CENTAUR MEDIA

Final Results

Released : 21/03/2018 07:00:00

RNS Number : 3702I
Centaur Media PLC
21 March 2018

Centaur Media Plc

Preliminary results for the year ended 31 December 2017

Significantly reshaped portfolio and stronger revenue mix

Centaur Media Plc ("Centaur"), a leading business to business information, insight and events group, is today publishing its preliminary results for the year ended 31 December 2017.

Financial highlights

- Group revenue including the Home Interest segment maintained at £72.6m; underlying[1] revenue fell 6%, made up of:
    - Large events revenues +7%;
    - Advertising revenues -19%;
    - Digital premium content revenues +3%.
- Adjusted operating profit[2] including the Homes Interest segment was £6.6m (2016: £9.1m); adjusted operating margin[2] 9.1% (2016: 12.6%)
- Statutory profit of £21.9m (2016: Loss of £5.4m) is driven by a £23m gain on the disposal of the Home Interest segment. A statutory operating loss of (£0.3m) (2016: £8.4m) is a result of £4.4m of exceptional items (2016: £12.6m) relating primarily to the amortisation of acquired intangibles and transaction related costs.
- Excluding the Home Interest segment, adjusted operating profit[2] was £4.1m (2016: £4.2m) including the impact of MarketMakers (£1.1m) and due to continued decline in advertising revenues
- Strong cash flow performance:
    - Cash conversion[3] of 138% (2016: 133%) with adjusted operating cash flow[4] of £14.1m (2016: £16.5m)
    - Strong balance sheet with £4.1m of net cash at the end of 2017, with funds now available to pursue acquisitions in key verticals
- Adjusted diluted EPS[2] of 3.2 pence (2016: 4.5 pence). Diluted EPS of 14.3 pence (2016: (3.8) pence)
- Final dividend of 1.5p making total for the year of 3.0p, in line with last year

Strong operational progress

- Moved to pure B2B business
    - Sale and successful transfer of Home Interest
    - Acquisition and successful integration of MarketMakers
    - Creates a pure-play business information Group
- Improved revenue mix
    - Digital premium content and events revenue now account for 60% of the Group
    - Recurring revenue now 44% of the Group (2016: 36%)
- Overheads savings of £1.8m achieved as business complexity was reduced

Andria Vidler, Chief Executive, said:

"Centaur has changed significantly since I joined and 2017 was an important year in its transformation. We have successfully reshaped the portfolio, improved the long-term quality of our revenues and reduced our exposure to advertising. We are now a business information group with a strategy that continues to leverage our audience and increase our importance to customers. We have had a good start to 2018, and aim to maintain this momentum through further organic growth and strategic acquisitions"

Enquiries

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21st March 2018

[1] Underlying revenue growth rates adjust for the timing of the Oystercatchers acquisition in 2016, the disposal of the Home Interest Segment, the acquisition of MarketMakers, the closure of Metalworking Production in 2016 and the biennial contribution from The Advanced Manufacturing Show ('AMS'). See note 1(b) to the financial statements

[2] Adjusted results exclude adjusting items, as detailed in note 1(b) to the financial statements

[3] Cash conversion is calculated as adjusted operating cash flow / adjusted operating profit excluding depreciation and amortisation charges

[4] See note 1(b) to the financial statements for explanation and reconciliation of adjusted operating cash flow.

[5] Restated to reflect the Home Interest segment as a discontinued operation

CEO Review

Overview of 2017

It has been an important year for Centaur Media as we continued our transformation to becoming one of the UK's leading B2B business information groups. We have invested in priority digital platforms, identified operational improvements and efficiencies and reshaped the portfolio through two strategically important transactions.

The quality of revenue continues to improve, with a further increase in the percentage of recurring repeat revenues combined with a further reduction of exposure to print advertising, which remains in structural decline. This places Centaur Media on far stronger foundations for long term growth and value generation.

Recurring revenues now represent 44% of total revenues with underlying[1] digital premium content and exhibition revenues 28% and 19% respectively. This healthily compares to 2014 when print and total advertising represented 24% and 31% of Group revenue respectively.

The improvement in revenue mix reflects the successful execution of our business strategy with digital products and services that advise, inform and connect business professionals through insight, data and events.

We are particularly pleased to have delivered an improved operational performance. This is reflected in adjusted operating profit[2] of £6.6m.

Overall, the underlying momentum of Centaur Media is encouraging, and the Board is confident in the long-term prospects of the Group.

Transformation of Centaur Media

Four years ago, Centaur set off on a strategy to create a Group that could take advantage of the editorial expertise and connections of its publishing brands and simultaneously move away from reliance on tactical trade advertising. By focusing on clients' needs and challenges, we invested in building valuable content sources that our professional communities would be prepared to buy and subscribe to, to improve their business competitiveness.

Throughout this period of change, the structural decline in print advertising has been well publicised, impacting our legacy print businesses.

Against this background, we have maximised the contribution from these highly profitable advertising revenues, reinvesting the profits to both grow the reshaped Group and support the dividend policy.

2017 proved the year we were able to start to take advantage of the hard endeavours that began in 2014.

Key highlights include:

- Our task to transform the Home Interest portfolio into a strong, competitive business was completed with the disposal of this non-core B2C Home Interest portfolio for a total consideration of £32.8m. This enabled us to focus purely on B2B and acquire MarketMakers for an initial consideration of £13.3m excluding working capital. MarketMakers is now integrated, significantly enhancing our service to professional marketers.

- Our success in building digital content products such as The Lawyer and events such as Festival of Marketing and Business Travel

Show allowed us to exit challenging weekly print schedules - radically reducing the number of issues produced each year from over 300 to less than 75 and reducing our ongoing total print exposure to less than 10%. We are now in control of our print business and what we want from it.

- We addressed a significant number of finance process issues as the business changed ways of working. This materially strengthened several aspects of the Group's financial management whilst improving working capital and cash flow. Debtor days were reduced from 77 to 52 and cash conversion[4] in 2017 was 138% (2016: 133%).

- We created a less complicated, more focused business as a result of strategic action taken in print, and the B2C disposal. This has led to management identifying internal efficiencies which are being realised. Central overheads were reduced by £1.7m in 2017. We have identified further efficiencies and operational improvements for the mid-term.

In short, Centaur Media is now converting audiences to customers and consolidating around its strongest brands. The investment into new content sources is building new revenues of a higher quality and replacing declining advertising revenues.

We have become a unique B2B group. We can offer our clients end-to-end solutions that combine the strengths of our publishing brands' deep market knowledge with best in class business consultancy services. We have trusted brands and capabilities providing effective solutions for clients searching for information and insightful guidance.

The Group is well placed for growth, having strengthened competitiveness, created products and services to meet customer demand, and, built capabilities to unlock future growth.
In respect of our three market segments, 86% of Group revenues are weighted towards the Marketing and Professional segment with Financial Services accounting for the remainder.

Strengthened balance sheet

- Disposal of Home Interest
- Cash flow performance in the period
- Net cash position
- Current financing position

Dividend
In light of this performance, the Board is recommending a final dividend of 1.5 pence per share, to give a total dividend for the year of 3.0 pence per share and will continue to keep its dividend policy under review.

Positive outlook
Although advertising market conditions remain challenging, they represent a decreasing share of Group revenue.

The Group has made a positive start to 2018 and we remain confident that our strategy to invest in digital products and services which advise, inform and connect business professionals through insight, data and events, will continue to deliver long-term value for our clients and shareholders.

We intend to grow both organically and through acquisition. Organic growth is forecast to come from improving customer lifetime value, cross-selling and international scalability of digital intelligence products. As well as improving profits from our consultancy and advisory business, we anticipate further growth following the acquisition of MarketMakers, which has already started to positively impact our client offering and internal capabilities.

Segment Review

Marketing

This segment includes all the Group's brands that serve marketing and creative professionals including Econsultancy, Marketing Week, Festival of Marketing, Celebrity Intelligence, Fashion & Beauty Monitor, Design Week, Creative Review, Oystercatchers*,* and, Centaur's most recent acquisition, MarketMakers*.*

The portfolio now represents 56% of the Group's revenue. It is the strongest example of our Group strategy to continue to deliver long-term value for our clients and shareholders by investment in digital products and services.

Marketing Week, alongside Creative Review and Design Week, accelerated its move away from print-based revenues in 2017 with a digital first, content-led strategy. Unlike 2016, these brands all suffered from the double-digit decline in traditional advertising revenue and recruitment streams as clients throughout the year reduced their advertising spend.

The opportunity now exists for our teams to offer broader horizontal client solutions - a key area of development for Centaur's next phase of growth, helping us to further reduce exposure to volatile advertising streams by building higher value, longer term relationships with clients.

Our focus on fewer, larger events has worked well with growth in profits for both Marketing Week Live and Festival of Marketing. The Festival, staged in October 2017, received positive reviews from delegates and commercial partners alike. Of particular note was the 37% growth in delegate revenues. With over 300 speakers and more than 200 hours of content, it is clear that marketers value the Festival's content and are attending in increasing numbers to learn and network. Notable speakers included Stephen Fry, Mark Ritson and Jo Malone. Customer satisfaction scores (NPS) have increased year on year, firmly establishing the Festival as a leading global event. We're delighted to see it continue to grow as the only global event in the sector where brand marketers comprise over

60% of its customer base compared with competitors such as Festival of Media and Advertising Week with 10-15 percent.

Marketing Week's successful Mini MBA in Marketing underpinned the development of a Centaur-wide online classroom platform which successfully launched a series of modern-day micro learning modules and online classrooms for Econsultancy, Celebrity Intelligence and The Lawyer.

Recognising the loyal and highly valuable audiences drawn together collectively through our three heritage publishing brands Marketing Week, Creative Review and Design Week, we are beginning to leverage their market influence as online digital - 'windows'. It is through these shop windows that we expect readers to access and purchase additional branded content such as market reports and training courses from Econsultancy and other affiliate partners. This pilot will continue to be monitored throughout 2018.

2017 was a pivotal year for Oystercatchers as it integrated into Centaur and built a fresh new proposition combining the best of two worlds - Oystercatchers' unique pitch model, consultancy, training and Club, alongside the expert content and events of Centaur brands such as Econsultancy and Festival of Marketing.
The team had success in broadening its remit with clients such as EY and Samsung. It onboarded exciting new clients including Formula One and Centrica and brought new processes and transformational change to the Post Office and Bwin.

As a result of client success, the Financial Times acknowledged Oystercatchers as one of the UK's leading management consultancies and awarded the brand four out of six stars in the marketing, brand and pricing category alongside AT Kearney, Capgemini and LEK Consulting.

Both Econsultancy and Oystercatchers suffered from a decline in face to face training in the second half of the year. However, given market demand for Elearning and growth potential, Oystercatchers' training team has been consolidated within Econsultancy creating a combined force to deliver digital excellence. In tandem, this internal move allows Oystercatchers to focus on its core consultancy services and help the wider Centaur Group improve horizontality and deliver end-to-end valuable solutions for clients.

Meanwhile, Econsultancy's sponsored research division recorded a strong year-on-year performance with key projects completed with global innovation and technology clients including Microsoft, Google, Adobe and LinkedIn.

Having entered 2017 with challenging underlying business trends for Econsultancy, Celebrity Intelligence and Fashion & Beauty Monitor digital products, we exited the year with a positive upswing.

The marketing tech and digital product landscape has become increasingly competitive with many new entrants taking advantage of new cloud technologies leading to lower barriers to entry for learning and advisory products. As a result, driving our digital product development upgrades became a key focus for 2017, and, will remain important throughout 2018.

Along with Celebrity Intelligence and Fashion and Beauty Monitor, Econsultancy's digital product offering will be upgraded to provide a more competitive 'essential marketing learning tool'. With the product scope now well defined, dedicated Product Managers are building new customer-led product features and functionality, which will be released throughout H2 2018.

In 2017, Fashion & Beauty Monitor and Celebrity Intelligence benefitted from the first overhaul of technical product upgrades and have introduced new social media analytics, market insight and research reports to their product suite. The Profile Group's 2017 technology roadmap involved both customer facing front end development and back end capability infrastructure.

The incorporation of machine learning and real-time data feeds is enabling greater automation across digital subscription products and will deliver further cost reduction. During 2018, an expanded suite of e-learning products and advisory services, combined with the technical content and UX upgrades, will re-establish our competitive brand USPs and help to build yield and new business.

MarketMakers, our latest acquisition, is a B2B new business powerhouse. It offers creative services, data analytics, lead generation, marketing automation and telemarketing. The acquisition has enabled Centaur to deploy best practice telemarketing capabilities at scale and better leverage data insight. It has also created a base from which to exploit growing market demand for integrated, automated marketing and intelligence services.

As we enter 2018, post earn-out, Centaur is trialling an outsourcing of subscription new business sales to MarketMakers to take advantage of its marketing automation technology and efficient, operational telemarketing infrastructure.

We anticipate a good year's performance as remaining product upgrades are completed and the enhanced commercial capability of MarketMakers begins to connect.

Overall the Marketing segment continues to make progress. It is developing a robust operational infrastructure for scalable and sustainable growth coupled with deepening client relationships allowing Centaur to advise, inform and connect business professionals and sell multiple products across multiple brands.

Operating Performance

	2017 £m	2016 £m	Reported growth %	Underlying growth[1] %
Revenue	36.3	29.8	22	(10)
Operating profit	(1.9)	(0.9)	(110%)	
Operating margin	(5.2%)	(3.0%)		
Adjusted operating profit[2]	1.7	2.5	(32%)	
Adjusted operating				

margin[2]	4.6%	8.4%	(3.8)

There was positive momentum across both digital premium content billings and live events revenues offset by a 26% decline in advertising revenues. Around 35% of this segment's revenues are derived from premium content, with 34% from live events, 18% from capability services and 13% from advertising.

The decline in adjusted operating profits[2] and margin reflect the impact of weaker advertising revenues and an increase in centrally allocated overheads following the disposal of the Home Interest segment. Reported operating profits were impacted by earn-out charges relating to the Oystercatchers acquisition of £0.6m (2016: £0.6m) and acquisition costs relating to MarketMakers of £0.6m.

Outlook: this segment is expected to exhibit steady growth into 2018 driven by recurring digital premium content revenues and integration with MarketMakers.

Professional services

The Professional segment includes two subsidiary markets: The Lawyer and Exhibitions. Around 61% of revenue comes from live events with a growing proportion from digital services.

Our exhibitions include Subcon, an exhibition that serves the sub-contractor industry, Employee Benefits Live, Business Travel Show and The Meetings Show.

2017 was a significant year for the portfolio as we reduced our exposure to print revenue with the closure of the bi-monthly MWP in the engineering space and the move from weekly to monthly editions for The Lawyer and Employee Benefits which moved to digital only distribution.

- **The Lawyer**

The Lawyer is a multi-platform intelligence brand with digital subscriptions, live event and digital advertising revenue streams.

Its content strategy continued to progress successfully. Premium content now represents 38% (including Clean Energy Pipeline) of total revenue with over 160 large law firms taking up enterprise subscription licenses.

