Notes to the Financial Statements

For the year ended 31 December 2016

1. Basis of preparation and principal accounting policies

Basis of preparation

Reporting entity

Ascential plc (the "Company") is a company incorporated in the United Kingdom and its registered office is The Prow, 1 Wilder Walk, London W1B 5AP. These consolidated financial statements as at and for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as "the Group"). Information relating to the financial years ended 31 December 2015 and 2016 have been prepared and presented in accordance with the reverse acquisition principles discussed below.

On 12 February 2016, the Company's 400,000,000 ordinary shares were admitted to unconditional trading on the London Stock Exchange and to the premium listing segment of the Official List of the Financial Conduct Authority (the "IPO"). In preparation for the IPO, the Group was restructured between 8 and 12 February 2016. The restructure has impacted a number of the primary financial statements and notes for the periods presented in these financial statements.

The steps to restructure the Group had the effect of the Company being inserted above Eden 2 & Cie S.C.A., which was the ultimate parent of Ascential Holdings Limited, head of the Operating Group presented in the prospectus dated 12 February 2016. For the consolidated financial statements of the Group, prepared under IFRS, the principles of reverse acquisition accounting under IFRS 3 "Business Combinations" have been applied.

In applying the principles of reverse acquisition accounting, the consolidated financial statements have been presented as a continuation of the Eden 2 & Cie S.C.A. business and the Group is presented as if the Company had always owned the Group. The consolidated reserves of the Group reflect the statutory share capital and share premium of the Company as if it had always existed, adjusted for movements in the underlying Eden 2 & Cie S.C.A. share capital and reserves until the share for share exchange.

The Company was formed on 4 January 2016 and, as such, these financial statements for the year ended 31 December 2016 are its first full set of statutory accounts. The Company has not, therefore, prepared statutory accounts for the year ended 31 December 2015. Neither Eden 2 & Cie S.C.A. nor the Company have previously prepared financial statements in accordance with International Financial Reporting Standards ("IFRS"). In preparing those consolidated financial statements, the Company measures the assets and liabilities of Ascential Holdings Limited on the same basis as in the prospectus dated 12 February 2016, as well as measuring the assets and liabilities of Eden 2 & Cie S.C.A. on an IFRS basis.

These consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union ("EU"), IFRS Interpretation Committee ("IFRS IC"), certain interpretations as adopted by the EU, and the Companies Act 2006 applicable to companies reporting under IFRS.

The IPO restructure

The key steps in the restructure were:

- On 8 February 2016, the Company became the ultimate parent undertaking of the Group by acquiring the entire issued share capital and voting beneficiary certificates in Eden 2 & Cie S.C.A., via a share for share exchange. All the ordinary shares in Eden 2 & Cie S.C.A. were exchanged for 77,215,918 ordinary £0.10 shares and 1,824,766 F ordinary £0.10 shares issued by the Company. The Company also acquired preference shares held by management and other shareholders in exchange for £175.5 million of new preference shares issued by the Company. Preferred Equity Certificates ("PECs") held by shareholders were also exchanged for £100.4 million of new PECs issued by the Company.
- On 9 February 2016, a shareholder transferred its shareholder loan receivable to the Company in exchange for £165.5 million of new PECs issued by the Company.
- On 12 February 2016, the Company's F ordinary shares and new preference shares were converted into 89,665,977 ordinary £0.10 shares and the new PECs were capitalised through the issue of 133,118,105 ordinary £0.10 shares, thereby retiring all Shareholder debt.
- On 12 February 2016, the Company issued 100,000,000 ordinary £0.10 shares at an offer price of £2.00, generating proceeds of £200 million and bringing the total number of ordinary shares to 400,000,000. 50,000 of these ordinary £0.10 shares were issued outside of the underwriting agreements in place for the IPO, but for the purpose of these financial statements these shares and their proceeds are presented as part of the IPO.

The impact on the comparatives in the primary consolidated financial statements is as follows:

- Share capital and share premium reflect the capital structure of the Company on 8 February 2016, being the date, part way through the restructure, on which the Company became the ultimate holding company of the Group. Preference shares and PECs in issue at that date are classified as debt instruments and so are not included in equity.
- A merger reserve is recognised, reflecting the difference between the share capital and share premium of the Company on 8 February 2016, and the share capital, share premium and non-distributable reserves of Eden 2 & Cie S.C.A. as at the same date.

The acquisition of preference shares in Eden 2 & Cie S.C.A. was accounted for under the provisions of CA s615 whereby the shares issued by Ascential plc were recorded at nominal value of £17.5 million. The preference shares in Eden 2 & Cie S.C.A. were a financial asset recorded at their fair value of £175.4 million. This exchange gives rise to an unrealised gain of £157.9 million which is recorded as a separate "Group restructure" reserve within total equity.

1. Basis of preparation and principal accounting policies continued

On 8 June 2016, the Company completed a reduction of its share capital, as contemplated in the IPO prospectus, whereby (i) the entire amount standing to the credit of the Company's share premium account was cancelled, (ii) 876,266,690 deferred shares (which were issued by way of a bonus issue for the purpose of capitalising the Company's capital reserve) were cancelled, and (iii) the nominal value of each issued ordinary share in the capital of the Company was reduced from £0.10 to £0.01 each. The distributable reserves created by the reduction of capital amount to approximately £476.2 million.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis with the exception of items that are required by IFRS to be measured at fair value, principally certain financial instruments. Accounting policies have been applied consistently to both periods presented.

Going concern basis of accounting

On 8 February 2016, the Company became the ultimate parent undertaking of the Group. On 12 February 2016, the Company's 400,000,000 ordinary shares were admitted to unconditional trading on the Main Market of the London Stock Exchange and to the Official List of the Financial Conduct Authority. The gross proceeds raised by the IPO were £200 million.

On 12 February 2016, the Company used the proceeds of the IPO, the new bank facilities under the New Facilities Agreement (as defined below) and existing available cash to repay all amounts outstanding under the Group's existing senior facilities agreement and cancel certain hedging arrangements. In addition, the Company used the proceeds of the IPO to redeem in full certain instruments held on behalf of certain current and former employees (all instruments were cancelled).

On 12 February 2016, the Company entered into new term loan facilities of £66 million, €171 million and $96 million and a revolving credit facility of £95 million ("New Facilities Agreement"), which were made available to the Company and certain of its subsidiaries.

The Group's forecasts, impact assessment of various downside scenarios, and the dates of senior debt and interest payments falling due, show that the Group is expected to be able to operate within the level of its current facilities and meet its covenant requirements for a period of at least 12 months from the date of approval of these financial statements.

After reviewing the above, taking into account current and future developments and principal risks and uncertainties, and making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that the consolidated financial statements should be prepared on a going concern basis.

Functional and presentation currency

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

Basis of consolidation

The Group's financial statements consolidate the accounts of Ascential plc and its subsidiary undertakings. A subsidiary is an entity (including special purpose entities) over which the Group has the power to direct the relevant activities, exposure to variable returns from its involvement with the investee and there is a link between power and returns. The results of each subsidiary are included from the date that control transferred to the Group and are adjusted to align accounting policies with the Group's accounting policies. Subsidiaries are no longer consolidated from the date that control ceases. All intercompany balances and transactions are eliminated in full.

Foreign currency translation

The functional currency of subsidiaries, associates and joint ventures is the currency of the primary economic environment in which they operate. Transactions in currencies other than the functional currency are initially recorded at the functional currency rate applicable at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange in force at the reporting date.

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

1. Basis of preparation and principal accounting policies continued

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

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. An initial assessment of the impact of IFRS 15 indicates the impact of adopting this standard will have limited effect. The Group has commenced an assessment of the impact of IFRS 16 which was issued on 13 January 2016. None of the other standards are expected to materially impact the consolidated statements upon adoption.

- IFRS 9 Financial Instruments (Amendment)
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases

Principal accounting policies

The following summarises the principal accounting policies adopted by the Directors, which have been adopted consistently:

a) Revenue

Revenue for goods sold is recognised when the significant risks and rewards of ownership have been transferred to a third party. Revenue for services provided is recognised at the point when it is probable that the economic benefits will flow to the Group and when the amount of revenue can be reliably measured.

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

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

b) Employee benefits

i. Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under cash bonus schemes if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

ii. Termination benefits
Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

iii. Share-based payments
Equity-settled awards are valued at the grant date, and the fair value is charged as an expense in the consolidated profit and loss statement spread over the vesting period. The credit side of the entry is recorded in equity. Cash-settled awards are revalued at each reporting date with the change in fair value of the award charged to the profit and loss account and the credit side of the entry recognised as a liability.

iv. Pension and other post-employment benefits
The Group operates defined contribution pension scheme in certain countries. Contributions payable are charged to the consolidated profit and loss statement and included in staff costs as an operating expense as incurred.

1. Basis of preparation and principal accounting policies continued

c) Adjusted EBITDA and exceptional items

The consolidated financial statements include Adjusted EBITDA as a measure of profitability in order to provide a better understanding of the trading performance of the Group. Adjusted EBITDA is a non-IFRS measure, defined as the Group's operating profit before expensing depreciation of tangible fixed assets and amortisation of software, exceptional items, amortisation of acquired intangible assets, impairment of tangible fixed assets and software intangibles and share-based payments. Refer to pages 24 to 27 for further details on alternative performance measures.

The Group defines exceptional items as costs incurred by the Group in acquisitions and disposals, integration, non-recurring business restructuring and capital restructuring. These are disclosed separately to provide additional useful information to the users of the financial statements.

d) Finance costs and income

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

e) Income tax

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

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

Current tax is tax payable based on taxable profits for the period, using tax rates that have been enacted or substantively enacted at the reporting date along with any adjustment relating to tax payable in previous years. Taxable profit differs from net profit in the consolidated profit and loss statement in that income or expense items that are taxable or deductible in other years are excluded, as are items that are never taxable or deductible. Current tax assets relate to payments on account not yet allocated against current tax liabilities or to refunds due from tax authorities on overpayments in respect of prior years.

Using the liability method, deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except for the following temporary differences:

- goodwill that is not deductible for tax purposes; and
- the initial recognition of assets or liabilities in a transaction that is not a business combination and which will affect neither accounting nor taxable profit.

Deferred tax assets are recognised to the extent that it is probable that sufficient future taxable profits will be available to allow all or part of the deferred tax asset to be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date.

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

f) Assets held for sale

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

g) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative statement of profit and loss is re-presented as if the operation had been discontinued from the start of the comparative year.

Notes to the Financial Statements continued

For the year ended 31 December 2016

1. Basis of preparation and principal accounting policies continued

h) Business combinations and intangible assets

Acquisitions are accounted for using the purchase method of accounting. The cost of an acquisition is the cash paid together with the fair value of other assets given, equity instruments issued and liabilities incurred or assumed.

