/ CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

		2017			2016		
(£ million)	Note	Adjusted results	Adjusting items	Total	Adjusted results	Adjusting items	Total
Continuing operations							
Revenue	3	375.8	–	375.8	299.6	–	299.6
Cost of sales		(127.4)	–	(127.4)	(102.0)	–	(102.0)
Sales, marketing and administrative expenses		(140.0)	(63.9)	(203.9)	(114.6)	(50.9)	(165.5)
Operating profit	4	108.4	(63.9)	44.5	83.0	(50.9)	32.1
Adjusted EBITDA	3	119.5	–	119.5	95.9	–	95.9
Depreciation and amortisation	4	(11.1)	(25.5)	(36.6)	(12.9)	(28.8)	(41.7)
Exceptional items	5	–	(34.3)	(34.3)	–	(20.7)	(20.7)
Share-based payments	7	–	(4.1)	(4.1)	–	(1.4)	(1.4)
Operating profit	4	108.4	(63.9)	44.5	83.0	(50.9)	32.1
Share of net gain/(loss) in equity-accounted investees		0.3	–	0.3	(0.1)	–	(0.1)
Finance costs	8	(12.2)	–	(12.2)	(28.0)	(16.0)	(44.0)
Finance income	8	0.5	–	0.5	10.2	–	10.2
Profit/(loss) before taxation		97.0	(63.9)	33.1	65.1	(66.9)	(1.8)
Taxation	9	(23.2)	12.2	(11.0)	(10.9)	24.3	13.4
Profit from continuing operations		73.8	(51.7)	22.1	54.2	(42.6)	11.6
Discontinued operations							
Profit/(loss) from discontinued operations, net of tax	10	1.1	(5.2)	(4.1)	8.0	(4.0)	4.0
Profit for the year		74.9	(56.9)	18.0	62.2	(46.6)	15.6
Earnings per share (pence)							
Continuing and discontinued operations							
– Basic	11	18.7	(14.2)	4.5	17.1	(12.8)	4.3
– Diluted	11	18.6	(14.2)	4.4	17.1	(12.8)	4.3
Continuing operations							
– Basic	11	18.4	(12.9)	5.5	14.9	(11.7)	3.2
– Diluted	11	18.3	(12.9)	5.4	14.9	(11.7)	3.2
Proforma earnings per share (pence)							
Continuing and discontinued operations							
– Basic	11	18.7	(14.2)	4.5	15.6	(11.7)	3.9
– Diluted	11	18.6	(14.2)	4.4	15.5	(11.6)	3.9
Continuing operations							
– Basic	11	18.4	(12.9)	5.5	13.6	(10.7)	2.9
– Diluted	11	18.3	(12.9)	5.4	13.5	(10.6)	2.9

The accompanying notes on pages 80 to 110 are an integral part of these consolidated financial statements. Adjusting items are detailed in Note 5. Proforma earnings per share for the year ended 31 December 2016 reflects the weighted average number of ordinary shares as if the IPO completed on 12 February 2016 had occurred at the beginning of the 2016 financial year, as further described in Note 11.

/ CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December

		2017			2016		
(£ million)	Note	Adjusted results	Adjusting items	Total	Adjusted results	Adjusting items	Total
Profit for the year		74.9	(56.9)	18.0	62.2	(46.6)	15.6
Other comprehensive income/(expense)							
Items that may be reclassified subsequently to profit or loss:							
Exchange loss on translation of overseas operations		(22.9)	–	(22.9)	(10.6)	–	(10.6)
Cumulative currency translation differences on disposals	13	–	2.4	2.4	–	–	–
Total comprehensive income/(expense) for the year		52.0	(54.5)	(2.5)	51.6	(46.6)	5.0

The accompanying notes on pages 80 to 110 are an integral part of these consolidated financial statements.

/ CONSOLIDATED BALANCE SHEET

As at 31 December

(£ million)	Note	2017	2016
Assets			
Non-current assets			
Intangible assets and goodwill	14	771.7	651.6
Property, plant and equipment	15	11.3	11.4
Investments	16	5.1	5.0
Other receivables	19	0.3	0.6
Deferred tax assets	17	47.1	54.9
Derivative financial assets		–	0.1
		835.5	723.6
Current assets			
Inventories	18	17.8	16.9
Trade and other receivables	19	88.2	59.6
Derivative financial assets		0.1	0.3
Cash and cash equivalents	20	45.8	61.9
		151.9	138.7
Assets held for sale		–	72.0
		151.9	210.7
Total assets		987.4	934.3
Liabilities			
Current liabilities			
Trade and other payables	21	105.2	65.9
Deferred income		118.6	107.1
Current tax liabilities		12.1	6.9
Provisions	25	3.2	1.7
		239.1	181.6
Liabilities held for sale		–	23.7
		239.1	205.3
Non-current liabilities			
Deferred and contingent consideration	21	50.4	46.8
Deferred income		3.6	2.9
External borrowings	23	317.4	286.0
Deferred tax liabilities	17	31.3	30.3
Provisions	25	2.6	1.6
		405.3	367.6
Total liabilities		644.4	572.9
Net assets		343.0	361.4
Equity			
Share capital	26	4.0	4.0
Share premium		0.1	–
Reserves		338.9	357.4
Total equity		343.0	361.4

The accompanying notes on pages 80 to 110 are an integral part of these consolidated financial statements. The consolidated financial statements were approved by the Board of Directors on 23 February 2018 and were signed on its behalf by:

Duncan Painter
Director

Mandy Gradden
Director

/ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December

(£ million)	Share capital	Share premium	Reserves: Merger reserve	Reserves: Capital reserve	Reserves: Group restructure reserve	Reserves: Translation reserve	Reserves: Retained earnings	Total equity
At 1 January 2016	7.9	–	9.2	–	–	(6.8)	(279.5)	(269.2)
Profit for the year	–	–	–	–	–	–	15.6	15.6
Other comprehensive expense	–	–	–	–	–	(10.6)	–	(10.6)
Total comprehensive (expense)/income	–	–	–	–	–	(10.6)	15.6	5.0
Share-based payments	–	–	–	–	–	–	1.5	1.5
Group restructure[1]	22.1	252.9	–	8.8	157.9	–	–	441.7
Issue of shares[1]	10.0	190.0	–	–	–	–	–	200.0
Share issue costs[1]	–	(11.6)	–	–	–	–	–	(11.6)
Issue of shares[2]	0.1	–	–	–	–	–	(0.1)	–
Capital reduction[1]	(36.1)	(431.3)	–	(8.8)	–	–	476.2	–
Dividends paid	–	–	–	–	–	–	(6.0)	(6.0)
At 31 December 2016	4.0	–	9.2	–	157.9	(17.4)	207.7	361.4
Profit for the year	–	–	–	–	–	–	18.0	18.0
Other comprehensive expense	–	–	–	–	–	(20.5)	–	(20.5)
Total comprehensive (expense)/income	–	–	–	–	–	(20.5)	18.0	(2.5)
Issue of new shares	–	0.1	–	–	–	–	–	0.1
Share-based payments	–	–	–	–	–	–	3.6	3.6
Taxation related to share-based payments	–	–	–	–	–	–	0.4	0.4
Dividends paid	–	–	–	–	–	–	(20.0)	(20.0)
At 31 December 2017	4.0	0.1	9.2	–	157.9	(37.9)	209.7	343.0

1 Refer to Note 26.
2 On 8 March 2016 shares were issued to employees under the Share Incentive Scheme held by the Employee Benefit Trust.

The accompanying notes on pages 80 to 110 are an integral part of these consolidated financial statements.

/ CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December

(£ million)	Note	2017	2016
Cash flows from operating activities			
Profit before taxation		32.7	3.5
Adjustments for:			
Amortisation of acquired intangible assets	14	25.5	31.3
Amortisation of software intangible assets	14	6.1	10.2
Depreciation of property, plant and equipment	15	5.0	4.5
Loss on disposal of businesses	13	0.9	–
Acquisition-related employment costs and revaluation of contingent consideration	5	27.7	15.3
Share-based payments	7	4.4	1.5
Share of net (gain)/loss in equity-accounted investees		(0.3)	0.1
Net finance costs	8	11.7	33.8
Cash generated from operations before changes in working capital and provisions		113.7	100.2
Changes in:			
Inventories		(1.1)	1.3
Trade and other receivables		(15.1)	0.2
Trade and other payables, net of interest payable		7.5	(5.5)
Provisions		2.0	(0.3)
Cash generated from operations		107.0	95.9
Cash generated from operations before exceptional operating items		121.9	107.5
Cash outflows for acquisition-related employment costs		(8.2)	(4.0)
Cash outflows for other exceptional operating items		(6.7)	(7.6)
Cash generated from operations		107.0	95.9
Tax paid		(7.9)	(3.5)
Net cash generated from operating activities		99.1	92.4
Cash flows from investing activities			
Acquisition of businesses (net of cash acquired)	12	(156.5)	(39.4)
Reduction/(acquisition) of investments	16	0.2	(4.5)
Acquisition of software intangibles and property, plant and equipment	14, 15	(11.8)	(13.1)
Disposal of businesses (net of cash disposed of)	13, 16	48.7	0.2
Net cash used in investing activities		(119.4)	(56.8)
Cash flows from financing activities			
Proceeds from external borrowings	23	58.6	265.2
Repayment of external borrowings	23	(25.6)	(454.6)
Proceeds from issue of shares		0.1	200.0
Transaction costs related to issue of shares		–	(11.5)
Interest paid		(5.9)	(20.8)
Dividends paid to shareholders	27	(20.0)	(6.0)
Net cash used in financing activities		7.2	(27.7)
Net increase in cash and cash equivalents		(13.1)	7.9
Cash and cash equivalents at 1 January	20	61.9	44.4
Effect of exchange rate changes		(3.0)	9.6
Cash and cash equivalents at 31 December	20	45.8	61.9

The accompanying notes on pages 80 to 110 are an integral part of these consolidated financial statements.

/ NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2017

1. Basis of preparation and accounting policies
Basis of preparation
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations issued by the IFRS Interpretations Committee, as adopted by the EU, and the Companies Act 2006 applicable to companies reporting under IFRS.

Ascential plc (the "Company") is a public limited company, which is listed on the London Stock Exchange and incorporated in the United Kingdom. The registered office is located at The Prow, 1 Wilder Walk, London W1B 5AP.

The Company was admitted to unconditional trading on the London Stock Exchange and to the premium listing segment of the Official List of the Financial Conduct authority on 12 February 2016 following a restructuring of the Group. The restructuring resulted in the principles of reverse acquisition accounting under IFRS 3 "Business Combinations" being applied.

The consolidated financial statements are presented in pounds sterling ("GBP"), which is the Company's functional currency, and have been rounded to the nearest one decimal place except where otherwise indicated.

The consolidated financial statements have been prepared on a going concern basis (see page 18) and under the historical cost convention, with the exception of items that are required by IFRS to be measured at fair value, principally certain financial instruments.

Accounting policies
Note 33 details the principal accounting policies applied in the preparation of the consolidated financial statements and have been applied consistently to both periods presented.

Accounting developments and changes
At the date of this report a number of accounting standards were issued, but not yet effective.

IFRS 15 "Revenue from Contracts with Customers"
Endorsed by the EU – effective 1 January 2018
Revenue from contracts with customers is based on the principle that revenue is recognised when control of goods or services is transferred to the customer and provides a single, principle based five-step model to be applied to all sales contracts. It replaces the separate models for goods, services and construction contracts under current IFRS. It also provides further guidance on the measurement of sales on contracts which have discounts and rebates.

During the year the group carried out a detailed review of the current recognition criteria for revenue against the requirements of IFRS 15. This review examined subscription, exhibition, sponsorship, delegate and advisory revenue as well as the related costs to obtain and fulfil any of these contracts. The expected impact of these changes on the 2017 consolidated income statement is immaterial at less than 0.2% of total revenue and less than 0.1% of retained earnings. The estimated impact of the adoption of this new standard is based on the assessments undertaken to date. The actual impact of adopting the standard at 1 January 2018 may differ as the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

IFRS 9 "Financial Instruments"
Endorsed by the EU – effective 1 January 2018
The Group is required to adopt IFRS 9 "Financial Instruments" from 1 January 2018. IFRS 9 applies a forward-looking impairment model that will replace the currently applicable incurred loss model. In contrast to the complex and rules based approach of IAS 39, the new hedge accounting requirements will provide an improved link to risk management and treasury operations and will be simpler to apply. Based on the assessment carried out the Group believes that IFRS 9 will not have a material impact on its consolidated results or financial position and will not require a restatement of comparative figures in the 2018 Annual Report.

IFRS 16 "Leases"
Endorsed by the EU – effective 1 January 2019
IFRS 16 replaces the existing accounting requirements in IAS 17 "Leases". A single model for lessees will be required, eliminating off balance sheet accounting for non-exempt operating leases. Related lease assets and liabilities will therefore come onto the balance sheet with interest charged on the lease liabilities. The interest and the assets' depreciation will replace the rental cost previously recognised in the income statement causing a change in the presentation and timing of income and expense recognition in the income statement. The Group has commenced its initial assessment of the potential impact on the consolidated financial statements resulting from the application of IFRS 16 and it is not practicable to provide a reasonable estimate of the effect of IFRS 16 until the detailed review has been completed although the impact is not expected to be material. The current level of operating leases held by the Group is disclosed in Note 30.

2. Critical accounting judgements and estimates
The preparation of these financial statements requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The actual future outcomes may differ from these estimates and give rise to material adjustments to the reported results and financial position of the Group.

Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the year in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgement or complexity and assumptions or estimation are set out below and in more detail in the related notes.

2. Critical accounting judgements and estimates continued

Critical accounting judgements

- **Alternative Performance Measures (Note 5)**
  The Group uses alternative performance measures which are not defined or specified under IFRS and comprises adjusting items. Adjusting items include amortisation and impairment of acquired intangibles, share-based payments and exceptional items. The classification of exceptional items requires significant management judgement to determine the nature and presentation of such transactions. Exceptional items are those which are considered significant by virtue of their nature, size or incidence. These items are presented as a separate column on the face of the income statement but within their relevant income statement caption. The Board view this as a relevant analysis to assist the reader in their understanding of the underlying performance and financial results of the Group. Note 5 provides an analysis of exceptional items.

Key sources of estimation

- **Business combinations**
  Initial recognition of goodwill and intangible assets (Note 12)
  Accounting for a business acquisition requires an assessment of the existence, fair value and expected useful economic lives of separable intangible assets such as brands, customer relationships and technology assets at the date of acquisition. The fair value of identifiable assets acquired and liabilities assumed on acquisition is based on a number of estimates, including estimates of future performance of related businesses, as is determining the expected useful economic life of assets acquired. The value attributed to these separable assets affects the amount of goodwill recognised and the value, together with the assessment of useful economic lives, determines future amortisation charges.

  Acquired brands are valued using the relief-from-royalty method which requires estimation of future revenues and estimation of a royalty rate that an acquirer would pay in an arm's length licensing arrangement to secure access to the same rights. The theoretical royalty payments are discounted to obtain the cash flows to determine the asset value, which also requires estimation of an appropriate discount rate. A TAB ("Tax amortisation benefit") is then applied.

