served on the Board for six years.

Kevin Beatty and Tim Collier are also Executive Directors of DMGT, a significant shareholder of the Company. Both Directors bring valuable experience and advice to the Company, although have no involvement in the day-to-day management of the Company. The Board does not believe that these Non-Executive Directors are able to exert undue influence on decisions taken by the Board, nor does it consider their independence or objectivity to be impaired by their positions with DMGT. However, their relationship with DMGT as a significant shareholder in the Company means they are not considered to be independent.

Effectiveness

The Code requires that the Board carries out an evaluation of its own effectiveness and that of its Committees. Following the externally facilitated evaluation by Independent Audit Limited in 2017, the Board conducted its own internal review in 2018 led by the Acting Chairman. The review took the form of a questionnaire and subsequent discussion between the Directors and Acting Chairman. The evaluation focused on what the Board and its Committees do well and areas for improvement identified by the external review conducted in 2017. The evaluation indicated that the Board is performing effectively and that further progress will be made as the new Directors familiarise themselves with each other and the Company. Areas for development identified in this year's evaluation process were the Company's approach to succession planning and allocating additional time to discuss the Company's strategic objectives and M&A activity. The Board has addressed the areas identified by establishing an Investment Committee to review and recommend strategic investments to the Board, arranging a Board strategy offsite in March 2019 and reviewing the Company's succession planning for executive management at its meeting in October 2018.

Corporate Governance Report

continued

Board meetings and attendance

The Board meets at least five times each year and there is frequent contact between meetings. 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 either meet together or individually, in both cases without the Company's Chairman present, at least annually to appraise the Chairman's performance and on other occasions as necessary.

Non-Executive Directors are also encouraged to meet senior management in the business without the Executive Directors present in order to have access to a range of views and perspectives on the Company and its operation. During the year, the Board met informally with senior management from across the Group every other month in line with the Board cycle.

The number of Board and Committee meetings and their attendance by each Director during the year was as follows:

Director	Board	Nominations Committee	Audit Committee	Remuneration Committee
Executive Directors				
Andrew Rashbass	5/5			
Colin Jones	4/4			
Wendy Pallot	1/1			
Non-Executive Directors				
Jan Babiak	4/4	5/5		
Andrew Ballingal	5/5			
Kevin Beatty ¹	4/4	4/5		4/4
John Botts	2/2	2/2	1/1	3/3
Tim Collier	4/4	4/4	4/4	
Colin Day ²	2/3		3/3	
Tristan Hillgarth	5/5	4/4	4/4	
Imogen Joss	5/5			4/4
David Pritchard	5/5	6/6	4/4	5/5
The Viscount Rothermere	1/1	1/1		
Sir Patrick Sergeant	1/4			
Lorna Tilbian ³	3/4			
Paul Zwillenberg	1/1	1/1		1/1

¹ Kevin Beatty was unable to join the Nominations Committee in August 2018 due to a pre-existing commitment

² Colin Day was unable to join the Board meeting in July 2018 due to a pre-existing commitment arranged prior to his appointment as a Director

³ Lorna Tilbian was unable to join the Board meeting in January 2018 due to a pre-existing commitment arranged prior to her appointment as a Director

Board activities

The key areas of Board activity in 2018 (either directly at the Board or through its Committees) were:

Strategy

- monitored the implementation of the strategy as presented by the CEO
- received regular reports from the CEO and CFO which contained updates on the Group's financial performance, discussion of any proposed corporate transactions, changes in senior management and progress against the Group strategy
- attended the Company's AGM in February 2018
- reviewed the Group's performance against budget
- reviewed management presentations
- monitored the terms of external borrowing facilities and
- considered M&A activity for the Group

Governance

- approved appointment of David Pritchard as Acting Chairman
- approved the appointment of four new independent Non-Executive Directors
- approved the appointment of Imogen Joss as Chair of the Remuneration Committee and Colin Day as Chair of the Audit Committee
- approved the appointment of Wendy Pallot as Chief Financial Officer
- discussed the output of the Board evaluation and agreed on areas of focus
- approved updated terms of reference for the Board's Committees
- received reports from the Chairs of the Audit, Nominations and Remuneration Committees and
- established an Investment Committee as a sub-committee of the Board which meets as and when required

Risk management and internal control

- received reports from the Risk Committee on the Group's significant and emerging risks and
- with the support of the Risk and Audit Committees, reviewed the Company's principal risks, the effectiveness of the systems of internal control and risk management, and discussed the Group's risk appetite for 2018

Financial performance

- considered the financial performance of the business and approved the annual budget
- reviewed the key financial judgements, all financial results announcements and approved the Annual Report
- considered and approved the Group's going concern and viability statements, and dividend for 2018 and
- considered longer-term financial projections as part of its regular discussions on the Group's strategy and funding requirements

Significant transactions

- approved the disposal of the Global Market Intelligence Division (CEIC and EMIS) to CITIC Capital Holdings and Caixin Global
- as part of the strategy to manage the Group's portfolio, approved the disposals of Adhesion, World Bulk Wine and Institutional Investor Journals
- oversaw the disposal of the Group's minority stake in Dealogic and
- approved the acquisition of TowerXchange, Extel and Random Lengths

Leadership and people

- discussed succession planning, talent development and diversity across management
- discussed employee reward schemes
- discussed the creation of a new Senior Management Group comprising of the Group's senior management and
- reviewed the global staff survey and discussed its conclusions

Monitoring and oversight

Fair, balanced and understandable

The Directors have responsibility for preparing the 2018 Annual Report and Accounts and for making certain confirmations concerning it. In accordance with the Code provision C.1.1 the Board confirms that, taken as a whole, the 2018 Annual Report and Accounts is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Board reached this conclusion after receiving advice from the Audit Committee.

Internal control and risk management

- ➔ See pages 31 to 39 for the Group's principal risks and mitigating actions

The Board as a whole is responsible for the oversight of risk, the Group's system of internal control and reviewing its effectiveness. The Company aims to manage rather than eliminate risk 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 delegated the day-to-day responsibility for internal controls and financial risk to the Audit Committee and for operational risk to the Risk Committee.

The Directors have completed a review of the effectiveness of the Group's system of risk management and internal controls covering all material controls, including financial, operational and compliance controls. The majority of controls operated throughout the year. Some new controls were introduced during the year. The Company is taking action to address any opportunities to strengthen the controls which were identified during the course of the review. A new, detailed self-assessment questionnaire, linked to our principal risks, was also introduced this year to provide greater visibility of how the Company's controls have operated over the course of 2018. The Company has also commenced a project to consolidate and enhance its existing risk and control frameworks which will be completed in 2019.

The controls to prevent an information security breach or cyber-attack are regularly reviewed and, where appropriate, updated. Cyber and other information security risks are increasing and the mitigation of these risks continues to be a key focus area for the Company's Risk Committee and Board. The programme of work to implement tighter information security standards and controls and cyber resilience plans across the Group will continue into 2019.

The Board has established procedures to ensure effective internal control. These have been in place throughout the year and up to the date of this report, are as follows:

The Board of Directors

The Board has overall responsibility for the Group and there is a formal schedule of matters specifically reserved for decision by the Board. The Board:

- reviews and assesses the Group's principal risks and uncertainties at least annually and has performed a robust assessment of those principal risks
- seeks assurance that effective control is being maintained through regular reports from divisional management, Audit and Risk Committees and various independent monitoring functions
- approves the annual budget 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 and
- approves proposals for investments and capital expenditure beyond specified limits

Corporate Governance Report

continued

Audit and Risk Committees

Previously, the Board determined that separate Audit and Risk Committees, each with specific terms of reference, were required to provide the necessary challenge and review required for the range of businesses the Group operates. A change to committee structure is being made for 2019 with the Audit Committee becoming the Audit and Risk Committee. The Risk Committee will be retained as an operational committee and will report on the risk programme to the Audit and Risk Committee. The Risk Committee continues to focus on the identification, management and reporting of risk. An example of this working in practice is the Risk Committee's active participation in developing an event risk framework in conjunction with the Company's events businesses to be rolled out company-wide in 2019.

During the year the Audit, Risk and Remuneration Committees collaborated, as appropriate, with one another, with members from each Committee being invited to the other Committees and attending when able, ensuring that matters of mutual interest raised in any of these Committees were discussed at each meeting.

The Risk Committee is also attended by other executives possessing the requisite skills and experience to allow the Committee to meet its obligations and to provide the relevant assurance to the Audit and Risk Committee.

Entity level controls

Each segment, division or central function is responsible for managing risks and operating controls within their area. Each area confirms the operation of key controls (including with management) to central management annually. The purpose of the assessment is to confirm the operation of a framework of internal controls, including business performance reviews, financial controls and anti-fraud controls which are expected to be in place in each business unit. They are intended to provide standards against which the control environments of the Group's business units can be monitored. An annual controls assessment is completed at the same time, detailing risks and mitigating controls. In each case, the central management team follows up these submissions as appropriate.

The Group Management Board meets monthly to discuss strategic, operational and financial issues. 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. Accounting controls and procedures are regularly reviewed and communicated throughout the Group. Training and 'how to' guides are published internally. Authorisation levels and segregation of duties are reviewed on a regular basis.

Internal audit

The Group has invested in its own internal audit department. The department works closely with the Company's CFO, the Chairman of the Audit Committee as well as the Group's General Counsel & Company Secretary. It undertakes internal control reviews across the Group and reports its findings to the Audit Committee.

Relations with shareholders

The Company's Acting Chairman, together with the Board, encourages regular dialogue with shareholders. Meetings with shareholders are held, with the CEO, CFO and Chairman, to discuss annual and interim results and highlight significant acquisitions or disposals, or at the request of institutional shareholders. Shareholders also have the opportunity 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 CEO and CFO report to the Board on matters raised by shareholders and analysts to ensure members of the Board develop an understanding of investors' and potential investors' views of the Company. All Board members regularly receive analyst reports about the Company to provide additional insight into how the market perceives the Company.

Viability statement

➔ See page 39 for the viability statement

Nominations Committee Report

The Nominations Committee is responsible for reviewing the structure, size and composition of the Board. This includes responsibility for proposing candidates for appointment to the Board and its Committees as well as taking into account succession planning for Directors and the skills and expertise needed on the Board

Committee members

David Pritchard¹

Jan Babiak (independent)²

Kevin Beatty³

John Botts⁴

Tim Collier⁵

Tristan Hillgarth (independent)⁶

The Viscount Rothermere⁷

Paul Zwillenberg⁸

1 Appointed as Committee Chair on 1 February 2018

2 Appointed as a member of the Committee on 1 December 2017

3 Appointed as a member of the Committee on 21 November 2017

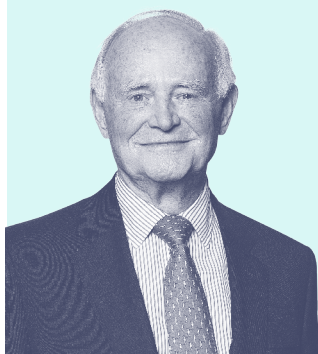
4 Resigned as a member of the Committee on 1 February 2018

5 Appointed as a member of the Committee on 21 November 2017

6 Appointed as a member of the Committee on 27 September 2017

7 Resigned as a member of the Committee on 21 November 2017

8 Resigned as a member of the Committee on 21 November 2017



David Pritchard
Committee Chair

Key activities

The Committee met six times during the course of the year. The Company's Acting Chairman, David Pritchard, succeeded John Botts as Chair of the Nominations Committee following John's retirement from the Board. David's focus is the appointment of a new Non-Executive Chairman.

Following the appointment of three new independent Non-Executive Directors during the early part of the year, the Committee focused on the appointment of a new Chief Financial Officer and Chairman as well as another new independent Non-Executive Director.

The Committee recommended the appointment of Colin Day as an independent Non-Executive Director and Chair of the Audit Committee. Colin joined the Board in March 2018. In addition, the Committee recommended the appointment of Imogen Joss to chair the Remuneration Committee following the retirement of John Botts, an appointment Imogen took up in February 2018.

The Committee also recommended the appointment of Wendy Pallot as CFO who joined the Board in August 2018.

The Company has worked with Russell Reynolds and Egon Zehnder on these appointments; neither firm has any connection with the Company.

David is continuing to lead the process to appoint a new Non-Executive Chairman, working closely with the Committee.

In addition to making appointments, the Committee has focused on a range of other issues during the year. These include: recommending appointments to Board Committees; supporting the Executive Directors with changes at senior management level; monitoring and planning for the rotation of independent Non-Executive Directors; reviewing and recommending updates to its own terms of reference; devising a skills matrix to assist with a review of the structure, size, composition, skills and expertise of the Board; and reviewing the current Board composition.

Focus for 2019

The key activities for the year ahead will be:

- the appointment of a new Chairman
- the appointment of a Senior Independent Director, which is likely to happen after the Chairman is appointed
- considering the appointment of additional Non-Executive Directors to each of the Audit and Remuneration Committees
- using the skills matrix to review the Board's structure, skills and expertise and
- reviewing the Board's composition in light of the new incoming UK Corporate Governance Code requirements

Diversity

The changes in Board composition over the last 15 months mean that the Board now comprises four women and seven men. The Group Management Board now comprises four women and six men following changes to its composition during the year. Diversity (including but not only gender diversity) will continue to be an important consideration for the Committee when reviewing the Board's composition in 2019. The Group's gender diversity information is set out in the Strategic Report on pages 22 and 23. The Company will consolidate its existing approach to diversity during the course of 2019 in a policy which will be published on the Company's website.

David Pritchard
Chair of the Nominations Committee

21 November 2018

Audit Committee Report

I am pleased to present the report of the Audit Committee for 2018 having been appointed Chair in May 2018, succeeding David Pritchard. On behalf of the Board, I would like to thank David for his valuable contribution to the Committee as Chair for over seven years

Committee members

Colin Day¹

John Botts²

Tim Collier³

Tristan Hillgarth

David Pritchard⁴

1 Appointed as a member of the Committee on 5 March 2018 and Chair on 16 May 2018

2 Resigned as a member of the Committee on 1 February 2018

3 Appointed as a member of the Committee on 21 November 2017

4 Resigned as Committee Chair on 16 May 2018



Colin Day
Committee Chair

Chair's introduction

The Committee is responsible for monitoring: the Group's financial reporting processes; integrity of Financial Statements; significant judgements made by management; and the effectiveness of the Group's risk management and internal control framework. It also oversees the relationship and work carried out by the external auditor and internal audit function. As Committee Chair, I report to the Board on the proceedings of each Committee meeting and how the Committee has discharged its duties and responsibilities.

During the year, in addition to its core responsibilities, the Committee oversaw the implementation of the Global Finance Transformation Programme, assessed the impact of the US tax reform on the Group, reviewed the structure and reporting lines of the internal audit function, and supported the transition of the Group's Chief Financial Officer appointed in August. Further information on these matters and other key areas considered by the Committee can be found in this report.

Committee members

All current Committee members have a high level of financial literacy. Colin Day and Tristan Hillgarth are both independent Non-Executive Directors and members of The Institute of Chartered Accountants in England and Wales. David Pritchard has considerable Audit Committee experience. Tim Collier, DMGT's Chief Financial Officer, brings a wealth of financial experience to the Committee. Tim Collier and David Pritchard are not considered to be independent under the UK Corporate Governance Code.

Role and responsibilities

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

- monitoring the integrity of the Group's Financial Statements, including its annual and half-yearly reports, and preliminary announcements
- reviewing accounting policies used and judgements applied
- reviewing the content of the Annual Report and Accounts and advising the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy
- considering the effectiveness of the Group's internal controls and risk management framework
- considering the appointment or reappointment of the external auditor and reviewing their remuneration
- 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 adequacy of the Group's arrangements for its employees and contractors to raise concerns in confidence and
- reviewing the Group's policy on non-audit fees payable to the external auditor

Colin Day
Chair of the Audit Committee

21 November 2018

Committee activities

The Committee met four times during the year. There were a number of regular attendees at Committee meetings including the Chief Executive Officer, Chief Financial Officer, General Counsel & Company Secretary and representatives from the external and internal audit teams. Members of senior management were invited to attend as and when their specialist knowledge was required. The Committee also met with representatives from internal and external audit at the conclusion of each meeting without executives present. The Committee Chair also held separate meetings during the year with the external auditor, representatives from internal audit and the Chief Financial Officer and her team. The Committee's core activities during the year included:

- identifying and assessing the matters which required significant judgement in 2018, including discussion and review of the exceptional items that may impact the performance of the business and overseeing the formalisation of the Group's policy with regard to exceptional item classification and the use of alternative performance measures
- monitoring the integrity of the Group's annual and interim Financial Statements
- advising the Board on whether the 2017 Annual Report and Accounts was fair, balanced and understandable. The 2018 Annual Report and Accounts was reviewed by the Committee in November 2018
- reviewing the Group's system of internal control and risk management
- reviewing internal audit reports and investigations, monitoring the resolution of issues raised and assessing the 2018 internal audit plan
- conducting a review of the effectiveness of the Group's internal audit function
- considering the reports of the external auditors and assessing the 2018 external audit plan
- monitoring the level of non-audit fees paid by the Group to the external auditor
- reviewing the Speak-Up policy and framework for employees and contractors to raise concerns and
- maintaining the relationship with the external auditor, including monitoring their independence and effectiveness, and recommending their re-appointment at the 2019 AGM

During the year, the Committee also focused its attention on the following matters:

- overseeing the implementation of the Global Finance Transformation Programme to improve the quality and efficiency of financial reporting, and tightening of financial controls and processes
- reviewing the programme of work across the Finance function to facilitate compliance with GDPR
- supporting the Group Finance function during the transition between the retirement of the Finance Director in June 2018 and appointment of the Chief Financial Officer in August 2018
- assessing the impact of the US tax reform and uncertain tax positions on the Group
- reviewing the structure and resources of the internal audit function and reporting lines of the Head of Internal Audit
- recommending to the Board changes to the Committee's Terms of Reference, including the Committee's reconstitution as the Audit and Risk Committee and
- reviewing the potential impact of new standards IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' on the Group's Financial Statements in 2019

There was no interaction with the Financial Reporting Council (FRC) corporate reporting team during the year.

Looking ahead to 2019, the Committee will oversee a programme to enhance the Group's internal controls and risk management framework, monitor the transition of a new lead external audit partner for the 2020 audit and oversee the Global Finance Transformation Programme.

Audit Committee Report

continued

Financial reporting and significant financial judgements

The Committee, with input from the external auditor, assessed whether suitable accounting policies had been adopted, that management had made appropriate estimates and judgements, and whether disclosures were balanced and fair. For the year ended 30 September 2018, the Committee reviewed the following main issues noted below and is satisfied that all issues have been addressed appropriately and in accordance with the relevant accounting standards and principles.

Issue

Review

Fair, balanced and understandable

At the request of the Board, the Committee has considered whether, in its opinion, the 2018 Annual Report and Accounts is fair, balanced and understandable. The Committee has provided oversight in formalising the Group's exceptional and adjusting items policy.

The Committee considered that the Group's strategy is clearly articulated, outlining the Group's purpose. Business and market performance is considered in the round with equal prominence on strong and weak performance. A mix of both financial and non-financial information is disclosed.

Following the Committee's review of the Annual Report and Accounts and after applying its knowledge of matters raised during the year, the Committee is satisfied that, taken as a whole, the 2018 Annual Report and Accounts is fair, balanced and understandable.

Presentation of adjusted and underlying performance

Presentation of adjusted and underlying performance, including identification and treatment of exceptional and adjusting items. Management considered the latest European Securities and Markets Authority, ESMA, and FRC guidelines on alternative performance measures to ensure that the Annual Report and Accounts had been prepared in line with best practice.

The Committee reviewed the 2018 Annual Report and Accounts and discussed with management and the external auditor the exceptional and adjusting items including consideration of their consistency and the avoidance of any misleading effect on the Financial Statements and on the Group's alternative performance measures. The Committee challenged management to ensure that each item is appropriate to classify as an exceptional or adjusting item. The Committee concluded that the presentation of the adjusted and underlying performance including discontinued operations is appropriate.

Goodwill and other intangibles

The Group has goodwill of £414.7m and other intangible assets of £173.5m. As a result of the impairment review at the half-year, the Group recognised an impairment charge for Layer123 of £3.0m.

The Committee has considered the assessments made in relation to the impairment of goodwill and other intangible assets. The Committee discussed the methodology and assumptions used in the model supporting the carrying value. The Committee reviewed those businesses where headroom has decreased or where management has identified impairments. The Committee has also understood the sensitivity analysis used by management in its review and disclosure of impairment.

The Committee concluded that no further impairments were required.

Investments

The Group holds balances relating to the investments in associates and available for sale amounting to £4.3m. The Group disposed of its minority stake of 15.5% in Diamond TopCo Limited (Dealogic) in December 2017. The disposal is classified as an exceptional item due to its size.

The Committee reviewed the accounting treatment and disclosure of the disposal of Dealogic and concluded that it should be classified as an exceptional item. It also reviewed the assessments made in relation to the valuation of Zanbato, Inc. and Estimize, Inc. for potential impairments at the half-year and year-end. The Committee recognised that the Zanbato and Estimize businesses are still in start-up phase, concluding no additional impairment was considered necessary. The Committee also reviewed the summary prepared by management on the investment in Zanbato and concluded that no impairment was required at year-end.

Accounting for acquisitions and disposals

The Group made a number of acquisitions and disposals during the year. There were a number of consequential accounting considerations, including identification and fair values of intangible assets, fair value of other assets, goodwill arising and gain on sale of businesses recognised. The Group also has acquisition commitments on previous acquisitions.

The Committee has reviewed the results of the work undertaken in this area and the disclosure in the Financial Statements and has sought further explanation where necessary. The Committee concluded that the accounting was appropriate.

Discontinued operations and assets held for sale

On 30 April 2018, the Group completed the disposal of GMID. This division meets the IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' criteria to be treated as discontinued operations at 30 September 2018. GMID meets the IFRS 5 criteria to be treated as discontinued operations due to its size and the fact that the division constitutes a major line of the Group's business. For the year ended 30 September 2018, the results of the operations through the date of disposal in April 2018 and the profit on disposal have been included in discontinued operations. The results for the seven months are included in the adjusted measures, but have been excluded from underlying measures.

On 23 October 2018, the Group completed the disposal of Mining Indaba to ITE Group plc for a consideration of £30.1m. Mining Indaba meets the IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' criteria to be classified as held for sale at 30 September 2018. The assets and liabilities held for sale are recorded at the lower of their carrying value and fair value less costs to sell. No impairment of these net assets has been identified at 30 September 2018. The net assets recorded as held for sale were £11.7m. Mining Indaba does not meet the IFRS 5 criteria to be treated as discontinued operations.

The Committee has reviewed management's assumptions in accordance with the requirements of IFRS 5 and agrees with the classification as discontinued operations in the Income Statement at 30 September 2018. The Committee has reviewed the disclosure, including the presentation of adjusted performance measures which include discontinued operations and the underlying measures excluding discontinued operations.

The Committee reviewed the disclosure of the sale of Mining Indaba at its meeting in November 2018 and agrees with the classification as assets held for sale at 30 September 2018 in accordance with the requirements of IFRS 5. The Committee also agrees its disclosure as an event after the balance sheet date.

Taxation

Taxation represents a significant cost to the Group in both cash and accounting terms and the Group is exposed to differing tax regimes and risks which affect both the carrying values of tax balances (including indirect tax and deferred tax) and the resultant Income Statement charges. There were several significant judgement areas in respect of tax in the year. Firstly, the Group increased its tax provision in relation to the HMRC enquiry to the maximum exposure of £10.7m for which the Committee requested management to obtain third party advice to support its assessment of the challenge by HMRC. The increase in the provision has been booked as a prior year tax charge and is therefore treated as an adjusting item when determining the adjusted tax charge. No provision was required in relation to the challenge by the Canadian Revenue Agency.

Secondly, the disposal of the GMID business was deemed to be exceptional and therefore the tax which crystallised on the disposal was treated as tax on an exceptional item and classified as an adjusting item. Finally, following a review of the impact of US tax reform on the Group's debt profile, a dividend of \$380m was repatriated from Canada to the UK which crystallised a non-recoverable withholding tax charge of £14.6m. This charge has also been classified as an adjusting item given the link to US tax reform, which is an adjusting item in its own right, the size of the charge and the fact that this is the first time that funds have been remitted from Canada.

The Committee reviewed the tax charge at the half-year and full-year, including the adjusted effective tax rate, deferred tax balances and the provision for uncertain tax positions for direct and indirect tax. The Committee also reviewed management's disclosure of tax-related matters in the Annual Report and Accounts, including uncertain tax matters in note 2 to the Financial Statements. The Committee agreed with management's treatment of the Group's tax matters.

The Committee Chair also attends Tax and Treasury Committee meetings which provide valuable insight into the tax matters, related provisions and helps establish the appropriateness of the recognition of the deferred tax balances.

Audit Committee Report

continued

Effectiveness of internal control systems

The Committee has responsibility for reviewing the process for identifying and managing risk and for reviewing internal controls. It reviews reports from the Risk Committee and the results from internal audit and any investigations performed. In addition, the Committee reviews the external auditor's assessment of the Group's financial controls framework.

The Group's primary sources of risk assurance are the legal and risk department, headed by the General Counsel & Company Secretary, and the internal audit function. The General Counsel & Company Secretary and Head of Internal Audit regularly report to the Committee on their respective activities at each Committee meeting. Initiatives during the year included: enhancing awareness of the controls to manage bribery and corruption risks; updating the Group's trade sanctions processes and procedures; monitoring the implementation of the Global Finance Transformation Programme; and the supporting governance and controls documentation.

The Committee supports the continued review and suitability of the Company's internal controls and risk management framework. In 2019, the Chief Financial Officer will lead an initiative to strengthen the Company's control environment which will be subject to the Committee's review.

Internal audit

The function is responsible for providing independent assurance to the Committee on the design and effectiveness of internal controls to mitigate financial, operational and compliance risks. The purpose, authority and responsibilities of Internal Audit are defined in the Internal Audit Charter which is reviewed on an annual basis by the Committee. The Head of Internal Audit has dual reporting lines into the Audit Committee and Chief Financial Officer.

The internal audit plan follows a risk-based approach and is approved annually by the Committee. The plan takes into consideration the principal risks of the Group, previous internal audit findings, results of management self-assessments and significant strategic Group projects such as the Global Finance Transformation programme. Internal audit also collaborates with the external auditors to ensure that an appropriate breadth of audit coverage is obtained.

The Head of Internal Audit is responsible for updating the Committee on progress against the plan and any changes to the plan are approved by the Committee. At every meeting, a summary of work performed, key finding and progress of management action plans are presented to the Committee.

In order to deliver the plan and any additional work, such as fraud investigations, internal audit makes use of external resources to supplement in-house expertise. The Committee reviews internal audit resource requirements at every meeting and the use of external support is considered a practical way to scale up the resources of the function when required.

The Committee considered the effectiveness of internal audit during the year and confirmed that it was satisfied with the performance of the function. Areas identified for improvement included the materiality of issues identified, methodology of ratings used and the need for additional resource to be allocated to the function.

External auditor

PricewaterhouseCoopers LLP (PwC) were appointed by shareholders as the Group's statutory auditor in 2015 following a formal tender process. The lead audit partner has held the position for four years. Following the 2018/19 audit (his fifth year as lead audit partner) a new audit partner will be appointed in accordance with the FRC's auditing and ethical standards. The Committee will monitor the transition of the new lead audit partner for the 2019/20 audit.

The external audit contract will be put out to tender at least every ten years. The Company has complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Processes and Audit Committee Responsibilities) Order 2014 for the financial year under review.

As part of its role in ensuring effectiveness, the Committee reviewed PwC's audit plan to ensure its appropriateness for the Group and has completed a review which focused on the effectiveness, independence and objectivity of the external audit. The assessment of effectiveness is based on a framework setting out the key areas of the audit process for the Committee to consider, as well as the role that management has contributed to an effective process. Results from tailored questionnaires sent to Committee members and senior management, along with PwC's client satisfaction survey, were reviewed by the Committee. The outcome of the review was that PwC had performed effectively during the year. PwC's areas of focus for 2018 and beyond include working with management to accelerate more work in advance of the financial year-end.

PwC confirmed to the Committee that it maintained appropriate internal safeguards to ensure its independence and objectivity. The Committee recommends the reappointment of PwC at the 2019 AGM.

Non-audit work

The Committee completes an annual assessment of the type of non-audit work permissible and a maximum level of non-audit fees incurred. Any non-audit work performed by PwC requires pre-approval by the Audit Committee. Fees paid to PwC for audit services, audit-related services and other non-audit services are set out in note 4 of the Group's Financial Statements. PwC provided non-audit services amounting to £0.2m during the year, representing 7% of the total Group auditors' remuneration.

Committee effectiveness

The Committee's performance was reviewed during the year by way of questionnaire completed by Committee members, executive and senior management, and the external and internal auditors. The conclusion of the review was that the Committee functioned effectively and carried out its duties and responsibilities for the period under review. Future areas of focus were identified during the evaluation which included the continued oversight of initiatives to strengthen the Company's control environment, and the oversight of the internal audit function and the framework in which it operates.

Global Finance Transformation Programme

During the year, the Committee was actively involved in approving the business case for the first phase of the Global Finance Transformation Programme. The Committee continued its involvement through the design and first implementation phase in August 2018 at NDR and received regular updates during the course of the year. The Committee has ensured that the global design, processes and controls documentation is fit for purpose and has been subject to independent review.

Risk Committee

The Risk Committee oversees the Group's risk management processes and considers the Group risk register biannually. This report reviews specific risks and monitors developments in relevant legislation and regulation, assessing the impact on the Group. The Committee reports on its operations to the Board to enable the Directors to determine the overall effectiveness of the Group's risk management.

Committee members

Wendy Pallot (Committee Chair)

Tim Bratton (General Counsel & Company Secretary)

Ros Irving (Divisional Director)

John Orchard (Divisional Director)

Andrew Pieri (Chief Information Officer)

Andrew Rashbass (Chief Executive Officer)

Toby Smith (Head of Risk)

Responsibilities

The Risk Committee is responsible for the review and consideration of:

- the risks which the Committee believes are those most pertinent to the Group and its subsidiaries including emerging or potential future risks and their likely impact on the Group
- the impact of those risks and proposed remedial actions where appropriate
- the Group risk register and risk registers from each operating business including the applicable controls and
- reports on any material risk incidents and the adequacy of proposed action including management's responsiveness to the findings

The Committee is responsible for review of the Group's overall risk assessment approach and methodology, including:

- the Group's capability to identify and manage new risk types
- the Group's procedures for detecting fraud and for the prevention of bribery
- the adequacy and security of the Group's Speak-Up arrangements and
- the principal risks and uncertainties disclosure and other relevant risk management disclosures for inclusion in the Annual Report

The Committee also advises the Board on the current risk exposures of the Group, future risk mitigation strategies and the overall risk appetite and tolerance.

Key activities

The Committee meets four times a year. The activities during the year included:

- reviewing the Group's risk management processes and the Group risk register
- reviewing the Group's principal risks
- assessment of the Group's cyber risk and information security governance
- reviewing the Group's risk management framework for the events organised by the Company
- monitoring the Group's programme to enhance controls for the management of trade sanctions risk and
- assessment of the management of operational risk by the Group's divisions

Looking ahead, the Risk Committee will continue to monitor key risks affecting operating businesses and the Group. Areas of focus will continue to include information security, data protection, trade sanctions and business continuity.

Directors' Remuneration Report

The phasing out of legacy remuneration arrangements is now complete and our Remuneration Policy ensures that a significant proportion of remuneration is focused on the long-term

In this section

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 and of the Listing Rules of the Financial Conduct Authority.

Letter from the Remuneration Committee Chair	56
Summary	58
Remuneration Policy	60
Annual Remuneration Report	67
Executive Directors*	67
Non-Executive Directors*	71
Other performance measures and disclosures	72

* Information subject to audit



Imogen Joss
Remuneration Committee Chair

Letter to shareholders from the Remuneration Committee Chair

Dear Shareholder,

I am pleased to present the Directors' Remuneration Report for 2018 which has been prepared by the Remuneration Committee ('Committee') on behalf of the Board.

The key remuneration outcomes for the year and plans for the coming year are below. Further details are provided in the Annual Remuneration Report, commencing on page 67.

Our Remuneration Policy and the link to long-term performance

Our Remuneration Policy contains various elements, with each serving a particular purpose. Our basic salary, benefits and pensions arrangements are provided as part of a market competitive package, for our Executive Directors and for the wider employee population.

Our Remuneration Policy also provides for variable elements of remuneration, both an Annual Bonus plan and a Performance Share Plan. The variable elements of remuneration are subject to stretching performance measures. Any bonus award to an Executive Director above 100% of salary will be deferred into Euromoney shares for a period of two years, providing a longer-term link to shareholders. Our Performance Share Plan takes the form of awards over Euromoney shares, with vesting subject to Group performance conditions measured over a three year period. A further two year holding period applies to Executive Directors, giving a total of five years (vesting plus holding period). The Performance Share Plan therefore rewards the creation of long-term shareholder value.

In addition, to further ensure alignment with shareholders, Non-Executive Directors, Executive Directors and all members of our Group Management Board have personal Euromoney shareholding requirements. For Non-Executive Directors, the required shareholding level is shares with a value of at least 100% of their annual fee. For Executive Directors and other Group Management Board members the required level of holding is 200% of salary and 75% of salary respectively.

2018 performance and reward outcomes

The Group continues to perform well; our underlying revenues grew by 3% compared to 2017. Our key performance measure for annual bonus purposes is adjusted profit before tax. This measure has a 75% weighting in the performance measures applied to Executive Director bonuses and in 2018 our adjusted profit before tax increased by 3% from 2017 to £109.2m. For bonus performance measurement purposes, a negative adjustment of £1.4m was applied to take account of M&A activity, resulting in adjusted profit before tax for these purposes of £107.8m, which was equal to our target for 2018.

The remaining 25% of the annual bonus performance measures relate to individual objectives. Information on how our CEO and CFO performed against their individual objectives is provided on page 68.