As we move into 2018, a new website is being developed to allow paying users to link seamlessly to The Lawyer's exclusive data tables and deal information whilst providing access to market insight reports. By linking news, analysis, data and insight in one digital platform, The Lawyer is evolving as a market-leading digital information service. It has successfully moved away from 30 years as a weekly print magazine to a monthly analytical and features driven magazine with themed issues, reports and customer interviews. In recognition of this strategy and successful execution, The Lawyer landed the prestigious Periodical Publishers Association's Media Brand of the Year Award in 2017.

The Lawyer Market Reports continued to deliver reliable revenue streams with the UK 200 series generating 9% growth year-on-year. Availability of all 17 reports on the new portal in 2018 should enable additional opportunities for dedicated account management teams to cross-sell subscriptions, data services and reports.

- **Exhibitions**

Across the Professional segment, the broad revenue split is 60% live events, 30% advertising and 10% premium content.

Collectively, exhibitions performed well with underlying[1] revenue growth of 6% on a reported basis as a result of the disposal of the Home Interest segment) driven largely by the Business Travel Show at London's Olympia exhibition centre. In 2017, the event hosted over 375 exhibitors, 425 hosted buyers and 7,000 visitors. Meanwhile, The Meetings Show continued to develop well with strong margin growth of 8% on revenue growth of 14% year-on-year. The Subcon performed well too with 25% visitor growth and strong underlying[1] profit growth of 22%, helped by an increase in international exhibitors, and new on-site content and learning programmes.

The Engineer's focus has been to drive its online audience. Monthly page views have grown, with unique visitors up 4% year on year. Good progress was also made by developing brand-led events. 'Collaborate to Innovate', a unique awards/conference event in its sector, launched well with Vince Cable as a keynote speaker.

Operating Performance

	2017 £m	2016 £m	Reported growth %	Underlying growth[1] %
Revenue	20.2	20.2	-	1
Operating profit / (loss)	1.3	(0.5)	260	
Operating margin	6.4%	(2.5%)		
Adjusted operating profit[2]	*1.8*	*0.9*	*100*	
Adjusted operating margin[2]	8.9%	4.5%	4.4	

Legal revenues were 2% below last year, reflecting weaker recruitment advertising which were partially offset by good growth in premium content revenues. Deferred revenues in the Legal portfolio were £1.1m at 31 December 2017, compared to £0.9m at the same time last year. The adjusted[2] operating margin has increased from 4.5% to 8.9%. Outlook: The Lawyer and the exhibition brands, particularly the Business Travel Show and Employee Benefits Live are all expected to add to the Group's recurring revenue streams through growing exhibition and digital subscription revenues.

Financial services

This year saw a significant move away from traditional print platforms with Mortgage Strategy moving from weekly to monthly, Fund Strategy moving to digital only and the sale of Corporate Adviser. Money Marketing remains in weekly print but with reduced frequency during the year. The portfolio also includes subscription services Platforum, Taxbriefs and Headline Money.

Platforum continued to build on its reputation as a key reference point for asset managers, life companies and platforms on retail investment distribution. It is now firmly established as a subscription product with renewal rates of 85% by value and a series of growing events.

Beyond Platforum, the Financial Services segment continues to offer targeted events for all sectors of the financial services community including large scale conferences, awards and exclusive invitation-only summits for industry leaders. As a portfolio we are deliberately selective in our events - opting to support, larger scale, repeatable events across big brands. Commercial packages are sold across the brands to enable cross-media solutions for sponsors and clients.

Operating Performance

	2017 £m	2016 £m	Reported growth %	Underlying growth[1] %
Revenue	8.9	9.7	(8)	(8)
Operating (loss) / profit	0.3	(7.0)	104	
Operating margin	3.4%	(72.2%)		
Adjusted operating profit[2]	0.6	0.8	(25)	
Adjusted operating margin[2]	6.7%	8.2%	(1.5)	

This segment's revenues remain reliant on advertising, at 39% of the revenue mix, with 37% from premium content and 24% from live events. Reflecting the wider economic environment, advertising declined by 18% year on year, partly due to the move away from high frequency print. The second half of 2017 saw performance improve significantly. Supporting this is the move to digitally-led creative solutions for clients which is gaining traction as we move into 2018.

The operating loss of £7.0m in 2016 was driven by an impairment of £7.2m. No impairment has been booked this year.

Outlook: despite the weakness reported in the first half of 2017, Financial Services has strong brands, premium content and an increasingly agile digital delivery platform.

People

Changes to the senior management team in 2016 have settled well and the diverse skills and experience that each Executive Committee member brings has allowed the Group to deliver significant operational success in 2017.

Whilst continuing to focus on immediate business delivery, the Executive Committee is keen to develop a culture that works horizontally together to deliver client solutions that advise, inform and connect. Our internal training plans are being developed to support this ambition.

Our approach to diversity continues to be pro-active through policies and working practices. Our male to female ratio is well balanced and we retain strong representation of women at a senior level. Two out of six (33%) of our Board members are female, and four out of six (66%) of our Executive Committee are female. Our family friendly policies include enhanced maternity and paternity leave, flexible work options, while our return rate of maternity leavers is in excess of 90%. A high percentage of staff, both male and female, work flexible/reduced hours including our COO, Company Secretary, an Oystercatchers Managing Partner, Group Head of HR and a Research Director. Two staff made use of shared parental leave during 2017.

We're delighted to see our Development Board, comprising some of our rising stars, continue to grow from strength to strength. The Board's remit is "to change Centaur for good" and act as a communications channel between our people and the senior leadership. Sponsored last year by Suki Thompson, the Board now leads our internal charity sponsorship activity and has planned and delivered new initiatives including a recognition scheme, football and softball teams, regular yoga, mindfulness and meditation sessions, lunch and learns, and last but not least, a Bike Clinic and Cycle Safety session to encourage people to cycle to work.

Through the Apprenticeship Levy we are supporting a number of staff to achieve professional qualifications in Management and Leadership, Digital Marketing and Data Analysis.

During the year we had many successes with The Lawyer winning the blue ribbon PPA Business Media Brand of the Year, Econsultancy winning Best technology partner for Marketing Week Mini MBA at the AOP Awards and Marketing Week winning "Digital Brand of the Year".

Summary

We will continue to enforce our customer focus, enhance our products and simplify our operating structure.
Our investment into digital products and our improved overall revenue mix will enhance performance going forward and we remain confident that our strategy is building long-term value for our shareholders.

These results and achievements would not have been possible without the full commitment and energy of every Centaurion. I am continuously impressed by the expertise of my colleagues across the Group. The levels of passion and deep knowledge of our content specialists and their commitment to innovate our products and services have been critical to enable such radical product transformations across the Group.

The ongoing success of Centaur relies on the ideas, the energy and our determination to deliver valuable solutions for our customers.

Thank you to every Centaurion, to our shareholders, our readers and our customers. We look forward to continuing our work and providing valuable solutions throughout 2018.

CFO Review

Overview

The results of the business presented in accordance with accounting standards.

Due to the disposal of the Home Interest Segment in August 2017, we are required to disclose the turnover and operating profit on a continuing operations basis which includes MarketMakers post acquisition and excludes the Home Interest Segment. The net result of the Home Interest Segment is disclosed separately on the face of the Income Statement as "*Profit for the period from discontinued operations*". Revenue, net operating expenses, finance and taxation costs reported on the face of the Income Statement therefore only refer to that achieved by our Marketing, Professional and Financial Services Segments.

On a continuing operations basis revenue was £65.4m (2016: £59.7m) in the year. However, when considering Group performance, we believe it more appropriate to consider total revenue and adjusted operating profit[2] generated over the year. Therefore, we have chosen to focus on revenue including the Home Interest Segment until disposal and MarketMakers from acquisition. On this basis revenue was £72.6m (2016: £72.5m). Adjusted operating profit[2] (including MarketMakers from acquisition) was £4.1m. The adjusted operating profit[2] for the period for Home Interest was £2.5m. On the face of the income statement we report £2.1m of net operating profit for Home Interest which includes £0.4m of tax. Therefore, the adjusted operating profit[2] is £6.6m (2016: £9.1m); adjusted[2] operating margin 9.1% (2016: 12.6%).

Non-statutory measures

In these results we refer to 'adjusted' and 'statutory' results, as well as other non-GAAP performance measures. Adjusted[2] results are prepared to provide a more comparable indication of the Group's core business performance by removing the impact of certain items including exceptional items (material and non-recurring), and volatile items predominantly relating to investment activities and other separately reported items. Adjusted[2] results exclude adjusting items as set out in the statement of consolidated income and below, with further details given in notes 1(b) and 4 of the financial statements. In addition, the Group also measures and presents performance in relation to various other non-GAAP measures, such as underlying[1] revenue growth, adjusted operating cash flow[3], adjusted[2] EBITDA and net debt[5].

Adjusted[2] results are not intended to replace statutory results. These have been presented to provide users with additional information and analysis of the Group's performance, consistent with how the Board monitors results. Further rationale for each of the adjusting items used in these measures, as well as reconciliations to their statutory equivalents, can be found in note 1(b) to the financial statements.

The Group's activities are predominantly UK-based and therefore currency movements do not have a material impact on the Group's results.

Statutory loss before tax from continuing operations reconciles to adjusted operating profit[2] as follows:

	Note	2017 £m	2016 (Restated) [6] £m
Statutory loss before tax		**(0.7)**	**(8.9)**
Adjusting items			
Impairment of goodwill	9	-	**7.2**
Amortisation of acquired intangible assets	10	**2.5**	**2.2**
Share-based payments		**0.5**	**(0.1)**
Earn-out consideration	12	**0.6**	**0.6**
Additional impairment of trade receivables	23	-	**1.5**
Acquisition related costs	12	**0.6**	
Exceptional operating costs	4	**0.2**	**1.2**
Adjusted[2] profit before tax		**3.7**	**3.7**
Adjusted[2] finance costs	5	**0.4**	**0.5**
Adjusted operating profit[2]		**4.1**	**4.2**

Prior year comparatives have been restated[6] to reflect the disposal of the Home Interest Segment in August 2017.

Summary

Commentary on revenues and operating results is set out within the Chief Executive's Report.

2017 represented a year of significant change for Centaur with the disposal of our Home Interest Segment completing our strategic shift to a pure B2B player. We also completed the acquisition of MarketMakers, which has significantly extended the business's lead generation capability and will help further shift our revenue mix to a more predictable cashflow than that offered by the Home Interest Segment, whilst also going some way to reducing the complexity of the business.

We are very pleased with the performance of MarketMakers since its acquisition and we see it as a key vehicle to drive growth in other parts of our business.

The key underlying trend within the business during the year was the continued decline of advertising revenue (21% of total 2017 revenue, a reduction from 28% in 2016) with its high drop through to profit. Combined with the acquisition of MarketMakers this has assisted Centaur in increasing recurring revenue from 36% in 2016 to 44% in 2017.

The Group is pleased to report year end net cash of £4.1m against a net debt[5] position £14.1m at the end of December 2016. The rate of cash conversion[4] was 138% (2016: 133%). The £18.2m improvement in cash is driven not only by the net proceeds of the Home Interest Segment disposal but also active working capital management, including stringent controls over cash management and its collection.

In 2016, reflecting a reduced growth outlook in the Financial Services Segment, the Group recognised a non-cash impairment charge of £7.2m against goodwill. An annual impairment review has been carried out in 2017 and we are pleased to report a nil impairment charge.

Revenues

Revenues in 2017 were £72.6m including the Home Interest Segment (2016: £72.5m). On a continuing operations basis revenue was £65.4m (2016: £59.7m). Underlying[1] trends, adjusting for the biennial show, *AMS*, the acquisitions of MarketMakers and Oystercatchers, and the disposal of the Home Interest Segment, show decline of 6% primarily due to the continued decline of advertising. The acquisition of MarketMakers, which is excluded from underlying[1], recorded £13.9m of revenue in 2017 on a full year basis. The Group's results for 2017 include five months' consolidated MarketMakers' revenue (£6.1m). Further information on the divisional revenue performance and the mix of revenues across premium content, live events and advertising is included in the Chief Executive's Report.

Operating profit

Adjusted operating profits[2] for the year were £6.6m (2016: £9.1m) (which includes Home Interest and is not reported this way on the face of the Income Statement) with an adjusted operating profit margin[2] of 9.1% (2016: 12.6%). Excluding the Home Interest Segment and as reported on the face of the Income Statement, the adjusted operating profit[2] was £4.1m (2016: £4.2m). Further information on the divisional adjusted operating profit[2] performance is included in the CEO's Review.

Net adjusted operating expenses were £61.3m (2016: £55.5m). Adjusted[2] employee related expenses in the year were £30.9m (2016: £27.4m), and the average number of permanent employees was 515 (2016: 493).

Reported operating losses of (£0.3m) (2016: (£8.4m)) were impacted by the adjusting items detailed below.

Adjusting items

The Directors believe that adjusted[2] results and adjusted[2] earnings per share provide additional useful information on the core operational performance of the Group to shareholders, and review the results of the Group on an adjusted[2] basis internally. Details of the Group's accounting policy in relation to adjusting items are shown in note 1(b) to the financial statements.

Adjusting items generated a loss before tax of (£4.4m) (2016: (£12.6m)). In 2016, an impairment charge of £7.2m was recognised in the Financial Services Segment.

Exceptional operating costs of £4.4m (2016: £12.6m) include staff-related restructuring costs of £0.2m (2016: £0.9m) which principally relate to the reorganisation of the business as the Group reduces its exposure to print. Whilst similar costs have been incurred previously whilst performing other restructuring actions, such costs linked to the substantial reduction of print as part of the Group's transformation programme are not expected to recur once this is completed, and as such these are deemed to be exceptional in nature.

In the year no separately reported charge for the impairment of trade receivables has been made (2016: £1.5m). Cash collection has performed strongly in the year following the improvements made to front-end billing and credit control processes in 2017. At the end of 2017, Group DSO stood at 52 days, a reduction of 25 days from the end of 2016. This, in addition to the net cash receipts from the disposal of the Home Interest Segment, has driven the Group reporting a net cash position at the end of 2017 of £4.1m (2016: net debt[5] of £14.1m), an improvement of £18.2m.

Earn-out costs of £0.6m (2016: £0.6m) relate to the earn-out arrangement on the acquisition of *Oystercatchers*, which are treated as a remuneration expense through the statement of comprehensive income until the end of the earn-out period.

Other adjusting items include amortisation of acquired intangible assets of £2.5m (2016: £2.2m) and a share-based payment charge of £0.5m (2016: credit of (£0.1m)).

Further analysis on these adjusting items is included in the Basis of Preparation section of note 1(b) and note 4 to the financial statements.

Net finance costs

Adjusted[2] net finance costs were £0.4m (2016: £0.5m). The reduction in finance costs reflects lower net debt[5] during 2017 compared to 2016.

Taxation

A tax charge of £0.4m (2016: £0.1m) has been recognised on continuing operations for the year. The adjusted tax charge was £0.9m (2016: £0.8m) giving an adjusted effective tax rate (compared to adjusted[2] profit before tax) of 25.3% (2016: 21.9%). The Company's profits were taxed in the UK at a blended rate of 19.25% (2016: 20%), with the fall in the main rate of UK Corporation tax being offset by the impact of overseas earnings taxed at higher rates. On a reported basis, the effective tax rate of (50.5)% (2016: (1.4)%) is driven by a small loss relative to the non-deductible acquisition costs in the year and other non-deductible expenses. See note 6 for a reconciliation between the statutory and reported tax charge.