Any deferred contingent consideration is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, are recognised either in the profit and loss account or in other comprehensive income, in accordance with IAS 39. Any amounts payable by the Group directly contingent on the continuing employment of the vendors are treated as remuneration and recognised as an expense in the profit and loss account. Deferred and contingent consideration amounts payable after more than 12 months are discounted to present value.

Costs directly attributable to acquisitions are expensed as exceptional items. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of net assets assumed is recorded as goodwill.

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment either annually or more frequently if events or changes in circumstances indicate a possible decline in the carrying value. Impairment is determined by comparing the recoverable amount of the cash-generating unit ("CGU") or group of cash-generating units which are expected to benefit from the acquisition in which the goodwill arose, to the carrying value of the CGU. The recoverable amount is the greater of an asset's value-in-use and its fair value less costs to sell. Value-in-use is calculated by discounting the future cash flows expected to be derived from the asset or group of assets in a CGU at the Group's cost of capital, adjusted for risk in a specific market if relevant. The discount and growth rates used in the value-in-use calculations are disclosed in Note 17 of the consolidated financial statements. Where the recoverable amount is less than the carrying value, the goodwill is considered impaired and is written down through the consolidated profit and loss statement to its recoverable amount. The carrying amount of goodwill allocated to a CGU is taken into account when determining the gain or loss on the disposal of the unit or operation within it.

Intangible assets acquired as part of a business combination are capitalised at fair value at the date of acquisition. Intangible assets purchased separately are capitalised at cost. After initial recognition, all intangible fixed assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible fixed assets which have been assigned a finite life are amortised and tested for impairment if events or changes in circumstances indicate that the carrying value may have declined. This is done on a similar basis to the testing of goodwill, either for individual assets or at the level of a CGU. Useful lives are examined every year and adjustments are made, where applicable, on a prospective basis. Amortisation is charged on assets with finite lives on a systematic basis over the asset's useful life, which in all cases is a maximum period of 30 years.

Where an intangible asset has been assigned an indefinite useful life, it is not amortised and is reviewed for impairment either annually or more frequently if events or changes in circumstances indicate a possible decline in the carrying value.

Purchases of software or direct costs relating to internal development of software are capitalised and amortised over their anticipated useful lives. Capitalisation of these costs ceases no later than the point at which the software is substantially complete and ready for its intended use. The useful life of software ranges from two to five years.

Website development costs relating to websites which are revenue generating are capitalised and amortised over three to five years. Development costs relating to websites which are not revenue generating are taken immediately to the consolidated profit and loss statement.

i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated to write-off the cost of an asset, less its residual value, on a straight-line basis over its estimated useful life as follows:

- short leasehold property – over the period of the lease; and
- office equipment – two to five years.

Estimated useful lives and residual values are reviewed at each reporting date. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate these values may not be recoverable. If there is an indication that impairment does exist the carrying values are compared to the estimated recoverable amounts of the assets concerned. The recoverable amount is the greater of an asset's value-in-use and its fair value less the cost of selling it. Value-in-use is calculated by discounting the future cash flows expected to be derived from the asset. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the consolidated profit and loss statement.

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

1. Basis of preparation and principal accounting policies continued

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

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

k) Investments
Investments are held at cost less provision for impairment. Initial recognition of investments is at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed.

Investments in associates and joint ventures
An associate is an entity over which the Group is in a position to exercise significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. A joint venture is an entity over which the Group exercises joint control, usually through a contractual arrangement. The Group's investments in associates and joint ventures are recognised using the equity method of accounting.

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

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

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

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

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

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

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

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

1. Basis of preparation and principal accounting policies continued

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

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities. Further details of derivative financial instruments are disclosed in Note 25.

q) Hedging activities
The Group's operations and funding give rise to foreign exchange risk and interest rate risk. The Group may structure its borrowings or utilise derivative financial instruments to manage the economic impact of these risks. The Group does not use derivative contracts for speculative purposes.

The Group may also formally designate certain derivatives or borrowings as hedging instruments and will at the point of inception document the relationship between the hedge instrument and hedged item, together with the risk management objective and strategy for undertaking the hedging transaction. In addition, at inception 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.

Hedge instruments are accounted for 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).

i. Fair value hedges
Changes in the fair value of fair value hedge instruments are recorded in the consolidated statement of profit and loss, immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk, with these changes in fair value being recognised in the line of the consolidated profit and loss statement relating to the hedged item.

ii. Cash flow hedges
The effective portion of changes in the fair value of cash flow hedges is recognised in other comprehensive income. The gains or losses relating to the ineffective portion are recognised immediately in the consolidated profit and loss statement. The cumulative amount recognised in other comprehensive income is reclassified to the consolidated profit and loss statement in the periods when the hedged item is recognised in the consolidated profit and loss statement in the same line of the consolidated profit and loss statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the cumulative amount recognised in other comprehensive income is transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

iii. Hedges of net investment in foreign operations
The effective portion of changes in the fair value of hedges of net investment in foreign operations is recognised in other comprehensive income and accumulated in the foreign currency translation reserve. The gains or losses relating to the ineffective portion are recognised immediately in the consolidated profit and loss statement. Gains and losses on the hedging instrument accumulated in the foreign currency translation reserve are reclassified to the consolidated profit and loss statement when the hedged item is disposed of.

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 gains or losses on the hedging instrument recognised in equity are 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 profit and loss statement in the period.

r) Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised only when it is virtually certain. The expense relating to any provision is presented in the consolidated profit and loss statement net of any reimbursement. If the time value of money has a material effect on quantifying the provision, the

1. Basis of preparation and principal accounting policies continued

provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance charge.

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

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

2. Critical accounting judgements and key sources of estimation uncertainty

Critical accounting judgements

Preparation of these financial statements requires the Directors to exercise judgement and to make estimates about uncertain future events in the process of applying the Group's accounting policies. The actual future outcomes may differ from these estimates and give rise to material adjustments to the reported results and financial position of the Group. The areas requiring a higher degree of judgement, or areas where assumptions and estimates are significant to the consolidated financial statements, are discussed below.

Acquisition accounting – initial recognition of goodwill and intangible assets

Accounting for a business on acquisition requires an assessment of the existence, fair value and expected useful economic lives of separable intangible assets such as brands, customer relationships and technology assets at the date of acquisition. The value attributed to these separable assets affects the amount of goodwill recognised, and the value together with the assessment of useful economic lives determines future amortisation charges.

Carrying value of goodwill and intangible assets

The Group assesses the carrying value of goodwill and intangible assets annually, or whenever there is an indication of impairment. Identifying indicators of impairment requires judgements to be made as to the prospects and value drivers of the individual assets. Goodwill is assessed at the level of the CGU that benefits from the related acquisition. Changes in management structures and business operations requires judgement in determining whether such changes require a change in the identification of CGUs to be used in the assessment of carrying value.

Alternative performance measures

The Group uses certain non-GAAP measures of performance, as in the opinion of the Directors this provides a better understanding of the underlying performance of the business, and provides better comparability with other peer group companies. The use and definition of these measures is a matter of judgement. Refer to pages 24 to 27 for further details on alternative performance measures.

Key sources of estimation uncertainty

Carrying value of goodwill and intangible assets (Note 17)

The Group uses long-term forecasts of cash flow and estimates of future growth to both value acquired intangible assets and goodwill and to assess whether goodwill and intangible assets are impaired, and to determine the useful economic lives of its intangible assets. If the results of operations in a future period are adverse to the estimates used, an impairment may be triggered at that point, or a reduction in useful economic life may be required.

Acquisition accounting – valuation of deferred consideration and acquisition-related remuneration (Note 15)

Accounting for deferred contingent acquisition consideration, and for acquisition-related deferred contingent remuneration, is based on estimates of future performance of the acquired business over the contractual earn-out period, as measured against the contractually agreed performance targets. If the future results of these businesses differs from the forecasts used for these calculations, there may be a material change in the value of these deferred liabilities which would be recorded in the consolidated statement of profit and loss.

Income taxes (Note 12)

In recognising income tax assets and liabilities, estimates have to be made of the likely outcome of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain. In recognising deferred tax assets in respect of unused tax losses, estimates are made of the expected availability of losses and the likely timing and level of future taxable profits over the period in which tax losses are available.

3. Financial risk management

This note presents information about the Group's objectives, policies and processes for measuring and managing risk, the Group's exposure to the risks arising from financial instruments, and the Group's management of capital.

Market risk

(a) Foreign exchange risk

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

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

The Group's net investment hedge in overseas subsidiaries may be hedged where the currency exposure is considered to be material. In 2015 and 2016, the Group designated its US dollar borrowings as a net investment hedge against its US dollar denominated assets. The net investment hedge was cancelled when US dollar borrowings were repaid as part of entering into the New Facilities Agreement at IPO.

(b) Cash flow and interest rate risk

Interest rate risk arises from medium and long-term borrowings to the extent that the underlying debt instruments are not at fixed rates of interest. The Group has entered into interest rate caps to convert a portion of its bank borrowings from fully floating to capped rates to mitigate this risk.

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The maximum exposure to credit risk at the reporting date is the fair value of the financial assets in the consolidated statement of financial position as disclosed in Note 25.

(a) Treasury-related credit risk

The Group has treasury policies in place which manage the concentration of risk with individual counterparties and do not allow significant treasury exposures with counterparties. Each counterparty has an individual limit which comprises of their long-term and short-term ratings by Standard & Poor's and Moody's as well as their individual five year Credit Default Swap price. As at 31 December 2016, cash and cash equivalents totalled £61.9 million (2015: £44.4 million), of which 87% (2015: 88%) was held with banks or financial institutions with long-term ratings of A-/A3 or better or short-term ratings of A-1/P-1.

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

(b) Trading risk

Risk arises principally from payment default by customers. The general policy of the Group is not to risk assess all new customers and so retail credit risk information has not been included in these consolidated financial statements. Management does not, however, expect any significant losses in respect of receivables that have not been provided for as shown in Note 21.

Liquidity risk

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

The Group's major banking facilities are detailed below:

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

3. Financial risk management continued

As at 31 December 2015 (million)	Facility Local currency	Facility £	Drawn Local currency	Drawn £	Final maturity	Interest	Margin
Facility B1	€298.5	219.3	€298.5	219.3	Apr-22	EURIBOR, 1% floor	5.00%
Facility B2	$321.4	216.9	$321.4	216.9	Apr-22	LIBOR, 1% floor	5.00%
Revolving credit facility	£75.0	75.0	–	–	Apr-21		4.50%
Total facilities		511.2		436.2			

Subsequent to refinancing on 12 February 2016, the Group is required to adhere to a net leverage ratio covenant of 4.5x which is measured at December 2016 and then semi-annually thereafter. The covenant ratio falls to 4.0x in December 2017. The Group operated within this covenant limit during the period to 31 December 2016.