The performance against these measures resulted in an annual bonus payout of 60.1% of maximum for Andrew Rashbass and 50% of maximum for Wendy Pallot. The actual amounts payable were £676,350 for Andrew Rashbass and £27,734 for Wendy Pallot, which is the pro-rated amount to reflect her period of service during the year.

Our Performance Share Plan has not been in place for a full three year performance period yet and so no outcomes for the Performance Share Plan measures have been tested this year. The performance measures that apply are adjusted diluted EPS growth and, for more recent awards, adjusted operating profit margin. Our adjusted diluted EPS has increased from 76.4p in 2017 to 81.3p in 2018. Adjusted operating profit margin has increased from 25% in 2017 to 27% in 2018.

Colin Jones, the Group's former Finance Director, was incentivised with a profit share scheme linked to adjusted diluted earnings per share (before tax). Colin was entitled to a pro-rata entitlement under the profit share scheme, reflecting the eight and a half months he worked during 2018. The amount payable to him is £520,423, (equivalent to £734,715 on a full-year basis), compared to a 2017 full-year payment of £668,487. This increase reflects the Group's increase in adjusted earnings per share.

As announced previously, Colin Jones retired during 2018. He stepped down from the Board on 15 June 2018. His remuneration arrangements on retirement are set out on page 70.

Chief Financial Officer

During the year, our new Chief Financial Officer, Wendy Pallot, took up her role (from 16 August 2018). Wendy's remuneration arrangements are in line with our Remuneration Policy on recruitment and are summarised below and set out in full on page 70.

- Salary: £355,000
- Bonus: target: 62.5% of salary; maximum: 125% of salary
- PSP: usual award level 150% of salary

Other Board changes

As well as the retirement of Colin Jones and appointment of Wendy Pallot as Chief Financial Officer during 2018, we had a number of changes in our other Board members. These are explained in full on page 45. Our Board diversity has changed significantly during the year and we now have four women on our Board.

I took on the role of Chairman of the Remuneration Committee from 1 February 2018 when John Botts stepped down from the Board. During the year, a further change in Remuneration Committee membership took place when Paul Zwillenberg stepped down from the Board and Remuneration Committee and was replaced by Kevin Beatty from 21 November 2017.

Remuneration changes during 2018

The Chief Executive Officer's salary was not increased at the time of the annual salary review and therefore from 1 April 2018 his annual salary remained at £750,000.

However, it was agreed during 2018 that the Chief Executive Officer's variable remuneration opportunities would be temporarily reduced. This was at the Chief Executive Officer's request to ensure that the Company did not incur additional costs in relation to the Chief Executive Officer's short-term commuter assignment to the US.

During 2018 (from 1 April 2018), the Chief Executive Officer committed to spend up to half his time in the US on a short-term commuter assignment to help focus the Group's growth and acquisition strategy on opportunities there. The Company facilitated this by providing suitable accommodation for the short-term assignment.

The Remuneration Committee and the Chief Executive Officer agreed that the ongoing costs to the business should be minimised and therefore agreed adjustments to his package to offset these costs. These included a reduction in his target bonus level from 100% to 90% of salary and a reduction in the level of PSP award at grant from 200% of salary to 170%.

The Committee felt that although the proportion of fixed remuneration increases at target, there remains a significant incentive to achieve superior performance. At target performance levels, there is an overall reduction in the package that will be broadly equal to the incremental costs incurred by the Company in relation to the US assignment. It is intended that at the point that support in the US is no longer provided, these temporary reductions would no longer apply.

All employee remuneration at Euromoney

In our 2017 Directors' Remuneration Report, we referred to our commitment to introducing an employee forum for consulting on remuneration matters. During the course of 2018, we have carried out extensive work on planning the details around how this proposed employee forum will work. We have now completed the planning and are due to launch the employee forum, with the first meeting expected to take place shortly after our 2019 AGM.

During 2018 we have also continued work to bring further alignment of reward structures across our senior employees ('Top 100'), and, in particular, the removal of profit share arrangements for senior management that was referred to in our 2016 Directors' Remuneration Report has now been completed. Group Management Board remuneration structures are now aligned with Executive Directors with a significant long-term element and strong alignment to shareholders.

During 2019, we intend to consider all employee pay more closely to ensure we are treating our employees fairly and keeping up with developing market practice and governance requirements in this area.

Remuneration for 2019

We do not intend to make any changes to our Remuneration Policy or the implementation of our policy for 2019. We will also retain the same performance measures for Executive Director bonuses, with 75% based on adjusted profit before tax and 25% based on individual objectives. The same performance measures as we have applied previously will also continue to apply to performance share plan awards granted to Executive Directors, with 75% based on adjusted diluted EPS growth and 25% based on adjusted operating margin.

The annual review of salaries takes place in April each year and Executive Director salaries will also be reviewed at this time.

Remuneration Policy shareholder approval at the 2018 AGM

The Director's Remuneration Policy was put forward to a binding shareholder vote at our 2018 AGM. It was approved at that vote. The Annual Remuneration Implementation Report together with this letter is subject to an advisory shareholder vote at our 2019 AGM to be held on 1 February 2019. The sections of this report that have been subject to audit are marked in the contents above.

The members of the Committee include a representative of its major shareholder, DMGT. The Committee consults with its shareholders prior to any major changes in its remuneration arrangements.



Imogen Joss
Remuneration Committee Chair

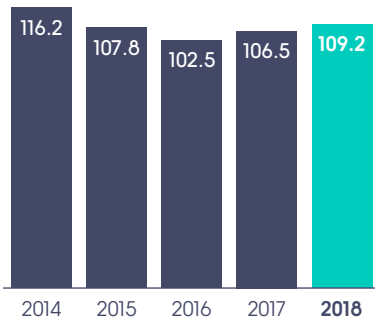
21 November 2018

Directors' Remuneration Report summary

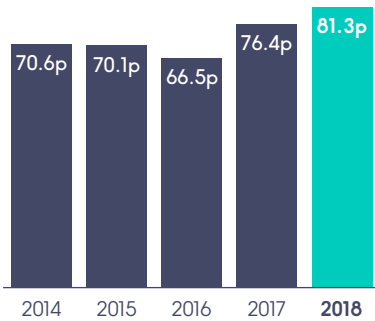
This summary section provides shareholders with the key information from our 2018 Directors' Remuneration Report at a glance

2018 Key performance measures for remuneration

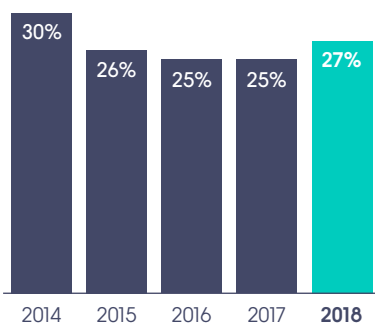
Adjusted profit before tax (annual bonus financial performance measure, 75% weighting)



Adjusted diluted earnings per share (PSP award performance measure, 75% weighting)



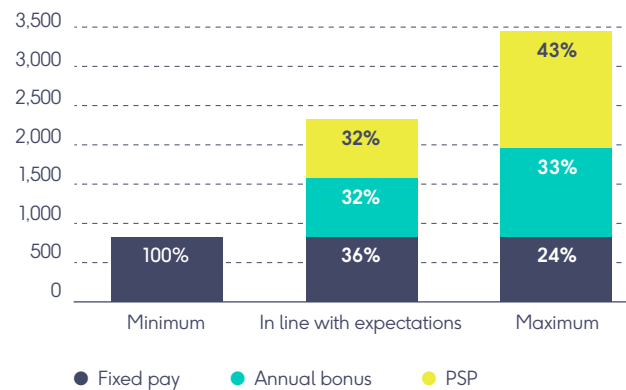
Adjusted operating profit margin (PSP award performance measure, 25% weighting)



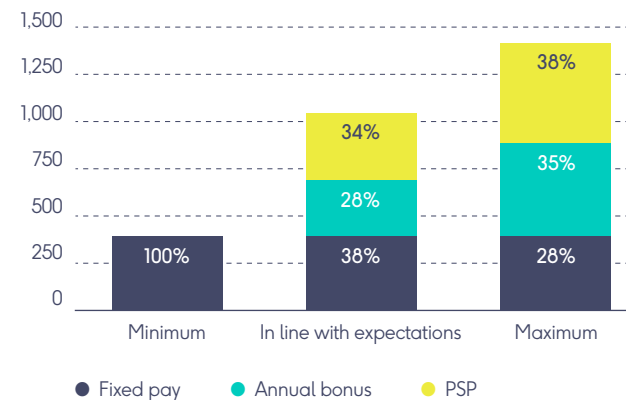
Scenario charts for CEO and CFO

The charts below provide illustrative values of the remuneration package for the Chief Executive Officer, Andrew Rashbass, and Chief Financial Officer, Wendy Pallot, under three assumed performance scenarios. For the CEO, the scenario chart reflects the Remuneration Policy and not the temporarily reduced target annual bonus and PSP award level that apply for the period of his US assignment. The assumptions used are detailed on page 66.

CEO (£000)



CFO (£000)



Single figure of remuneration summary table

		Salary, Benefits and Pension £	Profit share £	Annual bonus £	Total before buy-out award £
A Rashbass	2018	826,441	–	676,350	1,502,791
	2017	826,284	–	800,250	1,626,534
W Pallot	2018	50,565	–	27,734	78,299
CR Jones	2018	221,822	520,423	–	742,245
	2017	312,129	668,487	–	980,616
Total	2018	1,098,828	520,423	704,084	2,323,335
	2017	1,138,413	668,487	800,250	2,607,150

2018 CEO bonus outcome

For 2018, the CEO bonus amount is 60.1% of maximum, £676,350.

This amount will be split as follows and was calculated based on performance against the 2018 annual bonus performance measures, summarised below.

Bonus Plan

	£
A Rashbass	
Bonus payable in cash	676,350
Bonus deferred into shares	–
Total	676,350

Performance measures	Weighting	Minimum	On target	Maximum	Actual	Maximum opportunity (% of salary)	Pay-out (% of maximum)
Financial: adjusted profit before tax ^{1&2}	75%	£97.0m	£107.8m	£118.5m	£107.8m	112.5%	63.3%
Individual objectives	25%	–	–	–	–	37.5%	50.5%
Total pay-out (% of maximum)	100%					150%	60.1%

1 A reconciliation of adjusted profit before tax is set out on page 28

2 The adjusted profit before tax result was amended to take account of M&A activity with a negative adjustment of £1.4m

The individual objectives for Andrew Rashbass in 2018 were:

Objective	Outcome	Pay-out (% of maximum)
Book of Business growth year-on-year	Between threshold and target	40.4%
Portfolio management targeting reducing drag from bottom left quadrant businesses and improving upper right quadrant businesses (see page 12)	Between threshold and target	28.5%
Succession planning	Between target and maximum	81.7%
Internal controls and cyber security	Between threshold and target	51.4%

Remuneration Policy

Approved by shareholders at our 2018 AGM

Remuneration Policy

The Board 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 linked to performance measures aligned with the Group's key strategic, financial and operational objectives and with the creation of sustainable long-term shareholder value. Salaries and benefits are generally not intended to be the most significant part of a Director's remuneration. The policy was approved by shareholder vote at the 1 February 2018 AGM and is effective from that date and is available on our website in our 2017 Annual Report and Accounts (pages 59 to 65).

Information not subject to audit.

The implementation of the current Remuneration Policy for the Executive Directors in 2018 is set out in the Annual Remuneration Report, from page 67 to 74.

The following pages show our Remuneration Policy which was effective from 1 February 2018.

Compliance statement

This report sets out the Group's policy and structure for the remuneration of Executive and Non-Executive Directors. This policy report is intended to be in full compliance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2013.

In formulating its Directors' Remuneration Policy, the Committee considered employee pay and benefits, and sought advice on best practice from Deloitte. The Committee consulted with its top shareholders by equity holding.

Directors' Remuneration Report

continued

Benefits

Key Features of Policy

Maximum Opportunity

Basic salary

Purpose and link to strategy	<ul style="list-style-type: none"> Part of an overall market competitive pay package with salary generally not the most significant part of a Director's overall package Reflect the individual's experience, role and performance within the Company 	<ul style="list-style-type: none"> No absolute maximum has been set for Executive Director salaries. The Committee is guided by the general increase for the broader employee population although larger increases may be considered appropriate in circumstances (including, but not limited to, a change in an individual's responsibilities or in the scale of their role or in the size and complexity of the Group). Larger increases may also be considered appropriate if a Director has been initially appointed to the Board at a lower than typical salary
Operation	<ul style="list-style-type: none"> Paid monthly in cash Normally reviewed by the Remuneration Committee in March each year 	
Benchmarking	<ul style="list-style-type: none"> The Remuneration Committee examines salary levels at FTSE 250 companies and other listed peer group companies to help determine Executive Director pay increases The Remuneration Committee takes into account the general level of salary increases awarded to employees 	
Relationship to employee salaries	<ul style="list-style-type: none"> 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 	

Benefits

Purpose and link to strategy	<ul style="list-style-type: none"> Basic benefits are provided as part of a market competitive pay package 	<ul style="list-style-type: none"> There is no overall maximum as the level of benefits depends on the annual cost of providing individual items in the relevant local market and the individual's specific role
Operation	<p>Benefits may include:</p> <ul style="list-style-type: none"> Private healthcare Life insurance Overseas relocation and housing costs <p>The Committee has discretion to add or remove benefits from this list</p>	
Relationship to employee benefits	<ul style="list-style-type: none"> Benefits are available to all Directors and employees subject to a minimum length of service or passing a probationary period 	
Benefit levels	<ul style="list-style-type: none"> All Executive Directors participate in the healthcare scheme offered in the country where they reside 	

Pensions

Purpose and link to strategy	<ul style="list-style-type: none"> Retirement benefits are provided as part of a market competitive pay package 	<ul style="list-style-type: none"> The maximum employer's contribution to a pension scheme is 15% of pensionable salary
Operation	<ul style="list-style-type: none"> Directors may participate in the pension arrangements applicable to the country where they work A Director who elects to cease contributing to a Company pension scheme due to changes in tax or pension legislation may choose to receive a pension allowance in lieu of the Company's pension contributions 	
Relationship to employee salaries	<ul style="list-style-type: none"> All Directors and employees are entitled to participate in the same pension scheme arrangements applicable to the country where they work 	

Directors' Remuneration Report

continued

Benefits

Key Features of Policy

Maximum Opportunity

Annual Bonus Plan

<p>Purpose and link to strategy</p>	<ul style="list-style-type: none"> • The Annual Bonus Plan links reward to key business targets and an individual's contribution • The Annual Bonus Plan provides alignment with shareholders' interests through the operation of bonus deferral 	<ul style="list-style-type: none"> • The maximum award that can be made under the Annual Bonus Plan is 150% of salary. Each year the Remuneration Committee will determine the maximum annual bonus opportunity for individual Executive Directors within this limit
<p>Operation</p>	<ul style="list-style-type: none"> • Any Executive Director may participate in the Annual Bonus Plan • Annual bonus payments will be paid in cash following the release of audited results and/or as a deferred award over Company shares • Any bonus earned in excess of 100% of salary will be awarded as a deferred award • Deferred awards are usually granted in the form of conditional share awards or nil-cost options (and may also be settled in cash) • Deferred awards usually vest two years after award although may vest early on leaving employment or on a change of control (see later sections) • An additional payment (in the form of cash or shares) may be made in respect of shares which vest under deferred awards to reflect the value of dividends which would have been paid on those shares (this payment may assume that dividends had been reinvested in Company shares on a cumulative basis) • The annual bonus payable is based on performance assessed over one year and may be based upon any of appropriate financial, strategic and individual performance measures. No more than half of the annual bonus will generally be determined by strategic and/or individual performance measures • Any annual bonus payout is ultimately at the discretion of the Remuneration Committee • The cash bonus will be subject to recovery, and/or deferred awards will be withheld, at the Remuneration Committee's discretion in exceptional circumstances where, before the preliminary announcement of audited results during the third financial year following the financial year in which the bonus is determined, a material misstatement or miscalculation comes to light which resulted in an overpayment under the Annual Bonus Plan, or there is gross misconduct 	<ul style="list-style-type: none"> • The maximum level of bonus payment at threshold achievement is 0%
<p>Relationship to all employee incentive schemes</p>	<ul style="list-style-type: none"> • Incentive schemes, like the Annual Bonus Plan, are an important part of the Group culture. The Directors believe they directly reward good and exceptional performance. Many employees across the Group have an incentive scheme in place 	

Long-term incentive plans

Purpose and link to strategy	<ul style="list-style-type: none"> 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 and share price growth 	<ul style="list-style-type: none"> The maximum annual award permitted under the PSP is shares with a market value of 200% of annualised basic salary
Operation	<p>2015 Performance Share Plan (PSP)</p> <ul style="list-style-type: none"> Any Executive Director may participate in the PSP These awards will normally be subject to a performance period of three years, with an additional holding period of two years. If the Remuneration Committee determines so, an alternative performance period may be applied (with a minimum of at least three years). The aggregate of the performance period and additional holding period shall not be less than five years. Awards may vest early on leaving employment or on a change of control (see later sections). Vesting of these awards will be based on financial performance measures and/or strategic business goals, with the precise measures and weighting of the measures determined by the Remuneration Committee on the grant of each award. For achieving a threshold level of performance against a performance measure, no more than 25% of the portion of the PSP award determined by that measure will vest. Vesting of that portion would then increase to 100% for achieving a stretching maximum performance target All PSP awards may be granted as conditional awards of shares or nil-cost options (or, if appropriate, as cash-settled equivalents). An additional payment (in the form of cash or shares) may be made in respect of shares which vest under PSP awards to reflect the value of dividends which would have been paid on those shares (and this payment may assume that dividends had been reinvested in Company shares on a cumulative basis) PSP awards will be subject to recovery and/or withholding at the Remuneration Committee's discretion in exceptional circumstances where, before the preliminary announcement of audited results during the sixth financial year following the financial year in which the award is granted, a material misstatement or miscalculation comes to light which resulted in an over-vesting of PSP awards, or gross misconduct 	
Relationship to all employee long-term incentive schemes	<ul style="list-style-type: none"> The PSP rewards the creation of long-term shareholder value and is potentially available to all senior employees across the Group 	

Long-term incentive plans (all-employee schemes)

Purpose and link to strategy	<ul style="list-style-type: none"> All-employee share schemes align staff with the Group's financial performance and promote a sense of ownership 	<ul style="list-style-type: none"> Participants save a fixed monthly amount of up to £500 (or such other limit as may be approved from time to time by HMRC) for three years
Operation	<p>Euromoney SAYE scheme</p> <ul style="list-style-type: none"> 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 are able to buy shares in the Company at a price set at a discount of up to 20% to the market value at the start of the savings period 	

Directors' Remuneration Report

continued

Notes to table:

- The Remuneration Committee may vary any performance condition(s) if an event occurs which causes it to determine that a varied condition would be more appropriate, provided that any such varied condition is not materially less difficult to satisfy. In the event that the Remuneration Committee was to make an adjustment of this sort, a full explanation would be provided in the next Remuneration Report.
- Performance measures – The performance measures used in the variable incentive plans are reviewed annually and chosen to focus executive rewards on delivery of key financial targets for the relevant performance period in addition, where appropriate, to key strategic or operational goals relevant to an individual. Precise targets are set at the start of each performance period by the Remuneration Committee based on relevant reference points, including, for Group financial targets, the Group's business plan, and are designed to be appropriately stretching.
- The Remuneration Committee intends to honour any commitments entered into with current or former Directors on their original terms, including outstanding incentive awards, which have been disclosed in previous remuneration reports and, where relevant, are consistent with a previous policy approved by shareholders. Any such payments to former Directors will be set out in the Remuneration Report as and when they occur.
- The Remuneration Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed; (i) before the date the Company's first Remuneration Policy approved by shareholders in accordance with section 439A of the Companies Act came into effect; and (ii) before the Policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Remuneration Policy in force at the time they were agreed; or (iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Remuneration Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes 'payments' includes the Remuneration Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.
- The Remuneration Committee may make minor amendments to the Policy (for regulatory, exchange control, tax or administrative purposes, or to take account of a change in legislation) without obtaining shareholder approval for that amendment.
- The Remuneration Committee will operate the variable incentive plans according to their respective rules which provide flexibility in a number of regards.
- Under the PSP and the deferred share bonus plan, outstanding awards will vest early in the event of a change of control/takeover unless the change of control is an internal reorganisation or the Remuneration Committee determines otherwise in which case awards will be exchanged for equivalent awards over shares in the acquiring company. In the case of PSP awards, the extent to which awards vest will take into account the satisfaction of the performance conditions and, unless the Remuneration Committee determines otherwise, on a time pro-rated basis by reference to the proportion of the performance period that has elapsed. If the Company is wound up or is or may be affected by a demerger, delisting, special dividend or other event which would, in the Remuneration Committee's opinion affect the Company's share price, the Remuneration Committee may allow PSP and deferred share bonus plan awards to vest on the same basis as for a takeover.
- Any buy-out award granted as part of the recruitment of an Executive Director will be treated on a change of control in line with the agreed commercial terms of that award.
- If there is a variation of the Company's share capital or a demerger, delisting, special dividend, rights issue or other event which, in the Remuneration Committee's opinion would affect the Company's share price, the Remuneration Committee may adjust the terms of the awards.

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 for Non-Executive Directors with selected, additional responsibilities (for example, the Chairs of the Remuneration and Audit Committees and the Senior Independent Director). The Non-Executive Directors do not participate in any of the Company's incentive schemes. The Non-Executive Directors receive reimbursement for reasonable expenses (including, where relevant, tax payable on those expenses) incurred as part of their role as Non-Executive Directors.

Policy on external appointments

The Company allows 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, Executive Directors may retain the remuneration received from the first such appointment.

Recruitment policy

Compensation packages for new Board Directors are set in accordance with the prevailing Remuneration Policy at their time of joining the Board. The main components are detailed below.

New Executive Directors will receive a salary commensurate with their responsibilities and which will not be the most significant part of their overall remuneration package. The Director will also be offered the benefit of private healthcare and life assurance. Other benefits may include a pension allowance, relocation or housing allowance.

New Executive Directors will participate in one or more of the incentive plans outlined in the section Detailed remuneration arrangements of Executive Directors earlier in this Policy. The initial annual bonus and/or long-term incentive plan award to a new recruit may be granted with different measures and or targets to other Directors in the year of joining if deemed appropriate.

Where appropriate, a new Executive Director may be granted a one-off buy-out award for loss of earnings from previous employment which have been forfeited in order to join the Company. When structuring a buy-out award, the Remuneration Committee will take account of all relevant factors, including any performance conditions attached to forfeited incentive awards, the likelihood of those conditions being met, the proportion of the vesting/performance period remaining and the form of the award (e.g. cash or shares). The overriding principle will be that any replacement buy-out award should, in aggregate, not exceed the commercial value of the earnings which have been forfeited. The Remuneration Committee may, in a recruitment scenario, rely upon the Listing Rules exemption from shareholder approval to grant a one-off buy-out award to facilitate the recruitment of a Director.

New Executive Directors are entitled to participate in the Euromoney SAYE scheme.

Where an Executive Director is appointed from within the organisation, the normal policy of the Company is that any legacy arrangements would be honoured in line with the original terms and conditions. Similarly, if an Executive Director is appointed following the Company's acquisition of or merger with another company or business, legacy terms and conditions would be honoured.

Where an appointment is made to fill an Executive Director role on a short-term basis, the Remuneration Committee retains discretion to make appropriate remuneration decisions outside the standard Policy to meet the individual circumstances of recruitment on an interim basis.

New Non-Executive Directors appointed to the Board will receive a base fee in line with that payable to other Non-Executive Directors. In the event that a Non-Executive Director is required to temporarily take on the role of an Executive Director, their remuneration may include any of the elements listed above for Executive Directors.

Directors' service contracts

The Company's policy is to employ Executive Directors on service agreements which are terminable on 12 months' notice. The Remuneration Committee seeks to minimise termination payments and believes these should be restricted to the value of remuneration for the notice period.

The Company's Executive Directors are employed for an indefinite term and the service agreements provide for a notice period of 12 months from the Company and the Executive. Each Executive Director participates in bonus or incentive arrangements (and, in the case of Andrew Rashbass, a recruitment award as compensation for forfeiting remuneration in order to join the Company).

The service agreements for the Executive Directors include the following provisions on termination: 12 months' notice from the Company (and the Executive) and during such notice the Executive will normally continue to be entitled to receive, at the absolute discretion of the Remuneration Committee, bonus and long-term incentive awards that accrue during the notice period. If the Company terminates employment and elects to make a payment in lieu of notice (PILON) this will be calculated on the basis of the Executive's base salary for the notice period. At the absolute discretion of the Remuneration Committee, the Executive will also be considered for any bonuses to which they would or may become entitled during the notice period.

The service agreements for the Executive Directors are expressed to expire on reaching their respective retirement age; however, the Executive Directors could not, under UK law, be required to retire at this age following the abolition of the default retirement age.

Each of the Non-Executive Directors serve under a letter of appointment, rather than a service agreement.

The Directors' service contracts and Non-Executive Directors' letters of appointment are available for shareholder inspection at the Company's registered office.

Policy on payment for loss of office

The Company's approach to payments in the event of termination is to take account of the individual circumstances including the reason for termination, individual performance, contractual obligations, the terms of bonus incentives and long-term incentive plans in which the Executive Director participates.

The Company's general practice for all Executive Directors is to provide for 12 months' salary and pension up to the date of termination.

The Company may lawfully terminate an Executive Director's employment without compensation in circumstances where the Company is entitled to terminate for cause (this is defined in the service agreements).

The Remuneration Committee may determine that any Executive Director is eligible to receive an annual bonus in respect of the financial year in which they cease employment. This bonus would usually be time apportioned. In determining the level of bonus to be paid, the Remuneration Committee may, at its discretion, take into account performance up to the date of cessation or over the financial year as a whole.

The treatment of outstanding share awards in the event of termination is governed by the relevant share plan rules as summarised below.

If an Executive Director participates in the PSP and ceases to be an officer or employee of the Group during the performance period in any circumstances other than those set out below, an unvested award will lapse on the date on which their employment ceases.

If a participant dies, an unvested PSP award will vest at the time of the participant's death, taking into account the satisfaction of the performance condition and, unless the Remuneration Committee determines otherwise, on a time pro-rated basis by reference to the proportion of the performance period that has elapsed.

If a participant is treated as a good leaver because cessation of employment is as a result of ill-health, injury, disability, the sale of the individual's employing business or entity out of the Group or any other reason at the Remuneration Committee's discretion (a 'Good Leaver Reason') a participant's unvested PSP award will usually continue until the normal vesting date except where the Remuneration Committee determines it should vest as soon as reasonably practicable following the participant's cessation. The extent to which the award vests will take account of the extent to which the performance condition is satisfied and, unless the Remuneration Committee determines otherwise, on a time pro-rated basis by reference to the proportion of the performance period that has elapsed.

If a PSP award is subject to a holding period and a participant ceases to be an officer or employee of the Group during that holding period, his/her award will normally be released at the end of the holding period except where the Remuneration Committee determines it should be released following the participant's cessation. However, if a participant is summarily dismissed during a holding period, his/her award will lapse immediately. Nil-cost options will normally be exercisable for six months after release.

Directors' Remuneration Report

continued

Where an Executive Director participates in the deferred share bonus plan and ceases employment, their outstanding awards will normally lapse unless cessation is due to the participant's death or a Good Leaver Reason, in which case outstanding awards will vest at the normal vesting date or, if the Remuneration Committee so determines, as soon as is reasonably practicable following the individual's cessation.

Any buy-out award granted as part of the recruitment of an Executive Director will be treated on cessation of employment in line with the agreed commercial terms of that award.

The Remuneration Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of a compromise or settlement of any claim arising in connection with the cessation of a Director's office or employment. Any such payments may include but are not limited to paying any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his cessation of office or employment.

No other termination payments are provided unless otherwise required by law.

Policy for Directors holding equity in the Company

There is a minimum shareholding requirement of 200% of base salary for Executive Directors on a continuous basis. A newly appointed Executive Director will have a period of five years from their date of appointment to meet the minimum shareholding requirement.

There is a minimum shareholding requirement of 100% of annual fees for Non-Executive Directors on a continuous basis. This excludes Non-Executive Directors who are also Executive Directors of DMGT as they have a similar requirement at DMGT.

Scenario charts for Directors' remuneration

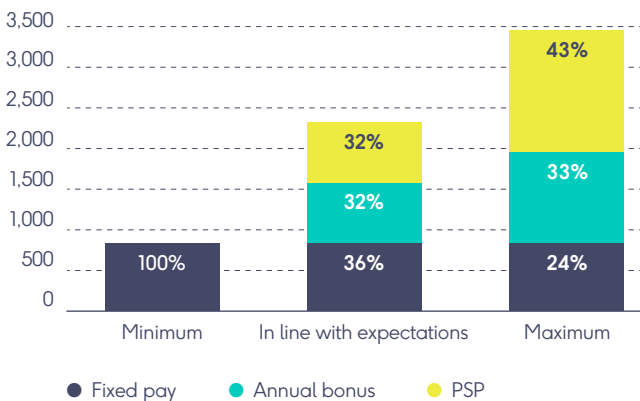
The charts below provide illustrative values of the remuneration package for the Chief Executive Officer, Andrew Rashbass, and Chief Financial Officer, Wendy Pallot, under three assumed performance scenarios. For the CEO, the scenario chart reflects the Remuneration Policy and not the temporarily reduced target annual bonus and PSP award level that apply for the period of his US assignment.

These charts are for illustrative purposes only and actual outcomes may differ from those shown.

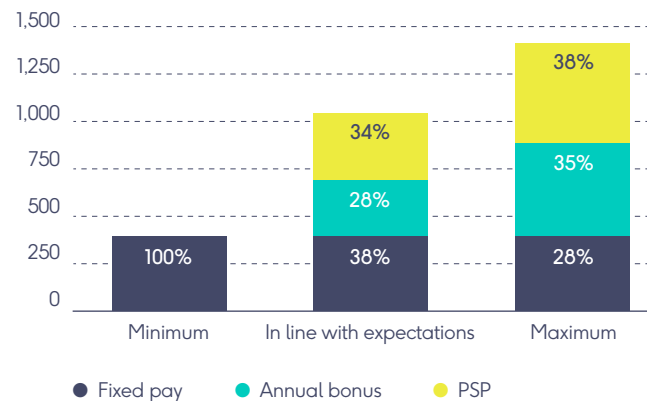
Assumed performance	Assumptions used
All performance scenarios (Fixed pay)	<ul style="list-style-type: none"> Consists of total fixed pay, including base salary, benefits and pension Base salary – salary effective as at 1 October 2018 Benefits – estimated value of £2,000 Pension allowance – 10% of salary
Minimum (less than threshold) performance (Variable pay)	<ul style="list-style-type: none"> No pay-out under the annual bonus No vesting under the PSP
Performance in line with expectations (Variable pay)*	<ul style="list-style-type: none"> 2/3rd of the maximum pay-out under the annual bonus 50% vesting under the PSP
Maximum performance (Variable pay)*	<ul style="list-style-type: none"> 100% of the maximum pay-out under the annual bonus 100% vesting under the PSP

* PSP awards have been shown at face value, with no share price growth or discount rate assumptions. All-employee share plans have been excluded

CEO (£000)



CFO (£000)



Annual Remuneration Report

Executive Directors (audited)

In 2018, the key elements of remuneration for the CEO, Finance Director (who retired during the year) and CFO (who joined during the year), in line with the Directors' Remuneration Policy in force, were as follows:

	Salary	Annual incentive	Bonus deferral	LTIP	Pension	Benefits
A Rashbass (CEO)	£750,000	Annual Bonus Plan <ul style="list-style-type: none"> 150% of salary maximum 100%/90%¹ of salary target The performance measures were: <ul style="list-style-type: none"> 75% adjusted profit before tax 25% individual objectives 	Any amount above 100% of salary deferred into nil-cost options for two years	PSP Annual award of 170% ¹ of salary vesting after 5 years (3 year performance period plus 2 year holding period)	10% of salary per annum, payable in cash	Private healthcare Life insurance
WM Pallot (from 16 August 2018)	£355,000	Annual Bonus Plan <ul style="list-style-type: none"> 125% of salary maximum 62.5% of salary target The performance measures were: <ul style="list-style-type: none"> 75% adjusted profit before tax 25% individual objectives 	Any amount above 100% of salary deferred into nil-cost options for two years	PSP Annual award of 150% of salary vesting after 5 years (3 year performance period plus 2 year holding period)	10% of salary per annum, payable in cash	Private healthcare Life insurance
CR Jones (Finance Director to 15 June 2018)	£270,300	Profit share scheme 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	–	N/A given retirement on 15 June 2018	15% of salary per annum, payable in cash	Private healthcare Life insurance

¹ As explained in the Chairman's letter, the Chief Executive Officer's target bonus level was reduced from 100% to 90% of salary and the level of PSP award grant was reduced from 200% of salary to 170%. These adjustments are intended to leave the Company broadly cost neutral in relation to its increased costs arising from the Chief Executive Officer's short-term commuter assignment to the US to develop our strategy and business there. The US assignment began on 1 April 2018 and so the target bonus for 2018 is 100% of salary to 1 April 2018 and 90% of salary thereafter

The table below sets out the break down of the single figure of remuneration for each Executive Director in 2018 and 2017.

