INFORMA

2017 FINANCIAL STATEMENTS

GENERAL INFORMATION

This document contains Informa's Consolidated Financial Statements for the year ending 31 December 2017. These are extracted from the Group's 2017 Annual Report and Financial Statements, which will be published in full in April 2018, to support the preparation of documents related to Informa's Recommended Offer for UBM plc that was announced on 30 January 2018. This also presents on pages 75 to 87 the Independent Auditor's Report.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Adjusted results 2017 £m	Adjusting items 2017 £m	Statutory results 2017 £m	Adjusted results 2016 (restated)[1] £m	Adjusting items 2016 (restated)[1] £m	Statutory results 2016 (restated)[1] £m
Continuing operations							
Revenue	5	**1,757.6**	**-**	**1,757.6**	1,344.8	-	1,344.8
Net operating expenses	7	**(1,212.1)**	**(200.2)**	**(1,412.3)**	(930.0)	(217.0)	(1,147.0)
Operating profit/(loss) before joint ventures and associates		**545.5**	**(200.2)**	**345.3**	414.8	(217.0)	197.8
Share of results of joint ventures and associates	19	**-**	**-**	**-**	0.8	-	0.8
Operating profit/(loss)		**545.5**	**(200.2)**	**345.3**	415.6	(217.0)	198.6
Loss on disposal of subsidiaries and operations	20	**-**	**(17.4)**	**(17.4)**	-	(39.8)	(39.8)
Investment income	11	**0.2**	**-**	**0.2**	0.6	58.9	59.5
Finance costs	12	**(59.3)**	**-**	**(59.3)**	(40.2)	-	(40.2)
Profit/(loss) before tax		**486.4**	**(217.6)**	**268.8**	376.0	(197.9)	178.1
Tax (charge)/credit	13	**(103.1)**	**148.0**	**44.9**	(67.8)	63.1	(4.7)
Profit/(loss) for the year		**383.3**	**(69.6)**	**313.7**	308.2	(134.8)	173.4
Attributable to:							
– Equity holders of the Company		**380.9**	**(69.6)**	**311.3**	306.3	(134.8)	171.5
– Non-controlling interests	33	**2.4**	**-**	**2.4**	1.9	-	1.9
Earnings per share							
– Basic (p)	15	**46.3**		**37.8**	42.2		23.6
– Diluted (p)	15	**46.1**		**37.7**	42.1		23.6

[1]2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for Penton acquisition completed in 2016 (see note 4).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £m	2016 (restated)[1] £m
Profit for the year		**313.7**	173.4
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on defined benefit pension schemes	36	**14.2**	(14.3)
Tax relating to items that will not be reclassified to profit or loss	27	**(4.2)**	2.0
Total items that will not be reclassified subsequently to profit or loss		**10.0**	(12.3)
Items that may be reclassified subsequently to profit or loss:			
Recycling of exchange gains arising on disposal of foreign operations	20	**(3.7)**	-
Exchange (loss)/gain on translation of foreign operations		**(183.5)**	270.2
Exchange gain/(loss) on net investment hedge debt		**56.7**	(162.2)
Total items that may be reclassified subsequently to profit or loss		**(130.5)**	108.0
Other comprehensive (expense)/income for the year		**(120.5)**	95.7
Total comprehensive income for the year		**193.2**	269.1
Total comprehensive income attributable to:			
– Equity holders of the Company		**190.8**	267.4
– Non-controlling interests	33	**2.4**	1.7

[1]2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for Penton acquisition completed in 2016 (See note 4).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital £m	Share premium account £m	Translation reserve £m	Other reserves £m	Retained earnings[1] £m	Total[1] £m	Non-controlling interests £m	Total equity[1] £m
At 1 January 2016	0.6	204.0	(34.2)	(1,652.8)	2,748.4	1,266.0	2.1	1,268.1
Profit for the year	-	-	-	-	171.5	171.5	1.9	173.4
Exchange gain on translation of foreign operations	-	-	270.4	-	-	270.4	(0.2)	270.2
Exchange loss on net investment hedge debt	-	-	(162.2)	-	-	(162.2)	-	(162.2)
Actuarial loss on defined benefit pension schemes (Note 36)	-	-	-	-	(14.3)	(14.3)	-	(14.3)
Tax relating to components of other comprehensive income (Note 27)	-	-	-	-	2.0	2.0	-	2.0
Total comprehensive income for the year	-	-	108.2	-	159.2	267.4	1.7	269.1
Dividends to shareholders (Note 14)	-	-	-	-	(131.9)	(131.9)	-	(131.9)
Dividends to non-controlling interests	-	-	-	-	-	-	(2.6)	(2.6)
Shares issued	0.2	701.3	-	82.2	-	783.7	-	783.7
Share award expense (Note 10)	-	-	-	3.9	-	3.9	-	3.9
Own shares purchased	-	-	-	(1.0)	-	(1.0)	-	(1.0)
Transfer of vested LTIPs	-	-	-	(1.6)	1.6	-	-	-
Put Option on acquisition of non-controlling interests (NCI)	-	-	-	(1.5)	-	(1.5)	-	(1.5)
At 1 January 2017	0.8	905.3	74.0	(1,570.8)	2,777.3	2,186.6	1.2	2,187.8
Profit for the year	**-**	**-**	**-**	**-**	**311.3**	**311.3**	**2.4**	**313.7**
Recycling of exchange gains arising on disposal of foreign operations (Note 20)	**-**	**-**	**(3.7)**	**-**	**-**	**(3.7)**	**-**	**(3.7)**
Exchange loss on translation of foreign operations	**-**	**-**	**(183.5)**	**-**	**-**	**(183.5)**	**-**	**(183.5)**
Exchange gain on net investment hedge debt	**-**	**-**	**56.7**	**-**	**-**	**56.7**	**-**	**56.7**
Actuarial gain on defined benefit pension schemes (Note 36)	**-**	**-**	**-**	**-**	**14.2**	**14.2**	**-**	**14.2**
Tax relating to components of other comprehensive income (Note 27)	**-**	**-**	**-**	**-**	**(4.2)**	**(4.2)**	**-**	**(4.2)**
Total comprehensive income for the year	**-**	**-**	**(130.5)**	**-**	**321.3**	**190.8**	**2.4**	**193.2**
Dividends to shareholders (Note 14)	**-**	**-**	**-**	**-**	**(162.2)**	**(162.2)**	**-**	**(162.2)**
Dividends to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**(2.0)**	**(2.0)**
Share award expense (Note 10)	**-**	**-**	**-**	**5.4**	**-**	**5.4**	**-**	**5.4**
Own shares purchased	**-**	**-**	**-**	**(0.9)**	**-**	**(0.9)**	**-**	**(0.9)**
Transfer of vested LTIPs	**-**	**-**	**-**	**(2.1)**	**2.1**	**-**	**-**	**-**
NCI arising from purchase of subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**(1.1)**	**(1.1)**
Adjustment to NCI arising from exercise of put option	**-**	**-**	**-**	**0.1**	**-**	**0.1**	**-**	**0.1**
NCI adjustment arising from disposal (Note 20)	**-**	**-**	**-**	**(0.4)**	**-**	**(0.4)**	**10.8**	**10.4**
At 31 December 2017	**0.8**	**905.3**	**(56.5)**	**(1,568.7)**	**2,938.5**	**2,219.4**	**11.3**	**2,230.7**

[1] 2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for certain acquisitions completed in 2016 (See note 4).

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £m	2016 (restated)[1] £m
Non-current assets			
Goodwill	16	**2,608.2**	2,699.5
Other intangible assets	17	**1,701.4**	1,802.1
Property and equipment	21	**31.8**	24.1
Investments in joint ventures and associates	19	**1.5**	1.5
Other investments	19	**4.6**	1.6
Deferred tax assets	27	**9.0**	13.0
Other receivables	23	**0.1**	0.5
		4,356.6	4,542.3
Current assets			
Inventory	22	**54.1**	52.4
Trade and other receivables	23	**401.1**	356.2
Current tax asset		**25.4**	31.1
Cash at bank and on hand	24	**54.9**	49.6
		535.5	489.3
Total assets		**4,892.1**	5,031.6
Current liabilities			
Borrowings	29	**(303.0)**	(174.9)
Current tax liabilities		**(30.5)**	(30.0)
Provisions	26	**(25.1)**	(34.4)
Trade and other payables	25	**(297.2)**	(246.5)
Deferred income		**(534.6)**	(563.0)
		(1,190.4)	(1,048.8)
Non-current liabilities			
Borrowings	29	**(1,125.0)**	(1,360.3)
Deferred tax liabilities	27	**(251.6)**	(349.0)
Retirement benefit obligation	36	**(23.6)**	(38.0)
Provisions	26	**(33.0)**	(11.8)
Non-current tax liabilities	28	**(11.1)**	(8.3)
Trade and other payables	25	**(26.7)**	(27.6)
		(1,471.0)	(1,795.0)
Total liabilities		**(2,661.4)**	(2,843.8)
Net assets		**2,230.7**	2,187.8
Equity			
Share capital	31	**0.8**	0.8
Share premium account	31	**905.3**	905.3
Translation reserve		**(56.5)**	74.0
Other reserves	32	**(1,568.7)**	(1,570.8)
Retained earnings		**2,938.5**	2,777.3
Equity attributable to equity holders of the parent		**2,219.4**	2,186.6
Non-controlling interest	33	**11.3**	1.2
Total equity		**2,230.7**	2,187.8

[1]2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for certain acquisitions completed in 2016 (See note 4)

These financial statements were approved by the Board of Directors on 27 February 2018 and were signed on its behalf by

STEPHEN A. CARTER CBE
Group Chief Executive

GARETH WRIGHT
Group Finance Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £m	2016 £m
Operating activities			
Cash generated by operations	35	**531.2**	415.2
Income taxes paid		**(45.3)**	(43.3)
Interest paid		**(52.0)**	(35.6)
Net cash inflow from operating activities		**433.9**	336.3
Investing activities			
Interest received		**0.2**	0.6
Purchase of property and equipment	21	**(14.7)**	(4.6)
Proceeds on disposal of property and equipment		**1.0**	0.6
Purchase of intangible software assets	17	**(52.2)**	(36.5)
Product development costs additions	17	**(13.1)**	(11.5)
Purchase of intangibles related to titles, brands and customer relationships	17	**(30.7)**	(54.5)
Proceeds on disposal of other intangible assets		**5.2**	1.6
Acquisition of subsidiaries and operations, net of cash acquired	18	**(193.2)**	(1,294.2)
Acquisition of investment		**(0.5)**	-
Cash inflow/(outflow) on disposal of subsidiaries and operations		**14.4**	(4.1)
Net cash outflow from investing activities		**(283.6)**	(1,402.6)
Financing activities			
Dividends paid to shareholders	14	**(162.0)**	(131.9)
Dividends paid to non-controlling interests		**(2.0)**	(2.6)
Proceeds from acquisition-related derivative forward contract		**-**	58.9
Repayment of loans		**(1,292.1)**	(1,455.9)
New loan advances		**1,070.8**	1,888.9
Repayment of private placement borrowings		**(159.7)**	-
New private placement borrowings		**406.4**	-
Borrowing fees paid	35	**(0.7)**	(2.1)
Cash inflow on other loans	35	**0.2**	0.2
Rights Issue net proceeds		**-**	701.5
Cash outflow from the purchase of own share capital		**(0.9)**	(1.0)
Net cash (outflow)/inflow from financing activities		**(140.0)**	1,056.0
Net increase/(decrease) in cash and cash equivalents		**10.3**	(10.3)
Effect of foreign exchange rate changes		**(2.3)**	18.2
Cash and cash equivalents at beginning of the year	24	**40.2**	32.3
Cash and cash equivalents at end of the year	24	**48.2**	40.2

RECONCILIATION OF MOVEMENT IN NET DEBT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £m	2016 £m
Increase/(decrease) in cash and cash equivalents in the year	35	**10.3**	(10.3)
Cash flows from net drawdown of borrowings	35	**(24.9)**	(431.1)
Increase in net debt resulting from cash flows		**(14.6)**	(441.4)
Other non-cash movements including foreign exchange	35	**126.9**	(148.7)
Decrease/(increase) in net debt in the year		**112.3**	(590.1)
Net debt at beginning of the year	35	**(1,485.4)**	(895.3)
Net debt at end of the year	35	**(1,373.1)**	(1,485.4)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 GENERAL INFORMATION

Informa PLC (the “Company”) is a company incorporated in the United Kingdom under the Companies Act 2006 and is listed on the London Stock Exchange. The Company is a public company limited by shares and is registered in England and Wales with registration number 08860726. The address of the registered office is 5 Howick Place, London, SW1P 1WG. The nature of the Group’s operations and its principal activities are set out in the Principal Activities and Strategic Review sections of the Directors’ Report on page [XX].

The Consolidated Financial Statements as at 31 December 2017 and for the year then ended comprise those of the Company and its subsidiaries and its interests in joint ventures and associates (together referred to as “the Group”).

These financial statements are presented in pounds sterling ("GBP"), the functional currency of the Parent Company, Informa PLC. Foreign operations are included in accordance with the policies set out in Note 2.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Financial Statements have been prepared in accordance with IFRSs adopted by the European Union and therefore comply with Article 4 of the EU IAS Regulations.

The Directors have, at the time of approving the Consolidated Financial Statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements. Further detail is contained in the Strategic Review on page [X].

The Consolidated Financial Statements have been prepared on the historical cost basis, except for derivative financial instruments and hedged items which are measured at fair value. The principal accounting policies adopted are set out below, all of which have been consistently applied to all periods presented in the Consolidated Financial Statements.

Basis of consolidation

The Consolidated Financial Statements incorporate the accounts of the Company and all its subsidiaries. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity, has the rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The results of subsidiaries acquired or sold are included in the Consolidated Financial Statements from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the results of acquired subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expense are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group’s equity and consist of the amount of those interests at the date of the original business combination plus their share of changes in equity since that date.

Joint ventures are joint arrangements in which the Group has the rights to the net assets through joint control with a third party. Joint operations arise where there is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control, and where the joint operators have rights to the assets and obligations for the liabilities relating to the arrangement. Associates are undertakings over which the Group exercises significant influence, usually from 20%-50% of the equity voting rights, in respect of the financial and operating policies.

The Group accounts for its interests in joint ventures and associates using the equity method. Under the equity method, the investment in the joint venture or associates is initially measured at cost. The carrying amount of the investment is adjusted to recognise changes in the Group’s share of net assets of the joint ventures or associates since the acquisition date. The income statement reflects the Group’s share of the results of operations of the entity. The statement of comprehensive income includes the Group’s share of any other comprehensive income recognised by the joint venture or associate. Dividend income is recognised when the right to receive the payment is established. Where an associate or joint venture has net liabilities, full provision is made

for the Group's share of liabilities where there is a constructive or legal obligation to provide additional funding to the associate or joint venture.

Foreign currencies

Transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the rates ruling at that date. These translation differences are included in net operating expenses in the Consolidated Income Statement.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The balance sheet of foreign subsidiaries is translated into pounds sterling at the closing rates of exchange. The income statement results are translated at an average exchange rate, recalculated for each month between that month's closing rate and the equivalent for the preceding month.

Foreign exchange differences arising from the translation of opening net investments in foreign subsidiaries at the closing rate are taken directly to the translation reserve. In addition, foreign exchange differences arising from retranslation of the foreign subsidiaries' results from monthly average rate to closing rate are also taken directly to the Group's translation reserve. Such translation differences are recognised in the Consolidated Income Statement in the financial year in which the operations are disposed of. The translation movement on matched long-term foreign currency borrowings, qualifying as hedging instruments under IAS 39 *Financial Instruments: Recognition and Measurement*, are also taken directly to the translation reserve.

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 acquisition closing rate.

Business combinations

The acquisition of subsidiaries and other asset purchases that are assessed as meeting the definition of a business under the rules of IFRS 3 *Business Combinations* are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. If the accounting for business combinations involves provisional amounts, which are then finalised in a subsequent reporting period during the 12-month measurement period as permitted under IFRS 3, restatement of these provisional amounts may be required in the subsequent reporting period. In the year ended 31 December 2017 the 12-month measurement period ended for the Penton acquisition, which was acquired on 2 November 2016; this resulted in a restatement of the provisional amounts previously reported in the year ended 31 December 2016. Full details of the restatement are provided in Note 4. Acquisition and integration costs incurred are expensed and included in adjusting items in the Consolidated Income Statement.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is classified as a financial liability that is within the scope of IAS 39 will be recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. On an acquisition by acquisition basis, the Group recognises any non-controlling interest either at fair value (under the full goodwill method) or at the proportionate share of the acquiree's identifiable net assets.

Disposal

At the date of a disposal, or loss of control, joint control or significant influence over a subsidiary, joint venture or associate, the Group dereognises the assets (including goodwill) and liabilities of the entity, with the carrying amount of any non-controlling interest and any cumulative translation differences recorded in equity. The fair value of consideration including the fair value of any investment retained is recognised. The consequent profit or loss on disposal that is not disclosed as a discontinued operation is recognised in profit and loss within "profit or loss on disposal of subsidiaries and operations".

Equity transactions

Where there is a change of ownership of a subsidiary without a change of control, the difference between the consideration and

the relevant share of the carrying amount of net assets acquired or disposed of the subsidiary is recorded in equity. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiary. Any difference between the amount at which the non-controlling interests are adjusted and the fair value of the consideration is recognised directly in equity.

Revenue

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes, and provisions for returns and cancellations.

Subscription income for online services, information and journals is normally received in advance and is therefore deferred and recognised evenly over the term of the subscription. Revenue from exhibitions, tradeshows, conferences and learning events, together with attendee fees and event sponsorship, is recognised when the event is held, with advance receipts recognised as deferred income in the balance sheet.

Unit sales revenue is recognised on the sale of books and related publications when title passes, depending on the terms of the sales agreement.

Marketing and advertising services revenues are recognised on issue of the related publication or over the period of the advertising subscription or over the period when the marketing service is provided.

Revenue relating to barter transactions is recorded at fair value and recognised in accordance with the Group's revenue recognition policies. Expenses from barter transactions are recorded at fair value and recognised as incurred. Barter transactions typically involve the trading of advertisements and trade show space in exchange for services provided at events.

Pension costs and pension scheme arrangements

Certain Group companies operate defined contribution pension schemes for colleagues. The assets of the schemes are held separately from the individual companies. The pension cost charge associated with these schemes represents contributions payable and is charged as an expense when incurred.

The Group also operates funded defined benefit schemes for colleagues. The cost of providing these benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at regular intervals. There is no service cost due to the fact that these schemes are closed to future accrual. Net interest is calculated by applying a discount rate to the opening net defined benefit liability or asset and shown in finance costs, and the administration costs are shown as a component of operating expenses. Actuarial gains and losses are recognised in full in the period in which they occur, outside of the Consolidated Income Statement and in the Consolidated Statement of Comprehensive Income.

The retirement benefit obligation recognised in the Consolidated Balance Sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Share-based payments

The Group issues equity-settled share-based payments to certain colleagues. These are measured at fair value at date of grant. An expense is recognised to spread the fair value of each award over the vesting period on a straight-line basis, after allowing for an estimate of the share awards that will actually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate.

For awards under the Long-Term Incentive Plan ("LTIP"), where the proportion of the award is dependent on the level of total shareholder return, the fair value is measured using a Monte Carlo model of valuation, which is considered to be the most appropriate valuation technique. The valuation takes into account factors such as non-transferability, exercise restrictions and behavioural considerations. Where the proportion of the award is dependent on Earnings Per Share performance conditions, which are non-market based measures, the fair value is re-measured at each reporting date to reflect updates for expected or actual performance. For awards issued under ShareMatch, the fair value is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. For cash-settled share-based payments, a liability is recognised over the vesting period, with the fair value re-measured at each reporting date and any changes recognised in the Consolidated Income Statement.

Own shares are deducted in arriving at total equity and represent the cost of the Company's ordinary shares acquired by the Employee Share Trust ("EST") and ShareMatch in connection with certain of the Group's colleague share schemes.

Interest income

Interest income is recognised on an accrual basis, by reference to the principal outstanding and at the effective interest rate applicable.

Taxation

The tax expense represents the sum of the current tax payable and deferred tax. Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

A current tax provision is recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax nor accounting profit.

Deferred tax is calculated for all business combinations in respect of intangible assets and properties. A deferred tax liability is recognised to the extent that the fair value of the assets for accounting purposes exceeds the value of those assets for tax purposes and will form part of the associated goodwill on acquisition. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associate except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Consolidated Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Goodwill

Goodwill arising on the acquisition of subsidiary companies and businesses is calculated as the excess of the fair value of purchase consideration over the fair value of identifiable assets and liabilities acquired at the date of acquisition. It is recognised as an asset at cost, assessed for impairment at least annually and subsequently measured at cost less accumulated impairment losses. Any impairment is recognised immediately in the Consolidated Income Statement and is not subsequently reversed. Fair value measurements are based on provisional estimates and may be subject to amendment within one year of the acquisition in line with IFRS 3 *Business Combinations*, resulting in an adjustment to goodwill.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units ("CGUs"), as determined by the Executive Directors, which are expected to benefit from the combination. Goodwill is tested for impairment annually or more frequently when there is an indication that it may be impaired. Where an impairment test is performed the carrying value is compared to the recoverable amount which is the higher of the value in use and the fair value less cost of disposal. Value in use is the present value of future cash flows and is calculated using a discounted cash flow analysis based on the cash flows of the cash generating unit compared with the carrying value of that CGU, including goodwill. The Group estimates the discount rates as the risk-adjusted cost of capital for the particular CGUs. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. At each reporting date the Group reviews the composition of its CGUs to reflect the impact of changes to cash inflows associated with reorganisations of its reporting structure.

On disposal of a business which includes all or part of a CGU, any attributable goodwill is included in the calculation of the profit or loss on disposal.

Intangible assets

Intangible assets are initially measured at cost. For intangible assets acquired in business combinations, cost is calculated based on the Group's valuation methodologies (Note 17). These assets are amortised over their estimated useful lives on a straight-line basis, as follows:

Book lists	20 years[1]
Journal titles	20 years[1]
Brands and trademarks	10 – 30 years
Customer relationship database and intellectual property	10 – 30 years
Non-compete agreements	1 – 3 years
Software	3 – 10 years
Product development	3 – 5 years

[1] Or licence period if shorter

Software which is not integral to a related item of hardware is included in intangible assets. Capitalised internal-use software costs include external direct costs of materials and services consumed in developing or obtaining the software, and payroll and other direct costs for employees who devote substantial time to the project. Capitalisation of these costs ceases when the project is substantially complete and available for use. These costs are amortised on a straight-line basis over their expected useful lives.

Product development expenditure is capitalised as an intangible asset only if all of certain conditions are met, with all research costs and other development expenditure being expensed when incurred. The capitalisation criteria are as follows:

- an asset is created that can be separately identified, and which the Group intends to use or sell;
- it is technically feasible to complete the development of the asset for use or sale;
- it is probable that the asset will generate future economic benefit; and
- the development cost of the asset can be measured reliably.

The expected useful lives of intangible assets are reviewed annually. The Group does not have any intangible assets with indefinite lives (excluding goodwill).

Property and equipment

Property and equipment is recorded at cost less accumulated depreciation and provision for impairment. Depreciation is provided to write off the cost less the estimated residual value of property and equipment on a straight-line basis over the estimated useful lives of the assets. Freehold land is not depreciated. The rates of depreciation on other assets are as follows:

Freehold buildings	50 years
Leasehold land and buildings	Over life of the lease
Equipment, fixtures and fittings	3 - 15 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net sale proceeds and the carrying amount of the asset and is recognised in the Consolidated Income Statement.

Impairment of tangible and intangible assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Investments in joint ventures, associates and joint operations

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The results and assets and liabilities of associates and joint ventures are accounted for under the

equity method and stated in the balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets, less any impairments in value.

Joint operations arise where there is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control, and where the joint operators have rights to the assets and obligations for the liabilities relating to the arrangement. These are accounted for by recognising the assets, liabilities, revenues and expenses relating to the interest in the joint operation in accordance with the IFRSs relevant to particular revenues, assets, liabilities and expenses.

Other investments

Other investments are entities over which the Group does not have significant influence, where the Group holds less than 20% interest in the voting interests of the entity. Other investments are classified as assets held at fair value through profit and loss, with changes in fair value reported in the income statement

Inventory

Inventory is stated at the lower of cost and net realisable value. Cost comprises direct materials and expenses incurred in bringing the inventory to its present location and condition. Net realisable value represents the estimated selling price less marketing and distribution costs expected to be incurred. Pre-publication costs are included in inventory, representing costs incurred in the origination of content prior to publication. These are expensed systematically, reflecting the expected sales profile over the estimated economic lives of the related products (typically over 1-5 years).

Leasing

Leases would be classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases and hire-purchase contracts would be capitalised at their fair value on the inception of the lease and depreciated over the shorter of the period of the lease and the estimated useful economic lives of the assets. The corresponding liability to the lessor is included in the Consolidated Balance Sheet as a finance lease obligation. Finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the Consolidated Income Statement.