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

Sensitivity analysis
a) Foreign exchange risk
The Group receives approximately 25% (2015: 20%) of its revenues and incurs approximately 8% (2015: 9%) of its costs in euros. The Group is therefore sensitive to movements in the euro against the pound sterling. Each 1% movement in the euro to pounds sterling exchange rate has a circa £0.9 million (2015: £0.6 million) impact on annual revenue, a circa £0.7 million (2015: £0.4 million) impact on annual Adjusted EBITDA and annual operating profit. Offsetting this will be reductions to the euro interest and euro tax liabilities. This analysis assumes all other variables, including interest rates, remain constant.

The Group receives approximately 22% (2015: 20%) of its revenues and incurs approximately 17% (2015: 17%) of its costs (before depreciation, amortisation and exceptional items) in US dollars or currencies pegged to US dollars. The Group is therefore sensitive to movements in the US dollar against pounds sterling. Each 1% movement in the US dollar to pound sterling exchange rate has a circa £0.8 million (2015: £0.7 million) impact on annual revenue, a circa £0.4 million (2015: £0.3 million) impact on annual Adjusted EBITDA and a circa £0.2 million (2015: £0.2 million) impact on annual operating profit. Offsetting this will be reductions to the US dollar interest and US dollar tax liabilities. This analysis assumes all other variables, including interest rates, remain constant.

b) Interest rate risk
If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended 31 December 2016 would have decreased or increased by £1.3 million (2015: £0.4 million).

4. Revenue
The revenue analysis for the continuing operations in the table below is based on the location of customers or, in the case of Exhibitions & Festivals, the location of business operations. Refer to Note 6 for discontinued operations disclosures required under IFRS 5.

(£ million)	2016	2015
United Kingdom	118.5	116.2
Other Europe	91.4	71.0
United States and Canada	56.4	40.5
Asia Pacific	19.3	18.2
Middle East and Africa	5.8	2.0
Latin America	8.2	8.7
Total	299.6	256.6

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

(£ million)	2016	2015
Rendering of services	208.9	178.2
Transactional revenue	90.7	78.4
Total	299.6	256.6

Rendering of services includes barter revenue arising from the exchange of goods or services of £1.4 million for the year ended 31 December 2016 (2015: £1.1 million).

The Group does not have any customers from whom revenue exceeds 10% of total revenue.

5. Operating segments

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

- Exhibitions & Festivals: organiser of market-leading exhibitions, congresses and festivals.
- Information Services: produces intelligence, analysis and forecasting tools, subscription content including real-time online resources, live events and awards, across a number of industry sectors including fashion, retail, property, construction and politics.
- Discontinued operation: the disposal group of 13 Heritage Brands previously formed part of the Information Services segment before it was separately classified as held for sale and a discontinued operation. Given the different growth trajectories and risks of the Heritage Brands and the change in internal management reporting presented to the Board, the disposal group is separated into a third reportable segment. Refer to Note 6 for further details on the discontinued operation.

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

Year ended 31 December 2016

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

5. Operating segments continued

Year ended 31 December 2015

(£ million)	Exhibitions & Festivals	Information Services	Group costs	Continuing operations total	Discontinued operation	Total
Revenue	150.4	106.2	–	256.6	62.5	319.1
Adjusted EBITDA	56.9	29.7	(10.0)	76.6	14.3	90.9
Depreciation of tangible fixed assets and software intangibles	(2.2)	(5.4)	(8.2)	(15.8)	(1.7)	(17.5)
Adjusted operating profit	54.7	24.3	(18.2)	60.8	12.6	73.4
Amortisation and impairment of intangible assets acquired through business combinations				(26.6)	(2.9)	(29.5)
Exceptional items				(9.4)	(1.7)	(11.1)
Share-based payments				(0.5)	–	(0.5)
Operating profit				24.3	8.0	32.3
Gain on disposal				4.8	–	4.8
Net finance costs				(72.7)	–	(72.7)
Loss before tax				(43.6)	8.0	(35.6)
Total assets				838.1	–	838.1

Exceptional items of £22.6 million (2015: £11.1 million) include £10.4 million, £6.1 million, £1.9 million (2015: £5.7 million, £1.1 million and £1.7 million) which are attributable to Exhibitions & Festivals, Information Services and discontinued operation respectively.

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

An analysis of the Group's non-current assets (excluding deferred tax, financial instruments and assets classified as held for sale) by geographical location is as follows:

(£ million)	2016	2015
United Kingdom	**446.7**	490.7
Other Europe	**17.4**	18.4
United States and Canada	**193.8**	118.1
Asia Pacific	**4.7**	0.4
Middle East and Africa	**–**	36.0
Latin America	**6.0**	6.0
Total	**668.6**	669.6

6. Discontinued operation and disposal group held for sale

During 2016, the Board committed to a plan to sell 13 Heritage Brands within the Information Services reportable segment. The Heritage Brands are Health Services Journal, MEED, Drapers, Nursing Times, Local Government Chronicle, Construction News, New Civil Engineer, Ground Engineering, H&V News and RAC, Retail Jeweller, Materials Recycling World and the architecture titles including Architects' Journal, The Architectural Review and the associated World Architecture Festival. Each provides content to subscribers and industries across three platforms – digital, events and print.

The 13 Heritage Brands were not previously classified as held for sale or as a discontinued operation. The comparative consolidated statement of profit and loss has been restated to show the discontinued operation separately from continuing operations.

6. Discontinued operation and disposal group held for sale continued

Results of discontinued operation

(£ million)	Note	2016 Adjusted results	2016 Adjusting items	2016 Total	2015 Adjusted results	2015 Adjusting items	2015 Total
Revenue		57.9	–	57.9	62.5	–	62.5
Cost of sales		(24.1)	–	(24.1)	(25.7)	–	(25.7)
Sales, marketing and administrative expenses		(24.0)	(4.5)	(28.5)	(24.2)	(4.6)	(28.8)
Operating profit		9.8	(4.5)	5.3	12.6	(4.6)	8.0
Adjusted EBITDA		11.6	–	11.6	14.3	–	14.3
Depreciation and amortisation		(1.8)	(2.5)	(4.3)	(1.7)	(2.9)	(4.6)
Exceptional items		–	(1.9)	(1.9)	–	(1.7)	(1.7)
Share-based payments		–	(0.1)	(0.1)	–	–	–
Operating profit		9.8	(4.5)	5.3	12.6	(4.6)	8.0
Taxation	12	(1.8)	0.5	(1.3)	(2.1)	1.1	(1.0)
Profit from discontinued operation, net of tax		8.0	(4.0)	4.0	10.5	(3.5)	7.0
Proforma earnings per share (pence)							
– Basic	14	2.0	(1.0)	1.0	2.5	(0.9)	1.8
– Diluted	14	2.0	(1.0)	1.0	2.5	(0.9)	1.8
Earnings per share (pence)							
– Basic	14	2.2	(1.1)	1.1	13.4	(4.5)	9.0
– Diluted	14	2.2	(1.1)	1.1	13.4	(4.5)	9.0

The profit from the discontinued operation of £4.0 million (2015: £7.0 million) is attributable entirely to the equity holders of the Parent Company.

Cash flows from/(used in) discontinued operation

(£ million)	2016	2015
Net cash generated from operating activities	11.7	12.4
Net cash used in investing activities	(0.9)	(1.4)
Net cash inflows for the year	10.8	11.0

Disposal group held for sale

A. Assets and liabilities of disposal group held for sale

At 31 December 2016, the disposal group was stated at carrying value and comprised the following assets and liabilities.

(£ million)	2016
Intangible assets and goodwill	61.0
Property, plant and equipment	1.5
Deferred tax assets	0.4
Trade and other receivables	9.1
Assets held for sale	72.0
Trade and other payables	18.0
Provisions	1.3
Deferred tax liabilities	4.4
Liabilities held for sale	23.7

B. Cumulative income or expenses included in other comprehensive income

Foreign exchange translation differences of £5.2 million (2015: £1.2 million) recognised in equity relating to the disposal group are included in other comprehensive income.

7. Adjusting items

Adjusting items and exceptional items are not a defined term under IFRS, so may not be comparable to similar terminology used in other financial statements. The Board believes that reporting adjusted results and adjusted earnings per share (Note 14) provides additional useful information to the users of the financial statements, refer to pages 24 to 27 for further details on adjusted performance measures. The following charges/(credits) were presented as adjusting items of the continuing operations:

(£ million)	Note	2016	2015
Exceptional items:			
Acquisition – related contingent employment costs – OCR		5.3	–
Acquisition – related contingent employment costs – Money20/20		4.4	5.5
Revaluation of contingent consideration – Money20/20		6.2	–
Revaluation of contingent consideration – other		(0.6)	–
Expenses related to acquisition and disposal activities		1.6	0.9
Acquisition integration costs		0.1	0.9
IPO expenditure		3.6	1.7
Professional fees relating to capital restructuring		–	0.3
Expenses of previous holdings company structure		0.1	0.1
		20.7	9.4
Amortisation of intangible assets acquired through business combinations	6, 17	28.8	26.6
Share-based payments	10	1.4	0.5
Gain on disposal of MBI	16	–	(4.8)
Finance costs	11	16.0	48.2
Total adjusting items before tax		66.9	79.9
Tax credit related to adjusting items		(24.3)	(15.9)
Total adjusting items after tax		42.6	64.0

The principal adjustments made are in respect of:

- Revaluation of contingent consideration – relates primarily to the acquisition of Money20/20 in 2014. Certain of the Group's business combinations include, under their respective sale and purchase agreements, an element of deferred consideration which is contingent on the results of the business in future years, refer also to Note 15 and Note 25. In 2016, Money20/20's actual results and the forecast result for 2017 lead to an increase in the estimated capital element of the deferred consideration payable in 2017 and 2018. The total expense resulting from the revaluation amounted to £6.2 million (2015: £nil).
- Acquisition-related contingent employment costs – relate to the acquisitions of OCR in 2016 and Money20/20 in 2014. Under the sale and purchase agreements for both acquisitions, an element of the deferred consideration is contingent on both (i) the results of the business in future years and (ii) the continued employment of certain of the vendors. In accordance with IFRS, this element of the deferred consideration is treated as an expense and expensed over the contractual period. In 2016, the total expense amounted to £5.3 million and £4.4 million (2015: £nil and £5.5 million) for OCR and Money20/20 respectively. Refer also to Note 15.
- Expenses related to acquisitions and disposals – the Group recognised an exceptional expense related to acquisition and disposal activities of £1.6 million in 2016 (2015: £0.9 million). A further charge of £0.1 million (2015: £0.9 million) was incurred relating to post-acquisition integration costs. These principally related to the acquisition of Oneclickretail.com in 2016 and RetailNet Group ("RNG") in 2015.
- IPO expenditure – exceptional items relating to the IPO of £3.6 million were expensed in 2016 (2015: £1.7 million).
- Business restructuring – exceptional costs of £1.7 million were incurred during the second half of 2015 as a result of the creation of the Plexus operating company from the combination of EMAP, MEED, 4C Group and Planet Retail.
- Share-based payments – refer to Note 10 for further details.
- Finance costs – the Group incurred interest on the shareholder debt that was subsequently converted into equity as part of the restructure. In 2016, this amounted to £5.3 million (2015: £43.9 million). The Group also refinanced its external debt as part of the IPO process incurring £10.7 million in 2016 relating to the accelerated amortisation of debt fees. A previous refinancing of external debt led to a charge of £4.3 million in accelerated amortisation of debt fees and break costs in 2015.