		Salary £	Benefits ¹ £	Profit share ² £	Annual bonus ³ £	Pension £	Total before buy-out award £	Buy-out award ⁴ £	Total £
A Rashbass	2018	750,000	1,441	–	676,350	75,000	1,502,791	590,981	2,093,772
	2017	750,000	1,284	–	800,250	75,000	1,626,534	518,931	2,145,465
WM Pallot	2018	45,968	–	–	27,734	4,597	78,299	–	78,299
CR Jones	2018	191,636	1,441	520,423	–	28,745	742,245	–	742,245
	2017	270,300	1,284	668,487	–	40,545	980,616	–	980,616
Total	2018	987,604	2,882	520,423	704,084	108,342	2,323,335	590,981	2,914,316
	2017	1,020,300	2,568	668,487	800,250	115,545	2,607,150	518,931	3,126,081

¹ In line with the practice in previous years, the value of benefits provided is the most recent P11D (tax year) value. As noted above, the Company has provided accommodation for the period of Andrew Rashbass' short-term assignment to the US. The cost of this accommodation is exempt from tax and so it has not been included in the benefits figure

² Adjusted pre-tax EPS was 101.19p. This equates to 819.91 percentage points above 11 pence and 405.95 percentage points above 20 pence. The full-year profit share amount equates to £734,715; this is pro-rated for eight and a half months until retirement in June 2018, resulting in a payment of £520,423

³ Includes any amount deferred into nil-cost options for two years, with vesting subject to continued employment (other than in limited good leaver circumstances)

⁴ For 2017, the value of Andrew Rashbass' buy-out award vesting was calculated using the average mid-market price of the five days preceding vesting on 30 September 2017 of £11.74. Due to being in a close period, no vesting of the buy-out award occurred in 2017. For 2018, the value of Andrew Rashbass' buy-out award vesting was calculated using the average mid-market price of the five days preceding vesting on 30 September 2018 of £13.37

Annual Bonus Plan

	£
A Rashbass	
Bonus payable in cash	676,350
Bonus deferred into shares	–
Total	676,350

Performance measures	Weighting	Minimum	On target	Maximum	Actual	Maximum opportunity (% of salary)	Pay-out (% of maximum)
Financial: adjusted profit before tax ^{1&2}	75%	£97.0m	£107.8m	£118.5m	£107.8m	112.5%	63.3%
Individual objectives	25%	–	–	–	–	37.5%	50.5%
Total pay-out (% of maximum)	100%					150%	60.1%

¹ A reconciliation of adjusted profit before tax is set out on page 28

² The adjusted profit before tax result was amended to take account of M&A activity with a negative adjustment of £1.4m

Directors' Remuneration Report

continued

The individual objectives for Andrew Rashbass in 2018 were:

Objective	Outcome	Pay-out (% of maximum)
Book of Business growth year-on-year	Between threshold and target	40.4%
Portfolio management targeting reducing drag from bottom left quadrant businesses and improving upper right quadrant businesses (see page 12)	Between threshold and target	28.5%
Succession planning	Between target and maximum	81.7%
Internal controls and cyber security	Between threshold and target	51.4%

These objectives were weighted equally and the assessment of the outcome was determined by the Committee. In determining the final level of bonus payable, the Committee also considered whether the overall bonus outcome was appropriate.

On the basis of the above, the annual bonus will pay out at 60.1% of maximum opportunity and an overall bonus of £676,350 (90.2% of salary). Under our Remuneration Policy, any annual bonus earned in excess of 100% of salary will be paid as a nil-cost option, the vesting of which will be deferred for two years. The bonus deferral level was not reached.

	£
WM Pallot	
Bonus payable in cash	27,734
Bonus deferred into shares	–
Total	27,734

Performance measures	Weighting	Minimum	On target	Maximum	Actual	Maximum opportunity (% of salary)	Pay-out (% of maximum)
Financial: adjusted profit before tax ^{1,2}	75%	£97.0m	£107.8m	£118.5m	£107.8m	93.75%	50%
Individual objectives	25%	–	–	–	–	31.25%	50%
Total pay-out (% of maximum)	100%					125%	50%

1 A reconciliation of adjusted profit before tax is set out on page 28

2 The adjusted profit before tax result was amended to take account of M&A activity with a negative adjustment of £1.4m

The individual objectives for Wendy Pallot in 2018 were a number of personal objectives relating to her first one and a half months in the CFO role. These were based around internal controls, risk management and the actions on the internal structure of the finance function.

The Committee assessed the CFO's performance against these objectives and determined that performance against those individual objectives was on target. In determining the final level of bonus payable, the Committee also considered whether the overall bonus outcome was appropriate.

On the basis of the above, the annual bonus will pay out at 50% of maximum opportunity against the individual objectives and an overall bonus of £27,734 (62.5% of salary) after pro-rating to reflect the proportion of 2018 that Wendy Pallot was on the Board.

Pensions

Pension amounts are those contributed by the Company to pension schemes or cash amounts paid in lieu of pension contributions. Executive Directors can participate in the Euromoney PensionSaver Plan (a money purchase plan) or their own private pension scheme.

The Harmsworth Pension Scheme closed to future accrual of benefits on 31 December 2015. Under the Harmsworth Pension Scheme, the following pension benefits were earned by the Directors:

	Accrued annual benefit at 15 June 2018 based on normal retirement age £	Normal retirement age of 65	Additional value of benefits if early retirement taken	Weighting of pension benefit value as shown in single figure table
CR Jones	50,464	15 Aug 2025	none	Cash allowance: 100%

Buy-out award for Andrew Rashbass

A one-off award of shares in the Company with a value of £2,250,000 was made in 2016 in order to compensate Andrew Rashbass for incentives foregone on leaving his previous employment. This was considered to be no more than the comparable commercial value of the incentives foregone by him from his previous employment. Based on the Company's average share price for the month of September 2015, 221,011 shares were awarded on 1 October 2015. 40% of this award vested on 30 September 2016, 20% vested on 30 September 2017 and a further 20% vested on 30 September 2018. The remaining 20% will vest on 30 September 2019 (subject to continued employment).

Under the terms of this award, 44,202 options (2017: 44,202) vested on 30 September 2018.

Long-term incentives

No share plan awards under the PSP were due to vest in the year for the Executive Directors. Options were granted over 110,103 shares to Executive Directors during the year under the PSP. Details of the Group's share option schemes are set in the Remuneration Policy that can be found on the website and note 24 to the Group's Financial Statements.

Directors' interests

The following tables set out all interests in the equity of the Company held by Executive Directors and a comparison to the shareholding guidelines for Executive Directors at 30 September 2018.

Share options subject to performance conditions

The table below sets out the details of the long-term incentive award granted under the PSP where vesting will be determined according to the achievement of performance measures that will be tested in 2020. Awards under the PSP were granted to Andrew Rashbass on 19 February 2018. In addition, Executive Directors have a further two-year holding period following the performance measurement period. No other awards under the PSP have been granted to the Executive Directors during 2018. As explained above, the Chief Executive Officer's PSP award level was reduced to 170% of salary (at grant) for the award granted in February 2018 to contribute to leaving the Company broadly cost neutral in relation to its increased costs arising from the Chief Executive Officer's short-term commuter assignment to the US to develop our strategy and business there.

	Type of option awarded	Basis of award	Face value of award made	Number of shares ¹	End of performance period
A Rashbass	Nil-cost option	170% of salary	£1,275,000	110,103	Sep 2020

¹ Calculated as maximum number of shares that would vest if all performance measures are met. The share price used to determine the number of shares awarded was £11.58, being the average of the middle market quotations of an ordinary share as derived from the Daily Official List for the five dealing days preceding 19 February 2018

Details of performance measures for the February 2018 PSP awards are as follows:

	Maximum opportunity	Performance measure	Weighting	Performance target	Vesting level
A Rashbass	170% of salary	Compounded annualised EPS ¹ growth between financial years 2017 and 2020	75%	8% or more	Full vesting
				Between 8% and 3%	Between 100% and 25% on a sliding scale
				3%	25%
				Less than 3%	Nil
		Operating margin ²	25%	28% or more	Full vesting
				Between 28% and 25.5%	Between 100% and 25% on a sliding scale
				25.5%	25%
				Less than 25.5%	Nil

¹ EPS will be the adjusted diluted earnings per share disclosed in note 10 to the Group's Financial Statements

² Operating margin will be adjusted operating margin as disclosed in the Group's Financial Statements

The table below sets out the details of PSP awards held by Executive Directors as at 30 September 2018.

Year	Relating to	Award type	Exercisable from	Expiry date	Status	Award price (pence)	Exercised during the year	Outstanding awards
A Rashbass								
2015	PSP	Nil-cost option	18 Dec 2020	18 Dec 2025	Outstanding	941.8	–	159,269
2016	PSP	Nil-cost option	19 Dec 2021	19 Dec 2026	Outstanding	1,057.4	–	141,857
2018	PSP	Nil-cost option	19 Feb 2023	19 Feb 2028	Outstanding	1,158.0	–	110,103
Total								411,229

Wendy Pallot will be granted her first PSP award in the next PSP award cycle (December 2018).

Directors' Remuneration Report

continued

Share awards not subject to performance conditions

The table below sets out the details of outstanding buy-out awards, deferred bonus awards and SAYE options held by Andrew Rashbass.

Year	Relating to	Award type	Exercisable from	Expiry date	Status	Award price (pence)	Exercised during the year	Outstanding awards
2015	Buy-out award	Nil-cost option	30 Sep 2018	1 Oct 2025	Outstanding	1,018.5	–	44,202
2015	Buy-out award	Nil-cost option	30 Sep 2019	1 Oct 2025	Outstanding	1,018.5	–	44,202
2016	Deferred bonus	Nil-cost option	22 Dec 2018	22 Dec 2024	Outstanding	1,063.6	–	19,175
2017	Deferred bonus	Nil-cost option	19 Feb 2020	19 Feb 2026	Outstanding	1,158.0	–	4,339
2018	SAYE	Discounted option	1 Aug 2021	1 Feb 2022	Outstanding	1,420.0	–	1,691

The proportion of the buy-out award (over 44,202 shares) which vested on 30 September 2017 was exercised on 23 February 2018 and all shares were retained.

Share interests summary

The table below summarises all interests in shares.

Executive Director	Awards held subject to performance conditions	Awards held not subject to performance conditions	Shares required to be held % of salary	Number of shares required to be held ¹	Number of beneficially owned shares	Shareholding requirement met
A Rashbass	411,229	113,609	200%	111,442	91,056	No ²
WM Pallot	–	–	200%	52,749	–	No ²

1 The number of shares is calculated using the closing mid-market price on 28 September 2018 of £13.46. The requirement is for the Executive Directors to hold 200% of salary within five years of appointment

2 Andrew Rashbass was appointed Executive Director on 1 October 2015 and Wendy Pallot was appointed Executive Director on 16 August 2018 and therefore neither have yet built up shares equal to their individual requirement

At the date of his retirement (15 June 2018), the former Finance Director, Colin Jones, held 192,000 shares and met his personal shareholding requirement of 100% of salary

There have been no changes in the shareholdings of the Executive Directors between 30 September 2018 and the date of this Annual Report and Accounts.

Remuneration for new CFO

Wendy Pallot joined the Company on 16 August 2018 as Chief Financial Officer. All elements of her remuneration package are aligned with our Remuneration Policy for Executive Directors.

Wendy Pallot's annual salary was set at £355,000. She elected to receive a cash allowance of 10% of salary in lieu of pension contributions and will receive the usual benefits for an Executive Director under our Remuneration Policy, including private healthcare and life assurance.

In relation to variable remuneration, the applicable Annual Bonus Plan structure will be similar to the Chief Executive Officer, with the target pay out level being at 62.5% of salary. The maximum annual bonus opportunity will be 125% of salary.

The performance measures will be structured in the same way as those for the Chief Executive Officer and will be adjusted profit before tax (with a 75% weighting), plus individual objectives (with a 25% weighting). Any bonus amount awarded above 100% of salary will be deferred into nil-cost options for two years.

No buy-out awards were awarded in respect of the package agreed with Wendy Pallot.

Arrangements on leaving office – Colin Jones

Colin Jones retired from his role as Finance Director of the Company and stepped down from the Board on 15 June 2018. The following sets out the treatment of each element of remuneration as part of his leaving arrangements:

- Salary and pension cash allowance were paid up to leaving date
- Benefits (life assurance and cash-back medical plan) continued to his leaving date, with the exception of private medical cover which continued until the end of the month of him leaving, i.e. to 30 June 2018
- Profit share arrangements will be paid on a pro-rata basis, reflecting service during the 2018 financial year
- Good leaver treatment will apply to his PSP award granted in December 2016 over 25,562 shares. Therefore, this award will be exercisable on the normal release date in 2021, subject to performance conditions and pro-rating based on the proportion of the performance period (1 October 2016 to 30 September 2019) in employment

Payments to past Directors

There were no payments to past Directors made in the year.

Payments for loss of office

There were no payments for loss of office made in the year.

Non-Executive Directors (audited)

The fees for Non-Executive Directors were not reviewed during 2018, with the last increase having been effective from 1 February 2017. The current fee levels are as follows:

- Chairman: £190,000
- Non-Executive base fee: £50,000
- Audit Committee Chair: additional £10,000
- Remuneration Committee Chair: additional £10,000
- Senior Independent Director: additional £10,000

Each of the Non-Executive Directors seeking re-election at our 2019 AGM currently have an unexpired term of at least two years on their letters of appointment, with the exception of DP Pritchard who has five months.

Single figure of remuneration

The table below sets out the break down of the single total figure of remuneration for each Non-Executive Director in 2018 and 2017.

	2018 fees £	2018 benefits £	2018 Total £	2017 fees ¹ £	2017 benefits £	2017 total £
JC Botts (Chairman until 1 February 2018)	64,064	–	64,064	185,000	–	185,000
The Viscount Rothermere (until 21 November 2017)	7,008	–	7,008	43,333	–	43,333
Sir Patrick Sergeant (until 16 May 2018) ²	31,250	22,719	53,969	43,333	35,747	79,080
DP Pritchard (Senior Independent Director until 1 February 2018, Acting Chairman from 1 February 2018)	150,000	–	150,000	58,833	–	58,833
ART Ballingal	50,000	–	50,000	43,333	–	43,333
TP Hillgarth	50,000	–	50,000	43,333	–	43,333
PA Zwillenberg (until 21 November 2017)	7,008	–	7,008	43,333	–	43,333
I Joss (appointed 10 November 2017, Remuneration Committee Chair from 1 February 2018)	41,667	–	41,667	–	–	–
TG Collier (appointed 21 November 2017)	43,182	–	43,182	–	–	–
KJ Beatty (appointed 21 November 2017)	43,182	–	43,182	–	–	–
J Babiak (appointed 1 December 2017)	41,667	–	41,667	–	–	–
LM Tilbian (appointed 1 January 2018)	37,500	–	37,500	–	–	–
C Day (appointed 5 March 2018, Audit Committee Chair from 16 May 2018)	32,614	–	32,614	–	–	–
Total	599,142	22,719	621,861	460,498	35,747	496,245

¹ Fees include pro-rata fee increase from 1 February 2017

² In addition to fees paid in line with other Non-Executive Directors, in recognition of his additional responsibilities as President, Sir Patrick Sergeant is provided with a chauffeur and personal assistant and was also reimbursed for expenses incurred. In total, the personal element for these expenses in 2018 was £22,719. The equivalent figure for 2017 was £35,747 which, in error, was not disclosed in our 2017 Directors' Remuneration Report

Directors' interests

Shareholding guidelines for the Non-Executive Directors were introduced last year. The interests of the Non-Executive Directors in the ordinary shares of the Company as at 30 September 2018 (or date of stepping down from the Board, if earlier) were as follows:

	Number of ordinary shares
Beneficial	
JC Botts	15,503
The Viscount Rothermere	–
Sir Patrick Sergeant	101,476
DP Pritchard	16,644
ART Ballingal	–
TP Hillgarth	4,000
PA Zwillenberg	–
I Joss	–
TG Collier	–
KJ Beatty	–
J Babiak	5,404
LM Tilbian	–
C Day	–

There have been no changes in the shareholdings of the Non-Executive Directors between 30 September 2018 and the date of this Annual Report and Accounts.

Directors' Remuneration Report

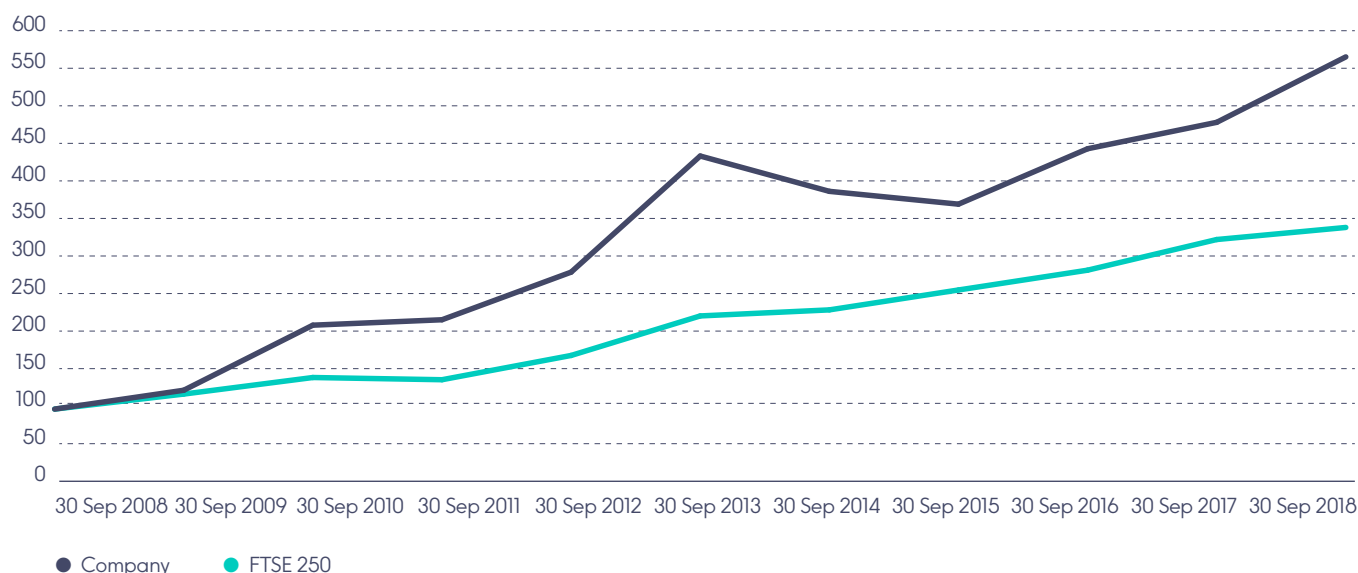
continued

Other performance measures and disclosures (unaudited)

Comparison of overall performance and remuneration of the CEO

The chart below compares the Company's total shareholder return with the FTSE 250 index over the past 10 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 shares. The Company is a constituent of the FTSE 250 index and, accordingly, this is considered to be the most appropriate benchmark.

Total shareholders' return: %



The table below sets out the remuneration data for Directors undertaking the role of CEO during each of the last 10 years. The single figure of remuneration for the CEO set out below includes salary, benefits, Company pension contributions and, where applicable, long-term incentives.

	CEO	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Single figure of remuneration (£000)	A Rashbass	–	–	–	–	–	–	–	1,780	1,627	1,503
	CHC Fordham	–	–	–	–	1,647	895	576	–	–	–
	PR Ensor	2,917	3,977	4,397	4,857	–	–	–	–	–	–
Annual incentive payment (% of maximum)	A Rashbass ¹	–	–	–	–	–	–	–	85%	71%	60%
	CHC Fordham ²	–	–	–	–	58%	52%	17%	–	–	–
	PR Ensor ²	81%	82%	82%	82%	–	–	–	–	–	–
Long-term incentive vesting (% of maximum)	A Rashbass	–	–	–	–	–	–	–	–	–	–
	CHC Fordham	–	–	–	–	–	–	–	–	–	–
	PR Ensor	100%	–	–	100%	100%	–	–	–	–	–

¹ Andrew Rashbass was awarded an annual bonus under the Group's Annual Bonus Plan

² Christopher Fordham and Richard Ensor were paid under the Group's profit share scheme. The profit share scheme had 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 CEO

The table below illustrates the change in remuneration for the CEO 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 Committee at the same time as that of the CEO and under the same economic circumstances. The Directors believe this demonstrates the best link between the changes in average remuneration compared to the CEO.

	% change 2017 to 2018		
	Salary	Benefits	Incentives
CEO remuneration	0%	12.2%	(15.5%)
Average employee	2%	8%	5%

Remuneration in the above table excludes long-term incentive payments and pension benefits. There is no change in salary from 2017 for the CEO remuneration as Andrew Rashbass did not receive an increase in the April 2018 salary review.

Relative importance of spend on pay

The table below illustrates the Company's spend on employee pay in comparison to profits and distributions to shareholders. 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. For this purpose, total employee pay includes salaries, profit shares and bonuses.

	2018 £m	2017 £m	% increase
Total employee pay ¹	159.0	163.8	(2.9%)
Dividends paid	34.4	30.2	13.9%
Adjusted profit before tax ²	109.2	106.5	2.5%

¹ Total employee pay is affected by foreign exchange translation as more than half of the Group's employees are based outside of the UK

² From continuing and discontinued operations

Remuneration Committee

The Committee meets four times 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. The Committee reviews the remuneration and incentive plans of the Executive Directors and other key employees as well as looking at the remuneration costs and policies of the Group as a whole. The Committee's terms of reference are available on the Company's website.

During 2018, the Committee met five times and informal discussions were held at other times during the year. Information on meeting attendance is provided on page 46.

Committee members

John Botts (Committee Chair until he resigned on 1 February 2018)

David Pritchard

Paul Zwillenberg (resigned from the Committee on 21 November 2017)

Imogen Joss (appointed to the Committee on 10 November 2017, became Committee Chair on 1 February 2018)

Kevin Beatty (appointed to the Committee on 21 November 2017)

All members of the Committee are Non-Executive Directors of the Company. For the year under review, the Committee also sought advice and information from the Company's Chief Executive Officer, Finance Director/Chief Financial Officer, the Global HR Director and the Global Reward Director. The Committee's terms of reference permit its members to obtain professional advice on any matter. Guidance was sought from Deloitte on an ad hoc basis and fees of £500 were payable for this advice. Deloitte was appointed in 2013 by the Committee. Deloitte is a founding member of the Remuneration Consultants Group and voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. The Committee is satisfied as to the independent nature of their advice.

The key activities of the Committee in the year included:

- Assessing performance against the bonus performance measures for 2017 bonus payment to the Chief Executive Officer
- Assessing performance measures for 2017 profit share payment to the Finance Director
- Approving 2017 bonus payments for the Group Management Board individuals
- Finalising the 2017 Directors' Remuneration Report, including the new Remuneration Policy which was put to shareholders for approval at our 2018 AGM
- Approving the performance measures and targets to apply to annual bonus payments for 2018
- Approving the performance measures and performance targets to apply to PSP awards granted during the year
- Determining the leaving arrangements for the Finance Director and the remuneration package for the new Chief Financial Officer

Directors' Remuneration Report

continued

Implementation of the Remuneration Policy in 2019

Basic salary	Directors' salaries from 1 October 2018 are: Andrew Rashbass: £750,000 Wendy Pallot: £355,000 Salaries will be reviewed in April 2019
Pensions and benefits	No change to prior year for Andrew Rashbass or Wendy Pallot
Annual incentive Annual Bonus Plan	The weightings for the individual and financial objectives for Andrew Rashbass and Wendy Pallot under the Annual Bonus Plan in 2019 will remain the same as 2018 with 75% based on adjusted profit before tax and 25% on individual objectives. The Committee considers that disclosing the precise targets, which are commercially sensitive, of the Annual Bonus Plan would not be in shareholders' interests and awards made will be published at the end of the performance period where possible.
Annual bonus deferral	Any amount above 100% of salary for Andrew Rashbass and Wendy Pallot will be deferred into nil-cost options for two years, as was the case for 2018.
Long-term incentive	The value of the PSP awards due to be granted to Executive Directors in December 2018 will be equivalent to 170% of salary for Andrew Rashbass and 150% of salary for Wendy Pallot. The performance measures attached to these PSP awards will be adjusted diluted EPS (75% weighting) and adjusted operating profit margin (25% weighting), as was the case for 2018 awards. For the adjusted diluted EPS performance measure, the threshold target level will be compounded annualised adjusted diluted EPS growth of 3% over the performance period and would result in 25% vesting. Maximum vesting would occur at compounded annualised EPS growth of 8%. Vesting occurs on a sliding scale between the threshold and maximum level. For the adjusted operating profit margin performance measure, the threshold target level will be adjusted operating profit margin of 25.5% over the performance period and would result in 25% vesting. Maximum vesting would occur if adjusted operating profit margin is 28%, with vesting taking place on a sliding scale between the threshold and maximum level. Directors employed in the UK are eligible to participate in the SAYE.
Non-Executive Directors' fees	Non-Executive Directors' fees will not be reviewed.
Shareholding requirement	Guidelines recommended by the Committee and as indicated in the revised Remuneration Policy are: <ul style="list-style-type: none"> • Non-Executive Directors: 100% of annual fee • Executive Directors: 200% of salary • Group Management Board: 75% of salary

General Meetings – shareholder vote outcome

The table below shows the voting outcomes on the two resolutions on the 2017 Directors' Remuneration Report at the February 2018 AGM.

	Votes for	%	Votes against	%	Abstentions
Directors' Remuneration Report	85,283,119	89%	10,413,138	11%	6,748,073
Remuneration Policy	93,926,490	92%	8,497,841	8%	20,000

On behalf of the Board



Imogen Joss
Remuneration Committee Chair

21 November 2018

Directors' Report

Euromoney Institutional Investor PLC, incorporated in England and Wales, company number 954730, with its registered office at 8 Bouverie Street, London, EC4Y 8AX, is listed on the London Stock Exchange and is a constituent of the FTSE 250 share index.

The Directors' Report comprises pages 75 to 78 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 2 to 39) as the Board considers them to be of strategic importance, particularly future business developments and principal risks.

It is expected that the Company will continue to operate as the holding Company of the Group. Subsidiaries of the Company have established branches in a number of different countries in which they operate.

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 developments or otherwise. Nothing in this document shall be regarded as a profit forecast.

Group results and dividends

The Group profit for the year attributable to equity holders of the parent amounted to £201.1m (2017: £42.7m). In 2017, the Board approved a new, progressive dividend policy with an increase in the dividend pay-out ratio from approximately 33% to approximately 40% of adjusted diluted earnings per share. The Board is able to recommend an increased final dividend of 22.30p per ordinary share (2017: 21.80p), payable on Thursday 14 February 2019 to shareholders on the register on Friday 30 November 2018. This, together with the interim dividend of 10.20p per ordinary share (2017: 8.80p), which was declared on 17 May 2018, brings the total dividend for the year to 32.50p per ordinary share (2017: 30.60p).

Share capital

The Company's share capital is divided into ordinary shares of 0.25p each. At 30 September 2018 there were 109,180,729 ordinary shares in issue and fully paid. During the year, 79,121 ordinary shares of 0.25p each (2017: 35,425 ordinary shares) with an aggregate nominal value of £198 (2017: £88) were issued following the exercise of share options granted under the Company's share incentive schemes for a cash consideration of £0.64m (2017: £0.3m). Details of the Company's share capital are given in note 23 to the Group's Financial Statements.

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 Euromoney ESOP Trust and, as such, are deemed to be interested in any ordinary shares held by the trust.

At 30 September 2018, the trust's shareholding totalled 1,715,551 shares representing 1.52% of the Company's called-up ordinary share capital. There have been no awards transferred between 30 September 2018 and the date of this Annual Report and Accounts.

Voting rights and restrictions on transfer of shares

Each share entitles its holder to one vote at shareholders' meetings and the right to receive dividends and other distributions according to the respective rights and interests attached to the shares. There are no special control rights attached to them. The Company is not aware of any agreements or control rights between existing shareholders that may result in restrictions on the transfer of securities (shares or loan notes) or on voting rights.

Change of control

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company following a takeover bid. These include the Group's debt facility agreement with HSBC under which the bank can demand immediate repayment of outstanding debt upon a change of control. Other than this agreement, none of these agreements are deemed to be significant in terms of their potential impact on the business of the Group as a whole. The Company's share plans contain provisions that take effect in such an event but do not entitle participants to a greater interest in the shares of the Company than created by the initial grant or award under the relevant plan. Details of the Directors' entitlement to compensation for loss of office following a takeover or contract termination are given in the Directors' Remuneration Report.

Authority to purchase and allot own shares

At the 2018 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 £27,275. The Company did not purchase any of its own shares under this authority during the year.

Significant shareholdings

At 30 September 2018, the Company had received notifications from the following shareholders of their direct or indirect shareholding of 3% or more in the Company's issued share capital. This information is disclosed pursuant to the Disclosure Guidance and Transparency Rules and in response to disclosures requested by the Company. No notifications have been disclosed to the Company in accordance with DTR 5 during the period 1 October 2018 to 21 November 2018.

Name of holder	Nature of holding	Number of shares	% of voting rights
DMGZ Limited	Direct	53,546,470	49.04
Standard Life Aberdeen plc	Indirect	5,974,019	5.47
Woodford Investment Management	Direct	5,897,334	5.40
Heronbridge Investment Management LLP	Indirect	5,283,820	4.84

Relationship deed

The Company and DMGT, the parent company of DMGZ Limited, entered into a revised relationship deed on 8 December 2016 (which supersedes the agreement entered into on 16 July 2014) in accordance with the Listing Rules and have acted in accordance with its terms since execution.

Directors' Report

continued

Employees

The competence of employees is strengthened through a robust recruitment process along with training and development programmes. The conduct of employees is an essential part of the Company's 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 page which is used to communicate with employees and provide guidance and assistance on day-to-day matters facing employees. The Group has a Speak-Up policy that is supported by an externally managed Speak-Up hotline and web platform. The speak-up policy is updated when necessary and is reviewed by the Audit and Risk Committees.

The Company actively encourages employees to become involved in the financial performance of our business through a variety of share and bonus schemes.

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 advisors are available where appropriate.

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.

Political donations

No political donations were made during the year (2017: £nil).

Post balance sheet events

Events arising after 30 September 2018 are set out in note 30 to the Group's Financial Statements.

Going concern

Having assessed the principal risks and the other matters discussed in connection with the viability statement, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing this Annual Report and Accounts.

Additional disclosures

Additional information that is relevant to this report, and which is incorporated by reference into this report, including information required in accordance with the UK Companies Act 2006 and Listing Rule 9.8.4R, can be located as follows:

- Corporate Governance Report (pages 42 to 48)
- Related party transactions (note 29)
- Waivers of dividends (page 92)

Greenhouse Gas (GHG) reporting

The Group participates in a 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. The Directors are committed to reducing the Group's absolute carbon emissions and managing its carbon footprint.

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 2018. 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	2016
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 environmental reporting guidelines

Intensity ratio Emissions per £m of revenue

Greenhouse gas emission source

	2018		2017	
	(tCO ₂ e)	(tCO ₂ e)/£m	(tCO ₂ e)	(tCO ₂ e)/£m
Scope 1: Combustion of fuel and operation of facilities	700	1.8	700	1.8
Scope 2: Electricity, heat, steam and cooling purchased for own use	1,300	3.3	1,800	4.7
Total scope 1 and 2*	2,000	5.1	2,500	6.5
Scope 3: Business travel and outsourced activities	5,700	14.6	5,300	13.7
Total emissions	7,700	19.7	7,800	20.2

* Statutory carbon reporting disclosures required by Companies Act 2006

Auditor

Each Director confirms that, so far as he/she is aware, there is no relevant audit information of which the Company's auditor is unaware, and that 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 and to establish that the Company's auditor is aware of the information.

A resolution to re-appoint PricewaterhouseCoopers LLP as the Company's statutory auditor and to authorise the Audit Committee to determine their remuneration will be proposed at the 2019 AGM.

Annual General Meeting

The Company's AGM will be held at the Company's registered office at 8 Bouverie Street, London, EC4Y 8AX on 1 February 2019 at 9.30 a.m. A separate circular comprising the Notice of Meeting, together with explanatory notes, accompanies this Annual Report and Accounts.

Directors

Directors and Directors' interests

The membership of the Board and biographical details of the Directors are given on pages 40 and 41 of the Corporate Governance Report. The Directors serving on the Board of the Company during the year were as follows:

Director	Date appointed in the year (if applicable)	Date resigned in the year (if applicable)
Jan Babiak	1 December 2017	
Andrew Ballingal		
Kevin Beatty	21 November 2017	
John Botts		1 February 2018
Tim Collier	21 November 2017	
Colin Day	5 March 2018	
Tristan Hillgarth		
Colin Jones		15 June 2018
Imogen Joss	10 November 2017	
Wendy Pallot	16 August 2018	
David Pritchard		
Andrew Rashbass		
The Viscount Rothermere		21 November 2017
Sir Patrick Sergeant		16 May 2018
Lorna Tilbian	1 January 2018	
Paul Zwillenberg		21 November 2017

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 56 to 74.

Appointment and removal 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 gives written notice to such a Director. The Articles of Association themselves may be amended by a special resolution of the shareholders.

In accordance with the Company's Articles of Association and the requirements of the Code, all serving Directors, with the exception of Andrew Ballingal, offer themselves for election or re-election at the forthcoming AGM. In addition, in accordance with the Code, before the election or 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.

Directors' indemnities

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

On behalf of the Board



Tim Bratton
General Counsel & Company Secretary

21 November 2018

Directors' Report

continued

Statement of Directors' responsibilities in respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Group Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law). Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group Financial Statements and United Kingdom Accounting Standards, comprising FRS 102, have been followed for the Company Financial Statements, subject to any material departures disclosed and explained in the Financial Statements
- make judgements and accounting estimates that are reasonable and prudent and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Directors' confirmations

Each of the Directors, whose names and functions are listed on pages 40 and 41 in the Annual Report and Accounts confirm that, to the best of their knowledge:

- the Company's Financial Statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company
- the Group Financial Statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, profit and cash flows of the Group and
- the Strategic Report and the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces

On behalf of the Board



Wendy Pallot
Chief Financial Officer

21 November 2018

Independent Auditors' Report to the members of Euromoney Institutional Investor PLC

Report on the audit of the Financial Statements

Opinion

In our opinion:

- Euromoney Institutional Investor PLC's Group Financial Statements and Company Financial Statements (the 'Financial Statements') give a true and fair view of the state of the Group's and of the Company's affairs at 30 September 2018 and of the Group's profit and cash flows for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law); and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

We have audited the Financial Statements, included within the Annual Report and Accounts (the 'Annual Report'), which comprise: the Consolidated Statement of Financial Position and the Company Balance Sheet at 30 September 2018; the Consolidated Income Statement; the Consolidated Statement of Comprehensive Income; the Consolidated Statement of Cash Flows; and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the Financial Statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

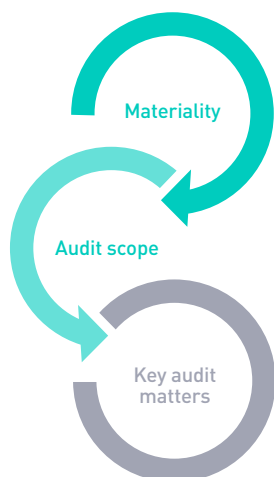
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities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

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

Other than those disclosed in note 4 to the Financial Statements, we have provided no non-audit services to the Group or the Company in the period from 1 October 2017 to 30 September 2018.

