FINANCIAL STATEMENTS

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

		2019			Restated* 2018		
(£ million)	Note	Adjusted results	Adjusting items	Total	Adjusted results	Adjusting items	Total
Continuing operations							
Revenue	3	**416.2**	**–**	**416.2**	348.5	–	348.5
Cost of sales		**(151.9)**	**–**	**(151.9)**	(125.2)	–	(125.2)
Sales, marketing and administrative expenses		**(158.5)**	**(85.9)**	**(244.4)**	(131.1)	(50.8)	(181.9)
Operating profit/ (loss)	4	**105.8**	**(85.9)**	**19.9**	92.2	(50.8)	41.4
Adjusted EBITDA	3	**128.5**	**–**	**128.5**	108.4	–	108.4
Depreciation and amortisation	3	**(22.7)**	**(35.8)**	**(58.5)**	(16.2)	(30.6)	(46.8)
Exceptional items	5	**–**	**(41.6)**	**(41.6)**	–	(14.0)	(14.0)
Share-based payments	7	**–**	**(8.5)**	**(8.5)**	–	(6.2)	(6.2)
Operating profit/ (loss)	4	**105.8**	**(85.9)**	**19.9**	92.2	(50.8)	41.4
Share of the profit/ (loss) of associates and joint ventures accounted for using the equity method	14	**0.9**	**(0.3)**	**0.6**	0.6	–	0.6
Finance costs	8	**(14.8)**	**–**	**(14.8)**	(13.7)	–	(13.7)
Finance income	8	**4.5**	**–**	**4.5**	0.6	–	0.6
Profit/ (loss) before taxation		**96.4**	**(86.2)**	**10.2**	79.7	(50.8)	28.9
Taxation	9	**(20.6)**	**18.5**	**(2.1)**	(17.8)	8.9	(8.9)
Profit/ (loss) from continuing operations		**75.8**	**(67.7)**	**8.1**	61.9	(41.9)	20.0
Discontinued operations							
Profit/ (loss) from discontinued operations, net of tax		**–**	**–**	**–**	15.5	173.7	189.2
Profit for the year		**75.8**	**(67.7)**	**8.1**	77.4	131.8	209.2
Profit attributable to:							
Owners of the company		**75.6**	**(67.7)**	**7.9**	77.4	131.8	209.2
Non-controlling interest		**0.2**	**–**	**0.2**	–	–	–
Earnings/ (loss) per share (pence)							
Continuing operations							
– Basic	10	**18.8**	**(16.8)**	**2.0**	15.5	(10.5)	5.0
– Diluted	10	**18.5**	**(16.6)**	**1.9**	15.3	(10.5)	4.8
Continuing and discontinued operations							
– Basic	10	**18.8**	**(16.8)**	**2.0**	19.3	32.9	52.2
– Diluted	10	**18.5**	**(16.6)**	**1.9**	19.1	32.3	51.4

* Restated for initial application of IFRS 16 (see Note 27).

The accompanying notes on pages 117 to 154 are an integral part of these consolidated financial statements. Adjusting items are detailed in Note 5.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

(£ million)	Note	2019 Adjusted results	2019 Adjusting items	2019 Total	Restated* 2018 Adjusted results	Restated* 2018 Adjusting items	Restated* 2018 Total
Profit/ (loss) for the year		**75.8**	**(67.7)**	**8.1**	77.4	131.8	209.2
Other comprehensive (expense)/ income							
Items that may be reclassified subsequently to profit or loss:							
Foreign exchange translation differences recognised in equity		**(8.2)**	**–**	**(8.2)**	8.5	–	8.5
Cumulative currency translation differences on disposals		**–**	**–**	**–**	–	2.4	2.4
Total other comprehensive (expense)/ income, net of tax		**(8.2)**	**–**	**(8.2)**	8.5	2.4	10.9
Total comprehensive income/ (expense) for the year		**67.6**	**(67.7)**	**(0.1)**	85.9	134.2	220.1

* Restated for initial application of IFRS 16 (see Note 27).