Operating lease rentals are charged to the Consolidated Income Statement in equal annual amounts on a straight-line basis over the lease term. Lease incentives where these are received from the lessor, such as rent-free periods and contributions to leasehold improvements, are treated as a reduction in lease rental expense and spread over the term of the lease.

Rental income from sub-leasing property space is recognised on a straight-line basis over the term of the relevant lease.

Financial assets

Financial assets are recognised in the Group's Consolidated Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following categories: trade and other receivables, and cash at bank and on hand.

Trade and other receivables

Trade receivables and other receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method, less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and balances with banks and similar institutions, which are readily convertible to known amounts of cash and with a maturity of three months or less and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Consolidated Cash Flow Statement.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been negatively impacted.

For unlisted shares classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- a probability that the borrower will enter bankruptcy or financial reorganisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with increased default risk on receivables. A specific provision will also be raised for trade receivables 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.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of a provision account. When a trade receivable is considered uncollectible, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against the provision account. Changes in the carrying amount of the provision is recognised in the Consolidated Income Statement.

Financial liabilities and equity instruments issued by the Group

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Borrowings

Interest-bearing loans and overdrafts are recorded at the proceeds received, net of direct issue costs and stated at amortised cost using the effective interest-rate method.

Net debt

Net debt consists of cash and cash equivalents and includes bank overdrafts, borrowings and other loan receivables where these are interest bearing and do not relate to deferred consideration arrangements and finance leases.

Debt issue costs

Debt issue costs, including premium payable on settlement or redemption, are accounted for on an accrual basis in the Consolidated Income Statement using the effective interest rate method and added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

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

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, as set out above, with interest expense recognised on an effective yield basis.

Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The derivative instruments utilised by the Group to hedge these exposures are primarily interest rate swaps and cross currency swaps. The Group does not use derivative contracts for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative

is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of a change of fair value of recognised assets and liabilities or firm commitments (fair value hedges);
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Fair value hedge:
Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the Consolidated Income Statement relating to the hedged item.

Hedges of net investment in foreign operations:
Hedges of net investment in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument in relation to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Income Statement. Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss when the hedged item is disposed of.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Consolidated Income Statement as they arise.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the Consolidated Income Statement in the period.

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

Further details of derivative financial instruments are disclosed in Note 30.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Restructuring provisions are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to the affected parties or implementation has commenced.

Adoption of new and revised International Financial Reporting Standards ("IFRSs")

Standards and interpretations adopted in the current year

The following new standards, amendments and interpretations have been adopted in the current year:

- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised losses –effective from 1 January 2017;
- Amendments to IAS 7: Disclosure Initiative –effective from 1 January 2017; and
- Annual improvements to IFRSs: 2014-2016 cycle - specific items effective from 1 January 2017.

The adoption of these standards and interpretations has not led to any changes to the Group's accounting policies or had any other material impact on the financial position or performance of the Group. Other amendments to IFRSs effective for the year ending 31 December 2017 have had no impact on the Group.

Standards and interpretations in issue, not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but have not yet come into effect:

Effective from 1 January 2018;

- IFRS 9 *Financial Instruments* - EU endorsed;
- IFRS 15 *Revenue from Contracts with Customers* - EU endorsed;
- Amendments to IFRS 4: *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* –EU endorsed;
- Interpretation IFRIC 22: *Foreign Currency Transactions and Advance Consideration* – not yet EU endorsed.
- Amendments to IFRS 2: *Classification and Measurement of Share-based Payment Transactions* – not yet EU endorsed;
- Annual improvements to IFRS Standards 2014-2016 Cycle (certain items effective from 1 January 2017)- not yet EU endorsed;
- Amendments to IAS 40: *Transfer of Investment Property* – not yet EU endorsed.

Other items applicable in subsequent periods:

- IFRS 16 *Leases* – EU endorsed (effective from 1 January 2019) – EU endorsed;
- Interpretation IFRIC 23: *Uncertainty over Income Tax Treatments* – not yet EU endorsed;
- Amendments to IFRS 9*: Prepayment Features with Negative Compensation* – not yet EU endorsed;
- Amendments to IAS 28: *Long-term Interests in Associates and Joint Ventures* – not yet EU endorsed;
- Annual improvements to IFRS Standards 2015-2017 Cycle – not yet EU endorsed;
- IFRS 17 *Insurance Contracts* – not yet EU endorsed.

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will not have a material impact on the financial statements of the Group, except as described in relation to IFRS 16 *Leases* and IFRS 15 *Revenue from Contracts with Customers*:

- IFRS 9 *Financial Instruments* (effective for the 2018 financial year) replaces IAS 39 *Financial Instruments: Recognition and Measurement.* The new standard introduces new requirements for classifying and measuring financial assets and liabilities in the consolidated financial statements. The Group has conducted an assessment of the impact of this standard and concluded there is not expected to be any significant adjustment required on the measurement, presentation or disclosure of financial assets and liabilities in the consolidated financial statements when the standard is adopted.

- IFRS 15 *Revenue from Contracts with Customers* (effective for the 2018 financial year) is a new standard providing a single point of reference for revenue recognition, based on a five-step model framework, which replaces all existing revenue accounting standards, interpretations and guidance. The major change is the requirement to identify and assess the satisfaction of delivery of each performance obligation in contracts in order to recognise revenue.

  Following an assessment of the financial impact of the changes required from the forthcoming adoption of this new standard, the Group does not expect there to be any material change to the Income Statement of the Group. The Balance Sheet will be adjusted by the requirement to net-down deferred income against Trade receivables for amounts that have been invoiced but are not yet due. This balance sheet adjustment will not affect the net assets of the Group and will involve the reduction of approximately £70m of both the accounts receivable balance and deferred income as at 31 December 2017.

- IFRS 16 *Leases* (effective for the 2019 financial year) will replace the existing leasing standard, IAS 17 *Leases.* It will treat all leases in a consistent way, eliminating the distinction between operating and finance leases and require lessees to recognise all leases, with a term of greater than 12 months, on the balance sheet. The most significant effect of the new requirements will be an increase in lease assets and lease liabilities for leases currently categorised as operating leases. The new standard changes the nature of expenses related to those leases, replacing the straight-line operating lease expense with a depreciation charge for the lease asset (included within operating costs) and an interest expense on the lease liability (included within finance costs). The Group is in the process of assessing the impact of this new standard and will provide a further update in the Half-Year Results for the 6 months to 30 June 2018 and a full impact assessment in the Annual Report and Financial Statements for the Year Ended 31 December 2018. Note 34 provides further information on the Group's operating lease obligations.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Critical accounting judgements

In addition to the judgement taken by the Group in selecting and applying the accounting policies set out above, the Directors have made the following judgements concerning the amounts recognised in the Consolidated Financial Statements.

Valuation of separately identifiable intangible assets (Note 17 and 18)

To determine the value of separately identifiable intangible assets on a business combination, and deferred tax on these intangibles, the Group is required to make judgements when utilising valuation methodologies. These methodologies include the use of discounted cash flows, revenue forecasts and the estimates for the useful economic lives of intangible assets.

There are significant judgements involved in assessing what amounts are recognised as the estimated fair value of assets and liabilities acquired through business combinations, particularly the amounts attributed to separate intangible assets such as titles, brands, acquired customer lists and associated customer relationships. These judgements impact the amount of goodwill recognised on acquisitions. Any provisional amounts are subsequently finalised within the 12-month measurement period, as permitted by IFRS 3.

The Group has built considerable knowledge of these valuation techniques, and for major acquisitions, defined as when consideration is £75.0m or above, the Group also considers the advice of third-party independent valuers to identify and calculate the valuation of intangible assets arising on acquisition. Details of acquisitions in the year are set out in Note 18.

Key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

Impairment of assets (Note 16)

Identifying indicators of asset impairment involves estimating future cashflows based on a good understanding of the drivers of value behind the asset. At each reporting period, an assessment is performed to determine whether there are any such indicators of impairment, which involves considering the performance of our businesses, any significant changes to the markets in which we operate and future forecasts. For impairment testing purposes, goodwill is allocated to the specific cash generating units ("CGUs") that are expected to benefit from the goodwill. When there are changes in business structure, judgement is required to identify any changes to CGUs, taking account of the lowest level of independent cash inflows being generated amongst other factors.

The Group has considered a number of assumptions in performing impairment reviews of assets, which can be found in Note 16. The determination of whether assets are impaired requires an estimation of the value in use of the cash generating units to which assets have been allocated, except where a fair value less costs to sell methodology is applied. The value in use calculation requires the Group to estimate the future cash flows expected to arise from each cash generating unit, using five year projections and determining a suitable discount rate to calculate present value and the long-term growth rate. The directors are satisfied that the majority of the Group's CGUs have a value in excess of their balance sheet carrying value. The sensitivities considered by the directors for CGUs that have less headroom are described in Note 16.

Contingent consideration (Note 18 and 26)

When the consideration transferred by the Group in a business combination includes assets or liabilities from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. The contingent consideration is based on future business valuations and profit multiples (both Level 3 fair value measurements) and has been estimated on an acquisition by acquisition basis using available profit forecasts (a significant unobservable input). The higher the profit forecast the higher the fair value of any contingent consideration (subject to any maximum payout clauses). Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. These adjustments will result in a restatement to previous reported results if the changes relate to amounts arising in previously reported periods. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period, which cannot exceed one year from the acquisition date, about facts and circumstances that existed at the acquisition date.

Subsequent accounting for changes in the fair-value of the contingent consideration, which do not qualify as measurement period-adjustments, depends on how the contingent consideration is classified. Contingent consideration classified as equity is not remeasured at subsequent reporting dates, and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with the corresponding gain or loss recognised in profit or loss.

Use of non-GAAP measures

In addition to the statutory results, Adjusted Results are prepared for the Income Statement, including Adjusted Operating Profit and Adjusted Diluted Earnings Per Share, as the Board considers these non-GAAP measures to be the most appropriate way to measure the Group's performance in a way that is comparable to the prior year.

Adjusted results (Notes 8 and 15)

The Group presents adjusted results (Note 8) and adjusted diluted earnings per share (Note 15) to provide additional useful information on business performance trends to Shareholders. These results are used for performance analysis and incentive compensation arrangements for employees. Adjusted results exclude items that are commonly excluded across the media sector: amortisation and impairment of goodwill and intangible assets relating to businesses acquired and other intangible asset purchases of titles and exhibitions, acquisition and integration costs, profit or loss on disposal of businesses, restructuring costs and other items that in the opinion of the Directors would distort underlying results. 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. Refer to Note 8 for details of adjusting items recorded for the year and reconciled to Statutory Operating Profit.

4 RESTATEMENT

Restatement of balance sheet as at 31 December 2016 and income statement for the year ended 31 December 2016

The results for the year ended 31 December 2016 have been restated for the finalisation of provisional amounts recognised in respect of the fair value of assets acquired and liabilities assumed related to the Penton Information Services acquisition that completed on 2 November 2016 and finalisation of fair values related to the Light Reading LLC acquisition that completed on 13 July 2016. Details are set out in Note 4.

The Penton adjustments to the Consolidated Income Statement for the year ended 31 December 2016 resulted in the following adjustments to adjusted results: a reduction in revenue of £0.9m, a reduction in net operating expenses of £0.4m and a related reduction in the adjusted tax charge of £0.2m. Adjusting items were restated to reflect reduced amortisation of intangible assets of £0.3m and increased tax on adjusting items of £0.1m.

The Penton adjustments to the Consolidated Balance Sheet at 31 December 2016 reflected the balance sheet impact of the above income statement adjustments, together with finalisation of the fair value of the acquisition balance sheet and foreign exchange movements on these adjustments from acquisition date on 2 November 2016 to 31 December 2016. The adjustments include a £25.1m reduction to goodwill, a £47.1m increase in intangibles arising from a £49.9m increase in acquisition intangibles and a £2.8m reduction in other intangibles. There was also a £19.1m increase in the deferred tax liability mainly associated with the increase in the value of acquisition intangibles.

The Light Reading fair value finalisation resulted in the Consolidated Balance Sheet at 31 December 2016 being adjusted for the recognition of an additional £0.2m accounts receivable and a corresponding increase of £0.2m in goodwill.

4 RESTATEMENT (CONTINUED)

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2016 - RESTATEMENT

	As Previously reported (audited) £m	Penton adjustments £m	Light Reading adjustments £m	As restated £m
Non-current assets				
Goodwill	2,724.4	(25.1)	0.2	2,699.5
Other intangible assets	1,755.0	47.1	-	1,802.1
Property and equipment	24.1	-	-	24.1
Investments in joint ventures and associates	1.5	-	-	1.5
Other investments	1.8	(0.2)	-	1.6
Deferred tax assets	13.0	-	-	13.0
Other receivables	0.5	-	-	0.5
	4,520.3	21.8	0.2	4,542.3
Current assets				
Inventory	52.4	-	-	52.4
Trade and other receivables	358.1	(1.7)	(0.2)	356.2
Current tax asset	31.1	-	-	31.1
Cash at bank and on hand	49.6	-	-	49.6
	491.2	(1.7)	(0.2)	489.3
Total assets	5,011.5	20.1	-	5,031.6
Current liabilities				
Borrowings	(174.9)	-	-	(174.9)
Current tax liabilities	(30.3)	0.3	-	(30.0)
Provisions	(34.4)	-	-	(34.4)
Trade and other payables	(246.5)	-	-	(246.5)
Deferred income	(561.5)	(1.5)	-	(563.0)
	(1,047.6)	(1.2)	-	(1,048.8)
Non-current liabilities				
Borrowings	(1,360.3)	-	-	(1,360.3)
Deferred tax liabilities	(329.9)	(19.1)	-	(349.0)
Retirement benefit obligation	(38.0)	-	-	(38.0)
Provisions	(11.8)	-	-	(11.8)
Non-current tax liabilities	(8.3)	-	-	(8.3)
Trade and other payables	(27.6)	-	-	(27.6)
	(1,775.9)	(19.1)	-	(1,795.0)
Total liabilities	(2,823.5)	(20.3)	-	(2,843.8)
Net assets	2,188.0	(0.2)	-	2,187.8
Equity				
Share capital	0.8	-	-	0.8
Share premium account	905.3	-	-	905.3
Translation reserve	74.1	(0.1)	-	74.0
Other reserves	(1,570.8)	-	-	(1,570.8)
Retained earnings	2,777.4	(0.1)	-	2,777.3
Equity attributable to equity holders of the parent	2,186.8	(0.2)	-	2,186.6
Non-controlling interest	1.2	-	-	1.2
Total equity	2,188.0	(0.2)	-	2,187.8

4 RESTATEMENT (CONTINUED)

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016 - RESTATEMENT

	Previously reported				Restated		
	Adjusted Results	Adjusting items	Statutory	Penton Adjustments	Adjusted Results	Adjusting items	Statutory
	2016	2016	2016	2016	2016	2016	2016
	£m	£m	£m	£m	£m	£m	£m
Revenue	1,345.7	-	1,345.7	(0.9)	1,344.8	-	1,344.8
Net operating expenses	(930.4)	(217.3)	(1,147.7)	0.7	(930.0)	(217.0)	(1,147.0)
Operating profit/(loss) before joint ventures and associates	415.3	(217.3)	198.0	(0.2)	414.8	(217.0)	197.8
Share of results of joint ventures and associates	0.8	-	0.8	-	0.8	-	0.8
Operating profit/(loss)	416.1	(217.3)	198.8	(0.2)	415.6	(217.0)	198.6
Loss on disposal of subsidiaries and operations	-	(39.8)	(39.8)	-	-	(39.8)	(39.8)
Investment income	0.6	58.9	59.5	-	0.6	58.9	59.5
Finance costs	(40.2)	-	(40.2)	-	(40.2)	-	(40.2)
Profit/(loss) before tax	376.5	(198.2)	178.3	(0.2)	376.0	(197.9)	178.1
Tax (charge) / credit	(68.0)	63.2	(4.8)	0.1	(67.8)	63.1	(4.7)
Profit/(loss) for the period	308.5	(135.0)	173.5	(0.1)	308.2	(134.8)	173.4
Earnings per share							
- Basic (p)	42.2		23.6		42.2		23.6
- Diluted (p)	42.1		23.6		42.1		23.6

4 RESTATEMENT (CONTINUED)

SEGMENT REVENUE AND RESULTS RESTATEMENT OF 2016

The Annual Report for the year ended 31 December 2016 presented Penton as a separate segment. In 2017 the Penton business was integrated into the business segments of Business Intelligence, Global Exhibitions and Knowledge & Networking. The tables below set out the previously reported amounts and restated amounts for each segment for the year ended 31 December 2016:

Revenue	AP £m	BI £m	GE £m	K&N £m	Penton £m	Unallocated £m	Total £m
Previously reported	490.4	290.0	306.9	224.4	34.0	-	1,345.7
Penton restatement	-	12.4	14.2	6.5	(34.0)	-	(0.9)
Restated	490.4	302.4	321.1	230.9	-	-	1,344.8

Operating profit/(loss)	AP £m	BI £m	GE £m	K&N £m	Penton £m	Unallocated £m	Total £m
Previously reported	135.0	45.8	53.3	(6.7)	(28.6)	-	198.8
Penton restatement	-	(3.5)	(23.5)	(1.8)	28.6	-	(0.2)
Restated	135.0	42.3	29.8	(8.5)	-	-	198.6

Adjusted operating profit	AP £m	BI £m	GE £m	K&N £m	Penton £m	Unallocated £m	Total £m
Previously reported	187.2	65.7	119.0	37.4	6.8	-	416.1
Penton restatement	-	4.8	0.5	1.0	(6.8)	-	(0.5)
Restated	187.2	70.5	119.5	38.4	-	-	415.6

Intangible asset amortisation[1]	AP £m	BI £m	GE £m	K&N £m	Penton £m	Unallocated £m	Total £m
Previously reported	(48.2)	(18.0)	(33.9)	(9.8)	(6.8)	-	(116.7)
Penton restatement	-	(1.6)	(4.1)	(0.8)	6.8	-	0.3
Restated	(48.2)	(19.6)	(38.0)	(10.6)	-	-	(116.4)

[1] Excludes software and product development amortisation.

Acquisition and integration costs	AP £m	BI £m	GE £m	K&N £m	Penton £m	Unallocated £m	Total £m
Previously reported	(0.4)	(0.1)	(3.0)	(1.0)	(28.6)	-	(33.1)
Penton restatement	-	(6.7)	(19.9)	(2.0)	28.6	-	-
Restated	(0.4)	(6.8)	(22.9)	(3.0)	-	-	(33.1)

Segment Assets	AP £m	BI £m	GE £m	K&N £m	Penton £m	Unallocated £m	Total £m
Previously reported	1,201.2	835.1	872.8	458.1	1,509.7	134.6	5,011.5
Penton & Light Reading restatement of goodwill	-	188.7	588.0	32.2	(833.8)	-	(24.9)
Penton restatement of intangibles	-	167.5	412.3	84.0	(616.7)	-	47.1
Penton & Light Reading restatement of other assets	-	13.5	39.1	4.5	(59.2)	-	(2.1)
Restated	1,201.2	1,204.8	1,912.2	578.8	-	134.6	5,031.6

5 REVENUE

An analysis of the Group's revenue is as follows:

	2017 £m	2016 (restated)[1] £m
Subscriptions	**567.5**	507.4
Exhibitor	**451.3**	275.4
Unit sales	**278.0**	269.9
Attendee	**182.8**	151.9
Sponsorship	**105.7**	92.6
Marketing & Advertising Services	**172.3**	47.6
Total revenue	**1,757.6**	1,344.8

[1]2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for Penton acquisition completed in 2016 (See note 4).

6 BUSINESS SEGMENTS

BUSINESS SEGMENTS

The Group has identified reportable segments based on financial information used by the Executive Directors in allocating resources and making strategic decisions. We consider the chief operating decision maker to be the two Executive Directors.

The Group's four (2016 restated: four) identified reporting segments under IFRS 8 Operating Segments are as described in the Strategic Report. The operating segments for the year ended 31 December 2016 have been restated to integrate the results of the previously reported Penton segment into the relevant Global Exhibitions, Business Intelligence and Knowledge & Networking segments (see Note 4).

SEGMENT REVENUE AND RESULTS

The Group's primary internal Income Statement performance measures for Business Segments are revenue and adjusted operating profit. A reconciliation of adjusted operating profit to statutory operating profit and profit before tax is provided below:

Year ending 31 December 2017

	Academic Publishing £m	Business Intelligence £m	Global Exhibitions £m	Knowledge & Networking £m	Total £m
Revenue (Note 5)	**530.0**	**384.2**	**560.4**	**283.0**	**1,757.6**
Adjusted operating profit before joint ventures and associates	**208.0**	**92.2**	**201.4**	**43.9**	**545.5**
Share of adjusted results of joint ventures and associates	**-**	**-**	**-**	**-**	**-**
Adjusted operating profit	**208.0**	**92.2**	**201.4**	**43.9**	**545.5**
Intangible asset amortisation (Note 17)[1]	**(50.1)**	**(24.0)**	**(66.7)**	**(17.0)**	**(157.8)**
Impairment (Note 8)	**(2.0)**	**(3.2)**	**(0.4)**	**-**	**(5.6)**
Acquisition and integration costs (Note 8)	**(1.5)**	**(10.2)**	**(6.7)**	**(5.6)**	**(24.0)**
Restructuring and reorganisation costs (Note 8)	**(0.3)**	**(7.0)**	**(1.2)**	**(4.4)**	**(12.9)**
Subsequent re-measurement of contingent consideration (Note 8)	**-**	**-**	**(0.2)**	**0.3**	**0.1**
Operating profit/(loss)	**154.1**	**47.8**	**126.2**	**17.2**	**345.3**
Loss on disposal of businesses (Note 20)					**(17.4)**
Investment income (Note 11)					**0.2**
Finance costs (Note 12)					**(59.3)**
Profit before tax					**268.8**

[1] Excludes acquired intangible product development and software amortisation.

6 BUSINESS SEGMENTS (CONTINUED)

Year ending 31 December 2016 (restated)[2]

	Academic Publishing	Business Intelligence	Global Exhibitions	Knowledge & Networking	Total
	£m	£m	£m	£m	£m
Revenue (Note 5)	490.4	302.4	321.1	230.9	1,344.8
Adjusted operating profit before joint ventures	187.2	70.5	118.7	38.4	414.8
Share of adjusted results of joint ventures	-	-	0.8	-	0.8
Adjusted operating profit	187.2	70.5	119.5	38.4	415.6
Intangible asset amortisation (Note 17)[1]	(48.2)	(19.6)	(38.0)	(10.6)	(116.4)
Impairment (Note 8)	-	-	(31.1)	(36.6)	(67.7)
Acquisition and integration costs (Note 8)	(0.4)	(6.8)	(22.9)	(3.0)	(33.1)
Restructuring and reorganisation costs (Note 8)	(3.6)	(1.8)	(0.1)	(1.7)	(7.2)
Subsequent re-measurement of contingent consideration (Note 8)	-	-	2.4	5.0	7.4
Operating profit	135.0	42.3	29.8	(8.5)	198.6
Loss on disposal of businesses (Note 20)					(39.8)
Investment income (Note 11)					59.5
Finance costs (Note 12)					(40.2)
Profit before tax					178.1

[1] Excludes acquired intangible product development and software amortisation.
[2] 2016 results restated to integrate results of the previously reported Penton segment (see note 4).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Adjusted operating result by operating segment is the measure reported to the Executive Directors for the purpose of resource allocation and assessment of segment performance. Finance costs and investment income are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash positions of the Group.

SEGMENT ASSETS

	2017	2016 (restated)[1]
	£m	£m
Academic Publishing	**1,157.9**	1,201.2
Business Intelligence	**1,144.5**	1,204.8
Global Exhibitions	**1,898.7**	1,912.2
Knowledge & Networking	**558.2**	578.8
Total segment assets	**4,759.3**	4,897.0
Unallocated assets	**132.8**	134.6
Total assets	**4,892.1**	5,031.6

[1] 2016 results restated to integrate results of the previously reported Penton segment (see Note 4)

For the purpose of monitoring segment performance and allocating resources between segments, the Group monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments except for certain centrally-held balances, including some intangible software assets relating to group infrastructure, balances receivable from businesses sold and taxation (current and deferred). Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

6 BUSINESS SEGMENTS (CONTINUED)

SEGMENT REVENUE BY TYPE

The Group's revenues from its major products and services were as follows:

	2017	2016 (restated)[1]
	£m	£m
Academic Publishing		
Subscriptions	**279.1**	243.1
Unit sales	**250.9**	247.3
Total Academic Publishing	**530.0**	490.4
Business Intelligence		
Subscriptions	**288.4**	264.3
Unit sales	**27.1**	22.6
Marketing and Advertising services	**68.7**	15.5
Total Business Intelligence	**384.2**	302.4
Global Exhibitions		
Exhibitor	**385.9**	233.9
Attendee	**57.5**	37.9
Sponsorship	**45.7**	29.5
Marketing and Advertising services	**71.3**	19.8
Total Global Exhibitions	**560.4**	321.1
Knowledge & Networking		
Exhibitor	**65.4**	41.5
Attendee	**125.3**	114.0
Sponsorship	**60.0**	63.1
Marketing and Advertising services	**32.3**	12.3
Total Knowledge & Networking	**283.0**	230.9
Total revenue	**1,757.6**	1,344.8

[1] 2016 results restated to integrate results of the previously reported Penton segment.