Our audit approach

Overview



- Overall Group materiality: £4.0m (2017: £4.2m) based on 5% of statutory profit before tax from continuing operations, adjusted for exceptional items.
- Overall Company materiality: £14.5m (2017: £13.5m) based on 1% of total assets.
- We conducted work in three key territories, being the UK, US and Canada. This included full scope audits at four components and specific Financial Statements line item audit procedures at a further two components.
- Taken together, the components at which audit work has been performed accounted for approximately 77% of the Group's revenue, 96% of the Group's statutory profit before tax from continuing operations and 91% of the Group's statutory profit before tax from continuing operations, adjusted for exceptional items.
- Carrying values of goodwill and acquired intangible assets (Group) and investments in subsidiaries (Company)
- Uncertain tax positions (Group)
- Presentation of exceptional items (Group)
- US tax reform (Group)
- Disposals and discontinued operations (Group)

Independent Auditors' Report to the members of Euromoney Institutional Investor PLC continued

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We gained an understanding of the legal and regulatory framework applicable to the Group and Company and the industry in which they operate and considered the risk of acts by the Group and Company which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group and significant component levels and for the Company to respond to this risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the Group and Company Financial Statements, including, but not limited to, the Companies Act 2006 (CA06), ISAs (UK), the Listing Rules of the Financial Conduct Authority (FCA) and taxation legislation. Our tests included, but were not limited to, checking the Financial Statement disclosures to underlying supporting documentation, review of correspondence with legal advisors, enquiries of management, review of significant component auditors' work and review of relevant Internal Audit reports insofar as they related to the Financial Statements. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely we would become aware of it.

As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud, and the risk of fraud in revenue recognition. Procedures designed to address these risks included testing of material journal entries and post-close adjustments, testing and evaluating management's key accounting estimates for reasonableness and consistency, understanding and testing management incentive plans, undertaking cut-off procedures to test proper cut-off of revenue and expenses and testing the existence and accuracy of revenue transactions. In addition, we incorporate an element of unpredictability into our audit work each year.

Key audit matters

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

Carrying values of goodwill and acquired intangible assets (Group)

Refer to the Audit Committee Report on page 52 and to note 12 to the Consolidated Financial Statements.

At 30 September 2018, the Group had £588m of intangible assets, which includes £168m of acquired intangible assets and £415m of goodwill. Goodwill is tested for impairment annually or more frequently if impairment indicators exist. Acquired intangible assets that are amortised are tested for impairment if impairment indicators exist.

During the year, the Group recognised a £3.0m impairment charge for Layer123. In addition, there have been headwinds affecting a number of businesses operating within the asset management segment following structural and regulatory changes in the market, which were considered an impairment indicator.

Recoverability of goodwill and acquired intangible assets is contingent on future cash flows of the underlying cash generating units (CGUs) and there is a risk that if these cash flows do not meet management's expectations the assets will be impaired. The cash flow forecasts and related recoverable value calculations include a number of significant judgements and estimates including revenue, profit and cash flow growth rates, terminal growth rates and discount rates. For certain CGUs, including where businesses are held for sale, fair value less cost of disposal (rather than value in use) has been used as the methodology to value CGUs. Changes in the key assumptions underpinning these calculations have a significant impact on the headroom available in the impairment calculations.

We obtained management's goodwill impairment model and tested the reasonableness of key assumptions, including revenue, profit and cash flow growth rates, terminal growth rates and the selection of discount rates. We agreed the underlying cash flow projections to management approved budgets and forecasts and assessed how these projections are compiled. Where cost savings were forecast, in particular for businesses in the Asset Management segment, we verified that the associated restructuring had been committed and compared the planned savings to the costs previously incurred to deliver these savings.

Deploying our valuations experts, we assessed the terminal growth rate and discount rate applied to each CGU compared with third party information, past performance, the Group's cost of capital and relevant risk factors. We evaluated the agreed sales price from third parties where CGUs are held for sale and therefore have been valued on a fair value less cost of disposal basis. We performed our own risk assessment by considering historical performance and management's forecasting accuracy by applying any current year budget shortfalls to future forecasts to highlight the CGUs with either lower headroom or which are more sensitive to changes in key assumptions.

We performed our own independent sensitivity analysis to understand the impact of reasonably possible changes in management's assumptions on the available headroom. We challenged the significant assumptions, specifically relating to revenue and profit growth in light of the individual CGU's past performance to assess whether the forecasts are achievable.

We focused in particular on the goodwill relating to Layer123 in order to determine whether we agreed with management's decision to impair and whether in our view the impairment charge is sufficient. We separately evaluated whether additional sensitivity disclosures were required for more CGUs than RIS1 and BCA where management identified that reasonably possible changes in key assumptions could give rise to impairment charges in future periods.

We checked for any additional impairment triggers in other businesses through discussions with management, review of management accounts and board minutes, and examining performance of recent acquisitions to identify under-performing businesses.

As a result of our work, we determined that the impairment charge recognised in 2018 was appropriate. We have assessed management's disclosures in light of the impairment testing performed and we considered the disclosures made to be reasonable. For those intangible assets, including goodwill, where management determined that no impairment was required and that no additional sensitivity disclosures should be provided, we found that these judgements were supported by reasonable assumptions that would require significant downside changes before any additional material impairment was necessary.

Independent Auditors' Report to the members of Euromoney Institutional Investor PLC continued

Key audit matter

How our audit addressed the key audit matter

Carrying value of investments in subsidiaries (Company)

Refer to note 6 to the Company Financial Statements.

Investments in subsidiaries of £1,231m are accounted for at cost less impairment in the Company balance sheet at 30 September 2018.

Investments are tested for impairment if impairment indicators exist. If such indicators exist, the recoverable amounts of the investments in subsidiaries are estimated in order to determine the extent of the impairment loss, if any. Any such impairment loss is recognised in the income statement.

Management judgement is required in the area of impairment testing, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; (2) whether the carrying value of an asset can be supported by the recoverable value, being the higher of fair value less cost of disposal or the net present value of future cash flows which are estimated based on the continued use of the asset in the business; (3) appropriate valuation multiples used to estimate the fair value less cost of disposal; and (4) key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level, if any, of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the recoverable value determined by the impairment test and as a result affect the Company's financial condition and results of operations.

During the year, an impairment of £48.6m was recorded, triggered by the payment of a material intercompany dividend and lower forecasted profits in certain subsidiaries.

We evaluated management's assessment whether any indicators of impairment existed by comparing the net assets of the Company's subsidiaries at 30 September 2018 with the Company's investment carrying values.

For those investments where the net assets were lower than the carrying values, management prepared a discounted cash flow model on a value in use basis. We have tested the reasonableness of key assumptions, including revenue, profit and cash flow growth rates, terminal growth rates and the selection of discount rates management has applied. Deploying our valuations experts, we assessed the terminal growth rate and discount rate applied to each investment compared with third party information, past performance, the Group's cost of capital and relevant risk factors.

In order to ensure that the recoverable values of investments appropriately reflected the higher of fair value less cost of disposal and the net present value of future cash flows calculated on a value in use basis, management performed an assessment applying the fair value less cost of disposal methodology for certain investments where impairment indicators existed that was based on an estimated multiple of the investment's profits. We compared the multiples used to third party sources and to multiples paid by the Group in previous acquisitions. We also considered the recoverable values by reference to the Group's market capitalisation at 30 September 2018.

We performed our own independent sensitivity analysis to understand the impact of reasonably possible changes in management's assumptions on the available headroom. When applicable, we verified that the recoverable values of investments were consistent with the recoverable values of the related CGUs tested for goodwill impairment purposes as part of the Group audit of the Consolidated Financial Statements.

As a result of our work, we considered the £48.6m impairment charge to be appropriate. The remaining carrying values of the investments held by the Company are supportable in the context of the Company Financial Statements taken as a whole.

Uncertain tax positions (Group)

Refer to the Audit Committee report on page 53 and to note 8 to the Consolidated Financial Statements.

The Group operates in a complex multinational tax environment in relation to direct and indirect taxes and there are a number of open tax matters with tax authorities, especially in the UK, US and Canada. From time to time, the Group enters into transactions with complicated accounting and tax consequences and judgement is required in assessing the level of provisions needed in respect of uncertain tax positions.

During the year, the Group increased its provision for a potential exposure in the UK relating to a HMRC enquiry following receipt of a closure notice from HMRC in September 2018.

In addition, the Group is subject to sales taxes in the US. The evolving nature both of US sales tax legislation and of the Group's product base as the business goes increasingly digital means that management periodically needs to exercise judgement (supported by external expert advice) in assessing appropriate levels of provisioning.

We evaluated management's judgements in respect of estimates of tax exposures and contingencies in order to assess the adequacy of the Group's tax provisions.

In understanding and evaluating management's judgements, we deployed our tax specialists and considered third party tax advice received by the Group, the status of recent and current tax authority audits and enquiries, the outturn of previous claims, judgemental positions taken in tax returns, and current year estimates and developments in the tax environment.

We refreshed our independent assessment of tax risks in the Group's most material markets (UK, US and Canada) and we evaluated the appropriateness and completeness of related tax provisions. The most significant uncertain tax positions comprise the Canadian Revenue Agency's assessment of a foreign currency trade in 2009 and a potential exposure relating to a HMRC enquiry from 2015.

Deploying our tax specialists, we reviewed external expert advice received by the Group in relation to the challenges by the Canadian Revenue Agency and HMRC.

Based on the audit evidence obtained, we considered the level of provisioning for direct and indirect taxes and the related disclosures to be complete and acceptable in the context of the Consolidated Financial Statements taken as a whole.

Key audit matter

How our audit addressed the key audit matter

Presentation of exceptional items (Group)

Refer to the Audit Committee report on page 52 and to note 5 to the Consolidated Financial Statements.

The Group continues to present adjusted earnings by making adjustments for costs and profits which management believes to be exceptional by virtue of their size and incidence.

During the year, the Group presented £81.4m of net income as exceptional items from continuing operations, primarily comprising: profit on disposal of businesses and associates (£86.8m) and the favourable settlement of the legal dispute with the previous owners of Centre for Investor Education (CIE) offset by restructuring charges, goodwill impairments and other exceptional costs. In addition, a £91.3m exceptional gain on the disposal of discontinued operations was recorded.

Given that the Group presents adjusted earnings measures in addition to its statutory results, the classification of these items as exceptional in the Consolidated Financial Statements was considered important, particularly considering the nature of such items, whether they are non-recurring and whether they are significant in size.

We considered the appropriateness of the adjustments made to statutory profit measures to derive adjusted profit measures. We understood management's rationale for classifying items as exceptional and considered whether this is reasonable and appropriate in arriving at an adjusted profit measure for 2018.

Overall, we found that management was even handed and consistent in its treatment of exceptional credits and debits.

We were satisfied that excluding the one-off net profit on disposal of businesses from adjusted profit measures was consistent with the Group's historical practice. Where costs were treated as exceptional, we considered whether the Group had complied with its accounting policy and with the financial hurdle set by the Directors below which items of cost and income should not be treated as exceptional.

We considered the appropriateness and transparency of the disclosures in the Consolidated Financial Statements regarding the nature of the reconciling items between statutory and adjusted profit measures, especially in the context of the principle that financial reporting as a whole should be fair, balanced and understandable.

As a result of our work, we determined that the classification of exceptional items was reasonable, that the Group's policy in this area has been consistently applied and that the rationale for including or excluding items from adjusted profit has been consistently applied across gains and losses.

US tax reform (Group)

Refer to the Audit Committee report on page 53 and to notes 2 and 8 to the Consolidated Financial Statements.

The US Tax Cuts and Jobs Act ('US tax reform') was substantively enacted in December 2017. The main changes include a reduction in the corporate tax rate that should be applied to deferred taxation balances and the introduction of a toll tax for the deemed repatriation of certain deferred foreign earnings. In addition, as a result of the change in attribution rules that dictate which entities are treated as a controlled foreign corporation (CFC) for US income tax purposes, the disposal of shares in Diamond Topco Limited (Dealogic) crystallised a gain that is subject to US tax.

Some of the changes are complex and there are a number of areas of uncertainty relating both to the manner in which the law will apply and to the accounting in certain areas.

Deploying our US tax specialists, we evaluated the key judgements, assumptions and interpretations used by management to assess the impact of US tax reform. We have undertaken procedures to validate the corporate tax rate change adjustments to deferred tax balances, giving rise to a one-off deferred tax credit of £4.7m, and the crystallisation of the £10.1m tax charge on the Dealogic gain. With respect to the £3.2m toll tax charge for the deemed repatriation of foreign earnings of subsidiaries of the Group's US entities, we have evaluated the documentation prepared by management and assessed the underlying calculations together with advice from third party advisors, undertaken procedures to validate key inputs underpinning the estimated charge and confirmed that the liability is appropriately presented.

Given the complexity and uncertainty relating to US tax reform, we expect that there will be true-ups and updates to the estimates made by management as further guidance is issued. However, we are satisfied that the accounting positions taken by the Group at 30 September 2018 represent management's best estimate of the impact of US tax reform at this time.

Disposals and discontinued operations (Group)

Refer to the Audit Committee report on page 53 and to note 11 to the Consolidated Financial Statements.

On 30 April 2018, the Group disposed of its Global Markets Intelligence Division, consisting of CEIC and EMIS (the 'disposal group'), generating a gain on disposal of £91.3m.

In 2017, management concluded that the disposal group constituted a discontinued operation that was held for sale, meaning that additional disclosure of the profit, cash flows and net assets of the disposal group is required under IFRS 5.

We obtained and reviewed the sale and purchase agreement (SPA) to gain an understanding of the terms of the transaction and recalculated the gain on disposal based on the net assets attributable to the disposal group.

We vouched the disposal costs to invoice and other supporting evidence, confirming that they were directly attributable to the disposal, and recalculated the cumulative translation adjustment recycled from reserves to the consolidated income statement on disposal.

We assessed the adequacy of the disclosures in the notes to the Consolidated Financial Statements and considered the disclosures to be appropriate.

Independent Auditors' Report to the members of Euromoney Institutional Investor PLC continued

How we tailored the audit scope

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

The Consolidated Financial Statements are a consolidation of 84 reporting units, each of which is considered to be a component. We identified four components in the UK, US and Canada that required a full scope audit due to their size. Audit procedures over specific Financial Statement line items were performed at a further two components in the UK and US to give sufficient audit coverage.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the components by us, as the Group audit team, or by component auditors within PwC UK and from other PwC network firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting units to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Consolidated Financial Statements as a whole.

We performed full scope audits in respect of Euromoney Trading Limited (UK), Euromoney Global Limited (UK), Institutional Investor, Inc. (US) and BCA Research, Inc. (Canada) which, in our view, required a full scope audit due to their size.

We performed audit procedures over specific Financial Statement line items at Tipall Limited over property, plant and equipment and related dilapidation provisions and at Ned Davis Research, Inc. over revenue, accounts receivable and deferred revenue. This ensured that sufficient and appropriate audit procedures were performed to achieve sufficient coverage over these Financial Statement line items.

In addition to instructing and reviewing the reporting from our component audit teams, we conducted visits to our in-scope components in the US and Canada, which included file reviews and attendance at key meetings with local management. We also had regular dialogue with component teams throughout the year.

The Group consolidation, Financial Statement disclosures and corporate functions were audited by the Group audit team. This included our work over goodwill and intangible assets, acquisitions and disposals, treasury, post-retirement benefits and tax.

Taken together, the components and corporate functions where we conducted audit procedures accounted for approximately 77% of the Group's revenue, 96% of the Group's statutory profit before tax from continuing operations and 91% of the Group's statutory profit before tax from continuing operations, adjusted for certain exceptional items. This provided the evidence we needed for our opinion on the Consolidated Financial Statements taken as a whole. This was before considering the contribution to our audit evidence from performing audit work at the Group level, including disaggregated analytical review procedures, which covers certain of the Group's smaller and lower risk components that were not directly included in our Group audit scope.

Materiality

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

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

	Group Financial Statements	Company Financial Statements
Overall materiality	£4.0m (2017: £4.2m).	£14.5m (2017: £13.5m).
How we determined it	5% of statutory profit before tax from continuing operations, after adjusting for exceptional items.	1% of total assets.
Rationale for benchmark applied	<p>The Group's principal measure of earnings comprises adjusted operating profit, which adjusts statutory operating profit for a number of income and expenditure items and which includes the results of discontinued operations. Management uses this measure as it believes that it eliminates the volatility inherent in exceptional items. We have taken this measure into account in determining our materiality, except that we have not adjusted profit before tax to add back amortisation of acquired intangible assets, share of results in associates and joint ventures or net finance costs as in our view these are recurring items which do not introduce volatility to the Group's earnings.</p> <p>In addition, we have not taken profit from discontinued operations into account when determining our materiality given that GMID was sold during the year and does not therefore form part of the Group's ongoing operations at 30 September 2018.</p>	Based on our professional judgement, total assets is an appropriate measure to assess the performance of the Company and is a generally accepted auditing benchmark for holding companies.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £0.5m and £3.4m. Certain components were audited to local statutory audit materiality levels that were also less than our overall Group materiality.

We agreed with the Audit Committee that we would report misstatements identified during our audit above £0.2m for the Group and Company audits (2017: £0.2m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

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

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the Financial Statements whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements and the Directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the Financial Statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.
We are required to report if the Directors' statement relating to going concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the Financial Statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic Report and Directors' Report

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

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

Independent Auditors' Report to the members of Euromoney Institutional Investor PLC continued

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 78 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated; and
- The Directors' explanation on page 39 of the Annual Report how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate and their statement whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the 'Code'); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. (Listing Rules)

Other Code provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the Directors, on page 47, that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit;
- The section of the Annual Report on pages 52 and 53 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; and
- The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the Financial Statements and the audit

Responsibilities of the Directors for the Financial Statements

As explained more fully in the Directors' Responsibilities Statement set out on page 78, the Directors are responsible for the preparation of the Financial Statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the Financial Statements

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

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 29 January 2015 to audit the Financial Statements for the year ended 30 September 2015. The period of total uninterrupted engagement is four years, covering the years ended 30 September 2015 to 30 September 2018.

Giles Hannam (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

21 November 2018

Consolidated Income Statement

for the year ended 30 September 2018

	Notes	2018 £000	2017 £000
CONTINUING OPERATIONS			
Revenue	3	390,279	386,923
Operating profit before acquired intangible amortisation and exceptional items	3	103,198	95,253
Acquired intangible amortisation	12	(22,739)	(20,566)
Exceptional items	5	81,396	(31,253)
Operating profit	3, 4	161,855	43,434
Share of results in associates and joint ventures	14	157	(1,890)
Finance income	7	5,248	3,290
Finance expense	7	(6,034)	(4,146)
Net finance costs	7	(786)	(856)
Profit before tax	3	161,226	40,688
Tax expense on profit	8	(51,360)	(3,390)
Profit for the year from continuing operations	3	109,866	37,298
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	11	91,342	5,889
PROFIT FOR THE YEAR		201,208	43,187
Attributable to:			
Equity holders of the parent		201,069	42,718
Equity non-controlling interests		139	469
		201,208	43,187
Earnings per share			
From continuing operations			
Basic	10	102.15p	32.74p
Diluted	10	102.03p	32.68p
From continuing and discontinued operations			
Basic	10	187.18p	37.98p
Diluted	10	186.96p	37.91p
Dividend per share (including proposed dividends)	9	32.50p	30.60p

A detailed reconciliation of the Group's statutory results to the adjusted and underlying results is set out on pages 27 to 29.

During the year the Group disposed of Global Markets Intelligence Division. This division has met the recognition criteria of a discontinued operation under IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' and is therefore presented as such throughout this report (note 11).

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2018

	2018 £000	2017 £000
Profit for the year	201,208	43,187
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of cash flow hedges	(711)	2,408
Transfer of (gains)/losses on cash flow hedges from fair value reserves to Income Statement:		
Foreign exchange (gains)/losses in revenue	(1,037)	9,334
Foreign exchange gains in operating profit	(409)	(72)
Gains on interest rate swaps to hedge interest on committed borrowings	(2,121)	–
Net exchange differences on translation of net investments in overseas subsidiary undertakings	24,311	(4,875)
Net exchange differences on foreign currency loans	(5,642)	(799)
Translation reserves recycled to Income Statement	8,250	(285)
Tax on items that may be reclassified	630	(1,955)
Items that will not be reclassified to profit or loss:		
Actuarial gains/(losses) on defined benefit pension schemes	6,495	(320)
Tax (charge)/credit on actuarial losses on defined benefit pension schemes	(1,104)	54
Other comprehensive income for the year	28,662	3,490
Total comprehensive income for the year	229,870	46,677
Continuing operations	136,649	41,364
Discontinued operations	93,221	5,313
Total comprehensive income for the year	229,870	46,677
Attributable to:		
Equity holders of the parent	229,895	46,399
Equity non-controlling interests	(25)	278
	229,870	46,677

Consolidated Statement of Financial Position

as at 30 September 2018

	Notes	2018 £000	2017 £000
Non-current assets			
Intangible assets			
Goodwill	12	414,722	399,971
Other intangible assets	12	173,503	193,991
Property, plant and equipment	13	16,112	17,235
Investment in associates and joint ventures	14	715	26,820
Available-for-sale investments	14	3,546	3,546
Convertible loan note		2,677	2,503
Deferred consideration	25	470	1,570
Deferred tax assets	22	1,299	1,549
Retirement benefit asset	27	1,937	–
Other non-current assets		583	929
Derivative financial instruments	19	55	662
		615,619	648,776
Current assets			
Trade and other receivables	16	68,285	64,483
Deferred consideration	25	650	419
Current income tax assets		4,605	5,112
Cash and cash equivalents (excluding bank overdrafts)	19	78,273	4,426
Derivative financial instruments	19	131	2,686
Total assets of businesses held for sale	11	13,719	50,671
		165,663	127,797
Current liabilities			
Acquisition commitments	25	(97)	(9,904)
Deferred consideration	25	(209)	(350)
Trade and other payables	17	(27,284)	(28,070)
Current income tax liabilities		(31,816)	(16,117)
Group relief payable		–	(387)
Accruals		(64,143)	(67,819)
Deferred income	18	(117,088)	(113,487)
Derivative financial instruments	19	(2,424)	(1,001)
Provisions	21	(248)	(337)
Total liabilities of businesses held for sale	11	(1,994)	(29,998)
		(245,303)	(267,470)
Net current liabilities		(79,640)	(139,673)
Total assets less current liabilities		535,979	509,103
Non-current liabilities			
Acquisition commitments	25	(175)	(3,221)
Deferred consideration	25	(125)	–
Borrowings	20	–	(168,893)
Other non-current liabilities		(1,348)	(486)
Deferred income	18	(3,316)	(3,491)
Deferred tax liabilities	22	(28,490)	(23,431)
Retirement benefit obligation	27	(4,870)	(9,954)
Derivative financial instruments	19	(166)	(230)
Provisions	21	(3,872)	(2,600)
		(42,362)	(212,306)
Net assets		493,617	296,797

Consolidated Statement of Financial Position

as at 30 September 2018 continued

	Notes	2018 £000	2017 £000
Shareholders' equity			
Called up share capital	23	273	273
Share premium account		103,790	103,147
Other reserve		64,981	64,981
Capital redemption reserve		56	56
Own shares		(20,462)	(21,005)
Reserve for share-based payments		39,687	38,395
Fair value reserve		(27,616)	(23,071)
Translation reserve		119,075	89,269
Retained earnings		213,833	35,594
Equity shareholders' surplus		493,617	287,639
Equity attributable to non-controlling interests		–	9,158
Total equity		493,617	296,797

The Financial Statements on pages 88 to 147 were approved by the Board of Directors on 21 November 2018 and signed on its behalf by:



Andrew Rashbass



Wendy Pallot

Directors

Consolidated Statement of Changes in Equity

for the year ended 30 September 2018

	Share capital £000	Share premium account £000	Other reserve £000	Capital redemption reserve £000	Own shares £000	Reserve for share- based payments £000	Fair value reserve £000	Translation reserve £000	Retained earnings £000	Total £000	Non- controlling interests £000	Total equity £000
At 1 October 2016	321	102,835	64,981	8	(21,005)	37,334	(34,741)	95,037	224,218	468,988	8,513	477,501
Profit for the year	-	-	-	-	-	-	-	-	42,718	42,718	469	43,187
Other comprehensive income/(expense) for the year	-	-	-	-	-	-	11,670	(5,768)	(2,221)	3,681	(191)	3,490
Total comprehensive income/(expense) for the year	-	-	-	-	-	-	11,670	(5,768)	40,497	46,399	278	46,677
Recognition of acquisition commitments	-	-	-	-	-	-	-	-	(4,997)	(4,997)	-	(4,997)
Non-controlling interest recognised on acquisition	-	-	-	-	-	-	-	-	-	-	1,525	1,525
Adjustment arising from change in non- controlling interest	-	-	-	-	-	-	-	-	(234)	(234)	(560)	(794)
Credit for share-based payments	-	-	-	-	-	1,061	-	-	-	1,061	-	1,061
Cash dividend paid	-	-	-	-	-	-	-	-	(30,200)	(30,200)	(598)	(30,798)
Exercise of share options	-	312	-	-	-	-	-	-	-	312	-	312
Share buyback	(48)	-	-	48	-	-	-	-	(193,465)	(193,465)	-	(193,465)
Tax relating to items taken directly to equity	-	-	-	-	-	-	-	-	(225)	(225)	-	(225)
At 30 September 2017	273	103,147	64,981	56	(21,005)	38,395	(23,071)	89,269	35,594	287,639	9,158	296,797
Profit for the year	-	-	-	-	-	-	-	-	201,069	201,069	139	201,208
Other comprehensive (expense)/income for the year	-	-	-	-	-	-	(4,545)	27,349	6,022	28,826	(164)	28,662
Total comprehensive (expense)/income for the year	-	-	-	-	-	-	(4,545)	27,349	207,091	229,895	(25)	229,870
De-recognition of non-controlling interest and related liabilities on disposal	-	-	-	-	-	-	-	-	317	317	(170)	147
Adjustment arising from change in non- controlling interest	-	-	-	-	-	-	-	2,457	6,082	8,539	(8,539)	-
Credit for share-based payments	-	-	-	-	-	1,741	-	-	-	1,741	-	1,741
Cash dividend paid	-	-	-	-	-	-	-	-	(34,361)	(34,361)	(424)	(34,785)
Exercise of share options	-	643	-	-	543	(449)	-	-	(94)	643	-	643
Tax relating to items taken directly to equity	-	-	-	-	-	-	-	-	(796)	(796)	-	(796)
At 30 September 2018	273	103,790	64,981	56	(20,462)	39,687	(27,616)	119,075	213,833	493,617	-	493,617

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

The investment in own shares is held by the Euromoney Employees' Share Ownership Trust and Euromoney Employee Share Trust. 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 and included in the Consolidated Financial Statements.

	2018 Number	2017 Number
Euromoney Employees' Share Ownership Trust	58,976	58,976
Euromoney Employee Share Trust	1,656,575	1,700,777
Total	1,715,551	1,759,753
Nominal cost per share (p)	0.25	0.25
Historical cost per share (£)	11.93	11.94
Market value (£000)	23,091	20,607

Consolidated Statement of Cash Flows

for the year ended 30 September 2018

	Notes	2018 £000	2017 £000
Cash flow from operating activities			
Operating profit from continuing operations	3	161,855	43,434
Operating profit from discontinued operations	11	6,541	9,200
Operating profit		168,396	52,634
Long-term incentive expense	24	1,487	985
Acquired intangible amortisation	12	22,739	20,815
Licences and software amortisation	12	2,908	3,965
Depreciation of property, plant and equipment	13	3,356	3,202
Loss on disposal of property, plant and equipment		6	15
Loss on disposal of intangible assets		432	–
Impairment charge	5	3,048	29,649
Profit on disposal of businesses/joint ventures/associates	5	(86,817)	(2,931)
Increase/(decrease) in provisions		734	(528)
Operating cash flows before movements in working capital		116,289	107,806
(Increase)/decrease in receivables		(7,498)	3,483
(Decrease)/increase in payables		(231)	6,912
Cash generated from operations		108,560	118,201
Income taxes paid		(38,692)	(21,791)
Group relief tax paid		(229)	–
Net cash generated from operating activities		69,639	96,410
Investing activities			
Interest received		950	254
Purchase of intangible assets	12	(3,262)	(1,987)
Purchase of property, plant and equipment		(1,703)	(10,928)
Proceeds from disposal of property, plant and equipment		74	3
Purchase of businesses/subsidiary undertakings, net of cash acquired	15	(19,200)	(102,700)
Proceeds from disposal of businesses	15	124,805	4,217
Purchase of associates and joint venture	14	–	(553)
Proceeds from disposal of associate	14	100,142	–
Receipt of deferred consideration	25	1,607	1,386
Payment of deferred consideration	25	(1,470)	(833)
Purchase of convertible loan note	14	–	(2,503)
Net cash generated from/(used in) investing activities		201,943	(113,644)
Financing activities			
Dividends paid	9	(34,361)	(30,200)
Dividends paid to non-controlling interests		(424)	(598)
Interest paid		(3,786)	(5,027)
Cash settlement on interest rate swaps		2,091	–
Issue of new share capital	23	643	312
Share buyback		–	(193,465)
(Decrease)/increase in borrowings		(167,740)	178,504
Purchase of additional interest in subsidiary undertakings	15	(10,130)	(1,266)
Redemption of loan notes	20	–	(185)
DMGT financing facility receipts		–	73,618
Net cash (used in)/generated from financing activities		(213,707)	21,693
Net increase in cash and cash equivalents		57,875	4,459
Cash and cash equivalents at beginning of year (including held for sale)		14,272	10,328
Effect of foreign exchange rate movements		6,126	(515)
Cash and cash equivalents at end of year (including held for sale)		78,273	14,272
Cash and cash equivalents classified as held for sale	11	–	(9,846)
Cash and cash equivalents at end of year		78,273	4,426

Cash and cash equivalents include bank overdrafts. This statement includes discontinued operations (note 11).

Notes to the Consolidated Financial Statements

1 Accounting policies

General information

Euromoney Institutional Investor PLC (the 'Company') is a public company limited by shares and incorporated in England and Wales, United Kingdom (UK). The address of the registered office is 8 Bouverie Street, London, EC4Y 8AX, 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 and joint ventures. 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 interpretations issued by the IFRS Interpretations Committee (IFRS IC) and therefore comply with Article 4 of the EU IAS Regulation, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Company has elected to prepare its parent Company Financial Statements in accordance with Financial Reporting Standard 102.

The following amendments and interpretations were adopted in 2018. The adoption of these new pronouncements from 1 October 2018 does not have a material impact on the Consolidated Financial Statements. Additional disclosure has been given where relevant:

- Amendments to IAS 12 'Income Taxes' – the mandatory effective date of implementation is 1 January 2017
- Amendments to IAS 7 'Statement of Cash Flows' – the mandatory effective date of implementation is 1 January 2017

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.

Certain changes to IFRS will be applicable to the Group Financial Statements in future years. Set out below are those which are considered to be most relevant to the Group.

Relevant new standards, amendments and interpretations issued but effective subsequent to the year end:

- IFRS 9 'Financial Instruments' – the mandatory effective date of implementation is 1 January 2018
- IFRS 15 'Revenue from Contracts with Customers' – the mandatory effective date of implementation is 1 January 2018
- IFRS 16 'Leases' – the mandatory effective date of implementation is 1 January 2019
- Amendment to IFRS 2 'Share Based Payments' – the mandatory effective date of implementation is 1 January 2019
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' – the mandatory effective date of implementation is 1 January 2019
- IFRIC 23 'Uncertainty over Income Tax Treatments' – the mandatory effective date of implementation is 1 January 2019
- Amendments to IAS 28 'Investments in Associates' – the mandatory effective date of implementation is 1 January 2019

- Amendments to IAS 19 'Employee Benefits' – the mandatory effective date of implementation is 1 January 2019
- Amendment to definition of a business in IFRS 3 'Business Combinations' – the mandatory effective date of implementation is 1 January 2020

Other than IFRS 16, the adoption of these standards, amendments and interpretations is not expected to have a material impact on the Group's Financial Statements. The Group adopted IFRS 9 and IFRS 15 on 1 October 2018 and will adopt IFRS 16 on 1 October 2019.

IFRS 9 'Financial Instruments'

IFRS 9 replaces the majority of IAS 39 and covers the classification, measurement and de-recognition of financial assets and financial liabilities, introduces a new impairment model for financial assets based on expected losses rather than incurred losses and provides a new hedge accounting model.

In the 2019 Annual Report and Accounts, the Group will adopt IFRS 9 retrospectively. The comparative periods will not be adjusted but there will be a cumulative adjustment to equity at 1 October 2018. The Group's assessment of the impact of adopting IFRS 9 is as follows:

Classification and measurement

The Group's available-for-sale financial investments which are currently being held at cost less any impairment will be recognised at fair value. For available-for-sale assets existing at 1 October 2018, the Group has elected the option to recognise all movements in fair value in other comprehensive income. Gains or losses realised on the subsequent sale of these financial assets will no longer be recycled through the profit and loss account. Based on the Group's assessment of its available-for-sale financial investments, the impact of the recognition of these assets at fair value at 1 October 2018 is not material. Trade receivables will continue to be measured at amortised cost. Derivative assets and liabilities will continue to be recognised at fair value with movements recognised in the Income Statement, unless the hedging strategy determines otherwise. In addition, money market funds and deferred consideration received will be measured at fair value through the Income Statement and not as amortised cost. This is not expected to lead to a material change.

Trade debt provisions

IFRS 9 introduces a new impairment model which requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses, as is the case under IAS 39. The Group expects this new impairment model will not lead to a material change in its provision for losses against trade debtors. The IFRS 9 impairment model recognises anticipated losses evidenced by both historical recovery rates and forward-looking indicators.