  Acquired customer relationships are valued using the multi-period excess earnings method ("MEEM approach") which starts with the total expected income streams for a business or group of assets as a whole and then deducts charges for all the other assets used to generate income. Residual income streams are discounted and a TAB is applied. The method requires estimation of future forecasts of the business and an appropriate discount rate.

  Technology assets are valued using a reproduction cost method, which requires an estimate of all the costs a typical market participant would incur to generate an exact replica of the intangibles asset in the context of the acquired business.

  In establishing the fair value and useful economic lives, the Group considers, for each acquisition and each asset or liability, the complexity of the calculations, the sources of estimation uncertainty and the risk of such estimations resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Details of those estimations that have a significant risk and the at-risk assets/liabilities are disclosed as appropriate in Notes 12 and 33; the significance of the risk will depend on the size of the acquisition. Such sources of estimation uncertainty include estimation of future cash flows, the determined weighted average cost of capital and estimated useful lives.

  Valuation of contingent consideration and acquisition-related employment costs (Note 22)
  Where a business combination agreement provides for an adjustment to the cost, contingent on future performance over the contractual earn-out period, the Group accrues the fair value, based on the estimated additional consideration payable as a liability at acquisition date. To the extent that deferred contingent consideration is payable as part of the acquisition cost and is payable after one year from the acquisition date, the deferred consideration is discounted at an appropriate discount rate and accordingly carried at net present value in the consolidated balance sheet. The liability is measured against the contractually agreed performance targets at each subsequent reporting date with any adjustments recognised in the consolidated income statement.

  Acquisition-related employment costs are linked to continued employment over the contractual agreed period and contingent on future performance of the acquired business and are treated as remuneration and recognised as an expense in the consolidated income statement.

  The estimation of the likely liability requires the Group to make judgements concerning the future performance of related business over the deferred contingent consideration period or the period of employment.

- **Taxation (Note 17)**
  Deferred tax assets are recognised to the extent that their utilisation is probable. The utilisation of deferred tax assets will depend on the judgement whether it is more likely than not that the Group will generate sufficient and suitable taxable income of the correct tax type and jurisdiction in the future, taking into account any legal restrictions on the length of the loss carryforward period. Various factors are used to assess the probability of the future utilisation of deferred tax assets, including past operating results, operational plans and loss carryforward periods.

/ NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2017

3. Operating segments

The Group has three reportable segments under IFRS 8 "Operating Segments". In addition, there is a Group corporate function providing central services including finance, management and IT services to the Group's reportable segments. The reportable segments offer different products and services, and are managed separately because they require different capabilities, technology and marketing strategies. For each of the reportable segments, the Board (the chief operating decision maker) reviews internal monthly management reports. The following summary describes the operations in each of the Group's reportable segments:

- Exhibitions & Festivals: organiser of market-leading exhibitions, congresses and festivals.
- Information Services: produces intelligence, analysis and forecasting tools, subscription content including real-time online resources, live events and awards as well as advisory services. The products are served across several industry sectors including fashion, retail, property, construction and politics. The advisory and business services are targeted at media platforms and brands to drive growth through better marketing.
- Discontinued operations: the disposal group of 13 Heritage Brands previously formed part of the Information Services segment before it was separately classified as held for sale and a discontinued operation on 31 December 2016. Refer to Note 10 for further details on discontinued operations. As at 31 December 2017 all discontinued operations have successfully been disposed of.

Information regarding the results of each reportable segment is included below. Reportable segment profits are measured at an Adjusted operating profit level, defined as reportable segment Adjusted EBITDA, less depreciation costs and amortisation in respect of software intangibles, without allocation of central Group costs. This is the measure included in the internal management reports that are reviewed by the Board. Reportable segment Adjusted EBITDA and reportable segment Adjusted operating profit are used to measure performance as management believes that such information is the most relevant in evaluating the results of the reportable segments relative to other comparable entities. Total assets and liabilities for each reportable segment are not disclosed because they are not provided to the Board on a regular basis. Total assets and liabilities are internally reviewed on a Group basis.

Year ended 31 December 2017

(£ million)	Exhibitions & Festivals	Information Services	Corporate costs	Continuing operations total	Discontinued operations	Total
Revenue	196.9	178.9	–	375.8	23.8	399.6
Adjusted EBITDA	82.3	50.4	(13.2)	119.5	1.1	120.6
Depreciation and software amortisation	(5.5)	(4.1)	(1.5)	(11.1)	–	(11.1)
Adjusted operating profit	76.8	46.3	(14.7)	108.4	1.1	109.5
Amortisation of acquired intangible assets				(25.5)	–	(25.5)
Exceptional items				(34.3)	(1.2)	(35.5)
Share-based payments				(4.1)	(0.3)	(4.4)
Operating profit/(loss)				44.5	(0.4)	44.1
Share of net gain in equity-accounted investee				0.3	–	0.3
Net finance costs				(11.7)	–	(11.7)
Profit/(loss) before tax				33.1	(0.4)	32.7
Total assets				987.4	–	987.4

Year ended 31 December 2016

(£ million)	Exhibitions & Festivals	Information Services	Corporate costs	Continuing operations total	Discontinued operations	Total
Revenue	180.0	119.6	–	299.6	57.9	357.5
Adjusted EBITDA	73.5	35.1	(12.7)	95.9	11.6	107.5
Depreciation and software amortisation	(3.3)	(5.7)	(3.9)	(12.9)	(1.8)	(14.7)
Adjusted operating profit	70.2	29.4	(16.6)	83.0	9.8	92.8
Amortisation of acquired intangible assets				(28.8)	(2.5)	(31.3)
Exceptional items				(20.7)	(1.9)	(22.6)
Share-based payments				(1.4)	(0.1)	(1.5)
Operating profit				32.1	5.3	37.4
Share of net loss in equity-accounted investee				(0.1)	–	(0.1)
Net finance costs				(33.8)	–	(33.8)
(Loss)/profit before tax				(1.8)	5.3	3.5
Total assets				862.3	72.0	934.3

Exceptional items of £35.5 million (2016: £22.6 million) include £3.8 million, £29.9 million, £0.6 million and £1.2 million (2016: £10.4 million, £6.1 million, £4.2 million and £1.9 million) which are attributable to Exhibitions & Festivals, Information Services, Corporate costs and discontinued operations respectively.

Finance costs and finance income are not allocated to segments, as these types of activity are driven by the Group corporate function.

3. Operating segments continued

Revenue and non-current assets by location

Revenue from continuing operations is based on the location of customers or, in the case of Exhibitions & Festivals, the location of business operations. Non-current assets analysis (excluding deferred tax and financial instruments) is based on geographical location.

The Group does not have any customers from whom revenue exceeds 10% of total revenue. Included in revenue is barter revenue arising from the exchange of goods or services of £1.6 million for the year ended 31 December 2017 (2016: £1.4 million).

	Revenue		Non-current assets (excluding deferred tax and financial instruments)	
(£ million)	2017	2016	2017	2016
United Kingdom	125.0	118.5	436.9	446.7
Other Europe	109.8	91.4	113.7	17.4
United States and Canada	106.2	56.4	227.0	193.8
Asia Pacific	20.2	19.3	4.8	4.7
Middle East and Africa	5.2	5.8	–	–
Latin America	9.4	8.2	6.0	6.0
Total	375.8	299.6	788.4	668.6

4. Operating profit

Amounts charged in arriving at operating profit include:

(£ million)	Note	2017	2016
Employee costs	6	125.7	88.3
Depreciation and software amortisation	14, 15	11.1	12.9
Amortisation of acquired intangible assets	14	25.5	28.8
Loss on disposal of business		1.8	–
Operating lease rentals		7.3	5.5
Trade receivable impairment		2.3	2.9

Fees paid to the auditor were as follows:

(£ million)	2017	2016
Fees paid to auditor for audit of the consolidated financial statements	0.5	0.6
Fees paid to auditor for audit of the Group's subsidiaries	0.1	0.1
Fees paid to auditor for audit-related assurance services*	–	0.8
Total	0.6	1.5

* Audit-related assurance services relate to the review of the half-year interim statements (£46,000), covenant reviews and in 2016 only, the Company's IPO.

Details of the Company's policy on the use of the auditor for non-audit related services, the reason why the auditor was used and how the auditor's independence was safeguarded are set out on page 46.

5. Exceptional items

Exceptional items included in operating profit from continuing operations:

(£ million)	Note	2017	2016
Acquisition-related expenses	22	27.7	15.3
Acquisition and integration costs		4.6	1.7
Loss on disposal of business	13	1.8	–
IPO expenditure and other		0.2	3.7
Exceptional items included in profit from continuing operations		34.3	20.7

Acquisition-related expenses include acquisition-related employment costs of £26.6 million (2016: £9.7 million) and revaluation of contingent consideration of £1.1 million (2016: £5.6 million). Acquisition-related employment costs relate primarily to the acquisition of Money20/20, One Click Retail and MediaLink which, absent the link to continued employment, would have been treated as consideration. Under the sale and purchase agreements approximately half of deferred payments are contingent on both (i) the results of the business in the post-acquisition period and (ii) the continued employment of the founders and certain vendors.

As part of the overall strategy of managing the Group's portfolio, costs incurred as part of the acquisition and integration of acquired businesses are considered to be material and relate mainly to the MediaLink and Clavis acquisitions including transaction costs and stamp duty where applicable. Integration spend is in relation to transferring acquired businesses onto the Group's IT platforms. IPO expenditure and other items include capital restructuring and IPO costs.

Exceptional items relating to finance costs are detailed in Note 8 and for discontinued operations please refer to Note 10.

/ NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2017

6. Employee information and Directors' remuneration

(a) Employee costs including Directors

(£ million)	Note	2017	2016
Wages and salaries		107.7	74.9
Social security costs		11.2	8.5
Defined contribution pensions cost		2.0	1.7
Redundancy costs		0.7	1.8
		121.6	86.9
Share-based payments and associated National Insurance	7	4.1	1.4
Total employee costs included in profit from continuing operations		125.7	88.3

The total employee costs including discontinued operations amounted to £136.4 million (2016: £111.1 million).

(b) Retirement benefits

The Group operates a defined contribution pension scheme in the United Kingdom and in certain other countries. The assets of the scheme are held by independent custodians and are kept entirely separate from the assets of the Group. The pension charge represents contributions due from the employer. During 2017 the total Group charge amounted to £2.2 million (2016: £2.2 million). At 31 December 2017 there were £0.3 million of contributions outstanding (2016: £0.1 million).

(c) Average monthly number of employees including Directors (continuing and discontinued)

(i) By geographical region

	2017	2016
United Kingdom	1,152	1,234
United States and Canada	368	198
Rest of the world	257	262
Total	1,777	1,694

(ii) By job function

	2017	2016
Cost of sales	731	729
Sales and marketing	723	675
Other administrative functions	323	290
Total	1,777	1,694

(d) Remuneration of Directors and key management personnel

Further details of the Directors' remuneration and share options are set out in the Remuneration Report on pages 50 to 64 which form part of these financial statements. Key management personnel comprised the Chief Executive Officer, Chief Financial Officer and Non-Executive Directors of the Group. The aggregate emoluments for key management are set out below:

(£ million)	2017	2016*
Salaries, bonus and other short-term employee benefits	1.8	1.3
Share-based payments	0.7	0.5
Defined contribution pension	0.1	0.1
Total	2.6	1.9

* For the period following the Group's IPO on 8 February 2016 to 31 December 2016.

During the year ended 31 December 2017, one Director (2016: one Director) was a member of the Group's defined pension contribution scheme. Retirement benefits were not accrued for any Director at 31 December 2017 (2016: nil).

7. Share-based payments

Analysis of charge to the consolidated income statement

(£ million)	2017	2016
Current plans		
Share Incentive Plans ("SIP")	0.3	0.2
Performance Share Plans ("PSP")	3.6	1.0
Sharesave Scheme ("Sharesave")	0.2	0.1
	4.1	1.3
Plans under pre-IPO structure		
Long Term Incentive Plan	–	0.1
Total charge	4.1	1.4

The total share-based payment charge including discontinued operations was £4.4 million (2016: £1.5 million).

The number and weighted average exercise price of outstanding and exercisable share options and share awards are detailed below:

	2017		2016	
	Number of shares/ options 000's	Weighted average exercise price £	Number of shares/ options 000's	Weighted average exercise price £
Outstanding at 1 January	4,496	0.75	–	–
Granted	3,060	0.54	4,652	0.73
Options exercised or shares vested	(190)	0.74	(10)	–
Surrendered or expired	(599)	0.80	(146)	0.09
At 31 December	6,767	0.65	4,496	0.75

	2017	2016
Weighted average fair value per share/option granted during the year (£)	2.42	1.67

At 31 December 2017 and 31 December 2016, all of the shares and options outstanding had an exercise price which was below the market price. At 31 December 2017 the market price was £3.85 (2016: £2.70) and the average share price for 2017 was £3.37 (2016: £2.55). For the Sharesave, the range of exercise prices for shares and options outstanding at 31 December 2017 was £2.04 to £3.03 (2016: £2.04 to £2.41). For the Deferred Annual Bonus Plan ("DABP") and the PSP, all share options outstanding at 31 December 2017 had an exercise price of £nil (2016: £nil). The free shares awarded under the SIP do not require payment from the participant to vest. For further information refer to Note 33.

For shares and options outstanding at 31 December 2017, the weighted average remaining contractual life was 1.81 years (2016: 2.42 years).

Measurement of fair values

The SIP, PSP, Sharesave and DABP are equity-settled plans, the fair value of which is determined at the date of grant and is not subsequently remeasured unless conditions on which the award was granted are modified.

The fair values of the SIP, Sharesave, and DABP have been measured using the Black-Scholes model, while the PSP has been measured using a combination of both the Black-Scholes and stochastic models. A Chaffe model (an at-market put option variance of the Black-Scholes model) has been used for the PSP awards subject to a holding period. Non-market performance conditions were not taken into account in measuring fair values. The principal assumptions required by these methodologies in 2017 awards were:

	SIP	PSP	PSP (subject to holding period)	Sharesave	Sharesave (US)
Expected life	3 years	3 years	2 years	3 years	2 years
Risk-free interest rate	N/A	0.08%-0.27%	0.33%	0.57%	0.47%
Expected volatility	N/A	19%-20%	20.00%	26.80%	19.10%
Expected dividend yield	–	–	–	1.93%	1.93%

Expected volatility is usually calculated over the period of time commensurate with the remainder of the performance period immediately prior to the date of the grant. Since the Company has only recently listed in February 2016, a proxy volatility figure had been applied to all PSP options granted in 2017. The expected terms represent the term until vesting of the shares and options, as well as the holding period from the date of vesting. For Sharesave share options, granted in September 2017, actual volatility of the Company since IPO has been applied and benchmarked against a 3-year average volatility of comparable companies.

/ NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2017

8. Finance income and finance costs

(£ million)	2017	2016
Interest on bank deposits	0.2	0.1
Foreign exchange gain on borrowings	0.3	–
Foreign exchange gain on cash and cash equivalents	–	7.4
Fair value gain on derivatives	–	2.7
Finance income	0.5	10.2
Interest payable on external borrowings	(5.8)	(10.1)
Foreign exchange loss on borrowings	–	(13.4)
Amortisation of loan arrangement fees	(1.3)	(1.4)
Fair value loss on derivatives	–	(0.2)
Foreign exchange loss on cash and cash equivalents	(0.8)	–
Other finance charges	(4.3)	(2.9)
Finance costs – adjusted results	(12.2)	(28.0)
Interest payable on shareholder debt	–	(5.3)
Break fees and write-off of loan arrangement fees on debt refinancing	–	(10.7)
Finance costs – adjusting items	–	(16.0)
Finance costs	(12.2)	(44.0)
Net finance costs	(11.7)	(33.8)

9. Taxation

The tax charge for the year comprises:

(£ million)	2017	2016
Current tax		
UK current tax charge on income for the year at 19.25% (2016: 20.00%)	9.6	1.7
Overseas current tax charge on income for the year	2.9	1.6
Adjustments in respect of prior years	–	0.8
Total current tax charge	12.5	4.1
Deferred tax		
Current year	(18.0)	(15.2)
Adjustments in respect of prior years	(0.4)	(1.5)
Impact of rate changes on opening deferred tax balances	16.9	(0.8)
Total deferred tax credit	(1.5)	(17.5)
Total tax charge/(credit)	11.0	(13.4)

During 2017 a deferred tax credit of £0.4 million (2016: £nil) was recognised in equity relating to share-based payments.

The difference between the tax as credited in the consolidated income statement for the continuing operations and tax at the UK standard rate is reconciled below:

	2017			2016		
(£ million)	Adjusted profit/tax	Loss on Adjusting items/tax	Total profit/ tax from continuing operations*	Adjusted profit/tax	Loss on Adjusting items/tax	Total profit/ tax from continuing operations*
Profit before tax	97.0	(63.9)	33.1	65.1	(66.9)	(1.8)
Expected tax charge/(credit) at the UK standard rate of 19.25% (2016: 20.00%)	18.7	(12.3)	6.4	13.0	(13.4)	(0.4)
Principal differences due to:						
Impact of rate changes	10.8	6.8	17.6	0.9	(1.5)	(0.6)
Impact of higher overseas tax rates	5.5	(6.3)	(0.8)	5.3	(5.3)	–
Recognition of previously unrecognised trading losses	(12.7)	–	(12.7)	(10.1)	–	(10.1)
Recognition of previously unrecognised capital losses	–	0.1	0.1	–	(3.6)	(3.6)
Other non-deductible items	2.0	(0.8)	1.2	0.5	1.3	1.8
Non-taxable/deductible exchange (gains)/losses	(0.4)	–	(0.4)	0.2	–	0.2
Non-taxable/deductible disposal (gains)/losses	(0.4)	0.3	(0.1)	–	–	–
Adjustments in respect of prior years	(0.3)	–	(0.3)	1.1	(1.8)	(0.7)
Total tax charge/(credit) for the year	23.2	(12.2)	11.0	10.9	(24.3)	(13.4)
Effective tax rate	24%	19%	33%	17%	36%	N/A

* Tax on discontinued operations is set out in Note 10.

9. Taxation continued

The Group's effective tax rate is higher than the UK's statutory tax rate mainly due to its mix of profits with increased profits coming from the US. The impact of rate changes arises from the enactment of US tax reform on 22 December 2017 and the continuing reduction of the UK tax rate. The tax rate change included £17.2 million in respect of the US and £0.4 million for the UK. See Note 17 for further details.

The Group is subject to many different forms of taxation including, but not limited to, income and corporation tax, withholding tax and value added and sales taxes. The Group has operations in 15 countries and multiple states in the US and sells its products and services into around 140 countries. Furthermore, the Group renders and receives cross-border supplies and services in respect of affiliated entities which exposes the Group to tax risk due to transfer pricing rules that apply in many jurisdictions.

Tax law and administration is complex and often requires subjective determinations. In addition tax audits, by their nature, can take a significant period of time to be agreed with the tax authorities. Therefore, management is required to apply judgement to determine the level of provisions required in respect of its tax liabilities. The Directors' estimates of the level of risk arising from tax audit may change in the next year as a result of changes in legislation or tax authority practice or correspondence with tax authorities during specific tax audits. It is not possible to quantify the impact that such future developments may have on the Group's tax positions. Actual outcomes and settlements may differ from the estimates recorded in these consolidated financial statements. The Group currently anticipates that the outcome of these uncertainties will only be resolved after more than one year. However even where uncertainties may not be resolved within one year, material adjustments may arise as a result of a reappraisal of the assets or liabilities within the next year.

10. Discontinued operations

		2017			2016		
(£ million)	Note	Adjusted results	Adjusting items	Total	Adjusted results	Adjusting items	Total
Revenue		23.8	–	23.8	57.9	–	57.9
Cost of sales		(9.7)	–	(9.7)	(24.1)	–	(24.1)
Sales, marketing and administrative expenses		(13.0)	(1.5)	(14.5)	(24.0)	(4.5)	(28.5)
Operating profit/(loss)		1.1	(1.5)	(0.4)	9.8	(4.5)	5.3
Adjusted EBITDA		1.1	–	1.1	11.6	–	11.6
Depreciation and amortisation		–	–	–	(1.8)	(2.5)	(4.3)
Exceptional items		–	(1.2)	(1.2)	–	(1.9)	(1.9)
Share-based payments		–	(0.3)	(0.3)	–	(0.1)	(0.1)
Operating profit/(loss)		1.1	(1.5)	(0.4)	9.8	(4.5)	5.3
Taxation		–	(3.7)	(3.7)	(1.8)	0.5	(1.3)
Profit/(loss) from discontinued operations, net of tax		1.1	(5.2)	(4.1)	8.0	(4.0)	4.0
Earnings per share (pence)							
– Basic	11	0.3	(1.3)	(1.0)	2.2	(1.1)	1.1
– Diluted	11	0.3	(1.3)	(1.0)	2.2	(1.1)	1.1

Exceptional items in discontinued operations include the gain on disposal of HSJ, EMAP Publishing Limited and MEED Media FZ LLC of £0.9 million (Note 13) offset by £2.1 million of IT separation costs and other contractor costs in respect of separation activities. The Group incurred a capital gains tax charge of £3.7 million in respect of the capital gain on the sale of the trade and assets. Of this tax charge £3.6 million was sheltered by capital losses previously recognised within the Group. The loss from discontinued operations of £4.1 million (31 December 2016: profit £4.0 million) is attributable entirely to the shareholders of the Company.

During the year discontinued operations generated cash of £3.8 million (2016: £11.7 million) in respect of operating activities and generated £45.6 million (2016: used £0.9 million) in respect of investing activities.

/ NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2017

11. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

For the purpose of proforma earnings per share for the year ended 31 December 2016, the weighted average number of ordinary shares is stated as if the IPO completed on 12 February 2016 had occurred at the beginning of the 2016 financial year. For the purpose of statutory earnings per share, the weighted average number of ordinary shares is stated as if only the Group restructure steps completed on 8 February 2016 had occurred at the beginning of 2016.

Both proforma and statutory earnings per share have been calculated with respect to the net profit for the year for the Group, the continuing operations and the discontinued operations (Note 10).

	2017			2016		
	Adjusted results	Adjusting items	Total	Adjusted results	Adjusting items	Total
Profit attributable to equity shareholders of the Company (£ million)						
Profit for the year – continuing operations	73.8	(51.7)	22.1	54.2	(42.6)	11.6
Profit for the year – discontinued operations	1.1	(5.2)	(4.1)	8.0	(4.0)	4.0
Profit for the year	74.9	(56.9)	18.0	62.2	(46.6)	15.6
Earnings share number (million)						
Basic weighted average number of shares	400.1	400.1	400.1	362.9	362.9	362.9
Dilutive potential ordinary shares	2.2	2.2	2.2	0.6	0.6	0.6
Diluted weighted average number of shares	402.3	402.3	402.3	363.5	363.5	363.5
Earnings per share (pence)						
Basic earnings per share	18.7	(14.2)	4.5	17.1	(12.8)	4.3
Diluted earnings per share	18.6	(14.2)	4.4	17.1	(12.8)	4.3
Continuing operations						
Basic earnings per share	18.4	(12.9)	5.5	14.9	(11.7)	3.2
Diluted earnings per share	18.3	(12.9)	5.4	14.9	(11.7)	3.2
Discontinued operations						
Basic earnings per share	0.3	(1.3)	(1.0)	2.2	(1.1)	1.1
Diluted earnings per share	0.3	(1.3)	(1.0)	2.2	(1.1)	1.1
Proforma share number (million)						
Basic weighted average number of shares	400.1	400.1	400.1	400.0	400.0	400.0
Dilutive potential ordinary shares	2.2	2.2	2.2	0.6	0.6	0.6
Diluted weighted average number of shares	402.3	402.3	402.3	400.6	400.6	400.6
Proforma earnings per share (pence)						
Basic earnings per share	18.7	(14.2)	4.5	15.6	(11.7)	3.9
Diluted earnings per share	18.6	(14.2)	4.4	15.5	(11.6)	3.9
Continuing operations						
Basic earnings per share	18.4	(12.9)	5.5	13.6	(10.7)	2.9
Diluted earnings per share	18.3	(12.9)	5.4	13.5	(10.6)	2.9
Discontinued operations						
Basic earnings per share	0.3	(1.3)	(1.0)	2.0	(1.0)	1.0
Diluted earnings per share	0.3	(1.3)	(1.0)	2.0	(1.0)	1.0

12. Business combinations

The Group acquired the following businesses during the years ended 31 December 2017 and 2016.

Name	Date of acquisition	Country of incorporation	Shares/asset deal	% acquired	Acquisition related costs (£ million)
OneClickRetail.com LLC	August 2016	USA	Shares	100%	1.0
Media Link, LLC	February 2017	USA	Shares	100%	0.9
Siberia LLC	September 2017	USA	Shares	100%	0.1
Sistema UseFashion Comercio de Informacaos Ltda	November 2017	Brazil	Shares	100%	0.3
Clavis Technology Limited	December 2017	Ireland	Shares	100%	2.3

2017 – acquisition of MediaLink

On 28 February 2017, the Group acquired 100% of the shares in Media Link, LLC ("MediaLink"), an unlisted company based in the United States whose primary activity is the provision of advisory and business services to media platforms and brands. The company forms part of the Information Services segment.

The consideration of £70.5 million comprises:

- £55.3 million (net of consideration for cash acquired) paid in 2017; and
- consideration contingent on the results of the 2017, 2018, and 2019 financial years payable in 2018 to 2020 and estimated to total £16.9 million at the acquisition date which has been discounted to present value of £14.2 million using a discount rate relevant to the acquired business.

In addition to the contingent consideration described above, and subject to continued employment, the vendors also receive employment income contingent on the results of the 2017, 2018 and 2019 financial years payable in 2018 to 2020, estimated to total £16.9 million at the acquisition date. To determine the contingent consideration and the acquisition-related employment cost, the Directors are required to make an estimate regarding the future results. Any subsequent revaluations to contingent consideration as a result of changes in the estimation of future results are recognised in the consolidated income statement and disclosed in Note 22.

The acquisition-related employment cost is being accrued over the period in which the related services are being received and £9.4 million was recorded as an exceptional cost in the year ended 31 December 2017. There is a maximum of $206.6 million on the total consideration payable including acquisition-related employment payments; there is no minimum. The anticipated total outcomes of earnouts are between $42.0-$62.0 million.

The fair values of the identifiable assets purchased and liabilities assumed of MediaLink as at the date of acquisition were as follows:

(£ million)	Fair value
Brands	14.8
Customer relationships and databases	14.5
Property, plant and equipment	1.1
Other non-current assets	0.3
Trade receivables	5.7
Prepayments and accrued income	1.6
Other receivables	0.3
Cash	1.0
Trade and other payables	(3.3)
Deferred income	(0.5)
Total identifiable net assets at fair value	35.5
Initial cash consideration relating to business combination	55.3
Contingent consideration payable in 2018	4.6
Contingent consideration payable in 2019-2020	9.6
Consideration for cash acquired	1.0
Total consideration	70.5
Goodwill on acquisition	35.0

The goodwill of £35.0 million arising on acquisition is attributable to existing workforce skills and expertise, as well as the deepening of the Company's exposure to the branded communications end market. All goodwill recognised on the acquisition of MediaLink is deductible for tax purposes.

The intangible assets recognised on acquisition, being the brand (£14.8 million) and the customer relationships and databases (£14.5 million), require judgements involving estimation as disclosed in Note 2. The significant estimate involved in the valuation of these assets is the estimation of future cash flows.

From the date of acquisition, MediaLink contributed £39.7 million revenue and Adjusted EBITDA of £11.0 million to the Group in the year ended 31 December 2017. If the acquisition had taken place at the beginning of 2017, MediaLink would have contributed £47.4 million revenue and Adjusted EBITDA of £12.0 million to the Group in the year ended 31 December 2017. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition occurred on 1 January 2017.

/ NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2017

12. Business combinations continued

2017 – acquisition of Clavis Insight

On 22 December 2017, the Group acquired 100% of the shares in Clavis Technology Limited and its subsidiaries ("Clavis"), an unlisted group of companies based in Dublin, Ireland, whose primary activities include the provision of eCommerce analytics, with proprietary technology enabling consumer product companies to track and optimise the performance of their products across hundreds of retailer websites and mobile commerce sites globally. The company forms part of the Information Services segment.

The consideration of £96.9 million comprises:

- £84.6 million (net of consideration for cash acquired) paid in 2017;
- £4.3 million payable in 2018; and
- consideration contingent on the results of the 2018, 2019, and 2020 financial years payable in 2019 to 2021 and estimated to total £8.8 million at the acquisition date which has been discounted to present value of £7.1 million using a discount rate relevant to the acquired business.

In addition to the contingent consideration described above, and subject to continued employment, the vendors also receive employment income contingent on the results of the 2018, 2019 and 2020 financial years payable in 2019 to 2021, estimated to total £8.9 million. To determine the contingent consideration and the acquisition-related employment cost, the Directors are required to make an estimate regarding the future results. Any subsequent revaluations to contingent consideration as a result of changes in the estimation of future results are recognised in the consolidated income statement and disclosed in Note 22.

The acquisition-related employment cost is being accrued over the period in which the related services are being received. There is a maximum limit of $219.0 million on the total consideration payable including acquisition-related employment payments; there is no minimum. The anticipated total outcomes of earnouts are between $25.0-$50.0 million.

The provisional fair values of the identifiable assets purchased and liabilities assumed of Clavis as at the date of acquisition were as follows:

(£ million)	Fair value
Brands	7.8
Customer relationships and databases	36.2
Property, plant and equipment	0.4
Trade receivables	3.2
Prepayments and accrued income	3.0
Other receivables	1.9
Cash	0.9
Trade and other payables	(1.8)
Accrued liabilities	(2.4)
Deferred income	(4.7)
Deferred tax liability	(5.2)
Total identifiable net assets at fair value	39.3
Initial cash consideration relating to business combination	84.6
Deferred consideration payable in 2018	4.3
Contingent consideration payable in 2019-2021	7.1
Consideration for cash acquired	0.9
Total consideration	96.9
Goodwill on acquisition	57.6

The fair values provided are provisional figures, being the best estimates currently available due to the proximity of the acquisition date to year-end. A review of the closing balance sheet is currently being undertaken and adjustments may be necessary regarding accrued and deferred income, and other balances as appropriate.