Geographical information

The Group's revenue by location of customer and information about its segment assets by geographical location are detailed below:

	Revenue		Segment assets	
	2017	2016 (restated)[1]	2017	2016 (restated)[1]
	£m	£m	£m	£m
UK	**153.9**	145.8	**1,410.1**	1,296.9
Continental Europe	**236.7**	213.5	**71.4**	79.0
North America	**939.1**	623.8	**3,113.4**	3,360.1
Rest of the World	**427.9**	361.7	**297.2**	295.6
	1,757.6	1,344.8	**4,892.1**	5,031.6

[1] 2016 results restated to integrate results of the previously reported Penton segment.

No individual customer contributes more than 10% of the Group's revenue in either 2017 or 2016.

7 OPERATING PROFIT

Operating profit has been arrived at after charging/(crediting):

	Notes	Adjusted results 2017 £m	Adjusting items 2017 £m	Statutory results 2017 £m	Adjusted results 2016 (restated)[2] £m	Adjusting items 2016 (restated)[2] £m	Statutory results 2016 (restated)[2] £m
Cost of sales[1]		**537.4**	**-**	**537.4**	415.3	-	415.3
Staff costs (excluding redundancy costs)	9	**467.8**	**-**	**467.8**	372.5	-	372.5
Amortisation of other intangible assets[2]	17	**24.8**	**157.8**	**182.6**	14.2	116.4	130.6
Impairment – goodwill	8	**-**	**3.4**	**3.4**	-	65.8	65.8
Impairment – intangibles	8	**-**	**2.2**	**2.2**	-	1.9	1.9
Depreciation	21	**9.2**	**-**	**9.2**	6.5	-	6.5
Acquisition and integration-related costs	8	**-**	**24.0**	**24.0**	-	33.1	33.1
Restructuring and reorganisation costs	8	**-**	**12.9**	**12.9**	-	7.2	7.2
Subsequent re-measurement of contingent consideration	8	**-**	**(0.1)**	**(0.1)**	-	(7.4)	(7.4)
Operating lease expense							
– Land and buildings	34	**26.7**	**-**	**26.7**	22.9	-	22.9
– Other	34	**1.1**	**-**	**1.1**	1.0	-	1.0
Net foreign exchange loss		**4.9**	**-**	**4.9**	1.3	-	1.3
Auditor's remuneration for audit services (see below)		**2.1**	**-**	**2.1**	1.4	-	1.4
Other operating expenses		**138.1**	**-**	**138.1**	94.9	-	94.9
Total net operating expenses before joint ventures and associates		**1,212.1**	**200.2**	**1,412.3**	930.0	217.0	1,147.0

[1] Cost of sales includes £42.8m (2016: £47.6m) for inventory recognised as an expense including pre-publication amortisation
[2] 2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for Penton acquisition completed in 2016 (See note 4)

Amounts payable to the auditor, Deloitte LLP and its associates, by the Company and its subsidiary undertakings is provided below:

	2017 £m	2016 £m
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**1.7**	0.8
Fees payable to the Company's auditor and its associates for other services to the Group:		
Audit of the Company's subsidiaries	**0.4**	0.6
Total audit fees	**2.1**	1.4
Fees payable to the Company's auditor for non-audit services comprises:		
Transaction Support Services	**-**	4.9
Half Year Review	**0.1**	0.1
Taxation Services	**0.1**	0.1
Other Services	**0.1**	-
Total non-audit fees	**0.3**	5.1

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are included in the consolidated disclosures above.

The Audit Committee approves all non-audit services within the Company's policy. In the prior year, the auditor provided Transaction Support Services principally in relation to the reporting requirements associated with the size of the Penton acquisition, the Audit Committee having concluded that the auditor was best placed to perform these services due to their knowledge of the Company. The Other Services in 2017 relate to services provided by Market Gravity Limited, a training organisation which was acquired by Deloitte on 31 May 2017. Market Gravity Limited was contracted by Informa, prior to the acquisition by Deloitte, to support in delivering the London Tech Week Innovation Mini MBA from June 12th-16th. K&N engaged

Market Gravity Limited for a further three events in 2017. There are no contingent fees involved and the fees are payable to Market Gravity Limited on completion of the events.

The ratio of non-audit services to audit services was 0.1x (2016: 3.6x, 0.1x excluding transaction support services).

The Audit Committee has approved the use of the auditor for Transaction Support Services in relation to the reporting requirements associated with the Company's proposed acquisition of UBM, having concluded that the auditor was best placed to perform these services due to their knowledge of the Company and the timescales involved. These services are all provided in 2018.

A description of the work of the Audit Committee is set out in the Corporate Governance Statement on page [XX] and includes an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditor. No services were provided under contingent fee arrangements.

8 ADJUSTING ITEMS

The following charges/(credits) are presented as adjusting items:

	Notes	2017 £m	2016 (restated)[1] £m
Intangible amortisation and impairment			
Intangible asset amortisation	17	**157.8**	116.4
Impairment – goodwill	16	**3.4**	65.8
Impairment – other intangible assets	17	**2.2**	1.9
Acquisition and integration costs	7	**24.0**	33.1
Restructuring and reorganisation costs			
Redundancy costs		**5.7**	6.0
Reorganisation costs		**1.0**	(0.4)
Vacant property costs		**6.2**	1.6
Subsequent re-measurement of contingent consideration	7	**(0.1)**	(7.4)
Adjusting items in operating profit		**200.2**	217.0
Loss on disposal of subsidiaries and operations	20	**17.4**	39.8
Investment income	11	**-**	(58.9)
Adjusting items in profit before tax		**217.6**	197.9
Tax related to adjusting items[2]	13	**(62.6)**	(63.1)
Tax adjusting item for US federal tax reform	13	**(85.4)**	-
Adjusting items in profit for the year		**69.6**	134.8

[1]2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for Penton acquisition completed in 2016 (See note 4)

The principal adjustments made are in respect of:

- Intangible asset amortisation – the amortisation charges in respect of intangible assets acquired through business combinations or the acquisition of trade and assets are excluded from adjusted results as they do not relate to underlying trading;
- Impairment – the Group tests for impairment on an annual basis or more frequently when an indicator exists. Impairment charges are individually disclosed and are excluded from adjusted results as they do not relate to underlying trading (See Note 16 for further details);
- Acquisition and integration costs – the costs incurred by the Group in acquiring and integrating share and asset acquisitions. Acquisition costs totalled £4.4m and integration costs totalled £19.6m;
- Restructuring and reorganisation costs – these costs are incurred by the Group in business restructuring and changing the operating model to align with the Group's Growth Acceleration Plan. These include vacant property costs arising from restructuring activities;
- Subsequent re-measurement of contingent consideration is recognised in the year as a charge or credit to the Consolidated Income Statement unless these qualify as measurement period adjustments arising within one year from the acquisition date. They are excluded from adjusted results as they do not relate to underlying trading;
- Loss on disposal of subsidiaries and operations – loss or profit on the disposal of individual businesses; these are excluded from adjusted results as they do not relate to underlying trading;
- Investment income in the prior year of £58.9m related to the gain on a deal contingent forward financial derivative contract associated with the Penton acquisition;
- The tax items relate to the tax effect on the items above and tax adjustments related to rate changes. US federal tax reform relates to the Tax Cuts and Jobs Act enacted in December 2017

9 STAFF NUMBERS AND COSTS

The monthly average number of persons employed by the Group (including Directors) during the year, analysed by segment, was as follows:

	Number of employees	
	2017	**2016 (restated)[1]**
Academic Publishing	**2,137**	2,079
Business Intelligence	**2,549**	2,111
Global Exhibitions	**1,519**	1,016
Knowledge & Networking	**1,334**	1,353
Total	**7,539**	6,559

[1]2016 restated to align to the new segment structure following the incorporation of Penton into the legacy reporting segments.

Their aggregate remuneration comprised:

	2017 £m	**2016 £m**
Wages and salaries	**413.3**	327.6
Social security costs	**37.0**	30.1
Pension costs charged to operating profit (Note 36)	**10.6**	9.9
Share-based payments (Note 10)	**6.9**	4.9
Staff costs (excluding redundancy costs)	**467.8**	372.5
Redundancy costs	**5.7**	6.0
	473.5	378.5

The remuneration of Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures* (Note 37). Further information about the remuneration of individual Directors is provided in the audited part of the Remuneration Report on pages [XX] to [XX].

	2017 £m	**2016 £m**
Short-term employee benefits	**3.7**	2.8
Post-employment benefits	**0.3**	0.3
Share-based payment expense	**1.7**	1.9
	5.7	5.0

10 SHARE-BASED PAYMENTS

The Group recognised total expenses of £6.9m (2016: £4.9m) related to share-based payment transactions in the year ended 31 December 2017 with £4.8m (2016: £3.6m) relating to equity-settled LTIPs, £0.6m (2016: £0.3m) relating to equity-settled ShareMatch and £1.5m (2016: £1.0m) relating to cash-settled awards.

The Group's Long-Term Incentive Plans ("LTIPs") provide for nil-cost options and have a grant price used in the valuation of the awards equal to the closing share price from the day prior to the grant date. The performance period is three years starting with the year in which the grant is made. LTIP awards are conditional share awards with specific performance conditions. To the extent that they are met or satisfied then awards will be exercisable following the end of the relevant performance period. LTIP allocations are equity-settled and will lapse if the colleague leaves the Group before an LTIP grant is exercisable, unless the employee meets certain eligibility criteria.

Long-Term Incentive Plan

The 2017 LTIP award was granted on 15 March 2017, with the 2016 LTIP award granted on 17 March 2016 and the 2015 LTIP award granted on 13 February 2015. The performance conditions for each of these awards to Executive Directors are relative Total Shareholder Return (TSR for FTSE 51–150 constituents, excluding financial services and commodities) and Earnings Per Share ("EPS") Compound Annual Growth Rate ("CAGR").

The movement during the year is as follows:

	2017 Number of options	2016 Number of options
Outstanding at 1 January	**2,897,323**	2,311,469
Adjustment to reflect bonus element of Rights Issue	**-**	229,874
LTIPs exercised in the year	**(279,035)**	(232,847)
LTIPs lapsed in the year	**(909,537)**	(462,362)
LTIPs granted in the year	**1,223,006**	1,051,189
Outstanding at 31 December	**2,931,757**	2,897,323
Exercisable included in outstanding number at 31 December	**414,227**	-

The TSR award components of the LTIPs were valued using a Monte Carlo simulation model. The inputs into the Monte Carlo simulation model for the LTIP performance conditions are:

	Share price at grant date[1]	Expected volatility	Expected life (years)[2]	Risk free rate	Expected annual dividend yield
8 September 2014	£4.77	20.0%	3	0.9%	3.7%
13 February 2015	£4.86	21.0%	3	0.8%	3.4%
17 March 2016	£6.37	20.4%	3	0.6%	3.2%
15 March 2017	£6.52	20.0%	3	0.1%	3.1%

[1] Share price at grant restated for bonus element of 2016 rights issue
[2] From 1 January of year in which grant made.

In order to satisfy share awards granted under the Long-Term Incentive Plan, the share capital would need to be increased by up to 2,543,639 shares (2016: 2,545,976 shares) taking account of the 388,118 shares held in the Employee Share Trust (Note 32). The Company will satisfy the awards either through the issue of additional share capital or the purchase of shares as needed on the open market. The weighted average share price during the year was £6.81 (2016: £6.78).

Expected volatility was determined by calculating the historical volatility of the Group's share price over one, two and three years back from the date of grant. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

ShareMatch (Share Incentive Plan)

In June 2014, the Company launched ShareMatch, a global Share Incentive Plan (tax qualifying in the UK), under which eligible colleagues can invest up to the limit of £1,800 per annum in the Company's shares. The scheme includes a matching element, whereby for every one share purchased by the colleague, the Company will award the participant one matching share. The matching element was increased to one new share for every one purchased from March 2017 (previously one share matched for every two shares purchased). Matching shares are subject to forfeiture if the purchased shares are withdrawn from the scheme within three years of purchase or if the colleague leaves the Group, unless the reason for leaving is due to restructuring or retirement. In addition, both the purchased and matching shares are eligible to receive any dividends payable by the Company, which are reinvested in more shares. Employee subscriptions can be made on a monthly or one-off, lump sum basis and matching shares are purchased on a monthly basis, through a UK Trust. Further details are set out in the remuneration section of the financial statements.

	2017 ShareMatch Number of share awards	**2016 ShareMatch Number of share awards**
Outstanding at 1 January	**141,814**	109,729
Adjustment to reflect Rights Issue	**-**	8,216
Exercised in the year	**(16,039)**	(17,445)
Lapsed in the year	**(15,121)**	(11,434)
Granted in the year	**162,906**	52,748
Outstanding at 31 December	**273,560**	141,814

11 INVESTMENT INCOME

	2017 £m	**2016 £m**
Loans and receivables:		
Interest income on bank deposits	**0.2**	0.6
Fair value gain on financial instruments through the income statement	**-**	58.9
	0.2	59.5

12 FINANCE COSTS

	Note	**2017 £m**	**2016 £m**
Interest expense on financial liabilities measured at amortised cost		**58.1**	39.5
Interest cost on pension scheme net liabilities	36	**1.1**	0.2
Total interest expense		**59.2**	39.7
Fair value loss on financial instruments through the income statement		**0.1**	0.5
		59.3	40.2

Included in interest expense above is the amortisation of debt issue costs of £2.2m (2016: £1.5m)

13 TAXATION

The tax (credit)/charge comprises:

	Note	2017 £m	2016 (restated)[1] £m
Current tax:			
UK		**30.7**	34.1
USA – excluding US federal tax reform		**3.4**	(20.0)
USA – charge arising from US federal tax reform		**9.2**	-
UAE & Monaco		**0.5**	-
China		**3.9**	2.7
Rest of the World		**3.2**	7.5
Current year		**50.9**	24.3
Deferred tax:			
Current year		**(0.8)**	(15.4)
Credit arising from US federal tax reform	27	**(94.6)**	-
Credit arising from UK corporation tax rate change	27	**(0.4)**	(4.2)
Total tax (credit)/charge on profit on ordinary activities		**(44.9)**	4.7

[1]2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for certain acquisitions completed in 2016 (See note 4)

The tax adjusting items within the Consolidated Income Statement relates to the following:

	Notes	Gross 2017 £m	Tax 2017 £m	Gross 2016 (restated)[1] £m	Tax 2016 (restated)[1] £m
Amortisation of other intangible assets[1]	8	**(157.8)**	**58.6**	(116.4)	41.2
Deferred tax (charge)/credit arising from revised treatment of certain non-UK intangible assets		**-**	**(3.1)**	-	12.1
Benefit of US goodwill amortisation for tax purposes only		**-**	**(12.7)**	-	(10.0)
Impairment	8	**(5.6)**	**-**	(67.7)	-
Restructuring and reorganisation costs	8	**(12.9)**	**3.8**	(7.2)	1.9
Acquisition and integration related costs	8	**(24.0)**	**9.3**	(33.1)	4.5
Subsequent re-measurement of contingent consideration	8	**0.1**	**-**	7.4	(0.6)
Loss on disposal of subsidiaries and operations	20	**(17.4)**	**6.3**	(39.8)	21.5
Deferred tax credit on intangible assets arising from UK corporation tax rate change	27	**-**	**0.4**	-	4.3
Investment income	8	**-**	**-**	58.9	(11.8)
Tax on adjusting items		**(217.6)**	**62.6**	(197.9)	63.1
Tax adjusting item for US federal tax reform		**-**	**85.4**	-	-
Total Tax adjusting items		**(217.6)**	**148.0**	(197.9)	63.1

[1]2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for certain acquisitions completed in 2016 (See note 4)

The current and deferred tax is calculated on the estimated assessable profit for the year. Taxation is calculated in each jurisdiction based on the prevailing rates of that jurisdiction. US federal tax reform refers to the Tax Cuts and Jobs Act enacted in December 2017.

The total tax charge/(credit) for the year can be reconciled to the accounting profit as follows:

	2017 £m	2017 %	2016 (restated)[1] £m	2016 (restated)[1] %
Profit before tax	**268.8**		178.1	
Tax charge at effective UK statutory rate of 19.25% (2016: 20%)	**51.7**	**19.3**	35.6	20.0
Non-deductible impairments	**1.1**	**0.4**	16.3	9.1
Other non-deductible expenses & similar items	**2.0**	**0.7**	2.1	1.1
Profits taxed at different rates	**(3.5)**	**(1.3)**	(17.5)	(9.8)
Adjustments for prior years	**(3.0)**	**(1.1)**	(4.7)	(2.6)
Adjustments to deferred tax on intangible assets	**(0.8)**	**(0.3)**	(18.4)	(10.3)
Acquisitions and disposals related	**(0.7)**	**(0.3)**	(1.7)	(1.0)
Benefits from financing structures	**(1.4)**	**(0.5)**	(9.1)	(5.1)
Tax incentives and foreign tax credits	**(4.6)**	**(1.7)**	(4.0)	(2.2)
Losses in certain jurisdictions that have not been recognised	**0.1**	**-**	5.5	3.1
Deferred tax credit arising from UK corporation tax rate change	**(0.4)**	**(0.1)**	0.6	0.3
Net tax credit arising from US federal tax reform	**(85.4)**	**(31.8)**	-	-
Tax (credit)/charge and effective rate for the year	**(44.9)**	**(16.7)**	4.7	2.6

[1] 2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for Penton acquisition completed in 2016 (See note 4)

In addition to the income tax charge to the Consolidated Income Statement, a tax charge of £4.2m (2016: credit of £2.0m) has been recognised directly in the Consolidated Statement of Comprehensive Income during the year.

14 DIVIDENDS

	2017 Per share (p)	2017 £m	2016 Per share (p)	2016 £m
Amounts recognised as distributions to equity holders in the year:				
Final dividend for the year ended 31 December 2015	-	-	12.47	87.8
Interim dividend for the year ended 31 December 2016	-	-	6.26	44.1
Final dividend for the year ended 31 December 2016	**13.04**	**107.4**	-	-
Interim dividend for the year ended 31 December 2017	**6.65**	**54.8**	-	-
	19.69	**162.2**	18.73	131.9
Proposed final dividend for the year ended 31 December 2017 and actual dividend for the year ended 31 December 2016	**13.80**	**113.7**	13.04	107.4

As at 31 December 2017 £0.2m (2016: £0.1m) of dividends are still to be paid. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed final dividend to be paid is 13.80p (2016: 13.04p) per share. The payment of this dividend will not have any tax consequences for the Group.

15 EARNINGS PER SHARE

Basic

The basic earnings per share calculation is based on profit attributable to equity shareholders of the parent of £311.3m (2016: £171.5m profit, restated amount). This profit on ordinary activities after taxation is divided by the weighted average number of shares in issue (less those shares held by the EST and ShareMatch), which is 823,352,304 (2016: 725,629,255).

Diluted

The diluted earnings per share calculation is based on the basic earnings per share calculation above except that the weighted average number of shares includes all potentially dilutive options granted by the reporting date as if those options had been exercised on the first day of the accounting period or the date of the grant, if later, giving a weighted average of 826,146,627 (2016: 727,826,695).

15 EARNINGS PER SHARE (CONTINUED)

The table below sets out the adjustment in respect of dilutive potential ordinary shares:

	2017	2016
Weighted average number of shares used in basic earnings per share	**823,352,304**	725,629,255
Potentially dilutive ordinary shares	**2,794,323**	2,197,440
Weighted average number of shares used in diluted earnings per share	**826,146,627**	727,826,695

Earnings per share

In addition to basic EPS, adjusted diluted earnings per share calculations have been provided as this is useful additional information on underlying performance. Earnings are based on profits attributable to equity shareholders and adjusted to exclude items that, in the opinion of the Directors, would distort underlying results with the items detailed in Note 8.

Earnings per share:	**Earnings 2017 £m**	**Per share amount 2017 Pence**	**Earnings 2016 (restated)[1] £m**	**Per share amount 2016 Pence**
Profit for the year	**313.7**		173.4	
Non-controlling interests	**(2.4)**		(1.9)	
Earnings for the purpose of statutory basic EPS / statutory basic EPS (p)	**311.3**	**37.8**	171.5	23.6
Effect of dilutive potential ordinary shares	-	**(0.1)**	-	-
Earnings for the purpose of statutory diluted EPS / statutory diluted EPS (p)	**311.3**	**37.7**	171.5	23.6

[1]2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for certain acquisitions completed in 2016 (See note 4)

Adjusted earnings per share:	**Earnings 2017 £m**	**Per share amount 2017 Pence**	**Earnings 2016 (restated)[1] £m**	**Per share amount 2016 Pence**
Earnings for the purpose of statutory basic EPS / statutory basic EPS (p)	**311.3**	**37.8**	171.5	23.6
Adjusting items:				
Intangible amortisation and impairment (Note 8)	**163.4**	**19.8**	184.1	25.4
Acquisition and integration costs (Note 8)	**24.0**	**2.9**	33.1	4.6
Redundancy and restructuring costs (Note 8)	**12.9**	**1.6**	7.2	1.0
Subsequent re-measurement of contingent consideration (Note 8)	**(0.1)**	**-**	(7.4)	(1.0)
Loss on disposal of subsidiaries and operations (Note 8)	**17.4**	**2.2**	39.8	5.4
Investment income (Note 8)	**-**	**-**	(58.9)	(8.1)
Tax related to adjusting items (Note 8)	**(62.6)**	**(7.6)**	(63.1)	(8.7)
Tax adjusting items for US federal tax reform (Note 8)	**(85.4)**	**(10.4)**	-	-
Earnings for the purpose of adjusted basic EPS / adjusted basic EPS (p)	**380.9**	**46.3**	306.3	42.2
Effect of dilutive potential ordinary shares		**(0.2)**		(0.1)
Earnings for the purpose of adjusted diluted EPS / adjusted diluted EPS (p)	**380.9**	**46.1**	306.3	42.1

[1]2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for Penton acquisition completed in 2016 (See note 4)

16 GOODWILL

	£m
Cost	
At 1 January 2016	1,822.8
Additions in the year (restated)[1]	852.4
Disposals	(0.1)
Exchange differences	217.0
At 1 January 2017 (restated)	**2,892.1**
Additions in the year (Note 18)	**114.6**
Disposals	**(101.4)**
Exchange differences	**(173.0)**
At 31 December 2017	**2,732.3**
Accumulated impairment losses	
At 1 January 2016	(114.7)
Impairment losses for the year (Note 8)	(65.8)
Disposals	-
Exchange differences	(12.1)
At 1 January 2017	**(192.6)**
Impairment losses for the year (Note 8)	**(3.4)**
Disposals	**67.8**
Exchange differences	**4.1**
At 31 December 2017	**(124.1)**
Carrying amount	
At 31 December 2017	**2,608.2**
At 31 December 2016 (restated)[1]	2,699.5

[1] 2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for certain acquisitions completed in 2016 (See note 4)

Impairment review

As goodwill is not amortised, it is tested for impairment annually, or more frequently if there are indicators of impairment. The testing involves comparing the carrying value of assets in each cash-generating unit (CGU) with value-in-use calculations or assessments of fair value less cost-to-sell, derived from the latest Group cash flow projections.

In 2017 there was impairment of goodwill totalling £3.4m (2016: £65.8m), with a charge of £2.0m in Business Intelligence relating to the Technology, Media and Telecoms (TMT) CGU and Industry and Infrastructure CGU.

In 2017 the number of CGUs was 26 (2016: 24). For reporting purposes, the CGUs are aggregated into the four reportable segments which each have their own Managing Director and Finance Director. The carrying amount of goodwill recorded in the major groups of CGUs is set out below:

CGU groups	2017 Number of CGUs	2016 Number of CGUs	2017 £m	2016 (restated)[1] £m
Academic Publishing	**1**	1	**527.4**	519.8
Business Intelligence	**6**	5	**766.1**	819.9
Global Exhibitions	**12**	11	**983.4**	1,008.0
Knowledge & Networking	**7**	7	**331.3**	351.8
	26	24	**2,608.2**	2,699.5

[1] 2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for certain acquisitions completed in 2016, and to align to the new segment structure following the incorporation of Penton into the legacy reporting segments.

The movements in the carrying amount relate primarily to acquisitions, disposals, exchange movements and adjustments arising from reclassifications arising when acquisition intangible valuations are completed.

The recoverable amounts of the CGUs are determined as the greater of the value-in-use calculations or fair value less costs to sell, which are based on the cash flow projections for each CGU. The key assumptions are those regarding the revenue and operating margin growth rates together with the long-term growth rate and the discount rate applied to the forecast cash flows. The recoverable amount measurement is categorised as Level 3 in the fair value hierarchy based on the inputs to the valuation techniques used.