Hedge accounting

IFRS 9 introduces a new hedge accounting model with a principles-based approach designed to align the accounting result with the economic hedging strategy. The Group uses cash flow hedge relationships to hedge its exposure to US dollar and euro revenues in its UK businesses and the operation's Canadian dollar cost base in Canada. The Group has confirmed that its current hedge relationships will continue to qualify as hedges upon the adoption of IFRS 9.

1 Accounting policies continued

IFRS 15 'Revenue from Contracts with Customers'

Management has evaluated the impact of IFRS 15 'Revenue from Contracts with Customers' across the Group to confirm the full impact of adopting the standard. The implementation analysis of the potential impact of IFRS 15 was complex due to the Group's large number and type of revenue streams, in particular bundled contracts, customised research, vote revenue, milestone revenue and membership groups.

Where multiple services are bundled within one contract, the new standard requires revenue to be allocated to the different performance obligations and recognised separately, which could drive differences in the timing of revenue recognition. Where this occurs, the Group's treatment under IAS 18 is consistent with IFRS 15 and allocates the revenue to the distinct services and recognises the related revenue separately.

IFRS 15 requires revenue to be recognised over time where research is unique to a specific customer and where the customer is obligated to pay for the work performed should it terminate the contract. Limited cases of customised research are performed across the Group whereby revenue is recognised according to milestones. An assessment of large customised research projects ongoing over the interim and year-end closes will be performed to ensure that revenue is recognised in the correct period.

Vote revenue is treated as variable consideration under IFRS 15. This would require the Group to recognise revenue when the service is performed to the extent that it is highly probable that the related revenue, if recognised, would not be reversed. Any incremental amounts would be recognised once the confirmation of the vote is given. The Group performed analysis of vote revenue confirming that the amount of revenue received from each customer was sufficiently volatile that it would not be appropriate to recognise any material amount of revenue over time as the service is delivered.

Based on the Group's analysis, there is no material impact on the timing of revenue recognition arising from the implementation of IFRS 15. The Group's revenue recognition policy has been updated to reflect IFRS 15 and to ensure consistent application across the Group. The Group will adopt the modified retrospective transition method. This method recognises the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance sheet in the period of initial application and comparative periods will not be adjusted. IFRS 15 also requires increased disclosure, which will be incorporated in the 2019 Annual Report and Accounts.

IFRS 16 'Leases'

The new standard replaces IAS 17 'Leases' and related interpretations and details the requirements for the classification, measurement and recognition of lease arrangements. The key changes brought in by IFRS 16 are that it no longer distinguishes between operating and finance leases; all leases over a year in length will be recorded on the Statement of Financial Position. As these leases will be treated as fixed assets, their cost will be charged through the Income Statement as depreciation. In addition, there will be a finance charge in respect of the unwinding of discounts for future lease payments. The cost of short-term leases will continue to be recognised through the Income Statement as rental expense. The Group plans to apply IFRS 16 using the modified retrospective approach. Under this approach, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings on 1 October 2019, with no restatement of comparative information.

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. Apart from the aforementioned amendments and interpretations adopted in 2018, the accounting policies set out below have been applied consistently to all periods presented in these Group Financial Statements. Having assessed the principal risks and the other matters discussed in connection with the viability statement, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing this Annual Report.

(a) Subsidiaries

The consolidated accounts incorporate the accounts of the Company and entities controlled by the Company (its 'subsidiaries'). The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

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 is recognised using the proportionate method 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.

Notes to the Consolidated Financial Statements

continued

1 Accounting policies continued

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.

(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.

(c) Interests in joint ventures and associates

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is, when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The post-tax results of joint ventures and associates are incorporated in the Group's results using the equity method of accounting. Under the equity method, investments in joint ventures and associates are carried in the Consolidated Statement of Financial Position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture and associates, less any impairment in the value of the investment. Losses of joint ventures and associates in excess of the Group's interest in that joint venture or associate are not recognised. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture or associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment.

Non-current assets classified as held for sale

Where the carrying value of a non-current asset is expected to be principally recovered through its sale, the asset is classified as held for sale if it also meets the following:

- the asset is available for sale in its current condition
- the sale is highly probable and
- the sale is expected to occur within one year

Once classified as held for sale, the asset is held at the lower of its carrying value and the fair value less cost to sell and is no longer depreciated.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations or
- is a subsidiary acquired exclusively with a view to re-sale

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative Income Statement and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

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, associates and joint ventures 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 other comprehensive income together with the exchange difference arising on the net investment in those undertakings. All other exchange differences are taken to the Income Statement.

On consolidation, exchange differences arising from the translations of the net investment in foreign entities and borrowings and other currency instruments designated as hedges of such investments are taken to other comprehensive income. The Group treats specific inter-company loan balances, which are not intended to be repaid in the foreseeable future, as part of its net investment.

1 Accounting policies continued

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 other comprehensive income. 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 as follows:

Leasehold improvements	over term of lease
Office equipment	3–25 years

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 Statement of Financial Position are retranslated into sterling at the applicable period end exchange rates. Any exchange differences arising are taken directly to other comprehensive income 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 1 October 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 charged to the Income Statement in the period in which it is incurred.

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 as follows:

Trademarks and brands	5–30 years
Customer relationships	1–16 years
Databases	1–22 years
Licences and software	3–7 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.

Notes to the Consolidated Financial Statements

continued

1 Accounting policies continued

Cash and cash equivalents

Cash and cash equivalents include 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 are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

Regular purchases and sales of financial assets are recognised on the date on which the Group commits to purchase or sell the asset. The Group derecognises financial assets when it ceases to be a party to such arrangements. All financial assets, other than those carried at fair value through profit or loss, are initially recognised at fair value plus transaction costs.

Financial assets at fair value through profit and loss

Financial assets 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.

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

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.

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 Statement of Financial Position.

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

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.

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.

For AFS investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Financial liabilities

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the relevant instrument. The Group derecognises financial liabilities when it ceases to be a party to such provisions.

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.

Trade payables and accruals

Trade payables and accruals are not interest-bearing and are held at amortised cost.

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. The Group does not hold or issue derivative financial instruments for trading or speculative purposes.

All derivative instruments are recorded in the Statement of Financial Position at fair value. Changes in the fair value of derivative instruments which do not qualify for hedge accounting are recognised immediately in the Income Statement.

Where the derivative instruments do qualify for hedge accounting, the following treatments are applied:

1 Accounting policies continued

Fair value hedges

Changes in the fair value of the hedging instrument are recognised in the Income Statement for the year together with the changes in the fair value of the hedged item due to the hedged risk, to the extent the hedge is effective. When the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting, hedge accounting is discontinued.

Cash flow hedges

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income and the ineffective portion is recognised immediately in the Income Statement.

If a hedged firm commitment or forecast transaction results in the recognition of a non-financial asset or liability, then, at the time that the asset or liability is recognised, the associated gains and losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability.

For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the Income Statement in the same period in which the hedged item affects the Income Statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, revoked, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss previously recognised in equity is included in the Income Statement for the period.

Net investment hedges

Exchange differences arising from the translation of the net investment in foreign operations are recognised directly in other comprehensive income in the translation reserve. Gains and losses arising from changes in the fair value of the hedging instruments are recognised in other comprehensive income to the extent that the hedging relationship is effective. Any ineffectiveness is recognised immediately in the Income Statement for the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Gains and losses accumulated in the translation reserve are included in the Income Statement on disposal of the foreign operation.

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.

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 recognised for 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 Statement of Comprehensive Income and equity, in which case the deferred tax is also dealt with in Statement of Comprehensive Income and 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.

Actual tax liabilities or refunds may differ from those anticipated due to changes in tax legislation, differing interpretations of tax legislation and uncertainties surrounding the application of tax legislation. In situations where uncertainties exist, provision is made for contingent tax liabilities and assets when it is more likely than not that there will be a cash impact. These provisions are made for each uncertainty individually on the basis of management judgement following consideration of the available relevant information. The measurement basis adopted represents the best predictor of the resolution of the uncertainty which is usually based on the most likely cash outflow. The Company reviews the adequacy of these provisions at the end of each reporting period and adjusts them based on changing facts and circumstances. The Group does not consider detection risk when making its estimates.

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 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.

Notes to the Consolidated Financial Statements

continued

1 Accounting policies continued

Defined contribution plans

Payments to the defined contribution pension plan are charged to the Income Statement as they fall due.

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 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.

Other movements in the net deficit are recognised in the Income Statement, including the current service cost and past service cost and the effect of any curtailment or settlements. The interest cost less the expected return of assets is also charged to the Income Statement within net finance costs.

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. On exercise of equity settled options, the Group either issues additional shares, leading to an increase in share capital and share premium or reduces the amount of own shares held.

Revenue

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

- Subscription revenues are recognised in the Income Statement on a straight-line basis over the period of the subscription. Subscription revenues contain 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.
- Advertising revenues are recognised in the Income Statement on the date of publication for print advertising and over time for online advertising. In the case of an ad hoc project, it is when the deliverable has been sent to the customer. 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, to commission ad hoc consulting and thought leadership projects, and to purchase survey reports.

- 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. The Group provides finance to the trusts to purchase Company shares to meet the obligation to provide shares when employees exercise their options or awards. Costs of running the trusts are charged to the Income Statement. Shares held by the trusts are deducted from other reserves.

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, 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 as being significant and which require additional disclosure in order to provide an indication of the adjusted trading performance of the Group. Such items could include, but may not be limited to, costs associated with business combinations, gains and losses on the disposal of businesses and properties, significant reorganisation or restructuring costs and impairment of goodwill and acquired intangible assets. Any item classified as an exceptional item will be large and unusual, not attributable to underlying operations and will be subject to specific quantitative and qualitative thresholds set by and approved by the Directors prior to being classified as exceptional.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board and CEO 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

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 significant accounting judgements and estimates with the Group's Audit Committee. The discussion below should be read in conjunction with the Group's disclosure of accounting policies in note 1.

Judgements

Discontinued operations and disposal groups classified as held for sale

On 30 April 2018, the Group completed the disposal of the Global Markets Intelligence Division (GMID). This division meets the recognition criteria of a discontinued operation under IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' and is therefore presented as such throughout this report (note 11). On 23 October 2018, the Group disposed of Mining Indaba to ITE Group plc for a consideration of £30.1m. Mining Indaba meets the IFRS 5 criteria to be classified as held for sale at 30 September 2018 (note 11).

Presentation of adjusted performance

The Directors believe that the adjusted profit and earnings per share measures provide additional useful information for shareholders to evaluate the performance of the business. These measures are consistent with how business performance is measured internally and are the basis on which executive management is incentivised. The adjusted earnings measure is not a recognised profit measure under IFRS and may not be directly comparable with adjusted profit measures used by other companies. Adjusted figures are presented before the impact of amortisation of acquired intangible assets (comprising trademarks and brands, databases and customer relationships); exceptional items; share of associates' and joint ventures' acquired intangibles amortisation, exceptional items and tax; net movements in deferred consideration and acquisition commitments; net close-out of the interest rate swaps; and interest on uncertain tax provisions. In respect of earnings, adjusted amounts reflect a tax rate that includes the current tax effect of the goodwill and intangible assets. Many of the Group's acquisitions, particularly in the US, give rise to significant tax savings as the amortisation of goodwill and intangible assets on acquisition is deductible for tax purposes. The Group considers that the resulting adjusted effective tax rate is therefore more representative of its tax payable position.

The Group has consistently applied these principles in calculating adjusted measures, as it has reported on its financial performance in the past and it is the Group's intention to continue to consistently apply these principles in the future.

A detailed explanation and reconciliation of the Group's statutory results to the adjusted and underlying results is set out on pages 27 to 29.

Taxation

EU Commission investigation into state aid

In October 2017, the European Commission opened a state aid investigation into the Group Financing Exemption in the UK controlled foreign company rules. The Group Financing Exemption was introduced in legislation by the UK government in 2013. In common with other UK-based international companies whose arrangements are in line with current UK CFC legislation, the Group may be affected by the outcome of this investigation and is monitoring developments. If the preliminary findings of the European Commission's investigation are upheld, the estimated maximum potential liability is approximately £8m. Based on the current assessment, no provision is being made in respect of this issue as it is not probable that the Group will suffer an outflow of funds.

Estimates

Goodwill and other intangibles impairment

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. The sensitivity analysis is disclosed in note 12. Goodwill held on the Statement of Financial Position at 30 September 2018 was £414.7m (2017: £400.0m).

Taxation

The Group's tax expense on profit is the sum of the total current and deferred tax expense. The calculation of the 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 multinational with tax affairs in many geographical locations. This inherently leads to complexity in the Group's tax structure and makes the degree of estimation and judgement challenging especially where tax law has changed in the year, for example, the Tax Cuts and Jobs Act enacted in the US. 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 include payments on account and depend 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 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. 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.

The Group considers each uncertain tax matter on the technical merits of the case in law, taking into account all relevant evidence, including the known attitude of tax authorities in making an assessment of the likelihood a matter will crystallise. The uncertain tax provisions are calculated by determining the single most likely cash flow for each issue rather than by applying a probability threshold and this methodology has been applied consistently year-on-year.

Notes to the Consolidated Financial Statements

continued

2 Key judgemental areas adopted in preparing these Financial Statements continued

Direct tax

There are two main areas of direct tax risk within the Group as follows:

- **Permanent establishment risk:** the Group operates in multiple jurisdictions and has internationally mobile employees. There is a risk that operating activities could inadvertently create a taxable presence in countries where the Group does not have an entity. The Group proactively manages this risk and has a transfer pricing policy in place for intercompany transactions. It held an uncertain tax provision at 30 September 2018 of £1.9m (2017: £1.9m) in respect of this risk.
- **Challenges by tax authorities:** where arrangements that have been adopted on the basis of professional advice are challenged by tax authorities and there is an expectation that there is more likely than not to be a cash outflow, this risk is provided for. The Group held a provision in respect of this risk at 30 September 2018 of £11.0m (2017: £8.3m). The Group had been challenged on: whether certain business disposals should give rise to capital gains; a number of internal financing arrangements between different jurisdictions that give rise to different tax outcomes; and whether tax deductions taken for costs arising within the Group's treasury function are permissible.

The Group has previously disclosed a potential exposure relating to an HMRC enquiry, which has a maximum exposure of £10.7m of which £2.8m had been provided in prior periods. Following receipt of a closure notice from HMRC on 21 September 2018 confirming that the tax being pursued is £10.7m, the associated provision has been increased for accounting purposes to £10.7m at 30 September 2018. A notice of appeal was filed with HMRC on 16 October 2018. The charge for this additional provision relating to prior periods has been excluded from adjusted tax.

The maximum potential additional exposure for the Group in relation to challenges by tax authorities not provided for is approximately £20m which is for the challenge by the Canadian Revenue Agency (CRA) and the Quebec Tax Authorities (Revenu Quebec) on a foreign currency trade in 2009.

On 23 October 2017, the CRA issued a Notice of Reassessment to BCA Research Inc ('BCA') based on the CRA view that the loss sustained by BCA on an intra-group derivative transaction cannot be deducted in computing income. Based on external legal advice, management is confident that BCA will be able to overturn these reassessments through the normal litigation process, which has already begun. The Company filed a notice of objection with the CRA in November 2017 and a notice of appeal with the Tax Court of Canada in March 2018 to which the Tax Court of Canada replied in June 2018. BCA has provided satisfactory security for payment to the CRA for 50% of the tax being contested of £3.5m. Revenu Quebec issued a Notice of Reassessment to BCA in December 2017 based on the CRA view that the loss sustained by BCA cannot be deducted in computing income. In July 2018, BCA provided security to Revenu Quebec for 50% of the tax owing amounting to £3.2m.

Indirect tax

The Group reviews and assesses other indirect tax exposures across the Group and a £4.6m provision is the Group's best estimate of the most probable outflow relating to these exposures.

Retirement benefit schemes

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 assets and 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 and related sensitivities used are shown in note 27. Such assumptions are based on actuarial advice and are benchmarked against similar pension schemes.

3 Segmental analysis

Segmental information is presented in respect of the Group's segments and reflects the Group's management and internal reporting structure. The Group is organised into four segments: Asset Management; Pricing, Data & Market Intelligence; Banking & Finance; and Commodity Events.

Revenues generated in the Asset Management and Pricing, Data & Market Intelligence segments are primarily from subscriptions. Banking & Finance revenues consist mainly of sponsorship income and delegates revenue. Commodity Events revenue is mainly delegates revenue. A breakdown of the Group's revenue by type is set out below.

During the year, the Group sold Global Markets Intelligence Division (GMID), Adhesion, World Bulk Wine and Institutional Investor Journals (note 15). As a result, segment information for these businesses has been reclassified as sold businesses and the comparative split of segmental revenues, revenue by type, operating profits, acquired intangible amortisation, exceptional items and depreciation and amortisation has been restated. GMID has been classified as discontinued operations (note 11) and therefore presented as such throughout this report.

In addition, the operating profit segments have been restated to reflect a change in the way unallocated corporate costs are recharged. From 1 October 2017, central costs over which a segment had no influence were not recharged to that segment. This restatement has no effect on the total Group's results but reflects the operating profit of each segment as if the new recharge methodology had been applied from 1 October 2016. Central costs of £17.6m for 2017 were reallocated to unallocated corporate costs.

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.

2018	Subscriptions and content £000	Advertising £000	Sponsorship £000	Delegates £000	Other £000	Total revenue £000
Revenue by segment and type:						
Asset Management	119,642	11,923	16,980	2,408	18	150,971
Pricing, Data & Market Intelligence	90,601	16,904	16,937	19,790	496	144,728
Banking & Finance	8,617	8,633	29,814	22,490	1,111	70,665
Commodity Events	–	–	5,335	15,281	206	20,822
	218,860	37,460	69,066	59,969	1,831	387,186
Sold/closed businesses	–	–	–	–	25,650	25,650
Foreign exchange gains on forward contracts	–	–	–	–	1,258	1,258
Total revenue	218,860	37,460	69,066	59,969	28,739	414,094
Continuing operations	218,860	37,460	69,066	59,969	4,924	390,279
Discontinued operations	–	–	–	–	23,815	23,815
Total revenue	218,860	37,460	69,066	59,969	28,739	414,094
<hr/>						
2017	Subscriptions and content £000	Advertising £000	Sponsorship £000	Delegates £000	Other £000	Total revenue £000
Revenue by segment and type:						
Asset Management	135,008	13,585	16,071	3,210	67	167,941
Pricing, Data & Market Intelligence	72,446	16,693	14,442	18,996	1,411	123,988
Banking & Finance	8,852	9,825	28,061	21,665	1,325	69,728
Commodity Events	1	4	5,487	13,662	536	19,690
	216,307	40,107	64,061	57,533	3,339	381,347
Sold/closed businesses	–	–	–	–	57,874	57,874
Foreign exchange losses on forward contracts	–	–	–	–	(10,808)	(10,808)
Total revenue	216,307	40,107	64,061	57,533	50,405	428,413
Continuing operations	216,307	40,107	64,061	57,533	8,915	386,923
Discontinued operations	–	–	–	–	41,490	41,490
Total revenue	216,307	40,107	64,061	57,533	50,405	428,413

Notes to the Consolidated Financial Statements

continued

3 Segmental analysis continued

	United Kingdom		North America		Rest of World		Eliminations		Total	
	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000
Revenue by segment and source:										
Asset Management	3,776	2,934	144,660	161,911	2,722	3,099	(187)	(3)	150,971	167,941
Pricing, Data & Market Intelligence	103,350	99,951	36,772	23,985	5,326	4,555	(720)	(4,503)	144,728	123,988
Banking & Finance	40,355	41,036	26,087	25,938	4,766	3,360	(543)	(606)	70,665	69,728
Commodity Events	19,585	18,489	–	–	1,241	1,201	(4)	–	20,822	19,690
Sold/closed businesses	2,625	6,867	5,796	14,967	17,229	36,416	–	(376)	25,650	57,874
Foreign exchange gains/(losses) on forward contracts	1,258	(10,808)	–	–	–	–	–	–	1,258	(10,808)
Total revenue	170,949	158,469	213,315	226,801	31,284	48,631	(1,454)	(5,488)	414,094	428,413
Continuing operations	168,324	154,031	208,592	218,358	14,817	20,022	(1,454)	(5,488)	390,279	386,923
Discontinued operations	2,625	4,438	4,723	8,443	16,467	28,609	–	–	23,815	41,490
Total revenue	170,949	158,469	213,315	226,801	31,284	48,631	(1,454)	(5,488)	414,094	428,413
Total revenue by destination	52,770	44,620	194,146	199,319	167,178	184,474	–	–	414,094	428,413

	United Kingdom		North America		Rest of World		Total	
	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000
Adjusted operating profit¹ by segment and source:								
Asset Management	971	766	59,045	66,441	1,082	1,025	61,098	68,232
Pricing, Data & Market Intelligence	40,242	36,712	16,097	10,844	(3,146)	(1,754)	53,193	45,802
Banking & Finance	6,934	7,510	10,046	9,236	692	262	17,672	17,008
Commodity Events	8,425	7,060	–	–	658	671	9,083	7,731
Sold/closed businesses	(248)	304	1,318	5,710	7,521	9,217	8,591	15,231
Unallocated corporate costs	(33,531)	(43,208)	(3,475)	(2,150)	(1,923)	(1,507)	(38,929)	(46,865)
Adjusted operating profit¹	22,793	9,144	83,031	90,081	4,884	7,914	110,708	107,139
Discontinued operations	278	762	1,730	(4,160)	(9,518)	(8,488)	(7,510)	(11,886)
Continuing operations	23,071	9,906	84,761	85,921	(4,634)	(574)	103,198	95,253
Acquired intangible amortisation ² (note 12)	(7,637)	(7,338)	(15,064)	(13,126)	(38)	(102)	(22,739)	(20,566)
Exceptional items (note 5)	(4,148)	(7,164)	71,584	(21,414)	13,960	(2,675)	81,396	(31,253)
Operating profit/(loss)	11,286	(4,596)	141,281	51,381	9,288	(3,351)	161,855	43,434
Share of results in associates and joint ventures (note 14)							157	(1,890)
Finance income (note 7)							5,248	3,290
Finance expense (note 7)							(6,034)	(4,146)
Profit before tax							161,226	40,688
Tax expense on profit (note 8)							(51,360)	(3,390)
Profit for the year from continuing operations							109,866	37,298

1 Operating profit including discontinued operations before acquired intangible amortisation and exceptional items. A detailed reconciliation of the Group's statutory results to the adjusted and underlying results is set out on pages 27 to 29.

2 Acquired intangible amortisation represents amortisation of acquisition-related non-goodwill assets such as trademarks and brands, customer relationships and databases (note 12).

3 Segmental analysis continued

	Acquired intangible amortisation		Exceptional items		Depreciation and amortisation	
	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000
Other segmental information by segment:						
Asset Management	(10,893)	(10,725)	(617)	(29,992)	(1,136)	(1,806)
Pricing, Data & Market Intelligence	(8,781)	(6,661)	(5,277)	(1,582)	(1,262)	(292)
Banking & Finance	(222)	(235)	–	–	–	–
Commodity Events	(2,570)	(2,665)	–	(89)	(112)	(139)
Sold/closed businesses	–	–	87,290	2,930	(2)	(1)
Unallocated corporate costs	(273)	(280)	–	(2,520)	(3,752)	(4,444)
Continuing operations	(22,739)	(20,566)	81,396	(31,253)	(6,264)	(6,682)
Discontinued operations	–	(249)	90,294	(2,437)	–	(485)
Total	(22,739)	(20,815)	171,690	(33,690)	(6,264)	(7,167)

The closing net book value of goodwill, other intangible assets, property, plant and equipment and investments is analysed by geographic area as follows:

	United Kingdom		North America		Rest of World		Total	
	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000
Goodwill	104,227	103,715	303,399	289,079	7,096	7,177	414,722	399,971
Other intangible assets	45,656	61,024	127,326	132,416	521	551	173,503	193,991
Property, plant and equipment	5,325	5,913	10,165	10,724	622	598	16,112	17,235
Investments	4,261	30,366	–	–	–	–	4,261	30,366
Non-current assets	159,469	201,018	440,890	432,219	8,239	8,326	608,598	641,563
Additions to property, plant and equipment	(602)	(337)	(1,006)	(9,834)	(370)	(757)	(1,978)	(10,928)

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

4 Operating profit

	Continuing operations 2018 £000	Discontinued operations 2018 £000	Total 2018 £000	Continuing operations 2017 £000	Discontinued operations 2017 £000	Total 2017 £000
Revenue	390,279	23,815	414,094	386,923	41,490	428,413
Cost of sales	(88,787)	(4,223)	(93,010)	(96,900)	(7,678)	(104,578)
Gross profit	301,492	19,592	321,084	290,023	33,812	323,835
Distribution costs	(1,956)	(28)	(1,984)	(2,261)	(51)	(2,312)
Administrative expenses	(137,681)	(13,023)	(150,704)	(244,328)	(24,561)	(268,889)
Operating profit	161,855	6,541	168,396	43,434	9,200	52,634

Administrative expenses include items separately disclosed in exceptional items from continuing operations of £81.4m (2017: £31.3m) and discontinued operations of £1.0m (2017: £2.4m) (note 5).

Notes to the Consolidated Financial Statements

continued

4 Operating profit continued

	Continuing operations 2018 £000	Discontinued operations 2018 £000	Total 2018 £000	Continuing operations 2017 £000	Discontinued operations 2017 £000	Total 2017 £000
Profit is stated after charging/(crediting):						
Staff costs (note 6)	166,219	9,799	176,018	163,227	16,974	180,201
Intangible amortisation:						
Acquired intangible amortisation	22,739	–	22,739	20,566	249	20,815
Licences and software	2,908	–	2,908	3,709	256	3,965
Depreciation of property, plant and equipment	3,356	–	3,356	2,973	229	3,202
Property operating lease rentals	8,985	467	9,452	9,682	773	10,455
Loss/(profit) on disposal of property, plant and equipment	5	1	6	16	(1)	15
Exceptional items (note 5):						
Profit on disposal of businesses/joint ventures/associates	(86,817)	–	(86,817)	(2,931)	–	(2,931)
Impairment charges	3,048	–	3,048	29,649	–	29,649
Release for overseas sales tax	–	–	–	(3,868)	–	(3,868)
Restructuring and other exceptional costs	2,373	969	3,342	8,403	2,437	10,840
Foreign exchange loss	1,187	287	1,474	69	324	393

	2018 £000	2017 £000
Audit and non-audit services relate to:		
Group audit:		
Fees payable for the audit of the Group's annual accounts	900	726
Fees payable for other services to the Group:		
Audit of subsidiaries pursuant to local legislation	247	305
	1,147	1,031
Assurance services:		
Audit related assurance services	123	117
Non-audit services:		
Taxation compliance services	6	6
Other assurance services	76	195
Other services	2	44
	84	245
Total Group auditors' remuneration	1,354	1,393

5 Exceptional items

Exceptional items are items of income or expense considered by the Directors as being significant, non-recurring and which require additional disclosure in order to provide an indication of the underlying trading performance of the Group.

	2018 £000	2017 £000
Profit on disposal of businesses/joint ventures/associates	86,817	2,931
Impairment charges	(3,048)	(29,649)
Release of overseas sales tax provision	–	3,868
Restructuring and other exceptional costs	(2,373)	(8,403)
Continuing operations	81,396	(31,253)
Exceptional items from discontinued operations	(969)	(2,437)
Profit on disposal of discontinued operations	91,263	–
Discontinued operations	90,294	(2,437)
Total	171,690	(33,690)

For the year ended 30 September 2018, the Group recognised a continuing operations exceptional credit of £81.4m.

The Group sold Adhesion (profit £9.8m), World Bulk Wine (profit £0.9m) and Institutional Investor Journals (profit £4.4m) resulting in a net profit of £15.1m (note 15). The disposal of the associate investment in Dealogic resulted in a profit of £71.7m (note 14).

The impairment charge relates to a goodwill impairment of £3.0m for Layer123 Events and Training Limited (Layer123). The impairment of Layer123 is the result of its disappointing financial performance post acquisition.

5 Exceptional items continued

Restructuring and other exceptional costs consist of restructuring costs, earn-out payments treated as compensation costs and acquisition-related costs offset by the favourable settlement of the legal dispute with the previous owners of Centre for Investor Education (CIE). Costs as a result of a strategic review undertaken for the major restructuring of certain businesses have been treated as exceptional items. Normal restructuring costs are not treated as exceptional items. The recognition of the earn-out payments for the acquisition of Layer123, Site Seven Media Ltd (TowerXchange) and Random Lengths are treated as compensation costs. It is Group policy to treat, as exceptional, significant earn-out payments required by IFRS to be recognised as a compensation cost. The acquisition-related costs of Random Lengths (note 15) are treated as exceptional due to the magnitude of the costs associated with the acquisition. Acquisition costs for smaller acquisitions have not been treated as exceptional.

The Group's tax charge includes a related tax charge on the continuing operations exceptional items of £12.1m (note 8).

The discontinued operations have incurred exceptional costs as a result of the GMID disposal of £1.0m. The sale of GMID resulted in a profit on disposal of discontinued operations, after deducting disposal costs, of £91.3m (note 15). The Group's tax charge includes a related tax charge on the profit on disposal of discontinued operations exceptional items of £6.7m (note 8).

For the year ended 30 September 2017 the Group recognised a continuing operations exceptional charge of £31.3m.

The Group sold HedgeFund Intelligence (loss £4k), II Intelligence (profit £2.2m), Euromoney Indices (loss £1.8m) and LatinFinance (profit £3.4m), resulting in a net profit of £3.8m. The disposal of the joint ventures Institutional Investor Zanbato Limited and EIZ Discovery LLC resulted in a loss of £0.8m.

The goodwill impairment charge of £27.4m related to Ned Davis Research (NDR). An available-for-sale investment impairment of £2.3m related to Estimote, Inc.

An element of the provision for overseas sales tax was released following settlement of the sales tax exposure (including interest) resulting in a credit of £3.9m.

Restructuring and other exceptional costs consisted of professional fees associated with the placement element of the share buyback transaction with Daily Mail and General Trust plc (DMGT); professional fees from the CIE legal dispute; incremental costs relating to the relocation of the New York office; and the acquisition-related costs of RISI US (Holdco) Inc. (RISI). These costs for RISI were treated as exceptional due to the significance of the acquisition. No severance costs were treated as exceptional items in 2017.

The Group's tax charge included a related tax credit on the continuing operations exceptional items of £10.1m (note 8).

The discontinued operations incurred exceptional costs to engage with advisors to assist with the strategic review of GMID. These exceptional costs of £2.4m have been disclosed separately (note 11). The Group's tax charge included a related tax charge on the discontinued operations exceptional items of £1.1m (note 8).

6 Staff costs

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

	2018 Monthly average	2017 Monthly average
By business segment:		
Asset Management	475	540
Pricing, Data & Market Intelligence	635	539
Banking & Finance	226	210
Commodity Events	52	76
Central	299	334
Continuing operations	1,687	1,699
Discontinued operations	305	488
Total	1,992	2,187
	2018 Monthly average	2017 Monthly average
By geographical location:		
United Kingdom	827	800
North America	635	671
Rest of World	225	228
Continuing operations	1,687	1,699
Discontinued operations	305	488
Total	1,992	2,187

Notes to the Consolidated Financial Statements

continued

6 Staff costs continued

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

	Continuing operations 2018 £000	Discontinued operations 2018 £000	Total 2018 £000	Continuing operations 2017 £000	Discontinued operations 2017 £000	Total 2017 £000
Wages and salaries	150,300	8,732	159,032	148,528	15,314	163,842
Social security costs	11,170	857	12,027	10,609	1,344	11,953
Other pension costs (note 27)	3,262	210	3,472	3,105	316	3,421
Long-term incentive expense (note 24)	1,487	–	1,487	985	–	985
	166,219	9,799	176,018	163,227	16,974	180,201

Details of Directors' remuneration have been disclosed in the Directors' Remuneration Report on pages 56 to 74.

7 Finance income and expense

	2018 £000	2017 £000
Finance income		
Interest on cash deposit with DMGT group company	–	137
Interest receivable from short-term investments	2,870	6
Movements in acquisition commitments (note 25)	2,378	2,970
Movements in deferred consideration (note 25)	–	177
	5,248	3,290
Finance expense		
Interest payable on committed borrowings with DMGT group company	–	(152)
Interest payable on borrowings	(4,201)	(3,656)
Net interest expense on defined benefit liability (note 27)	(248)	(202)
Movements in deferred consideration (note 25)	(1,122)	–
Interest on tax	(463)	(136)
	(6,034)	(4,146)
Continuing operations net finance costs	(786)	(856)
Discontinued operations net finance income	32	33
Total net finance costs	(754)	(823)

	2018 £000	2017 £000
Reconciliation of net finance costs in Income Statement to adjusted net finance costs		
Continuing operations net finance costs in Income Statement	(786)	(856)
Add back:		
Movements in acquisition commitments	(2,378)	(2,970)
Movements in deferred consideration	1,122	(177)
Other	(629)	–
	(1,885)	(3,147)
Continuing operations adjusted net finance costs	(2,671)	(4,003)
Discontinued operations adjusted net finance income	32	33
Total adjusted net finance costs	(2,639)	(3,970)

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 (page 28).

Charges and credits relating to the movements in acquisition commitments and deferred consideration reflect future payments and receipts expected on historical transactions that do not directly relate to the current year results.

Other items in the adjusted net finance costs consist of a gain realised on the close-out of the interest rate swaps of £2.1m offset by the write-off of capitalised borrowing costs of £0.9m following the repayment of the Group's term loan. The net gain has been excluded from adjusted finance costs as it would not have crystallised had the disposal of GMID not completed. In addition, interest of £0.6m on uncertain tax provisions has been excluded as this provision is not in the ordinary course of business and relates to a tax adjusting item (note 8).