The goodwill of £57.6 million arising on acquisition is attributable to existing workforce skills and expertise, the synergies with our existing business and the strengthening of our eCommerce analytics offering in new geographies.

The intangible assets recognised on acquisition, being the brands (£7.8 million) and customer relationships and databases (£36.2 million), require judgements involving estimation as disclosed in Note 2. The significant estimate involved in the valuation of these assets is the estimation of future cash flows.

From the date of acquisition, Clavis contributed £0.3 million revenue and Adjusted EBITDA of (£0.1) million to the Group in the year ended 31 December 2017. If the acquisition had taken place at the beginning of 2017, Clavis would have contributed £13.4 million revenue and Adjusted EBITDA of (£4.1) million to the Group in the year ended 31 December 2017. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition occurred on 1 January 2017.

12. Business combinations continued

2017 – other acquisitions

The combined provisional fair values of the identifiable assets purchased and liabilities assumed relating to other acquisitions as at the dates of acquisition were as follows:

(£ million)	Fair value
Brands	0.6
Customer relationships and databases	0.1
Property, plant and equipment	0.2
Trade receivables	0.6
Cash	0.1
Accrued liabilities	(1.2)
Other provisions	(0.1)
Deferred income	(0.4)
Total identifiable net assets at fair value	(0.1)
Initial cash consideration relating to business combination	1.1
Deferred consideration payable in 2018-2023	0.8
Total consideration	1.9
Goodwill on acquisition	2.0

The goodwill of £2.0 million is attributable mainly to the workforce and anticipated future growth in the customer base of the acquired businesses. Goodwill of £0.5 million recognised on the acquisition of Siberia LLC is deductible for tax purposes.

From the dates of acquisition, other acquisitions contributed £0.9 million revenue and Adjusted EBITDA of (£0.3) million to the Group in the year ended 31 December 2017. If the acquisitions had taken place at the beginning of 2017, other acquisitions would have contributed £3.7 million revenue and Adjusted EBITDA of (£0.5) million to the Group in the year ended 31 December 2017. In determining these amounts, management have assumed the fair value adjustments that arose on the dates of the acquisitions would have been the same if the acquisitions occurred on 1 January 2017.

2016 – acquisition of OCR

On 31 August 2016, the Group acquired 100% of the shares in Oneclickretail.com, LLC ("OCR"), an unlisted company based in the United States whose primary activity is the provision of eCommerce data analytics. The company forms part of the Information Services segment.

The consideration of £62.0 million comprises:
- £33.7 million (net of cash acquired) paid in 2016;
- £0.3 million working capital adjustment receivable in future years; and
- consideration contingent on the results of the 2016, 2017, 2018 and 2019 financial years payable in 2017 to 2020 and estimated to total £34.2 million which has been discounted to present value of £28.2 million using a discount rate relevant to the acquired business.

In addition to the contingent consideration described above, and subject to continued employment, certain vendors also receive employment income contingent on the results of the 2017 and 2018 financial years payable in 2018 to 2019, estimated to total £32.1 million. To determine the contingent consideration and the acquisition-related employment cost, the Directors are required to make an estimate regarding the future results. Any subsequent revaluations to contingent consideration as a result of changes in the estimation of future results are recognised in the consolidated income statement and disclosed in Note 22.

The acquisition-related employment cost is being accrued over the period in which the related services are being received and £5.3 million was recorded as an exceptional cost in the year ended 31 December 2016. There is a maximum limit of $225.0 million on the total consideration payable including acquisition-related employment payments; there is no minimum.

The fair values of the identifiable assets purchased and liabilities assumed of OCR as at the date of acquisition were as follows:

(£ million)	Fair value
Customer relationships and databases	28.4
Brand and trademarks	7.0
Trade and other receivables	1.6
Accrued income	0.6
Cash	0.4
Trade and other payables	(0.1)
Deferred income	(2.5)
Total identifiable net assets at fair value	35.4
Initial cash consideration relating to business combination	33.4
Deferred and contingent consideration payable in 2017	3.9
Deferred and contingent consideration payable in 2018-2020	24.3
Consideration for cash acquired	0.4
Total consideration	62.0
Goodwill on acquisition	26.6

The goodwill is attributable mainly to the workforce and anticipated future growth in the customer base of the acquired business. All goodwill recognised on the acquisition of OCR is deductible for tax purposes.

/ NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2017

12. Business combinations continued

Reconciliation of cash outflows relating to business combinations

(£ million)	2017
Acquisitions in 2017	
Total consideration in respect of the 2017 acquisitions	169.3
Cash acquired in the 2017 acquisitions	(2.0)
Deferred and contingent consideration on the 2017 acquisition to be paid in future years	(26.4)
Cash paid in 2017 in respect of the 2017 acquisitions	140.9
Acquisitions prior to 2017	
Cash payments of deferred and contingent consideration in relation to prior years' acquisitions	15.6
Cash paid in 2017 in respect of prior years' acquisitions	15.6
Net cash outflows relating to acquisition of businesses, net of cash acquired	156.5

13. Disposal of business operations

In the year ended 31 December 2017 the Group disposed of the following businesses:

	Country	Date of disposal	Share/Asset deal
Health Service Journal	UK	January 2017	Asset deal
EMAP Publishing Limited	UK	June 2017	Share deal
MEED Media FZ LLC *	UAE	December 2017	Share deal
RWM	UK	December 2017	Asset deal

*and its immediate parent company

Disposals of discontinued operations were classified as held for sale throughout 2017 until their respective disposal dates, their results are separately presented in discontinued operations, see Note 10. The Group recognised a total gain on disposal of these brands of £0.9 million presented as an exceptional item within discontinued operations. RWM was put up for sale and sold in the second half of the year. RWM contributed £3.9 million and £0.1 million to revenue and profit before tax respectively. The Group recognised a total loss on disposal of £1.8 million presented as an exceptional item within continuing operations in Note 5.

(£ million)	Continuing operations	Discontinued operations	Total
Consideration	0.5	55.5	56.0
Working capital adjustment	(0.1)	(4.3)	(4.4)
Deferred consideration receivable	0.3	–	0.3
Total consideration	0.7	51.2	51.9
Net assets disposed of	(2.5)	(46.5)	(49.0)
Disposal costs	–	(6.2)	(6.2)
Recycling of deferred foreign exchange gains	–	2.4	2.4
Gain/(loss) on disposal	(1.8)	0.9	(0.9)

Assets and liabilities disposed of:

(£ million)	Continuing operations	Discontinued operations	Total
Goodwill	(0.6)	(18.5)	(19.1)
Brands, customer relationships and databases	(1.8)	(41.5)	(43.3)
Tangible fixed assets including software	–	(2.3)	(2.3)
Trade and other receivables	(0.3)	(9.0)	(9.3)
Trade and other payables	–	6.2	6.2
Deferred income	0.2	14.6	14.8
Deferred tax liability on disposed intangibles	–	4.0	4.0
Net assets and liabilities disposed	(2.5)	(46.5)	(49.0)

The net inflow/(outflow) of cash in respect of the disposal of businesses is as follows:

(£ million)	Continuing operations	Discontinued operations	Total
Cash consideration received for current year disposals (net of cash disposed of)	0.4	50.3	50.7
Disposal costs paid	–	(2.0)	(2.0)
Net cash inflow/(outflow)	0.4	48.3	48.7

14. Intangible assets and goodwill

(£ million)	Goodwill	Acquired intangibles: Brands	Acquired intangibles: Customer relationships and databases	Software	Total
Cost					
At 1 January 2016	894.8	326.8	175.9	58.0	1,455.5
Additions	26.4	7.0	28.4	6.3	68.1
Disposals	–	–	–	(5.2)	(5.2)
Reclassification to assets held for sale	(240.2)	(67.7)	(13.2)	(5.3)	(326.4)
Effect of movements in exchange rates	17.8	7.3	6.9	1.6	33.6
At 1 January 2017	698.8	273.4	198.0	55.4	1,225.6
Additions	94.7	23.2	50.9	8.4	177.2
Disposals	(0.6)	(2.0)	–	(1.9)	(4.5)
Effect of movements in exchange rates	(14.4)	(4.0)	(7.8)	0.1	(26.1)
At 31 December 2017	778.5	290.6	241.1	62.0	1,372.2
Accumulated amortisation					
At 1 January 2016	(511.1)	(107.8)	(134.6)	(43.3)	(796.8)
Disposals	–	–	–	5.1	5.1
Amortisation	–	(15.6)	(15.7)	(10.2)	(41.5)
Reclassification to held for sale	221.7	26.2	13.2	4.3	265.4
Effect of movements in exchange rates	–	(2.2)	(3.6)	(0.4)	(6.2)
At 1 January 2017	(289.4)	(99.4)	(140.7)	(44.5)	(574.0)
Disposals	–	0.3	–	1.6	1.9
Amortisation	–	(13.3)	(12.2)	(6.1)	(31.6)
Effect of movements in exchange rates	–	0.2	3.0	–	3.2
At 31 December 2017	(289.4)	(112.2)	(149.9)	(49.0)	(600.5)
Net book value					
At 31 December 2017	489.1	178.4	91.2	13.0	771.7
At 31 December 2016	409.4	174.0	57.3	10.9	651.6

Brand value includes £70.8 million (2016: £70.8 million) with an indefinite life which is not being amortised. This intangible asset is included within the Exhibitions & Festivals segment. This relates to Cannes Lions and was identified on acquisition in 2008. It is management's judgement that this brand has an indefinite life due to the strength of its recognition and revenue stream and is tested annually for impairment. It was tested for impairment using the value-in-use inputs for the Exhibitions & Festivals cash-generating unit ("CGU") disclosed below and resulted in no impairment charge. In the view of the Directors, no reasonable plausible change in assumptions would lead to an impairment.

Included within software intangible assets at 31 December 2017 is £3.3 million (2016: £2.1 million) of assets under construction which were not being amortised at 31 December 2017.

Goodwill and indefinite life intangible assets

For reporting purposes, the CGUs have been aggregated into reportable segments. The goodwill in CGUs are individually assessed for impairment each year as follows:

(£ million)	Exhibitions & Festivals	Information Services: Clavis	Information Services: MediaLink	Information Services: WGSN	Information Services: Plexus	Information Services: OCR	Discontinued operations	Total
Net book value								
At 31 December 2017	184.1	56.8	32.7	151.3	38.2	26.0	–	489.1
At 31 December 2016	188.6	N/A	N/A	157.8	34.8	28.2	18.5	427.9

The Group tests goodwill and indefinite life intangible assets annually for impairment or more frequently if there are indications of impairment. The CGUs used in testing for impairment are defined as parts of the organisation, which the Directors judge to have largely independently managed cash flows. During 2016, the creation of the disposal group and associated operational separation meant that the disposal group met the criteria for treatment as a separate CGU. While the Exhibitions & Festivals segment and the discontinued operations segment in the segmental note disclosure (Note 3) each represents one CGU, the Information Services segment consists of four CGUs and Clavis and OCR will be considered as a single CGU in 2018. When testing for impairment, recoverable amounts for all of the Group's CGUs are measured at their value-in-use by discounting the future expected cash flows from the assets in the CGUs. These calculations use cash flow projections based on Board-approved budgets and plans.

/ NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 31 December 2017

14. Intangible assets and goodwill continued
The key assumptions and estimates used for value-in-use calculations are as follows:

Future expected cash flows
Cash flow forecasts for years one to three are derived from the most recent Board approved three-year Strategic Plan, which has been prepared after considering the current economic environment in each of our markets. Cash flows beyond the plan period are extrapolated using an inflationary only growth rate of 2% for years four and five, and a 1% long-term growth rate is applied for the terminal value. The estimates of future cash flows are consistent with past experience adjusted for the Group's estimate of future performance. The other inputs include a risk-adjusted, pre-tax discount rate, calculated by reference to the weighted average cost of capital ("WACC") of each country, or countries, the CGU operates in or a weighted average if the CGU operates in more than one country.

The long-term growth rate assumptions, and the discount rates applied to the risk-adjusted cash flow forecasts, are set out below.

	2017			2016		
CGU	Long-term growth rate %	Pre-tax discount rate %	Goodwill	Long-term growth rate %	Pre-tax discount rate %	Goodwill
Exhibitions & Festivals	1.0	10.6	184.1	1.5 – 3.0	8.9	188.6
MediaLink	1.0	12.2	32.7	N/A	N/A	N/A
WGSN	1.0	10.5	151.3	1.5 – 3.0	9.9	157.8
Plexus	1.0	12.0	38.2	1.5 – 3.0	9.9	34.8
OCR	1.0	12.6	26.0	1.5 – 3.0	9.9	28.2
Clavis	N/A	N/A	56.8	N/A	N/A	N/A
Discontinued operations	N/A	N/A	N/A	N/A	11.9	18.5
Total			489.1			427.9

Management has performed a sensitivity analysis across all CGUs which have goodwill and acquired intangible assets using reasonable possible changes in the already conservative future growth rates and increases in the pre-tax discount factors keeping all other assumptions constant. The sensitivity testing identified no reasonable changes in key assumptions that would cause the carrying amount of any CGU to exceed its recoverable amount.

15. Property, plant and equipment

(£ million)	Short leasehold property	Office equipment	Total
Cost			
At 1 January 2016	16.3	9.5	25.8
Additions	5.3	1.5	6.8
Disposals	(3.5)	(2.1)	(5.6)
Reclassification to assets held for sale	(3.1)	(0.9)	(4.0)
Effect of movements in exchange rates	0.3	0.6	0.9
At 1 January 2017	15.3	8.6	23.9
Additions – continuing operations	0.3	3.0	3.3
Additions – acquisitions	1.0	0.7	1.7
Disposals	(0.5)	(0.8)	(1.3)
Effect of movements in exchange rates	0.1	–	0.1
At 31 December 2017	16.2	11.5	27.7
Depreciation			
At 1 January 2016	(7.3)	(8.3)	(15.6)
Depreciation	(2.6)	(1.9)	(4.5)
Disposals	3.5	2.1	5.6
Reclassification to assets held for sale	1.6	0.9	2.5
Effect of movements in exchange rates	(0.2)	(0.3)	(0.5)
At 1 January 2017	(5.0)	(7.5)	(12.5)
Depreciation	(3.2)	(1.8)	(5.0)
Disposals	0.3	0.8	1.1
At 31 December 2017	(7.9)	(8.5)	(16.4)
Net book value			
At 31 December 2017	8.3	3.0	11.3
At 31 December 2016	10.3	1.1	11.4

16. Investments

(£ million)	2017	2016
At 1 January	5.0	0.7
Additions	–	4.5
Reduction	(0.2)	(0.1)
Share of gain/(loss) in associate	0.3	(0.1)
At 31 December	5.1	5.0

Investments include shares in unlisted associated companies, joint ventures, a trade investment as well as a loan to be converted to equity in a new associated company in 2018.