Estimated future cash flows are determined by reference to the budget for the year following the balance sheet date and forecasts for the following two years, after which a long-term perpetuity growth rate is applied. The most recent financial budget approved by the Board of Directors has been prepared after considering the current economic environment in each of our markets.

Key assumptions	**Long-term market growth rates**		**Pre-tax discount rates**	
	2017	**2016**	**2017**	**2016**
Academic Publishing	**2.5%**	2.2%	**9.9%**	10.5%
Business Intelligence	**2.0 – 2.5%**	2.0 – 2.4%	**10.2 – 10.5%**	9.8 – 10.7%
Global Exhibitions	**1.7 – 3.9%**	1.9 – 3.9%	**7.2 – 12.9%**	8.9 – 14.9%
Knowledge & Networking	**1.7 – 2.5%**	1.9 – 2.4%	**9.2 – 11.8%**	9.8 – 11.0%

The pre-tax discount rates used in the value in use calculations reflect the Group's assessment of the current market and other risks specific to the CGUs. Long-term growth rates are applied after the forecast period. Long term growth rates are based on external reports on long-term CPI inflation rates for the geographic market in which each CGU operate and therefore do not exceed the long-term average growth prospects for the individual markets.

The Group has undertaken a sensitivity analysis across all CGUs, taking into consideration the impact on key impairment test assumptions arising from a range of possible future trading and economic scenarios, summarised as follows:

- an increase in the pre-tax discount rate by 1.0%; and
- a decrease in the terminal growth rate by 0.5%.

The sensitivity analysis shows that, when applying the 1.0% increase in pre-tax discount, there would be a £29.9m increase in the total impairment charge, which reflects an increase in impairment charge of £6.1m in the TMT CGU and £23.8m in the Industry & Infrastructure CGU, which both sit within the Business Intelligence Division.

When applying the 0.5% decrease in terminal growth rate sensitivity there would be a £13.2m increase in the total impairment charge, which reflects an increase in impairment charge of £2.7m in the TMT CGU and £10.5m in the Industry & Infrastructure CGU, which both sit within the Business Intelligence Division.

When applying the above criteria combined, there would be a £40.2m increase giving a total impairment charge of £45.7m, which reflects an impairment of £8.2m in the TMT CGU, and £32.0m in the Industry & Infrastructure CGU, both of which sit within the Business Intelligence Division, as well as other impairments of £3.5m

17 OTHER INTANGIBLE ASSETS

	Publishing book lists journal and titles	Database and intellectual property, brand and customer relationships	Exhibitions and conferences, brand and customer relationships[3]	Sub-total	Intangible software assets	Product development[2, 3]	Total[3]
	£m	£m	£m	£m	£m	£m	£m
Cost							
At 1 January 2016	813.4	491.9	535.1	1,840.4	104.4	22.2	1,967.0
Arising on acquisition of subsidiaries and operations (restated)[3]	3.9	7.0	721.5	732.4	0.9	13.9	747.2
Additions[1]	7.8	-	46.7	54.5	43.4	12.1	110.0
Disposals (Note 20)	(2.0)	-	-	(2.0)	(2.1)	(0.3)	(4.4)
Disposal of subsidiaries	-	-	-	-	(0.1)	-	(0.1)
Exchange differences (restated)[3]	88.3	68.4	81.7	238.4	9.6	3.0	251.0
At 1 January 2017 (restated)[3]	**911.4**	**567.3**	**1,385.0**	**2,863.7**	**156.1**	**50.9**	**3,070.7**
Disposals following review of register	**-**	**(1.7)**	**(13.0)**	**(14.7)**	**-**	**-**	**(14.7)**
Arising on acquisition of subsidiaries and operations	**14.4**	**14.9**	**90.1**	**119.4**	**0.1**	**0.8**	**120.3**
Additions[1]	**7.8**	**6.3**	**18.1**	**32.2**	**49.6**	**12.7**	**94.5**
Reclassification	**-**	**(3.0)**	**3.0**	**-**	**(2.4)**	**2.4**	**-**
Disposals (Note 20)	**-**	**(0.2)**	**(0.6)**	**(0.8)**	**(0.4)**	**(0.1)**	**(1.3)**
Disposal of subsidiaries	**(19.0)**	**(10.8)**	**(3.8)**	**(33.6)**	**(0.7)**	-	**(34.3)**
Exchange differences	**(46.2)**	**(34.7)**	**(111.0)**	**(191.9)**	**(5.5)**	**(3.2)**	**(200.6)**
At 31 December 2017	**868.4**	**538.1**	**1,367.8**	**2,774.3**	**196.8**	**63.5**	**3,034.6**
Amortisation							
At 1 January 2016	(322.5)	(399.6)	(211.6)	(933.7)	(55.4)	(9.7)	(998.8)
Charge for the year (restated)[3]	(49.5)	(17.9)	(49.0)	(116.4)	(10.6)	(3.6)	(130.6)
Impairment losses (Note 8)	-	-	(1.9)	(1.9)	-	-	(1.9)
Disposals (Note 20)	0.3	-	-	0.3	2.0	-	2.3
Disposal of subsidiaries	-	-	-	-	-	-	-
Exchange differences (restated)[3]	(38.8)	(56.7)	(37.5)	(133.0)	(4.7)	(1.9)	(139.6)
At 1 January 2017 (restated)[3]	**(410.5)**	**(474.2)**	**(300.0)**	**(1,184.7)**	**(68.7)**	**(15.2)**	**(1,268.6)**
Disposals following review of register	**-**	**1.7**	**13.0**	**14.7**	**-**	**-**	**14.7**
Charge for the year	**(51.3)**	**(15.5)**	**(91.0)**	**(157.8)**	**(16.0)**	**(8.8)**	**(182.6)**
Impairment losses (Note 8)	**(2.0)**	**(0.1)**	**(0.1)**	**(2.2)**	**-**	**-**	**(2.2)**
Reclassification	**-**	**0.1**	**(0.1)**	**-**	**-**	**-**	**-**
Disposals (Note 20)	**-**	**0.1**	**0.5**	**0.6**	**0.3**	**-**	**0.9**
Disposal of subsidiaries	**14.7**	**10.8**	**2.6**	**28.1**	**0.7**	**-**	**28.8**
Exchange differences	**22.5**	**29.1**	**19.9**	**71.5**	**2.9**	**1.4**	**75.8**
At 31 December 2017	**(426.6)**	**(448.0)**	**(355.2)**	**(1,229.8)**	**(80.8)**	**(22.6)**	**(1,333.2)**
Carrying amount							
At 31 December 2017	**441.8**	**90.1**	**1,012.6**	**1,544.5**	**116.0**	**40.9**	**1,701.4**
At 31 December 2016 (restated)	500.9	93.1	1,085.0	1,679.0	87.4	35.7	1,802.1

[1] Additions includes business asset additions and product development. Of the £94.5m total additions, the cash flow statement shows £96.0m for these items with £52.2 intangible software assets, £13.1m for product development and £30.7m for titles, brands and customer relationships.

[2] All product development in 2017 and 2016 is internally generated.

[3] 2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for certain acquisitions completed in 2016 (See note 4)

Intangible software assets include a gross carrying amount of £171.0m (2016: £136.8m) and accumulated amortisation of £68.0m (2016: £57.4m) which relates to software that has been internally generated. The Group does not have any of its intangible assets pledged as security over bank loans.

18 BUSINESS COMBINATIONS

Cash paid on acquisition net of cash acquired	Segment	2017 £m	2016 £m
Current period acquisitions			
Yachting Promotions, Inc.	Global Exhibitions	**111.1**	-
Dove Medical Press Limited	Academic Publishing	**43.0**	-
Futurum Media Limited	Knowledge & Networking	**1.6**	-
Skipta, LLC	Business Intelligence	**4.6**	-
Guangzhou Informa Yi Fan Exhibitions Co. Limited	Global Exhibitions	**4.2**	-
Karnac Books Limited	Academic Publishing	**3.9**	-
New Ag International Sarl	Knowledge & Networking	**5.5**	-
Mapa International Limited	Business Intelligence	**2.0**	-
TrimTabs Investment Research, Inc.	Business Intelligence	**0.6**	-
Spotlight Financial, Inc.	Business Intelligence	**0.4**	-
Informa Tianyi Exhibitions (Chengdu) Co. Limited	Global Exhibitions	**1.3**	-
Colwiz Limited	Academic Publishing	**0.9**	-
Emily Expo Events, Inc.	Global Exhibitions	**0.9**	-
OTC Publications Limited	Business Intelligence	**1.6**	-
		181.6	**-**
Prior period acquisitions			
2016 acquisitions:			
Penton Information Services	GE, K&N, BI	**(4.5)**	1,218.8
Light Reading LLC	Knowledge & Networking	**3.4**	44.3
Finovate Group, Inc	Knowledge & Networking	**3.2**	13.8
Other		**5.2**	12.6
2010-2015 acquisitions:			
Other		**4.3**	4.7
		11.6	1,294.2
Total cash paid in year		**193.2**	1,294.2

Acquisitions

The provisional amounts recognised in respect of the estimated fair value of identifiable assets and liabilities in respect of acquisitions made in 2017 and payments made in 2017 relating to prior year acquisitions was:

	YPI	Dove	Other acquisitions	Payments in relation to acquisitions completed in prior years	Total
	£m	£m	£m	£m	£m
Intangibles	60.9	10.2	47.8	1.4	120.3
Property and equipment	3.3	0.1	0.3	-	3.7
Inventory	-	-	0.1	-	0.1
Investments	-	-	-	-	-
Deferred tax assets	-	-	0.3	-	0.3
Trade and other receivables	2.0	4.0	3.2		9.2
Cash and cash equivalents	0.6	5.2	5.5	-	11.3
Deferred costs	-	(0.1)	0.9	-	0.8
Trade, other payables and provisions	(4.2)	(0.9)	(2.2)	-	(7.3)
Deferred income	(3.5)	-	(6.8)		(10.3)
Current tax liabilities	-	(0.7)	(0.4)		(1.1)
Deferred tax liabilities	(10.6)	(1.8)	(4.1)		(16.5)
Identifiable net assets acquired	48.5	16.0	44.6	1.4	110.5
Non-controlling interest	-	-	1.2	-	1.2
Goodwill	63.2	33.8	17.6	-	114.6
Total consideration	111.7	49.8	63.4	1.4	226.3
Satisfied by:					
Cash consideration	111.7	48.2	33.0	0.7	193.6
Deferred and contingent consideration paid	-	-	-	-	-
Deferred closing price adjustment	-	-	-	-	-
Deferred consideration	-	1.6	1.7	-	3.3
Contingent consideration	-	-	28.7	0.7	29.4
Share consideration	-	-	-	-	-
Total consideration	111.7	49.8	63.4	1.4	226.3
Net cash outflow arising on acquisitions:					
Cash consideration	111.7	48.2	33.0	0.7	193.6
Deferred and contingent consideration paid	-		-	10.9	10.9
Less: net cash acquired	(0.6)	(5.2)	(5.5)	-	(11.3)
Net cash outflow arising on acquisitions	111.1	43.0	27.5	11.6	193.2

Business combinations made in 2017

Yachting Promotions, Inc.
On 14 March 2017, the group acquired 100% of the issued share capital of Yachting Promotions, Inc. (YPI) the operator of some of the largest yachting and boat shows in the US. The Company forms part of the Global Exhibitions segment.

Total consideration, including payment for working capital, was £111.7m ($138.8m), of which £111.1m ($138.0m) was paid in cash, net of cash acquired of £0.6m ($0.7m).

The disclosure below provides the fair value of acquired identifiable assets and liabilities assumed of YPI and are provisional pending receipt of final valuations.

	Book value £m	Fair value adjustments £m	Fair value £m
Intangible assets	-	60.9	60.9
Property and equipment	3.3	-	3.3
Trade and other receivables	2.0		2.0
Cash at bank and on hand	0.6		0.6
Trade and other payables	(4.2)	-	(4.2)
Deferred income	(3.5)		(3.5)
Deferred tax asset/(liabilities)	12.3	(22.9)	(10.6)
Identifiable net assets acquired	10.5	38.0	48.5
Provisional goodwill	-	63.2	63.2
Total consideration	10.5	101.2	111.7

The business contributed £4.1m of profit after tax and £31.0m of revenue for the period between the date of acquisition and 31 December 2017. If the acquisition had completed on the first day of the financial period, it would have contributed £5.5m of profit after tax and £39.1m to the revenue of the Group for the year ended 31 December 2017. Acquisition costs (included in adjusting items in the Consolidated Income Statement) amounted to £0.8m.

The goodwill of £63.2m arising from the acquisition relates to the following factors:
- Providing Informa with increased scale in the growing international yachting vertical;
- Complementing the existing Group's ownership of the Monaco Yacht Show; and
- Adding to the Global Exhibitions Division's scale in the US.

On 29 December 2017 the Group sold a 10% share of the YPI business to the government of the Principality of Monaco, see note 20 for further details.

Dove Medical Press Limited
On 26 September 2017, the group acquired 100% of the issued share capital of Dove Medical Press Limited (Dove), an open access (OA) journal publisher operating in the UK, US and New Zealand, producing a range of OA journals mainly in Health Sciences with additional content in Science and Technology. The Company forms part of the Academic Publishing segment.

Total consideration, including payment for working capital, was £49.8m, of which £43.0m was paid in cash, net of cash acquired of £5.2m and there was deferred consideration of £1.6m.

The disclosure below provides the fair value of acquired identifiable assets and liabilities assumed of Dove and are provisional pending receipt of final valuations.

	Book value £m	Fair value adjustments £m	Fair value £m
Intangible assets	0.1	10.1	10.2
Property and equipment	0.1	-	0.1
Trade and other receivables	4.0	-	4.0
Cash at bank and on hand	5.2	-	5.2
Deferred costs	(0.1)	-	(0.1)
Trade and other payables	(0.9)	-	(0.9)
Current tax liabilities	(0.7)	-	(0.7)
Deferred tax liabilities	(1.8)	-	(1.8)
Identifiable net assets acquired	5.9	10.1	16.0
Provisional goodwill	-	33.8	33.8
Total consideration	5.9	43.9	49.8

The business contributed £0.9m of profit after tax and £2.6m of revenue for the period between the date of acquisition and 31 December 2017. If the acquisition had completed on the first day of the financial period, it would have contributed £2.5m of profit after tax and £9.4m to the revenue of the Group for the year ended 31 December 2017. Acquisition costs (included in adjusting items in the Consolidated Income Statement) amounted to £0.4m.

The goodwill of £33.8m arising from the acquisition relates to the following factors:
- Providing Informa with greater presence in the growing open access market
- Providing sales synergy opportunities by complementing the Group's existing open access operations
- Bringing a strong operational and management team to the Group

Finalisation of the 2016 acquisition fair value of Penton Information Services
On 2 November 2016, the Group acquired 100% of the issued share capital of Penton Information Services, a leading independent US-based exhibitions and professional information services business. The provisional amounts recognised in respect of the estimated fair value of the identifiable assets acquired and liabilities assumed were disclosed in the 2016 Annual Report. Finalisation of the provisional amounts as at 31 December 2017 is as follows:

	Previously reported £m	Fair value adjustments £m	Updated Fair value £m
Intangible assets	648.2	47.0	695.2
Property and equipment	7.9	-	7.9
Investments	0.2	(0.2)	-
Trade and other receivables	41.2	-	41.2
Cash at bank and on hand	21.4	-	21.4
Trade, other payables and provisions	(24.9)	-	(24.9)
Deferred income	(59.5)	(0.6)	(60.1)
Deferred tax liabilities	(114.7)	(19.1)	(133.8)
Retirement benefit obligation	(19.6)	-	(19.6)
Identifiable net assets acquired	500.2	27.1	527.3
Goodwill	833.8	(25.4)	808.4
Total consideration	1,334.0	1.7	1,335.7

The finalised fair value adjustment amounts relate principally to revisions to the assets lives of acquired intangible assets and related deferred tax adjustments and a £1.7m increase to consideration for the finalisation of working capital. Consideration for the acquisition includes deferred consideration that is payable in October 2018 for anticipated future tax benefits. The estimated fair value is £16.7m ($22.6m) at 31 December 2017, however the amount is under dispute with the sellers, see note 39 for further details.

Other business combinations made in 2017
There were 12 other acquisitions completed in the year ended 31 December 2017 for a total consideration of £63.4m, of which £27.5m was paid in cash, net of cash acquired of £5.5m and there was £1.7m of deferred consideration and £28.7m of contingent consideration.

Update on deferred and contingent consideration paid in 2017 relating to business combinations completed in prior years.
In the year ended 31 December 2017 there were contingent and deferred net cash payments of £11.6m relating to acquisitions completed in prior years.

19 OTHER INVESTMENTS AND INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

INVESTMENTS IN JOINT VENTURES, JOINT OPERATIONS AND ASSOCIATES

The Group's investments in joint ventures and associates at 31 December 2017 are as follows:

Company	Division	Country of incorporation and operation	Class of shares held	Share holding or share of operation	Accounting year end
Lloyd's Maritime Information Services Limited	BI	UK	Ordinary	50%	31 December
Independent Materials Handling Exhibitions Limited	GE	UK	Ordinary	50%	31 December
Informa Tharawat LLC	GE	State of Qatar	Ordinary	49%	31 December
Pestana Management Limited	K&N	Cyprus[1]	Ordinary	49%	31 December
Pharmaconex[2]	GE	Egypt	n/a	50%	n/a
Mediconex[2]	GE	Egypt	n/a	50%	n/a
Afro Packaging & Food[2]	GE	Egypt	n/a	50%	n/a
Egytec[2]	GE	Egypt	n/a	50%	n/a
Aoutomech Formula[2]	GE	Egypt	n/a	50%	n/a

[1] Pestana Management Limited is incorporated in Cyprus and operates in Russia.
[2] Joint operations operating through contractual arangements

The carrying value of investments in joint ventures and associates is set out below:

	2017 £m	2016 £m
At 1 January	**1.5**	0.1
Share of results of joint ventures and associates	**-**	0.8
Shares received in consideration for disposal of Consumer Information business	**-**	0.6
At 31 December	**1.5**	1.5

The following represent the aggregate (100%) and Group share of assets, liabilities, income and expenses of the Group's joint ventures and associates:

	100% of results 2017 £m	Group share 2017 £m	100% of results 2016 £m	Group share 2016 £m
Non-current assets	**-**	**-**	–	–
Current assets	**2.8**	**1.4**	1.9	0.9
	2.8	**1.4**	1.9	0.9
Non-current liabilities	**-**	**-**	–	–
Current liabilities	**(0.9)**	**(0.5)**	–	–
Net assets	**1.9**	**0.9**	1.9	0.9
Operating profit	**0.1**	**-**	1.7	0.9
Finance costs	**-**	**-**	–	–
Profit before tax	**0.1**	**-**	1.7	0.9
Tax charge	**-**	**-**	(0.2)	(0.1)
Profit after tax	**0.1**	**-**	1.5	0.8

OTHER INVESTMENTS

The Group's other investments at 31 December 2017 are as follows:

	2017	2016 (restated)[1]
	£m	£m
At 1 January	**1.6**	1.4
Additions in year	**3.0**	0.2
At 31 December	**4.6**	1.6

Other investments include investments in unlisted equity securities and convertible loan notes which are redeemable through the issue of equity. These investments relate to a convertible loan note investment in Science.AI, a 19% equity investment in the German-based Euroforum conference business and a 17% equity investment in Real Endpoints LLC.

20 DISPOSAL OF SUBSIDIARIES AND OPERATIONS

During the year, the Group generated the following net (loss)/profit on disposal of subsidiaries and operations:

	2017	2016
	£m	£m
Compendium Contech	**(1.6)**	-
Garland Science	**(7.5)**	-
Biotechniques	**(19.2)**	-
Euroforum conference business in Germany and Switzerland	**15.5**	-
Lloyds List Australia	**(4.6)**	-
Australia Bulk Handling Review	**(0.7)**	-
Corporate Training businesses loan recovery/(impairment)	**0.6**	(39.9)
Robbins Gioia loan recovery	**-**	4.0
Other operations gain/(loss) on disposal	**0.1**	(2.6)
Corporate Communications International Limited loss on disposal	**-**	(1.3)
Loss for the year from disposal of subsidiaries and operations	**(17.4)**	(39.8)

Disposals made in 2017

On 29 December 2017 the Group disposed of a 10% interest in its Yachting Promotions, Inc. (YPI) business to the government of the Principality of Monaco. The consideration of £10.4m (US $14.0m) is to be received in 2018 and the Group retained a 90% equity holding after the sale.

On 22 December 2017 the Group disposed of Compendium Contech event business. The loss on disposal was £1.6m and there was cash consideration of £0.4m (CA $0.7m).

On 15 December 2017 the Group disposed of Garland Science US book business. The loss on disposal was £7.5m and there was cash consideration of £4.8m ($6.5m).

On 15 December 2017 the Group disposed of its Biotechniques US journals. The loss on disposal was £19.2m and there was cash consideration of £0.1m.

On 1 November 2017 the Group disposed of the majority ownership of Euroforum, the Knowledge and Networking Division's domestic conference business in Germany and Switzerland. The consideration was £10.6m (€12.0m) and resulted in a profit on disposal of £15.5m, of which £3.7m relates to recycling of exchange gains in the translation reserve at the date of disposal, and there was 19% holding retained after the sale.

On 13 June 2017, the Group disposed of its Lloyd's List Australia business. The loss on disposal was £4.6m and there were nil cash proceeds.

21 PROPERTY AND EQUIPMENT

	Freehold land and buildings £m	Leasehold land and buildings £m	Equipment fixtures and fittings £m	Total £m
Cost				
At 1 January 2016	2.4	12.3	35.9	50.6
Additions[1]	–	1.0	3.6	4.6
Acquisition of subsidiaries	1.0	3.6	3.3	7.9
Disposals	(0.3)	(0.5)	(3.4)	(4.2)
Disposal of subsidiaries	-	-	-	-
Exchange differences	–	1.2	5.3	6.5
At 1 January 2017	**3.1**	**17.6**	**44.7**	**65.4**
Additions[1]	**-**	**6.0**	**10.3**	**16.3**
Acquisition of subsidiaries	**-**	**-**	**3.7**	**3.7**
Disposals	**-**	**(1.0)**	**(2.5)**	**(3.5)**
Disposal of subsidiaries	**-**	**(0.5)**	**(0.9)**	**(1.4)**
Exchange differences	**(0.1)**	**(1.0)**	**(2.9)**	**(4.0)**
At 31 December 2017	**3.0**	**21.1**	**52.4**	**76.5**
Depreciation				
At 1 January 2016	(0.4)	(5.3)	(27.6)	(33.3)
Charge for the year	–	(1.8)	(4.7)	(6.5)
Disposals	0.1	0.4	2.8	3.3
Disposal of subsidiaries	-	-	-	-
Exchange differences	–	(0.8)	(4.0)	(4.8)
At 1 January 2017	**(0.3)**	**(7.5)**	**(33.5)**	**(41.3)**
Charge for the year	**(0.1)**	**(2.5)**	**(6.6)**	**(9.2)**
Disposals	**-**	**0.7**	**1.7**	**2.4**
Disposal of subsidiaries	**-**	**0.3**	**0.8**	**1.1**
Exchange differences	**-**	**0.4**	**1.9**	**2.3**
At 31 December 2017	**(0.4)**	**(8.6)**	**(35.7)**	**(44.7)**
Carrying amount				
At 31 December 2017	**2.6**	**12.5**	**16.7**	**31.8**
At 31 December 2016	2.8	10.1	11.2	24.1

[1] Of the £16.3m additions, £14.7m (2016: £4.6m) additions represents cash paid.

The Group does not have any of its property and equipment pledged as security over bank loans.

22 INVENTORY

	2017 £m	2016 £m
Work in progress	**11.3**	7.9
Finished goods and goods for resale	**42.8**	44.5
	54.1	52.4

Write down of inventory during the year amounted to £3.0m (2016: £2.1m).

23 TRADE AND OTHER RECEIVABLES

	2017 £m	2016 (restated)[1] £m
Current		
Trade receivables	**303.7**	273.1
Less: provision	**(27.2)**	(31.3)
Trade receivables net	**276.5**	241.8
Other receivables	**22.6**	23.8
Prepayments and accrued income	**102.0**	90.6
Total current	**401.1**	356.2
Non-current		
Other receivables	**0.1**	0.5
	401.2	356.7

[1] 2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for certain acquisitions completed in 2016 (See note 4)

The average credit period taken on sales of goods is 52 days (2016: 54 days). The Group has provision policies for its various Divisions which have been determined by reference to past default experience. Under the normal course of business, the Group does not charge interest on its overdue receivables.

Included in other receivables is an amount of £10.4m relating to the proceeds of the disposal of 10% of the YPI business (see Note 20 for further details). The Group's exposures to credit risk and impairment losses related to trade and other receivables are disclosed in Note 30. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

24 CASH AND CASH EQUIVALENTS

	Note	2017 £m	2016 £m
Cash at bank and on hand		**54.9**	49.6
Bank overdrafts	29	**(6.7)**	(9.4)
Cash and cash equivalents in the Consolidated Cash Flow Statement		**48.2**	40.2

The cash at bank and on hand is presented net of the Group's legal right to offset overdrafts. The Group's exposure to interest rate risks and a sensitivity analysis for financial assets and liabilities is disclosed in Note 30.