8 Tax expense on profit

	Continuing operations 2018 £000	Discontinued operations 2018 £000	Total 2018 £000	Continuing operations 2017 £000	Discontinued operations 2017 £000	Total 2017 £000
Current tax expense						
UK corporation tax expense	2,735	1,425	4,160	478	44	522
Foreign tax expense	37,764	6,694	44,458	13,899	2,193	16,092
Adjustments in respect of prior years	8,002	–	8,002	(2,193)	105	(2,088)
	48,501	8,119	56,620	12,184	2,342	14,526
Deferred tax expense/(credit)						
Current year	3,515	(1,625)	1,890	(8,543)	1,003	(7,540)
Adjustments in respect of prior years	(656)	–	(656)	(251)	(1)	(252)
	2,859	(1,625)	1,234	(8,794)	1,002	(7,792)
Tax expense in Income Statement	51,360	6,494	57,854	3,390	3,344	6,734
Effective tax rate	32%	7%	22%	8%	36%	13%

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

	Continuing operations 2018 £000	Discontinued operations 2018 £000	Total 2018 £000	Continuing operations 2017 £000	Discontinued operations 2017 £000	Total 2017 £000
Reconciliation of tax expense in Income Statement to adjusted tax expense/(credit)						
Total tax expense in Income Statement	51,360	6,494	57,854	3,390	3,344	6,734
Add back:						
Tax on acquired intangible amortisation	5,032	–	5,032	5,327	44	5,371
Tax on exceptional items	(12,116)	(6,694)	(18,810)	10,088	(1,065)	9,023
Other tax adjusting items	(12,411)	–	(12,411)	–	–	–
	(19,495)	(6,694)	(26,189)	15,415	(1,021)	14,394
Tax on goodwill and intangible amortisation	(3,042)	–	(3,042)	(4,611)	–	(4,611)
Share of tax on profits of associates and joint ventures	333	–	333	988	–	988
Adjustments in respect of prior years	(7,346)	–	(7,346)	2,444	(104)	2,340
	(29,550)	(6,694)	(36,244)	14,236	(1,125)	13,111
Adjusted tax expense/(credit)	21,810	(200)	21,610	17,626	2,219	19,845
Adjusted profit before tax			109,179			106,462
Adjusted effective tax rate			20%			19%

The Group presents the above adjusted effective tax rate reconciliation to help users of this report better understand its tax charge. In arriving at this rate, the Group removes the tax effect of exceptional and adjusting items that reconcile statutory to adjusted profit. A detailed reconciliation of the Group's statutory results to the adjusted and underlying results is set out on pages 27 to 29. However, the current tax effect of goodwill and intangible items is not removed. The current tax benefit of tax deductible goodwill and intangible items amounting to £3.0m is recognised in the adjusted effective tax rate as the Group considers that this more accurately reflects its expected cash tax payable position as the deferred tax effect on the goodwill and intangible items is not expected to crystallise. The deferred tax effect on goodwill and intangible items would only crystallise in the event of a disposal and that is not the current intention.

Other tax adjusting items include non-recoverable withholding tax of £14.6m, a one-time deemed repatriation tax charge relating to unremitted foreign earnings of £3.2m arising from US tax reform and a tax credit of £4.7m arising as a result of revaluation of net US deferred tax liabilities following a reduction in the US federal tax rate from 35% to 21%. These items are excluded from adjusted tax as they are significant and not in the ordinary course of business. The non-recoverable withholding tax arises as a direct consequence of a \$380m intercompany dividend which was triggered by the disposal of GMID and other restructuring that took place.

Adjustments in respect of prior years are excluded on the basis that the adjusted tax expense should reflect the tax rate of the Group for the current year. Share of tax on profits of associates and joint ventures is calculated on the adjusted profits of associates and joint ventures and excludes tax on exceptional items consistent with the Group's historical approach and policy.

Notes to the Consolidated Financial Statements

continued

8 Tax expense on profit continued

The actual tax expense for the year is different from the UK blended rate of 19% of profit before tax for the reasons set out in the following reconciliation:

	Continuing operations 2018 £000	Discontinued operations 2018 £000	Total 2018 £000	Continuing operations 2017 £000	Discontinued operations 2017 £000	Total 2017 £000
Profit before tax	161,226	6,573	167,799	40,688	9,233	49,921
Profit on disposal of discontinued operation	–	91,263	91,263	–	–	–
	161,226	97,836	259,062	40,688	9,233	49,921
Tax at 19.0% (2017: 19.5%)	30,633	18,589	49,222	7,935	1,800	9,735
Factors affecting tax charge:						
Different tax rates of subsidiaries operating in overseas jurisdictions	5,494	1,780	7,274	2,814	972	3,786
Share of tax on associates and joint ventures	(67)	–	(67)	369	–	369
Non-taxable income	(2,243)	(156)	(2,399)	(1,588)	–	(1,588)
Goodwill and intangibles	1,220	–	1,220	152	–	152
Disallowable expenditure	2,210	–	2,210	1,381	468	1,849
Disposal of businesses	(3,227)	(13,719)	(16,946)	–	–	–
Other items deductible for tax purposes	(3,948)	–	(3,948)	(5,100)	–	(5,100)
Tax impact of consortium relief	–	–	–	(129)	–	(129)
US tax reform	3,169	–	3,169	–	–	–
Non-recoverable withholding tax	15,458	–	15,458	–	–	–
Impact of change in rate	(4,685)	–	(4,685)	–	–	–
Adjustments in respect of prior years	7,346	–	7,346	(2,444)	104	(2,340)
Total tax expense for the year	51,360	6,494	57,854	3,390	3,344	6,734

The Group's effective tax rate depends mainly on the geographic mix of profits and applicable tax rates. Different tax rates of subsidiaries operating in overseas jurisdictions of £7.3m (2017: £3.8m) reflects higher profits earned in jurisdictions which have a higher tax rate than the UK.

Disposal of businesses relates to the disposals of GMID and Dealogic during the year which crystallised a US tax charge of £16.8m (£6.7m from GMID and £10.1m from Dealogic) but is non-taxable in the UK.

Goodwill and intangibles for the year ended 30 September 2018 are £1.2m which relate primarily to non-deductible goodwill impairment for Layer123.

The other items deductible for tax purposes of £3.9m (2017: £5.1m) arise as a result of financing arrangements that result in different tax treatment in the territories involved, primarily from debt financing provided to US affiliates. Following the anti-hybrid legislation and new interest restriction rules enacted as part of US Tax Reform, these financing arrangements have been partially unwound during the year and will be fully unwound by the end of next financial year.

A one-time deemed repatriation tax charge of £3.2m related to unremitted foreign earnings arises as a result of the US Tax Reform.

As a result of the disposal of GMID and other restructuring that took place during the year, a dividend payment of \$380m was made in September 2018 from BCA Research Inc. to Euromoney Canada Limited, a UK group entity. Canadian withholding tax of £14.6m arose from the dividend payment and was paid in full to the Canadian Revenue Agency in October 2018.

The impact of change in rate relates to a one-off deferred tax credit of £4.7m arising from the revaluation of the Group's net US deferred tax liabilities following the change in the US federal tax rate from 35% to 21%.

Adjustments in respect of prior years of £7.3m (2017: £2.3m) reflect a further provision made in respect of a potential exposure in relation to an HMRC enquiry and several small items across numerous jurisdictions that relate to changes in estimates.

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	
	2018 £000	2017 £000	2018 £000	2017 £000
Deferred tax (note 22)	474	1,901	796	225

9 Dividends

	2018 £000	2017 £000
Amounts recognisable as distributable to equity holders in the year		
Final dividend for the year ended 30 September 2017 of 21.80p (2016: 16.40p)	23,784	21,043
Interim dividend for the year ended 30 September 2018 of 10.20p (2017: 8.80p)	11,136	9,600
	34,920	30,643
Employee share trusts dividend	(559)	(443)
	34,361	30,200
Proposed final dividend for the year ended 30 September	24,347	23,784
Employee share trusts dividend	(383)	(384)
	23,964	23,400

The proposed final dividend of 22.30p (2017: 21.80p) is subject to approval at the AGM on 1 February 2019 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

	2018 £000	2017 £000
Profit for the year from continuing operations	109,866	37,298
Non-controlling interests	(139)	(469)
Earnings from continuing operations	109,727	36,829
Profit for the year from discontinued operations	91,342	5,889
Total earnings	201,069	42,718
Adjustments	(113,639)	43,430
Total adjusted earnings	87,430	86,148

	2018 Number 000	2017 Number 000
Weighted average number of shares	109,148	114,252
Shares held by the employee share trusts	(1,733)	(1,760)
Weighted average number of shares	107,415	112,492
Effect of dilutive share options	131	213
Diluted weighted average number of shares	107,546	112,705
	Pence	Pence
Earnings per share from continuing operations		
Basic	102.15	32.74
Diluted	102.03	32.68
Earnings per share from discontinued operations		
Basic	85.03	5.24
Diluted	84.93	5.23
Total earnings per share		
Basic	187.18	37.98
Diluted	186.96	37.91
Total adjusted earnings per share		
Basic	81.39	76.58
Diluted	81.30	76.44

The adjusted earnings per share figures have been disclosed since the Directors consider it necessary in order to give an indication of the adjusted trading performance reflecting the performance both of the Group's continuing and discontinued operations. A detailed reconciliation of the Group's statutory results to the adjusted and underlying results is set out on pages 27 to 29.

Notes to the Consolidated Financial Statements

continued

11 Discontinued operations and disposal groups classified as held for sale

On 30 April 2018, the Group completed the disposal of GMID (note 15). This division meets the IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' criteria to be treated as discontinued operations at 30 September 2018 due to its size and the fact that the businesses constitute a major line of the Group's business. GMID is therefore presented as discontinued operations throughout this report.

The results of the discontinued operations are as follows:

	2018 £000	2017 £000
Total revenue	23,815	41,490
Operating profit before acquired intangible amortisation and exceptional items	7,510	11,886
Acquired intangible amortisation	–	(249)
Exceptional items	(969)	(2,437)
Operating profit	6,541	9,200
Finance income	43	107
Finance expense	(11)	(74)
Net finance income	32	33
Profit before tax	6,573	9,233
Tax credit/(expense) on profit	200	(3,344)
Profit after tax from discontinued operations	6,773	5,889
Profit on disposal of discontinued operation – exceptional items	91,263	–
Tax expense on profit on disposal	(6,694)	–
Profit after tax on disposal of discontinued operations	84,569	–
Profit for the year from discontinued operations	91,342	5,889

Reconciliation of profit before tax from discontinued operations in Income Statement to adjusted discontinued operations:	2018 £000	2017 £000
Profit before tax for the year from discontinued operations	6,573	9,233
Add back:		
Acquired intangible amortisation	–	249
Exceptional items	969	2,437
Adjusted discontinued operations profit before tax for the year	7,542	11,919

11 Discontinued operations and disposal groups classified as held for sale continued

The impact of the discontinued operations on the cash flows is as follows:

	2018 £000	2017 £000
Operating cash flows	(2,520)	10,935
Investing cash flows	112,639	(158)
Financing cash flows	(14)	(161)
Total cash flows	110,105	10,616

On 23 October 2018, the Group disposed of Mining Indaba to ITE Group plc for a consideration of £30.1m. Mining Indaba meets the IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' criteria to be classified as held for sale at 30 September 2018. Mining Indaba does not meet the IFRS 5 criteria to be treated as discontinued operations. The assets and liabilities of this business have been disclosed separately on the face of the Consolidated Statement of Financial Position. The assets and liabilities held for sale are recorded at the lower of their carrying value and fair value less costs to sell. No impairment of these net assets has been identified at 30 September 2018. The disposal has been disclosed as an event after the balance sheet date (note 30).

The main classes of assets and liabilities comprising the business classified as held for sale are set out in the table below.

	Mining Indaba 2018 £000
Acquired intangible assets	12,783
Trade and other receivables	936
Total assets of the business held for sale	13,719
Accruals	(302)
Deferred income	(1,692)
Total liabilities of the business held for sale	(1,994)
Net assets	11,725

Notes to the Consolidated Financial Statements

continued

12 Goodwill and other intangible assets

2018	Acquired intangible assets					Licences & software £000	Intangible assets in development £000	Goodwill £000	Total £000
	Trademarks & brands £000	Customer relationships £000	Databases £000	Total acquired intangible assets £000					
Cost/carrying amount									
At 1 October 2017	210,273	150,418	13,701	374,392	15,960	2,024	467,215	859,591	
Additions	–	–	–	–	704	2,558	–	3,262	
Disposals	–	–	–	–	(1,943)	–	–	(1,943)	
Balance at acquisition of company	5,317	5,941	–	11,258	–	–	10,205	21,463	
Transfer	618	–	–	618	2,679	(2,679)	(618)	–	
Exchange differences	4,022	2,973	230	7,225	390	25	9,351	16,991	
Classified as held for sale	(14,513)	(7,636)	–	(22,149)	–	–	(23,619)	(45,768)	
At 30 September 2018	205,717	151,696	13,931	371,344	17,790	1,928	462,534	853,596	
Amortisation and impairment									
At 1 October 2017	95,964	80,474	9,602	186,040	12,345	–	67,244	265,629	
Amortisation charge	10,182	11,681	876	22,739	2,908	–	–	25,647	
Impairment	–	–	–	–	–	–	3,048	3,048	
Disposals	–	–	–	–	(1,511)	–	–	(1,511)	
Exchange differences	2,192	1,687	208	4,087	317	–	1,139	5,543	
Classified as held for sale	(3,085)	(6,281)	–	(9,366)	–	–	(23,619)	(32,985)	
At 30 September 2018	105,253	87,561	10,686	203,500	14,059	–	47,812	265,371	
Net book value/carrying amount at 30 September 2018	100,464	64,135	3,245	167,844	3,731	1,928	414,722	588,225	

2017	Acquired intangible assets					Licences & software £000	Intangible assets in development £000	Goodwill £000	Total £000
	Trademarks & brands £000	Customer relationships £000	Databases £000	Total acquired intangible assets £000					
Cost/carrying amount									
At 1 October 2016	193,879	116,759	14,773	325,411	17,715	980	464,313	808,419	
Additions	–	–	–	–	474	1,513	–	1,987	
Disposals	–	–	–	–	(542)	–	–	(542)	
Balance at acquisition of company	26,510	42,161	1,408	70,079	1,267	313	68,992	140,651	
Transfer	–	–	–	–	726	(726)	–	–	
Exchange differences	(5,460)	(4,864)	(359)	(10,683)	(372)	(56)	(13,456)	(24,567)	
Classified as held for sale	(4,656)	(3,638)	(2,121)	(10,415)	(3,308)	–	(52,634)	(66,357)	
At 30 September 2017	210,273	150,418	13,701	374,392	15,960	2,024	467,215	859,591	
Amortisation and impairment									
At 1 October 2016	90,934	75,185	11,030	177,149	11,923	–	68,208	257,280	
Amortisation charge									
Continuing operations	9,545	10,294	727	20,566	3,709	–	–	24,275	
Discontinued operations	249	–	–	249	256	–	–	505	
Impairment	–	–	–	–	–	–	27,360	27,360	
Disposals	–	–	–	–	(542)	–	–	(542)	
Exchange differences	(2,323)	(1,726)	(271)	(4,320)	(250)	–	(2,533)	(7,103)	
Classified as held for sale	(2,441)	(3,279)	(1,884)	(7,604)	(2,751)	–	(25,791)	(36,146)	
At 30 September 2017	95,964	80,474	9,602	186,040	12,345	–	67,244	265,629	
Net book value/carrying amount at 30 September 2017	114,309	69,944	4,099	188,352	3,615	2,024	399,971	593,962	

12 Goodwill and other intangible assets continued

The individually material acquired intangible assets by CGU are as follows:

2018 CGU	Trademarks & brands		Customer relationships		Databases		Total acquired intangible assets £000
	£000	years ¹	£000	years ¹	£000	years ¹	
BCA	37,380	18	2,214	4	–	–	39,594
RISI	20,791	14	36,145	19	844	3	57,780
	58,171		38,359		844		97,374

2017 CGU	Trademarks & brands		Customer relationships		Databases		Total acquired intangible assets £000
	£000	years ¹	£000	years ¹	£000	years ¹	
BCA	40,388	19	3,229	5	–	–	43,617
RISI	21,714	15	37,047	20	1,148	4	59,909
	62,102		40,276		1,148		103,526

¹ The remaining useful economic life.

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.

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

During the year, the goodwill in respect of each of the businesses was tested for impairment in accordance with IAS 36 'Impairment of Assets'. 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 value in use or fair value less costs of disposal.

The following methodologies applied and key assumptions, reflecting past experience and external sources of information, included:

Value in use:

- budgets by business based on pre-tax cash flows with a CAGR of 3% to 18% for the next three years derived from approved 2018 budgets. Management believes these budgets to be reasonably achievable
- pre-tax discount rates between 11% and 19%, derived from the Group's benchmarked weighted average cost of capital (WACC) of 9% adjusted for risks specific to the nature of CGUs and risks included within the cash flows themselves
- long-term nominal growth rate of between 1% and 2%

Fair value less costs of disposal:

- fair value less costs of disposal is calculated using a discounted cash flow approach, with a post-tax discount rate applied to the projected risk-adjusted post-tax cash flows and terminal value
- post-tax cash flows are derived from approved 2018 budgets. Management believes these budgets to be reasonably achievable
- the period of specific projected cash flows is five years
- post-tax discount rates between 8% and 10%, derived from the Group's benchmarked WACC of 9% adjusted for risks specific to the nature of CGUs and risks included within the cash flows themselves
- long-term nominal growth rate of between 1% and 2%
- uses significant inputs which are not based on observable market data. Therefore, this valuation technique is classified as level 3 in the fair value hierarchy

The recoverable amount of RISI is calculated on the fair value less costs of disposal methodology and the rest of the Group's CGUs on the value in use basis.

Notes to the Consolidated Financial Statements

continued

12 Goodwill and other intangible assets continued

Following the impairment review, the impairment losses recognised in exceptional items (note 5) in respect of goodwill and intangibles are as follows:

2018 CGU	Reportable segment	Goodwill impairment £000	Recoverable amount £000	Discount rate %
Loyer123	Pricing, Data & Market Intelligence	3,048	6,167	11.0

2017 CGU	Reportable segment	Goodwill impairment £000	Recoverable amount £000	Discount rate %
NDR	Asset Management	27,360	46,114	14.2

For the year ended 30 September 2018, no impairments were required to the Indaba CGU on a value in use basis before being transferred to held for sale. Upon classification as held for sale, the CGU was assessed by reference to expected sale proceeds and no impairment was required.

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% or more of the Group's total carrying value of goodwill. Significant items of goodwill relate to BCA of £177.5m (2017: £172.6m).

The remaining carrying value of goodwill and acquired intangible assets consists of a number of CGUs, none of which are individually significant to the Group. The aggregate value of goodwill for these CGUs is £237.2m (2017: £227.4m).

For BCA, using the value in use methodology, a pre-tax discount rate of 12.8% (2017: 13.6%) and long-term nominal growth rate of 1.4% (2017: 1.7%), the recoverable amount exceeded the total carrying value by £43.0m (2017: £130.0m). The Directors performed a sensitivity analysis on the total carrying value of this CGU. For the recoverable amount to fall to the carrying value, the discount rate would need to be increased by two percentage points (2017: seven percentage points) or the long-term growth rate reduced by three percentage points (2017: 10 percentage points).

For RISI, using the fair value less costs to disposal methodology, a post-tax discount rate of 9.9%, cash flows for the initial five-year period growing between 3% and 24% projected into perpetuity using a long-term nominal growth rate of 1.4%, the recoverable amount exceeded the total carrying value by £23.8m. Sensitivity analysis performed around the base case assumptions has indicated that for RISI, the following changes in assumptions (in isolation), would cause the fair value less costs of disposal to fall below the carrying value:

- the discount rate increased by two percentage points
- operating profit growth rate decreasing to 9% for the initial five-year period

Impairment for Loyer123 of £3.0m is the result of its disappointing financial performance post acquisition.

13 Property, plant and equipment

2018	Leasehold improvements £000	Office equipment £000	Total £000
Cost			
At 1 October 2017	14,995	12,177	27,172
Additions	801	1,177	1,978
Disposals	(295)	(786)	(1,081)
Balance at acquisition of new company	–	4	4
Exchange differences	289	278	567
At 30 September 2018	15,790	12,850	28,640
Depreciation			
At 1 October 2017	2,558	7,379	9,937
Charge for the year	1,512	1,844	3,356
Disposals	(280)	(749)	(1,029)
Exchange differences	69	195	264
At 30 September 2018	3,859	8,669	12,528
Net book value at 30 September 2018	11,931	4,181	16,112
2017	Leasehold improvements £000	Office equipment £000	Total £000
Cost			
At 1 October 2016	15,761	23,153	38,914
Additions	7,530	3,398	10,928
Disposals	(7,883)	(6,258)	(14,141)
Balance at acquisition of new company	66	224	290
Balance at disposal of company	–	(86)	(86)
Exchange differences	(263)	(394)	(657)
Classified as held for sale	(216)	(7,860)	(8,076)
At 30 September 2017	14,995	12,177	27,172
Depreciation			
At 1 October 2016	9,280	19,162	28,442
Charge for the year			
Continuing operations	1,100	1,873	2,973
Discontinued operations	10	219	229
Disposals	(7,883)	(6,240)	(14,123)
Balance at disposal of company	–	(84)	(84)
Exchange differences	253	(197)	56
Classified as held for sale	(202)	(7,354)	(7,556)
At 30 September 2017	2,558	7,379	9,937
Net book value at 30 September 2017	12,437	4,798	17,235
Net book value at 30 September 2016	6,481	3,991	10,472

There is no material difference between the property, plant and equipment's historical cost values as stated above and their fair value equivalents.

Notes to the Consolidated Financial Statements

continued

14 Investments

	Investment in associates £000	Investment in joint ventures £000	Available-for-sale investments £000	Total £000
At 1 October 2016	29,810	215	5,835	35,860
Additions	552	1	–	553
Impairment (note 5)	–	–	(2,289)	(2,289)
Exchange difference	(2,151)	(2)	–	(2,153)
Provision against investment losses	–	285	–	285
Share of losses after tax	(1,391)	(499)	–	(1,890)
At 30 September 2017	26,820	–	3,546	30,366
Disposals	(26,194)	–	–	(26,194)
Exchange difference	(81)	–	–	(81)
Provision against investment losses	–	13	–	13
Share of profits/(losses) after tax	170	(13)	–	157
At 30 September 2018	715	–	3,546	4,261

All of the above investments in associates and joint ventures are accounted for using the equity method in these Consolidated Financial Statements as set out in the Group's accounting policies in note 1.

	2018 £000	2017 £000
Reconciliation of share of results in associates and joint ventures in Income Statement to adjusted share of results in associates and joint ventures		
Total share of results in associates and joint ventures in Income Statement	157	(1,890)
Add back:		
Share of tax on profits	333	988
Share of tax on acquired intangible amortisation and exceptional items	(266)	(1,798)
Share of acquired intangible amortisation	761	4,790
Share of exceptional items ¹	125	1,203
	953	5,183
Adjusted share of results in associates and joint ventures	1,110	3,293

¹ The share of exceptional items related to restructuring and earn-out costs in Dealogic.

The reconciliation of share of results in associates and joint ventures in the Income Statement has been provided since the Directors consider it necessary in order to provide an indication of the adjusted share of results in associates and joint ventures. A detailed reconciliation of the Group's statutory results to the adjusted and underlying results is set out on pages 27 to 29. The share of profit/(losses) after tax retained includes a finance expense of £0.3m (2017: £2.5m).

On 27 December 2017, the Group disposed of its minority equity stake of 15.5% in Diamond TopCo Limited (Dealogic) for \$135.0m (£100.1m). The disposal of the associate with a net book value of £26.2m, gave rise to a profit on disposal of £71.7m, after deducting disposal costs, which was recognised as an exceptional item (note 5) in the Income Statement. The Group's share of the profit of Dealogic is £83k.

14 Investments continued

Information on investment in associates, investment in joint ventures and available-for-sale investments:

	Principal activity	Year ended	Date of acquisition	Type of holding	Group interest	Registered Office
Investment in associates						
Broadmedia Communications Limited (BroadGroup)	Events and publishing business	30 Sept	Mar 2017	Ordinary	49.0%	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
Investment in joint ventures						
Sanostro Institutional AG (Sanostro)	Hedge fund manager trading signals	31 Dec	Dec 2014	Ordinary	50.0%	Allmendstrasse 140, 8041 Zurich, Switzerland
Available-for-sale investments						
Estimize, Inc (Estimize)	Financial estimates platform	31 Dec	July 2015	Ordinary	10.0%	43 West 24th Street, New York, NY 10010, United States
Zanbato, Inc (Zanbato)	Private capital placement and workflow	31 Dec	Sept 2015	Ordinary	9.9%	715 N Shoreline Boulevard, Mountain View CA, 94043, United States

The Group interests in the above investments remained unchanged since their respective dates of acquisition.

Aggregate information of associates that are not individually material:

	2018 £000	2017 £000
Group share of profit from continuing operations	87	77
Aggregate carrying amount of the Group's interests in these associates	715	629

Notes to the Consolidated Financial Statements

continued

15 Acquisitions and disposals

Purchase of businesses

Site Seven Media Ltd (TowerXchange)

On 1 December 2017, the Group acquired 100% of the equity share capital of TowerXchange for £6.5m. TowerXchange is a fast-growing information and events business which has become the leading source of information on the tower market, the infrastructure supporting the growth of the mobile telecoms market. Acquiring TowerXchange is part of the Group's telecoms strategy to facilitate industry collaboration and trading in areas ranging from pricing to standards across the telecoms ecosystem. TowerXchange is included in the Pricing, Data & Market Intelligence segment.

For the TowerXchange acquisition, an earn-out payment of £2.1m will be treated as compensation costs in accordance with IFRS 3 and deferred consideration of £0.1m has been recognised (note 25).

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
Net assets:			
Intangible assets	–	3,036	3,036
Property, plant and equipment	4	–	4
Trade and other receivables	994	–	994
Trade and other payables	(1,320)	–	(1,320)
Deferred tax liability	–	(516)	(516)
Cash and cash equivalents	2,123	–	2,123
	1,801	2,520	4,321
Net assets acquired (100%)			4,321
Goodwill			2,307
Total consideration			6,628
Consideration satisfied by:			
Cash			6,517
Deferred consideration			111
			6,628
Net cash outflow arising on acquisition:			
Cash consideration			6,517
Less: cash and cash equivalent balances acquired			(2,123)
			4,394

Intangible assets represent customer relationships of £2.1m and the brand of £0.9m, for which amortisation of £0.1m has been charged for the year. The customer relationships will be amortised over their expected useful economic lives of 10 years. The brand will be amortised over its expected useful life of 20 years.

Goodwill arises from the anticipated profitability and future operating synergies from integrating the acquired operations within the Group.

The fair value of the assets acquired includes net trade receivables of £0.4m, all of which are contracted and are expected to be collectable.

TowerXchange contributed £1.8m to the Group's revenue, £0.4m to the Group's operating profit and £0.3m to the Group's profit after tax for the period between the date of acquisition and 30 September 2018. If the acquisition had been completed on the first day of the financial year, TowerXchange would have contributed £2.6m to the Group's revenue and £0.9m to the Group's operating profit.

15 Acquisitions and disposals continued

Extel

On 8 March 2018, the Group acquired 100% of the business of Extel for cash consideration of £2.7m and deferred consideration of £0.1m. Extel runs the annual independent survey of quality across the European equities investment community. The acquisition of Extel fits within the Group's strategy of investing in its main themes, specifically asset management.

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

	Fair value adjustments £000	Provisional fair value £000
Net assets:		
Intangible assets	1,120	1,120
Deferred tax liability	(190)	(190)
	930	930
Net assets acquired (100%)		930
Goodwill		1,870
Total consideration		2,800
Consideration satisfied by:		
Cash		2,702
Deferred consideration		98
		2,800
Net cash outflow arising on acquisition:		
Cash consideration		2,702

Intangible assets represent the brand of £1.1m. The brand will be amortised over its expected useful life of 20 years. Goodwill arises from the anticipated profitability and future operating synergies from integrating the acquired operations within the Group.

Extel contributed £0.9m to the Group's revenue, £0.2m to the Group's operating profit and £0.2m to the Group's profit after tax for the period between the date of acquisition and 30 September 2018. If the acquisition had been completed on the first day of the financial year, Extel would have contributed £1.0m to the Group's revenue and £0.1m to the Group's operating profit.

Notes to the Consolidated Financial Statements

continued

15 Acquisitions and disposals continued

Random Lengths Publications, Inc (Random Lengths)

On 2 August 2018, the Group acquired 100% of the equity share capital of Random Lengths, a leading price reporting agency for the global wood products industry for \$16.8m (£12.8m) and paid a working capital adjustment on 7 November 2018 of \$0.3m (£0.2m). The acquisition strengthens the Group's position in price reporting for the global forest products industry and fits within the Group's strategy of investing in its main themes, specifically price discovery. Random Lengths is included in the Pricing, Data & Market Intelligence segment.

For the Random Lengths acquisition, an earn-out payment of \$2.0m (£1.5m) will be treated as compensation costs in accordance with IFRS 3.

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
Net assets:			
Intangible assets	–	7,102	7,102
Trade and other receivables	713	–	713
Trade and other payables	(1,489)	–	(1,489)
Cash and cash equivalents	682	–	682
	(94)	7,102	7,008
Net assets acquired (100%)			7,008
Goodwill			6,028
Total consideration			13,036
Consideration satisfied by:			
Cash			12,786
Working capital adjustments			250
			13,036
Net cash outflow arising on acquisition:			
Cash consideration			12,786
Less: cash and cash equivalent balances acquired			(682)
			12,104

Intangible assets represent customer relationships of \$5.0m (£3.8m) and the brand of \$4.3m (£3.3m), for which amortisation of \$0.1m (£0.1m) has been charged for the year. The customer relationships will be amortised over their expected useful economic lives of 15 years. The brand will be amortised over its expected useful life of 15 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 net trade receivables of \$0.3m (£0.3m), all of which are contracted and are expected to be collectable.

Random Lengths contributed \$0.6m (£0.4m) to the Group's revenue, \$0.2m (£0.2m) to the Group's operating profit and \$0.2m (£0.2m) to the Group's profit after tax for the period between the date of acquisition and 30 September 2018. If the acquisition had been completed on the first day of the financial year, Random Lengths would have contributed \$3.5m (£2.7m) to the Group's revenue and \$0.8m (£0.6m) to the Group's operating profit (excluding exceptional costs).

Increase in equity holdings

Ned Davis Research, Inc. (NDR)

The non-controlling interest of NDR exercised their put options over the remaining 15% stake in NDR. The Group paid a cash consideration of £7.8m on 22 December 2017 and a further £1.0m on 12 January 2018 (note 25). The Group's equity shareholding in NDR increased to 100%.

Centre for Investor Education (UK) Limited (CIE)

On 9 January 2018, there was a favourable settlement of the legal dispute with the previous owners of CIE and the Group acquired the remaining 25% equity interest for no consideration. At 30 September 2017, the Group held no liability for the acquisition commitment relating to the minority 25% stake in CIE and consolidated 100% of CIE with no non-controlling interest recorded in relation to the minority stake.

Layer123 Events & Training Limited (Layer123)

On 3 May 2018, the Group acquired the remaining 39% of Layer123 for £1.3m in cash and deferred compensation costs of £0.7m. The Group acquired 61% of the share capital of Layer123 in April 2017 for £6.3m and the remaining 39% was due to be acquired in three equal instalments based on the profits for the financial years 2018, 2019 and 2020.

15 Acquisitions and disposals continued

Sale of businesses

Adhesion Group S.A. and World Bulk Wine Exhibition, S.L. (Adhesion and World Bulk Wine)

On 30 October 2017, the Group sold its equity share capital of Adhesion (100%) and World Bulk Wine (74%), part of the Commodity Events segment, for €13.6m (£12.0m). The disposal of Adhesion and World Bulk Wine gave rise to a profit on disposal of €12.2m (£10.7m), after deducting disposal costs incurred, which was classified as an exceptional item (note 5) in the Income Statement. In addition to the profit on disposal, the Group released the acquisition commitment liability of £0.3m relating to World Bulk Wine to equity (note 25).

Institutional Investor Journals (II Journals)

On 10 January 2018, the Group sold the trading assets and liabilities of II Journals, part of the Asset Management segment, for a consideration of \$3.8m (£2.8m). Deferred consideration receivable of \$0.8m (£0.6m) was recognised (note 25). The transaction gave rise to a profit on disposal of \$5.9m (£4.4m) after the release of deferred revenue of \$2.3m (£1.7m) and the deduction of disposal costs incurred, which was classified as an exceptional item (note 5) in the Income Statement.

Global Markets Intelligence Division (GMID)

On 30 April 2018, the Group completed the disposal of GMID, consisting of CEIC and EMIS, to a consortium led by the private equity arm of CITIC Capital Holdings Limited and Caixin Global, for an equity value of \$180.5m (£128.8m). The disposal gave rise to a profit on disposal of \$127.9m (£91.3m) after the deduction of disposal costs incurred, which was classified as an exceptional item (note 5) in the Income Statement.

The Statement of Financial Position at 30 September 2017 classified GMID, Adhesion, World Bulk Wine and II Journals as held for sale.

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

	Adhesion £000	World Bulk Wine £000	II Journals £000	GMID £000	Total £000
Net assets/(liabilities):					
Goodwill	–	463	–	25,227	25,690
Intangible assets	–	730	–	2,447	3,177
Property, plant and equipment	30	6	–	585	621
Trade and other receivables	2,473	971	–	8,771	12,215
Cash and cash equivalents	1,095	540	–	10,152	11,787
Trade and other payables	(1,626)	(157)	–	(8,739)	(10,522)
Deferred income	(1,667)	(1,180)	(1,687)	(13,460)	(17,994)
	305	1,373	(1,687)	24,983	24,974
Net assets/(liabilities) disposed	305	1,373	(1,687)	24,983	24,974
De-recognition of non-controlling interest	–	(170)	–	–	(170)
Directly attributable costs	244	66	129	6,034	6,473
Recycled cumulative translation differences	(500)	(30)	–	6,547	6,017
Profit on disposal (note 5)	9,773	954	4,374	91,263	106,364
Total consideration	9,822	2,193	2,816	128,827	143,658
Consideration satisfied by:					
Cash	9,822	2,193	2,223	128,148	142,386
Deferred consideration	–	–	593	–	593
Working capital adjustments	–	–	–	679	679
	9,822	2,193	2,816	128,827	143,658
Net cash inflow arising on disposal:					
Cash consideration (net of directly attributable costs paid and working capital adjustments)	9,578	2,127	2,094	122,793	136,592
Cash and cash equivalent balances disposed	(1,095)	(540)	–	(10,152)	(11,787)
	8,483	1,587	2,094	112,641	124,805

Notes to the Consolidated Financial Statements

continued

16 Trade and other receivables

	2018 £000	2017 £000
Amounts falling due within one year		
Trade receivables	53,534	50,863
Less: provision for impairment of trade receivables	(3,153)	(3,688)
Trade receivables - net of provision	50,381	47,175
Other debtors	4,847	5,977
Prepayments	10,395	9,610
Accrued income	2,662	1,721
	68,285	64,483

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. There are no customers who represent more than 5% of the total balance of trade receivables.