Share-based payments

Share-based payments charges in 2017 approached their historical level of £0.5m following a credit of £0.1m in 2016, as a result of lapses in the LTIP schemes following changes in senior management and performance under non-market performance conditions.

Earnings per share

The Group has delivered adjusted[2] diluted earnings per share for the year of 3.2p (2016: 4.5p). Losses per share for the year were (14.3)p (2016: (3.8)p). Full details of the earnings per share calculations can be found in note 8.

Dividend

An interim dividend of 1.5p per share was paid in respect of the period January to June 2017 (January to June 2016: 1.5p). A final dividend in respect of the period July to December 2017 of 1.5p per share (July to December 2016: 1.5p) is proposed by the Directors, giving a total dividend for the year ended 31 December 2017 of 3.0p (2016: 3.0p), in line with 2016.

The final dividend in respect of the year is subject to shareholder approval at the Annual General Meeting and, if approved, will be paid on 25 May 2018 to all ordinary shareholders on the register at close of business on 11 May 2018.

Adjusted dividend cover in the year was 1.2 times (2016: 1.6 times).

Cash flow

As set out below, the Group has now eliminated net debt[5] with net cash of £4.1m at the end of 2017 compared to net debt[5] of £14.1m at the end of 2016. The rate of cash conversion[4] was even stronger than 2016 at 138% (2016: 133%).

	2017 £m	2016 £m
Adjusted operating profit[2]	**6.6**	9.1
Depreciation and amortisation	**3.6**	3.3
Movement in working capital	**3.9**	4.1
Adjusted operating cash flow[3]	**14.1**	16.5
Capital expenditure	**(2.8)**	(2.6)
Cash impact of adjusting items	**(0.2)**	(1.3)
Interest and finance leases	**(0.3)**	(0.5)
Other	**(0.1)**	0.1
Free cash flow	**9.1**	10.9
Repayment of loan notes	**-**	(1.1)
Acquisitions	**(14.4)**	(1.5)
Disposal of subsidiaries	**27.9**	-
Share repurchases	**(0.1)**	(0.2)
Dividends paid to Company's shareholders	**(4.3)**	(4.3)
Increase / (decrease) in net cash/(debt) [5]	**18.2**	3.8
Opening net cash/(debt) [5]	**(14.1)**	(17.9)
Closing net cash/(debt) [5]	**4.1**	(14.1)

Adjusted operating cash flow[3] is not a measure defined by IFRS. Centaur define adjusted operating cashflow[3] as cash flow from operations excluding the impact of adjusting items, which are defined above. The Directors use this measure to assess the performance of the Group as it excludes volatile items not related to the core trading of the Group, and includes the Group's management of capital expenditure. A reconciliation between cash flow from operations and adjusted operating cash flow[3] is shown in note 1(b) to the financial statements. The cash impact of adjusting items primarily relates to exceptional restructuring costs in both years.

Acquisitions net of disposals generated a cash inflow of £13.5m in the year (2016: cash outflow of £1.5m).

Financing and bank covenants

On 8 June 2015, the Group agreed a four year £25m multi-currency revolving credit facility, provided by RBS and Lloyds. This facility runs to 31 August 2019. The principal financial covenants under the facility are: the ratio of net debt[5] to adjusted EBITDA2 shall not exceed 2.5:1, and the ratio of EBITDA to net finance charges shall not be less than 4:1. The Group remained within its banking covenants and has currently not drawn down any of its £25m banking facilities.

Disposal of the Home Interest Segment

On 1 August 2017, we successfully completed the disposal of the Home Interest Segment for consideration of £32.8m allowing the Group to strategically focus on B2B. This disposal has resulted in a profit on disposal of £20.9m with the funds being partially invested in the acquisition of MarketMakers.

Acquisition of MarketMakers

On 2 August 2017 the Group completed the acquisition of 100% of the shares in MarketMakers for a total purchase price of £18.9m, subject to meeting earnout targets. Initial net consideration was £16.5m with a further balance due upon successful achievement of earn-out targets. We are pleased that MarketMakers has performed strongly in 2017 and significantly added value to the Group in 2017. We are actively investigating ways in which MarketMakers' inherent competitive advantage in lead generation can drive future growth across Centaur as a whole.

Balance sheet

A summary of the Group's balance sheet as at 31 December 2017 and 2016 is set out below:

	2017	2016
	£m	£m
Goodwill and other intangible assets	**94.2**	**88.8**
Property, plant and equipment	**1.7**	**2.0**
Deferred income	**(14.6)**	**(16.9)**
Other current assets and liabilities	**0.2**	**7.5**
Deferred taxation	**(0.7)**	**(0.2)**
Net assets before net debt[5]	**80.8**	**81.2**
Net cash/(debt)[5]	**4.1**	**(14.1)**
Net assets	**84.9**	**67.1**

The main movements in the Group's balance sheet is an increase of £5.4m in goodwill and other intangible assets, primarily caused by the acquisition of MarketMakers and partially offset by the disposal of Home Interest. Deferred income has fallen primarily due to the Home Interest disposal. Other current assets and liabilities have fallen due to the continual improvement in collection of trade debtors during the year, combined with a 2017 provision for earnout payments due to MarketMakers. Net cash has improved £18.2m due to improved working capital management combined with the net proceeds of the Home Interest disposal less monies reinvested into the MarketMakers acquisition. Further details on these significant movements can be found throughout this report.

Conclusion

2017 has been a transformative period in the Group as it moves towards its goal of advising, informing and connecting. The disposal of the Home Interest Segment has realised our strategic goal of becoming a pureplay business information group whilst reducing its complexity. The disposal of the Home Interest Segment for a total consideration of £32.8m not only eliminated the Group's net debt[5] position but also funded the acquisition of MarketMakers, an exciting driver of future growth. I am delighted to see our revenue mix move towards higher recurring revenues and replacing declining advertising revenues.

The Group remains cash generative and is in a strong position to move quickly to make further strategic acquisitions with synergy opportunities. I am delighted that our working capital position has continued to improve during 2017 with DSO having improved by 25 days over the year. Although we will never become complacent, our investors can be assured that debt collection and cash management is now well controlled and timely.

We are now well placed to build upon the positive financial and operational performance of 2017 and continue the transformation of the business in the coming year.

Consolidated statement of comprehensive income for the year ended 31 December 2017

	Note	**Adjusted Results[2] 2017 £m**	**Adjusting Items[2] 2017 £m**	**Statutory Results 2017 £m**	Restated[5] Adjusted Results[2] 2016 £m	Restated[5] Adjusting Items[2] 2016 £m	Restated[5] Statutory Results 2016 £m
Continuing operations							
Revenue	2	**65.4**	**-**	**65.4**	59.7	-	59.7
Net operating expenses	3	**(61.3)**	**(4.4)**	**(65.7)**	(55.5)	(12.6)	(68.1)

Operating profit / (loss)		**4.1**	**(4.4)**	**(0.3)**	4.2	(12.6)	(8.4)
Finance costs	5	**(0.4)**	**-**	**(0.4)**	(0.5)	-	(0.5)
Profit / (loss) before tax		**3.7**	**(4.4)**	**(0.7)**	3.7	(12.6)	(8.9)
Taxation	6	**(0.9)**	**0.5**	**(0.4)**	(0.8)	0.7	(0.1)
Profit / (loss) for the period from continuing operations		**2.8**	**(3.9)**	**(1.1)**	2.9	(11.9)	(9.0)
Discontinued operations							
Profit for the period from discontinued operations	7,13	**2.1**	**20.9**	**23.0**	3.9	(0.3)	3.6
Profit / (loss) for the period attributable to owners of the parent after tax		**4.9**	**17.0**	**21.9**	6.8	(12.2)	(5.4)
Total comprehensive income / (loss) attributable to owners of the parent		**4.9**	**17.0**	**21.9**	6.8	(12.2)	(5.4)
Earnings / (loss) per share attributable to owners of the parent	8						
Basic from continuing operations		**1.9p**	**(2.7)p**	**(0.8)p**	2.0p	(8.3)p	(6.3)p
Basic from discontinued operations		**1.5p**	**14.5p**	**16.0p**	2.7p	(0.2)p	2.5p
Basic from profit / (loss) for the year		**3.4p**	**11.8p**	**15.2p**	4.7p	(8.5)p	(3.8)p
Fully diluted from continuing operations		**1.8p**	**(2.6)p**	**(0.8)p**	1.9p	(8.2)p	(6.3)p
Fully diluted from discontinued operations		**1.4p**	**13.7p**	**15.1p**	2.6p	(0.1)p	2.5p
Fully diluted from profit / (loss) for the year		**3.2p**	**11.1p**	**14.3p**	4.5p	(8.3)p	(3.8)p

[5] Restated to reflect Home Interest as a discontinued operation, refer to note 7

[2] Alternative performance measure, refer to note 1(b)

Consolidated statement of changes in equity for the year ended 31 December 2017

Attributable to owners of the Company

	Share capital £m	**Own shares £m**	**Share premium £m**	**Reserve for shares to be issued £m**	**Deferred shares £m**	**Retained earnings £m**	**Total equity £m**
At 1 January 2016	**15.0**	**(6.5)**	**0.7**	**0.9**	**0.1**	**66.2**	**76.4**
Loss for the period and total comprehensive loss	-	-	-	-	-	(5.4)	(5.4)
Transactions with owners:							
Dividends (note 21)	-	-	-	-	-	(4.3)	(4.3)
Acquisition of treasury shares (note 20)	-	(0.2)	-	-	-	-	(0.2)
Acquisition of business and assets (note 12)	0.1	-	0.4	-	-	-	0.5
Exercise of share awards	-	0.3	-	(0.2)	-	(0.1)	-
Fair value of employee services	-	-	-	0.1	-	-	0.1
As at 31 December 2016	**15.1**	**(6.4)**	**1.1**	**0.8**	**0.1**	**56.4**	**67.1**
Profit for the period and total comprehensive income	-	-	-	-	-	21.9	21.9
Transactions with owners:							
Dividends (note 21)	-	-	-	-	-	(4.3)	(4.3)
Acquisition of treasury shares							

(note 20)	-	(0.1)	-	-	-	-	(0.1)
Acquisition of business and assets (note 12)	-	-	-	(0.1)	-	-	(0.1)
Fair value of employee services	-	-	-	0.4	-	-	0.4
As at 31 December 2017	**15.1**	**(6.5)**	**1.1**	**1.1**	**0.1**	**74.0**	**84.9**

Company statement of changes in equity for the year ended 31 December 2017

Attributable to owners of the Company

	Share capital £m	Own shares £m	Share premium £m	Reserve for shares to be issued £m	Deferred shares £m	Retained earnings £m	Total equity £m
At 1 January 2016	**15.0**	**(6.0)**	**0.7**	**0.9**	**0.1**	**95.1**	**105.8**
Loss for the period and total comprehensive loss	-	-	-	-	-	(2.2)	(2.2)
Transactions with owners:							
Dividends (note 21)	-	-	-	-	-	(4.3)	(4.3)
Acquisition of treasury shares (note 20)	-	(0.2)	-	-	-	-	(0.2)
Acquisition of business and assets (note 12)	0.1	-	0.4	-	-	-	0.5
Exercise of share awards	-	-	-	(0.2)	-	0.2	-
Fair value of employee services	-	-	-	0.1	-	-	0.1
As at 31 December 2016	**15.1**	**(6.2)**	**1.1**	**0.8**	**0.1**	**88.8**	**99.7**
Loss for the period and total comprehensive loss	-	-	-	-	-	(2.9)	(2.9)
Transactions with owners:							
Dividends (note 21)	-	-	-	-	-	(4.3)	(4.3)
Acquisition of treasury shares (note 20)	-	(0.1)	-	-	-	-	(0.1)
Acquisition of business and assets (note 12)	-	-	-	(0.1)	-	-	(0.1)
Exercise of share awards	-	-	-	-	-	(0.2)	(0.2)
Fair value of employee services	-	-	-	0.4	-	-	0.4
As at 31 December 2017	**15.1**	**(6.3)**	**1.1**	**1.1**	**0.1**	**81.4**	**92.5**

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The Company's loss for the year amounted to £2.9m (2016: loss of £2.2m).

Consolidated statement of financial position as at 31 December 2017
Registered number 04948078

	Note	31 December 2017 £m	31 December 2016 £m
Non-current assets			
Goodwill	9	**75.6**	72.1
Other intangible assets	10	**18.6**	16.7
Property, plant and equipment	11	**1.7**	2.0
Deferred tax assets		**0.7**	0.6
		96.6	91.4
Current assets			
Inventories	14	**1.4**	2.5
Trade and other receivables	15	**11.6**	15.7

Cash and cash equivalents	16	**4.1**	3.4
		17.1	21.6
Total assets		**113.7**	113.0
Current liabilities			
Trade and other payables	17	**(10.9)**	(9.7)
Deferred income		**(14.6)**	(16.9)
Current tax liabilities		**-**	(0.7)
Provisions	18	**(1.8)**	(0.4)
		(27.3)	(27.7)
Net current liabilities		**(10.2)**	(6.1)
Non-current liabilities			
Borrowings	19	**-**	(17.4)
Provisions	18	**(0.1)**	-
Deferred tax liabilities		**(1.4)**	(0.8)
		(1.5)	(18.2)
Net assets		**84.9**	67.1
Capital and reserves attributable to owners of the parent			
Share capital	20	**15.1**	15.1
Own shares		**(6.5)**	(6.4)
Share premium		**1.1**	1.1
Other reserves		**1.2**	0.9
Retained earnings		**74.0**	56.4
Total equity		**84.9**	67.1

Company statement of financial position as at 31 December 2017
Registered number 04948078

	Note	**31 December 2017 £m**	31 December 2016 £m
Non-current assets			
Investments		**134.0**	134.0
		134.0	134.0
Current assets			
Trade and other receivables	15	**3.0**	2.1
Cash and cash equivalents	16	**-**	-
		3.0	2.1
Total assets		**137.0**	136.1
Current liabilities			
Trade and other payables	17	**(44.5)**	(19.0)
		(44.5)	(19.0)
Net current liabilities		**(41.5)**	(16.9)
Non-current liabilities			
Borrowings	19	**-**	(17.4)
		-	(17.4)
Net assets		**92.5**	99.7
Capital and reserves attributable to owners of the parent			
Share capital	20	**15.1**	15.1
Own shares		**(6.3)**	(6.2)
Share premium		**1.1**	1.1
Other reserves		**1.2**	0.9

Retained earnings	**81.4**	88.8
Total equity	**92.5**	99.7

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The movement in retained earnings is the Company's loss for the year of £2.9m (2016: £2.2m) and dividends of £4.3m (2016: £4.3m).