25 TRADE AND OTHER PAYABLES

	2017 £m	2016 £m
Current		
Deferred consideration	**2.0**	8.8
Trade payables	**69.2**	48.7
Accruals	**200.4**	164.9
Other payables	**25.6**	24.1
Total current	**297.2**	246.5
Non-current		
Deferred consideration	**17.0**	18.4
Other payables	**9.7**	9.2
Total non-current	**26.7**	27.6
	323.9	274.1

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 49 days (2016: 37 days). There are no suppliers who represent more than 10% of the

total balance of trade payables in either 2017 or 2016. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame. Therefore, under the normal course of business, the Group is not charged interest on overdue payables. The Directors consider that the carrying amount of trade payables approximates to their fair value.

26 PROVISIONS

	Contingent consideration	Acquisition & integration	Property leases	Restructuring provision	Other provision	Total
	£m	£m	£m	£m	£m	£m
At 1 January 2016	29.9	-	7.4	7.7	-	45.0
Increase in year	18.1	24.8	3.1	9.5	-	55.5
Utilisation	(19.4)	(12.5)	(0.6)	(10.3)	-	(42.8)
Release	(7.4)	-	(1.5)	(2.6)	-	(11.5)
At 1 January 2017	**21.2**	**12.3**	**8.4**	**4.3**	**-**	**46.2**
Increase in year	**33.9**	**5.0**	**7.9**	**7.9**	**2.4**	**57.1**
Utilisation	**(15.7)**	**(14.7)**	**(3.1)**	**(9.4)**	**-**	**(42.9)**
Release	**0.1**	**(0.4)**	**(1.9)**	**(0.1)**	**-**	**(2.3)**
At 31 December 2017	**39.5**	**2.2**	**11.3**	**2.7**	**2.4**	**58.1**
2017						
Current liabilities	15.5	2.2	3.3	2.7	1.4	25.1
Non-current liabilities	24.0	-	8.0	-	1.0	33.0
2016						
Current liabilities	16.9	12.3	1.0	4.2	-	34.4
Non-current liabilities	4.3	-	7.4	0.1	-	11.8

The contingent consideration will be paid primarily in one to two years. The contingent consideration is based on future business valuations and profit multiples (both Level 3 fair value measurements) and has been estimated on an acquisition by acquisition basis using available profit forecasts (a significant unobservable input). The higher the profit forecast the higher the fair value of any contingent consideration (subject to any maximum payout clauses), and if all future business valuations and profit mulitples were achieved, the maximum undiscounted amounts payable for contingent consideration would be £221.1m.

The acquisition and integration provision of £2.2m at 31 December 2017 relates to amounts incurred but not yet settled associated with acquisitions. See Note 18 for further details.

The property lease provision represents a provision for vacant property. This is calculated as the estimated excess of rent payable on surplus property leases, plus dilapidation provisions, less rent receivable via sub leases. The property lease provisions will be fully utilised between one and five years.

See Note 8 for details of items included in restructuring provisions and details of the re-measurement of contingent consideration. Amounts included within restructuring provisions are expected to be utilised in 2018.

27 DEFERRED TAX

	Accelerated tax depreciation	Intangibles	Pensions (Note 36)	Losses	Other	Total
	£m	£m	£m	£m	£m	£m
At 1 January 2016	(3.5)	210.8	(0.9)	(0.7)	(23.0)	182.7
Credit to other comprehensive income for the year	-	-	(2.0)	-	-	(2.0)
Acquisitions(restated)[1]	5.5	232.9	(7.5)	(86.5)	(6.0)	138.4
Charge/(credit) to profit or loss for the year excluding UK corporation tax rate change	0.8	(11.9)	-	(2.9)	10.7	(3.3)
Charge/(credit) to profit or loss for the year arising from UK corporation tax rate change	0.1	(4.3)	-	-	-	(4.2)
Deferred tax credit arising from revised treatment of certain non-UK intangible assets	-	(12.1)	-	-	-	(12.1)
Foreign exchange movements	-	40.3	-	(0.5)	(3.3)	36.5
At 1 January 2017(restated)[1]	**2.9**	**455.7**	**(10.4)**	**(90.6)**	**(21.6)**	**336.0**
Charge to other comprehensive income for the year	**-**	**-**	**4.2**	**-**	**-**	**4.2**
Acquisitions and additions	**0.6**	**38.1**	**-**	**(9.3)**	**(3.0)**	**26.4**
Charge/(credit) to profit or loss for the year excluding US federal tax reform	**2.0**	**(21.9)**	**(0.1)**	**19.8**	**(4.0)**	**(4.2)**
Charge/(credit) to profit or loss for the year arising from US federal tax reform	**(2.2)**	**(127.3)**	**-**	**26.5**	**8.4**	**(94.6)**
Credit to profit or loss for the year arising from UK corporation tax rate change	**-**	**(0.4)**	**-**	**-**	**-**	**(0.4)**
Other rate change movements	**-**	**(0.7)**	**-**	**-**	**-**	**(0.7)**
Foreign exchange movements	**(0.6)**	**(36.9)**	**0.5**	**8.0**	**4.9**	**(24.1)**
At 31 December 2017	**2.7**	**306.6**	**(5.8)**	**(45.6)**	**(15.3)**	**242.6**

[1] 2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for certain acquisitions completed in 2016 (See note 4)

Certain deferred tax assets and liabilities have been offset. The following is the analysis of deferred tax balances for the Consolidated Balance Sheet.

	2017	2016 (restated)[1]
	£m	£m
Deferred tax liability	**251.6**	349.0
Deferred tax asset	**(9.0)**	(13.0)
	242.6	336.0

[1] 2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for certain acquisitions completed in 2016 (See note 4)

Deferred tax assets have been recognised on the basis that, from the current forecast of the Group's entities, it is probable that there will be taxable profits against which these assets can be utilised, offset for reporting purposes jurisdiction by jurisdiction.

Deferred tax has been provided on UK intangible assets in respect of temporary timing differences at the UK rate at which they are expected to reverse. Deferred Tax has been provided at the rate of 19% on all other UK temporary differences.

The Finance Act 2016 enacted reductions to the UK main Corporation Tax rate to 17% from 1 April 2020, as follows:

Year to 31 March	2018	2019	2020	2021	2022
Corporation Tax Rate	19%	19%	19%	17%	17%

At 31 December 2017, the Group has unused tax losses of approximately £232.0m (2016: £289.7m) available for offset against future profits of which a deferred tax asset of £45.6m relating to the US has been recognised. The Directors have concluded that it is probable that there will be sufficient future taxable profits against which these losses can be utilised, taking into account the Group's latest available forecast. A deferred tax asset of £23.0m (2016: £22.8m) has not been recognised due to the unpredictability of future taxable profit streams.

At 31 December 2017, the Group has unused capital losses of approximately £38m (2016: £46m) available for offset against future qualifying gains. No deferred tax asset has been recognised due to the unpredictability of future qualifying capital gains.

At the reporting date, the aggregate amount of withholding tax on post-acquisition undistributed earnings for which deferred tax liabilities have not been recognised was £1.2m (2016: £13.7m). No liability has been recognised because the Group, being in a position to control the timing of the distribution of intra group dividends, has no intention to distribute intra group dividends in the foreseeable future that would trigger withholding tax.

28 NON-CURRENT TAX LIABILITIES

The group has a number of ongoing tax disputes around the world, and has taken some tax positions where the legislative position is not clear, but are not currently the subject of disputes. In total, the Group has accrued £14.3m (2016: £13.3m) for potential tax liabilities arising from such matters; no more than £3.2m (2016: £5.0m) is expected to become payable in the next twelve months, and the balance is held as a non-current liability.

29 BORROWINGS

		Notes	2017 £m	2016 £m
Current				
Bank overdraft		24	**6.7**	9.4
Bank borrowings ($400.0m) – due March 2018			**296.3**	-
Bank borrowings – current		35	**303.0**	9.4
Private placement loan note ($102.0m)			**-**	82.9
Private placement loan note (€50.0m)			**-**	42.8
Private placement loan note (£40.0m)			**-**	40.0
Private placement fees			**-**	(0.2)
Private placement – current		35	**-**	165.5
Total current borrowings			**303.0**	174.9
Non-current				
Bank borrowings – revolving credit facility – due October 2020			**287.6**	300.2
Acquisition facility			**-**	548.6
Bank debt issue costs			**(2.0)**	(3.7)
Bank borrowings – non-current		35	**285.6**	845.1
Private placement loan note ($385.5m)	– due December 2020		**285.5**	313.3
Private placement loan note ($120.0m)	– due October 2022		**88.9**	97.5
Private placement loan note ($55.0m)	– due January 2023		**40.7**	-
Private placement loan note ($80.0m)	– due January 2025		**59.2**	-
Private placement loan note ($130.0m)	– due October 2025		**96.3**	105.7
Private placement loan note ($365.0m)	– due January 2027		**270.4**	-
Private debt issue costs			**(1.6)**	(1.3)
Private placement – non-current		35	**839.4**	515.2
Total non-current borrowings			**1,125.0**	1,360.3
			1,428.0	1,535.2

There have been no breaches of covenants under the Group's bank facilities and private placement loan notes during the year. The bank and private placement borrowings are guaranteed by material subsidiaries of the Group. The Group does not have any of its property and equipment and other intangible assets pledged as security over loans.

The Group has issued private placement loan notes amounting to USD 1,135.5m (2016: USD 737.5m), GBP nil (2016: GBP 40.0m) and EUR nil (2016: EUR 50.0m). As at 31 December 2017, the note maturities ranged between three and ten years (2016: one and nine years), with an average duration of 6.1 years (2016: 4.2 years), at a weighted average interest rate of 4.1% (2016: 4.3%).

The Group maintains the following lines of credit:

- £855.0m (2016: £900.0m) revolving credit facility, of which £287.6m (2016: £300.2m) was drawn down at 31 December 2017. Interest is payable at the rate of LIBOR plus a margin based on the ratio of net debt to EBITDA;
- £296.3m (USD 400m) bank term loan facility with a maturity of up to March 2018 and issued by Bank of America Merrill Lynch;

- £134.0m (2016: £51.2m) comprising a number of bilateral bank uncommitted facilities that can be drawn down to meet short-term financing needs. These facilities consist of GBP 81.0m (2016: GBP 16.0m), USD 15.0m (2016: USD 13.0m), EUR 43.0m (2016: EUR 18.0m), AUD 1.0m (2016: AUD 2.0m), and CAD 2.0m (2016: CAD 2.0m), SGD 2.3m (2016: SGD nil) and CNY 50.0m (2016: CNY nil). Interest is payable at the local base rate plus a margin; and
- The Group has three bank guarantee facilities comprising in aggregate up to USD 10.0m (2016: USD 10.0m), EUR 7.0m (2016: EUR 7.0m), and AUD 1.5m (2016: AUD 1.5m).

The effective interest rate for the year ended 31 December 2017 was 3.8% (year ended 31 December 2016: 3.7%).

The Group had total committed undrawn borrowing facilities at 31 December 2017 relating to the undrawn amount of the revolving credit facility of £567.4m (2016: £599.9m). In addition, at 31 December 2017 there was a commitment to issue $400m of private placement loan notes and these were issued on 4 January 2018.

The Group's exposure to liquidity risk is disclosed in Note 30(g).

30 FINANCIAL INSTRUMENTS

(a) Financial risk management
The Group has exposure to the following risks from its use of financial instruments:

- Capital risk management
- Market risk
- Credit risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's management of capital, and the Group's objectives, policies and procedures for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established a Treasury Committee which is responsible for developing and monitoring the Group's financial risk management policies. The Treasury Committee meets regularly and reports to the Audit Committee on its activities.

The Group Treasury function provides services to the Group's businesses, co-ordinates access to domestic and international financial markets and monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk and price risk), credit risk, liquidity risk and interest rate risk.

The Treasury Committee has put in place policies to identify and analyse the financial risks faced by the Group and has set appropriate limits and controls. These policies provide written principles on funding investments, credit risk, foreign exchange and interest rate risk. Compliance with policies and exposure limits are reviewed by the Treasury Committee. This Committee is assisted in its oversight role by Internal Audit, which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Capital risk management
The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders as well as sustaining the future development of the business. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Group consists of net debt, which includes borrowings (Note 29), cash and cash equivalents (Note 24), and equity attributable to equity holders of the parent, comprising issued capital (Note 31), reserves and retained earnings.

Cost of capital
The Group's Treasury Committee reviews the Group's capital structure on a regular basis and as part of this review, the Committee considers the weighted average cost of capital and the risks associated with each class of capital.

Gearing ratio
The principal financial covenant ratios under the Group's borrowing facilities are maximum net debt to EBITDA of 3.5 times and minimum EBITDA interest cover of 4.0 times, tested semi-annually. At 31 December 2017 both financial covenants were achieved, with the ratio of net debt (using average exchange rates) to EBITDA being 2.5 times (2.6 times at 31 December 2016). The ratio

of EBITDA to net interest payable in the year ended 31 December 2017 was 9.8 times (2016: 11.0 times). EBITDA is calculated from earnings before interest, tax, depreciation and amortisation, with earnings stated before adjusting items.

(b) 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 2.

	Notes	2017 £m	2016 (restated)[1] £m
Financial assets			
Trade receivables	23	**276.5**	241.8
Other receivables	23	**22.7**	24.3
Cash at bank and on hand	24	**54.9**	49.6
Equity investments in unquoted companies	19	**4.6**	1.6
Total financial assets		**358.7**	317.3
Financial liabilities			
Bank overdraft	29	**6.7**	9.4
Bank borrowings	29	**583.9**	848.8
Private placement loan notes	29	**841.0**	682.2
Trade payables	25	**69.2**	48.7
Accruals	25	**200.4**	164.9
Other payables	25	**35.3**	33.3
Deferred consideration	25	**19.0**	27.2
Contingent consideration	26	**39.5**	21.2
Total financial liabilities		**1,795.0**	1,835.7

[1] 2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for certain acquisitions completed in 2016 (See note 4)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange and interest rates, will affect the Group's income or the value of its holdings of financial instruments.

The Group manages these risks by maintaining a mix of fixed and floating rate debt and currency borrowings using derivatives where necessary. The Group does not use derivative contracts for speculative purposes.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects on the Group's financial performance. Risk management is carried out by a central treasury department under policies approved by the Board of Directors.

(d) Interest rate risk

The Group has no significant interest-bearing assets at floating rates but is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at or converted to fixed rates expose the Group to fair value interest rate risk.

The interest rate risk is managed by maintaining an appropriate mix of fixed and floating rate borrowings and by the use of interest rate swap contracts. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk section of this note.

The following table details financial liabilities by interest category:

	2017				2016			
	Fixed Rate	Floating rate	Non-interest bearing	Total	Fixed Rate	Floating rate	Non-interest bearing	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Bank overdraft	**-**	**6.7**	**-**	**6.7**	-	9.4	-	9.4
Bank borrowings	**-**	**583.9**	**-**	**583.9**	-	848.8	-	848.8
Private placement loan notes	**841.0**	**-**	**-**	**841.0**	682.2	-	-	682.2
Trade payables	**-**	**-**	**69.2**	**69.2**	-	-	48.7	48.7
Accruals	**-**	**-**	**200.4**	**200.4**	-	-	164.9	164.9
Other payables	**-**	**-**	**35.3**	**35.3**	-	-	33.3	33.3
Deferred consideration	**-**	**-**	**19.0**	**19.0**	-	-	27.2	27.2
Contingent consideration	**-**	**-**	**39.5**	**39.5**	-	-	21.2	21.2
	841.0	**590.6**	**363.4**	**1,795.0**	682.2	858.2	295.3	1,835.7

Interest rate sensitivity analysis

A high percentage of loans are at fixed interest rates hence the Group's interest rate sensitivity would only be affected by the exposure to variable rate debt.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's profit for the year would have decreased or increased by £5.9m (2016: £8.5m).

(e) Foreign currency risk

The Group is a business with significant net US Dollar ("USD") transactions; hence exposures to exchange rate fluctuations arise.

Allied to the Group's policy on the hedging of surplus foreign currency cash inflows, the Group will usually seek to finance its net investment in its principal overseas subsidiaries by borrowing in those subsidiaries' functional currencies, primarily USD. This policy has the effect of partially protecting the Group's Consolidated Balance Sheet from movements in those currencies to the extent that the associated net assets are hedged by the net foreign currency borrowings.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2017	2016 (restated)[1]	2017	2016
	£m	£m	£m	£m
USD	**208.4**	344.7	**(1,791.3)**	(1,841.9)
EUR	**23.2**	30.4	**(25.9)**	(82.2)
Other	**259.1**	136.2	**(310.8)**	(455.6)
	490.7	511.3	**(2,128.0)**	(2,379.7)

[1] 2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for certain acquisitions completed in 2016 (See note 4)

The foreign currency borrowings of £1,292.3m (2016: £1,323.1m) are used to hedge the Group's net investments in foreign subsidiaries.

	Average rate		Closing rate	
	2017	2016	2017	2016
USD	**1.29**	1.36	**1.35**	1.23

Foreign currency sensitivity analysis

In 2017, the Group earned approximately 65% (2016: 59%) of its revenues and incurred approximately 55% (2016: 48%) of its costs in USD or currencies pegged to USD. The Group is therefore sensitive to movements in USD against GBP. In 2017, each $0.01 movement in the USD to GBP exchange rate has a circa £8.5m (2016: £6.5m) impact on revenue and a circa £3.5m (2016: £2.9m) impact on adjusted operating profit. Offsetting this are reductions to the value of USD borrowings, interest and tax liabilities. This analysis assumes all other variables, including interest rates, remain constant.

(f) Credit risk
The Group's principal financial assets are trade and other receivables (Note 23) and cash and cash equivalents (Note 24), which represent the Group's maximum exposure to credit risk in relation to financial assets.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of assessing creditworthiness of counterparties as a means of mitigating the risk of financial loss from defaults.

The Group's exposure and the credit worthiness of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved financial institutions. Credit exposure is controlled by counterparty limits that are reviewed and approved as part of the Group's treasury policies.

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.

Trade receivables
The Group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the Consolidated Balance Sheet are net of allowances for doubtful receivables, estimated by the Group based on prior experience and its assessment of the current economic environment.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas and the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year.

The Group establishes a provision that represents its estimate of incurred losses in respect of trade and other receivables and investments when there is objective evidence that the asset is impaired. The main components of this provision are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss provision is determined by reference to past default experience.

All customers have credit limits set by credit managers and are subject to standard terms of payment for each division. As the Global Exhibitions, Knowledge & Networking and journals part of the Academic Publishing division work predominately on a prepaid basis they are not subject to the same credit controls and they have a low bad debt history. The Group is exposed to normal credit risk and potential losses are mitigated as the Group does not have significant exposure to any single customer.

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

Non-current other receivables
Non-current other receivables arose from disposals made in the current and prior years as disclosed in Note 23. The Risk Committee reviews these receivables and the credit quality of the counterparties on a regular basis.

Ageing of trade receivables:

	Gross 2017	**Provision 2017**	**Gross 2016**	**Provision 2016**
	£m	**£m**	**£m**	**£m**
Not past due	**126.3**	**-**	111.0	(0.7)
Past due 0 – 30 days	**89.9**	**-**	79.2	-
Past due over 31 days	**87.5**	**(10.2)**	82.9	(12.8)
Books provision (see below)	**-**	**(17.0)**	-	(17.8)
	303.7	**(27.2)**	273.1	(31.3)

Trade receivables that are less than three months past due for payment are generally not considered impaired. For trade receivables that are more than three months past due for payment, there are debtors with a carrying amount of £24.4m (2016: £20.4m) which the Group has not provided for, as there has not been a significant change in the credit quality and the amounts are considered recoverable. The Group does not hold any collateral over these balances.

A provision relating to returns on books of £17.0m (2016: £17.8m) has been disclosed separately in the table above. This is based on the Group's best estimate of previous returns trends, and the amount is included as part of the overall provision balance of £27.2m (2016: £31.3m).

Movement in the provision:

	2017 £m	2016 £m
1 January	**31.3**	23.2
Provision recognised	**5.7**	12.5
Receivables written off as uncollectible	**(2.8)**	(1.9)
Amounts recovered during the year	**(7.0)**	(2.5)
31 December	**27.2**	31.3

There are no customers who represent more than 10% of the total gross balance of trade receivables in either 2017 or 2016.

(g) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the Board of Directors, though operationally it is managed by Group Treasury with oversight by the Treasury Committee. Group Treasury has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding. The Group manages liquidity risk by maintaining adequate reserves and debt facilities, together with continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 29 is a summary of additional undrawn facilities that the Group has at its disposal.

Historically and for the foreseeable future the Group has been, and is expected to continue to be, in a net borrowing position. The Group's policy is to fulfil its borrowing requirements by borrowing in the currencies in which it operates, principally GBP and USD; thereby providing a natural hedge against projected future surplus USD cash inflows.

(h) Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its financial assets and liabilities.

The table below has been drawn up based on the contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

31 December 2017	Carrying amount £m	Contractual cash flows[1] £m	Less than 1 year £m	1-2 years £m	2-5 years £m	Greater than 5 years £m
Non-derivative financial assets						
Non-interest bearing	**358.7**	**358.7**	**358.6**	**0.1**	**-**	**-**
Variable interest rate instruments	-	-	-	-	-	-
	358.7	**358.7**	**358.6**	**0.1**	-	-
31 December 2016 (restated)[2]						
Non-derivative financial assets						
Non-interest bearing	317.3	317.3	316.9	0.2	0.2	-
Variable interest rate instruments	-	-	-	-	-	-
	317.3	317.3	316.9	0.2	0.2	-

[1] Under IFRS 7 contractual cash flows are undiscounted and therefore may not agree with the carrying amounts in the Consolidated Balance Sheet.

[2] 2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for certain acquisitions completed in 2016 (See note 4)

The following tables have been drawn up based on the earliest date on which the Group can settle its financial liabilities. The table includes both interest and principal cash flows.

31 December 2017	Carrying amount £m	Contractual cash flows[1] £m	Less than 1 year £m	1-2 years £m	2-5 years £m	Greater than 5 years £m
Non-derivative financial liabilities						
Variable interest rate instruments	**590.6**	**590.6**	**303.0**	**287.6**	**-**	**-**
Fixed interest rate instruments	**841.0**	**1,054.3**	**34.1**	**34.1**	**450.1**	**536.0**
Trade and other payables	**304.9**	**304.9**	**295.2**	**9.7**	**-**	**-**
Deferred consideration	**19.0**	**19.0**	**2.0**	**17.0**	**-**	**-**
Contingent consideration	**39.5**	**39.5**	**15.5**	**24.0**	**-**	**-**
	1,795.0	**2,008.3**	**649.8**	**372.4**	**450.1**	**536.0**
31 December 2016						
Non-derivative financial liabilities						
Variable interest rate instruments	858.2	858.2	9.4	848.8	-	-
Fixed interest rate instruments	682.2	839.5	29.6	195.4	381.8	232.7
Trade and other payables	246.9	246.9	237.7	9.2	-	-
Deferred consideration	27.2	27.2	8.8	18.4	-	-
Contingent consideration	21.2	21.2	16.8	4.4	-	-
	1,835.7	1,993.0	302.3	1,076.2	381.8	232.7

[1] Under IFRS 7 contractual cash flows are undiscounted and therefore may not agree with the carrying amounts in the Consolidated Balance Sheet.

(i) Fair value of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position:

	Carrying amount 2017 £m	Estimated fair value 2017 £m	Carrying amount 2016 £m	Estimated fair value 2016 £m
Financial assets				
Derivative financial instruments in designated hedge accounting relationships	**-**	**-**	-	-
Equity investments in unquoted companies	**4.6**	**4.6**	1.6	1.6
	4.6	**4.6**	1.6	1.6
Financial liabilities				
Derivative financial instruments in designated hedge accounting relationships	**-**	**-**	-	-
Contingent and deferred consideration on acquisitions	**58.5**	**58.5**	48.4	48.4
	58.5	**58.5**	48.4	48.4

All other financial instruments are held at amortised cost and the carrying value is equal to the market value.

(j) Fair values and fair value hierarchy

Financial instruments that are measured subsequently to initial recognition at fair value are grouped into levels 1 to 3, based on the degree to which the fair value is observable, as follows:

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets and liabilities measured at fair value in the statement of financial position and their categorisation in the fair value hierarchy:

	Level 1 2017	Level 2 2017	Level 3 2017	Total 2017
	£m	£m	£m	£m
Financial assets				
Derivative financial instruments in designated hedge accounting relationships	**-**	**-**	**-**	**-**
Equity investments in unquoted companies	**-**	**4.6**	**-**	**4.6**
	-	**4.6**	**-**	**4.6**
Financial liabilities				
Derivative financial instruments in designated hedge accounting relationships	-	-	-	-
Contingent and deferred consideration on acquisitions	-	-	**58.5**	**58.5**
	-	-	**58.5**	**58.5**

	Level 1 2016	Level 2 2016	Level 3 2016	Total 2016
	£m	£m	£m	£m
Financial assets				
Derivative financial instruments in designated hedge accounting relationships	-	-	-	-
Equity investments in unquoted companies	-	1.6	-	1.6
	-	1.6	-	1.6
Financial liabilities				
Derivative financial instruments in designated hedge accounting relationships	-	-	-	-
Contingent and deferred consideration on acquisitions	-	-	48.4	48.4
	-	-	48.4	48.4

31 SHARE CAPITAL AND SHARE PREMIUM

Share Capital

Share capital as at 31 December 2017 amounted to £0.8m (2016: £0.8m).