At 30 September 2018, trade receivables of £24.7m (2017: £25.2m) were not yet due.

Ageing of past due but not impaired trade receivables:

	2018 £000	2017 £000
Past due less than a month	11,326	10,093
Past due more than a month but less than two months	3,901	2,956
Past due more than two months but less than three months	3,280	1,846
Past due more than three months	4,946	1,665
	23,453	16,560

The Group has not provided for these trade receivables 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 77 days (2017: 66 days). The Group does not hold any collateral over these balances.

Ageing of trade receivables impaired and partially provided for:

	2018 £000	2017 £000
Past due less than a month	942	1,557
Past due more than a month but less than two months	316	1,929
Past due more than two months but less than three months	691	1,472
Past due more than three months	3,439	4,107
	5,388	9,065

The amount of the provision for impaired trade receivables was £3.2m (2017: £3.7m). It was assessed that a portion of the receivables is expected to be recovered.

16 Trade and other receivables continued

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

	2018 £000	2017 £000
At 1 October	(3,688)	(5,270)
Impairment losses recognised	(2,111)	(5,074)
Impairment losses reversed	1,785	3,941
Amounts written off as uncollectible	804	1,220
Exchange differences	(18)	62
Classified as held for sale	75	1,433
At 30 September	(3,153)	(3,688)

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

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

17 Trade and other payables

	2018 £000	2017 £000
Trade creditors	2,687	3,073
Other creditors	24,597	24,997
	27,284	28,070

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

18 Deferred income

	2018 £000	2017 £000
Deferred subscription income	97,589	92,605
Other deferred income	22,815	24,373
	120,404	116,978
Within one year	117,088	113,487
In more than one year	3,316	3,491
	120,404	116,978

Notes to the Consolidated Financial Statements

continued

19 Financial instruments and risk management

Derivative financial instruments

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

	2018		2017	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Current				
Forward foreign exchange contracts – cash flow hedge	131	(2,424)	2,448	(1,001)
Forward foreign exchange contracts – fair value through profit and loss	–	–	238	–
	131	(2,424)	2,686	(1,001)
Non-current				
Forward foreign exchange contracts – cash flow hedge	55	(166)	381	(41)
Interest rate swaps – cash flow hedge	–	–	281	(189)
	55	(166)	662	(230)
	186	(2,590)	3,348	(1,231)

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, 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 in this note and on pages 98 and 99 of the accounting policies. The Group's Tax and Treasury Committee is responsible for recommending policy to the Board. The Group's treasury policies are directed to giving greater certainty of future costs and revenues and ensuring that the Group has adequate liquidity for working capital and debt capacity for funding acquisitions.

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

Interest rate swaps are used to manage the Group's exposure to fluctuations in interest rates on its floating rate borrowings. Further details are set out in the interest rate risk section (page 129).

Forward contracts are used to manage the Group's exposure to fluctuations in exchange rate movements on foreign currency transactions. Further details are set out in the foreign exchange rate risk section (pages 127 and 128).

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 2017.

The capital structure of the Group comprises equity attributable to equity holders, comprising share capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity.

Net (cash)/debt to adjusted EBITDA ratio

The Group's Tax and Treasury Committee reviews the Group's capital structure at least twice a year. Committed bank facilities available to the Group until December 2021 contain covenants based on a maximum 3.0 times net debt to adjusted EBITDA and a minimum interest cover ratio of 3.0 times. The amounts and foreign exchange rates used in the covenant calculations are subject to adjustments as defined under the terms of the arrangement. Management regularly monitors the covenants and prepares detailed cash flow forecasts to ensure that sufficient headroom is available and that the covenants are not at risk of a breach. Additionally, the Group arranges its currency borrowings in order that they are in proportion to the ratio of earnings in that particular currency to total Group earnings.

The bank covenant ratio uses an average exchange rate in the calculation of net debt. The resultant net (cash)/debt to adjusted EBITDA ratio is (0.69) times (2017: 1.24 times). Using a closing rate basis for the valuation of net (cash)/debt, the ratio was (0.71) times (2017: 1.23 times).

19 Financial instruments and risk management continued

Categories of financial instruments

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

	2018 £000	2017 £000
Financial assets		
Derivative instruments in designated hedge accounting relationships	186	3,110
Derivative instruments recognised at fair value through profit and loss	–	238
Available-for-sale investments (note 14)	3,546	3,546
Convertible loan note – held at cost	2,677	2,503
Deferred consideration (note 25) – loans and receivables	1,120	1,989
Loans and receivables (including cash at bank and short-term deposits)	136,163	59,299
Classified as held for sale loans and receivables (including cash at bank and short-term deposits)	936	18,987
	144,628	89,672
Financial liabilities		
Derivative instruments in designated hedge accounting relationships	(2,590)	(1,231)
Deferred consideration (note 25) – borrowings and payables	(98)	(350)
Deferred consideration (note 25) – fair value through profit and loss	(236)	–
Acquisition commitments (note 25) – borrowings and payables	(272)	(13,125)
Borrowings and payables (including bank overdrafts)	(91,427)	(264,782)
Classified as held for sale borrowings and payables (including bank overdrafts)	(302)	(10,002)
	(94,925)	(289,490)

Derivative instruments are classified as level 2 in the fair value hierarchy on page 132 and deferred consideration held at fair value through the profit and loss are classified as level 3. Available-for-sale investments are held at cost less any identified impairments as they do not have a quoted market price in an active market and the fair value cannot be reliably measured. No other financial assets or liabilities are held at fair value. The Directors consider that the carrying value amounts of financial assets and liabilities are equal to their fair value. The Group has derivative assets of £0.2m (2017: £3.3m) and derivative liabilities of £2.6m (2017: £1.2m) with a number of banks. These derivatives do not meet the offsetting criteria of IAS 32, but the Group would have the right to setoff same currency cash flows with the same counterparties of which settled on the same date. Consequently, the gross amount of the derivative assets and the gross amount of the derivative liabilities are presented separately in the Group's Statement of Financial Position.

The convertible loan note is held at cost as it contains an embedded derivative of non-quoted equity for which the Group is unable to accurately determine a fair value.

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. Cash and cash equivalents include no overdrafts (2017: £0.2m) offset under the cash pooling arrangements. This agreement meets the offsetting criteria of IAS 32.

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 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 30 September 2018. 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.

ii) Foreign exchange rate risk

The Group's principal foreign exchange exposure is to the US dollar. The Group generates approximately two-thirds of its revenues in US dollars, including approximately 40% of the revenues in its UK-based businesses, and approximately two-thirds 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.

Notes to the Consolidated Financial Statements

continued

19 Financial instruments and risk management continued

ii) Foreign exchange rate risk continued

The Group does not hedge the translation of the results of foreign subsidiaries. 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.

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

	Assets		Liabilities	
	2018 £000	2017 £000	2018 £000	2017 £000
US dollar	130,459	62,742	(167,253)	(319,446)

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 underestimates 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. A series of forward contracts are put in place up to 18 months forward to hedge the operation's Canadian dollar 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 negative number below indicates a decrease 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 comprehensive income and the balances below would be positive.

	2018 £000	2017 £000
Change in profit for the year in Income Statement (\$ net assets in UK companies)	(911)	(838)
Change in other comprehensive income (derivative financial instruments)	7,167	6,545
Change in other comprehensive income (loans to/from foreign operations)	12,122	17,751

The increase in the loss from the sensitivity analysis is due to an increase in the working capital assets. The increase in other comprehensive income from £6.5m to £7.2m from the sensitivity analysis is due to the increase in the notional value of the derivative financial instruments.

The change in other comprehensive income from a 10% change in sterling against US dollars in relation to the translation of loans to/from 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 £12.1m (2017: £17.8m). However, the change in other comprehensive income is completely offset by the change in value of the foreign operation's net assets from their translation into sterling.

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.

19 Financial instruments and risk management continued

ii) Foreign exchange rate risk continued

Forward foreign exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts. A series of US dollar and euro forward contracts are put in place to sell forward surplus US dollars and euros so as to hedge 80% of the Group's UK-based US dollar and euro revenues for the coming 12 months and 50% for the subsequent six months. In addition, at a Group level a series of US dollar forward contracts are 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	
	2018	2017	2018 \$000	2017 \$000	2018 £000	2017 £000	2018 £000	2017 £000
Fair value through profit and loss								
Sell USD buy GBP								
Less than a year	–	1,290	–	8,230	–	6,380	–	238
Cash Flow Hedges Sell USD buy GBP								
Less than a year	1,372	1,302	69,400	64,450	50,587	49,502	(2,162)	1,659
More than a year but less than two years	1,346	1,329	18,300	17,100	13,595	12,868	(126)	260
Sell USD buy CAD†								
Less than a year	1,271	1,309	11,148	11,221	8,427	8,759	(131)	410
More than a year but less than two years	1,292	1,270	3,863	3,700	2,969	2,804	16	53
			€000	€000	£000	£000	£000	£000
Sell EUR buy GBP								
Less than a year	1,115	1,165	20,000	22,400	17,930	19,230	–	(622)
More than a year but less than two years	1,104	1,114	5,230	6,550	4,738	5,880	(1)	27
							(2,404)	2,025

† Rate used for conversion from CAD to GBP is 1.6809 (2017: 1.6767).

At 30 September 2018, the aggregate amount of unrealised losses under forward foreign exchange contracts deferred in the fair value reserve relating to future revenue transactions is £2.4m (2017: £1.8m gain). 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. At 30 September 2018, there were no ineffective cash flow hedges in place (2017: £nil).

iii) Interest rate risk

It is the Group's policy to hedge approximately 80% of any term loan interest exposure, converting its floating rate debt into fixed debt by means of interest rate swaps. The predictability of interest costs is deemed to be more important than the possible opportunity cost foregone of achieving lower interest rates.

In May 2018, the Group repaid term loans of \$100m and £40m and simultaneously terminated swaps converting \$80m and £32m of term debt from floating to fixed rates recognising a gain of £2.1m recycled from fair value reserves. At 30 September 2017, the aggregate amount of unrealised gains on interest rate swaps deferred in the fair value reserve relating to future interest cash flows was £0.1m.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk section on pages 130 and 131.

Interest rate sensitivity analysis

The sensitivity analysis 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 instruments, the analysis is prepared assuming the amount 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 30 September 2018 would decrease or increase by £0.8m (2017: £0.8m). This is mainly attributable to the Group's exposure to interest rates on its variable rate cash deposits. For the year ended 30 September 2018, there is no impact on the fair value equity reserves as a result of the changes in fair value of interest rate swaps, as the interest rate swaps were terminated (2017: decrease or increase by £3.4m).

Notes to the Consolidated Financial Statements

continued

19 Financial instruments and risk management continued

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 AAA rated money market fund investments, licensed commercial banks and investment banks with strong long-term credit ratings. Treasury policies in place do not allow concentrations of risk with individual counterparties and do not allow significant treasury exposures with counterparties which are rated below investment grade. Included in cash and cash equivalents of £78.3m (2017: £4.4m) is £50.2m (2017: nil) directly deposited in AAA rated money market fund investments.

The Group also has credit risk with respect to trade and other receivables 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.

v) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. To manage this risk the Group has readily accessible funding arrangements in place and seeks to optimise group liquidity through cash pooling arrangements.

The Group's principal source of borrowings are provided through committed bank facilities available to the Group until December 2021. These syndicated facilities include a £240m (2017: £130m) multi-currency revolving credit facility which was undrawn at 30 September 2018 (2017: drawn down by £55.2m).

The Group's strategy is to use excess operating cash to pay down its drawings under the revolving credit facility and where undrawn invest in short-term bank deposits and money market funds. The Group generally has an annual cash conversion rate (the percentage by which cash generated from operations covers adjusted operating profit before acquired intangible amortisation and exceptional items) of 100% or more due to much of its subscription, sponsorship and delegate revenue being paid in advance. The Group's underlying operating cash conversion rate based on adjusted operating profit was 102%.

The Group's forecasts and projections, looking out to September 2022 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 and available borrowing facilities.

19 Financial instruments and risk management continued

v) Liquidity risk continued

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 30 September 2018. 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	3-5 years £000	Total £000
2018					
Deferred consideration	–	209	125	–	334
Acquisition commitments	–	97	175	–	272
Non-interest bearing liabilities (trade and other payables, and accruals)	–	91,427	–	–	91,427
		91,733	300	–	92,033

	Weighted average effective interest rate %	Less than 1 year £000	1-3 years £000	3-5 years £000	Total £000
2017					
Variable rate borrowings	2.28	5,125	11,915	177,191	194,231
Deferred consideration	–	350	–	–	350
Acquisition commitments	9.50	9,904	3,221	–	13,125
Non-interest bearing liabilities (trade and other payables, and accruals)	–	95,889	–	–	95,889
		111,268	15,136	177,191	303,595

The following table details the Group's remaining contractual maturity for its non-derivative financial assets, mainly trade and other receivables and short-term deposits. 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.

	Weighted average effective interest rate %	Less than 1 year £000	1-3 years £000	Total £000
2018				
Variable interest rate instruments (cash at bank and short-term deposits)	1.11	78,273	–	78,273
Deferred consideration	–	650	470	1,120
Non-interest bearing assets (trade and other receivables excluding prepayments)	–	57,890	–	57,890
		136,813	470	137,283

	Weighted average effective interest rate %	Less than 1 year £000	1-3 years £000	Total £000
2017				
Variable interest rate instruments (cash at bank and short-term deposits) (including cash from assets held for sale)	0.59	14,272	–	14,272
Deferred consideration	5.50	419	1,570	1,989
Non-interest bearing assets (trade and other receivables excluding prepayments)	–	45,027	–	45,027
		59,718	1,570	61,288

Notes to the Consolidated Financial Statements

continued

19 Financial instruments and risk management continued

v) Liquidity risk continued

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

	Less than 3 months £000	3 months to 1 year £000	1-3 years £000	3-5 years £000	Total £000
2018					
Gross settled					
Foreign exchange forward contracts inflows	19,377	57,566	21,302	–	98,245
Foreign exchange forward contracts outflows	(19,837)	(59,807)	(21,671)	–	(101,315)
	(460)	(2,241)	(369)	–	(3,070)
2017					
Net settled					
Interest rate swaps	(139)	(122)	250	447	436
Gross settled					
Foreign exchange forward contracts inflows	26,458	57,413	21,551	–	105,422
Foreign exchange forward contracts outflows	(26,505)	(55,862)	(21,299)	–	(103,666)
	(186)	1,429	502	447	2,192

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with IFRS 13 'Fair Value Measurement' as follows:

Level 1

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

Level 2

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

Level 3

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

At 30 September 2018 and the prior year, all the resulting fair value estimates have been included in level 2 other than the Group's deferred consideration payment which is classified as level 3.

19 Financial instruments and risk management continued

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, payables and loans.

Movement in assets/(liabilities) arising from financing activities:

	2017 £000	Cash flow £000	Disposal of subsidiaries £000	Interest and other non-cash movements £000	Foreign exchange £000	2018 £000
Analysis of changes in net cash/(debt)						
Cash at bank and short-term deposits	4,426	66,737	–	984	6,126	78,273
Classified as held for sale	9,846	–	(9,846)	–	–	–
Total cash and cash equivalents	14,272	66,737	(9,846)	984	6,126	78,273
Borrowings	(168,893)	167,740	–	(955)	2,108	–
Net (debt)/cash	(154,621)	234,477	(9,846)	29	8,234	78,273
Analysis of changes in liabilities from financing activities						
Borrowings	(168,893)	167,740	–	(955)	2,108	–
Hedge of borrowings:						
Derivative financial instruments – interest rate swaps	92	(2,091)	–	1,999	–	–
Other financing items – prepaid bank fees	1,219	30	–	(401)	–	848
Interest payable	(1,619)	3,756	–	(3,525)	30	(1,358)
Acquisition commitments	(13,125)	10,130	317	2,378	28	(272)
Other financing items	(13,433)	11,825	317	451	58	(782)
Total (liabilities)/assets from financing activities	(182,326)	179,565	317	(504)	2,166	(782)

Notes to the Consolidated Financial Statements

continued

20 Borrowings

	2018 £000	2017 £000
Borrowings – non-current liabilities	–	168,893
Undrawn committed facilities	240,000	74,768

Committed borrowing facilities

On 15 May 2018, the Group repaid its term loans of \$100m and £40m, transferring the funding commitment into the existing £130m multi-currency revolving credit facility, increasing the facility to £240m, which was entirely undrawn at 30 September 2018 (2017: £55.2m). The committed facility is available until December 2021. There is a further accordion facility of £130m should the Group wish to request it. Drawings under the revolving credit facility bear interest charged at LIBOR plus a margin, the applicable margin being based on the Group's 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 and requires minimum levels of interest cover of three times on a rolling 12-month basis. The amounts and foreign exchange rates used in the covenant calculations are subject to adjustments as defined under the terms of the arrangement. On this basis, at 30 September 2018, the Group's adjusted net cash to EBITDA was (0.69) times. Management regularly monitors the covenants and prepares detailed cash flow forecasts to ensure that sufficient headroom is available and that the covenants are not close or potentially close to breach.

21 Provisions

	Onerous lease provision £000	Other provisions £000	Total £000
At 1 October 2017	274	2,663	2,937
Provision in the year	970	555	1,525
Used in the year	(448)	(11)	(459)
Imputed interest	–	61	61
Exchange differences	49	7	56
At 30 September 2018	845	3,275	4,120

	2018 £000	2017 £000
Maturity profile of provisions:		
Within one year (included in current liabilities)	248	337
Between one and two years (included in non-current liabilities)	1,301	92
Between two and five years (included in non-current liabilities)	2,571	2,508
	4,120	2,937

Onerous lease provision

The onerous lease provision relates to an office in Hong Kong that was vacated following the disposal of GMID (note 15). The lease expires in August 2020.

Other provisions

The provision consists of social security costs arising on share option liabilities and dilapidations on leasehold properties. A dilapidation provision of £2.6m (2017: £2.4m) is held in respect of the Group's main London offices. The leases, which expire in 2029, do not contain any break clauses. As such, it is unlikely that the provisions will be utilised before the expiry date of the leases.

22 Deferred taxation

The net deferred tax liability at 30 September 2018 comprised:

	Capitalised goodwill and intangibles £000	Tax losses £000	Deferred interest £000	Financial instruments £000	Pension deficit £000	Accelerated capital allowances £000	Other £000	Total £000
Deferred tax asset	(6,122)	3,388	–	(241)	1,691	656	2,177	1,549
Deferred tax liability	(41,629)	2,248	5,515	(11)	–	1,199	9,247	(23,431)
At 30 September 2017	(47,751)	5,636	5,515	(252)	1,691	1,855	11,424	(21,882)
Credit/(charge) to Income Statement	11,210	(2,125)	(5,515)	–	(89)	(68)	(6,272)	(2,859)
Credit/(charge) to other comprehensive income	–	–	–	630	(1,104)	–	–	(474)
(Charge)/credit to equity	(924)	–	–	–	–	–	128	(796)
Acquisitions and disposals	(352)	–	–	–	–	–	–	(352)
Exchange differences	(870)	18	–	–	–	–	24	(828)
At 30 September 2018	(38,687)	3,529	–	378	498	1,787	5,304	(27,191)
Deferred tax asset	–	1,294	–	–	–	–	5	1,299
Deferred tax liability	(38,687)	2,235	–	378	498	1,787	5,299	(28,490)

Other deferred tax assets include share based payments and general provisions.

At the balance sheet date the Group has unused tax losses available for offset against future profits. At 30 September, the deferred tax asset recognised in relation to these losses is analysed as follows:

	2018 £000	2017 £000
UK	1,215	1,899
US	1,020	2,248
Europe	1,294	1,489
	3,529	5,636

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. The UK tax losses are expected to reverse in the short-term. The US losses can be carried forward for a period of 20 years from the date they arose and have expiry dates between 2018 and 2038. There is no expiry date on the other losses.

The increase in the net deferred tax liability relates to utilisation of tax losses and other tax attributes, partially offset by revaluation of deferred tax assets and liabilities following the reduction in the US federal tax rate from 35% to 21%.

No deferred tax liability is recognised on temporary differences of £50.0m (2017: £300.0m) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. The temporary differences at 30 September 2018 represent the unremitted earnings of those overseas subsidiaries where remittance to the UK of those earnings may still result in a tax liability, principally as a result of dividend withholding taxes levied by the overseas tax jurisdictions in which these subsidiaries operate.

23 Called up share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
109,180,729 ordinary shares of 0.25p each (2017: 109,101,608 ordinary shares of 0.25p each)	273	273

During the year, 79,121 ordinary shares of 0.25p each (2017: 35,425 ordinary shares) with an aggregate nominal value of £198 (2017: £88) were issued following the exercise of share options granted under the Company's share option schemes for a cash consideration of £642,612 (2017: £311,658).

Notes to the Consolidated Financial Statements

continued

24 Share-based payments

The options set out below are outstanding at 30 September and are options to subscribe for new ordinary shares of 0.25p each in the Company. All of the options outstanding are equity settled and the total charge recognised in the year was £1.5m (2017: £1.0m). There are no share options exercisable at 30 September 2018 (2017: nil). Further details of the Group's share plans are provided in the Directors' Remuneration Report.

	Income statement charge in year £000	Options outstanding at 30 September 2017 Number	Granted in year Number	Exercised during year Number	Lapsed/ forfeited during year Number	Options outstanding at 30 September 2018 Number
2018						
Incentive scheme						
SAYE/Sharesave	124	261,892	96,889	(79,121)	(34,989)	244,671
Buy-out award	450	132,607	–	(44,202)	–	88,405
PSP	913	484,497	282,492	–	(90,129)	676,860
Deferred bonus - equity settled	–	19,175	4,339	–	–	23,514
CAP	–	8,304	–	–	(3,180)	5,124
Total	1,487	906,475	383,720	(123,323)	(128,298)	1,038,574

	Income statement charge in year £000	Options outstanding at 30 September 2016 Number	Granted in year Number	Exercised during year Number	Lapsed/ forfeited during year Number	Options outstanding at 30 September 2017 Number
2017						
Incentive scheme						
SAYE/Sharesave	139	241,430	107,181	(35,425)	(51,294)	261,892
Buy-out award	450	132,607	–	–	–	132,607
PSP	537	159,269	325,228	–	–	484,497
Deferred bonus - equity settled	–	–	19,175	–	–	19,175
CAP	(141)	2,112,889	–	–	(2,104,585)	8,304
CSOP	–	517,031	–	–	(517,031)	–
Total	985	3,163,226	451,584	(35,425)	(2,672,910)	906,475

The fair value of options awarded for the SAYE/Sharesave scheme are determined using the Black-Scholes option pricing model.

The remaining incentive plans are for nil cost options, where the fair value is determined by the share price applicable when the options are granted. The fair value of options granted during the year was £3.6m (2017: £3.7m).

The weighted average exercise price of options exercised during the year was £5.21 (2017: £8.80).

The options outstanding at 30 September 2018 had a weighted average remaining contractual life of 6.78 years (2017: 6.70 years).

Save as You Earn (SAYE)/Sharesave options

The Group operates a SAYE/Sharesave 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 SAYE/Sharesave 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.

Buy-out award

A one-off award was made to A Rashbass on 1 October 2015.

Performance Share Plan (PSP)

Under the PSP schemes, participants are awarded nil-cost options to obtain ordinary shares in the Company. These options have a maximum life of 10 years and would not normally vest until the respective three or five years after the date of the award, provided that the performance conditions have been met.

The share price used to determine the number of shares awarded under the PSP grants is the average of the middle market quotations of an ordinary share as derived from the Daily Official List for the five dealing days preceding the date of grant.

Deferred bonus – equity settled

Any bonus earned in excess of 100% of salary for A Rashbass is awarded as a deferred award.

24 Share-based payments continued

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

The CAP 2010 executive share option scheme was approved by shareholders on 21 January 2010. The remaining balance is subject to an additional performance condition, applicable for the vesting of the second tranche of awards, which requires the profits of each business in the subsequent vesting period to be at least 75% of that achieved in the year the first tranche of awards became exercisable. The options lapse to the extent unexercised by 30 September 2020. The remaining CAP 2010 share options were unlikely to vest and the charge was released in 2017.

The CAP 2014 and CSOP 2014 was approved by shareholders on 30 January 2014 as a replacement for CAP 2010. The minimum performance target under CAP 2014 and CSOP 2014 was not achieved and the options lapsed in 2017.

25 Acquisition commitments and deferred consideration

The Group is party to consideration arrangements in the form of acquisition commitments, acquisition deferred consideration payments and deferred consideration receipts on disposals. Acquisition commitments comprise put options held by minority shareholders of acquired businesses which are held at amortised cost. Deferred consideration payments comprise consideration contingent on the future performance of acquired businesses held at fair value and deferred consideration payable at a set amount in the future. These liabilities are recognised at the discounted present value and re-measured each period. The discount is unwound as a notional interest charge and the re-measurement of these liabilities is recognised in the Income Statement.

	Acquisition commitment		Deferred consideration payments		Deferred consideration receipts	
	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000
At 1 October	(13,125)	(11,771)	(350)	(480)	1,989	526
Additions from acquisitions during the year (note 15)	–	(4,997)	(209)	(700)	–	–
Additions from disposals during the year	–	–	–	–	593	2,679
De-recognition on disposal of business	317	–	–	–	–	–
Payment/(receipt) during the year	–	–	1,470	833	(1,607)	(1,386)
Exercise of commitments	10,130	540	–	–	–	–
Net movements in finance income and expense during the year (note 7)	2,378	2,970	(1,245)	(3)	123	180
Exchange differences to reserves	28	133	–	–	22	(10)
At 30 September	(272)	(13,125)	(334)	(350)	1,120	1,989
Within one year	(97)	(9,904)	(209)	(350)	650	419
In more than one year	(175)	(3,221)	(125)	–	470	1,570
	(272)	(13,125)	(334)	(350)	1,120	1,989

The non-controlling interest of NDR exercised their put options over the remaining 15% stake in NDR for a total consideration of £8.8m (note 15). The Group's equity shareholding in NDR increased to 100%.

On 3 May 2018, the Group acquired the remaining 39% of Layer123 for £1.3m and deferred compensation costs of £0.7m. The Group acquired 61% of the share capital of Layer123 in April 2017 for £6.3m and the remaining 39% was due to be acquired in three equal instalments based on the profits for the financial years 2018, 2019 and 2020.

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.

	Acquisition commitment		Deferred consideration payments		Deferred consideration receipts	
	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000
Reconciliation of finance income and expense (note 7):						
Re-measurement during the year	2,766	4,136	(1,245)	(3)	82	79
Imputed interest	(388)	(1,166)	–	–	41	101
Net movements in finance income and expense during the year	2,378	2,970	(1,245)	(3)	123	180

Notes to the Consolidated Financial Statements

continued

26 Operating lease commitments

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

	2018 £000	2017 £000
Within one year	9,432	8,161
Between one and five years	29,891	28,500
After five years	44,879	45,496
Continuing operations	84,202	82,157
Discontinued operations	–	2,169
Total	84,202	84,326

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

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

	2018 £000	2017 £000
Within one year	441	989
Between one and five years	1,583	1,638
After five years	–	304
	2,024	2,931

27 Retirement benefit schemes

The Group operates a number of pension schemes under which contributions are paid by the employer and employees. The total net pension costs from continuing operations of the Group for the year ended 30 September 2018 were £3.3m (2017: £3.1m).

Defined contribution schemes

The Group operates the following defined contribution schemes: Euromoney PensionSaver and the Metal Bulletin Group Personal Pension Plan in the UK and a 401(k) savings and investment plan in the US.

In compliance with the Pension Act 2008, the Group operated a defined contribution plan, DMGT PensionSaver, up to 30 June 2017 and thereafter the Euromoney PensionSaver, into which relevant employees are automatically enrolled.

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

	2018 £000	2017 £000
Euromoney and DMGT PensionSaver	2,111	2,048
Metal Bulletin Group Personal Pension Plan	17	14
Private schemes	1,061	966
	3,189	3,028

Euromoney PensionSaver

The Euromoney PensionSaver is the principal pension arrangement offered to employees of the Group. Employees contribute at an initial default rate of 3% of salary with an equal company contribution in the first three years of employment and thereafter at twice the employee contribution rate, up to a maximum employer contribution of 10% of salary. Assets are invested in funds selected by members and held independently from the Group's finances. The investment and administration 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 Group'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 \$52,000 a year) with the company matching up to 50% of the employee contributions, up to 6% of salary.

Defined benefit schemes

The Group operates the Metal Bulletin plc Pension Scheme (MBPS) and participates in the Harmsworth Pension Scheme (HPS), which is a scheme operated by Daily Mail and General Trust (DMGT), both of which are now closed to new entrants. In 2016, due to a change in DMGT's policy to allocate the assets and liabilities of DMGT group's defined benefit plan on a buy-out basis, the Group's share of HPS's liability was recognised at 30 September 2016.

In October 2018, the High Court ruled in the Lloyds Banking Group case that UK pension schemes which had contracted out of the State Earnings Related Pension Scheme will need to equalise benefits for the effect of unequal Guaranteed Minimum Pensions (GMP) between men and women. The judgement also provided comments on the method to be adopted to equalise these benefits. Assuming that there is not a successful appeal, it is expected that the ruling will result in a non-cash past service charge.

Due to the timing of this ruling, DMGT cannot yet estimate the impact on HPS with any reasonable certainty until the Scheme Actuary has carried out a full impact assessment. This is expected before the 2019 interim results announcement. The MBPS had not contracted out of the State Earnings Related Pension Scheme, and so is not impacted by the October 2018 High Court ruling in the Lloyds Banking Group case.

Harmsworth Pension Scheme

HPS is a multi-employer defined benefit scheme operated by DMGT and closed to further accrual.

A full actuarial valuation of the scheme is carried out triennially by the scheme actuary. Prior to its closure to future accrual on 1 January 2016, DMGT made annual contributions of 12% or 18% of members' basic pay (depending on membership section) to HPS. Following the results of the latest triennial valuation as at 31 March 2016, DMGT agreed a Recovery Plan involving annual funding payments of £13.0m on 5 October 2016 to 2018, £16.2m on 5 October 2019 to 2025 and £76.2m on 5 October 2026. DMGT considers that these contribution rates are sufficient to eliminate the deficit over the agreed period. This Recovery Plan will be reviewed at the next triennial valuation due to be completed with an effective date of 31 March 2019.

In February 2014, DMGT agreed with the Trustees that should it continue its share buyback programme, it would make additional contributions to its schemes amounting to 20% of the value of shares purchased. No contributions relating to this agreement were made in the years to 30 September 2017 and 2018.

Notes to the Consolidated Financial Statements

continued

27 Retirement benefit schemes continued

DMGT enabled the Trustees of HPS scheme to acquire a beneficial interest in a Limited Partnership investment vehicle (LP). The LP has been designed to facilitate payment of £10.8m as part of the deficit funding payments described above over the period to 2026. In addition, the LP is required to make a final payment to the scheme of £149.9m, or the funding deficit within the scheme on an ongoing actuarial valuation basis at the end of the period to 2026 if this is less. For funding purposes, HPS's interest in the LP is treated as an asset of the scheme and reduces the actuarial deficit within the scheme. However, under IAS 19 'Employee Benefits' the LP is not included as an asset of the scheme and therefore is not included in the disclosures below.

DMGT expects to contribute approximately £18.3m to the scheme during the year to 30 September 2019 including the deficit funding payments described above. The Euromoney Group expects to contribute £0.1m during the year to 30 September 2019.

The International Financial Reporting Interpretations Committee, in its document IFRIC 14, has interpreted the extent to which a company can recognise a pension surplus on its Statement of Financial Position. Having taken account of the rules of the schemes, the Group considers that recognition of surpluses in the schemes on its Statement of Financial Position would be in accordance with the interpretation of IFRIC 14.

Northcliffe Trustees Limited (the Trustee) has been appointed by DMGT as an independent trustee to administer and manage the HPS on behalf of the members in accordance with the terms of the HPS Trust Deed and Rules and relevant legislation (principally the Pension Schemes Act 1993, the Pensions Act 1995 and the Pensions Act 2004).

Metal Bulletin Pension Scheme

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 1 June 2016. As a result of the 2016 valuation, the Group agreed to make annual contributions of 38.9% per annum of pensionable salaries, plus £55,900 per month to the scheme over the period to 2022. 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 £0.7m to the MBPS during the year to 30 September 2019.

Pension Legacy Trustees Limited (the Trustee) has been appointed by Euromoney Global Limited as an independent trustee to administer and manage the MBPS on behalf of the members in accordance with the terms of the MBPS Trust Deed and Rules and relevant legislation (principally the Pension Schemes Act 1993, the Pensions Act 1995 and the Pensions Act 2004).

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

	2018			2017		
	MBPS £000	HPS £000	Total £000	MBPS £000	HPS £000	Total £000
Present value of defined benefit obligation	(44,940)	(24,016)	(68,956)	(49,737)	(25,044)	(74,781)
Fair value of plan assets	40,070	25,953	66,023	39,757	25,070	64,827
(Deficit)/surplus reported in the Statement of Financial Position	(4,870)	1,937	(2,933)	(9,980)	26	(9,954)

The deficit for the year excludes a related deferred tax asset of £0.5m (2017: £1.7m).