Consolidated cash flow statement for the year ended 31 December 2017

	Note	**2017 £m**	2016 £m
Cash flows from operating activities			
Cash generated from operations	22	**13.8**	15.3
Tax paid		**(1.6)**	(1.3)
Net cash generated from operating activities		**12.2**	14.0
Cash flows from investing activities			
Other acquisitions - settlement of deferred consideration	18	**(1.5)**	-
Disposal of subsidiary	13	**27.9**	-
Purchase of property, plant and equipment	11	**(0.2)**	(0.3)
Purchase of intangible assets	10	**(2.6)**	(2.3)
Acquisition of business and assets	12	**-**	(1.5)
Acquisition of subsidiary	12	**(12.9)**	-
Net cash flows from / (used in) investing activities		**10.7**	(4.1)
Cash flows from financing activities			
Payment for shares bought back	20	**(0.1)**	(0.2)
Interest paid		**(0.3)**	(0.5)
Dividends paid to Company's shareholders	21	**(4.3)**	(4.3)
Proceeds from borrowings	22	**5.5**	1.5
Repayment of borrowings	22	**(23.0)**	(5.0)
Repayment of loan notes	19	**-**	(1.1)
Net cash flows used in financing activities		**(22.2)**	(9.6)
Net increase in cash and cash equivalents		**0.7**	0.3
Cash and cash equivalents at beginning of the year		**3.4**	3.1
Cash and cash equivalents at end of year	16	**4.1**	3.4

Company cash flow statement for the year ended 31 December 2017

	Note	**2017 £m**	2016 £m
Cash flows from operating activities			
Cash generated from operating activities	22	**22.2**	8.5
Cash flows from financing activities			
Interest paid		**(0.3)**	(0.5)
Payment for shares bought back	20	**(0.1)**	(0.2)
Dividends paid to Company's shareholders	21	**(4.3)**	(4.3)
Proceeds from borrowings	22	**5.5**	1.5
Repayment of borrowings	22	**(23.0)**	(5.0)
Net cash flows used in financing activities		**(22.2)**	(8.5)
Net increase in cash and cash equivalents		**-**	-

Cash and cash equivalents at beginning of the financial year		-	-
Cash and cash equivalents at end of year	16	-	-

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated and Company financial statements are set out below, to the extent they have not already been disclosed in the other notes below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the Group consisting of Centaur Media Plc and its subsidiaries. Centaur Media Plc is a public company limited by shares and incorporated in England and Wales.

(a) Basis of preparation

The financial information set out in the announcement is based upon the Consolidated Financial Statements which are then prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and IFRS Interpretations Committee ('IFRS IC') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the historical cost basis.

Going concern

The financial statements have been prepared on a going concern basis. The Directors have carefully assessed the Group's ability to continue trading, and have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements and for the foreseeable future.

Net cash (see reconciliation in note 22) at 31 December 2017 amounted to £4.1m (2016: net debt £14.1m). In June 2015, the Group agreed a four year £25m multi-currency revolving credit facility with the Royal Bank of Scotland and Lloyds, which runs to 31 August 2019. Cash conversion[4] during 2017 has remained strong and following the disposal of the Home Interest segment the Group is currently in a strong cash positive position.

The Group has net current liabilities which mainly arise from its normal high levels of deferred income relating to events in the future rather than an inability to service its liabilities. An assessment of cash flows for the next three financial years, which has taken into account the factors described above, has indicated an expected level of cash generation which would be sufficient to allow the Group to fully satisfy its working capital requirements and the guarantee given in respect of its UK subsidiaries, to cover all principal areas of expenditure, including maintenance, capital expenditure and taxation during this period, and to meet the financial covenants under the revolving credit facility.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management's best knowledge of the amount, events or actions, the actual results may ultimately differ from those estimates.

Having assessed the principal risks and the other matters discussed in connection with the viability statement, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing its consolidated financial statements.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
(a) Basis of preparation (continued)

New and amended standards adopted by the Group

None of the new standards and amendments to standards (including the Annual Improvements (2015) to existing standards) that are mandatory for the first time for the financial year commencing 1 January 2017 affected any of the amounts recognised in the current period or any prior period, and is not likely to affect future periods.

New standards and interpretations not yet adopted

No new standards, amendments or interpretations effective for the first time for the financial year beginning on or after 1 January 2017 have had a material impact on the Group or the Company.

The following new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Group:

IFRS 9

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Impact

The Group has reviewed its financial assets and liabilities and is only expecting trade receivables to be impacted once the new standard is adopted on 1 January 2018.

The new impairment model for trade receivables requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. The significant majority of the Group's debt instruments relate to trade receivables and as such have been tested using the new impairment model.

Based on the assessments undertaken to date, the Group does not expect a material change to the loss allowance for trade receivables. The Group has also reviewed all other financial assets and liabilities, including cash and cash equivalents, and no material impact is expected.

Date of adoption by the Group

Must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
(a) Basis of preparation (continued)

IFRS 15 'Revenue from contracts with customers'

IFRS 15 sets out the requirements for recognising revenue from contracts with customers, replacing all existing revenue standards. The standard requires entities to apportion revenue earned from contracts to individual performance obligations, on a stand-alone selling price basis, based on a five-step model framework.

Impact

The Group has performed an impact assessment on the FY17 revenue. The Group's reported revenue is generated through a high volume of low value contracts and therefore a scoping exercise has been performed to identify revenue streams with like commercial terms and performance and delivery patterns. Revenue has been reviewed at this level to determine the appropriate revenue recognition under IFRS 15.

The results of the impact assessment indicate that there will not be a material change to the timing or quantum of revenue recognition at a Group level or an operating segment level. The impact assessment also indicates that the Group rarely sells products relating to different operating segments to the same customer under the same contract. Consequently, a change to revenue recognised in any given operating segment is almost wholly the effect of timing differences under IFRS 15.

Date of adoption by the Group

For the Group, transition to IFRS 15 will take effect from 1 January 2018. The half year results for FY18 will be IFRS 15 compliant, with the first Annual Report published in accordance with IFRS 15 being that for the year ended 31 December 2018.

As outlined above, given the insignificant change to FY17 reported revenues, the Group does not plan to adopt a fully retrospective transition approach and so comparatives for the year ended 31 December 2017 will not be restated.

Other

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
(a) Basis of preparation (continued)

Discontinued operations

In preparing the consolidated financial statements, the results of the Home Interest segment have been reclassified as a discontinued operation in both years following disposal of the business on 1 August 2017.

(b) Presentation of non-statutory measures

In addition to statutory measures, the Directors use various non-GAAP key financial measures to evaluate the Group's performance, and consider that presentation of these measures provides shareholders with an additional understanding of the core trading performance of the Group. The measures used are explained and reconciled to their equivalent statutory headings below.

Adjusted operating profit and adjusted earnings per share

The Directors believe that adjusted results and adjusted earnings per share, split between continuing and discontinued operations, provide additional useful information on the core operational performance of the Group to shareholders, and review the results of the Group on an adjusted basis internally. The term 'adjusted' is not a defined term under IFRS and may not therefore be comparable with similarly titled profit measurements reported by other companies. It is not intended to be a substitute for, or superior to, IFRS measurements of profit.

Adjustments are made in respect of:

- Exceptional items - the Group considers items of income and expense as exceptional and excludes them from the adjusted results where the nature of the item, or its magnitude, is material and likely to be non-recurring in nature so as to assist the user of the financial statements to better understand the results of the core operations of the Group. Details of exceptional items are shown in note 4.

- Amortisation of acquired intangible assets - the amortisation charge for those intangible assets recognised on business combinations is excluded from the adjusted results of the group since they are non-cash charges arising from investment activities. As such, they are not considered reflective of the core trading performance of the Group. Details of amortisation of intangible assets are shown in note 10.

- Share-based payments - share-based payment expenses or credits are excluded from the adjusted results of the Group as the Directors believe that the volatility of these charges can distort the user's view of the core trading performance of the Group.

- Impairment of goodwill - the Directors believe that non-cash impairment charges in relation to goodwill are generally volatile and material, and therefore exclude any such charges from the adjusted results of the Group. Previous impairment charges were presented as exceptional items. There has not been an impairment charge in the current year. Details of the goodwill impairment analysis are shown in note 9.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
(b) Presentation of non-statutory measures (continued)

- Earn-out consideration - deferred or contingent consideration in relation to business combinations recognised in the statement of comprehensive income (as a result of being classified as remuneration under IFRS 3) is not considered reflective of the core trading of the Group since it results from investment activities and is volatile in nature. As such, statement of comprehensive income items relating to business combinations are removed from adjusted results. See notes 12 and 18.

- Acquisition related costs - expenses in relation to business combinations recognised in the statement of comprehensive income is not considered reflective of the core trading of the Group since it results from investment activities and is volatile in nature. As such, statement of comprehensive income items relating to business combinations are removed from adjusted results. See note 12.

- Profit or loss on disposal of assets or subsidiaries - profit or loss on disposals of businesses are excluded from adjusted results of the Group as they are unrelated to core trading, and can distort a user's understanding of the performance of the Group due to their infrequent and volatile nature. See note 4.

- Other separately reported items - certain other items are excluded from adjusted results where they are considered large or unusual enough to distort the comparability of core trading results year on year. Details of these separately disclosed items are shown in note 4.

The tax related to adjusting items is the tax effect of the items above that are allowable deductions for tax purposes (primarily exceptional items), calculated using the standard rate of corporation tax. See note 6 for a reconciliation between reported and adjusted tax charges.

Further details of adjusting items are included in note 4. A reconciliation between adjusted and statutory earnings per share measures is shown in note 8.

Loss before tax reconciles to adjusted operating profit as follows:

	Note	**2017** **£m**	2016 £m
Profit/(Loss) before tax		**(0.7)**	(8.9)
Adjusting items			
Impairment of goodwill	9	**-**	7.2
Amortisation of acquired intangible assets	10	**2.5**	2.2
Share-based payments		**0.5**	(0.1)
Earn-out consideration	12	**0.6**	0.6
Additional impairment of trade receivables	4	**-**	1.5
Acquisition related costs	12	**0.6**	-
Exceptional operating costs	4	**0.2**	1.2
Adjusted profit before tax		**3.7**	3.7
Adjusted finance costs	5	**0.4**	0.5
Adjusted operating profit		**4.1**	4.2
Cash impact of adjusting items		**(0.9)**	(1.3)
Tax impact of adjusting items		**0.5**	0.7

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
(b) Presentation of non-statutory measures (continued)

Adjusted operating cash flow

Adjusted operating cash flow is not a measure defined by IFRS. It is defined as cash flow from operations excluding the impact of adjusting items, which are defined above, and including capital expenditure. The Directors use this measure to assess the performance of the Group as it excludes volatile items not related to the core trading of the Group, and includes the Group's management of capital expenditure. Statutory cash flow from operations reconciles to adjusted operating cash as below:

	2017 **£m**	2016 £m
Reported cash flow from operations	**13.8**	15.3
Cash impact of adjusting items	**0.9**	1.3
Working capital impact of adjusting items	**(0.6)**	(0.1)
Adjusted operating cash flow	**14.1**	**16.5**
Capital expenditure	**(2.8)**	(2.6)
Post capital expenditure cash flow	**11.3**	13.9

Underlying revenue growth

The Directors review underlying revenue growth in order to allow a like for like comparison of revenues between periods. Underlying revenues exclude the impact of event timing differences, as well as the revenue contribution arising from acquired or disposed businesses.

Statutory revenue growth reconciles to underlying revenue growth as follows:

	Marketing **£m**	**Financial Services** **£m**	**Professional** **£m**	**Total** **£m**

Reported revenue 2016	29.8	9.7	20.2	59.7
Underlying revenue 2016	**29.8**	**9.7**	**20.2**	**59.7**
Reported revenue 2017	36.3	8.9	20.2	65.4
Biennial events - AMS	-	-	(0.2)	(0.2)
Acquired business - Oystercatchers	(3.3)	-	-	(3.3)
Acquired business - MarketMakers	(6.1)	-	-	(6.1)
Underlying revenue 2017	**26.9**	**8.9**	**20.0**	**55.8**
Reported revenue growth	22%	(8)%	-	10%
Underlying revenue growth	(10)%	(8)%	(1)%	(6)%

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
(b) Presentation of non-statutory measures (continued)

Adjusted EBITDA

Adjusted EBITDA is not a measure defined by IFRS. It is defined as adjusted operating profit before depreciation and amortisation of intangible assets other than those acquired through a business combination. It is used by the Directors as a measure to review performance of the Group, and forms the basis of some of the Group's financial covenants under its revolving credit facility. Adjusted EBITDA is calculated as follows:

	2017	2016
	£m	£m
Adjusted operating profit (as above)	**4.1**	4.9
Depreciation (note 11)	**0.7**	0.6
Amortisation of computer software (note 10)	**2.9**	2.7
Adjusted EBITDA	**7.7**	8.2

Net debt

Net debt is not a measure defined by IFRS. Net debt is calculated as cash less overdrafts and bank borrowings under the Group's financing arrangements. The Directors consider the measure useful as it gives greater clarity over the Group's liquidity as a whole. A reconciliation between net debt and statutory measures is shown in note 22.

(c) Principles of consolidation

The consolidated financial statements incorporate the financial statements of Centaur Media Plc and all of its subsidiaries after elimination of intercompany transactions.

(i) Subsidiaries

Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date that the Group ceases to control them. In the statement of comprehensive income the results of subsidiaries for which control has ceased are presented separately as discontinued operations in the year in which they have been disposed of and in the comparative year.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. The accounting policies of subsidiaries are consistent with the policies adopted by the Group.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
(c) Principles of consolidation (continued)

(ii) Business Combinations

The acquisition method of accounting is used to account for all business combinations. The consideration transferred for acquisition of a subsidiary is measured at the aggregate of fair values of assets transferred, liabilities incurred or assumed to the former owners of the acquired business and equity interests issued by the Group in exchange for control of the subsidiary. Acquisition-related costs are expensed as incurred and included in the consolidated statement of comprehensive income.

Any deferred consideration to be transferred by the acquirer is recognised at fair value. If the conditions attached to the consideration indicate that the payment forms part of the acquisition, a provision is made for the future liability at the acquisition date. Where the deferred consideration is contingent on the continued employment of the vendors, such arrangements are recognised in the consolidated statement of comprehensive income on a straight line basis over the period over which the contingent consideration is earned with an associated provision on the consolidated statement of financial position. Subsequent changes to the fair value of the contingent consideration are recognised in accordance with IAS 39 through the consolidated statement of comprehensive income.

The excess of the aggregate consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net assets acquired is recorded as goodwill.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Pounds Sterling, which is the Group and Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the statement of comprehensive income.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translation (continued)

(iii) Group Companies

The results and financial position of the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings are recognised in other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income 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.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts recoverable by the Group for the sales of advertising space, subscriptions and individual publications and revenue from events provided in the normal course of business, net of discounts and value added tax.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

Sales of advertising space are recognised in the period in which publication occurs. Sales of publications are recognised in the period in which the sale is made. Sales of online advertising are recognised over the period during which the advertisements are placed. Consideration received in advance for events is deferred and revenue is recognised in the period in which the event takes place.

Revenue from subscriptions to publications and digital services is deferred and recognised on a straight-line basis over the subscription period.

Revenue from project work and consultancy contracts is recognised when the Group has obtained the right to consideration in exchange for its performance, which is when a separately identifiable phase (milestone) of a contract has been completed.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investments

In the Company's financial statements, investments in subsidiaries are stated at cost less provision for impairment in value.

(g) Income tax

The tax expense represents the sum of current and deferred tax.