8. Operating costs

Operating costs for the continuing operations include:

(£ million)	Note	2016	2015
Employee costs	9	88.3	81.0
Depreciation and software amortisation	17, 18	12.9	15.8
Operating lease rentals		5.5	6.0

Fees paid to the auditor were as follows:

(£ million)	2016	2015
Fees paid to auditor for audit of the consolidated financial statements	0.6	0.3
Fees paid to auditor for audit of the Group's subsidiaries	0.1	0.1
Fees paid to auditor for audit-related assurance services[1]	0.8	1.2
Total	1.5	1.6

1 Audit-related assurance services relate to the Company's IPO and the review of the half-year interim statements.

9. Employee numbers and costs

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

(i) By geographical region

	2016	2015
United Kingdom	1,234	1,175
United States and Canada	198	199
Rest of the world	262	400
Total	1,694	1,774

(ii) By job function

	2016	2015
Cost of sales	729	791
Sales and marketing	675	689
Other administrative functions	290	294
Total	1,694	1,774

(b) Employee costs including Directors

(£ million)	Note	2016	2015
Wages and salaries		74.9	70.4
Social security costs		8.5	7.9
Defined contribution pensions cost		1.7	1.5
Redundancy costs		1.8	0.7
		86.9	80.5
Share-based payments and associated National Insurance	10	1.4	0.5
Continuing operations total		88.3	81.0
Discontinued operation		22.8	24.3
Total		111.1	105.3

(c) Retirement benefits

The Group operates a defined contribution pension scheme in the United Kingdom and in certain other countries. The assets of the scheme are held by independent custodians and are kept entirely separate from the assets of the Group. The pension charge represents contributions due from the employer. During 2016 the total Group charge amounted to £2.2 million (2015: £2.1 million). At 31 December 2016 there were £0.1 million contributions outstanding (2015: £0.3 million).

10. Share-based payments

(a) Description of share-based payment arrangements

i. Share Incentive Plan

In 2016, the Group established the Employee Share Incentive Plan and International Employee Free Share Plan (collectively known as the "SIP") which enables employees to acquire shares of the Company, subject to service conditions. On 10 March 2016, the Group made an award of 542,500 free shares, a conditional award of 211,500 shares and the cash equivalent of a conditional award of 10,000 shares to qualifying UK and international employees. The awarded free shares are held by an Employee Benefit Trust ("EBT") on behalf of UK employees for a holding period of three years, while the conditional award and cash equivalent will vest with international employees after three years.

ii. Performance Share Plan

In 2016, the Group established the Executive Performance Share Plan ("PSP"), under which key management personnel and other senior employees are granted options to acquire shares or a cash alternative, subject to service and performance conditions. Executive Directors are further subject to a holding period for their shares upon vesting. On 21 March 2016, the Group made a grant of 2,095,790 options under the PSP. 25% of the options are subject to a Total Shareholder Return ("TSR") market performance condition and the remaining 75% is subject to an Adjusted Earnings before Interest, Tax and Amortisation ("EBITA") non-market performance condition.

iii. Sharesave scheme

In 2016, the Group established the Employee Savings Related Share Option Plan, the International Savings Related Share Option Plan and the US Stock Purchase Plan (collectively known as the "Sharesave") under which employees enter into a savings contract and are granted options to acquire shares of the Company, subject to service conditions. On 30 September 2016, the Group made a grant of 1,638,082 options under the Sharesave to qualifying UK and international employees. Under the UK and International plans, the options vest after three years and are exercisable within a six-month period. Under the US plan, they vest after two years and are exercisable for a three-month period.

iv. Long-Term Incentive Plan

A number of the Group's senior managers became shareholders of the previous ultimate parent undertaking, Eden 2 & Cie S.C.A., during 2014 and early 2015 under a Long-Term Incentive Plan ("LTIP"). The continued ownership of these shares was subject to certain "good" and "bad" leaver provisions, which was linked to their continued employment by the Group. As such, the shares were deemed to constitute an equity-settled share-based payment scheme. The shares were exchanged for ordinary £0.10 shares in the Company as part of the IPO restructure (see Note 1). For legal and administrative reasons, certain participants outside the UK and the US received their LTIP in cash-settled phantom awards.

(b) Measurement of fair values

The fair values of the SIP and Sharesave have been measured using the Black-Scholes model, while the PSP has been measured using a stochastic model. A Chaffe model (an at-market put option variance of the Black-Scholes model) has been used for the PSP awards subjective to a holding period. Non-market performance conditions were not taken into account in measuring fair values. The inputs used in the measurement of the fair values at grant date were as follows:

	SIP	PSP	PSP (subject to holding period)	Sharesave	Sharesave (US)
Share price at grant date	236.25p	232.00p	232.00p	281.00p	281.00p
Exercise price	Nil	Nil	232.00p	204.00p	241.00p
Expected life	3 years	3 years	2 years	3.34 years	2.125 years
Risk-free interest rate	N/A	0.49%	0.88%	0.15%	0.13%
Expected volatility	N/A	20.00%	20.00%	20.00%	20.00%
Expected dividend yield	0.00%	0.00%	0.00%	1.60%	1.60%
Fair value at grant date	236.25p	TSR options – 163.82p EBITA options – 232.00p	TSR options – 146.95p EBITA options – 208.11p	74.55p	47.84p
Number of shares and options granted and outstanding at 31 December 2016	0.7 million shares	1.1 million options	1.0 million options	1.5 million options	0.1 million options

Expected volatility is usually calculated over the period of time commensurate with the remainder of the performance period immediately prior to the date of the grant. Since the Company has only recently listed in February 2016, a proxy volatility figure has been applied. The expected terms represent the term until vesting of the shares and options, as well as the holding period from the date of vesting.

The weighted average exercise prices and weighted average remaining contractual lives of shares and options outstanding at 31 December 2016 for each scheme are the same as the exercise prices and expected lives disclosed in the table above.

The assumptions used in the measurement of the fair value of cash-settled awards at 31 December 2016 are materially the same as those applied at the grant date.

10. Share-based payments continued

(c) Expense recognised in profit and loss

A £0.2 million, £1.0 million and £0.1 million share-based payment expense have been recognised in the continuing operations' profit and loss for the SIP, PSP and Sharesave respectively in the year ended 31 December 2016. A £0.1 million expense has been recognised for the discontinued operation. For cash-settled phantom awards under the LTIP, £0.1 million (2015: 0.5 million) charge has been recognised in the continuing operations profit and loss in the year to 31 December 2015. All of these charges are disclosed as Adjusting items (Note 6 and Note 7).

No expense has been recognised for shares granted under the LTIP as the consideration received for the shares by Eden 2 & Cie S.C.A. was equal to, or greater than, the fair value of the shares at the vesting date.

(d) Employee Benefit Trust

The EBT purchases shares to fund the SIP for UK employees. During the year the EBT purchased 542,500 ordinary shares of the Company at a nominal cost of £0.1 million (2015: £nil) representing 0.1% of issued share capital. At 31 December 2016, the 542,500 shares relating to the SIP remain in the EBT with a historical cost of £0.1 million (2015: £nil). The market value of these shares as at 31 December 2016 was £1.5 million (2015: £nil).

11. Finance costs and finance income

(£ million)	2016	2015
Interest payable on external borrowings	(10.1)	(28.3)
Foreign exchange loss on borrowings	(13.4)	–
Amortisation of loan arrangement fees	(1.4)	(2.4)
Fair value loss on derivatives	(0.2)	–
Other finance charges	(2.9)	(2.3)
Finance costs – adjusted results	**(28.0)**	(33.0)
Interest payable on shareholder debt	(5.3)	(43.9)
Break fees and write-off of loan arrangement fees on debt refinancing	(10.7)	(4.3)
Finance costs – adjusting items (Note 7)	**(16.0)**	(48.2)
Finance costs	**(44.0)**	(81.2)
Interest on bank deposits	0.1	0.1
Foreign exchange gain on borrowings	–	3.4
Foreign exchange gain on cash and cash equivalents	7.4	0.8
Fair value gain on derivatives	2.7	4.2
Finance income	**10.2**	8.5
Net finance costs	**(33.8)**	(72.7)

12. Tax on profit on ordinary activities

The tax credited in the consolidated profit and loss statement for the continuing operations is analysed as follows:

(£ million)	2016	2015
Current tax		
UK corporation tax		
Current tax charge on income for the year at 20.00% (2015: 20.25%)	1.7	(2.1)
Adjustments in respect of prior years	0.6	0.2
Foreign tax		
Current tax charge on income for the year	1.6	2.0
Adjustments in respect of prior years	0.2	0.2
Total current tax charge	**4.1**	0.3
Deferred tax		
Current year	(15.2)	(9.8)
Adjustments in respect of prior years	(1.5)	(0.9)
Impact of rate changes on opening deferred tax balances	(0.8)	(0.9)
Total deferred tax credit	**(17.5)**	(11.6)
Total tax credit	**(13.4)**	(11.3)

12. Tax on profit on ordinary activities continued

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

(£ million)	2016	2015
Loss before tax	(1.8)	(43.6)
Expected tax credit at the UK standard rate of 20.00% (2015: 20.25%)	(0.4)	(8.8)
Principal differences		
Impact of rate changes	(0.6)	(1.0)
Impact of higher overseas tax rates	–	(0.4)
Recognition of previously unrecognised trading losses	(10.1)	(5.8)
Recognition of previously unrecognised capital losses	(3.6)	–
Other non-deductible items including interest on shareholder debt	1.8	7.2
Non-taxable exchange gains and losses	0.2	(1.0)
Non-taxable disposal gains	–	(1.0)
Adjustments in respect of prior years	(0.7)	(0.5)
Difference	(13.0)	(2.5)
Total tax credit for the year	(13.4)	(11.3)

The Group's effective tax rate is lower than the UK's statutory tax rate in the main due to the recognition of previously unrecognised tax US losses as a result of increasing certainty over future taxable profits against which these tax assets can be recovered.