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

2018	Present value of obligation £000	Fair value of plan assets £000	Net defined benefit liability £000
At 1 October 2017	(74,781)	64,827	(9,954)
Current service cost	(73)	–	(73)
Interest (expense)/income	(1,246)	998	(248)
Total charge recognised in Income Statement	(1,319)	998	(321)
Remeasurements:			
Return on plan assets, excluding amounts in interest expense/income	–	1,302	1,302
Gain due to change in financial assumptions	3,314	–	3,314
Gain due to change in demographic assumptions	1,796	–	1,796
Experience gain	83	–	83
Total losses recognised in Statement of Comprehensive Income	5,193	1,302	6,495
Contributions – employers	–	847	847
Contributions – plan participants	(7)	7	–
Payments from the plans – benefit payments	1,958	(1,958)	–
At 30 September 2018	(68,956)	66,023	(2,933)

27 Retirement benefit schemes continued

2017	Present value of obligation £000	Fair value of plan assets £000	Net defined benefit liability £000
At 1 October 2016	(71,174)	61,179	(9,995)
Current service cost	(77)	–	(77)
Interest (expense)/income	(1,089)	887	(202)
Total charge recognised in Income Statement	(1,166)	887	(279)
Remeasurements:			
Return on plan assets, excluding amounts in interest expense/income	–	3,153	3,153
Gain due to change in financial assumptions	824	–	824
Gain due to change in demographic assumptions	(4,249)	–	(4,249)
Experience gain	(48)	–	(48)
Total losses recognised in Statement of Comprehensive Income	(3,473)	3,153	(320)
Contributions – employers	–	640	640
Contributions – plan participants	(8)	8	–
Payments from the plans – benefit payments	1,040	(1,040)	–
At 30 September 2017	(74,781)	64,827	(9,954)

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

	2018 £000	2017 £000
Equities	24,607	25,231
Bonds	29,334	32,752
Liability Driven Investments	5,025	–
Property	4,957	3,835
With profits policy	1,640	2,583
Cash and cash equivalents	460	426
	66,023	64,827

Equities include hedge funds and infrastructure funds. All the assets listed above, excluding property and 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 £2.3m (2017: £4.0m).

The key financial assumptions adopted are as follows:

	MBPS		HPS	
	2018 %	2017 %	2018 %	2017 %
Discount rate	2.80	2.55	2.80	2.60
Price inflation	3.15	3.10	3.25	3.20
Salary increases	2.50	2.50	2.50	2.50
Pension increases	3.00	3.00	3.10	3.00

The discount rate for both scheme liabilities and the fair value of scheme assets reflects yields at the year-end date on high-quality corporate bonds and are based on a cash flow-based yield curve, calculating a single equivalent discount rate reflecting the average duration of the schemes liabilities, rounded to the nearest 0.05% p.a. This methodology incorporated bonds given an AA rating from at least two of the four main rating agencies.

RPI inflation is derived in a similar way to the discount rate but with reference to the Bank of England spot curve at the duration of the schemes weighted average duration with an appropriate allowance for inflation risk premium (MBPS: 0.30% p.a., HPS: 0.20% p.a.). The nominal and real spot curves provided by the Bank of England were extrapolated up to 50 years using a bootstrapping method which uses gilt price information provided by the UK Debt Management Office.

Mortality assumptions take account of scheme experience, and also allow for further improvements in life expectancy based on the Continuous Mortality Investigation (CMI) projections but with a long-term rate of improvement in future mortality rates of 1.25% p.a. and a smoothing parameter of 7.5. Allowance is made for the extent to which employees have chosen to commute part of their pension for cash at retirement.

Notes to the Consolidated Financial Statements

continued

27 Retirement benefit schemes continued

The average duration of the defined benefit obligation at the end of the year is approximately 19 years for MBPS (2017: 16 years) and 18 years for HPS (2017: 20 years).

Assumed life expectancy in years, on retirement ¹	MBPS		HPS	
	2018	2017	2018	2017
Retiring at the end of the reporting year:				
Males	26.3	26.9	26.2	26.4
Females	28.3	29.0	28.2	28.3
Retiring 20 years after the end of the reporting year:				
Males	27.8	28.8	26.7	26.8
Females	29.8	31.0	29.2	29.2

¹ MPBS – 62 years; HPS – 60 years.

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 0.6%
Inflation rate	Increase by 0.1%	Increase by 1.0%
Salary increases	Increase by 0.25%	Increase by 0.1%
Life expectancy	Increase by one year	Increase by 3.5%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this 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 at 1 June 2016 forward to 30 September 2018.

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

These are the significant risks in connection with running defined benefit schemes, and the key risks are detailed below:

Discount rate risk

The present value of the defined benefit obligation is calculated using a discount rate set with reference to high-quality corporate bond yields. A decrease in corporate bond yields will increase the present value of the defined benefit obligation, although this will be partially offset by an increase in the value of corporate bonds held by the schemes.

Inflation rate risk

A significant proportion of the defined benefit obligation is linked to inflation, therefore increased inflation will result in a higher defined benefit obligation. The Trustees have sought to acquire certain assets with exposure to inflationary uplifts in order to negate a proportion of this risk.

Life expectancy risk

The present value of the defined benefit obligation is calculated with reference to the best estimate of the mortality of scheme members. An increase in assumed life expectancy will result in an increase in the defined benefit obligation. Regular reviews of mortality experience are performed to ensure life expectancy assumptions remain appropriate.

Investment risk

This is a measure of the uncertainty that the return on the schemes' assets keeps pace with the discount rate. The schemes hold a significant proportion of equities and similar 'growth assets', which are expected to outperform the discount rate in the long-term.

28 Contingent liabilities

Claims in Malaysia

Four writs claiming damages for libel were issued in Malaysia against the Group and three of its employees in respect of an article published in one of the Group's magazines, International Commercial Litigation, in November 1995. The writs were served on the Group on 22 October 1996. Two of these writs have been discontinued. The total outstanding amount claimed on the two remaining writs is Malaysian ringgit 83.4m (£15.5m). No provision has been made for these claims in these Financial Statements as the Directors do not believe the Group has any material liability in respect of these writs.

European Commission Inspection

In January 2018, the European Commission conducted an unannounced inspection at the Brussels office of RISI Sprl (RISI), a wholly owned subsidiary within the Group, as part of an investigation into the sector of kraft paper and industrial paper sacks in the European Union/European Economic Area. A provision is made for the outcome of tax, legal and other disputes where it is both probable that the Group will suffer an outflow of funds and it is possible to make a reliable estimate of that outflow. No proceedings have been issued and the Group is unable to make a reliable estimate of any potential liability. Therefore, no provision has been recognised.

29 Related party transactions

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

- (i) The Group had borrowings under a \$160m multi-currency facility with Daily Mail and General Holdings Limited (DMGH), a Daily Mail and General Trust plc (DMGT) group company. This facility was terminated on 29 December 2016. In 2017, fees on the available facility for the year were £153k.
- (ii) During the year ended 30 September 2017, the Group expensed services provided by DMGT and other fellow group companies of £379k. From January 2017, the services expensed include a charge under the transitional service agreement with DMGT signed on 3 January 2017.
- (iii) During the year ended 30 September 2017, DMGT group companies surrendered tax losses to Euromoney Consortium Limited under an agreement between the two groups. These tax losses are relieviable against UK taxable profits of the Group under HMRC's consortium relief rules:

	2018 £000	2017 £000
Amounts payable	–	387
Tax losses with tax value	–	516
Amounts owed to DMGT group at end of year	–	387

- (iv) On 8 December 2016, the Group acquired 0.3% of the equity of Euromoney Consortium Limited from DMG Charles Limited for a cash consideration of £0.7m.
- (v) On 6 January 2017, the Group completed the off-market purchase of 19,247,173 ordinary shares from the DMGT group for cancellation at a price of £9.75 per share. The transaction was approved by shareholders at the Company's general meeting held on 29 December 2016.
- (vi) The Group participates in the Harmsworth Pension Scheme (HPS), a defined benefit scheme operated by DMGT. The Group's share of the HPS surplus is £1.9m (2017: £26k).
- (vii) During the year, the Group provided services to Risk Management Solution Ltd, a DMGT subsidiary, for HKD1,336,936 (2017: HKD1,046,608).
- (viii) During the year, the Group's equity shareholding in NDR increased to 100%. During the year ended 30 September 2017, NDR, a subsidiary undertaking, leased office space at market rates from a separate entity, Bird Bay Properties, LLC, which is owned by a previous minority shareholder of NDR. The amount paid was \$0.6m.
- (ix) During the year, the Group sold sponsorship revenue to Trepp LLC, a DMGT subsidiary, for \$60k (2017: \$39k).
- (x) The Directors who served during the year received dividends of £0.2m (2017: £0.2m) in respect of ordinary shares held in the Company.
- (xi) 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.

	2018 £000	2017 £000
Key management compensation		
Salaries and short-term employee benefits	8,143	7,884
Non-Executive Directors' fees and benefits	622	496
Post-employment benefits	316	285
Other long-term benefits (all share-based)	591	524
	9,672	9,189
Of which:		
Executive Directors	2,914	3,126
Non-Executive Directors	622	496
Divisional Directors	6,136	5,567
	9,672	9,189

Details of the remuneration of Directors are given in the Directors' Remuneration Report.

Notes to the Consolidated Financial Statements

continued

30 Events after the balance sheet date

The Directors propose a final dividend of 22.30p per share (2017: 21.80p) totalling £24.0m (2017: £23.4m) for the year ended 30 September 2018. The dividend will be submitted for approval by shareholders at the AGM to be held on 1 February 2019. In accordance with IAS 10 'Events after the Reporting Period', these Financial Statements do not reflect this dividend payable which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 30 September 2019.

On 23 October 2018, the Group disposed of Mining Indaba to ITE Group plc for a consideration of £30.1m. Given that the IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' criteria to be classified as held for sale have been met at 30 September 2018, the assets and liabilities of Mining Indaba have been disclosed separately on the face of the Consolidated Statement of Financial Position. Mining Indaba contributed £7.3m to the Group's revenue for the year ended 30 September 2018 (2017: £6.3m) and £3.8m to the Group's operating profit for the year ended 30 September 2018 (2017: £2.6m).

There were no other events after the balance sheet date.

31 List of Subsidiaries

In accordance with section 409 of the Companies Act 2006, a full list of subsidiaries, the registered office and the effective percentage of equity owned included in these Consolidated Financial Statements at 30 September 2018 are disclosed below.

Company	Proportion held	Principal activity and operation	Registered Office
Euromoney Institutional Investor PLC	n/a	Investment holding company	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
ABF1 Limited	100%	Dormant	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
ABF2 Limited	100%	Dormant	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
Adhesion Asia Limited	100%	Dormant	38/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Asia Business Forum (Thailand) Limited	100%	Dormant	No. 193/78 Lake Rajada Building, 19th Floor Rajadapisek Road, Klongtoey district and Klongtoey sub-district, Bangkok, 10110, Thailand
Asia Business Forum SDN. BHD	100%	Dormant	Suite 30C, 3rd Floor, Wisma TCL, 470, Jalan Ipoh, 51200 3rd Mile, Kuala Lumpur, Malaysia
BCA Research, Inc.	100%	Research and data services	1002 Sherbrook Street West, Montreal, Québec, H3A 3L6, Canada
Bright Milestone Limited	100%	Investment holding company	38/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Business Forum Group Holdings Limited	100%	Dormant	No. 193/78 Lake Rajada Building, 19th Floor Rajadapisek Road, Klongtoey district and Klongtoey sub-district, Bangkok, 10110, Thailand
Centre for Investor Education (UK) Limited	100%	Investment holding company	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
Centre for Investor Education Pty Limited	100%	Events	Level 8, 168 Lonsdale Street, Melbourne, VIC 3000, Australia
EII (Ventures) Limited	100%	Investment holding company	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
EII Holdings, Inc.	100% *	Investment holding company	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States
EII US, Inc.	100%	Investment holding company	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States
EIMN LLC	100%	Events	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States
Euromoney BML Limited	100%	Investment holding company	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
Euromoney Bulgaria EOOD	100%	Shared service centre	Polygraphia Office Center, 47A Tsarigradsko Shose Boulevard, 1124, Sofia, Bulgaria
Euromoney Canada Limited	100%	Investment holding company	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
Euromoney Charles Limited	100%	Investment holding company	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
Euromoney Consortium 2 Limited	100%	Investment holding company	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
Euromoney Consortium Limited	100%	Investment holding company	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
Euromoney ESOP Trustee Limited	100%	Dormant	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
Euromoney Global Limited	100%	Publishing and events	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
Euromoney Guarantee Limited	100%	Dormant	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
Euromoney Holdings Limited	100%	Investment holding company	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
Euromoney Holdings US, Inc	100%	Investment holding company	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States
Euromoney Institutional Investor (Jersey) Limited	100% †	Publishing, training and events	15 Esplanade, St Helier, JE1 1RB, Jersey
Euromoney Institutional Investor (Shanghai) Limited	100%	Publishing, training and events	Unit 305C, 3/F, Azia Center, 1233 Lujiazui Ring Road, Shanghai, China
Euromoney Jersey Limited	100% #	Investment holding company	15 Esplanade, St Helier, JE1 1RB, Jersey
Euromoney Luxembourg S.a.r.l	100%	Investment holding company	295 rue de Neudorf, L-220 Luxembourg, Grand Duchy of Luxembourg, Luxembourg
Euromoney Publications (Jersey) Limited	100%	Investment holding company	15 Esplanade, St Helier, JE1 1RB, Jersey
Euromoney Services Inc	100%	Research and data services	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States
Euromoney (Singapore) Pte Limited	100%	Events	8 Marina Boulevard, #05-02, Marina Bay Financial Centre, 018981, Singapore
Euromoney Trading Limited	100%	Publishing, training and events	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
Fantfoot Limited	100%	Investment holding company	8 Bouverie Street, London, EC4Y 8AX, United Kingdom

Notes to the Consolidated Financial Statements

continued

31 List of Subsidiaries continued

Company	Proportion held	Principal activity and operation	Registered Office
FOEX Indexes Oy	100%	Research and data services	Mannerheimintie 40 D 85, 00100, Helsinki, Finland
Fastmarkets Limited	100%	Publishing	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
Fastmarkets Pte Limited	100%	Publishing	600 North Bridge Road, #23-01 Parkview Square, 188778, Singapore
Fastmarkets Inc	100%	Publishing	310 Alder Road PO Box 841, Dover, Kent, DE 19904, United States
GGA Pte. Limited	100%	Dormant	8 Marina Boulevard #05-02 Marina Bay Financial Centre Singapore 018981
Glenprint Limited	100%	Publishing	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
Global Commodities Group Sarl	100%	Events	Rue Boulevard de Saint-Georges 72, 1205 Geneva, Switzerland
Insider Publishing Limited	100%	Dormant	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
Institutional Investor Networks Inc	100%	Publishing and events	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States
Institutional Investor LLC	100%	Publishing and events	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States
Institutional Investor Networks UK Limited	100%	Information services	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
Internet Securities Argentina S.A.	85%	Dormant	Suipacha 1111, Piso 11, Buenos Aires, Argentina
Internet Securities Egypt Ltd	100%	Dormant	3 El Badia street, Off Al Thawra street, Heliopolis, Cairo, Egypt
Internet Securities, Inc.	100%	Information services	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States
Layer123 Events & Training Limited	100%	Events	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
Metal Bulletin Holdings LLC	100%	Investment holding company	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States
Ned Davis Research, Inc.	100%	Research and data services	600 Bird Bay Drive West, Venice FL 34285, United States
PL Holdings LLC	100%	Research and data services	National Registered Agents, Inc. 160 Greentree Drive, Ste 101 Dover, DE 19904, United States
Random Lengths Publications, Inc	100%	Research and data services	PO BOX 867, Eugene, OR 97440, United States
Redquince Limited	100%	Investment holding company	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
Reinsurance Security (Consultancy).CO.UK Limited	83%	Dormant	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
RISI Asia (Hong Kong) Limited	100%	Research and data services	Room 909, 9/F., Wayson Commercial Building, 28 Connaught Road West, Sheung Wan, Hong Kong
RISI Consulting Beijing Co Ltd	100%	Research and data services	Room 1561, Unit 01-06, Floor 15, Section A, Building 9 Dongdaqiao Road, Chaoyang, Beijing, China
RISI Consultoria em Produtos Florestais	100%	Research and data services	Rua Bernadino de Campos, n° 98, Sobreloja, Bairro Paraíso, CEP 04004-040, São Paulo, Brazil
RISI Inc	100%	Research and data services	National Registered Agents, Inc. 160 Greentree Drive, Ste 101 Dover, DE 19904, United States
RISI US (Holdco) Inc	100%	Research and data services	National Registered Agents, Inc. 160 Greentree Drive, Ste 101 Dover, DE 19904, United States
RISI Sprl	100%	Research and data services	Avenue Louise 523, 1050 Brussels, Belgium
Shanghai Leadway E-commerce Co Ltd	100%	Research and data services	Room 907, No. 388, West Nanjing Road, Huangpu District, Shanghai, China
Steel First Limited	100%	Dormant	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
Site Seven Media Ltd	100%	Publishing	8 Bouverie Street, London, EC4Y 8AX, United Kingdom
Storas Holdings Pte Ltd	100%	Dormant	38 Beach Road, #29-11 South Beach Tower, 189767, Singapore
Tipall Limited	100%	Property holding	8 Bouverie Street, London, EC4Y 8AX, 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.

31 List of Subsidiaries continued

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

The dormant companies listed above are exempt from preparing individual accounts and from filing with the registrar individual accounts by virtue of s394A and s448A of Companies Act 2006 respectively.

A list of associates, joint ventures and joint arrangements is disclosed in note 14.

For the year ended 30 September 2018, the following 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 Charles Limited	04082590
Ell (Ventures) Limited	05885797
Euromoney Partnership LLP	OC363064
Redquince Limited	05994621
Steel First Limited	04002471
Reinsurance Security (Consultancy) .CO.UK Limited	04121650
Euromoney Consortium Limited	04082769
Euromoney Consortium 2 Limited	03803220
Fastmarkets Limited	03879279
Glenprint Limited	02703517
Euromoney BML Limited	10975335
Euromoney Holdings Limited	10925251
Centre for Investor Education (UK) Limited	01951332
Layer123 Events & Training Limited	07162466

Financial Statements

Company Balance Sheet

as at 30 September 2018

	Notes	2018 £000	2017 £000
Fixed assets			
Tangible assets	5	333	402
Investments	6	1,231,729	1,086,904
Debtors	7	151,680	152,026
		1,383,742	1,239,332
Current assets			
Debtors	7	67,109	104,259
Cash at bank and in hand		529	941
		67,638	105,200
Creditors: Amounts falling due within one year	8	(145,150)	(103)
Net current (liabilities)/assets		(77,512)	105,097
Total assets less current liabilities		1,306,230	1,344,429
Creditors: Amounts falling due after more than one year	8	(978)	(214,073)
Net assets		1,305,252	1,130,356
Capital and reserves			
Called up share capital	10	273	273
Share premium account		103,790	103,147
Other reserve		64,981	64,981
Capital redemption reserve		56	56
Capital reserve		1,842	1,842
Own shares		(20,462)	(21,005)
Reserve for share-based payments		39,687	38,395
Fair value reserve		–	1,358
Profit and loss account		1,115,085	941,309
Total shareholders' funds		1,305,252	1,130,356

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 £208.2m (2017: £419.5m).

The Financial Statements on pages 148 to 154 were approved by the Board of Directors on 21 November 2018 and signed on its behalf by:



Andrew Rashbass



Wendy Pallot

Directors

Company Statement of Changes in Equity

for the year ended 30 September 2018

	Share capital £000	Share premium account £000	Other reserve £000	Capital redemption reserve £000	Capital reserve £000	Own shares £000	Reserve for share-based payments £000	Fair value reserve £000	Profit and loss account £000	Total shareholders' funds £000
At 1 October 2016	321	102,835	64,981	8	1,842	(21,005)	37,334	1,358	745,517	933,191
Profit for the year	-	-	-	-	-	-	-	-	419,457	419,457
Own shares acquired in the year	(48)	-	-	48	-	-	-	-	(193,465)	(193,465)
Credit for share-based payments	-	-	-	-	-	-	1,061	-	-	1,061
Cash dividends paid ¹	-	-	-	-	-	-	-	-	(30,200)	(30,200)
Exercise of share options	-	312	-	-	-	-	-	-	-	312
At 30 September 2017	273	103,147	64,981	56	1,842	(21,005)	38,395	1,358	941,309	1,130,356
Profit for the year	-	-	-	-	-	-	-	-	208,231	208,231
Change in fair value of cash flow hedges	-	-	-	-	-	-	-	(1,358)	-	(1,358)
Credit for share-based payments	-	-	-	-	-	-	1,741	-	-	1,741
Cash dividends paid ¹	-	-	-	-	-	-	-	-	(34,361)	(34,361)
Exercise of share options	-	643	-	-	-	543	(449)	-	(94)	643
At 30 September 2018	273	103,790	64,981	56	1,842	(20,462)	39,687	-	1,115,085	1,305,252

¹ Refer to the Group Financial Statements note 9.

The investment in own shares is held by the Euromoney Employees' Share Ownership Trust and Euromoney Employee Share Trust. 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 and included in the Consolidated Financial Statements.

	2018 Number	2017 Number
Euromoney Employees' Share Ownership Trust	58,976	58,976
Euromoney Employee Share Trust	1,656,575	1,700,777
Total	1,715,551	1,759,753
Nominal cost per share (p)	0.25	0.25
Historical cost per share (£)	11.93	11.94
Market value (£000)	23,091	20,607

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, a total of £144.1m (2017: £66.2m) is distributable to equity shareholders of the Company, comprising the share-based payments reserve of £39.7m (2017: 38.4m) and £124.9m (2017: £48.8m) of the profit and loss account less £20.5m (2017: £21.0m) in relation to own shares by virtue of s381 Companies Act 2006. The remaining balance of the profit and loss account of £990.2m (2017: £892.5m) is not distributable.

Notes to the Company Accounts

1 Accounting policies

Basis of preparation

These Financial Statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), and the Companies Act 2006. The accounts have been prepared under the historical cost convention 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 going concern basis has been applied in these accounts. No operating segments have been disclosed as the Company operates as one operating segment.

Disclosure exemptions

The Company satisfies the criteria of being a qualifying entity as defined in FRS 102. Its Financial Statements are consolidated into the Financial Statements of the Group. As such, advantage has been taken of the following disclosure exemptions available under FRS 102 in relation to share-based payments, financial instruments, presentation of a cash flow statement, certain related party transactions and the effect of future accounting standards not yet adopted.

Leased assets

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

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 improvements:	over term of lease
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Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the Financial Statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in Financial Statements. Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Investments in subsidiaries

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

Interest in associates

Investments in associates are held at historical cost less accumulated impairment losses.

Impairment of investments in subsidiaries

Impairment reviews are performed when there is an indicator that the carrying value of an investment could exceed its recoverable value, being the higher of value in use and fair value less costs of disposal as outlined below:

- Value in use is derived from the discounted cash flows attributable to the subsidiary. These cash flows are extracted from Board-approved budgets. The discount rate is based on the Group's pre-tax weighted average cost of capital, adjusted to reflect the characteristics specific to the subsidiary, such as geographical region and size; and
- Fair value less costs of disposal is intended to reflect what the subsidiary would be worth if sold in an arm's-length transaction. The fair value is determined by applying a multiple to the subsidiary's results and cash flows. This multiple is determined with reference both to the Company's past acquisitions and disposals and to data obtained from independent sources.

When the carrying value of an investment is greater than both the value in use and fair value less costs of disposal valuations, an impairment is recognised in the Income Statement.

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 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. The Company operates the Group's PSP and other Group share-based payment schemes, details of which can be found in note 24 to the Group accounts.

1 Accounting policies continued

Own shares held by Employees' Share Ownership Trust and Employees 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. The Group provides finance to the trusts to purchase Company shares to meet the obligation to provide shares when employees exercise their options or awards. Costs of running the trusts are charged to the Income Statement. Shares held by the trusts are deducted from other reserves.

2 Key judgemental areas adopted in preparing these Financial Statements

Investments

Investments are impaired where the carrying value is higher than the recoverable value of the investment, assessed as the greater of the fair value less costs of disposal and the net present value of future cash flows prepared on a value in use basis. The recoverable value for the investments in Euromoney Canada Limited and EII (Ventures) Limited has been determined using the fair value less costs of disposal methodology by applying profit multiples from third party valuations and recent acquisitions. A 1% decrease in the valuation multiples would increase the impairment charge by £5.8m. Investments held in the Statement of Financial Position at 30 September 2018 were £1,231.7m (2017: £1,086.9m).

3 Staff costs

Details of Directors' remuneration are set out in the Directors' Remuneration Report on pages 56 to 74 and in note 6 to the Group accounts.

The Executive Directors do not receive emoluments specifically for their services to this Company. There are no employees remunerated by this Company (2017: nil).

4 Remuneration of auditor

	2018 £000	2017 £000
Fees payable for the audit of the Company's annual accounts	16	16

5 Tangible assets

	Short-term leasehold improvements £000
Cost	
At 1 October 2017 and at 30 September 2018	701
Depreciation	
At 1 October 2017	299
Charge for the year	69
At 30 September 2018	368
Net book value at 30 September 2018	333
Net book value at 30 September 2017	402

Notes to the Company Accounts

continued

6 Investments

	2018		2017		
	Subsidiaries £000	Total £000	Subsidiaries £000	Investments in associates £000	Total £000
At 1 October	1,086,904	1,086,904	1,182,802	31,955	1,214,757
Additions	193,452	193,452	–	–	–
Disposal	–	–	(95,898)	(31,955)	(127,853)
Impairment	(48,627)	(48,627)	–	–	–
At 30 September	1,231,729	1,231,729	1,086,904	–	1,086,904

For the financial year ended 2018, the Company subscribed to 100 new ordinary shares of \$1 each in Fantfoot Limited for a total consideration of \$253m (£193.5m). The Company and its subsidiaries underwent capital restructuring which included receiving a dividend of \$303.8m (£232.7m) from Euromoney Canada Limited. Following the restructuring and the reallocation of certain central costs, an impairment review was performed and investments in Ell (Ventures) Limited and Euromoney Canada Limited were written down to their fair value less costs of disposal, resulting in an impairment of £48.6m.

For the financial year ended 2017, the Company sold its shareholding in CEIC Holdings Limited and Diamond TopCo Limited to Euromoney Publications (Jersey) Limited, a subsidiary of the Company, for a consideration of \$159m.

Details of the principal subsidiary and associated undertakings of the Company at 30 September 2018 can be found in note 31 to the Group accounts.

7 Debtors

	2018 £000	2017 £000
Amounts falling due within one year		
Amounts owed by Group undertakings	66,843	101,072
Other debtors	266	572
Corporate tax	–	2,615
	67,109	104,259

Amounts owed by Group undertakings include loans totalling £28.2m (2017: £27.3m) with interest rates of 3.0% (2017: from 2.9% to 4.0%) and repayable in September 2019. The remaining balance of £38.6m (2017: £73.8m) is interest free and repayable on demand.

	2018 £000	2017 £000
Amounts falling due after more than one year		
Amounts owed by Group undertakings	151,097	151,097
Other debtors	583	929
	151,680	152,026

Amounts owed by Group undertakings include a loan of £151.1m (2017: £151.1m) with interest rate of 2.8% (2017: 2.8%) and repayable on demand or in September 2022.

8 Creditors

	2018 £000	2017 £000
Amounts falling due within one year		
Amounts owed to Group undertakings	(137,919)	–
Provisions (note 9)	(149)	(62)
Corporate tax creditor	(6,210)	–
Accruals	(872)	(41)
	(145,150)	(103)

Amounts owed to Group undertakings include a loan totalling £133.0m (2017: £nil) with an interest rates of 2.1% and repayable in February 2019. The remaining balance of £5.0m (2017: £nil) is interest free and repayable on demand.

	2018 £000	2017 £000
Amounts falling due after more than one year		
Amounts owed to Group undertakings	–	(213,221)
Provisions (note 9)	(492)	(366)
Other creditors	(486)	(486)
	(978)	(214,073)

In 2017, amounts owed to Group undertakings included three loans totalling £213.2m with interest rates from 1.6% to 4.5% and repayable between February 2019 and December 2021. In 2018, two of these loans were repaid and the remaining loan classified as amounts falling due within one year as the loan is repayable in February 2019.

9 Provisions

	Dilapidation provisions £000	Other provisions £000	Total £000
At 1 October 2017	274	154	428
Provision in the year	–	223	223
Used in the year	–	(10)	(10)
At 30 September 2018	274	367	641

	2018 £000	2017 £000
Maturity profile of provisions:		
Within one year	149	62
Between one and five years	492	366
	641	428

The other provision consists of social security costs arising on share option liabilities. The dilapidation 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 Called up share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
109,180,729 ordinary shares of 0.25p each (2017: 109,101,608 ordinary shares of 0.25p each)	273	273

During the year, 79,121 ordinary shares of 0.25p each (2017: 35,425 ordinary shares) with an aggregate nominal value of £198 (2017: £88) were issued following the exercise of share options granted under the Company's share option schemes for a cash consideration of £642,612 (2017: £311,658).

11 Commitments and contingent liability

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

	2018 £000	2017 £000
Within one year	889	647
Between one and five years	3,243	61
	4,132	708

The operating lease cost is charged to the profit or loss account of a fellow Group company.

Cross-guarantee

The Company and certain other companies in the Euromoney Institutional Investor PLC Group have given an unlimited cross-guarantee in favour of its bankers.

12 Related party transactions

Related party transactions and balances are detailed below:

- (i) The Company had a \$160m multi-currency facility with Daily Mail and General Holdings Limited (DMGH), a Daily Mail and General Trust plc (DMGT) group company. This facility was terminated on 29 December 2016. In 2017, fees on the available facility for the year were £153k.
- (ii) Other than the transactions disclosed above and in note 3, the Company's other related party transactions were with wholly owned subsidiaries and so have not been disclosed.
- (iii) In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries and partnerships, the registered office and the effective percentage of equity owned are disclosed in note 31 to the Group accounts.

13 Post balance sheet event

The Directors propose a final dividend of 22.30p per share (2017: 21.80p) totalling £24.0m (2017: £23.4m) for the year ended 30 September 2018 subject to approval at the AGM to be held on 1 February 2019. 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 30 September 2019.

There were no other events after the balance sheet date.

Five year record

Consolidated Income Statement Extracts

	Restated 2014 £000	Restated 2015 £000	Restated 2016 £000	2017 £000	2018 £000
CONTINUING OPERATIONS					
Revenue	372,443	368,612	366,062	386,923	390,279
Operating profit before acquired intangible amortisation, long-term incentive (expense)/credit and exceptional items	112,351	97,986	91,358	95,253	103,198
Acquired intangible amortisation	(16,559)	(16,543)	(16,817)	(20,566)	(22,739)
Long-term incentive (expense)/credit	(1,980)	2,490	–	–	–
Exceptional items	2,630	34,184	(37,264)	(31,253)	81,396
Operating profit	96,442	118,117	37,277	43,434	161,855
Share of results in associates and joint ventures	264	(381)	(1,823)	(1,890)	157
Net finance (costs)/income	(2,304)	281	(2,010)	(856)	(786)
Profit before tax	94,402	118,017	33,444	40,688	161,226
Tax expense on profit	(24,185)	(15,634)	(11,118)	(3,390)	(51,360)
Profit for the year from continuing operations	70,217	102,383	22,326	37,298	109,866
DISCONTINUED OPERATIONS					
Profit for the year from discontinued operations	5,648	3,303	8,687	5,889	91,342
PROFIT FOR THE YEAR	75,865	105,686	31,013	43,187	201,208
Attributable to:					
Equity holders of the parent	75,264	105,444	30,544	42,718	201,069
Equity non-controlling interests	601	242	469	469	139
	75,865	105,686	31,013	43,187	201,208
Basic earnings per share	59.49p	83.42p	24.31p	37.98p	187.18p
Diluted earnings per share	59.15p	83.38p	24.29p	37.91p	186.96p
Adjusted diluted earnings per share	70.60p	70.12p	66.51p	76.44p	81.30p
Diluted weighted average number of ordinary shares	127,236,311	126,460,787	126,584,778	112,704,904	107,545,653
Dividend per share	23.00p	23.40p	23.40p	30.60p	32.50p
Adjusted profit before tax	116,155	107,810	102,529	106,462	109,179
Adjusted profit after tax	90,433	88,920	84,463	86,617	87,569

Consolidated Statement of Financial Position Extracts

Intangible assets	545,443	531,379	551,139	593,962	588,225
Non-current assets	18,707	47,760	50,753	54,814	27,394
Accruals	(47,973)	(55,743)	(73,375)	(67,819)	(64,143)
Deferred income	(109,842)	(112,129)	(118,786)	(116,978)	(120,404)
Other net current assets	34,933	66,902	107,779	41,633	101,591
Non-current liabilities	(84,745)	(33,225)	(40,009)	(208,815)	(39,046)
Net assets	356,523	444,944	477,501	296,797	493,617

The five year record does not form part of the audited Financial Statements.

Additional Information

Shareholder information

Financial calendar

2018 final results announcement	Thursday 22 November 2018
Final dividend ex-dividend date	Thursday 29 November 2018
Final dividend record date	Friday 30 November 2018
Trading update	Friday 1 February 2019*
2019 AGM (approval of final dividend)	Friday 1 February 2019
Payment of final dividend	Thursday 14 February 2019
2019 interim results announcement	Thursday 16 May 2019*
Interim dividend ex-dividend date	Thursday 23 May 2019*
Interim dividend record date	Friday 24 May 2019*
Payment of 2019 interim dividend	Thursday 20 June 2019*
2019 final results announcement	Thursday 21 November 2019*

* Provisional dates and subject to change.

Company Secretary and registered office

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Shareholder enquiries

Administrative enquiries about a holding of Euromoney Institutional Investor PLC shares should be directed in the first instance to the Company's registrars, Equiniti:

Telephone: 0371 384 2951 Lines are open 8:30 a.m. to 5:30 p.m. (UK time), Monday to Friday, excluding English public holidays.

Overseas Telephone: (00) 44 121 415 0246

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

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