The accompanying notes on pages 117 to 154 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

(£ million)	Note	2019	Restated* 2018
Assets			
Non-current assets			
Goodwill	12	**512.9**	505.1
Intangible assets	12	**247.8**	280.9
Property, plant and equipment	13	**8.4**	9.2
Right of use assets	27	**21.6**	23.3
Investments	14	**67.6**	6.1
Investment property	27	**2.1**	2.7
Deferred tax assets	15	**42.7**	43.1
Other investments, including derivatives	29	**0.3**	–
		903.4	870.4
Current assets			
Inventories	16	**4.1**	3.9
Trade and other receivables	17	**141.4**	113.2
Other investments, including derivatives	29	**1.4**	–
Cash and cash equivalents	18	**111.7**	182.0
		258.6	299.1
Total assets		**1,162.0**	1,169.5
Liabilities			
Current liabilities			
Trade and other payables	19	**85.7**	78.1
Deferred income		**98.5**	90.6
Deferred and contingent consideration	20	**63.1**	32.3
Lease liabilities	27	**9.4**	9.0
Current tax liabilities		**6.1**	6.0
Provisions	22	**1.0**	2.8
		263.8	218.8
Non-current liabilities			
Deferred income		**0.7**	0.6
Deferred and contingent consideration	20	**40.1**	64.4
Lease liabilities	27	**17.4**	20.4
External borrowings	21	**282.6**	291.8
Deferred tax liabilities	15	**22.9**	24.8
Provisions	22	**2.4**	3.2
		366.1	405.2
Total liabilities		**629.9**	624.0
Net assets		**532.1**	545.5
Equity			
Share capital	23	**4.0**	4.0
Share premium		**1.7**	0.5
Merger reserve		**9.2**	9.2
Group restructure reserve		**157.9**	157.9
Translation reserve		**(35.2)**	(27.0)
Treasury share reserve		**(0.1)**	(0.1)
Retained earnings		**394.0**	401.0
Non-controlling interest		**0.6**	–
Total equity		**532.1**	545.5

* Restated for initial application of IFRS 16 (see Note 27).

The accompanying notes on pages 117 to 154 are an integral part of these consolidated financial statements. The consolidated financial statements were approved by the Board of Directors on 21 February 2020 and were signed on its behalf by Directors: **Duncan Painter** and **Mandy Gradden**.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

(£ million)	Share capital	Share premium	Merger reserve	Group restructure reserve	Translation reserve	Treasury share reserve	Retained earnings*	Non-controlling interest	Total equity
	Attributable to owners of the Company								
At 1 January 2018	4.0	0.1	9.2	157.9	(37.9)	(0.1)	209.8	–	343.0
Adjustment on initial application of IFRS 16, net of tax	–	–	–	–	–	–	(1.3)	–	(1.3)
Restated balance at 1 January 2018	4.0	0.1	9.2	157.9	(37.9)	(0.1)	208.5	–	341.7
Profit for the year	–	–	–	–	–	–	209.2	–	209.2
Other comprehensive income	–	–	–	–	10.9	–	–	–	10.9
Total comprehensive income	–	–	–	–	10.9	–	209.2	–	220.1
Issue of shares	–	0.4	–	–	–	–	–	–	0.4
Share-based payments	–	–	–	–	–	–	5.7	–	5.7
Taxation on share-based payments	–	–	–	–	–	–	0.4	–	0.4
Dividends paid	–	–	–	–	–	–	(22.8)	–	(22.8)
At 31 December 2018	4.0	0.5	9.2	157.9	(27.0)	(0.1)	401.0	–	545.5
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**7.9**	**0.2**	**8.1**
Other comprehensive expense	**–**	**–**	**–**	**–**	**(8.2)**	**–**	**–**	**–**	**(8.2)**
Total comprehensive (expense)/ income	**–**	**–**	**–**	**–**	**(8.2)**	**–**	**7.9**	**0.2**	**(0.1)**
Issue of shares	**–**	**1.2**	**–**	**–**	**–**	**–**	**–**	**–**	**1.2**
Acquisition of subsidiary with NCI	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**0.4**	**0.4**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**7.7**	**–**	**7.7**
Taxation on share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**0.3**	**–**	**0.3**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**(22.9)**	**–**	**(22.9)**
At 31 December 2019	**4.0**	**1.7**	**9.2**	**157.9**	**(35.2)**	**(0.1)**	**394.0**	**0.6**	**532.1**

* Restated for initial application of IFRS 16 (see Note 27).