The Group is subject to many different forms of taxation, including, but not limited to, income and corporation tax, withholding tax and value added and sales taxes. The Group has operations in 15 countries and multiple states in the US and sells its products and services into around 150 countries. Furthermore, the Group renders and receives cross-border supplies and services in respect of affiliated entities. Due to these factors the Group is exposed to tax risk and, in particular, with regard to transfer pricing rules that apply in many jurisdictions.

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

Other factors that may affect future tax charges:

The 2016 Budget announcement included a proposal to reduce the main rate of UK corporation tax to 17% from 1 April 2020. As the reduction was substantively enacted by the consolidated statement of financial position date, the deferred tax assets and liabilities have been measured at the reduced rates applicable when the assets and liabilities are forecast to reverse. The rate of writing down allowances on the main pool of plant and machinery and on the special rate pool remain unchanged at 18% and 8% respectively.

On 24 June 2016, the US House of Congress Republicans released a "Blueprint" on tax reform which is currently being debated through the US legislative system. The Blueprint proposes a number of changes to the US tax system. The proposal which would have the most significant impact on the Group's tax position is the reduction of the Federal corporate tax rate from 35% to 20%. President Trump's announced tax plan suggested this rate could become as low as 15%. In addition to reducing the rate at which the Group pays tax on its future US profits, each 1% change in the US Federal Tax Rate would reduce the Group's net deferred tax asset on US tax items by £0.7 million.

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

(£ million)	Tax losses	Depreciation vs. tax allowances	Other temporary differences	Intangible assets	Total
At 1 January 2015	26.0	9.6	0.1	(49.9)	(14.2)
Credit to the consolidated profit and loss statement for the year	(1.3)	3.2	3.0	5.5	10.4
Adjustments in respect of prior years	(0.1)	(0.1)	1.1	–	0.9
Impact of rate changes	(0.7)	(0.9)	–	3.0	1.4
Foreign exchange movements	0.7	(0.1)	(0.2)	0.1	0.5
Disposals	–	(0.1)	–	0.6	0.5
At 31 December 2015	**24.6**	**11.6**	**4.0**	**(40.7)**	**(0.5)**
Credit to the consolidated profit and loss statement for the year	**3.2**	**(0.9)**	**7.8**	**5.4**	**15.5**
Adjustments in respect of prior years	**1.8**	**–**	**–**	**(0.3)**	**1.5**
Impact of rate changes	**–**	**(0.5)**	**–**	**1.6**	**1.1**
Foreign exchange movements	**2.6**	**0.1**	**1.0**	**(0.7)**	**3.0**
Reclassification to assets and liabilities held for sale	**–**	**(0.4)**	**–**	**4.4**	**4.0**
At 31 December 2016	**32.2**	**9.9**	**12.8**	**(30.3)**	**24.6**

The following is the analysis of the deferred tax balances for consolidated statement of financial position purposes:

(£ million)	2016	2015
Deferred tax assets – non-current	**54.9**	40.2
Deferred tax liabilities – non-current	**(30.3)**	(40.7)
Total	**24.6**	(0.5)

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

Other temporary differences include the impact of the difference in timing between tax and book amortisation for certain acquired intangible assets in the US as well as expected deferred consideration payments on US acquisitions.

At 31 December 2016, the Group has net deferred tax assets provided across the categories set out above totalling £24.6 million (2015: £0.5 million liability), of which £1.2 million is payable by the Group (2015: £2.3 million receivable by the Group) within one year and £23.4 million (2015: £1.8 million) payable by the Group after more than one year. The increase in the net asset position in the year arises from the increased level of recognition of tax assets in respect of tax losses as well as the continued amortisation of intangible assets and the associated deferred tax liability.

The Group has tax losses in the US totalling £209.9 million carried forward at 31 December 2016 (2015: £193.9 million). It has been agreed with the US tax authorities that these losses are available for offset against taxable profits. However, these losses are subject to change of ownership restrictions following the listing of Ascential plc described in Note 1. A deferred tax asset of £17.4 million (2015: £11.5 million) has been recognised in respect of £49.7 million (2015: £28.9 million) of losses which represents the expected recoverable value of losses taking into account the expected impact of these restrictions. The restriction of losses is dependent on the valuation of the US business which will need to be agreed with the US tax authorities and, as such, is uncertain. The deferred tax asset recognised is based on management's best estimate of the valuation.

The Group has not recognised a deferred tax asset on the remaining US tax losses at 31 December 2016 totalling £160.2 million (2015: £165.0 million) which have varying expiry dates from 2017 to 2025 and are expected to expire before they can be utilised.

The Group has non-trading tax losses in the UK totalling £59.7 million carried forward at 31 December 2016 (2015: £68.3 million) which are likely to be fully utilised. Therefore a deferred tax asset of £11.2 million (2015: £13.1 million) has been recognised in respect of the full amount of these losses.

The Group has not recognised a deferred tax asset on UK capital losses at 31 December 2016 totalling £127.8 million (2015: £146.3 million) which can be carried forward indefinitely. Following the disposal of Health Services Journal in January 2017, refer to Note 40, the Group expects to utilise £18.5 million of capital losses in 2017. Therefore the Group has recognised a deferred tax asset of £3.6 million in respect of the capital losses expected to be utilised.

Deferred tax is not recognised on the unremitted earnings of subsidiaries and joint ventures as the Group is able to control the timing of the remittance and it is probable that there will be no remittance in the foreseeable future which will give rise to a tax liability.

14. Earnings per share

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

For the purpose of proforma earnings per share for the years ended 31 December 2016 and 31 December 2015, the weighted average number of ordinary shares is stated as if the IPO completed on 12 February 2016 had occurred at the beginning of the 2015 financial year. For the purpose of statutory earnings per share, the weighted average number of ordinary shares is stated as if only the Group restructure steps completed on 8 February 2016 had occurred at the beginning of 2015. Refer to Note 1 for further details.

Both proforma and statutory earnings per share have been calculated with respect to the net profit for the year for the Group, the continuing operations and the discontinued operation (Note 6).

	2016			2015		
	Adjusted results	Adjusting items	Total	Adjusted results	Adjusting items	Total
Profit attributable to equity shareholders of the Parent						
Profit for the year – continuing operations (£ million)	54.2	(42.6)	11.6	31.7	(64.0)	(32.3)
Profit for the year – discontinued operation (£ million)	8.0	(4.0)	4.0	10.5	(3.5)	7.0
	62.2	(46.6)	15.6	42.2	(67.5)	(25.3)
Proforma earnings per share						
Basic weighted average number of shares (million)	400.0	400.0	400.0	400.0	400.0	400.0
Dilutive potential ordinary shares (million)	0.6	0.6	0.6	–	–	–
Diluted weighted average number of shares (million)	400.6	400.6	400.6	400.0	400.0	400.0
Basic earnings per share (pence)	15.6	(11.7)	3.9	10.5	(16.9)	(6.3)
Diluted earnings per share (pence)	15.5	(11.6)	3.9	10.5	(16.9)	(6.3)
Basic earnings per share (pence) – continuing operations	13.6	(10.7)	2.9	7.9	(16.0)	(8.1)
Diluted earnings per share (pence) – continuing operations	13.5	(10.6)	2.9	7.9	(16.0)	(8.1)
Basic earnings per share (pence) – discontinued operation	2.0	(1.0)	1.0	2.5	(0.9)	1.8
Diluted earnings per share (pence) – discontinued operation	2.0	(1.0)	1.0	2.5	(0.9)	1.8
Earnings per share						
Basic weighted average number of shares (million)	362.9	362.9	362.9	78.2	78.2	78.2
Dilutive potential ordinary shares (million)	0.6	0.6	0.6	–	–	–
Diluted weighted average number of shares (million)	363.5	363.5	363.5	78.2	78.2	78.2
Basic earnings per share (pence)	17.1	(12.8)	4.3	54.0	(86.4)	(32.4)
Diluted earnings per share (pence)	17.1	(12.8)	4.3	54.0	(86.4)	(32.4)
Basic earnings per share (pence) – continuing operations	14.9	(11.7)	3.2	40.6	(81.9)	(41.3)
Diluted earnings per share (pence) – continuing operations	14.9	(11.7)	3.2	40.6	(81.9)	(41.3)
Basic earnings per share (pence) – discontinued operation	2.2	(1.1)	1.1	13.4	(4.5)	9.0
Diluted earnings per share (pence) – discontinued operation	2.2	(1.1)	1.1	13.4	(4.5)	9.0

15. Business combinations

2016 – acquisition of One Click Retail

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

The purchase price is expected to total £61.8 million, which comprises:

- £33.7 million (net of cash acquired) paid in 2016;
- £0.3 million working capital adjustment receivable in future years; and
- consideration contingent on the results of the 2016, 2017, 2018 and 2019 financial years payable in 2017 to 2020 and estimated to total £34.0 million which has been discounted to present value of £28.0 million using a discount rate relevant to the acquired business.

In addition to the contingent consideration described above, and subject to continued employment, certain vendors also receive employment income contingent on the results of the 2017 and 2018 financial years payable in 2018 to 2019, estimated to total £32.1 million. To determine the contingent consideration, the Directors are required to make a judgement regarding the current and future results.

This acquisition-related contingent employment cost is being accrued over a contractually defined period and £5.3 million was recorded as an exceptional cost in the year ended 31 December 2016.

There is a maximum limit of $225.0 million on the total consideration payable including acquisition-related employment costs; there is no minimum limit.

(a) Identifiable assets acquired and liabilities assumed

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

(£ million)	Fair value
Customer relationships and databases	26.4
Brand and trademarks	7.0
Development platform	2.0
Trade and other receivables	1.6
Accrued income	0.6
Cash	0.4
Trade and other payables	(0.1)
Deferred income	(2.5)
Total identifiable net assets at fair value	**35.4**
Initial cash consideration relating to business combination	33.4
Deferred and contingent consideration payable in 2017	3.7
Deferred and contingent consideration payable in 2018-2020	24.3
Consideration for cash acquired	0.4
Total consideration	**61.8**
Goodwill on acquisition	**26.4**

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

Additional information needs to be compiled in order to refine the calculations of the intangible assets, this includes revenue forecasts by customer and similar information. As a consequence, the intangible assets noted above are provisionally valued until this information has been obtained.

(b) Acquisition-related costs

The Group incurred acquisition-related costs of £0.9 million related to external legal fees and due diligence costs. These costs have been included within exceptional items in the consolidated statement of profit and loss.

(c) Results contribution in the year ended 31 December 2016

From the date of acquisition, OCR contributed £3.1 million revenue and a profit before tax of £2.2 million to the Group in the year ended 31 December 2016. If the acquisition had taken place at the beginning of 2016, revenue from continuing operations would have been £7.4 million and the profit before tax from continuing operations for the Group would have been £5.2 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition occurred on 1 January 2016.