Current tax is based on the taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further includes items that are never taxable or deductible. The Group and Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is provided in full, using the liability method, on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available to utilise those temporary differences and losses. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the enacted or substantively enacted tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is recognised in other comprehensive income.

(h) Leases

Agreements under which payments are made to owners in return for the right to use an asset for a period are accounted for as leases. Leases that transfer substantially all of the risks and rewards of ownership are recognised at the commencement of the lease term as finance leases within property, plant and equipment and debt at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Finance lease payments are apportioned between interest expense and repayments of debt. All other leases are classified as operating leases and the cost is recognised in income on a straight-line basis.

(i) Impairment of assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events indicate that the carrying value may not be recoverable. An impairment loss is recognised to the extent that the carrying value exceeds the higher of the asset's fair value less cost of disposal and its value-in-use. An asset's value in use is calculated by discounting an estimate of future cash flows by the pre-tax weighted average cost of capital.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Work in progress comprises of costs incurred relating to publications and exhibitions prior to the publication date or the date of the event.

(k) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. The historical cost of property, plant and equipment is the purchase cost together with any incidental direct costs of acquisition. Depreciation is calculated to write off the cost, less estimated residual value, of assets, on a straight line-basis over the expected useful economic lives to the Group over the following periods:

Leasehold improvements	- 10 years or the expected length of the lease if shorter
Fixtures and fittings	- 10 years
Computer equipment	- 3 to 5 years

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(l) Intangible assets

(i) Goodwill

Where the cost of a business acquisition exceeds the fair values attributable to the separable net assets acquired, the resulting goodwill is capitalised and allocated to the cash-generating unit ('CGU') or groups of CGUs that are expected to benefit from the synergies of the business combination. Goodwill has an indefinite useful life and is tested for impairment annually on a Group level or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Each segment is deemed to be a CGU. Goodwill and acquired intangible assets are assessed for impairment in accordance with IAS 36. In assessing whether a write-down of goodwill and acquired intangible assets is required, the carrying value of the segment is compared with its recoverable amount. Recoverable amount is measured as the higher of fair value less cost of disposal and value-in-use. Any impairment is recognised in the statement of comprehensive income (in net operating expenses) and is classified as an adjusting item. Impairment of goodwill is not subsequently reversed.

On the disposal of a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Intangible assets (continued)

(ii) Brands and publishing rights, customer relationships and non-compete arrangements

Separately acquired brands and publishing rights are shown at historical cost. Brands and publishing rights, customer relationships and non-compete arrangements acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(iii) Software

Computer software that is not integral to the operation of the related hardware is carried at cost less accumulated amortisation. Costs associated with the development of identifiable and unique software products controlled by the Group that will generate probable future economic benefits in excess of costs are recognised as intangible assets when the criteria of IAS 38 'Intangible Assets' are met. They are carried at cost less accumulated amortisation and impairment losses.

(iv) Amortisation methods and periods

Amortisation is calculated to write off the cost or fair value of assets on a straight-line basis over the expected useful economic lives to the Group over the following periods:

Computer software	- 3 to 5 years
Brands and publishing rights	- 5 to 20 years
Customer relationships	- 3 to 10 years or over the term of any specified contract
Separately acquired websites and content	- 3 to 5 years
Non-compete arrangements	- Over the term of the arrangement

(m) Employee benefits

(i) Post-employment obligations

The Group and Company contribute to a defined contribution pension scheme for the benefit of employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions to defined contribution schemes are charged to the statement of comprehensive income when employer contributions become payable.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Employee benefits (continued)

(ii) Share-based payments

The Group operates a number of equity-settled share-based compensation plans for its employees. The fair value of the share-based compensation expense is estimated using either a Monte Carlo or Black-Scholes option pricing model and is recognised in the statement of comprehensive income over the vesting period with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the awards granted:

- Including any market performance conditions;
- Excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets, cash flow performance and remaining an employee of the entity over a specified time period); and

- Including the impact of any non-vesting conditions (for example, the requirement for employees to save).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity. The Company issues new shares or transfers shares from treasury shares to settle share-based compensation awards.

The award by the Company of share-based compensation awards over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution, only if it is left unsettled. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the obligation can be reliably estimated.

Provisions for deferred contingent consideration are measured at fair value. Where the deferred consideration is contingent on the continued employment of the vendors, such arrangements are recognised in the consolidated statement of comprehensive income on a straight line basis over the period of the arrangement.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Share capital and share premium

Ordinary and deferred shares are classified as equity. The excess of consideration received in respect of shares issued over the nominal value of those shares is recognised in the share premium account. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity instruments, for example as the result of a share buyback or share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

Shares held by the Centaur Employees' Benefit Trust are disclosed as treasury shares and deducted from contributed equity. The Company also holds a non-distributable reserve representing the fair value of unvested share-based compensations plans.

(p) Dividends

Dividends are recognised in the period in which they are paid or, in respect of the Company's final dividend for the year, approved by the shareholders in the Annual General Meeting.

(q) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Executive Committee has been identified as the chief operating decision-maker, responsible for allocating resources and assessing performance of the operating segments. The Group operates in three market-facing divisions: Marketing, Financial Services and Professional.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Financial instruments

The Group has applied IFRS 7, Financial Instruments: Disclosures, and IAS 39, Financial Instruments: Recognition and Measurement, as outlined below:

(i) Financial assets

The Group classifies its financial assets in the following categories where relevant: at fair value through profit or loss; loans and receivables; and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

All of the Group's financial assets have been classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Loans and receivables are carried at amortised cost using the effective interest method.

(ii) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. 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 statement of comprehensive income within net operating expenses. 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 against net operating expenses in the statement of comprehensive income.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Financial instruments (continued)

(iii) Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits repayable on demand or maturing within three months of the statement of financial position date.

(iv) Financial liabilities

Debt and trade payables are recognised initially at fair value based on amounts exchanged, net of transaction costs, and subsequently at amortised cost.

Interest expense on debt is accounted for using the effective interest method and is recognised in income.

(v) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(vi) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and carried subsequently at amortised cost. Costs of borrowings are recognised in the statement of comprehensive income as incurred or, where appropriate, across the term of the related borrowing.

(vii) Derivative financial instruments

The Group does not hold derivative financial instruments either for trading purposes or designated as hedges.

(s) Key accounting assumptions, estimates and judgements

The preparation of financial statements under IFRS requires the use of certain key accounting assumptions and requires management to exercise its judgement and to make estimates. The areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

i) Carrying value of goodwill and other intangible assets

In assessing whether goodwill and other intangible fixed assets are impaired, the Group uses a discounted cash flow model which includes forecast cash flows and estimates of future growth. If the results of operations in future periods are lower than included in the cash flow model, impairments may be triggered. Further details of the assumptions and sensitivities in the discounted cash flow model are included in note 9.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Key accounting assumptions, estimates and judgements (continued)

Intangible assets arising on business combinations are identified based on the Group's understanding of the acquired business and previous experience of similar businesses. Consistent methods of valuation for similar types of intangible asset are applied where possible and appropriate, using information reviewed at Board level where available. Discount rates applied in calculating the values of intangible assets arising on the acquisition of subsidiaries are calculated specifically for each acquisition, and adjusted to reflect the respective risk profile of each individual asset based on the Group's past experience of similar assets.

ii) Recoverability of trade receivables

The recoverability of trade receivables requires judgement. The Group uses all available evidence to determine the appropriate level of provision for impairment of trade receivables, including known disputes, historical trends in write-offs, collections post year end and the ageing of the receivables. Further details about trade receivables are included in note 15 and information about the credit risk and impairment of receivables are shown in note 23.

iii) Adjusting items

The term 'adjusted' is not a defined term under IFRS. Judgement is required to ensure that the classification and presentation of certain items as adjusting, including exceptional items, is appropriate and consistent with the Group's accounting policy. Further details about the amounts classified as adjusting are included in notes 1(b) and 4.

iv) Contingent consideration

The valuation of contingent consideration arising from business combinations ('earn-out' consideration) requires judgement, including the assessing the probability and quantum of the expected payment. The Group uses all available information, including current and forecasted performance under earn-out arrangements to assess the required level of provision. Items relating to earn-out consideration are treated as an adjusting item under the Group's accounting policy. Further details about the classification of earn-out consideration are included in notes 1(b) and 4, and details of current and prior year earn-out arrangements and provisions are shown in notes 12 and 18.

v) Share based payments

The fair value of the share-based compensation expense recognised in the statement of comprehensive income requires the use of estimates. Details regarding the determination of fair value of these costs are set out in note 1(m)(ii).

vi) Deferred tax

The calculation of deferred tax assets and liabilities requires judgement. Where the ultimate tax treatment is uncertain, the Group recognises deferred tax assets and liabilities based on estimate of future taxable income and recoverability. Where a change in circumstances occurs, or the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax balances in the year in which that change or outcome is known. The accounting policy regarding deferred tax is set out above in note 1(g).

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Key accounting assumptions, estimates and judgements (continued)

vii) Valuation of intangibles

Intangibles assets acquired in a business combination are required to be recognised separately from goodwill and amortised over their useful life. The Group has separately recognised computer software, brands and customer relationships in the acquisitions made (see note 12).

The fair value of these acquired intangibles is based on valuation techniques that require inputs based on assumptions about the future and estimates related to current market conditions.

The Group also makes assumptions about the useful life of the acquired intangibles as outlined in note 1(l)(iv).

2 SEGMENTAL REPORTING

The Executive Committee has been identified as the chief operating decision-maker, reviewing the Group's internal reporting on a monthly basis in order to assess performance and allocate resources.

The Group is organised around three reportable market-facing segments: Marketing, Financial Services and Professional. The Professional segment aggregates the Legal, Human Resources, Engineering and Travel & Meetings portfolios, which are deemed to have similar profiles of risk and return. All segments derive revenues from a combination of live events, premium content and advertising revenues. Corporate income and costs are allocated to these segments on an appropriate basis, depending on the nature of the costs, including in proportion to revenues or headcount. There is no inter-segmental revenue.

Segment assets consist primarily of property, plant and equipment, intangible assets including goodwill, inventories and trade receivables. Segment liabilities comprise trade payables, accruals and deferred income.

Corporate assets and liabilities comprise current and deferred tax balances, cash and cash equivalents and borrowings.

Capital expenditure comprises additions to property, plant and equipment, intangible assets and includes additions resulting from acquisitions through business combinations.

2 SEGMENTAL REPORTING (continued)

2017	Marketing £m	Financial Services £m	Professional £m	Continuing operations £m	Discontinued operations £m	Group £m
Revenue	**36.3**	**8.9**	**20.2**	65.4	**7.2**	**72.6**
Adjusted operating profit	1.7	0.6	1.8	**4.1**	2.5	6.6
Amortisation of acquired intangibles	(2.0)	(0.2)	(0.3)	**(2.5)**	-	(2.5)
Earn-out consideration	(0.6)	-	-	**(0.6)**	-	(0.6)
Costs relating to business acquisition	(0.6)	-	-	**(0.6)**	-	(0.6)
Exceptional operating costs	(0.1)	-	(0.1)	**(0.2)**	-	(0.2)
Share-based payments	(0.3)	(0.1)	(0.1)	**(0.5)**	-	(0.5)
Profit on disposal of subsidiary	-	-	-	**-**	20.9	20.9
Operating (loss)/profit	**(1.9)**	**0.3**	**1.3**	**(0.3)**	**23.4**	**23.1**
Finance costs				**(0.4)**	-	(0.4)
(Loss) / profit before tax				**(0.7)**	23.4	**22.7**
Taxation				**(0.4)**	(0.4)	(0.8)
(Loss) / profit for the year				**(1.1)**	**23.0**	**21.9**
Segment assets	71.4	8.8	28.6	**108.8**	-	108.8
Corporate assets						4.9
Consolidated total assets						**113.7**
Segment liabilities	(15.3)	(2.2)	(8.2)	**(25.7)**	-	(25.7)
Corporate liabilities						(3.1)
Consolidated total liabilities						**(28.8)**
Other items						
Capital expenditure (tangible and intangible assets)	1.5	0.4	1.0	**2.9**	-	**2.9**

2 SEGMENTAL REPORTING (continued)

Restated[5] 2016	Marketing £m	Financial Services £m	Professional £m	Continuing operations £m	Discontinued operations £m	Group £m
Revenue	**29.8**	**9.7**	**20.2**	59.7	**12.8**	**72.5**
Adjusted operating profit	2.5	0.8	0.9	**4.2**	4.9	9.1
Amortisation of acquired intangibles	(1.6)	(0.2)	(0.4)	**(2.2)**	(0.1)	(2.3)
Impairment of goodwill	-	(7.2)	-	**(7.2)**	-	(7.2)
Earn-out consideration	(0.6)	-	-	**(0.6)**	-	(0.6)
Additional impairment of trade receivables	(0.8)	(0.2)	(0.5)	**(1.5)**	(0.3)	(1.8)
Exceptional operating costs	(0.5)	(0.2)	(0.5)	**(1.2)**	-	(1.2)
Share-based payments	0.1	-	-	**0.1**	-	0.1
Operating loss	**(0.9)**	**(7.0)**	**(0.5)**	**(8.4)**	**4.5**	**(3.9)**
Finance costs				**(0.5)**	-	(0.5)
Loss before tax				**(8.9)**	4.5	**(4.4)**
Taxation				**(0.1)**	(0.9)	(1.0)
Loss for the year				**(9.0)**	**3.6**	**(5.4)**
Segment assets	56.1	9.3	29.5	**94.9**	13.2	108.1
Corporate assets						4.9
Consolidated total assets						**113.0**
Segment liabilities	(11.6)	(2.0)	(7.2)	**(20.8)**	(4.5)	(25.3)
Corporate liabilities						(20.6)
Consolidated total liabilities						**(45.9)**

Other items						
Capital expenditure (tangible and intangible assets)	1.1	0.3	0.7	**2.1**	0.5	**2.6**

5 Restated to reflect Home Interest as a discontinued operation, refer to note 7

2 SEGMENTAL REPORTING (continued)

Supplemental Information - Revenue by Geographical Location

The Group's revenues from continuing operations from external customers by geographical location are detailed below:

	2017	**Restated[5] 2016**
	£m	**£m**
United Kingdom	**52.2**	46.9
Europe (excluding United Kingdom)	**3.5**	3.8
North America	**6.0**	6.2
Rest of world	**3.7**	2.8
	65.4	59.7

Substantially all of the Group's net assets are located in the United Kingdom. The Directors therefore consider that the Group currently operates in a single geographical segment, being the United Kingdom.