(£ million)	2017	2016
Interest in trade investment	0.1	0.1
Interest in associates	0.2	0.2
Interest in joint ventures	0.4	0.3
Loan	4.4	4.4
At 31 December	5.1	5.0

/ NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2017

17. Deferred tax assets and liabilities

The deferred tax balances shown in the consolidated balance sheet are analysed as follows:

(£ million)	2017	2016
Deferred tax assets	47.1	54.9
Deferred tax liabilities	(31.3)	(30.3)
Total	15.8	24.6

The major deferred tax assets and liabilities recognised by the Group, and the movements in the period, are set out below:

(£ million)	Intangible assets*	Share- based payments	Property, plant and equipment	Tax losses	Other	Total
At 1 January 2016	(36.8)	–	11.6	24.6	0.1	(0.5)
Credit/(charge) to the consolidated income statement for the year	13.0	0.2	(0.9)	3.2	–	15.5
Adjustments in respect of prior years	(0.3)	–	–	1.8	–	1.5
Impact of rate changes	1.6	–	(0.5)	–	–	1.1
Foreign exchange movements	0.3	–	0.1	2.6	–	3.0
Disposals	4.4	–	(0.4)	–	–	4.0
At 31 December 2016	(17.8)	0.2	9.9	32.2	0.1	24.6
Credit/(charge) to the consolidated income statement for the year	12.6	0.3	(0.9)	2.6	–	14.6
Credit to equity	–	0.4	–	–	–	0.4
Adjustments in respect of prior years	–	–	0.1	0.3	–	0.4
Impact of rate changes	(6.8)	–	–	(10.1)	–	(16.9)
Acquisitions	(5.3)	–	–	–	–	(5.3)
Disposals	0.8	–	(0.1)	–	–	0.7
Foreign exchange movements	(1.2)	–	–	(1.5)	–	(2.7)
At 31 December 2017	(17.7)	0.9	9.0	23.5	0.1	15.8

* The net deferred tax liability on intangible assets includes a deferred tax liability on non-deductible intangibles of £31.3 million (2016: £30.3 million) and a deferred tax asset on US deductible intangibles and deferred consideration of £13.6 million (2016: £12.5 million).

The above deferred tax balances are expected to reverse

(£ million)	Intangible assets	Share-based payments	Property, plant and equipment	Tax losses	Other	Total
Within 12 months	(3.1)	–	0.8	1.9	–	(0.4)
After 12 months	(14.6)	0.9	8.2	21.6	0.1	16.2
Total	(17.7)	0.9	9.0	23.5	0.1	15.8

In presenting its deferred tax balances, the Group does not offset assets and liabilities as the Group has no legally enforceable right to set off the arising current tax liabilities and assets when those deferred tax balances reverse.

No deferred tax liability has been recognised in respect of temporary differences associated with investments in subsidiaries and joint ventures as the Group is in a position to control the timing of their reversal and it is probable that such differences will not reverse in the foreseeable future.

On 22 December 2017, the US Government enacted the Tax Cut and Jobs Act which reduces the US Federal tax rate from 35% to 21% with effect for periods beginning after 31 December 2017. This results in a revaluation of US deferred tax assets and liabilities and an overall reduction of £16.6 million.

Net deferred tax assets have been recognised on the basis that sufficient taxable profits are forecast to be available in the future to enable them to be utilised.

At 31 December 2017, the Group has the following tax losses:

(£ million)	Recognised 2017	Recognised 2016	Unrecognised 2017	Unrecognised 2016	Total 2017	Total 2016
US net operating losses	66.0	49.7	127.1	160.2	193.1	209.9
UK non-trading losses	54.1	59.7	–	–	54.1	59.7
Irish trading losses	–	–	16.4	–	16.4	–
UK capital losses	–	18.5	115.1	127.8	115.1	146.3
Total	120.1	127.9	258.6	288.0	378.7	415.9

17. Deferred tax assets and liabilities continued

The above losses represent the following value at tax rates applicable at the balance sheet date:

(£ million)	Recognised 2017	Recognised 2016	Unrecognised 2017	Unrecognised 2016	Total 2017	Total 2016
US net operating losses	13.8	17.4	26.7	56.1	40.5	73.5
UK non-trading losses	9.7	11.2	–	–	9.7	11.2
Irish trading losses	–	–	2.1	–	2.1	–
UK capital losses	–	3.6	19.6	21.7	19.6	25.3
Total	23.5	32.2	48.4	77.8	71.9	110.0

The Group has tax losses in the US totalling £193.1 million carried forward at 31 December 2017 (2016: £209.9 million). It has been agreed with the US tax authorities that these losses are available to offset against taxable profits subject to a restriction following the change of ownership that was deemed to have occurred upon the listing of Ascential plc in 2016. In line with the US tax rules, the restriction of losses is, to a large extent, based on the valuation of the US tax group at the change of control date and this will be agreed with the US tax authorities in due course. The valuation of the US tax group is therefore a source of estimation and an external valuation was commissioned to support the Group's position. The recognised deferred tax asset is sensitive to a change in this valuation. A total credit of £12.7 million was recognised as a result of the latest valuation and this was offset by a £10.1 million charge as a result of the reduced US tax rate. The Board expects the deferred tax asset to be recovered over a number of years and considers it to be unlikely that there will be a consequential change in the estimates made that would lead to a material movement in the asset in the next 12 months.

18. Inventories

(£ million)	2017	2016
Deferred event costs	16.2	16.5
Physical stock	1.6	0.4
Total	17.8	16.9

19. Trade and other receivables

(£ million)	2017	2016
Current		
Trade receivables, net of the allowance for doubtful debts	67.6	49.8
Prepayments	8.9	7.0
Accrued income	4.8	0.4
Other receivables	6.9	2.4
Total	88.2	59.6
Non-current		
Other receivables	0.3	0.6
Total	0.3	0.6

The carrying amounts of trade and other receivables are denominated primarily in pounds sterling and US dollars. The Directors consider that the carrying amount of receivables and prepayments approximates their fair value.

Trade receivables are non-interest bearing and are generally on 30 day terms and are shown net of an allowance for doubtful debts. As at 31 December 2017, the allowance for doubtful debts was £3.7 million (2016: £2.4 million). Movements in the allowance for doubtful debts were as follows:

(£ million)	2017	2016
At 1 January	2.4	2.1
Provided in the year	2.3	2.9
Utilised in the year	(1.0)	(2.9)
Reclassification to assets held for sale	–	0.3
At 31 December	3.7	2.4

Trade receivables of the continuing operations, net of the allowance for doubtful debts, are aged as follows:

(£ million)	2017	2016
Not overdue	36.6	27.5
0 – 30 days overdue	13.6	6.6
31 – 90 days overdue	10.7	10.0
Greater than 90 days overdue	6.7	5.7
Total	67.6	49.8

/ NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2017

19. Trade and other receivables continued

The maximum exposure to credit risk for trade receivables by geographical region was:

(£ million)	2017	2016
United Kingdom	22.3	19.4
Other Europe	12.6	9.7
United States and Canada	23.2	12.1
Asia Pacific	5.4	5.0
Middle East and Africa	1.2	0.6
Latin America	2.9	3.0
Total	67.6	49.8

20. Cash and cash equivalents

Cash and cash equivalents at 31 December 2017 of £45.8 million (2016: £61.9 million) relate to bank balances, including short-term deposits with an original maturity date of less than three months, and cash held by the Group.

21. Trade and other payables

(£ million)	2017	2016
Current		
Trade payables	10.3	5.8
Taxes and social security costs	3.5	5.3
Other payables	10.8	8.1
Accruals	33.1	22.7
Deferred and contingent consideration	47.5	24.0
Total	105.2	65.9

The Directors consider that the carrying amount of other non-current liabilities of £50.4 million (2016: £46.8 million) approximate their fair value. Refer to Note 22 for further details on deferred and contingent consideration.

22. Deferred and contingent consideration

The Group has liabilities in respect of deferred and contingent consideration payments under various business acquisition contracts.

(£ million)	Note	Money20/20	OCR	MediaLink	Clavis	Other	Total	Level 3 Total
At 1 January 2016		22.1	–	–	–	4.8	26.9	15.3
Additions		–	28.0	–	–	–	28.0	28.0
Acquisition–related employment costs accrued in the year	33	4.4	5.3	–	–	–	9.7	–
Revaluation of contingent consideration recognised in the consolidated income statement	33	6.2	–	–	–	(0.6)	5.6	5.8
Discount unwind on contingent and deferred consideration		1.9	0.8	–	–	0.3	3.0	2.1
Acquisition–related employment cash paid in year		(4.0)	–	–	–	–	(4.0)	–
Deferred and contingent consideration cash paid in the year		(4.0)	–	–	–	(1.7)	(5.7)	(5.5)
Effect of movements in exchange rates		4.0	2.1	–	–	1.2	7.3	5.3
At 31 December 2016		30.6	36.2	–	–	4.0	70.8	51.0
Additions		–	–	14.2	11.4	0.8	26.4	21.2
Acquisition–related employment costs accrued in the year	12	1.7	15.5	9.4	–	–	26.6	–
Revaluation of contingent consideration recognised in the consolidated income statement	12	0.4	–	0.7	–	–	1.1	1.1
Discount unwind on contingent and deferred consideration		0.8	2.3	1.0	–	–	4.1	4.1
Acquisition–related employment cash paid in year		(8.2)	–	–	–	–	(8.2)	–
Deferred and contingent consideration cash paid in the year		(8.1)	(4.0)	–	–	(3.5)	(15.6)	(13.1)
Effect of movements in exchange rates		(1.5)	(3.9)	(1.6)	(0.1)	(0.2)	(7.3)	(4.9)
At 31 December 2017		15.7	46.1	23.7	11.3	1.1	97.9	59.4

The total deferred and contingent consideration balance of £97.9 million (2016: £70.8 million) includes £59.4 million (2016: £51.0 million) which is categorised as Level 3 in the fair value hierarchy. The significant unobservable inputs used in the fair value measurements are the determined weighted average cost of capital and the forecast future profits of the acquired businesses. For details of deferred and contingent consideration on current and comparative year acquisitions refer to Note 12 and for Money20/20 see below.

On 29 August 2014 the Group acquired 100% of the shares in Money2020, LLC ("Money20/20"), an unlisted company based in the US whose primary activity is the organisation of global events on payments and financial services innovation.

The purchase price included consideration contingent on the results of 2015, 2016 and 2017 financial years payable in 2016 to 2018, recorded initially as a liability on acquisition, discounted to present value. In addition, and subject to continued employment, certain vendors were also entitled to payments contingent on the results of 2015, 2016 and 2017 financial years and payable in 2016 to 2018, recorded as an acquisition-related employment cost accrued over the period in which the related services are being received. There is no maximum or minimum limit on the total consideration payable including acquisition-related employment cost however there is a cap on the total amount paid as employment payments. At 31 December 2017, there is only one payment outstanding estimated to total $21.5 million which was paid in February 2018.

23. Borrowings

The maturity profile of the Group's borrowings, all of which are secured loans, was as follows:

(£ million)	2017	2016
Non-current		
– Two to five years	317.4	286.0
Total borrowings	317.4	286.0

Borrowings are shown net of unamortised issue costs of £3.3 million (2016: £4.3 million). The carrying amounts of borrowings approximate their fair value. The carrying value of the Group's borrowing facilities at 31 December 2017 is detailed in Note 33.

/ NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2017

23. Borrowings continued

Reconciliation of movement in net debt

(£ million)	Cash	Short-term deposits	Interest rate caps	Cross currency swaps	Borrowings	Net debt
At 1 January 2016	35.2	9.2	1.0	(2.1)	(425.6)	(382.3)
Exchange differences	8.1	1.6	–	–	(43.8)	(34.1)
External debt drawdown	265.2	–	–	–	(265.2)	–
External debt repayment	(454.6)	–	–	–	454.6	–
Fair value movements	–	–	(0.2)	2.7	–	2.5
Non-cash movements	–	–	(0.4)	–	(11.6)	(12.0)
Net cash movement	189.6	7.6	–	(0.6)	5.6	202.2
At 31 December 2016	43.5	18.4	0.4	–	(286.0)	(223.7)
Exchange differences	(2.0)	(0.8)	–	–	2.7	(0.1)
External debt drawdown	–	–	–	–	(58.6)	(58.6)
External debt repayment	–	–	–	–	25.6	25.6
Non-cash movements	–	–	(0.3)	–	(1.1)	(1.4)
Net cash movement	(12.4)	(0.9)	–	–	–	(13.3)
At 31 December 2017	29.1	16.7	0.1	–	(317.4)	(271.5)

24. Financial instruments and financial risk management

Liquidity risk

The Group's undrawn borrowings total £63.2 million (2016: £95.0 million) and represent the unutilised balance on the revolving credit facility which matures in 2021.

Foreign currency risk

Net debt by currency was as follows:

	2017			2016		
(£ million)	Interest rate caps	Cash and borrowings	Total	Interest rate caps	Cash and borrowings	Total
Pounds sterling	–	(53.1)	(53.1)	–	(58.0)	(58.0)
US dollars	0.1	(84.6)	(84.5)	0.4	(46.6)	(46.2)
Euros	–	(138.1)	(138.1)	–	(123.2)	(123.2)
Other currencies	–	4.2	4.2	–	3.7	3.7
Total	0.1	(271.6)	(271.5)	0.4	(224.1)	(223.7)

Interest rate risk

The Group's borrowing facilities have floating interest rates of LIBOR plus margin of between 1.25% and 1.5% (2016: 2.0%-2.25%).

Additional information about the Group's objectives, policies and processes for measuring and managing risk, the Group's exposure to the risks arising from financial instruments and the Group's management of capital is disclosed in Note 33.

25. Provisions

(£ million)	Property provisions	Other	Total provisions
At 1 January 2016	0.2	2.3	2.5
Provided in the year	1.7	0.8	2.5
Released in the year	–	(0.1)	(0.1)
Utilised in the year	(0.1)	(0.6)	(0.7)
Effect of movements in exchange rates	–	0.4	0.4
Reclassified to liabilities held for sale	(0.5)	(0.8)	(1.3)
At 31 December 2016	1.3	2.0	3.3
Provided in the year	0.8	2.5	3.3
Released in the year	(0.5)	–	(0.5)
Utilised in the year	(0.3)	–	(0.3)
At 31 December 2017	1.3	4.5	5.8

25. Provisions continued

Provisions of continuing operations have been analysed between current and non-current as follows:

(£ million)	2017 Property provisions	2017 Other	2017 Total provisions	2016 Property provisions	2016 Other	2016 Total provisions
Current	–	3.2	3.2	–	1.7	1.7
Non-current	1.3	1.3	2.6	1.3	0.3	1.6
Total	1.3	4.5	5.8	1.3	2.0	3.3

The property provisions relate to ongoing lease commitments on dilapidation costs in properties in the United Kingdom. The weighted average maturity of these obligations is approximately 5.6 years. Other provisions relate to the acquisition of CWIEME in 2012, onerous contracts and warranty costs relating to businesses disposed of. The average weighted maturity of these obligations is approximately 1.5 years.

26. Share capital and reserves

(£ million)	2017	2016
400,619,698 ordinary shares of £0.01 each (2016: 400,542,500)	4.0	4.0
Total	4.0	4.0

During the year to 31 December 2017, 8,438 and 68,760 ordinary £0.01 shares were issued to employees under the PSP and Sharesave scheme respectively.