15. Business combinations continued

2015 – acquisition of RetailNet Group, LLC

On 22 June 2015, the Group acquired 100% of the shares in RetailNet Group LLC ("RNG"), an unlisted company based in the United States whose primary activity is the provision of forecasting and analytics, consulting and executive education services across the retail, fast-moving consumer goods, professional services and technology sectors.

(a) Identifiable assets acquired and liabilities assumed

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

(£ million)	Fair value
Brands, customer relationships and databases	2.8
Trade and other receivables	0.8
Cash	0.6
Trade and other payables	(0.2)
Deferred income	(1.1)
Total identifiable net assets at fair value	2.9
Initial cash consideration relating to business combination	3.1
Deferred consideration payable in 2018	2.6
Total consideration	5.7
Goodwill on acquisition	2.8

The goodwill is attributable mainly to the workforce and anticipated future growth in the customer base of the acquired business.

(b) Acquisition-related costs

In 2015, the Group incurred acquisition-related costs of £0.5 million related to external legal fees and due diligence costs. These costs have been included within exceptional items in the comparative consolidated profit and loss statement.

(c) Results contribution in the year ended 31 December 2015

From the date of acquisition, RNG contributed £1.8 million revenue and a profit before tax from continuing operations of £0.4 million to the Group in the year ended 31 December 2015. If the combination had taken place at the beginning of 2015, revenue from continuing operations would have been £3.5 million and the profit before tax from continuing operations for the Group would have been £0.6 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition occurred on 1 January 2015.

Reconciliation of cash outflows relating to business combinations

(£ million)	2016
Acquisition in 2016	
Total consideration in respect of the 2016 acquisition	61.8
Cash acquired in the 2016 acquisition	(0.4)
Deferred and contingent consideration on the 2016 acquisition to be paid in future years	(28.0)
Working capital adjustment receivable in future years	0.3
Cash paid in 2016 in respect of the 2016 acquisition	33.7
Acquisitions prior to 2016	
Cash payments of deferred and contingent consideration in relation to prior years' acquisitions	
– Money20/20 contingent consideration	4.0
– Other	1.7
Cash paid in 2016 in respect of prior years' acquisitions	5.7
Net cash outflows relating to acquisition of businesses, net of cash acquired	39.4

15. Business combinations continued

Reconciliation of movement in deferred and contingent consideration
The Group has liabilities in respect of deferred consideration payments under various business acquisition contracts. These earn-out payments are generally contingent on the post-acquisition performance of the acquired business. Where that is the only dependency, the liability is initially recorded at acquisition, based on the expected payments discounted by a pre-tax discount rate specific to the business. Subsequently, the discount unwinds by way of a charge to finance costs, and any subsequent change in estimated payout is recorded in exceptional items. Where payments are also contingent on continued employment, the estimated payments are accrued over the period of related service, as a charge to exceptional items.

The contracted terms of the earn-outs in respect of acquisitions in the current and comparative periods are outlined above. The other material earn-out liabilities are in respect of Money20/20 LLC ("Money20/20"), acquired in 2014.

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

The purchase price included deferred consideration contingent on the results of 2015, 2016 and 2017 financial years payable in 2016 to 2018, recorded initially as a liability on acquisition, discounted to present value. In addition, and subject to continued employment, certain vendors are also entitled to payments contingent on the results of 2015, 2016 and 2017 financial years and payable in 2016 to 2018, recorded as acquisition-related contingent employment cost accrued over the relevant contractual service period. There is no maximum or minimum limit on the combined total of the contingent consideration element and the acquisition-related contingent employment cost element of the contractual earn-out liabilities payable, however there is a cap on the total amount paid as employment cost.

To determine the contingent consideration, the Board is required to make a judgement regarding the current and future results. For the year ended 31 December 2015 the earn-out was expected to give rise to payments of £28.2 million. During 2016, Money20/20 outperformed expectations for the year, in particular due to the successful launch of Money20/20 Europe. As a result, total payments under the earn-out provisions are now expected to total £41.1 million. As a result, the liability for deferred consideration was revalued giving rise to a £6.2 million charge as set out in Note 7.

The amounts recorded as a liability, and the movements during the year, are as follows:

(£ million)	Note	Money20/20	OCR	Other	Total
At 1 January 2015		30.3	–	3.2	33.5
Additions		–	–	2.6	2.6
Acquisition – related contingent employment costs accrued in the year	7	5.5	–	–	5.5
Discount unwind in the year		2.0	–	0.3	2.3
Deferred and contingent consideration cash paid in the year		(16.7)	–	(0.4)	(17.1)
Effect of movements in exchange rates		1.0	–	(0.9)	0.1
At 31 December 2015		22.1	–	4.8	26.9
Additions		–	28.0	–	28.0
Acquisition – related contingent employment costs accrued in the year	7	4.4	5.3	–	9.7
Revaluation of contingent consideration recognised in the profit and loss statement	7	6.2	–	(0.6)	5.6
Discount unwind in the year		1.9	0.8	0.3	3.0
Deferred and contingent consideration cash paid in the year		(8.0)	–	(1.7)	(9.7)
Effect of movements in exchange rates		4.0	2.1	1.2	7.3
At 31 December 2016		30.6	36.2	4.0	70.8
Deferred and contingent consideration – current	24	**7.9**	**4.0**	**4.0**	**15.9**
Acquisition-related contingent employment costs – current	29	**8.1**	–	–	**8.1**
Deferred and contingent consideration – non-current	24	**9.4**	**26.8**	–	**36.2**
Acquisition-related contingent employment costs – non-current	29	**5.2**	**5.4**	–	**10.6**
At 31 December 2016		30.6	36.2	4.0	70.8

16. Disposal of business operations

2015 – disposal of Media Business Insight Limited ("MBI")

On 30 January 2015, the Group sold MBI and its subsidiary, Brad Insight Limited. Up to the date of disposal, MBI contributed £0.7 million of revenue and nil to the profit before tax from continuing operations of the Group for the year ended 31 December 2015. The consolidated profit and loss statement does not present the disposed operation separately from continuing operations. The gain on disposal for the year ended 31 December 2015 was £4.8 million.

Effect of disposal on the financial position of the Group

(£ million)	2015
Consideration received, satisfied in cash	11.0
Cash and cash equivalents disposed of	(0.2)
Gross cash inflow	10.8
Transaction costs	(0.2)
Net cash inflow	10.6
Goodwill	(4.5)
Brands, customer relationships and databases	(2.9)
Tangible fixed assets	(0.4)
Trade and other receivables	(2.2)
Trade and other payables	1.1
Deferred income	2.6
Deferred tax liability on disposed intangibles	0.5
Net assets and liabilities disposed	(5.8)
Gain on disposal	4.8

17. Intangible assets and goodwill

(£ million)	Note	Goodwill	Brands	Customer relationships and databases	Software	Total
Cost						
At 1 January 2015		888.0	325.6	173.0	52.0	1,438.6
Additions		2.8	1.0	1.8	7.9	13.5
Disposals		–	–	–	(1.0)	(1.0)
Effect of movements in exchange rates		4.0	0.2	1.1	(0.9)	4.4
At 1 January 2016		**894.8**	**326.8**	**175.9**	**58.0**	**1,455.5**
Additions		**26.4**	**7.0**	**28.4**	**6.3**	**68.1**
Disposals		**–**	**–**	**–**	**(5.2)**	**(5.2)**
Reclassification to assets held for sale	6	**(240.2)**	**(67.7)**	**(13.2)**	**(5.3)**	**(326.4)**
Effect of movements in exchange rates		**17.8**	**7.3**	**6.9**	**1.6**	**33.6**
At 31 December 2016		**698.8**	**273.4**	**198.0**	**55.4**	**1,225.6**
Accumulated amortisation						
At 1 January 2015		(511.1)	(92.7)	(120.2)	(31.3)	(755.3)
Disposals		–	–	–	0.9	0.9
Amortisation		–	(15.1)	(14.4)	(12.9)	(42.4)
At 1 January 2016		**(511.1)**	**(107.8)**	**(134.6)**	**(43.3)**	**(796.8)**
Disposals		**–**	**–**	**–**	**5.1**	**5.1**
Amortisation		**–**	**(15.6)**	**(15.7)**	**(10.2)**	**(41.5)**
Reclassification to assets held for sale	6	**221.7**	**26.2**	**13.2**	**4.3**	**265.4**
Effect of movements in exchange rates		**–**	**(2.2)**	**(3.6)**	**(0.4)**	**(6.2)**
At 31 December 2016		**(289.4)**	**(99.4)**	**(140.7)**	**(44.5)**	**(574.0)**
Net book value						
At 31 December 2016		**409.4**	**174.0**	**57.3**	**10.9**	**651.6**
At 31 December 2015		383.7	219.0	41.3	14.7	658.7

Included within software intangible fixed assets at 31 December 2016 is £2.1 million (2015: £4.1 million) of assets under construction which were not being amortised at 31 December 2016.

17. Intangible assets and goodwill continued

Goodwill and indefinite life intangible assets

For reporting purposes, the cash-generating units ("CGUs") have been aggregated into reportable segments. The goodwill in CGUs are individually assessed for impairment each year as follows:

(£ million)	Exhibitions & Festivals	Information Services: WGSN Group	Information Services: Plexus Group	Information Services: OCR	Discontinued operation	Total
Net book value						
At 31 December 2016	**188.6**	**157.8**	**34.8**	**28.2**	**18.5**	**427.9**
At 31 December 2015	181.9	145.5	37.8	–	18.5	383.7

The Group tests goodwill and indefinite life intangible assets annually for impairment or more frequently if there are indications of impairment. The CGUs used in testing for impairment are defined as parts of the organisation, which the Directors judge to have largely independently managed cash flows. During the year, the creation of the disposal group and associated operational separation meant that the disposal group met the criteria for treatment as a separate CGU. While the Exhibitions & Festivals segment and the discontinued operations segment in the segmental note disclosure (Note 5) each represents one CGU, the Information Services segment consists of three CGUs. When testing for impairment, recoverable amounts for all of the Group's CGUs are measured at their value-in-use by discounting the future expected cash flows from the assets in the CGUs. These calculations use cash flow projections based on Board-approved budgets and plans.

Brand value includes £70.8 million (2015: £70.8 million) with an indefinite life which is not being amortised. This intangible asset is included within the Exhibitions & Festivals segment. This relates to Cannes Lions and was identified on acquisition in 2008. This brand has an indefinite life due to the strength of its recognition and revenue stream and is tested annually for impairment. It was tested for impairment using the value-in-use inputs for the Exhibitions & Festivals disclosed below.

The key assumptions and estimates used for value-in-use calculations are as follows:

Future expected cash flows

The Group uses cash flow forecasts for each CGU, based on the latest three – year plan. For years four and five, specific growth assumptions are used before a long-term growth rate is applied to years six and beyond. In the case of OCR, the acquisition case cash flows have been used; these reflect the expected high-growth characteristics of this business and are discussed in Note 15.