The Group's revenue from continuing operations by type is as follows:

	2017	**Restated[5] 2016**
	£m	**£m**
Sale of goods and services		
Premium content	**18.1**	18.4
Live events	**26.7**	24.3
Advertising	**13.5**	16.2
Capability Services	**6.1**	-
Other	**1.0**	0.8
	65.4	59.7

5 Restated to reflect Home Interest as a discontinued operation, refer to note 7

3 NET OPERATING EXPENSES

Operating profit / (loss) is stated after charging / (crediting):

	Note	**Adjusted Results 2017**	**Adjusting Items 2017**	**Statutory Results 2017**	Restated[5] Adjusted Results 2016	Restated[5] Adjusting Items 2016	Restated[5] Statutory Results 2016
		£m	**£m**	**£m**	£m	£m	£m
Net foreign exchange (gains)/losses		**0.3**	-	**0.3**	0.3	-	0.3
Employee benefits expense		**30.9**	**0.2**	**31.1**	27.4	0.9	28.3
Depreciation of property, plant and equipment	11	**0.7**	-	**0.7**	0.5	-	0.5
Amortisation of intangible assets	10	**2.8**	**2.5**	**5.3**	2.7	2.2	4.9
Impairment of goodwill	9	**-**	**-**	**-**	-	7.2	7.2
Earn-out consideration	12	**-**	**0.6**	**0.6**	-	0.6	0.6
Acquisition related costs		**-**	**0.6**	**0.6**	-	-	-
Other exceptional operating costs	4	**-**	**-**	**-**	-	0.3	0.3
Operating lease rentals		**1.8**	**-**	**1.8**	1.7	-	1.7

Repairs and maintenance expenditure		**0.2**	**-**	**0.2**	0.3	-	0.3
Impairment of trade receivables	23	**0.5**	**-**	**0.5**	0.4	1.5	1.9
Share-based payment expense / (credit)		**-**	**0.5**	**0.5**	-	(0.1)	(0.1)
Other operating expenses		**24.1**	**-**	**24.1**	22.2	-	22.2
		61.3	**4.4**	**65.7**	55.5	12.6	68.1
Cost of sales		**29.1**	**-**	**29.1**	27.8	-	27.8
Distribution costs		**0.5**	**-**	**0.5**	0.9	-	0.9
Administrative expenses		**31.7**	**4.4**	**36.1**	26.8	12.6	39.4
		61.3	**4.4**	**65.7**	55.5	12.6	68.1

5 Restated to reflect Home Interest as a discontinued operation, refer to note 7

Rental income for the sub-lease of properties under leases totalled £0.7m (2016: £0.7m).

See note 1(b) and 4 for details of adjusting items.

3 NET OPERATING EXPENSES (continued)

Services provided by the Company's auditor

	2017 £'000	2016 £'000
Fees payable to the Company's auditors for the audit of Company and consolidated financial statements	**210**	150
Additional audit fees relating to prior year	**-**	55
Fees payable to the Company's auditors and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	**10**	10
Total audit fees	**220**	215
Audit related assurance services	**22**	28
Taxation compliance services	**-**	17
Other taxation advisory services	**-**	66
Other assurance services	**303**	29
Total non-audit fees	**325**	140
Total fees	**545**	355

Fees payable to the Company's auditor for the audit of Company and consolidated financial statements include non-recurring fees of £60,000 (2016: £nil).

Other assurance related services include covenant compliance £7,500, acquisition related costs £100,000 and disposal related costs £195,000. In 2016 other assurance services of £29,000 are immaterial.

4 ADJUSTING ITEMS

As discussed in note 1(b), certain items are presented as adjusting. These are detailed below:

Continuing operations	Note	**2017 £m**	**2016 £m**
Exceptional operating costs			
Staff related restructuring costs		**0.2**	0.9
Costs relating to strategic corporate restructuring initiatives		**-**	0.3
Exceptional operating costs		**0.2**	1.2
Impairment of goodwill	9	**-**	7.2
Amortisation of acquired intangible assets	10	**2.5**	2.2
Additional impairment of trade receivables	23	**-**	1.5
Share-based payment expense/(credit)		**0.5**	(0.1)
Earn-out consideration	12	**0.6**	0.6
Costs relating to business acquisition	12	**0.6**	-
Adjusting items to profit before tax		**4.4**	12.6
Tax relating to adjusting items	6	**(0.5)**	(0.7)
Total adjusting items after tax		**3.9**	11.9
Discontinued operations			
Profit on disposal of subsidiary		**(20.9)**	-
Amortisation of acquired intangible assets		**-**	0.1
Additional impairment of trade receivables		**-**	0.3

Tax relating to adjusting items	-	(0.1)
Total adjusting items after tax	**(17.0)**	**12.2**

Exceptional costs

Staff related restructuring costs

During 2017, exceptional restructuring costs of £0.2m were incurred as a result of the reorganisation of the Human Resources function and the exit from print. Whilst similar costs have been incurred previously, such costs linked to the Group's transformation programme are not expected to recur once this is completed, and as such these costs are deemed to be exceptional in nature.

In 2016 exceptional restructuring costs of £0.9m were recognised as a result of restructuring activities and cost saving initiatives.

Costs relating to strategic corporate restructuring initiatives

In the prior year these costs related to professional fees for strategic corporate restructuring initiatives of £0.2m and non-trading costs arising on prior disposals of £0.1m.

4 ADJUSTING ITEMS (continued)

Other adjusting items

Other adjusting items relate to the amortisation of acquired intangible assets (see note 10) and share-based payment costs as well as the items discussed below:

Earn-out consideration

In 2017, a charge of £0.6m has been recognised in relation to acquisition earn-out consideration for Oystercatchers, see note 12 for further details.

The charge in 2016 of £0.6m also related to the Oystercatchers acquisition earn-out.

Costs relating to the acquisition of business

These costs relate to the acquisition of MarketMakers Incorporated Limited ('MarketMakers') (see note 12). These costs include stamp duty of £0.1m, sponsors' fees of £0.1m, legal fees of £0.1m, due diligence and planning fees of £0.1m and various other professional fees of £0.2m.

Profit on disposal of subsidiary

On 1 August 2017, the Group sold its business-to-consumer division, the Home Interest segment, recognising a profit on disposal of £20.9m (see note 13 for more detail).

Additional impairment of trade receivables

In the prior year an additional, separately reported charge was recognised in relation to impairment of trade receivables of £1.8m (£1.5m from continuing operations, £0.3m from discontinued operations). As a result of disruption during the second half of 2015 into the early part of 2016, arising from a new accounting system implementation in 2015, an amount of legacy and older debt remained unpaid at 31 December 2016, which was significantly in excess of levels historically experienced by the Group. A detailed review and risk assessment to ascertain the recoverability of this debt was undertaken. This review, together with the fact that there was further extended ageing despite active pursuit of the amounts in 2016 meant the Group considered it necessary to provide against potentially uncollectible aged debt at levels in excess of those which would be required under normal trading conditions. The quantum of this additional provision arises from unique circumstances following an accounting system implementation, therefore the charge of £1.8m was separately reported in adjusting items. In addition, an ordinary charge of £0.5m was recorded in adjusted operating profit, which was not separately reported.

In 2017 no such additional charge is required.

Impairment of goodwill

During 2017, there was no impairment charge in relation to goodwill (2016: £7.2m impairment charge in relation to goodwill in the Financial Services segment).

5 FINANCE COSTS

	2017 £m	2016 £m

Interest payable on revolving credit facility	**0.2**	0.4
Commitment fees and amortisation of arrangement fee in respect of revolving credit facility	**0.2**	0.1
Total finance costs	**0.4**	0.5

6 TAXATION

	2017 £m	2016 £m
Analysis of charge for the year		
Current tax		
UK Corporation Tax	**1.2**	1.2
Overseas tax	**0.1**	0.1
Adjustments in respect of prior years	**0.1**	(0.2)
	1.4	1.1
Deferred tax		
Current period	**(0.6)**	(0.3)
Adjustments in respect of prior years	**-**	0.2
	(0.6)	(0.1)
Taxation	**0.8**	1.0

The tax charge for the year can be reconciled to the profit / (loss) in the statement of comprehensive income as follows:

	2017 £m	2016 £m
Profit/(loss) before tax	**22.7**	(4.4)
Tax at the UK rate of corporation tax of 19.25% (2016: 20.0%)	**4.3**	(0.9)
Effects of:		
Expenses not deductible for tax purposes	**0.4**	0.5
Goodwill impairment not deductible	**-**	1.4
Profit on disposal	**(4.1)**	-
Adjustments in respect of prior years	**0.1**	-
Different tax rates of subsidiaries in other jurisdictions	**0.1**	-
	0.8	1.0

6 TAXATION (continued)

The tax charge for the year is based on the Group profit before tax from both continuing and discontinued operations. It is comprised of £0.4m relating to continuing operations, as per the statement of comprehensive income, and £0.4m relating to discontinued operations.

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. These rate reductions have been reflected in the calculation of deferred tax at the statement of financial position date.

The Finance Act 2016, which provides for reductions in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 15 September 2016.

A reconciliation between the reported tax expense and the adjusted tax expense, taking account of adjusting items as discussed in note 1(b) and 4 is shown below:

	2017 £m	2016 £m
Reported tax expense	**0.8**	1.0
Effects of:		
Amortisation of acquired intangible assets	**0.3**	0.3
Additional impairment of trade receivables	**-**	0.4
Share-based payments	**0.1**	(0.1)
Exceptional expenses	**0.1**	0.1
Earn-out consideration	**-**	0.1

Adjusted tax expense	**1.3**	1.8

7 DISCONTINUED OPERATIONS

On 1 August 2017 the Group disposed of its Home Interest segment, comprised of Centaur Consumer Exhibitions Limited and Ascent Publishing Limited. The disposal was effected in line with the Group's strategy to become a pure business-to-business ('B2B') business.

The results of the discontinued operations, which have been included in the consolidated statement of comprehensive income and consolidated cash flow statement, were as follows:

Statement of comprehensive income	**Period ended 31 July 2017 £m**	**Year ended 31 December 2016** £m
Revenue	7.2	12.8
Expenses	(4.7)	(8.3)
Profit on disposal	20.9	-
Profit before tax	**23.4**	4.5
Attributable tax expense	(0.4)	(0.9)
Statutory profit after tax	**23.0**	3.6
Profit on disposal	(20.9)	-
Amortisation of acquired intangible assets	-	0.1
Additional impairment of trade receivables	-	0.3
Attributable tax expense	-	(0.1)
Adjusted profit attributable to discontinued operations	**2.1**	3.9

Cash Flows	**Period ended 31July 2017 £m**	**Year ended 31 December 2016 £m**
Operating cash flows	**0.7**	0.1
Investing cash flows	**-**	-
Financing cash flows	**-**	-
Total cash flows	**0.7**	0.1

A profit of £20.9m arose on the disposal of the Home Interest segment, being the difference between proceeds of disposal and the carrying amount of the subsidiaries' net assets and attributable goodwill, less £1.9m of transaction costs.

8 EARNINGS PER SHARE

Basic earnings per share ('EPS') is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares in issue during the year. 91,191 (2016: 91,191) shares held in the employee benefit trust and 6,964,613 (2016: 6,870,437) shares held in treasury have been excluded in arriving at the weighted average number of shares.

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. This comprises share options and awards (including those granted under the share save plan) granted to Directors and employees where the exercise price is less than the average market price of the Company's ordinary shares during the year.

Basic and diluted earnings per share have also been presented on an adjusted continuing and discontinued basis, as the Directors believe that this measure is more reflective of the underlying performance of the Group. These have been calculated as follows:

8 EARNINGS PER SHARE (continued)

	2017	**2017**	**2017**	2016	2016	2016
	Earnings attributable to owners of the parent	**Weighted average number of shares**	**Earnings per share**	Earnings attributable to owners of the parent	Weighted average number of shares	Earnings per share
	£m	**millions**	**Pence**	£m	millions	Pence
Basic						
Continuing operations	**(1.1)**	**144.4**	**(0.8)**	(9.0)	143.6	(6.3)
Continuing and discontinued operations	**21.9**	**144.4**	**15.2**	(5.4)	143.6	(3.8)

Effect of dilutive securities						
Options: Continuing operations	**-**	-	**-**	-	-	-
Options: Continuing and discontinued operations	**-**	8.3	**(0.9)**	-	-	-
Diluted						
Continuing operations	**(1.1)**	**144.4**	**(0.8)**	(9.0)	143.6	(6.3)
Continuing and discontinued operations	**21.9**	**152.7**	**14.3**	(5.4)	143.6	(3.8)
Adjusted						
Continuing operations						
Basic	**(1.1)**	**144.4**	**(0.8)**	(9.0)	143.6	(6.3)
Amortisation of acquired intangibles (note 10)	**2.4**		**1.7**	2.2		1.5
Impairment of trade receivables	**-**		**-**	1.5		1.1
Earn-out consideration	**0.6**		**0.4**	0.6		0.4
Other exceptional costs (note 4)	**0.3**		**0.2**	1.2		0.8
Share-based payments	**0.5**		**0.3**	(0.1)		(0.1)
Impairment of goodwill (note 9)	**-**		**-**	7.2		5.0
Acquisition related costs (note 12)	**0.6**		**0.4**	-		-
Tax effect of above adjustments	**(0.5)**		**(0.3)**	(0.7)		(0.4)
Discontinued operations						
Basic	**23.0**	**144.4**	**16.0**	3.6	143.6	2.5
Amortisation of acquired intangibles	-		-	0.1		0.1
Impairment of trade receivables	-		-	0.3		0.2
Profit on disposal (note 13)	**(20.9)**		**(14.5)**	-		-
Tax effect of above adjustment	**-**		**-**	(0.1)		(0.1)
Adjusted basic						
Continuing operations	**2.8**	**144.4**	**1.9**	2.9	143.6	2.0
Continuing and discontinued operations	**4.9**	**144.4**	**3.4**	6.8	143.6	4.7
Effect of dilutive securities						
Options: Continuing operations	**-**	**8.3**	**(0.1)**	-	6.2	(0.1)
Options: Continuing and discontinued operations	-	8.3	(0.2)	-	6.2	(0.2)
Adjusted diluted						
Continuing operations	**2.8**	**152.7**	**1.8**	2.9	149.8	1.9
Continuing and discontinued operations	**4.9**	**152.7**	**3.2**	6.8	149.8	4.5

9 GOODWILL

	Group £m
Cost	
At 1 January 2016	155.1
Additions in the year	1.2
At 31 December 2016	156.3
Additions in the year (note 12)	11.0
Disposal of subsidiary (note 13)	(7.9)
At 31 December 2017	**159.4**
Accumulated impairment	
At 1 January 2016	77.0
Charge for the year	7.2
At 31 December 2016	84.2
Charge for the year	-

Disposal of subsidiary (note 13)	(0.4)
At 31 December 2017	**83.8**
Net book value	
At 31 December 2017	**75.6**
At 31 December 2016	72.1

Additions in the year relate to the acquisition of MarketMakers. See note 12 for further details.

Disposal in the year relates to the disposal of the Home Interest segment. See note 13 for further details.

Goodwill by segment

Each brand is deemed to be a Cash Generating Unit ('CGU'), being the lowest level at which cash flows are separately identifiable. Goodwill is attributed to individual CGUs but is reviewed at the segment level for the purposes of the annual impairment review as this is the level at which management monitors goodwill. The majority of the Group's goodwill arose on the acquisition of Centaur Communications Group in 2004.

9 GOODWILL (continued)

Goodwill is allocated to segments as follows:

	Marketing	Financial Services	Professional	Home Interest	Total
	£m	£m	£m	£m	£m
At 1 January 2016	36.7	12.3	21.6	7.5	78.1
Additions	1.2	-	-	-	1.2
Charge	-	(7.2)	-	-	(7.2)
At 31 December 2016	**37.9**	**5.1**	**21.6**	**7.5**	**72.1**
Additions	**11.0**	**-**	**-**	**-**	**11.0**
Disposal	**-**	**-**	**-**	**(7.5)**	**(7.5)**
At 31 December 2017	**48.9**	**5.1**	**21.6**	**-**	**75.6**

Impairment testing of goodwill and acquired intangible assets

During the period, goodwill and acquired intangible assets were tested for impairment in accordance with IAS 36. In assessing whether a write-down of goodwill and acquired intangible assets is required, the carrying value of the segment is compared with its recoverable amount. Recoverable amounts are measured based on value-in-use.