Own shares

Free shares awarded under the SIP are held by an Employee Benefit Trust ("EBT") on behalf of UK employees for a holding period of three years.

Movement in own shares held by the EBT:

	2017 Number of shares	2017 Cost £'m	2016 Number of shares	2016 Cost £'m
At 1 January	538,890	0.1	–	–
New shares purchased	4,354	–	544,396	0.1
Vesting of free shares	(94,500)	–	(5,506)	–
At 31 December	448,744	0.1	538,890	0.1

The market value of these shares as at 31 December 2017 was £1.7 million (2016: £1.5 million).

Reserves

The restructure of the Group between 8 and 12 February 2016 resulted in the Company issuing 400,000,000 ordinary £0.10 shares to become the ultimate Parent of the Group, and to convert existing shareholder debt to equity. This resulted in the recognition of £252.9 million in share premium, £8.8 million in the capital reserve and £157.9 million in a Group restructure reserve.

A merger reserve was recognised, reflecting the difference between the share capital and share premium of the Company on 8 February 2016, and the share capital, share premium and non-distributable reserves of the previous Parent of the Group at the same date.

On 8 June 2016, the Company completed a reduction of its share capital, whereby its nominal share capital was reduced to approximately £4.0 million. The amount standing to the share premium account was cancelled, and 876,266,690 deferred shares of £0.01 each, which were issued by way of a bonus issue on 7 June 2016 for the purpose of capitalising the Company's capital reserve, were cancelled. These steps resulted in distributable reserves of approximately £476.2 million.

27. Dividends

Amounts recognised and paid as distributions to ordinary shareholders in the year comprise:

	2017 £'m	2017 Pence per share	2016 £'m	2016 Pence per share
2016 Interim dividend	–	–	6.0	1.5
2016 Final dividend	12.8	3.2	–	–
2017 Interim dividend	7.2	1.8	–	–
Dividends paid	20.0	5.0	6.0	1.5

After the reporting date, the Board proposed a final dividend of 3.8p per ordinary share from distributable reserves, resulting in a total dividend of 5.6p per ordinary share for the year ended 31 December 2017. The final dividend is subject to approval by shareholders at the Annual General Meeting and is therefore not included in the consolidated balance sheet as a liability at 31 December 2017.

/ NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2017

28. Subsidiary undertakings

Full details of the subsidiaries, associates and joint ventures of Ascential plc at 31 December 2017 are set out in Note 6 to the Company financial statements.

29. Related party transactions

During the year the Group incurred £0.1 million of costs which were recharged to a joint venture partner, and subsequently recharged to Asian Advertising Festival (Spikes Asia) Pte Limited (2016: £0.1 million). The Group received £0.3 million of dividends from Asian Advertising Festival (Spikes Asia) Pte Limited (2016: £0.5 million).

During the year the Group incurred £0.4 million of costs which were recharged to a joint venture partner Huajia Textile Product Development (Shanghai) Co Ltd (2016: £nil).

Other than the compensation of key management personnel, set out in Note 6, there are no other related party transactions requiring disclosure under IAS 24 "Related Party Disclosures".

30. Operating leases

The Group had total future minimum lease payments under non-cancellable operating leases as set out below:

	2017		2016	
(£ million)	Land and buildings	Other assets	Land and buildings	Other assets
Within one year	8.8	0.2	6.3	0.3
Two to five years	21.8	–	20.2	0.2
After more than five years	6.6	–	6.4	–
Total continuing operations	37.2	0.2	32.9	0.5
Discontinued operations – within one year	–	–	0.9	–
Total	37.2	0.2	33.8	0.5

The Group leases various offices under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights. The Group also leases other equipment under non-cancellable operating lease agreements. The Group does not have any finance leases.

The Group sub-lets certain of its offices. The minimum lessee receipts total £4.1 million (2016: £4.9 million), receivable over the next five years.

31. Commitments and contingencies

Contracted commitments for assets under construction including software at 31 December 2017 totalled £0.3 million (2016: £0.9 million).

32. Events after the reporting date

There are no reportable events since the year end of 31 December 2017.

33. Additional information

i) Group accounting policies

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company, its subsidiaries and share of the results of its associates and joint ventures drawn up to 31 December 2017 using consistent accounting policies throughout the current and preceding years.

The trading results of business operations are included in profit from continuing operations from the date of acquisition or up to the date of disposal. Intra-group balances and transactions are eliminated in full on consolidation.

Foreign currency translation

The functional currency of subsidiaries, associates and joint ventures is the currency of the primary economic environment in which they operate. The consolidated financial statements are presented in sterling, which is the presentational currency of the Group and the functional currency of the Parent Company.

Foreign currency transactions are recorded at the exchange rate ruling at the date of transaction. Foreign currency monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. All differences are taken to the consolidated income statement except for those on foreign currency borrowings that provide a hedge against an investment in a foreign entity. These are taken directly to equity until the disposal of the investment, at which time they are recognised in the consolidated income statement. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate in force at the date of the initial transaction.

33. Additional information continued

As at the reporting date, the assets and liabilities of overseas subsidiaries are translated into pounds sterling at the rate of exchange applicable at the reporting date and their consolidated income statements are translated at the average exchange rates for the period. The exchange differences arising from the retranslation of foreign operations are taken directly to a separate component of equity. On disposal of a foreign operation, the cumulative amount recognised in equity relating to that operation is recognised in the consolidated income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the reporting date.

Changes in fair value of derivative financial instruments entered into to hedge foreign currency net assets and that satisfy the hedging conditions of IAS 39, are recognised in the currency translation reserve (see separate accounting policy on derivative financial instruments).

Discontinued operations

The Group classifies an operation as discontinued when it has disposed of or intends to dispose of a business component that represents a separate major line of business or geographical area of operations. The post-tax profit or loss of the discontinued operations is shown as a single line on the face of the consolidated income statement, separate from the continuing operating results of the Group.

When an operation is classified as a discontinued operation, the comparative consolidated income statement is represented as if the operation had been discontinued from the start of the comparative year.

Revenue

Revenue is measured at the fair value of the consideration received, net of discounts, customs duties and sales taxes. Revenue is only recognised for barter transactions which are considered dissimilar to each other in nature, and a corresponding amount is included in operating costs.

Revenue for goods is recognised when the significant risks and rewards of ownership have been transferred to the customer.

Events revenue is recognised when the event takes place. Data and online subscription revenues are recognised evenly over the life of the subscription. Magazine subscriptions and advertising revenues are recognised according to the dispatch date of the publication. Pre-paid subscription and event revenues are shown as deferred income and released to the income statement in accordance with the revenue recognition criteria above.

Effective 1 January 2018, the Group will adopt IFRS 15 “Revenue from Contracts with Customers” and the impact of the adoption of IFRS 15 for the 2017 results is quantified in Note 1 on page 80.

Alternative Performance Measures

The consolidated financial statements include Alternative Performance Measures, including Adjusted EBITDA, as a measure of profitability in order to provide a better understanding of the trading performance of the Group. Adjusted EBITDA is a non-IFRS measure, defined as the Group’s operating profit before expensing depreciation of tangible fixed assets and amortisation of software, exceptional items, amortisation of acquired intangible assets, impairment of tangible fixed assets and software intangibles and share-based payments. Refer to pages 19 to 21 for further details on Alternative Performance Measures.

Exceptional items are those which are considered significant by virtue of their nature, size or incidence. These items are presented as exceptional within their relevant income statement category to assist in the understanding of the performance and financial results of the Group as these types of cost do not form part of the underlying business. Examples of items that are considered by the Directors for designation as exceptional items include, but are not limited to:

- Significant capital structuring costs such as for the IPO as these are material and not a reflection of the ongoing business.
- Costs incurred as part of the acquisition and integration of acquired businesses as these are considered to be material.
- Gains or losses on disposals of businesses are considered to be exceptional in nature as these do not reflect the performance of the Group.
- Material restructuring and separation costs within a segment incurred as part of a significant change in strategy as these are not expected to be repeated on a regular basis.

If provisions have been made for exceptional items in previous years, then any reversal of these provisions is treated as exceptional.

Finance costs and income

Finance costs are recognised on an effective yield basis. Finance income is recognised on the accruals basis.

Income tax

The Group is primarily subject to corporation tax in the UK, the US, Brazil and China, and judgement and estimates of future profitability are required to determine the Group’s deferred tax position. If the final tax outcome is different to that assumed, resulting changes will be reflected in the consolidated income statement, unless the tax relates to an item charged to equity, in which case the changes in tax estimates on those items will be reflected in equity.

Income tax on the profit or loss for the period comprises current tax and deferred tax. Income tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is tax payable based on taxable profits for the period, using tax rates that have been enacted or substantively enacted at the reporting date along with any adjustment relating to tax payable in previous years. Taxable profit differs from net profit in the consolidated income statement in that income or expense items that are taxable or deductible in other years are excluded, as are items that are never taxable or deductible.

/ NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2017

33. Additional information continued

Using the liability method, deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except for certain temporary differences, such as goodwill that is not deductible for tax purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year in which the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. The deferred tax assets and liabilities are only offset where they relate to the same taxing authority and the Group has a legal right to offset.

Business combinations

In accordance with IFRS 3 "Business Combinations", the fair value of consideration paid for a business combination is measured as the aggregate of the fair values at the date of exchange of assets given and liabilities incurred or assumed in exchange for control. The assets, liabilities and contingent liabilities of the acquired entity are measured at fair value as at the acquisition date. When the initial accounting for a business combination is determined, it is done so on a provisional basis with any adjustments to these provisional values made within 12 months of the acquisition date and are effective as at the acquisition date. To the extent that deferred consideration is payable as part of the acquisition cost and is payable after one year from the acquisition date, the deferred consideration is discounted at an appropriate interest rate and, accordingly, carried at net present value in the consolidated balance sheet. The discount component is then unwound as an interest charge in the consolidated income statement over the life of the obligation. Where a business combination agreement provides for an adjustment to the cost of a business acquired contingent on future events, the Group accrues the fair value of the additional consideration payable as a liability at acquisition date. This amount is reassessed at each subsequent reporting date with any adjustments recognised in the consolidated income statement. If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is re-measured at the acquisition date through the consolidated income statement. Transaction costs are expensed to the consolidated income statement as incurred.

Intangible assets

Goodwill

Goodwill arises where the fair value of the consideration given for a business exceeds the fair value of net identifiable assets of the business at the date of acquisition. Goodwill is allocated or grouped at the lowest levels. for which there are identifiable cash flows, known as cash-generating units or CGUs. The Group considers that a CGU is a business unit because independent cash flows cannot be identified below this level.

Goodwill arising on acquisition is capitalised and subject to impairment review, both annually and when there are indications that the carrying value may not be recoverable. For goodwill impairment purposes, no CGU is larger than the reporting segments determined in accordance with IFRS 8 "Operating Segments". The recoverable amount of goodwill is assessed on the basis of the value-in-use estimate for CGUs to which the goodwill relates. Where the carrying value exceeds the recoverable amount the goodwill is considered impaired. Any impairment is recognised in the consolidated income statement.

Other intangibles

Intangible assets other than goodwill are those that are distinct and can be sold separately or arise from legal rights. Intangible assets acquired as part of a business combination are capitalised at fair value at the date of acquisition. Intangible assets purchased separately are capitalised at cost.

The cost of intangible assets is amortised and charged to the consolidated income statement on a straight-line basis over their estimated useful lives as follows:

Brands	10-30 years
Customer relationships	8-20 years
Databases	3-10 years
Software	2-5 years

Useful lives are examined every year and adjustments are made, where applicable, on a prospective basis.

Website development costs (included under databases) relating to websites which are revenue generating are capitalised and amortised over three to five years. Development costs relating to websites which are not revenue generating are taken immediately to the consolidated income statement.

Assets held for sale

Where the Group expects to recover the carrying amount of a group of assets through a sale transaction rather than through continuing use, and a sale is considered to be highly probable at the reporting date, the assets are classified as held for sale and measured at the lower of cost and fair value less costs to sell. No depreciation or amortisation is charged in respect of non-current assets classified as held for sale.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises expenditure directly attributable to the purchase of the asset. Assets are depreciated to their estimated residual value, on a straight-line basis over their estimated useful life as follows:

Short leasehold property	over the period of the lease
Office equipment	2-5 years

Estimated useful lives and residual values are reviewed at each reporting date.

33. Additional information continued

An item of property, plant or equipment is written off either on disposal or when there is no expected future economic benefit from its continued use. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated income statement in the year the item is derecognised.

Investments in associates and joint ventures

The Group's investments in its associates and joint ventures are accounted for using the equity method.

Investments in associates and joint ventures are initially recognised at cost and thereafter are carried in the consolidated balance sheet at cost less any impairment in value. The consolidated income statement reflects the Group's share of an associate or joint venture's profit after tax. Where the Group's share of losses in an associate or joint venture exceeds its investment, the Group ceases to recognise further losses unless an obligation exists for the Group to fund the losses. Where a change in net assets has been recognised directly in the associate or joint venture's equity, the Group recognises its share of those changes in the statement of changes in equity when applicable.

Adjustments are made to align the accounting policies of the associate or joint venture with the Group's and to eliminate the Group's share of unrealised gains and losses on transactions between the Group and its associates and joint ventures.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents purchase cost, including attributable overheads, and is determined using a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale.

Costs relating to future exhibitions, festivals and congresses are deferred within inventories at the lower of cost and net realisable value. These costs are charged to the consolidated income statement when the event takes place.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Specific provisions are made and charged to the consolidated income statement when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Collective provisions are made based on estimated losses inherent within receivables, based on the overall level of receivables past due. These provisions are developed over time based on the review of aged debt, the type of debt and experience.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the consolidated income statement.

Cash and cash equivalents

Cash and cash equivalents includes cash, short-term deposits and other short-term highly liquid investments with an original maturity of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents are as defined, net of outstanding bank overdrafts.

Derivatives and other financial instruments

Derivatives, including currency options and swaps, forward exchange contracts, and interest rate swaps and caps, are initially recognised and subsequently measured at fair value at each reporting date. Derivatives that do not qualify for hedge accounting are classified as a separate asset or liability. The fair value is determined by using market data and the use of established estimation techniques such as discounted cash flow and option valuation models. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged as described below. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the consolidated income statement as they arise.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities. Further details of derivative financial instruments are disclosed below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method, with the exception of debt repurchases which are recognised in the consolidated income statement in the year of the repurchase.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised only when it is virtually certain. The expense relating to any provision is presented in the consolidated income statement net of any reimbursement. If the time value of money has a material effect on quantifying the provision, the provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance charge.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

/ NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2017

33. Additional information continued

Shares held by the Employee Benefit Trust

The Employee Benefit Trust ("EBT") provides for the issue of shares to Group employees under share incentive schemes. The Company has control of the EBT and accounts for the EBT as an extension to the Company in the consolidated financial statements. Accordingly, shares in the Company held by the EBT are included in the consolidated balance sheet at cost as a deduction from equity.

Leases

Assets held by the Group under leases which transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's consolidated balance sheet. Operating lease payments are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term. The benefit of any lease incentives is recognised as a reduction in rental expense on a straight-line basis over the life of the lease.

ii) Additional information about financial instruments and financial risk management

Financial risk management

Information about the Group's objectives, policies and processes for measuring and managing risk, the Group's exposure to the risks arising from financial instruments, and the Group's management of capital, is disclosed below.