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

	Exhibitions & Festivals	Information Services: WGSN Group	Information Services: Plexus Group	Information Services: OCR	Discontinued operation
Year ended 31 December 2016					
Long-term growth rate	1.5%–3.0%	1.5%–3.0%	1.5%–3.0%	1.5%–3.0%	**Nil**
Pre-tax discount rate	**8.9%**	**9.9%**	**9.9%**	**9.9%**	**11.9%**
Year ended 31 December 2015					
Long-term growth rate	2.5%	2.5%	2.5%	N/A	2.5%
Pre-tax discount rate	9.2%	9.8%	9.8%	N/A	9.8%

The measurement of value-in-use is sensitive to changes in these key assumptions and in the assumptions about economic growth and market penetration that underpin the cash flow projections.

The Directors have sensitised the key assumptions, including the discount rate, and under both base case and sensitised case no indicators of impairment exist. The Directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

The Directors have also considered the likely proceeds that may be generated on disposal of the discontinued operations. In the view of the Directors these are likely to exceed the carrying value of the net assets associated with the disposal group.

18. Property plant and equipment

(£ million)	Note	Short leasehold property	Office equipment	Total
Cost				
At 1 January 2015		15.9	9.2	25.1
Additions		1.3	1.0	2.3
Disposals		(0.9)	(0.7)	(1.6)
At 1 January 2016		16.3	9.5	25.8
Additions		5.3	1.5	6.8
Disposals		(3.5)	(2.1)	(5.6)
Reclassification to assets held for sale	6	(3.1)	(0.9)	(4.0)
Effect of movements in exchange rates		0.3	0.6	0.9
At 31 December 2016		15.3	8.6	23.9
Depreciation				
At 1 January 2015		(6.0)	(6.6)	(12.6)
Depreciation		(2.2)	(2.4)	(4.6)
Disposals		0.9	0.7	1.6
At 1 January 2016		(7.3)	(8.3)	(15.6)
Depreciation		(2.6)	(1.9)	(4.5)
Disposals		3.5	2.1	5.6
Reclassification to assets held for sale	6	1.6	0.9	2.5
Effect of movements in exchange rates		(0.2)	(0.3)	(0.5)
At 31 December 2016		(5.0)	(7.5)	(12.5)
Net book value				
At 31 December 2016		10.3	1.1	11.4
At 31 December 2015		9.0	1.2	10.2

19. Investments

(£ million)	2016	2015
Opening balance 1 January	0.7	0.6
Additions	4.5	0.1
Reduction	(0.1)	–
Share of loss in associate	(0.1)	–
Closing balance 31 December	5.0	0.7

Investments include shares in unlisted associated companies, joint ventures, a trade investment, as well as an interest-free loan which is expected to be converted to equity in a new associated company in 2017. The loan is a level 2 financial asset, refer to Note 25.

(£ million)	2016	2015
Interest in trade investment	0.1	0.1
Interest in associates	0.2	0.2
Interest in joint ventures	0.3	0.4
Loan	4.4	–
	5.0	0.7

Notes to the Financial Statements continued
For the year ended 31 December 2016

20. Inventories

(£ million)	2016	2015
Deferred event costs	16.5	17.2
Physical stock	0.4	0.4
Total	16.9	17.6

21. Trade and other receivables

(£ million)	2016	2015
Trade receivables, net of the allowance for doubtful debts	49.8	53.2
Prepayments and accrued income	7.4	8.1
Other receivables	2.4	4.0
Total	59.6	65.3

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

Trade receivables are non-interest bearing and are generally on immediate or 30 day terms and are shown net of a provision for impairment. As at 31 December 2016, the provision for impaired trade receivables was £2.4 million (2015: £2.1 million). Movements in the provision for impairment of receivables were as follows:

(£ million)	2016	2015
At 1 January	2.1	1.7
Provided in the year	2.9	2.5
Utilised in the year	(2.9)	(2.1)
Reclassification to assets held for sale	0.3	–
At 31 December	2.4	2.1

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

(£ million)	2016	2015
Not overdue	27.5	28.5
0 – 30 days overdue	6.6	9.0
31 – 90 days overdue	10.0	10.6
Greater than 90 days overdue	5.7	5.1
Total	49.8	53.2

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

	2016	2015
United Kingdom	19.4	24.8
Other Europe	9.7	10.1
United States and Canada	12.1	8.7
Asia Pacific	5.0	5.3
Middle East and Africa	0.6	1.6
Latin America	3.0	2.7
Total	49.8	53.2

22. Financial assets
The Group's principal financial assets are bank balances and cash, financial derivative assets and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables (see Note 21). The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

23. Cash and cash equivalents
Cash and cash equivalents at 31 December 2016 of £61.9 million (2015: £44.4 million) relate to bank balances, including short-term deposits with an original maturity date of less than three months, and cash held by the Group.

24. Trade and other payables

(£ million)	2016	2015
Trade payables	5.8	13.3
Deferred and contingent consideration	24.0	8.9
Other payables	8.1	7.9
Taxes and social security costs	5.3	5.6
Accruals	22.7	27.4
Deferred income	107.1	110.8
Total	173.0	173.9

The Directors consider that the carrying amount of trade and other payables approximates their fair value. Refer to Note 15 for further details on deferred and contingent consideration.

25. Financial instruments

Financial instruments categories:

(£ million)	2016	2015
Financial assets		
Trade and other receivables[2]	42.4	57.2
Cash and cash equivalents	61.9	44.4
Derivative financial assets at fair value through profit and loss	0.4	1.0
Total	104.7	102.6
Financial liabilities		
Trade and other payables[1,3]	60.6	57.5
Non-current deferred and contingent consideration[3]	46.8	19.0
Borrowings	286.0	425.6
Derivative financial liabilities at fair value through profit and loss	–	2.1
Total	393.4	504.2

1 Other payables that are not financial liabilities (namely deferred income and tax and social security costs) are not included. Refer to Note 24.
2 Other receivables that are not financial assets (namely prepayments and accrued income) are not included. Refer to Note 21.
3 Included in trade and other payables is £13.2 million (2015: £5.5 million) and within non-current deferred and contingent consideration is £37.8 million (2015: £9.8 million) classified as level 3 fair value.

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

Where financial assets and liabilities are measured at fair values, their measurement is classified into the following hierarchy:

- Level 1—quoted prices in active markets from identical assets or liabilities;
- Level 2—inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3—inputs for the asset or liability that are not based on observable market data.

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

The Group had interest rate caps (level 2) at 31 December 2016 of £0.1 million (2015: £1.0 million) of which £0.1 million (2015: £0.6 million) is included within non-current assets, and cross-currency swaps (level 2) at 31 December 2016 of £nil (2015: £2.1 million) of which £1.7 million was included within non-current liabilities.

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

25. Financial instruments continued

The interest rate caps are used to cap an element of the Group's external borrowings which all bear interest at floating rate. As at 31 December 2016, the total notional amount of outstanding interest rate caps to which the Group is committed is £182.9 million (2015: £231.2 million). The fair value of the interest rate caps as at 31 December 2016 was a £0.1 million asset (2015: £1.0 million asset).

In 2015, the cross-currency swaps were used to maintain an appropriate currency mix of the Group's borrowings reflecting the Group's mix of underlying cash flows.

Reconciliation of level 3 fair values relating to deferred and contingent consideration:

(£ million)	2016	2015
At 1 January	15.3	31.4
Additions	28.0	–
Revaluation of contingent consideration recognised in the profit and loss statement	5.8	–
Discount unwind in the year	2.1	1.2
Deferred and contingent consideration cash paid in the year	(5.5)	(17.1)
Effect of movements in exchange rates	5.3	(0.2)
At 31 December	51.0	15.3

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

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

(£ million)	Less than one month	Between one and three months	Between three and twelve months	In one to two years	In two to five years	In more than five years
At 31 December 2015						
Non-derivative financial liabilities						
Borrowings	–	1.1	3.3	4.4	13.1	414.3
Interest payments on borrowings	6.6	2.3	19.8	26.2	77.2	37.6
Non-current deferred and contingent consideration	–	–	–	10.7	14.7	–
Trade and other payables	42.7	8.0	–	–	–	
Derivative financial liabilities						
Derivative contracts – receipts	(1.7)	–	(5.5)	(7.9)	(116.5)	–
Derivative contracts – payments	1.9	–	5.7	8.0	117.1	–
Total	49.5	11.4	25.3	41.4	105.6	451.9

The financial and derivative liabilities are shown in the time period in which they are due to be repaid. The interest payments on borrowings due in less than one month represents the actual interest due, while the interest due greater than one month is an estimate based on current interest rates and exchange rates. Cash flows in respect of borrowings represent contractual payments under the Group's lending facilities in place as at December 2016. Borrowings as disclosed in Note 26 are stated net of unamortised arrangement fees of £4.3 million as at 31 December 2016 (2015: £10.5 million).

26. Borrowings

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

(£ million)	2016	2015
Current – within one year	–	2.4
Non-current:		
– In the second year	–	2.4
– Two to five years	286.0	7.2
– After more than five years	–	413.6
	286.0	423.2
Total borrowings	286.0	425.6

On 12 February 2016, the Company raised gross proceeds of £200 million as a result of the IPO. It also entered into the New Facilities Agreement at IPO, which comprise new term loan facilities of £66 million, €171 million and $96 million which mature in February 2021 and a revolving credit facility of £95 million. The New Facilities Agreement is available to the Company and certain of its subsidiaries. The Company used the proceeds of the IPO, the funds from the New Facilities Agreement and existing available cash to repay all amounts outstanding under the Group's previous senior facilities agreement, consisting of a $321 million and a €299 million term loan maturing in April 2022 and to cancel certain hedging arrangements.

£5.3 million issue costs for the new loan and credit facilities were capitalised during the year ended 31 December 2016 and are being amortised over the term of the respective loans.

The Group's borrowings at 31 December 2016 were in pounds sterling: £66 million, US dollars: $96 million and euros: €171 million (2015: US dollars: $321 million and euros: €299 million) and are shown net of unamortised issue costs of £4.3 million (2015: £10.5 million). The carrying amounts of borrowings approximate their fair value. The carrying value of the Group's borrowing facilities at 31 December 2016 is detailed in Note 3.

Each 1% movement in the euro to pounds sterling exchange rate has a circa £1.5 million (2015: £2.2 million) impact on the carrying value of borrowings. Each 1% movement in the US dollar to pounds sterling exchange rate has a circa £0.8 million impact on the carrying value of borrowings (2015: £2.2 million, offset by a circa £1.1 million impact on the carrying value of derivative financial instruments in respect of cross-currency swaps).

The effective annual interest rate at 31 December 2016 was 2.3% (2015: 6.0%).