The Group estimates the value-in-use of its CGUs using a discounted cash flow model, which adjusts the cash flows for risks associated with the assets and discounts these using a pre-tax rate of 11.4% (2016: 12.6%). The discount rate used is consistent with the Group's weighted average cost of capital and is used across all segments, which are all based predominantly in the UK and considered to have similar risks and rewards.

The key assumptions used in calculating value-in-use are revenue growth, margin, adjusted EBITDA, discount rate and the terminal growth rate. The Group has used formally approved forecasts for the first three years of the calculation and applied a terminal growth rate of 2.0% (2016: 2.0%). This timescale and the terminal growth rate are both considered appropriate given the cyclical nature of the Group's revenues.

The assumptions used in the calculations of value-in-use for each segment have been derived based on a combination of past experience and management's expectations of future growth rates in the business.

At 31 December 2017, before impairment testing, goodwill of £48.9m, £5.1m and £21.6m was allocated to the Marketing, Financial Services, and Professional segments respectively. In a "base case" scenario, and in the sensitised scenarios outlined below, the value-in-use calculations exceed the carrying values and therefore no impairment to goodwill is indicated for any of the three segments.

Sensitivity analysis has been performed on the value-in-calculations, holding all other variables constant, to:

(i) apply a 10% reduction to forecast adjusted EBITDA in each year of the modelled cash flows. No impairment would occur in any the segments.

(ii) apply a 2.0% increase in discount rate from 11.4% to 13.4%. No impairment would occur in any of the segments.

(iii) reduce the terminal value growth rate from 2.0% to 1.0%. No impairment would occur in any of the segments.

10 OTHER INTANGIBLE ASSETS

	Brands	Separately

	Computer software* £m	and publishing rights* £m	Customer relationships* £m	acquired websites and content* £m	Non-compete arrangements* £m	Total £m
Cost						
At 1 January 2016	10.9	5.6	11.6	4.7	0.5	33.3
Additions - separately acquired	1.3	-	-	-	-	1.3
Additions - internally generated	1.0	-	-	-	-	1.0
Additions - business combination (note 12)	-	0.2	0.9	-	-	1.1
Disposals or expiry	-	-	-	-	(0.5)	(0.5)
At 31 December 2016	13.2	5.8	12.5	4.7	-	36.2
Additions - separately acquired	1.5	-	-	-	-	1.5
Additions - internally generated	1.2	-	-	-	-	1.2
Additions - business combination (note 12)	0.7	0.8	3.6	-	-	5.1
Disposal of subsidiary (note 13)	(0.5)	(1.0)	(0.7)	-	-	(2.2)
At 31 December 2017	**16.1**	**5.6**	**15.4**	**4.7**	**-**	**41.8**
Accumulated amortisation						
At 1 January 2016	4.2	1.7	5.2	3.4	0.5	15.0
Amortisation charge for the year	2.7	0.4	1.1	0.8	-	5.0
Disposals or expiry	-	-	-	-	(0.5)	(0.5)
At 31 December 2016	6.9	2.1	6.3	4.2	-	19.5
Amortisation charge for the year	2.9	0.3	1.7	0.4	-	5.3
Disposal of subsidiary (note 13)	(0.3)	(0.5)	(0.8)	-	-	(1.6)
At 31 December 2017	**9.5**	**1.9**	**7.2**	**4.6**	**-**	**23.2**
Net book value at 31 December 2017	**6.6**	**3.7**	**8.2**	**0.1**	**-**	**18.6**
Net book value at 31 December 2016	6.3	3.7	6.2	0.5	-	16.7
Net book value at 1 January 2016	6.7	3.9	6.4	1.3	-	18.3

* Amortisation of £2.5m (2016: £2.3m) of acquired intangible assets from business combinations is presented as an adjusting item (see note 1(b) for further information). The current year charge of £2.5m includes £0.1m in computer software (2016: £nil).

The Company has no intangible assets (2016: £nil). Amortisation of intangible assets is included in net operating expenses in the statement of comprehensive income.

11 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £m	Fixtures and fittings £m	Computer equipment £m	Total £m
Cost				
At 1 January 2016	2.1	0.6	0.9	3.6
Additions - separately acquired	0.1	-	0.1	0.2
Additions - business combination (note 12)	-	0.1	-	0.1
At 31 December 2016	2.2	0.7	1.0	3.9
Additions - separately acquired	0.1	-	0.1	0.2
Additions - business combination (note 12)	-	-	0.2	0.2
Disposal of subsidiary (note 13)	(0.1)	(0.1)	-	(0.2)
At 31 December 2017	**2.2**	**0.6**	**1.3**	**4.1**
Accumulated depreciation				
At 1 January 2016	1.0	0.2	0.1	1.3
Depreciation charge for the period	0.2	0.1	0.3	0.6

At 31 December 2016	1.2	0.3	0.4	1.9
Depreciation charge for the year	0.2	0.1	0.4	0.7
Disposal of subsidiary (note 13)	(0.1)	(0.1)	-	(0.2)
At 31 December 2017	**1.3**	**0.3**	**0.8**	**2.4**
Net book value at 31 December 2017	**0.9**	**0.3**	**0.5**	**1.7**
Net book value at 31 December 2016	1.0	0.4	0.6	2.0
Net book value at 1 January 2015	1.1	0.4	0.8	2.3

The Company has no property, plant and equipment at 31 December 2017 (2016: £nil).

12 BUSINESS COMBINATION

On 2 August 2017, Centaur Communications Limited, a Group company, acquired 100% of the issued share capital of MarketMakers Incorporated Limited ('MarketMakers'), a business-to-business ('B2B') telemarketing agency. This acquisition forms a significant aspect of Centaur's transformation into a pure B2B-focused business. MarketMakers will provide a range of higher value-added products and services, and will allow Centaur to offer end-to-end lead generation management. The results of MarketMakers are included in the Marketing segment. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	2017 £m
Purchase consideration:	
Cash paid	**17.1**
Deferred cash consideration	**0.1**
Contingent cash consideration	**1.7**
Total purchase consideration	**18.9**

The assets and liabilities recognised as a result of the acquisition are as follows:

	2 August 2017 Fair value £m
Intangible assets: Brands	0.8
Intangible assets: Customer contracts and relationships	3.6
Intangible assets: ERP platform	0.7
Total identified intangible assets (see note 10)	**5.1**
Deferred tax liabilities on identified intangible assets	(1.0)
	4.1
Property plant and equipment	0.2
Trade receivables	2.3
Prepayments and other debtors	0.3
Current income tax assets	0.2
Accrued income	0.3
Cash	4.2
Trade payables	(0.2)
Accruals	(1.2)
Deferred income	(1.4)
Social security and other taxes	(0.9)
Net identifiable assets acquired	**7.9**
Goodwill (see note 9)	11.0
Total purchase consideration	**18.9**

Certain intangible assets have been separately identified on acquisition including brands of £0.8m, customer relationships of £3.6m, and the ERP platform of £0.7m. The fair value of the brands has been estimated using a relief from royalty approach, and the customer relationships and ERP platform have been valued using an excess earnings approach.

12 BUSINESS COMBINATION (continued)

The useful economic life of the intangibles is as follows:

Intangibles assets - Brands - 8 years

Intangible assets - Customer contracts and relationships - 3 to 4 years

Intangible assets - ERP platform - 5 years

The goodwill is comprised of the deferred tax liability on the identified intangible assets, the acquired workforce and, in particular, the ability of the business to generate new customer relationships.

Deferred consideration

£0.1m of deferred consideration is payable in cash upon completion of the Company tax return related to the year ended 31 December 2017, subject to any claims made under the purchase agreement. £0.1m has been recognised in other liabilities in respect of this deferred consideration.

Contingent consideration

In the event that certain pre-determined EBITDA levels are achieved by MarketMakers for the year ended 31 December 2017, additional consideration of up to £3.6m may be payable in cash during the first quarter of 2018.

The potential undiscounted amount payable under the agreement is between £nil for EBITDA below £2.0m and £3.6m for EBITDA above £2.5m. The fair value of the contingent consideration is undiscounted as the payment is due in less than one year from the acquisition date.

Acquired receivables

The fair value of acquired trade receivables is £2.3m. The gross contractual amount for trade receivables due is £2.3m, all of which is expected to be collectible.

Revenue and profit contribution

MarketMakers contributed revenues of £6.1m and net profit of £1.1m to the Group for the period from 2 August 2017 to 31 December 2017. If the acquisition had occurred on 1 January 2017, MarketMakers pro-forma revenue and operating profit for the year ended 31 December 2017 would have been £13.9m and £2.1m respectively.

Acquisition costs

Costs relating to the acquisition of MarketMakers amounted to £0.6m (see note 4). These costs include stamp duty of £0.1m, sponsors' fees of £0.1m, legal fees of £0.1m, due diligence and planning fees of £0.1m and various other professional fees of £0.2m.

12 BUSINESS COMBINATIONS (continued)

Prior year business combination

In the prior year Centaur Communications Limited, a Group company, acquired the business and assets of The Oystercatchers LLP ('Oystercatchers'), a specialist marketing consultancy. The results of Oystercatchers are included in the Marketing segment. The £1.1m net identifiable assets of Oystercatchers were acquired for total purchase consideration of £2.3m, resulting in the recognition of £1.2m of goodwill. The consideration comprised a mixture of cash and shares, including deferred consideration of £0.2m that has been fully settled in cash in the current year.

At 31 December 2016 and under the sales purchase agreement, there was contingent consideration (earn-out consideration) of £1.2m to be settled in cash 75% and shares 25%. In the prior year, an expense and a provision of £0.4m was recognised under IAS 19 (for the cash element) and an expense and credit to equity of £0.2m was recognised under IFRS 2 (for the share-based payment element). During the period a further expense and provision of £0.4m was recognised under IAS 19 (for the cash element) and an expense and credit to equity of £0.2m under IFRS 2 (for the share-based payment element). The total amount of £1.2m was settled wholly in cash during the year and therefore an adjustment of £0.4m (£0.2m current year and £0.2m prior year) was made to reverse the share-based payment element under IFRS 2 and account for the whole transaction under IAS 19 appropriately.

Further details of this acquisition can be found in note 13 of the Group's Annual Report and Financial Statements for the year ended 31 December 2016.

13 DISPOSAL OF SUBSIDIARY

On 1 August 2017, the Group disposed of its interest in its Home Interest segment, by way of sale of 100% of the equity shares of Ascent Publishing Limited and Centaur Consumer Exhibitions Limited.

The net assets of the Home Interest segment at the date of disposal were as follows:

	31 July 2017 £m
Goodwill	7.5
Other intangible assets	0.6
Inventories	0.6
Trade and other receivables	2.5
Intercompany	2.6
Cash and cash equivalents	0.9
Trade and other payables	(0.6)
Deferred income	(3.5)
Current tax liability	(0.4)
Net assets disposed attributable to shareholders of the Company	**10.2**
Directly attributable costs of disposal	1.7
Gain on disposal	20.9
Fair value of consideration	**32.8**

Satisfied by:	
Cash and cash equivalents	30.2
Settlement of intercompany balances	2.6
	32.8

Net cash inflow arising on disposal:	
Consideration received in cash and cash equivalents	30.2
Less: directly attributable costs of disposal	(1.4)
Less: cash and cash equivalents disposed of	(0.9)
	27.9

Proceeds of £32.8m comprised cash of £30.2m and settlement of amounts owed by the continuing Group to the Home Interest segment of £2.6m. The gain on disposal of £20.9m is included in the profit for the year from discontinued operations (see note 7).

There were no disposals of subsidiaries during 2016.

14 INVENTORIES

	2017 Group £m	2016 Group £m
Work in progress	**1.4**	2.5

The Company had no inventory at 31 December 2017 (2016: £nil).

There are no provision amounts in respect of inventories (2016: £nil)

15 TRADE AND OTHER RECEIVABLES

	2017 Group £m	2016 Group £m	2017 Company £m	2016 Company £m
Amounts falling due within one year				
Trade receivables	**10.5**	15.8	-	-
Less: provision for impairment of receivables (note 23)	**(1.5)**	(2.7)	-	-
Trade receivables - net	**9.0**	13.1	-	-
Receivables from subsidiaries	-	-	**2.7**	**1.6**
Receivable from Employee Benefit Trust	-	-	-	**0.2**
Other receivables	**0.9**	0.8	**0.3**	**0.3**
Prepayments	**1.4**	1.2	-	-
Accrued income	**0.3**	0.6	-	-
	11.6	15.7	**3.0**	2.1

Receivables from subsidiaries are unsecured, have no fixed due date and bear interest at an annual rate of 2.39% (2016: 2.43%).

16 CASH AND CASH EQUIVALENTS

	2017 Group £m	2016 Group £m	2017 Company £m	2016 Company £m
Cash at bank and in hand	**4.1**	3.4	-	-

17 TRADE AND OTHER PAYABLES

	2017 Group £m	2016 Group £m	2017 Company £m	2016 Company £m
Trade payables	**2.6**	3.7	-	-
Payables to subsidiaries	-	-	**43.9**	18.9
Social security and other taxes	**1.1**	0.8	-	-
Other payables	**1.4**	1.3	-	-
Accruals	**5.8**	3.9	**0.6**	0.1
	10.9	9.7	**44.5**	19.0

Payables to subsidiaries are unsecured, have no fixed date of repayment and bear interest at an annual rate of 2.39% (2016: 2.43%).

The Directors consider that the carrying amount of the trade payables approximates their fair value.

18 PROVISIONS

	Deferred consideration £m	Other £m	Total £m
Group			
At 1 January 2016	-	-	-
Charged to statement of comprehensive income during the period	0.4	-	0.4
At 31 December 2016	**0.4**	**-**	**0.4**
Charged to statement of comprehensive income during the period	0.5	-	0.5
Transferred from equity	0.3	-	0.3
Acquisition related (note 12)	1.8	0.1	1.9
Utilised in the period	(1.2)	-	(1.2)
At 31 December 2017	**1.8**	**0.1**	**1.9**
Current	**1.8**	-	**1.8**
Non-current	**-**	0.1	**0.1**
Total	**1.8**	0.1	**1.9**

18 PROVISIONS (continued)

Deferred consideration

Deferred consideration at 31 December 2016 related to the acquisition of Oystercatchers. Under the sales purchase agreement, the contingent consideration was to be settled in cash 75% and shares 25%. In the prior
year, an expense and a provision of £0.4m was recognised under IAS 19 (for the cash element) and an expense and credit to equity of £0.2m was recognised under IFRS 2 (for the share-based payment element).

During the year a further expense and provision of £0.4m was recognised under IAS 19 (for the cash element) and an expense and credit to equity of £0.2m under IFRS 2 (for the share-based payment element).