For details of options issued over the Company's shares see Note 10.

	2017	2016
	£m	£m
Issued and fully paid		
824,005,051 ordinary shares of 0.1p each (2016: 824,005,051 ordinary shares of 0.1p each)	**0.8**	0.8

	Number of Shares 2017	Number of Shares 2016
At 1 January	**824,005,051**	648,941,249
Issue of new shares related to the Rights Issue	**-**	162,234,656
Issue of new shares related to consideration for the Penton acquisition	**-**	12,829,146
At 31 December	**824,005,051**	824,005,051

Share Premium

	2017	2016
	£m	£m
At 1 January and 31 December	**905.3**	905.3

32 OTHER RESERVES

This note provides further explanation for the "Other reserves" listed in the Consolidated Statement of Changes in Equity.

	Reserves for shares to be issued	Merger reserve	Other reserve	Employee Share Trust and ShareMatch shares	Total
	£m	£m	£m	£m	£m
At 1 January 2016	4.3	496.4	(2,152.8)	(0.7)	(1,652.8)
Shares issued	-	82.2	-	-	82.2
Share award expense	3.9	-	-	-	3.9
Own shares purchased	-	-	-	(1.0)	(1.0)
Transfer of vested LTIPs	(1.7)	-	-	0.1	(1.6)
Put option on acquisition of non-controlling interests	-	-	(1.5)	-	(1.5)
At 1 January 2017	**6.5**	**578.6**	**(2,154.3)**	**(1.6)**	**(1,570.8)**
Share award expense	**5.4**	**-**	**-**	**-**	**5.4**
Own shares purchased	**-**	**-**	**-**	**(0.9)**	**(0.9)**
Transfer of vested LTIPs	**(2.1)**	**-**	**-**	**-**	**(2.1)**
Adjustment to NCI arising from Put option	**-**	**-**	**0.1**	**-**	**0.1**
NCI adjustment arising from disposal	**-**	**-**	**(0.4)**	**-**	**(0.4)**
At 31 December 2017	**9.8**	**578.6**	**(2,154.6)**	**(2.5)**	**(1,568.7)**

Reserve for shares to be issued
This reserve relates to LTIPs granted to colleagues reduced by the transferred and vested awards. Further information is set out in Note 10.

Merger reserve
The merger reserve was created in 2004 when the merger of Informa plc and Taylor & Francis Group plc resulted in a merger reserve amount of £496.4m being recorded. On 2 November 2016, the Group acquired Penton Information Services and the £82.2m share premium on the shares issued to the vendors was recorded as an increase in the merger reserve in accordance with the Merger Relief rules of the Companies Act 2006.

Other reserve
The other reserve includes the inversion accounting reserve of £2,189.9m which was created from an issue of shares under a scheme of arrangement in May 2014.

Employee share trust and ShareMatch shares
As at 31 December 2017, the Informa Employee Share Trust ("EST") held 388,118 (2016: 616,187) ordinary shares in the Company at a cost of £388 and a market value of £2.8m (2016: £4.2m). As at 31 December 2017, the ShareMatch scheme held 273,560 (2016: 141,814) matching ordinary shares in the Company at a market value of £2.0m (2016: £1.0m). At 31 December 2017 the Group held 0.1% (2016: 0.1%) of its own called up share-capital.

33 NON-CONTROLLING INTERESTS

The Group has subsidiary undertakings where there are non-controlling interests. At 31 December 2017 these non-controlling interests were composed entirely of equity interests and represented the following holding of minority shares by non-controlling interests:

- Brasil Design Show (45%, 2016: 45%);
- Chengdu Wiener Meibo Exhibitions Co., Ltd (40%, 2016: 40%);
- Shanghai Yingye Exhibitions Co., Ltd (40%, 2016: 40%);
- Agra CEAS Consulting Limited (18.2%, 2016: 18.2%);
- Bureau European de Recherches SA (18.2%, 2016: 18.2%);
- Shanghai Baiwen Exhibitions Co., Ltd (15%, 2016: 15%);
- Shanghai Meisheng Culture Broadcasting Co., Ltd (15%, 2016: 15%);
- Informa Tianyi Exhibitions (Chengdu) Co. Ltd (40%, 2016: 0%)
- Guangzhou Informa Yi Fan Exhibitions Co. Ltd (40%, 2016: 0%)
- Design Junction Limited (10%, 2016: 10%);
- Monaco Yacht Show S.A.M. (10%, 2016: 10%); and
- Yachting Promotions, Inc. (10%, 2016: 0%)

34 OPERATING LEASE ARRANGEMENTS

	2017	**2016**
	£m	**£m**
Minimum lease payments under operating leases recognised in Consolidated Income Statement for the year	**27.8**	23.9

At the reporting date, the Group had outstanding commitments for total future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017		**2016**	
	Land and buildings	**Other**	**Land and buildings**	**Other**
	£m	**£m**	**£m**	**£m**
Within one year	**27.6**	**0.7**	24.2	0.7
Within two to five years	**71.7**	**1.3**	61.5	1.0
After five years	**30.7**	**-**	11.4	-
	130.0	**2.0**	97.1	1.7

Operating lease payments on land and buildings represent rentals payable by the Group for certain of its properties.

35 NOTES TO THE CASH FLOW STATEMENT

	Notes	2017 £m	2016 (restated)[1] £m
Profit before tax		**268.8**	178.1
Adjustments for:			
Depreciation of property and equipment	21	**9.2**	6.5
Amortisation of other intangible assets	17	**182.6**	130.6
Impairment – goodwill	8	**3.4**	65.8
Impairment – other intangible assets	8	**2.2**	1.9
Share-based payments	10	**5.4**	3.9
Subsequent re-measurement of contingent consideration	8	**(0.1)**	(7.4)
Loss on disposal of businesses	20	**17.4**	39.8
Investment income	11	**(0.2)**	(59.5)
Finance costs	12	**59.3**	40.2
Share of adjusted results of joint ventures and associates	19	**-**	(0.8)
Operating cash inflow before movements in working capital		**548.0**	399.1
(Increase)/decrease in inventories		**(2.2)**	(6.8)
Increase in receivables		**(40.5)**	(64.2)
Increase in payables		**25.9**	87.1
Movements in working capital		**(16.8)**	16.1
Cash generated by operations		**531.2**	415.2

[1] 2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for certain acquisitions completed in 2016 (See note 4)

Analysis of Net Debt

	At 1 January 2017 £m	Non-cash movements £m	Cash flow £m	Exchange difference £m	At 31 December 2017 £m
Cash at bank and in hand	**49.6**		**7.8**	**(2.5)**	**54.9**
Overdrafts	**(9.4)**	**-**	**2.5**	**0.2**	**(6.7)**
Cash and cash equivalents	**40.2**	**-**	**10.3**	**(2.3)**	**48.2**
Other loan receivable	**0.2**	**-**	**(0.2)**	**-**	**-**
Private placement loan notes due in less than one year	**(165.7)**	**-**	**159.7**	**6.0**	**-**
Bank loans due in less than one year	**-**	**-**	**(321.6)**	**25.3**	**(296.3)**
Bank loans due in more than one year	**(848.8)**	**-**	**542.9**	**18.3**	**(287.6)**
Private placement loan notes due in more than one year	**(516.5)**	**-**	**(406.4)**	**81.9**	**(841.0)**
Bank loan fees	**3.7**	**(1.6)**	**-**	**(0.1)**	**2.0**
Private placement fees	**1.5**	**(0.6)**	**0.7**	**-**	**1.6**
Net debt	**(1,485.4)**	**(2.2)**	**(14.6)**	**129.1**	**(1,373.1)**

Included within the cash outflow of £14.6m (2016: outflow of £441.4m) is £1,292.1m (2016: £1,455.9m) of loan repayments, £1,070.8m (2016: £1,888.9m) of facility loan drawn downs, £159.7m of private placement repayments (2016: none) and £406.4m of private placement draw downs (2016: none).

Net debt consists of cash and cash equivalents and includes bank overdrafts, borrowings and other loan note receivables where these are interest bearing and do not relate to deferred contingent arrangements.

36 RETIREMENT BENEFIT SCHEMES

(a) Charge to operating profit
The charge to operating profit for the year in respect of pensions, including both Defined Benefit and Defined Contribution Schemes was £11.1m (2016: £10.3m). This consisted of a £0.5m (2016: £0.4m) charge to operating profit related to administration costs for the Defined Benefit Schemes and a £10.6m charge to operating profit relating to Defined Contribution Schemes (2016: £9.9m).

(b) Defined Benefit Schemes – strategy
The Group operates two Defined Benefit Pension Schemes in the UK, the Informa Final Salary Scheme and the Taylor & Francis Group Pension and Life Assurance Scheme (the "Group UK Schemes") for all qualifying UK colleagues, providing benefits based on final pensionable pay. Additionally, as a result of the Penton acquisition, the Group has two Defined Benefit Schemes in the US: Penton Media, Inc. Retirement Plan and Penton Media, Inc. Supplemental Executive Retirement Plan (the "Penton Schemes"). All schemes (the "Group Schemes") are closed to future accrual. Contributions to the Group UK Schemes are determined following triennial valuations undertaken by a qualified actuary using the projected unit credit method. Contributions to the Penton Schemes are assessed annually following valuations undertaken by a qualified actuary.

For the Group UK Schemes, the Defined Benefit Schemes are administered by a separate fund that is legally separated from the Company. The Trustees are responsible for running the Group UK Schemes in accordance with the Group Schemes' Trust Deed and Rules, which sets out their powers. The Trustees of the Group UK Schemes are required to act in the best interests of the beneficiaries of the Group Schemes. There is a requirement that one-third of the Trustees are nominated by the members of the Group UK Schemes. The Trustees of the pension fund are responsible for the investment policy with regard to the assets of the fund. Neither of the Schemes has any reimbursement rights.

The Group's pension funding policy is to provide sufficient funding, as agreed with the Trustees, to ensure any pension deficit will be addressed to ensure pension payments made to current and future pensioners will be met.

For the Penton Scheme, the Defined Benefit Scheme is administered by Penton Media, Inc. and is subject to the provisions of the Retirement Income Security Act 1974. The Company is responsible for the investment policy with regard to the assets of the fund. The Scheme has no reimbursement rights.

The investment strategies adopted by the Trustees of the Group UK Schemes include some exposure to Index-Linked Gilts and Corporate Bonds. The investment objectives of the Penton Schemes are to maximise plan assets within designated risk and return profiles. The current asset allocation consists primarily of listed stocks and corporate bonds. All assets are managed by a third-party investment manager according to guidelines established by the Company.

(c) Defined Benefit Schemes – risk
Through the Group Schemes the Company is exposed to a number of potential risks as described below:

- **Asset volatility**: the Group Schemes' Defined Benefit obligation is calculated using a discount rate set with reference to corporate bond yields, however the Group Schemes invest significantly in equities. These assets are expected to outperform corporate bonds in the long term, but provide volatility and risk in the short term.
- **Changes in bond yields**: a decrease in corporate bond yields would increase the Group Schemes' Defined Benefit obligation, however this would be partially offset by an increase in the value of the Schemes' bond holdings.
- **Inflation risk**: a significant proportion of the Group Schemes' Defined Benefit obligation is linked to inflation, therefore higher inflation will result in a higher defined benefit obligation (subject to a cap of no more than 5% p.a. for UK Schemes). The majority of the Group UK Schemes' assets are either unaffected by inflation, or only loosely correlated with inflation, therefore an increase in inflation would also increase the deficit.
- **Life expectancy**: if the Group Schemes' members live longer than expected, the Group Schemes' benefits will need to be paid for longer, increasing the Group Schemes' Defined Benefit obligations.

The Trustees and the Company manage risks in the Group Schemes through the following strategies:
- **Diversification**: investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.
- **Investment strategy**: the Trustees are required to review their investment strategy on a regular basis.

There are three categories of pension Scheme members:
- Employed deferred members: currently employed by the Company
- Deferred members: former colleagues of the Company
- Pensioner members: in receipt of pension.

The Defined Benefit obligation is valued by projecting the best estimate of future benefit payments (allowing for future salary increases for UK employed deferred members, revaluation to retirement for deferred members and annual pension increases for UK members) and then discounting to the balance sheet date. The majority of benefits for UK members receive increases linked to inflation (subject to a cap of no more than 5% p.a. for UK Schemes). There are no caps on benefits in the Penton Schemes. The valuation method used for all schemes is known as the Projected Unit Method.

The approximate overall duration of the Group Schemes' defined benefit obligation as at 31 December 2017 was as follows:

	2017			2016		
	Penton Retirement Plan	**Penton Executive Retirement Plan**	**UK Schemes**	**Penton Retirement Plan**	**Penton Executive Retirement Plan**	**UK Schemes**
Overall duration	15	14	20	15	14	20
Subdivided into:						
- Deferred members	17	-	23	17	-	23
- Retired members	9	14	13	9	14	13

Benefits are not linked to inflation in the Penton Schemes.

The assumptions which have the most significant effect on the results of the IAS 19 valuation for the Schemes are those relating to the discount rate, the rates of increase in price inflation, salaries, and pensions and life expectancy. The main assumptions adopted are:

	2017		2016	
	Penton Schemes	**UK Schemes**	**Penton Schemes**	**UK Schemes**
Discount rate	3.3%	2.4%	3.7%	2.6%
Rate of price inflation	N/A	2.1% (CPI) and 3.1% (RPI)	N/A	2.4% (CPI) and 3.4% (RPI)
Rate of salary increase– employed deferred	N/A	2.1%	N/A	2.9%
Rate of increase in deferred pensions - former colleagues	N/A	2.1%	N/A	2.4%
Rate of increase in pensions in payment – pensioners	N/A	1.9% to 3.0%	N/A	2.1% to 3.3%
Life expectancy:				
For an individual aged 60 – male (years)	85	87	85	87
For an individual aged 60 – female (years)	87	89	87	89

For the UK pension schemes mortality assumptions used in the IAS 19 valuations are taken from tables published by Continuous Mortality Investigation (CMI). The latest base tables for self-administered pension schemes use S2PMA (males) and S2PFA (females), and life expectancy improvements are taken from CMI 2016 (2016: CMI 2015) with the long term rate of improvement of 1.25% (2016: 1.25%). For the valuation of US scheme liabilities the RP-2014 mortality tables have been used (2016: RP-2014), with life expectancy improvements using scale MP 2017 (2016: scale MP-2016).

(d) Defined Benefit Schemes – individual Defined Benefit Scheme details

Informa Final Salary Scheme

The Trustees are required to carry out an actuarial valuation every three years. The result of this valuation determines the level of contributions payable by the Group.

The last actuarial full valuation of the Informa Final Salary Scheme was performed by the Scheme Actuary for the Trustees as at 31 March 2017. This valuation revealed a funding shortfall of £5.5m. The recovery plan shows future annual employer contributions of £2.0m in 2018, £2.0m in 2019 and £1.5m in 2020. The next triennial actuarial valuation of the Informa Final Salary Scheme is 31 March 2020 at which point the recovery plan will be reassessed.

An actuarial valuation was carried out for IAS 19 purposes as at 31 December 2017 by a qualified independent actuary. The Scheme was closed to new entrants on 1 April 2000 and closed to future accrual on 1 April 2011. The Group's contribution over the year was £nil (2016: £nil). The weighted average duration of pension scheme liabilities was 20 years at 31 December 2017.

The sensitivities regarding the principal assumptions used to measure the Informa Final Salary Scheme liabilities are set out below:

Assumption	Change in assumption	Impact on Scheme liabilities
Discount rate	Increase/decrease by 0.1%	Decrease/increase by £2.0m
Rate of price inflation pre-retirement	Increase/decrease by 0.25%	Increase/decrease by £4.3m
Rate of mortality	Increase/decrease by 1 year	Increase/decrease by £3.1m

Taylor & Francis Group Pension and Life Assurance Scheme

The Trustees are required to carry out an actuarial valuation every three years. The result of this valuation determines the level of contributions payable by the Group.

The last actuarial full valuation of the Taylor & Francis Life Assurance and Pension Scheme was performed by the Scheme Actuary for the Trustees as at 30 September 2014. The valuation as at 30 September 2014 revealed a funding surplus of £1.4m and no recovery plan was required. The next triennial actuarial valuation of the Taylor & Francis Group Pension and Life Assurance Scheme began at 30 September 2017 and is currently in progress. A recovery plan will be determined with any payments required expected to arise only from 2019 onwards and no contributions expected for the year ended 31 December 2018.

An actuarial valuation was carried out for IAS 19 purposes as at 31 December 2017 by a qualified independent actuary. The Scheme was closed to new entrants on 1 April 2000 and closed to future accrual on 1 April 2011. The Group's contribution over the year was £nil (2016: £nil). The weighted average duration of pension scheme liabilities was 20 years at 31 December 2017.

The sensitivities regarding the principal assumptions used to measure the Taylor & Francis Group Pension and Life Assurance Scheme liabilities are set out below:

Assumption	Change in assumption	Impact on Scheme liabilities
Discount rate	Increase/decrease by 0.1%	Decrease/increase by £0.5m
Rate of price inflation pre-retirement	Increase/decrease by 0.25%	Increase/decrease by £1.2m
Rate of mortality	Increase/decrease by 1 year	Increase/decrease by £0.9m

Penton Media, Inc. Retirement Plan

Actuarial valuations are undertaken every year, with the result determining the level of contributions payable by the Group. The last actuarial valuation of the Scheme was performed by the Scheme Actuary as at 31 December 2017. The Group's contribution over the year was £nil (2016: £nil). The employer expects to pay contributions during the accounting year beginning 1 January 2018 of £1.3m, with contributions for future years dependent on the level of any future year deficits arising from future valuations. The weighted average duration of pension scheme liabilities was 15 years at 31 December 2017.

The sensitivities regarding the principal assumptions used to measure the Penton Scheme liabilities are set out below:

Assumption	Change in assumption	Impact on Scheme liabilities
Discount rate	Increase/decrease by 0.1%	Decrease/increase by £0.7m
Rate of mortality	Increase/decrease by 1 year	Increase/decrease by £1.3m

Penton Media, Inc. Supplemental Executive Retirement Plan

Actuarial valuations are undertaken every year, with the result determining the level of contributions payable by the Group. The last actuarial valuation of the Scheme was performed by the Scheme Actuary as at 31 December 2017. The Employer expects to pay £nil contributions to the Scheme during the accounting year beginning 1 January 2018.

The sensitivities regarding the principal assumptions used to measure the Penton Scheme liabilities are set out below:

Assumption	Change in assumption	Impact on Scheme liabilities
Discount rate	Increase/decrease by 0.1%	Decrease/increase by £nil
Rate of mortality	Increase/decrease by 1 year	Increase/decrease by £nil

(e) Defined Benefit Schemes – individual Defined Benefit Scheme details

Amounts recognised in respect of these Defined Benefit Schemes are as follows:

	2017 £m	2016 £m
Recognised in profit before tax		
Administration cost	**0.5**	0.4
Net interest cost on net deficit	**1.1**	0.2
Total	**1.6**	0.6

	2017 £m	2016 £m
Recognised in the Consolidated Statement of Comprehensive Income		
Return on Scheme assets	**11.1**	11.1
Experience gain	**3.4**	2.4
Change in demographic actuarial assumptions	**(0.9)**	(2.1)
Change in financial actuarial assumptions	**0.9**	(25.7)
Effect of movement in foreign currencies	**(0.3)**	-
Actuarial gain/(loss)	**14.2**	(14.3)

	2017 £m	2016 £m
Movement in deficit during the year		
Deficit in Schemes at beginning of the year	**(38.0)**	(4.0)
New Schemes from Penton acquisition	**-**	(19.6)
Net finance cost	**(1.1)**	(0.2)
Actuarial gain/(loss)	**14.2**	(14.3)
Other payments from Schemes	**(0.4)**	-
Effect of movement in foreign currencies	**1.7**	0.1
Deficit in Schemes at end of the year	**(23.6)**	(38.0)

The amounts recognised in the Consolidated Balance Sheet in respect of the Group Schemes are as follows:

	2017 £m	2016 £m
Present value of Defined Benefit obligations	**(176.3)**	(184.4)
Fair value of Scheme assets	**152.7**	146.4
Deficit in Scheme and liability recognised in the Consolidated Balance Sheet	**(23.6)**	(38.0)

Changes in the present value of Defined Benefit obligations are as follows:

	2017 £m	2016 £m
Opening present value of Defined Benefit obligation	**(184.4)**	(106.7)
New Schemes from Penton acquisition	**-**	(52.5)
Interest cost	**(5.1)**	(4.0)
Benefits paid	**5.4**	3.8
Actuarial gain/(loss)	**3.4**	(25.4)
Effect of movement in foreign currencies	**4.4**	0.4
Closing present value of Defined Benefit obligation	**(176.3)**	(184.4)

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

	2017 £m	2016 £m
Opening fair value of Scheme assets	**146.4**	102.7
New Scheme from Penton acquisition	**-**	32.9
Return on Scheme assets	**4.0**	3.8
Actuarial gain/(loss)	**10.8**	11.1
Benefits paid	**(5.4)**	(3.8)
Other payments from Schemes	**(0.4)**	-
Effect of movement in foreign currencies	**(2.7)**	(0.3)
Closing fair value of Scheme assets	**152.7**	146.4

The assets of the Taylor & Francis Group Pension and Life Assurance Scheme include assets held in managed funds and cash funds operated by Legal & General Assurance (Pensions Management) Limited, Zurich Assurance Limited, Partners Group AG, BlackRock Investment Management (UK) Limited, Standard Life Investments and Insight Investment Management Limited.

The assets of the Informa Final Salary Scheme include assets held in managed funds and cash funds operated by BlackRock Investment Management (UK) Limited, Partners Group AG, Zurich Assurance Limited, Standard Life Investments and Insight Investment Management Limited.

The assets of the Penton Scheme include assets held in managed funds and cash funds operated by New York Life Insurance Company, BlackRock Institutional Trust Company NA, Invesco Asset Management Limited, and others.

The fair value of the assets held are as follows:

31 December 2017	**Taylor & Francis £m**	**Informa £m**	**Penton £m**	**Total £m**
Equities	11.2	42.6	21.8	**75.6**
Bonds	1.9	6.7	1.1	**9.7**
Cash	0.3	1.3	0.1	**1.7**
Property	3.3	8.4	-	**11.7**
Diversified Growth Fund	7.1	23.8	-	**30.9**
Other	3.8	11.4	7.9	**23.1**
Total	**27.6**	**94.2**	**30.9**	**152.7**

31 December 2016	**Taylor & Francis £m**	**Informa £m**	**Penton £m**	**Total £m**
Equities	11.9	42.3	21.5	75.7
Bonds	2.5	8.6	1.3	12.4
Cash	0.2	1.5	-	1.7
Property	3.2	7.9	-	11.1
Diversified Growth Fund	5.4	18.9	-	24.3
Other	2.9	8.7	9.6	21.2
Total	26.1	87.9	32.4	146.4

All the assets listed above have a quoted market price in an active market. The Group Schemes' assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group. The actual return on plan assets was £14.8m (2016: £14.9m).

37 RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The transactions between the Group and its joint ventures and associates are disclosed below. The following transactions and arrangements are those which are considered to have had a material effect on the financial performance and position of the Group for the year.

Transactions with Directors

There were no material transactions with Directors of the Company during the year, except for those relating to remuneration and shareholdings. For the purposes of IAS 24 *Related Party Disclosures*, Executives below the level of the Company's Board are not regarded as related parties.

During the period the Group incurred expenses of £2.2m (2016: £2.3m) relating to Microsoft UK. One of the Group's Non-Executive Directors is the Chief Executive Officer of this organisation.

Further information about the remuneration of individual Directors is provided in the audited part of the Remuneration Report on pages [XX] to [XX] and Note 9.

Transactions with joint ventures and associates

During the period the Group received revenue of £nil (2016: £nil) from Lloyd's Maritime Information Services Limited, a joint venture.

During the period the Group received revenue of £nil (2016: £0.1m) from Pestana Management Limited, an associate.

During the period the Group received revenue of £nil (2016: £1.8m) from Independent Materials Handling Exhibitions Limited, a joint venture.

Other related party disclosures

At 31 December 2017, Informa group companies have guaranteed the pension Scheme liabilities of the Taylor and Francis Group Pension and Life Assurance Scheme and the Informa Final Salary Scheme.