Market risk

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the euro. Foreign exchange risk arises from future commercial transactions to which the Group is already committed, recognised assets and liabilities and net investments in foreign operations.

Foreign currency movements impact on the consolidated income statement together with its cash flow profile and leverage ratio position. The impact depends on whether there is a surplus or deficit in each currency from operating activities together with the interest and finance charge in those currencies. The Group's policy has been to protect its cash flow and leverage ratio position by maintaining a proportion of currency debt in proportion to its currency earnings to obtain natural offsets.

For illustrative purposes, the table below provides details of the impact on revenue and Adjusted EBITDA if the actual reported results were restated for sterling weakening by 1% against the USD and Euro rates in isolation.

	2017		2016	
(£ million)	Revenue	Adjusted EBITDA	Revenue	Adjusted EBITDA
Increase in revenue/Adjusted EBITDA if:				
Sterling weakens by 1% against US dollar in isolation	1.2	0.6	0.7	0.4
Sterling weakens by 1% against euro in isolation	1.1	0.9	0.9	0.7

Additionally, each 1% movement in the euro to pounds sterling exchange rate has a circa £1.5 million (2016: £1.5 million) impact on the carrying value of borrowings. Each 1% movement in the US dollar to pounds sterling exchange rate has a circa £1.0 million impact on the carrying value of borrowings (2016: £0.8 million).

(b) Cash flow and interest rate risk

Interest rate risk arises from medium and long-term borrowings to the extent that the underlying debt instruments are not at fixed rates of interest. The Group has entered into interest rate caps to convert a portion of its bank borrowings from fully floating to capped rates to mitigate this risk. As at 31 December 2017, the total notional amount of outstanding interest rate caps to which the Group is committed is £109.2 million (2016: £182.9 million).

The fair value of the interest rate caps as at 31 December 2017 was a £0.1 million asset (2016: £0.1 million asset) of which £nil (2016: £0.1 million) is included within non-current assets.

These interest rate caps are measured at fair value through profit or loss and are Level 2 financial instruments. These derivative instruments were not traded in an active market and the fair value is determined by using third party valuations based on forward yield curves. This technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates. All significant inputs required to fair value an instrument are observable.

In the year ended 31 December 2017, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended 31 December 2017 would have decreased or increased by £1.4 million (2016: £1.3 million).

The effective annual interest rate at 31 December 2017 was 1.9% (2016: 2.3%).

33. Additional information continued

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The maximum exposure to credit risk at the reporting date is the fair value of the financial assets in the consolidated balance sheet as disclosed in Note 24.

(a) Treasury-related credit risk

The Group has treasury policies in place which manage the concentration of risk with individual counterparties and do not allow significant treasury exposures with counterparties. Each counterparty has an individual limit which comprises of their long-term and short-term ratings by Standard & Poor's and Moody's as well as their individual five year Credit Default Swap price. As at 31 December 2017, cash and cash equivalents totalled £45.8 million (2016: £61.9 million), of which 83% (2016: 87%) was held with banks or financial institutions with long-term ratings of A-/A3 or better or short-term ratings of A-1/P-1.

In accordance with the Group's treasury policies and exposure management practices, counterparty credit exposure limits are continually monitored and no individual exposure is considered significant in the ordinary course of treasury management activity. Management does not expect any significant losses from non-performance by these counterparties.

(b) Trading risk

Risk arises principally from payment default by customers. The general policy of the Group is not to risk assess all new customers and so retail credit risk information has not been included in these consolidated financial statements. Management does not, however, expect any significant losses in respect of receivables that have not been provided for as shown in Note 19.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity in the form of sufficient cash or funding from adequate credit facilities to meet such liabilities under both normal and stressed conditions.

The Group's major banking facilities are detailed below:

As at 31 December 2017 (million)	Facility		Drawn			
	Local currency	£	Local currency	£	Final maturity	Interest
Facility A	£66.0	66.0	£66.0	66.0	Feb-21	LIBOR plus 1.50%
Facility B	$96.0	71.1	$96.0	71.1	Feb-21	LIBOR plus 1.50%
Facility C	€171.0	151.8	€171.0	151.8	Feb-21	LIBOR plus 1.50%
Revolving credit facility	£95.0	95.0	$43.0	31.8	Feb-21	LIBOR plus 1.25%
Total facilities		383.9		320.7		

As at 31 December 2016 (million)	Facility		Drawn			
	Local currency	£	Local currency	£	Final maturity	Interest
Facility A	£66.0	66.0	£66.0	66.0	Feb-21	LIBOR plus 2.25%
Facility B	$96.0	77.9	$96.0	77.9	Feb-21	LIBOR plus 2.25%
Facility C	€171.0	146.4	€171.0	146.4	Feb-21	LIBOR plus 2.25%
Revolving credit facility	£95.0	95.0	–	–	Feb-21	LIBOR plus 2.00%
Total facilities		385.3		290.3		

Subsequent to refinancing on 12 February 2016, the Group was required to adhere to a net leverage ratio covenant of 4.5x which was measured at December 2016 and then semi-annually thereafter. The covenant ratio fell to 4.0x in December 2017. The Group operated within this covenant limit during the period to 31 December 2017. The Group has a margin ratchet on its current facilities based on its covenant leverage position reported in its semi-annual covenant compliance certificate. Due to the covenant leverage ratio falling to below 2.0x at the annual compliance certificate for 31 December 2016, the margins were reduced by 0.75% from 21 March 2017 and these remained unchanged for the remainder of 2017.

/ NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2017

33. Additional information continued

The following is an analysis of the contractual undiscounted cash flows from continuing operations payable under financial and derivative liabilities:

(£ million)	Less than one month	Between one and three months	Between three and twelve months	In one to two years	In two to five years[2]
At 31 December 2017					
Non-derivative financial liabilities					
Borrowings	–	–	–	–	320.7
Interest payments on borrowings	0.5	0.9	4.2	6.2	8.2
Trade payables, accruals and other payables[1]	53.8	–	–	–	–
Deferred and contingent consideration	3.0	44.5	0.3	25.4	30.9
Derivative financial liabilities					
Derivative contracts – receipts	–	–	(0.1)	–	–
Total	57.3	45.4	4.4	31.6	359.8

(£ million)	Less than one month	Between one and three months	Between three and twelve months	In one to two years	In two to five years[2]
At 31 December 2016					
Non-derivative financial liabilities					
Borrowings	–	–	–	–	290.3
Interest payments on borrowings	0.6	1.3	5.8	8.4	20.6
Trade payables, accruals and other payables[1]	36.2	–	–	–	–
Deferred and contingent consideration	–	20.3	4.0	33.4	25.7
Derivative financial liabilities					
Derivative contracts – receipts	–	–	(0.1)	–	–
Total	36.8	21.6	9.7	41.8	336.6

1 Accruals excludes interest accruals of £0.4 million (2016: £0.4 million).
2 No amounts are due in more than five years.

The financial and derivative liabilities are shown in the period in which they are due to be repaid. The interest payments on borrowings due in less than one month represents the actual interest due, while the interest due greater than one month is an estimate based on current interest rates and exchange rates. Cash flows in respect of borrowings represent contractual payments under the Group's lending facilities in place as at 31 December 2017. Borrowings as disclosed in Note 23 are stated net of unamortised arrangement fees of £3.3 million as at 31 December 2017 (2016: £4.3 million).

Both contingent consideration and acquisition related employment costs are based on the future performance of the acquired business to which they relate. Performance is assessed using forecast profits and the current three-year plan which is updated annually. Forecasts are inherently a source of management estimation, resulting in a range of outcomes. The likely range of outcomes of the combined contingent consideration and acquisition-related employment costs are disclosed in Note 12 for current and prior year acquisitions and Note 22 for Money20/20.

The above table includes:
- contingent consideration of £65.5 million (2016: £57.3 million), representing anticipated undiscounted future payments;
- acquisition-related employment costs, to the extent to which they are accrued at 31 December 2017, of £33.4 million (2016: £23.1 million). The anticipated future payments on acquisition-related employment costs total £60.2 million; and
- deferred consideration of £5.2 million (2016: £2.9 million) which is not impacted by performance.

Capital risk management

The Treasurer of the Group is responsible for managing compliance with bank covenants. Reports on both actual and projected bank covenant ratios are provided to the Board on a regular basis.

33. Additional information continued

Financial instruments by measurement basis

The carrying amount of financial instruments by category as defined by IAS 39 "Financial Instruments: Recognition and Measurement" is as follows:

(£ million)	2017	2016
Financial assets		
Financial assets at fair value through profit or loss		
Derivative financial assets	0.1	0.4
Financial assets not measured at fair value		
Trade receivables	67.6	49.8
Other receivables	6.9	2.4
Cash and cash equivalents	45.8	61.9
Total	120.4	114.5
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Contingent consideration	59.4	51.0
Financial liabilities at amortised cost		
Trade payables	10.3	5.8
Accruals	33.1	22.7
Other payables	10.8	8.1
Deferred and contingent consideration	38.5	19.8
Borrowings	320.7	286.0
Total	472.8	393.4

The fair value of each category of the Group's financial instruments approximates their carrying value in the Group's consolidated balance sheet.

Financial instruments in the category "fair value through profit or loss" are measured in the consolidated balance sheet at fair value. Fair value measurements can be classified in the following hierarchy:

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

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December:

	2017				2016			
(£ million)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivative financial assets	–	0.1	–	0.1	–	0.1	–	0.1
Contingent consideration	–	–	59.4	59.4	–	–	51.0	51.0

There were no movements between different levels of the fair value hierarchy in the year.

iii) Additional information about share-based payments

a) Share Incentive Plan

In 2016, the Group established the Employee Share Incentive Plan and International Employee Free Share Plan (collectively known as the "SIP") which enables employees to acquire shares of the Company, subject to service conditions.

During the year to 31 December 2017, the Group made a conditional award of 51,645 shares under the SIP. During the year to 31 December 2016, the Group made an award of 542,500 free shares, a conditional award of 211,500 shares and the cash equivalent of a conditional award of 10,000 shares to qualifying UK and international employees.

The awarded free shares are held by an EBT on behalf of UK employees for a holding period of three years, and the conditional award and cash equivalent will also vest with international employees after three years.

/ NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2017

33. Additional information continued

b) Performance Share Plan

In 2016, the Group established the Executive Performance Share Plan (“PSP”), under which key management personnel and other senior employees are granted options to acquire shares or a cash alternative. 25% of the options are subject to a Total Shareholder Return (“TSR”) market performance condition and the remaining 75% is subject to a cumulative Adjusted EBITA non-market performance condition. Executive Directors are further subject to a holding period for their shares upon vesting.

During the year to 31 December 2017, the Group granted 2,430,593 options under the PSP (2016: 2,252,232). 25% of the options are subject to a TSR market performance condition and the remaining 75% is subject to an Earnings Per Share non-market performance condition.

c) Sharesave scheme

In 2016, the Group established the Employee Savings Related Share Option Plan, the International Savings Related Share Option Plan and the US Stock Purchase Plan (collectively known as the “Sharesave”) under which employees enter into a savings contract and are granted options to acquire shares of the Company, subject to service conditions.

During the year to 31 December 2017, the Group granted 545,940 options under the Sharesave to qualifying UK and international employees (2016: 1,638,082).

Under the UK and International plans, the options vest after three years and are exercisable within a six-month period. Under the US plan, they vest after two years and are exercisable for a three-month period.

d) Deferred Annual Bonus Plan (“DABP”)

Under the DABP a portion of executive annual bonuses earned is deferred mandatorily into nil-cost share options, vesting after a three-year period. During the year to 31 December 2017, the Group granted 32,300 options under the DABP (2016: nil).

/ PARENT COMPANY BALANCE SHEET

As at 31 December

(£ million)	Note	2017	2016
Assets			
Non-current assets			
Investments	6	52.8	52.8
Debtors – due after more than one year	7	0.3	0.2
		53.1	53.0
Current assets			
Debtors – due within one year	7	599.0	594.7
		599.0	594.7
Liabilities			
Current liabilities			
Creditors – due within one year	8	34.2	15.1
		34.2	15.1
Net assets		617.9	632.6
Equity			
Called-up share capital	9	4.0	4.0
Share premium		0.1	–
Reserves		613.8	628.6
Total equity		617.9	632.6

The accompanying notes on pages 113 to 118 are an integral part of these financial statements.

/ PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

(£ million)	Share capital	Share premium	Reserves: Capital reserve	Reserves: Group restructure reserve	Reserves: Retained earnings	Total equity
On incorporation at 4 January 2016	–	–	–	–	–	–
Group restructure[1]	30.0	252.9	8.8	157.9	–	449.6
Issue of shares[1]	10.0	190.0	–	–	–	200.0
Share issue costs[1]	–	(11.6)	–	–	–	(11.6)
Share-based payments	–	–	–	–	1.5	1.5
Issue of shares[2]	0.1	–	–	–	(0.1)	–
Capital reduction[1]	(36.1)	(431.3)	(8.8)	–	476.2	–
Loss for the period	–	–	–	–	(0.9)	(0.9)
Dividends	–	–	–	–	(6.0)	(6.0)
At 31 December 2016	4.0	–	–	157.9	470.7	632.6
Profit for the year	–	–	–	–	1.6	1.6
Issue of new shares	–	0.1	–	–	–	0.1
Share-based payments	–	–	–	–	3.6	3.6
Dividends	–	–	–	–	(20.0)	(20.0)
At 31 December 2017	4.0	0.1	–	157.9	455.9	617.9

1 Refer to Note 9.
2 On 8 March 2016 shares were issued to employees under the Share Incentive Scheme held by the EBT.

The accompanying notes on pages 113 to 118 are an integral part of these financial statements.

/ NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. Corporate information

Ascential plc (the "Company") is a company incorporated in the United Kingdom under the Companies Act 2006 and is listed on the London Stock Exchange. The registered office is located at The Prow, 1 Wilder Walk, London W1B 5AP. The registered company number is 09934451. Ascential plc is the Parent Company of the Ascential Group (the "Group") and its principal activity is to act as the ultimate holding company of the Group.

2. Company accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 ("FRS 100") issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the UK and Republic of Ireland as issued by the Financial Reporting Council.

The Company presents its financial statements under FRS 102 issued by the Financial Reporting Council. As permitted by FRS 102, the Company has taken advantage of the following disclosure exemptions:

- presentation of a statement of cash flows;
- disclosure of key management personnel compensation;
- disclosure of related party transactions between wholly-owned subsidiaries and parents within a group;
- disclosures required under IFRS 2 "Share Based Payments" in respect of Group settled share-based payments;
- disclosures required by IFRS 7 "Financial Instruments: Disclosures";
- certain disclosures required under IFRS 13 "Fair Value Measurement"; and
- disclosure of information in relation to new standards not yet applied.

The financial statements have been prepared on a historical cost basis and on the going concern basis.

The Company's financial statements are presented in pounds sterling being the Company's functional currency.