27. Reconciliation of movement in net debt

(£ million)	Cash	Short-term deposits	Interest rate swaps	Interest rate cap	Cross currency swaps	Borrowings	Net debt
At 1 January 2015	20.5	1.2	(2.8)	–	–	(425.3)	(406.4)
Exchange differences	0.9	(0.1)	–	–	–	(3.8)	(3.0)
External debt drawdown	440.7	–	–	–	–	(440.7)	–
External debt repayment	(439.3)	–	–		–	439.3	–
Shareholder debt repayment	(0.5)	–	–	–	–	–	(0.5)
Fair value movements	–	–	1.4	0.3	2.5	–	4.2
Non-cash movements	–	–	(1.8)	–	(0.5)	(8.4)	(10.7)
Net cash movement	12.9	8.1	3.2	0.7	(4.1)	13.3	34.1
At 31 December 2015	35.2	9.2	–	1.0	(2.1)	(425.6)	(382.3)
Exchange differences	8.1	1.6	–	–	–	(43.8)	(34.1)
External debt drawdown	(454.6)	–	–	–	–	454.6	–
External debt repayment	265.2	–	–	–	–	(265.2)	–
Fair value movements	–	–	–	(0.2)	2.7	–	2.5
Non-cash movements	–	–	–	(0.4)	–	(11.6)	(12.0)
Net cash movement	189.6	7.6	–	–	(0.6)	5.6	202.2
At 31 December 2016	43.5	18.4	–	0.4	–	(286.0)	(223.7)

28. Shareholder debt

As at 31 December 2015, the Group had Shareholder debt amounting to £436.7 million. The debt consisted of:

- preference shares;
- preferred equity certificates ("PECs"); and
- shareholder loans.

Dividends and interests were accrued on these preference shares, PECs and loans at rates ranging from 11% to 15% per annum.

In February 2016 as part of the restructure, the shareholder debt was converted into 220,959,316 new ordinary £0.10 shares by the Company. Refer to Note 1 for further details.

29. Other non-current liabilities

(£ million)	2016	2015
Deferred and contingent consideration	46.8	19.0
Deferred income	2.9	1.6
Total	**49.7**	20.6

The Directors consider that the carrying amount of other non-current liabilities approximate their fair value. Refer to Note 15 for further details on deferred and contingent consideration.

30. Provisions

(£ million)	Note	Property provisions	Other	Total provisions
At 1 January 2015		0.9	2.4	3.3
Provided in the year		0.1	0.3	0.4
Released in the year		(0.8)	(0.3)	(1.1)
Utilised in the year		–	(0.1)	(0.1)
At 31 December 2015		**0.2**	**2.3**	**2.5**
Provided in the year		1.7	0.8	2.5
Released in the year		–	(0.1)	(0.1)
Utilised in the year		(0.1)	(0.6)	(0.7)
FX movement		–	0.4	0.4
Reclassified to liabilities held for sale	6	(0.5)	(0.8)	(1.3)
At 31 December 2016		**1.3**	**2.0**	**3.3**

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

(£ million)	2016	2015
Current	1.7	2.3
Non-current	1.6	0.2
Total	**3.3**	2.5

The property provisions relate to ongoing lease commitments on dilapidation costs in properties in the United Kingdom and United States. Other provisions include the acquisition of CWIEME in 2012 of £1.6 million (2015: £1.4 million) and onerous contracts of £0.2 million (2015: £0.2 million).

31. Share capital

(£ million)	2016	2015
400,542,500 ordinary shares of £0.01 each	4.0	–
Ordinary shares of £0.1 each	–	7.7
"F" Ordinary shares of £0.1 each	–	0.2
Total	**4.0**	7.9

During the restructure of the Group between 8 and 12 February 2016, the Company issued 300,000,000 ordinary £0.10 shares to become the ultimate parent of the Group, and to convert existing shareholder debt to equity. At IPO, 100,000,000 additional ordinary £0.10 shares were allotted and issued at a price of £2.00 per share.

31. Share capital continued

On 8 March 2016, 542,500 ordinary £0.10 shares were issued to employees under the Share Incentive Plan ("SIP").

On 8 June 2016, the Company completed a reduction of its share capital, whereby the nominal value of each issued ordinary share was reduced from £0.10 to £0.01 each.

Share capital at 31 December 2015 reflects the statutory share capital of Ascential plc on 8 February 2016. Refer to Note 1 for further details.

32. Translation reserve

(£ million)	2016	2015
1 January	(6.8)	(4.1)
Exchange differences arising on translation of foreign operations	(10.6)	(2.7)
31 December	**(17.4)**	(6.8)

The translation reserve arises on the translation into pounds sterling of the net assets of the Group's foreign operations.

33. Retained earnings

(£ million)	2016	2015
At 1 January	(279.5)	(254.2)
Profit for the year attributable to equity holders of the parent	15.6	(25.3)
Share-based payments	1.5	–
Issue of shares	(0.1)	–
Capital reduction	476.2	–
Dividends	(6.0)	–
At 31 December	**207.7**	(279.5)

34. Dividends

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

(£ million)	2016	2015
Interim dividend	6.0	–
Total	**6.0**	–

For the year ended 31 December 2016, an interim dividend of 1.5p per ordinary share was declared and paid by the Company.

After the reporting date, the Board proposed a final dividend of 3.2p per ordinary share from distributable reserves, resulting in a total dividend of 4.7p per ordinary share for the year ended 31 December 2016. The final dividend is subject to approval by shareholders at the Annual General Meeting and hence has not been recognised as a liability in the financial statements at 31 December 2016.

35. Subsidiary undertakings

Full details of the subsidiaries, associates and joint venture of Ascential plc at 31 December 2016 are set out in Note 5 to the Company financial statements.

36. Related party transactions

(a) Parent and ultimate controlling party

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

(b) Transactions with related parties

i. Shareholder debt

During 2016, the Group recognised an interest expense of £3.4 million in respect of shareholder debt payable to funds advised by Apax Partners LLP ("Apax") (2015: £27.2 million). The shareholder debt was converted into equity during the restructure of the Group in February 2016, refer to Note 1 and Note 28 for further details (2015: £271.2 million).

During 2016, the Group recognised an interest expense of £1.9 million in respect of shareholder debt payable to Guardian Media Group plc ("GMG") (2015: £16.3 million). The shareholder debt was also converted into equity during the restructure of the Group in February 2016 (2015: £162.7 million).

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For the year ended 31 December 2016

36. Related party transactions continued

ii. Equity holding
At 31 December 2016, funds advised by Apax own, in aggregate,58,102,273 ordinary £0.01 shares in the Company, representing 14.5% of the total issued share capital of the Company (2015: 856,397 ordinary £0.04 shares in Eden 2 & Cie S.C.A., being 51.1%). GMG owns 34,866,087 ordinary £0.01 shares, representing 8.7% of issued shares (2015: 351,599 ordinary £0.04 shares in Eden 2 & Cie S.C.A., being 21.0%).

iii. Other transactions
In 2016, the Group incurred £70,072 of costs which Apax had incurred and recharged to Apax Europe VII GP Co. Limited, which were subsequently recharged to the Group (2015: £251,735).

In addition, GMG acts as the UK representative for, and is a sponsorship customer of, Cannes Lions. In 2016, the Group recognised £108,330 of revenue from GMG (2015: £94,577). There were no other related party transactions throughout the year.

In 2016, the Group incurred £123,435 of costs which were recharged to a joint venture partner, and subsequently recharged to Asian Advertising Festival (Spikes Asia) Pte Limited (2015: £71,861). The Group received £467,351 of dividends from Asian Advertising Festival (Spikes Asia) Pte Limited (2015: £488,220).

37. Remuneration of Directors and key management personnel
The remuneration of Directors was as follows:

(£ million)	2016	2015
Emoluments for services to the Group	1.3	1.1
Share-based payments	0.5	–
Defined contribution pension	0.1	–
Total	1.9	1.1

Frank Ehmer and Tom Hall had an indirect interest in the value of the Group through their interest in funds advised by Apax.

Full details of the Directors' remuneration and interests for the period of 12 February 2016 (the IPO) to 31 December 2016 are set out in the Directors' Remuneration Report on pages 68 to 82.

During the year ended 31 December 2016, one Director (2015: one Director) was a member of the Group's defined pension contribution scheme. Retirement benefits were not accrued for any Director at 31 December 2016 (2015: nil).

The remuneration of the highest paid Director was as follows:

(£ million)	2016	2015
Emoluments for services to the Group	0.6	0.6
Share-based payments	0.2	–
Defined contribution pension	–	–
Total	0.8	0.6

Key management personnel comprised the Chief Executive Officer, Chief Financial Officer and Non-Executive Directors of the Group.

The remuneration of key management personnel (including Directors) was as follows:

(£ million)	2016	2015
Salaries, bonus and other short-term employee benefits	1.3	1.1
Share-based payments	0.5	–
Defined contribution pension	0.1	–
	1.9	1.1

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

	2016		2015	
(£ million)	Land and buildings	Other assets	Land and buildings	Other assets
Within one year	6.3	0.3	6.8	0.3
Two to five years	20.2	0.2	21.4	0.5
After more than five years	6.4	–	11.8	–
Total continuing operations	32.9	0.5	40.0	0.8
Discontinued operations – within one year	0.9	–	–	–
Total	33.8	0.5	40.0	0.8

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

The Group sub-lets certain of its offices. The minimum lessee receipts total £4.9 million (2015: £4.9 million), payable over the next six years.

39. Commitments and contingencies
Contracted commitments for capital expenditure relating to the Group's software at 31 December 2016 totalled £0.9 million (2015: £0.5 million). Under a contract as part of the Group's outsourcing of part of its accounting functions, the Group is committed to six months of contractual payments with an annual charge of £1.1 million (2015: £1.1 million).

40. Events after the reporting date
Since 31 December 2016 the following events have taken place:

On 5 January 2017, the Company announced that it had separated 13 Heritage Brands into a separate operating entity. The Heritage Brands will develop an independent business strategy while new owners are sought. These brands are reported as a separate segment in the consolidated financial statements for the year ended 31 December 2016. As a result of ongoing discussions, the Board considered a sale of the segment to be highly probable and has therefore classified it as a discontinued operation.

Following on from this, the Company announced on 19 January 2017 that it has agreed the sale of Health Service Journal to Wilmington plc for a consideration of £19.0 million. This marks the first sale in the Heritage Brand sale process.

On 7 February 2017, the Company announced it had agreed to acquire 100% of US-based media advisory and business services provider MediaLink for an initial cash consideration of $69.0 million plus future earn-outs. The transaction is expected to complete, subject to customary US regulatory clearance, in March 2017.

After the reporting date, the Board of Directors proposed a final dividend of 3.2p per ordinary share for the year ended 31 December 2016, refer to Note 34.

There were no other reportable events after 31 December 2016.