38 SUBSIDIARIES

The listing below shows the subsidiary undertakings as at 31 December 2017.

Company Name	Country	Ordinary shares held	Registered Office
ACADEMIC PUBLISHING			
Informa Limited	Hong Kong	100%	HK2
Taylor & Francis Books India Pvt Limited	India	100%	IN2
Colwiz Limited	Ireland	100%	IR1
Dove Medical Press (NZ) Limited	New Zealand	100%	NZ1
Informa Healthcare AS	Norway	100%	NO1
Colwiz Pakistan (Private) Limited	Pakistan	100%	PK1
Taylor & Francis (S) Pte Limited	Singapore	100%	SG1
Co-Action Publishing AB	Sweden	100%	SE1
Taylor & Francis AB	Sweden	100%	SE1
Afterhurst Limited	United Kingdom	100%	UK1
Ashgate Publishing Limited	United Kingdom	100%	UK1
Cogent OA Limited	United Kingdom	100%	UK1
Colwiz UK Limited	United Kingdom	100%	UK1
Dove Medical Press Limited	United Kingdom	100%	UK1
H. Karnac (Books) Ltd	United Kingdom	100%	UK1
Karnac Books Ltd	United Kingdom	100%	UK1
Psychology Press New Co Limited	United Kingdom	100%	UK1
Routledge Books Limited	United Kingdom	100%	UK1
Taylor & Francis Books Limited	United Kingdom	100%	UK1
Taylor & Francis Group Limited	United Kingdom	100%	UK1
Taylor & Francis Publishing Services Limited	United Kingdom	100%	UK1
Taylor & Francis Limited	United Kingdom	100%	UK1
Taylor & Francis Group, LLC	United States	100%	US14
BUSINESS INTELLIGENCE			
Datamonitor Pty Limited	Australia	100%	AU1
Ovum Pty Limited	Australia	100%	AU1
Agra CEAS Consulting - Bureau Europeen de Recherches S.A.	Belgium	82%	BE1
Informa Economics FNP Consultoria Ltda	Brazil	100%	BR4
F.O. Licht Zuckerwirtschaflicher Verlag Und Marktforschung Gmbh	Germany	100%	GE2
Datamonitor Publications (Hk) Limited	Hong Kong	100%	HK1
Informa Global Markets (Hong Kong) Limited	Hong Kong	100%	HK1
Penton Media Asia Limited	Hong Kong	100%	HK3
NND Biomedical Data Systems Private Limited	India	100%	IN1
Informa Global Markets (Japan) Limited	Japan	100%	JA1
Informa Global Markets (Singapore) Private Limited	Singapore	100%	SG1
Marketworks Datamonitor (Pty) Limited	South Africa	100%	ZA1
Agra Ceas Consulting Limited	United Kingdom	82%	UK1
Agra Informa Limited	United Kingdom	100%	UK1

Company Name	Country	Ordinary shares held	Registered Office
Datamonitor Limited	United Kingdom	100%	UK1
Ebenchmarkers Limited	United Kingdom	100%	UK1
Informa Global Markets (Europe) Limited	United Kingdom	100%	UK1
James Dudley International Limited	United Kingdom	100%	UK1
Mapa International Limited	United Kingdom	100%	UK1
MRO Exhibitions Limited	United Kingdom	100%	UK1
MRO Network Limited	United Kingdom	100%	UK1
OTC Publications Limited	United Kingdom	100%	UK1
Penton Communications Europe Limited	United Kingdom	100%	UK1
TU-Autmotive Holdings Limited	United Kingdom	100%	UK1
TU-Automotive Limited	United Kingdom	100%	UK1
Duke Investments, Inc.	United States	100%	US1
Informa Business Intelligence, Inc.	United States	100%	US5
Informa DataSources, Inc	United States	100%	US6
Internet World Media, Inc.	United States	100%	US10
Ovum, Inc.	United States	100%	US2
Informa Business Media Holdings, Inc.	United States	100%	US2
Informa Business Media, Inc.	United States	100%	US2
Informa Media, Inc.	United States	100%	US2
Informa Operating Holdings, Inc.	United States	100%	US2
Farm Progress Limited	United States	100%	US3
Farm Progress/ VX LLC	United States	100%	US12
Skipta, LLC	United States	100%	US4
Spotlight Financial, Inc.	United States	100%	US13
Trimtabs Investment Research, Inc.	United States	100%	US15
GLOBAL EXHIBITIONS			
Informa Fashion Pty Limited	Australia	100%	AU2
Informa Trade Events Pty Limited	Australia	100%	AU2
Informa Middle East Limited	Bermuda	100%	BM1
The Superyacht Cup Limited	Bermuda	100%	BM1
Brasil Design Show - Eventos, Midias, Consultorias, Treinamentos e Participacoes Ltda	Brazil	55%	BR1
BTS Informa Feiras Eventos e Editora Ltda	Brazil	100%	BR2
Informa Canada Inc.	Canada	100%	CA1
Chengdu Wiener Meibo Exhibitions Co., Ltd.	China	60%	CH1

Company Name	Country	Ordinary shares held	Registered Office
Guangzhou Informa Yi Fan Exhibitions Co., Ltd.	China	60%	CH8
Informa Exhibitions (Beijing) Co., Ltd.	China	100%	CH4
Shanghai Baiwen Exhibitions Co., Ltd	China	85%	CH5
Shanghai Meishing Culture Broadcasting Co., Ltd.	China	85%	CH6
Informa Tianyi Exhibitions (Chengdu) Co. Ltd.	China	60%	CH9
Shanghai Yingye Exhibitions Co, Ltd	China	60%	CH7
Informa Egypt LLC	Egypt	100%	EG1
Euromedicom SAS	France	100%	FR1
Eurovir SAS	France	100%	FR1
International Trade Exhibition Company France SAS	France	100%	FR1
Itec Edition Sarl	France	100%	FR1
Informa Monaco SAM	Monaco	100%	MC1
Monaco Yacht Show SAM	Monaco	90%	MC1
IIR Exhibitions Philippines Inc	Philippines	100%	PH1
Informa Saudi Arabia LLC	Saudi Arabia	100%	SA1
Informa Exhibitions Pte Limited	Singapore	100%	SG1
Informa Middle East Media FZ LLC	United Arab Emirates	100%	UAE1
Brick Shows Limited	United Kingdom	100%	UK1
Design Junction Limited	United Kingdom	90%	UK1
E-Health Media Limited	United Kingdom	100%	UK1
IIR Exhibitions Limited	United Kingdom	100%	UK1
IIR Management Limited	United Kingdom	100%	UK1
IIR (U.K. Holdings) Limited	United Kingdom	100%	UK1
Fort Lauderdale Convention Services, Inc.	United States	100%	US16
Informa Exhibitions Holding Corp.	United States	100%	US7
Informa Exhibitions U.S. Construction & Real Estate Inc.	United States	100%	US8
Informa Exhibitions, LLC	United States	100%	US7
Informa Life Sciences Exhibitions, Inc.	United States	100%	US6
Informa Marine Holdings, Inc.	United States	100%	US16
Informa Pop Culture Events, Inc.	United States	100%	US6
Southern Convention Services, Inc.	United States	100%	US16
Yachting Promotions, Inc.	United States	90%	US16
KNOWLEDGE & NETWORKING			
IIR Pty Limited	Australia	100%	AU1
IIR Informa Seminarios Ltda	Brazil	100%	BR3
Light Reading Canada, Inc.	Canada	100%	CA2
New AG International Sarl	France	100%	FR1
EBD Group Gmbh	Germany	100%	GE1
Informa Holding Germany Gmbh	Germany	100%	GE1
EBD Gmbh	Switzerland	100%	SW1

Company Name	Country	Ordinary shares held	Registered Office
Futurum Media Limited	United Kingdom	100%	UK1
I.I.R. Limited	United Kingdom	100%	UK1
Light Reading UK Limited	United Kingdom	100%	UK1
Knect365 US, Inc.	United States	100%	US11
GROUP			
Informa Australia Pty Limited	Australia	100%	AU1
Informa Enterprise Management (Shanghai) Co., Ltd.	China	100%	CH3
Informa European Financial Shared Service Centre Gmbh	Germany	100%	GE1
Informa Switzerland Limited	Jersey	100%	JE1
IIR South Africa BV	Netherlands	100%	NE1
Informa Europe BV	Netherlands	100%	NE2
Lesbistes BV	Netherlands	100%	NE2
IBC Asia (S) Pte Limited	Singapore	100%	SG1
IIR Espana S.L.	Spain	100%	ES1
Informa Finance Gmbh	Switzerland	100%	SW1
Informa IP Gmbh	Switzerland	100%	SW1
IBC (Ten) Limited	United Kingdom	100%	UK1
IBC (Twelve) Limited	United Kingdom	100%	UK1
IBC Fourteen Limited	United Kingdom	100%	UK1
Informa Final Salary Pension Trustee Company Limited	United Kingdom	100%	UK1
Informa Finance UK Limited	United Kingdom	100%	UK1
Informa Finance USA Limited	United Kingdom	100%	UK1
Informa Group Holdings Limited	United Kingdom	100%	UK1
Informa Group PLC	United Kingdom	100%	UK1
Informa Holdings Limited	United Kingdom	100%	UK1
Informa Investment Plan Trustees Limited	United Kingdom	100%	UK1
Informa Overseas Investments Limited	United Kingdom	100%	UK1
Informa Quest Limited	United Kingdom	100%	UK1
Informa Six Limited	United Kingdom	100%	UK1
Informa Three Limited	United Kingdom	100%	UK1
Informa UK Limited	United Kingdom	100%	UK1
Informa US Holdings Limited	United Kingdom	100%	UK1
LLP Limited	United Kingdom	100%	UK1
Informa Academic And Business, LLC	United States	100%	UK1
Informa Export, Inc.	United States	100%	US6
Informa Global Sales, Inc	United States	100%	US6
Informa Support Services, Inc.	United States	100%	US6
Informa USA, Inc.	United States	100%	US9

38 COMPANY REGISTERED OFFICE ADDRESSES

UK	
UK1	5 Howick Place, London, SW1P 1WG, United Kingdom
THE AMERICAS	
US1	748 Whalers Way, Building E., Fort Collins, CO 80525, U.S.A.
US2	1166 Avenue of the Americas, 10th Floor, New York, NY 10036, U.S.A.
US3	255 38th Avenue, Suite P, Saint Charles, IL 60174-5410, U.S.A.
US4	8N. Queen Street, Suite 800, Lancaster, PA 17603, U.S.A.
US5	52 Vanderbilt Avenue, 11th Floor, New York, NY 10017, U.S.A.
US6	101 Paramount Drive, Suite 100, Sarasota, FL 34232, U.S.A.
US7	2020 N. Central Avenue, Suite 400, Phoenix, AZ 85004, U.S.A.
US8	6191 N. State Highway, Suite 500, Irving, TX 75038, U.S.A.
US9	One Research Drive, Westborough, MA 01581, U.S.A.
US10	1100 Superior Avenue, 8th Floor, Cleveland, OH 44114-2518, U.S.A.
US11	708 Third Avenue, 4th Floor, New York, NY 10017, U.S.A.
US12	4580 Scott Trail, Suite 100, Eagan, MN 55122, U.S.A.
US13	2225 SE 60th Avenue, Portland, OR 97215
US14	6000 NW Broken Sound Parkway, Suite 300, Boca Raton, FL 33487, U.S.A.
US15	1 Harbour Drive, Suite 211, Sausalito, CA 94965, U.S.A.
US16	1115 NE 9th Avenue, Fort Lauderdale, FL 33304, U.S.A.
BM1	Canon’s Court, 22 Victoria Street, Hamilton, Bermuda
BR1	Rue Bela Cintra 967, 11th Floor, Suite 112-C, Consolacao, Sao Paolo 01415-003, Brazil
BR2	Rue Bela Cintra 967, 11th Floor, Suite 112-A, Consolacao, Sao Paolo 01415-003, Brazil
BR3	Rue Bela Cintra 967, 11th Floor, Suite 111, Consolacao, Sao Paolo 01415-003, Brazil
BR4	Rue Bela Cintra 967, 11th Floor, Suite 112-B, Consolacao, Sao Paolo 01415-003, Brazil
CA1	112th Floor, 20 Eglinton Avenue West, Yonge Eglinton Centre, Toronto, ON M4R 1K8 Canada
CA2	c/o McMillan LLP, Brookfield Place, 181 Bay Street, Suite 4400, Toronto, Ontario M5J 2T3, Canada
CA3	c/o McMillan LLP, 1500 Royal Centre, 1055 West Georgia Street, Vancouver BCV6E 4N7, Canada
ME1	Chintermex, Primer Novel, Local 45, Av. Parque Fundidora, 501, Col. Obrera, Monterrey 64010, Mexico
CHINA & ASIA	
CH1	Room 1009, Western Tower, No. 19, Way 4, South People Road, Chengdu City, China
CH2	Room 2072, 2nd Floor, 124 Building, No. 960 Zong Xing Road, Jian’an District, Shanghai, China
CH3	Room 2201, Hong Kong New Tower, No. 300 Huai Hai Middle Road, Huang Pu District, Shanghai, China
CH4	Room 802, 8th Floor, No. 87, Building No. 4, Worker’s Stadium North Road, Chaoyang District, Beijing 100027, China
CH5	Room 1010, 10F, No. 93 Nanjing West Road, Jian’an District, Shanghai, China
CH6	Room 101-75, No. 15 Jia, No.152 Alley, Yanchang Road, Zhabei District, Shanghai, China
CH7	Room 234, 2nd Floor, M Zone, 1st Building, No. 3398, Hu Qing Ping Road, Zhao Xiang Town, Qing Pu District, Shanghai, China
CH8	Room 1103-1104, No. 996 Xin Gang Dong Road, Hai Zhu District, Guangzhou, China
CH9	Room1018, Western Tower,No19, Way 4, South People Road, Chengdu City, China
HK1	Suite 1106-8, 11/F Tai Yau Building, No 181 Johnston Road, Wanchai, Hong Kong
HK2	Level 54, Hopewell Centre, 183 Queens’ Road East, Hong Kong
HK3	Level 15 Langham Place, 8 Argyle Street, Mong Kok, Kowloon, Hong Kong
PH1	Unit 1003, Autel 2000 Corporate Centre, Valero Street Corner, Herrera Street, Saleedo Village, Makati City, Philippines
PK1	6th Floor, City View, Block-3, Bahadur Yar Jung Co-operative Housing Society, Shaheed Millat Road, Karachi, Pakistan
SG1	111 Somerset Road, #10-05 Tripleone Somerset, 238164, Singapore
JA1	5F Iwanami Hitosubashi Building, 2-5-5 Hitotsubashi, Chiyoda-Ku, Tokya 101-003, Japan
IN1	2nd & 3rd Floor, The National Council or YMCAs of India, 1 Jai Singh Road, New Delhi 110001, Delhi, India
IN2	Flat No. 104, Dhanunjaya Residence, Plot No. 143, Kalyan Nagar III, Hyderabad, Andthra Pradesh 500018, India
AUSTRALIA AND NEW ZEALAND	
AU1	Level 18, 347 Kent Street, Sydney, NSW 2000, Australia
AU2	Level 5, 267 Collins Street, Melbourne, VIC 3000, Australia
NZ1	c/o Hall & Parsons CA Limited, 145 Kitchener Road, Milford, Auckland 0620, New Zealand

MIDDLE EAST & AFRICA	
EG1	7H, 263 Street, New Maadi, Cairo, Egypt
SA1	Aziziya District Bin, Mahfouz Centre, P.O. Box 4100, Jeddah 21491, Saudi Arabia
UAE1	17th & 18th Floor, Creative Tower, P.O. Box 422, Fujairah, UAE
ZA1	Broadacres Business Centre, Corner Cedar and 3rd Avenue, Broadacres Sandton, Gauteng 2021, South Africa
EUROPE	
AT1	Wipplingerstrasse 24, 1010 Wien, Austria
BE1	Rue de Commerce 20/22, B-1000 Brussels, Belgium
ES1	C/Azcona, 36 Bajo, 28028 Madrid, Spain
FR1	2 Rue De Lisbonne, 75008, Paris, France
GE1	Isartorplatz 4, 80331, Munich, Germany
GE2	AM Muhlengraben 22, 23909, Ratzeburg, Germany
IR1	c/o Matheson,70 Sir John Rogerson's Quay, Dublin 2, Ireland
JE1	22 Grenville Street, St Helier, JE4 8PX, Jersey
MC1	Le Suffren, 7 Rue Suffren-Reymond, 98000, Monaco
NE1	Kabelweg 37, 1014 BA, Amsterdam, Netherlands
NE2	Schimmelt 32, Kantoor C, 7E Verdieping, 5611 ZX, Eindhoven, Netherlands
NO1	C/O Wahl-Larson, Advokatfirma AS, Fridtjof Nansens Plass 5, Oslo 0160, Norway
SE1	Box 3255, 103 65, Stockholm, Sweden
SW1	Baarerstrasse 139, 6300 Zug, Switzerland

The proportion of voting power held is the same as the proportion of ownership interest. The Consolidated Financial Statements incorporate the financial statements of all entities controlled by the Company as at 31 December each year. Refer to Note 2 for further description of the method used to account for investments in subsidiaries.

39 CONTINGENT LIABILITIES

Consideration for the acquisition of Penton Information Services on 2 November 2016 includes deferred consideration that is payable in October 2018 for anticipated future tax benefits. The estimated fair value of this consideration is £16.7m ($22.6m) at 31 December 2017 and reflects the receipt of external legal advice. The amount is under dispute with the seller, as an amount of approximately £28.9m ($39m) is expected by the seller. No provision has been made for the potential additional amount as the directors do not consider it is probable that an additional amount is due. Any future settlement that is higher than the fair value estimate of £16.7m ($22.6m) will result in an income statement charge in a future accounting period as more than 12 months have elapsed since the acquisition and therefore any adjustment would fall outside the 12 month re-measurement period permitted by IFRS 3.

40 POST BALANCE SHEET EVENTS

On 16 January 2018, the Group announced it was in preliminary discussions for a potential combination of UBM plc to be effected by way of an acquisition of the entire share capital of UBM by Informa for shares and cash consideration. On 17 January 2018, the Group outlined the key financial terms, with UBM shareholders receiving for each UBM share 1.083 Informa shares and 163 pence in cash. On 30 January 2018 the Boards of Informa and UBM confirmed the creation of a leading B2B information services group through a recommended offer for UBM by Informa. A Circular to the shareholders of Informa recommending the offer is expected to be issued in March 2018 and general meetings for Informa and UBM are expected to take place in April 2018. Subject to approval from shareholders of both companies and regulatory approvals the transaction is expected to complete in June 2018.

COMPANY BALANCE SHEET

As at 31 December 2017

	Notes	2017 £m	2016 £m
Fixed assets			
Investment in subsidiary undertakings	3	**3,664.0**	3,659.6
Current assets			
Debtors due within one year	4	**2,202.9**	2,190.7
Cash at bank and on hand		**0.1**	0.2
		2,203.0	2,190.9
Creditors: amounts falling due within one year	5	**(732.5)**	(374.9)
Net current assets		**1,470.5**	1,816.0
Creditors: amounts falling due after more than one year	6	**(842.3)**	(1,048.6)
Net assets		**4,292.2**	4,427.0
Capital and reserves			
Share capital	7	**0.8**	0.8
Share premium account	8	**905.3**	905.3
Reserve for shares to be issued	8	**8.7**	6.0
Merger reserve	8	**955.1**	955.1
Employee Share Trust and Share Match shares	8	**(0.7)**	(0.7)
Profit and loss account	8	**2,423.0**	2,560.5
Equity shareholders' funds		**4,292.2**	4,427.0
Profit for the year ended 31 December		**22.6**	59.2

These financial statements of this Company registration number 8860726, were approved by the Board of Directors on 27 February 2018 and were signed on its behalf by

STEPHEN A. CARTER CBE
GROUP CHIEF EXECUTIVE

GARETH WRIGHT
GROUP FINANCE DIRECTOR

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 CORPORATE INFORMATION

Informa PLC (the “Company”) is a company incorporated in the United Kingdom under the Companies Act 2006 and is listed on the London Stock Exchange. The Company is a public company limited by shares and is registered in England and Wales with registration number 08860726. The address of the registered office is 5 Howick Place, London, SW1P 1WG.

Principal activity and business review

Informa PLC is the parent company of the Informa Group (the "Group") and its principal activity is to act as the ultimate holding company of the Group.

2 ACCOUNTING POLICIES

Basis of accounting

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

The Company presents its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2015. There were no material adjustments recorded for the transition from UK GAAP to FRS 102. As permitted by FRS 102, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, presentation of a cash flow statement, standards not yet effective, and related party transactions. The Directors’ Report, Corporate Governance Statement and Directors’ Remuneration Report disclosures are on pages [xx] to [xx] of this report. The financial statements have been prepared on the historical cost basis and on the going concern basis as explained in Note 1 to the consolidated financial statements.

The principal accounting policies adopted are the same as those set out in Note 2 to the consolidated financial statements, with the exception of the merger reserve accounting treatment arising from the Scheme of Arrangement in 2014.

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

Profit and loss account

As permitted by s408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account or statement of comprehensive income for the year. The Company’s revenue for the year is £nil (2016: £nil), and profit after tax for the year is £22.6m (2016: £59.2m).

Share-based payment amounts that relate to employees of subsidiary Group companies are recorded as capital contributions to the relevant group company.

Investments in subsidiaries and impairment reviews

Investments held as fixed assets are stated at cost less any provision for impairment. Where the recoverable amount of the investment is less than the carrying amount, an impairment is recognised. Impairment reviews are undertaken at least annually or more frequently where there is an indication of impairment.

3 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

Cost	2017 £m	2016 £m
At 1 January	**3,659.6**	3,656.0
Additions	**4.4**	3.6
At 31 December	**3,664.0**	3,659.6

Other additions of £4.4m (2016: £3.6m) relate to the fair value of the share incentives issued to employees of subsidiary undertakings during the year.

The listing below shows the direct subsidiary and other subsidiary undertakings as at 31 December 2017 which affected the profit or net assets of the Company:

Company	Country of registration and operation	Principal activity	Ordinary shares held
Informa Switzerland Limited	England and Wales	Holding Company	100%
Informa Global Sales, Inc.	US	Domestic international sales corporation	100%

Details of subsidiaries controlled by the Company are disclosed in the Consolidated Financial Statements (Note 38).

4 DEBTORS DUE WITHIN ONE YEAR

	2017	2016
	£m	£m
Amounts owed from group undertakings	**2,202.8**	2,190.7
Prepayments and accrued income	**0.1**	-
	2,202.9	2,190.7

Amounts owed to group undertakings falling due within one year are unsecured, interest bearing and repayable on demand. Interest rates on amounts owed from group undertakings range from 0% to 4.25% (2016: 0% to 3.5%).

5 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£m	£m
Term loan	**296.3**	-
Amounts owed to group undertakings	**423.8**	357.5
Other creditors and accruals	**8.1**	4.5
Income tax payable	**4.3**	12.9
	732.5	374.9

Amounts owed to group undertakings falling due within one year are unsecured, interest bearing and repayable on demand. Interest rates on amounts owed to group undertakings range from 0% to 3.75% (2016: 0% to 3.5%).

In March 2017, the Group arranged a £296.3m ($400.0m) bank term loan facility with a maturity in March 2018 and issued by Bank of America Merrill Lynch.

6 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2017	2016
	£m	£m
Revolving credit facility[1]	**285.6**	297.1
Acquisition facility	**-**	548.0
Private placement loan notes	**554.1**	202.3
Other payables	**2.6**	1.2
	842.3	1,048.6

[1] Stated net of arrangement fees of £2.0m

On 25 January 2017, the Company issued $500.0m of private placement loan notes, the proceeds of which were used to repay £406.4m ($500.0m) of the acquisition facility. On 4 January 2018, the Company issued $400.0m of private placement loan notes with maturities of 7 years and 10 years.

On 23 October 2014, the Company entered into a new five-year revolving credit facility for an equivalent of £900.0m. In July 2017 this facility was reduced to an amount of £855.0m of which £287.6m was drawn down at 31 December 2017 (2016: £300.1m). The facility matures in October 2020. Interest is payable at the rate of LIBOR plus a margin based on the ratio of net debt to EBITDA.

The private placement loan notes total £555.5m ($750.0m) and are stated at £554.1m, net of £1.4m of arrangement fees.