Per agreement with the former Oystercatchers shareholders, the total amount of £1.2m was wholly settled in cash during the year and therefore an adjustment of £0.2m was made to reverse the share-based payment element recognised in the year under IFRS 2 and account for the charge under IAS 19 appropriately resulting in a total charge of £0.6m. A transfer was made for the total share based payment amount of £0.3m held in non-distributable reserves in equity to provisions netting off against the payment made to settle the liability.

Deferred consideration at 31 December 2017 relates to the acquisition of Market Makers Incorporated Limited ('MarketMakers') and is payable within 1 year (see note 12). The amount payable is dependent on achieving pre-determined EBITDA levels and has been treated as contingent consideration. All amounts represent the Directors' best estimate of the balance to be paid at the statement of financial position date, based on information available at the acquisition date.

Other

A dilapidation provision was acquired on the acquisition of MarketMakers in relation to the building leased by the Company in Portsmouth. The lease expires in December 2022 and therefore the provision is classified as a non-current liability.

19 BORROWINGS

	31 December 2017 Group £m	31 December 2016 Group £m	**31 December 2017 Company £m**	31 December 2016 Company £m
Non-current liabilities				
Arrangement fee in respect of revolving credit facility	-	(0.1)	-	(0.1)
Revolving credit facility	-	17.5	-	17.5
	-	17.4	-	17.4

All borrowings were classified as non-current at 31 December 2016. At 31 December 2017, there were no drawdowns on the revolving credit facility. Further details about the Group's borrowings are provided in note 23.

20 EQUITY

Ordinary shares of 10p each	Nominal value £m	Number of shares
Authorised share capital - Group and Company		
At 1 January 2016, 31 December 2016 and 31 December 2017	**20.0**	**200,000,000**
Issued and fully paid share capital - Group and Company		
At 1 January 2016, 31 December 2016 and 31 December 2017	**15.1**	**151,410,266**

Deferred shares reserve

The deferred shares reserve represents 800,000 (2016: 800,000) deferred shares of 10p each, which carry restricted voting rights and have no right to receive a dividend payment in respect of any financial year.

Reserve for shares to be issued

The reserve for shares to be issued is in respect of equity-settled share-based compensation plans. The changes to the reserve for shares to be issued represent the total charges for the year relating to equity-settled share-based payment transactions with employees as accounted for under IFRS 2.

Own shares reserve

The own shares reserve represents the value of shares held as treasury shares and in an employee benefit trust. At 31 December 2017, 6,964,613 (2016: 6,870,437) 10p ordinary shares are held in treasury and 91,191 (2016: 91,191) 10p ordinary shares are held in an employee benefit trust.

During 2017, the Company purchased 97,176 (2016: 397,447) ordinary shares to be held in treasury in order to meet future obligations arising from share-based rewards to employees. The buyback programme was approved by shareholders at the Annual General Meeting held on 9 May 2017 up to a value of £1.0m. The shares were acquired at an average price of 53.58p (2016: 42.75p) per share, with prices ranging from 46p to 55p. The total cost of £0.1m (2016: £0.2m) has been recognised in other reserves in the own shares reserve in equity.

21 DIVIDENDS

	2017 £m	2016 £m
Equity dividends		
Final dividend for 2015: 1.5p per 10p ordinary share	-	2.2
Interim dividend for 2016: 1.5p per 10p ordinary share	-	2.1
Final dividend for 2016: 1.5p per 10p ordinary share	**2.2**	-
Interim dividend for 2017: 1.5p per 10p ordinary share	**2.1**	-
	4.3	4.3

A final dividend for the year ended 31 December 2017 of £2.2m (1.5p per share) is proposed by the Directors and, subject to shareholder approval at the Annual General Meeting, will be paid on 25 May 2018.

22 NOTES TO THE CASH FLOW STATEMENT

Reconciliation of profit / (loss) for the year to net cash inflow from operating activities:

	2017 Group £m	2016 Group £m	2017 Company £m	2016 Company £m
Profit/(loss) for the period	**21.9**	(5.4)	**(2.9)**	(2.2)
Adjustments for:				
Tax	**0.8**	1.0	**(0.7)**	(0.5)
Interest expense	**0.4**	0.5	**1.4**	1.0
Depreciation	**0.7**	0.6	**-**	-
Amortisation of intangible assets	**5.3**	5.0	**-**	-
Impairment of goodwill	**-**	7.2	**-**	-
Earn-out costs	**0.6**	0.6	**-**	-
Share-based payment charge / (credit)	**0.5**	(0.1)	**0.2**	-
Gain on disposal of subsidiary	**(20.9)**	-	**-**	-
Unrealised foreign exchange difference	**0.1**	-	**-**	-

Other	**0.1**	(0.1)	**-**	-
Changes in working capital (excluding effects of acquisitions and disposals of subsidiaries):				
Decrease / (increase) in inventories	**0.6**	(0.5)	**-**	-
Decrease / (increase) in trade and other receivables	**5.1**	9.2	**(1.0)**	-
(Decrease) / increase in trade and other payables	**(1.4)**	(2.6)	**25.2**	10.2
Increase / (decrease) in deferred income	-	(0.1)	-	-
Cash generated from operating activities	**13.8**	15.3	**22.2**	8.5

22 NOTES TO THE CASH FLOW STATEMENT (continued)

Analysis of changes in net debt

Group	Note	**At 31 December 2016 £m**	**Net cash flow £m**	**At 31 December 2017 £m**
Cash and cash equivalents	16	3.4	0.7	**4.1**
Revolving credit facility	19	(17.5)	17.5	**-**
Net (debt) / cash		(14.1)	18.2	**4.1**

Company	Note	**At 31 December 2016 £m**	**Net cash flow £m**	**At 31 December 2017 £m**
Cash and cash equivalents	16	-	-	**-**
Revolving credit facility	19	(17.5)	17.5	**-**
Net (debt) / cash		(17.5)	17.5	**-**

23 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial risk management

The Board has overall responsibility for the determination of the Group's risk management policies. The Board receives monthly reports from the Chief Financial Officer through which it reviews the effectiveness of policies and processes put in place to manage risk. The Board sets policies that reduce risk as far as possible without unduly affecting the operating effectiveness of the Group.

The Group's activities expose it to a variety of financial risks, including interest rate risk, credit risk, liquidity risk, capital risk and currency risk. Of these, credit risk and liquidity risk are considered the most significant. This note presents information about the Group's exposure to each of the above risks.

23 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1(r). All financial assets and liabilities are measured at amortised cost.

	Note	**2017 £m**	**2016 £m**
Financial assets			
Cash and bank balances	16	**4.1**	3.4
Trade receivables - net	15	**9.0**	13.1
Other receivables	15	**0.9**	0.8
Total financial assets		**14.0**	17.3
Financial liabilities			
Bank borrowings	19	**-**	17.5
Loan notes	19	**-**	-
Finance lease payables		**-**	-
Trade payables	17	**2.6**	3.7
Accruals	17	**5.8**	3.9
Provisions	18	**1.9**	0.4
Other payables	17	**1.4**	1.3
Total financial liabilities		**11.7**	26.8

Credit risk

The Group's principal financial assets are trade and other receivables (note 15) and cash and cash equivalents. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk in relation to financial assets. Credit risk is managed on a Group basis. The Group does not consider that it is subject to any significant concentrations of credit risk.

Trade receivables

Trade receivables consist of a large number of customers, of varying sizes and spread across diverse industries and geographies. The Group does not have significant exposure to credit risk in relation to any single counterparty or group of counterparties having similar characteristics. The Group's exposure to credit risk is influenced predominantly by the circumstances of individual customers as opposed to industry or geographic trends.

23 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

The business assesses the credit quality of customers based on their financial position, past experience and other qualitative and quantitative factors. The Group's policy requires customers to pay in accordance with agreed payment terms, which are generally 30 days from the date of invoice. Under normal trading conditions, the Group is exposed to relatively low levels of risk, and potential losses are mitigated as a result of a diversified customer base and the requirement for events and certain premium content subscription invoices to be paid in advance of service delivery.

The credit control function within the Group's finance department monitors the outstanding debts of the Group, and trade receivables balances are analysed by the age and value of outstanding balances.

Any trade receivable balance which is objectively determined to be uncollectible is written off the ledger, with a charge taken through the statement of comprehensive income. The Group also records a provision for estimated impairment losses on its trade receivables balances. All balances past due are reviewed, with those greater than 90 days past due considered to carry a higher level of credit risk. Specific provision is made against customer balances with known credit issues or where debt has been referred to a collection agency. The remaining past due balances are then analysed, with balances relating to revenue recognised in advance, customers on payment plans and non-payment resulting from administrative queries considered to be of lower risk. A judgement is applied to the net balance based on historic experience on a percentage basis taking into account both the age and the reason items remain unpaid.

Impairment losses are taken through administrative expenses in the statement of comprehensive income.

The ageing of trade receivables according to their original due date is detailed below:

	2017 Gross £m	**2017 Provision £m**	**2016 Gross £m**	**2016 Provision £m**
Not due	**5.2**	**-**	6.4	-
0-30 days past due	**2.4**	**-**	3.2	-
31-60 days past due	**1.0**	**-**	1.2	(0.1)
61-90 days past due	**0.3**	**-**	0.9	(0.1)
Over 90 days past due	**1.6**	**(1.5)**	4.1	(2.5)
	10.5	**(1.5)**	15.8	(2.7)

Trade receivables that are less than 3 months past due are generally not considered to be impaired, except where specific credit issues or delinquency in payments have been identified. At 31 December 2017, there are debtors greater than 90 days past due with a carrying value of £0.1m (2016: £1.6m) which have not been provided against. In making the assessment that these amounts are not impaired, the Directors have considered the quantum of amounts included in gross trade receivables which relate to amounts not yet included in income, including pre-event debt included in deferred income and amounts relating to VAT. The credit quality of trade receivables not yet due nor impaired has been assessed as acceptable.

23 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

The movement in the provision for impairment of receivables is detailed below:

	2017 Group £m	**2016 Group £m**

Balance at 1 January	**2.7**	0.9
Utilised	**(1.2)**	(0.5)
Disposal of subsidiaries	**(0.5)**	-
Additional provision charged to the statement of comprehensive income:		
Recorded in adjusted operating profit	**0.5**	0.5
Adjusting item in operating loss	-	1.8
Balance at 31 December	**1.5**	2.7

The Group's policy requires customers to pay in accordance with agreed payment terms, which are generally 30 days from the date of invoice or, in the case of live events related revenue, no less than 30 days before the event. All credit and recovery risk associated with trade receivables has been provided for in the statement of financial position. The Group's policy for recognising an impairment loss is given in note 1. Impairment losses are taken through administrative expenses in the statement of comprehensive income.

The Directors consider the carrying value of trade and other receivables approximates to their fair value.

Cash and cash equivalents

Banks and financial institutions are independently rated by credit rating agencies. We choose only to deal with those with a minimum 'A' rating. We determine the credit quality for cash and cash equivalents to be strong.

Other receivables

Other receivables are neither past due nor impaired. These are primarily made up of sundry receivables, including employee-related debtors and receivables in respect of distribution arrangements.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. During the year, the Group was in a net borrowings position until the end of July from which time through to 31 December 2017 the Group maintained a net cash position. The Group manages liquidity risk by maintaining adequate reserves and working capital credit facilities, and by continuously monitoring forecast and actual cash flows. The total facility available to the Group is £25.0m and is available through to August 2019. As at 31 December 2017, the Group had cash of £4.1m (2016: £3.4m) with a full undrawn loan facility of £25.0m (2016: undrawn loan facilities of £7.5m).

23 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

The following tables detail the financial maturity for the Group's financial liabilities:

	Book value £m	**Fair value £m**	**Less than 1 year £m**	**2-5 years £m**
At 31 December 2017				
Financial liabilities				
Variable interest rate instruments	**-**	**-**	**-**	**-**
Non-interest bearing	**11.7**	**11.7**	**11.7**	**-**
	11.7	**11.7**	**11.7**	**-**
At 31 December 2016				
Financial liabilities				
Variable interest rate instruments	17.5	17.5	-	17.5
Non-interest bearing	9.3	9.3	9.3	-
	26.8	**26.8**	**9.3**	**17.5**

The Directors consider that book value is materially equal to fair value.

The book value of primary financial instruments approximates to fair value where the instrument is on a short maturity or where they bear interest at rates that approximate to the market.

All trade and other payables are due in one year or less, or on demand.

Interest rate risk

The Group has no significant interest-bearing assets but is exposed to interest rate risk when it borrows funds at floating interest rates through its revolving credit facility. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The

Group evaluates its risk appetite towards interest rate risks regularly, and may undertake hedging activities, including interest rate swap contracts, to manage interest rate risk in relation to its revolving credit facility if deemed necessary.

The Group did not enter into any hedging transactions during the current or prior year and, as at 31 December 2017, the only floating rate to which the Group is exposed was LIBOR. The Group's exposure to interest rates on financial assets and financial liabilities is detailed in the liquidity risk section of this note.

Interest rate sensitivity

The Group has exposure to interest rate risk, and sensitivity analysis has been performed based on exposure to variable interest rates at the reporting date.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net profit after tax would increase / decrease by an insignificant amount.

23 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Capital risk

The Group manages its capital to ensure that all entities in the Group will be able to continue as a going concern while maximising return to stakeholders, as well as sustaining the future development of the business.

The capital structure of the Group consists of net debt/cash, which includes borrowings (note 19) and cash and cash equivalents (note 16), and equity attributable to the owners of the parent, comprising issued share capital (note 20), other reserves and retained earnings. The Board also considers the levels of own shares held for employee share schemes, and the ability to issue new shares for acquisitions, in managing capital risk in the business.

The Group continues to benefit from its banking facilities (as renewed during June 2015), which features both a working capital facility, to assist in managing the Group's liquidity risk, and an acquisition facility to support the Group's acquisition strategy. The facility, available until August 2019, allows for a maximum drawdown of £25m.

Interest is calculated on LIBOR plus a margin dependent on the Group's net leverage position, which is re-measured quarterly in line with covenant testing. The Group's borrowings are subject to financial covenants tested quarterly. The principal financial covenants under the facility are that the ratio of net debt to adjusted EBITDA (see note 1(b) for explanation and reconciliation of adjusted EBITDA) shall not exceed 2.5:1 and the ratio of EBITDA to net finance charges shall not be less than 4:1. At 31 December 2017 and throughout 2017 all of these covenants were achieved.

Currency risk

Substantially all of the Group's net assets are located in the United Kingdom. The majority of revenue and profits is generated in the United Kingdom and consequently foreign exchange risk is limited. The Group continues to monitor its exposure to currency risk, particularly as the business expands into overseas territories such as North America, however the results of the Group are not currently considered to be sensitive to movements in currency rates.

24 POST BALANCE SHEET EVENTS

No material events have occurred after the reporting period.

25 NATURE OF FINANCIAL INFORMATION

The foregoing financial information does not amount to full accounts within the meaning of Section 434 of the Companies Act 2006. The financial information has been extracted from the Group's annual report and financial statements for the year ended 31 December 2016 on which the auditors have expressed an unqualified opinion.

Copies of the annual report and financial statements will be posted to shareholders shortly and will be available from the Company's registered office at Wells Point, 79 Wells Street, London, W1T 3QN.

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