Going Concern

The Group's principal objective, of which the Company is the holding company, is to manage cash and debt to safeguard the Group's ability to continue as a going concern for the foreseeable future. The Group retains sufficient resources to comfortably remain in compliance with the financial covenants of its bank facilities. The Directors have also assessed the Group's prospects and viability over a three-year period. The Directors therefore consider it appropriate to adopt the going concern basis in preparing the financial statements.

3. Income statement

The Company has taken advantage of the exemption offered by Section 408 of the Companies Act 2006 not to present its income statement. The profit for the year to 31 December 2017 was £1.6 million (2016: loss of £0.9 million).

Fees paid to the auditor during the year for the audit of the Company accounts were £20,000 (2016: £20,000). Fees paid by the Company to the auditor for other services were £nil (2016: £nil).

4. Principal accounting policies

Investments in subsidiaries

Subsidiaries are entities that are directly or indirectly controlled by the Company. Control exists where the Company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The investment in the Company's subsidiaries is recorded at cost less provisions for impairment. Carrying values are reviewed for impairment either annually, or more frequently if events or changes in circumstances indicate a possible decline in carrying values. The Company uses forecast cash flow information and estimates of future growth to assess whether investments are impaired. If the results of operations in a future period are adverse to the estimates used for impairment testing, an impairment may be triggered at that point.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Timing differences are not provided for differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

/ NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2017

4. Principal accounting policies continued

Share-based payments

Certain employees of the Company receive part of their remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares. The cost of equity-settled transactions with employees is measured at fair value at the date at which they are granted. The fair value of share awards with market-related vesting conditions is determined by an external consultant and the fair value at the grant date is expensed on a straight-line basis over the vesting period based on the Company's estimate of shares that will eventually vest. The estimate of the number of awards likely to vest is reviewed at each balance sheet reporting date up to the vesting date, at which point the estimate is adjusted to reflect the actual outcome of awards which have vested. No adjustment is made to the fair value after the vesting date even if the awards are forfeited or not exercised.

Where the Company grants options over its own shares to the employees of its subsidiaries, it recognises an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in the subsidiary's financial statements with the corresponding credit being recognised directly in equity. In cases where a subsidiary is recharged for the share-based payment expense, no such increase in investment is recognised.

Shares held by the Employee Benefit Trust

The EBT provides for the issue of shares to Group employees under share incentive schemes. The Company has control of the EBT and accounts for the EBT as an extension to the Company in the financial statements. Accordingly, shares in the Company held by the EBT are included in the balance sheet at cost as a deduction from equity.

5. Directors' emoluments

The Company has no employees other than the Directors. Full details of the Directors' remuneration and interests are set out in the Directors' Remuneration Report on pages 50 to 64.

6. Investments

(£ million)	2017	2016
At 1 January	52.8	–
Movement for the year	–	52.8
At 31 December	52.8	52.8

As part of a restructure of the Group between 8 to 12 February 2016, Ascential plc became the ultimate parent undertaking of the Group by acquiring the entire issued share capital of, and voting beneficiary certificates in, Eden 2 & Cie S.C.A., via a share for share exchange. The resulting investment is shown in the table above.

At 31 December 2017 the Company had the following subsidiaries, associates and joint venture undertakings:

Name	Holding	Direct/ Indirect	Registered office address
Ascential Financing Limited	100%	Direct	The Prow, 1 Wilder Walk, London W1B 5AP, England
Plexus Network Limited	100%	Indirect	
4C Dormant Limited	100%	Indirect	
Ascential Information Services Limited	100%	Indirect	
Ascential Group Limited	100%	Indirect	
Ascential PrefCo Limited	100%	Indirect	
Ascential Technology Limited	100%	Indirect	
CLR Code Limited (formerly WGSN Trading Limited)	100%	Indirect	
De Havilland Information Services Limited	100%	Indirect	
Edgware 174	100%	Indirect	
Ascential America (Holdings) Limited	100%	Indirect	
Ascential America Limited	100%	Indirect	
Ascential Group Holdings Limited	100%	Indirect	
Ascential UK Holdings Limited	100%	Indirect	
Ascential Radio Financing Limited	100%	Indirect	
Glenigan Limited	100%	Indirect	
Groundsure Limited	100%	Indirect	
Ascential Events Limited	100%	Indirect	
Ascential Events (Europe) Limited	100%	Indirect	
Clavis Insight Limited	100%	Indirect	
MediaLink Europe Limited	100%	Indirect	
Planet Retail Limited	100%	Indirect	
Rembrandt Technology Limited	100%	Indirect	
4C Information Limited	100%	Indirect	
Siberia Europe Limited	100%	Indirect	
WGSN Group Limited	100%	Indirect	
Worth Global Style Network Limited	100%	Indirect	
WGSN Limited	100%	Indirect	

6. Investments continued

Name	Holding	Direct/ Indirect	Registered office address
Trades Exhibitions Limited	10%	Indirect	1 17 The Plaza, 535 Kings Road, London, SW10 OSZ
Ascential Jersey Financing Limited	100%	Indirect	44 Esplanade, St Helier, Jersey, Channel Islands JE4 9WG
2WH Assessoria Empresarial Ltda	100%	Indirect	Rua Tabapuã 841, Conjunto 15, 1º Andar, São Paulo, Brazil 04533-013
Ascential Serviços de Informação Ltda	100%	Indirect	
Ascential Eventos Ltda	100%	Indirect	
Mindset Comunicacao Marketing Ltda	100%	Indirect	
Media Link, LLC	100%	Indirect	10880 Wilshire Boulevard, 19th floor, Los Angeles CA 90024, United States
OneClickRetail.com, LLC	100%	Indirect	1209 Orange Street, Wilmington, New Castle DE 19801, United States
Planet Retail (USA) LLC	100%	Indirect	160 Greentree Drive, Suite 101, Dover DE 19904, United States
Money2020, LLC	100%	Indirect	2140 South Dupont Highway, Camden, Kent DE 19934, United States
RetailnetGroup, LLC	100%	Indirect	2711 Centerville Road, Suite 400, Wilmington, New Castle DE 19808, United States
Clavis Technology LLC	100%	Indirect	46 Farnsworth Street, 1st floor, Boston, Massachusetts, MA 02210, United States
Siberia LLC	100%	Indirect	8 The Green, Suite A, Dover, Kent, Delaware DE 19901, United States
WGSN Inc.	100%	Indirect	c/o National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover DE 19904, United States
Ascential Events France SAS	100%	Indirect	6 Place du Commandant Maria, Cannes 06400, France
Clavis Technology Limited	100%	Indirect	7th floor, O'Connell Bridge House, D'Olier Street, Dublin 2, Ireland
WGSN GmbH	100%	Indirect	Alte Ziegelei 2–4, 51491 Overath, Germany
WGSN Intelligence España SL	100%	Indirect	Aribau 175. Piso 1o 1a A 08036 Barcelona, Spain
Planet Retail GmbH	100%	Indirect	Dreieichstr. 59, 60594 Frankfurt am Main, Germany
WGSN (Pty) Limited	100%	Indirect	Ideas Cartel, 3rd Floor, 113 Loop Street, Cape Town, 8001, South Africa
Top Right Group India Knowledge Services Private Limited	100%	Indirect	Options Primo, Unit No. 501/502, 5th Floor, Vijay Nagar Flyover Bridge Cross Road, No. 21 MIDC, Andheri (East), Mumbai – 400093, Maharashtra, India
Sistema Use Fashion Comércio de Informações Ltda	100%	Indirect	Av. Unisomos, no. 950, Condomínio Padre Rick – 410, São João Batista, City of São Leopoldo, State of Rio Grande do Sul, 93022-970, Brazil
Stylesight Limited	100%	Indirect	Suite 3201-03, 32/F, Tower 1, The Gateway, Harbour City, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong
WGSN (Asia Pacific) Limited	100%	Indirect	
Ascential Events (Shanghai) Company Limited	100%	Indirect	Unit 2822, One ICC, 999, Middle Huaihai Road , Shanghai, People's Republic of China
WGSN Business Information Consulting (Shanghai) Company Limited	100%	Indirect	Unit 39 of 7/F, No.2, Building 2, 999 Middle Huaihai Road, Xuhui District, Shanghai, People's Republic of China
Clavis Information Technology (Shanghai) Limited	100%	Indirect	Room 3301, No. 10 Yu Tong Road, Jing An District, Shanghai, People's Republic of China
Ascential Events (HangZhou) Company Limited	100%	Indirect	Room 601, 603, 6/F, Building 2, Jiang Ning Tower, 27 Ningtai Road, Ningwei Town, Xiaoshan, Hangzhou, Zhejiang, People's Republic of China
Stylesight Information Technology (Shanghai) Company Limited	100%	Indirect	Room 617, 28 Tan Jia Du Road, Putuo District, Shanghai, People's Republic of China
CTIC WGSN China Limited	49%	Indirect	Floor 5, Building 29, No.1 Lane 618, Dingyuan Road, Songjiang District, Shanghai, People's Republic of China
Ascential Fuarcilik Organizasyon ve Tanitim Hizmetleri Anonim Sti.	100%	Indirect	Cevdetpasa Caddesi, No. 31/7 Bebek, 34342 Istanbul, Turkey
WGSN Group Trend Forecasting Moda Danişmanlik Hizmetleri Limited Şirketi	100%	Indirect	
Asian Advertising Festival (Spikes Asia) Pte Limited	50%	Indirect	21 Media Circle, #05-05 Infinite Studios, Singapore 138562
Ascential Events Pte Limited	100%	Indirect	63 Market Street #09-01, The Bank of Singapore Centre, Singapore 04892
i2i Events (India) Private Limited	100%	Indirect	ICC Chambers, 4th floor, Saki Vihar Road, Powai, Mumbai – 400072, India

The Company also has the following indirectly wholly owned companies which were in liquidation as at 31 December 2017: Ascential Holdings Limited, Eden Acquisition 1 Limited, Eden Acquisition 2 Limited, Eden Acquisition 3 Limited, Eden Acquisition 4 Limited, Eden Bidco Limited, Eden Midco Limited, Eden Newco Limited, Eden Loanco Limited and Hazel Acquisition 1 Limited. These companies all have the registered address of 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands.

/ NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2017

7. Trade and other receivables

(£ million)	2017	2016
Debtors – due within one year		
Amounts due from Group undertakings	598.8	594.6
Prepayments	0.2	0.1
Total	599.0	594.7
Debtors – due after more than one year		
Other debtors	0.1	0.1
Deferred tax asset	0.2	0.1
	0.3	0.2
Total	599.3	594.9

Amounts due from Group undertakings are non-interest bearing, unsecured and repayable on demand.

Deferred tax asset

(£ million)	2017	2016
Temporary differences – share-based payments	0.2	0.1
Total deferred tax asset	0.2	0.1

(£ million)	2017	2016
At 1 January	0.1	–
Deferred tax credit in income statement for the year	0.1	0.1
At 31 December	0.2	0.1

The Directors consider that it is more likely than not that there will be sufficient taxable profits in the Group in the future such as to realise the deferred tax asset of the Company and therefore the asset has been recognised in these financial statements.

8. Creditors

(£ million)	2017	2016
Creditors – due within one year		
Amounts due to Group undertakings	32.8	13.8
Trade payables	0.1	–
Accruals	1.0	1.2
Other taxation and social security	0.3	0.1
Total	34.2	15.1

Amounts due to Group undertakings are non-interest bearing, unsecured and repayable on demand.

9. Share capital and reserves

Share capital

(£ million)	2017	2016
Allotted, issued and fully paid 400,619,698 ordinary shares of £0.01 each (2016: 400,542,500)	4.0	4.0
Total	4.0	4.0

During the year to 31 December 2017, 8,438 and 68,760 ordinary £0.01 shares were issued to employees under the PSP and Sharesave scheme respectively.

The ordinary shares confer on the holders thereof, voting rights, an entitlement to dividends as recommended by the Directors and the right to share in the surplus on a winding up after all liabilities and participation rights of other classes of shares have been satisfied.

Own shares

Free shares awarded under the SIP are held by an EBT on behalf of UK employees for a holding period of three years.

Movement in own shares held by the EBT:

	2017		2016	
	Number of shares	Cost £m	Number of shares	Cost £m
At 1 January	538,890	0.1	–	–
New shares purchased	4,354	–	544,396	0.1
Vesting of free shares	(94,500)	–	(5,506)	–
At 31 December	448,744	0.1	538,890	0.1

The market value of these shares as at 31 December 2017 was £1.7 million (2016: £1.5 million).

Reserves

The restructure of the Group between 8 and 12 February 2016 resulted in the Company issuing 400,000,000 ordinary £0.10 shares to become the ultimate Parent of the Group and to convert existing shareholder debt to equity. This resulted in the recognition of £252.9 million in share premium, £8.8 million in the capital reserve and £157.9 million in a Group restructure reserve.

A merger reserve was recognised, reflecting the difference between the share capital and share premium of the Company on 8 February 2016, and the share capital, share premium and non-distributable reserves of the previous Parent of the Group at the same date.

On 8 June 2016 the Company completed a reduction of its share capital, whereby its nominal share capital was reduced to approximately £4.0 million, the amount standing to the share premium account was cancelled and 876,266,690 deferred shares of £0.01 each, which were issued by way of a bonus issue on 7 June 2016 for the purpose of capitalising the Company's capital reserve, were cancelled. These steps resulted in distributable reserves of approximately £476.2 million.

10. Dividends

Amounts recognised and paid as distributions to ordinary shareholders in the year comprise:

	2017		2016	
	£m	Pence per share	£m	Pence per share
2016 Interim dividend	–	–	6.0	1.5
2016 Final dividend	12.8	3.2	–	–
2017 Interim dividend	7.2	1.8	–	–
Dividends paid	20.0	5.0	6.0	1.5

After the reporting date, the Board proposed a final dividend of 3.8p per ordinary share from distributable reserves, resulting in a total dividend of 5.6p per ordinary share for the year ended 31 December 2017. The final dividend is subject to approval by shareholders at the Annual General Meeting and hence has not been recognised as a liability in the financial statements at 31 December 2017.

11. Related party transactions

During the year, a management charge of £2.2 million was received from subsidiary undertakings in respect of services rendered (2016: £2.3 million).

At 31 December 2017, balances outstanding with other Group undertakings were £598.8 million and £32.8 million respectively for debtors and creditors as set out in Notes 7 and 8 (2016: £594.6 million and £13.8 million respectively). Please also refer to Note 29 of the consolidated financial statements.

/ NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2017

12. Commitments and contingencies

On 12 February 2016, the Group entered into a New Facilities Agreement of £66 million, €171 million and $96 million and a revolving credit facility of £95 million. The Company was identified as a guarantor to the New Facilities Agreement.

During the year the Company was a member of the Group cash pooling arrangement. This allows the Group to combine the liquidity of companies within the Group in order to distribute such cash centrally as required.

The Company is registered with H.M. Revenue & Customs as a member of the Ascential Limited Group for value added tax and Pay As You Earn purposes and is therefore jointly and severally liable on a continuing basis for amounts owing by other members of the Group in respect of their value added tax, income tax and national insurance contributions liabilities.

13. Events after the reporting date

After the reporting date, the Board of Directors proposed a final dividend of 3.8p per ordinary share for the year ended 31 December 2017.

There were no other reportable events after 31 December 2017.