7 SHARE CAPITAL

	2017 £m	2016 £m
Issued and fully paid		
824,005,051 (2016: 824,005,051) ordinary shares of 0.1p each	**0.8**	0.8

	2017 Number of shares	2016 Number of shares
At 1 January	**824,005,051**	648,941,249
Issue of shares in relation to Rights Issue	**-**	162,234,656
Issue of new shares related to consideration for the Penton acquisition	**-**	12,829,146
31 December	**824,005,051**	824,005,051

8 CAPITAL AND RESERVES

	Share capital £m	Share premium account £m	Reserve for shares to be issued £m	Merger reserve £m	Employee Share Trust shares £m	Profit and loss account £m	Total £m
At 1 January 2016	0.6	204.0	3.3	872.9	(0.2)	2,632.4	3,713.0
Shares issued	0.2	701.3	-	82.2	-	-	783.7
Own shares purchased	-	-	-	-	(0.6)	-	(0.6)
Share-based payment charge	-	-	3.6	-	-	-	3.6
Profit for the year	-	-	-	-	-	59.2	59.2
Equity dividends	-	-	-	-	-	(131.9)	(131.9)
Transfer of vested LTIPs	-	-	(0.9)	-	0.1	0.8	-
At 1 January 2017	**0.8**	**905.3**	**6.0**	**955.1**	**(0.7)**	**2,560.5**	**4,427.0**
Share-based payment charge	**-**	**-**	**4.8**	**-**	**-**	**-**	**4.8**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**22.6**	**22.6**
Equity dividends	**-**	**-**	**-**	**-**	**-**	**(162.2)**	**(162.2)**
Transfer of vested LTIPs	**-**	**-**	**(2.1)**	**-**	**-**	**2.1**	**-**
At 31 December 2017	**0.8**	**905.3**	**8.7**	**955.1**	**(0.7)**	**2,423.0**	**4,292.2**

Share Capital

On 30 May 2014 under a Scheme of Arrangement 603,941,249 ordinary shares of 435p each in the Company were allotted to shareholders. On 4 June 2014, a capital reduction took place which resulted in a reduction in share capital of £2,626.5m and the establishment of a distributable reserve of the same amount. This involved the nominal value per share of the issued share capital of the Company of 603,941,249 shares being reduced from 435p per share to 0.1p. During 2014 Company also issued 45,000,000 ordinary shares of 0.1p for consideration of £207.0m.

On 11 October 2016, the Group issued 162,234,656 ordinary shares of 0.1p each through a 1-for-4 Rights Issue to part-fund the Penton acquisition. The shares were issued at £4.41 each and raised gross proceeds before expenses of £715.5m. On 2 November 2016, the Group issued 12,829,146 ordinary shares to the sellers of the Penton business in part consideration for the sale (“Consideration Shares”). Share capital as at 31 December 2016 and 2017 amounted to £0.8m (824,005,051 shares at 0.1p).

Share Premium

In 2014 the Company issued 45,000,000 ordinary shares of 0.1p with the share premium (net of transaction costs) being £204.0m. Share Premium as at 31 December 2014 and 2015 amounted to £204.0m. On 11 October 2016, the Group issued 162,234,656 ordinary shares of 0.1p each through a 1-for-4 Rights Issue. The shares were issued at £4.41 each and resulted in share premium (net of transaction costs) of £701.3m. Share premium as at 31 December 2016 and 2017 amounted to £905.3m.

Merger Reserve
On 30 May 2014 under a Scheme of Arrangement, the Company subscribed to shares in Informa Switzerland Limited, formerly Old Informa, a subsidiary undertaking, which were valued at £3,500.0m. This resulted in new share capital of £2,627.1m from the issue of 603,941,249 shares at a nominal value of 435p and the creation of a merger reserve of £872.9m.

On 2 November 2016, the Group acquired Penton Information Services and the Group issued 12,829,146 ordinary shares to the vendors, with the £82.2m share premium on the shares issued recorded against the merger reserve in accordance with the Merger Relief rules of the Companies Act 2006.

Profit and Loss Account
On 4 June 2014, a capital reduction took place which resulted in a reduction in share capital of £2,626.5m and the establishment of a distributable reserve of the same amount. This involved the nominal value per share of the issued share capital of the Company of 603,941,249 shares being reduced from 435p per share to 0.1p.

The distributable reserves of the Company are not materially different to the profit and loss account balance, with distributable reserves of £2,419.6m at 31 December 2017 (31 December 2016: £2,559.2m).

As at 31 December 2017 the Informa Employee Share Trust ("EST") held 388,118 (2016: 616,187) ordinary shares in the Company at a cost of £388 and a market value of £2.8m (2016: £4.2m). The shares held by the EST have not been allocated to individuals and the remaining shares have been allocated to individuals in accordance with the Deferred Share Bonus Plan as set out in the Directors' Remuneration Report on page [xx] to [xx]. As at 31 December 2017, the ShareMatch scheme held 273,560 (2016: 141,814) matching ordinary shares in the Company at a market value of £2.0m (2016: £1.0m).

Details of the description of reserves are disclosed in the Consolidated Financial Statements (Note 32).

9 SHARE-BASED PAYMENTS

Details of the share-based payments are disclosed in the Consolidated Financial Statements (Note 10).

10 DIVIDENDS

During the year an interim dividend of £54.8m (2016: £44.1m) and a final dividend for the prior year of £107.4m (2016: £87.8m) were recognised as distributions by the Company. Details of dividends are disclosed in the Consolidated Financial Statements (Note 14).

11 RELATED PARTIES

The Directors of Informa PLC had no material transactions with the Company or its subsidiaries during the year other than service contracts and Directors' liability insurance. Details of Directors' remuneration are disclosed in the Remuneration Report. The Company has taken advantage of the exemption that transactions with wholly owned subsidiaries, do not need to be disclosed.

Audit Exemption

The following UK subsidiaries will take advantage of the audit exemption set out within Section 479A of the Companies Act 2006 for the year ended 31 December 2017.

Audit exempt companies	Registration numbers
Afterhurst Limited	01609566
Agra Informa Limited	00746465
Colwiz UK Ltd	08164609
Datamonitor Limited	02306113
Dove Medical Press Limited	04967656
Ebenchmarkers Limited	04159695
Futurum Media Limited	09813559
IBC (Ten) Limited	01844717
IBC (Twelve) Limited	03007085
IBC Fourteen Limited	03119071
IIR Exhibitions Limited	02972059
IIR (U.K. Holdings) Limited	02748477
I.I.R. Limited	01835199
IIR Management Limited	02922734
Informa Exhibitions Limited	05202490
Informa Finance UK Limited	08774672
Informa Finance USA Limited	08940353
Informa Global Markets (Europe) Limited	03094797
Informa Holdings Limited	03849198
Informa Overseas Investments Limited	05845568
Informa Six Limited	04606229
Informa Three Limited	04595951
James Dudley International Ltd	02394118
Karnac Books Ltd	03194381
Mapa International Ltd	04757016
OTC Publications Ltd	02765878
Routledge Books Limited	03177762
Taylor & Francis Group Limited	02280993
Informa US Holdings Limited	09319013
LLP Limited	03610056
Penton Communications Europe Limited	02805376
Taylor & Francis Books Limited	03215483
Taylor & Francis Publishing Services Limited	03674840
TU-Automotive Holdings Limited	09823826
TU-Automotive Limited	09798474
MRO Network Limited	09375001
MRO Publications Limited	02732007
MRO Exhibitions Limited	02737787
Light Reading UK Limited	08823359
E-Health Media Limited	04214439

Report on the audit of the financial statements

Opinion

In our opinion:

- **the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;**
- **the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;**
- **the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and**
- **the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.**

We have audited the financial statements of Informa PLC (the 'parent company') and its subsidiaries (the 'group') which comprise:

- the Consolidated Income Statement;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Parent Company Balance Sheets;
- the Consolidated Cash Flow Statement;
- the Consolidated Statement of Changes in Equity;
- the related notes 1 to 40 to the Consolidated Financial Statements; and
- the related notes 1 to 11 to the Parent Company Financial Statements.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

<table>
<tr><td>Key audit matters</td><td>The key audit matters that we identified in the current and prior year were:
• The timing of revenue recognition;
• The recoverability of the carrying value of goodwill and intangible assets; and
• The identification and valuation of intangible assets and associated goodwill in business combinations.

In addition to those listed above we introduced a new key audit matter, namely the phased implementation of the group's new SAP system during 2017.</td></tr>
<tr><td>Materiality</td><td>The audit materiality that we agreed with the Audit Committee for the current year was £22.0 million. This represents 5% of statutory pre-tax profit adjusted for impairment charges and amortisation of intangible assets acquired in business combinations.

The increase in materiality over the prior year materiality figure (£16.5 million) reflects the inclusion of a full year's results of Penton, acquired on 2 November 2016.</td></tr>
<tr><td>Scoping</td><td>We performed full scope and specified audit procedures at the principal business units within the shared services centres in the UK, USA and Singapore, and also performed full scope audit procedures on Penton in the USA. These in-scope locations represent the principal business units within the group's operating divisions and account for 72% (2016: 74%) of the group's revenue and 74% (2016: 78%) of the group's adjusted operating profit.</td></tr>
<tr><td>Significant changes in our approach</td><td>Our planned audit approach was discussed with the Audit Committee in May 2017.

During the year, the group commenced the phased deployment of a new SAP system across its shared services centres to replace a legacy general ledger system. We originally planned to take a controls reliance approach to our audits in the UK shared services centre, with fully substantive audits being undertaken by other component teams. However, as described further below, the findings of our general IT controls audit work on the new SAP system led us to change our approach in the UK also to a substantive approach. These findings led us to elevate the deployment of SAP to a significant audit risk and hence a key audit matter.

There were no other significant changes to our planned audit approach, which was reviewed again and finalised with the Audit Committee in November 2017.</td></tr>
</table>

Conclusions relating to going concern, principal risks and viability statement

Going concern

We have reviewed the directors' statement in Note 2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

Principal risks and viability statement
Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the group's and the company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 27 to 32 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation on page 34 that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' explanation on pages 33 to 34 as to how they have assessed the longer term prospects of the group,
- and also on pages 33 to 34 the directors' assessment of the group's viability, including their description of appropriateness of the period selected, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

We are also required to report whether the directors' statement relating to the prospects of the company required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and represent those risks we assessed to be the most significant risks of material misstatement (whether or not due to fraud). These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The timing of revenue recognition (2016 and 2017)	
Key audit matter description	The specific nature of the risk of material misstatement in revenue recognition varies across the group's operating divisions. The group's revenue recognition accounting policies are disclosed in Note 2 to the Consolidated Financial Statements with an analysis by revenue stream and by segment in Notes 5 and 6 respectively. In respect of the **Global Exhibitions** and **Knowledge & Networking** divisions customers are generally billed in advance and a key risk in revenue recognition is that revenue from events and conferences might be

The timing of revenue recognition (2016 and 2017) (continued)

	recognised in the wrong period, particularly if events are held close to year end. In respect of both the **Academic Publishing** and **Business Intelligence** divisions we identified a risk that the deferral and release of subscription revenues does not appropriately match the subscription period in customer contracts. In **Academic Publishing** we also identified a key risk relating to sales cut-off, being the recording of revenue from physical book and e-book sales in the period around the year end. In addition, auditing standards identify revenue recognition as a presumed area of potentially fraudulent management manipulation.
How the scope of our audit responded to the key audit matter	We confirmed our understanding of each of the divisions' business models and our understanding of the principles set out in customer contracts and the sales process. We then confirmed our understanding of the design and implementation of controls by performing sample transaction walkthroughs of the revenue recording process, from order processing to invoice production through to cash collection. These procedures enabled us to design and perform substantive audit procedures to respond to each of the specific risks of material misstatement we identified. The substantive audit procedures we performed across the entities within our audit scope included: • for Global Exhibitions and Knowledge & Networking, for a sample of transactions, obtaining invoices, payments, exhibitor contracts and evidence of event occurrence to determine whether revenue was recognised at the appropriate time; • for Global Exhibitions and Knowledge & Networking, performing a trend analysis of revenue over the course of the year, plotting revenue against the calendar of events and verifying whether these events had occurred to third party sources; • for a sample of transactions relating to print or e-book sales and exhibitions or conferences occurring close to the year end, examining supporting documentation to determine whether revenue recognition criteria had been met and whether the revenue had been appropriately recognised in the period or deferred at the period end; for a sample of subscription transactions, obtaining and reviewing the relevant order confirmations and contracts to validate whether revenue was properly allocated across the term of the contract in the correct accounting period; and • in the UK shared service centre, employing data analytics techniques to recalculate deferred revenue in relation to subscriptions.
Key observations	We reported to the Audit Committee that the audit response procedures were performed satisfactorily and we did not identify any material exceptions as a result of performing our audit procedures.

The recoverability of the carrying value of goodwill and intangible assets (2016 and 2017)	
Key audit matter description	As the group has expanded by acquisition it has recognised goodwill and intangible assets as required by accounting standards. At 31 December 2017, total goodwill and intangible assets were stated a £2,608.2 million and £1,701.4 million respectively (2016: £2,699.5 million and £1,802.1 million respectively). Where goodwill exists, accounting standards require that management performs an annual impairment test, computing the "recoverable amount" normally based on a "value in use" approach (an accounting term for the estimated net present value to the current owner) and comparing this with the balance sheet carrying value of each cash generating unit ("CGU"). This same impairment test is required for individual intangible assets where indicators of potential impairment have been identified. To perform its impairment review, management prepares forecasts for three years, using the budget for year one and the strategic plan for years two and three, and then applies a terminal value beyond year three using growth factors and discount rates applicable for each cash generating unit. The selection of the growth rates and the discount rate assumptions requires judgement and is fundamental to this audit risk. Management engages independent expert valuation advisers to assist in deriving appropriate discount rates. During 2017, there have been changes to the composition of the CGUs within the group resulting from the integration of the Penton business into the group's existing divisions, and further changes to CGUs arising from restructuring within the Knowledge and Networking division. Management discusses the policies and processes followed in Notes 2 and 16 to the Consolidated Financial Statements, and impairment of assets is identified as a key source of estimation uncertainty in Note 3. This significant judgement area is also referred to within the Audit Committee report. In 2017, based on the methodology applied, impairment charges of £5.6 million have been recognised (2016: £67.7 million) (see Note 8 to the Consolidated Financial Statements), primarily relating to the TMT and I&I CGUs within Business Intelligence. Management also discloses a sensitivity analysis in note 16 showing the impact on the impairment charge of changes to the key assumptions arising from reasonably possible future scenarios, and the CGUs which could show impairment under these scenarios.
How the scope of our audit responded to the key audit matter	We audited management's impairment testing of goodwill and other intangible assets using the following audit procedures: Assessing management's methodology: • assessing the design and implementation of controls relating to the impairment review process undertaken by management; • considering the process by which management identified each CGU, to ensure that they were appropriately aligned with the management and reporting structure, and how the assets generate cash inflows, and

The recoverability of the carrying value of goodwill and intangible assets (2016 and 2017) (continued)	
	consistent with our understanding of the integration of Penton and the reorganisation of the Knowledge & Networking division; • considering how management prepared its forecasts, and assessing recent forecasting accuracy against actual performance; and • involving our internal valuation specialists to assess the appropriateness of the key components of the discount rate calculation prepared by management's expert valuation adviser. Reviewing the cashflow forecasts: • determining whether the 2018 budgets for each CGU were consistent with the budgets adopted by management and approved by the Board of Directors; and • determining whether the projections for 2019 and 2020 were in line with our understanding of trends in the business and how they compared to analyst forecasts; Performing detailed analysis of CGUs with headroom less than 15%: • determining whether the growth rates selected by management were in line with the requirements of accounting standards, which require consideration of long-term economic growth rates for relevant territories, and with industry trends; • considering the reasonableness of sensitivities applied by management and performing further sensitivity analyses on the impairment models.
Key observations	We reported to the Audit Committee that the audit response procedures were performed satisfactorily, that management had applied considered assumptions and that the disclosures behind the two impaired CGUs (with a year-end value for goodwill and intangible assets of £303.3 million) were appropriate.

The identification and valuation of intangible assets and associated goodwill acquired in business combinations (2016 and 2017)	
Key audit matter description	The group acquired a number of businesses during the year, the most significant of which was Yachting Promotions, Inc. (YPI), which was acquired on 14 March 2017 for a total consideration of £111.7 million. During 2017, the group also completed 13 further business combinations for a consideration of approximately £113.2 million (see Note 18) and 16 asset acquisitions resulting in intangible additions of £32.2 million (see Note 17). Accounting for business combinations and asset acquisitions can be complex and requires judgements to be applied and assumptions to be used when assessing the fair value of the consideration paid, the fair value of assets and liabilities acquired, the identification and valuation of acquired intangible assets and any associated goodwill that arises. For this reason management commissions independent valuation experts for significant acquisitions, which management determines to be those with a total consideration in excess of £75 million (2016: £50 million). During the year management finalised the provisional values used in accounting for the acquisition of Penton in November 2016, and has now adjusted the provisional amounts recognised within the 2016 financial statements, as shown in Note 4.

The identification and valuation of intangible assets and associated goodwill acquired in business combinations (2016 and 2017) (continued)	
	Management discusses the policies and processes followed in Note 2, and discloses business combinations in Note 18 to the Consolidated Financial Statements. In Note 3 the valuation of intangible assets acquired in business combinations is identified by management as a critical accounting judgement. This judgement area is also referred to within the Audit Committee report.
How the scope of our audit responded to the key audit matter	We tested the design and implementation of controls relating to business combinations. For each business combination where the total consideration exceeded audit materiality, we audited the acquisition accounting applied by management, including: • review of the sale and purchase agreement; • assessing the fair values recorded at acquisition; • engaging Deloitte internal valuations specialists to review and challenge the identification and valuation of intangible assets, the basis for their valuation, and benchmarking the reasonableness of the key valuation assumptions, such as discount rates, useful economic lives and growth rates; and • evaluating the business assumptions applied by management in determining the fair values of acquired intangible assets, in particular in relation to operating forecasts. We audited the finalisation of the provisional values used in accounting for the acquisition of Penton and the restatement.
Key observations	We reported to the Audit Committee that the audit response procedures were performed satisfactorily and we did not identify any material exceptions as a result of performing our audit procedures. In particular we commented on the finalisation of the fair values of Penton acquisition accounting and management's considered assessment of the useful lives of the Penton assets acquired and the related restatement to the provisional values recorded in the prior period. We note that management has elected to show the fair value amounts within Note 18 for acquisitions made in 2017 as provisional as permitted by IFRS 3 Business Combinations for finalisation within 12 months of the respective acquisition dates.

The implementation of the new global ERP system (new in 2017)	
Key audit matter description	In 2017 the group commenced the phased deployment of a new SAP system across its shared services centres to replace the legacy general ledger system, CODA. The risk in relation to the deployment of this new finance system has two elements: first, that the data migration to the new SAP system might not be complete or accurate, and, second, that both the IT and business process controls implemented might not be designed, implemented or operating in a manner conducive to the effective processing and reporting of financial information.

The implementation of the new global ERP system (new in 2017) (continued)	
	We originally planned to take a controls reliance approach in the UK shared services centre, with fully substantive audits being undertaken by other component teams. However, the findings of our general IT controls audit work on the new SAP system led us to change our approach in the UK also to a substantive approach and to elevate the change in systems to a significant risk and a key audit matter. The findings included significant deficiencies in internal controls in relation to the provisioning of privileged user access rights within the new SAP system. During the implementation phase, user access rights for certain individuals had been extended beyond that designed, which increased the risk of inappropriate financial transactions being posted, either through fraud or error, thus potentially affecting our ability to rely on the data contained within the SAP system.
How the scope of our audit responded to the key audit matter	The procedures performed under our original audit plan, which we conducted alongside our IT audit specialists, included: **Programme governance** • considering the company's governance and controls around the phased data migrations; and • considering the programme assurance activities of internal audit. **Data migration** • reviewing presentations to the Steering Committee before and after each data migration and associated minutes; • testing the design and implementation of relevant controls to ensure that the completeness and accuracy of the data migrated was validated and approved by an appropriately senior member of IT and/or finance management; and • sampling reconciliations of migrated data to compare data within ledgers before and after migration to ensure all data was transferred appropriately, and is complete and accurate. **Conduciveness to effective processing and reporting of financial information** • testing the General IT Controls (GITCs) over access security, change management and IT operations, using our proprietary GITC auditing tools; and • testing automated business process controls embedded within the SAP system, to confirm that controls were implemented as designed within the project plans and risk and control matrices, using our proprietary SAP control tools. The findings of our general IT controls audit work on the new SAP system led us to adopt a substantive audit approach also in the UK. We communicated the findings and our revised risk assessment to our US and Singapore component audit teams, who had previously planned to take a substantive audit approach, to ensure the findings could be taken into account in their component audits. We performed additional procedures in order to investigate and assess the potential exposure from the control deficiencies identified, working alongside the group's technology team, including: • investigating whether inappropriate activities to undermine data integrity had in fact been performed from the two highest-risk privileged access assigned to end users. This was performed via a reconciliation of system logs showing all activities of this nature performed, to supporting documentation provided by management and/or an audit trail of management approval of these privilege rights.
The implementation of the new global ERP system (new in 2017) (continued)	

	• performing additional sample tests on reports produced from the SAP system to ensure that the information included in those reports was complete and accurate. This exposure testing provided assurance to reduce the risk that the integrity of the data in the SAP system had been undermined, and that we could therefore use financial data and reports from the system for our substantive audit testing. Nevertheless, since we noted significant IT controls weaknesses, auditing standards obliged us to re-plan our audit, and re-assess the risks of material misstatement for account balances and classes of transaction, which we performed in consultation with our technical specialists, such activities including: • reconsidering and revising the risk classifications we attached to specific account balances and classes of transactions; • performing additional substantive audit procedures, where we had initially planned to rely upon the operating effectiveness of controls; • extending the scope of our procedures in relation to review scope entities contributing more than £10 million of revenue to include detailed analytical reviews of the income statement and balance sheet for these entities, through detailed discussions with management in order to identify any significant unexplained items; • extending the use of data analytics techniques within our audit procedures; and • performing additional tests of journal entries to ensure appropriate segregation of duties, that journals have been appropriately approved, and that they have valid business rationale.
Key observations	We reported to the Audit Committee that the additional response procedures were performed satisfactorily and that whilst for audit purposes the additional procedures had achieved the audit objectives, management has further SAP stabilisation activities to perform.

Our application of materiality

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

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

	Group financial statements	**Parent company financial statements**
Materiality	£22.0 million (2016: £16.5 million)	£11.0 million (2016: £8.25 million)

Our application of materiality (continued)

	Group financial statements	Parent company financial statements
Basis for determining materiality	Our planning materiality is based on a percentage of statutory pre-tax profit adjusted for impairment charges and amortisation of intangible assets acquired in business combinations. £22.0 million represents 5% of this measure (2016: £16.5 million, 5%). £22.0 million represents 8.3% of statutory profit before tax (2016: 9.3%).	The basis for determining materiality is consistent with the prior year and is capped at 50% of group materiality, which is lower than materiality calculated as 3% of net assets.
Rationale for the benchmark applied	We adjust for goodwill impairment charges and amortisation of intangible assets acquired in business combinations to use a profit measure also used by analysts, and because profits adjusted for these items more closely aligns with current cash flows.	Net assets is normally considered an approriate benchmark for materiality as the parent company is a holding company, but in this case this benchmark produces a higher result than 50% of group materiality.
Misstatement reporting threshold	We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.1 million (2016: £750,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee material disclosure matters that we identified when assessing the overall presentation of the financial statements.	

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we performed full scope and specified audit procedures at the principal business units within the shared services centres in the UK, USA and Singapore. We also performed full scope audit procedures on Penton in the USA. The parent company is located in the UK and audited directly by the group audit team.

The scope of our audit for 2017 changed on the prior year with the removal of BTS (Brazil) and Virgo (US) from our group audit scope, and the inclusion of Penton (USA) within full scope audit procedures, reflecting the inclusion of Penton in the results for a full year

The in-scope locations (those at which a full scope audit or specified audit procedures were performed) represent the principal business units within the Group's operating divisions and account for 72% (2016: 74%) of the Group's revenue and 74% (2016: 78%) of the Group's adjusted operating profit. We audit the entirety of the Group's goodwill and acquired intangible assets. Our audit work at all the locations in the group audit scope was executed to a materiality of up to £11.0 million, and therefore not exceeding 50% of Group materiality of £22.0 million.

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

	Revenue	Adjusted operating profit
Full audit scope	68%	69%
Specified audit procedures	4%	5%
Review at group level	28%	26%
	100%	100%

The Group audit team continued to follow a programme of planned visits that has been designed so that the Senior Statutory Auditor or a designate visits each of the locations in the Group audit scope at least once every two years and the most significant of them at least once a year. In the course of the 2017 audit, visits were undertaken to the shared service centres in Colchester, UK and Sarasota and Cleveland, USA. In the prior year, visits were also made to Singapore and Brazil. In years when we do not visit a significant component we include the component audit team in our team briefings, discuss their risk assessment, support and direct their audit approach, dial into local audit close meetings, perform remote reviews of their working papers, and review their reporting to us of the findings from their work.

Other information included in the annual report

We have nothing to report in respect of these matters.

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- *Fair, balanced and understandable* – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- *Audit committee reporting* – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or

Other information included in the annual report

- *Directors' statement of compliance with the UK Corporate Governance Code* – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Other matters

Auditor tenure

Following the recommendation of the Audit Committee, we were reappointed by the Board on 26 May 2017 to audit the financial statements for the year ending 31 December 2017. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 14 years, covering the years ending 2004 to 2017. The most recent external audit tender was finalised in June 2016.

Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

William Touche (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK

27 February 2018