The accompanying notes on pages117 to 154 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

(£ million)	Note	2019	Restated* 2018
Cash flow from operating activities			
Profit before taxation on continuing operations		**10.2**	28.9
Profit before taxation on discontinued operations		**–**	192.6
Adjustments for:			
Amortisation of acquired intangible assets	12	**35.8**	33.7
Amortisation of software intangible assets	12	**11.6**	7.6
Amortisation of right of use asset	27	**7.3**	5.4
Depreciation of property, plant and equipment	13	**3.8**	3.5
Gain on disposal of business operations and investments		**–**	(180.6)
Acquisition-related employment costs and revaluation of contingent consideration	20	**33.1**	8.1
Share-based payments	7	**8.5**	6.5
Share of the profit of associates and joint ventures accounted for using the equity method		**(0.6)**	(0.6)
Net finance costs	8	**10.3**	13.1
Cash generated from operations before changes in working capital and provisions		**120.0**	118.2
Changes in:			
Inventories		**(0.3)**	2.6
Trade and other receivables		**(25.2)**	(8.6)
Trade and other payables, net of interest payable		**(1.3)**	(26.7)
Provisions		**(2.8)**	(1.1)
Cash generated from operations		**90.4**	84.4
Cash generated from operations before exceptional operating items		**113.2**	114.4
Cash (outflows)/ inflows for discontinued operations		**-**	3.4
Cash outflows for acquisition-related contingent employment cost	20	**(11.5)**	(21.0)
Cash flows for other exceptional operating items		**(11.3)**	(12.4)
Cash generated from operations		**90.4**	84.4
Tax paid		**(3.2)**	(12.2)
Net cash generated from operating activities		**87.2**	72.2
Cash flow from investing activities			
Acquisition of businesses net of cash acquired	11	**(16.8)**	(97.7)
Deferred and contingent consideration cash paid in the year	20	**(20.3)**	(37.7)
Acquisition of investments	14	**(64.5)**	(0.7)
Acquisition of software intangibles and property, plant and equipment		**(18.5)**	(18.7)
Disposal of businesses net of cash disposed of and disposal costs		**(2.3)**	290.0
Net cash used in investing activities		**(122.4)**	135.2
Cash flow from financing activities			
Proceeds from external borrowings		**–**	32.4
Repayment of external borrowings		**–**	(66.0)
Proceeds from issue of shares		**1.2**	0.4
Interest paid		**(6.2)**	(6.9)
Lease liabilities paid	27	**(9.0)**	(7.7)
Dividends paid to shareholders	24	**(22.9)**	(22.8)
Net cash used in financing activities		**(36.9)**	(70.6)
Net (decrease)/ increase in cash and cash equivalents		**(72.1)**	136.8
Cash and cash equivalents at 1 January	18	**182.0**	45.8
Effect of exchange rate changes		**1.8**	(0.6)
Cash and cash equivalents at 31 December	18	**111.7**	182.0

* Restated for initial application of IFRS 16 (see Note 27).

The accompanying notes on pages 117 to 154 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. Basis of preparation and accounting policies

Basis of preparation

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

Ascential plc (the "Company") is a public company, which is listed on the London Stock Exchange and incorporated in the United Kingdom. The registered office is located at The Prow, 1 Wilder Walk, London W1B 5AP. The nature of the Company's operations are business-to-business information services which provide industry-specific business intelligence, insights and forecasting through data and digital subscription tools. The principal activities are information services for product design, marketing, sales and built environment & policy.

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

The consolidated financial statements have been prepared on a going concern basis (see page 32) and under the historical cost convention, with the exception of items that are required by IFRS to be measured at fair value, principally certain financial instruments. The Board's assessment of prospects and stress test scenarios, together with its review of principal risks and the effectiveness of risk management procedures, show that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors have assessed the Group's prospects and viability over a three-year period and the viability statement can be found on page 39. Accordingly, the Directors continue to adopt the going concern basis for the preparation of the financial statements. In forming their view, the Directors have considered the Group's prospects for a period exceeding 12 months from the date when the financial statements are approved.

Accounting developments and changes

The accounting policies applied by the Group in the financial statements for the year ended 31 December 2019 are the same as those set out in the Group's Annual Report and Accounts for the year ended 31 December 2018, with the exception of IFRS 16 Leases and IFRIC 23 Uncertainty over Income Tax Treatments, which is effective from 1 January 2019.

The Group has initially adopted IFRS 16 Leases from 1 January 2019. IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right of use of assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. As previously indicated, the Group has applied IFRS 16 fully retrospectively. The results for the year ending 31 December 2018 have been restated for the initial application of IFRS 16. The impact of IFRS 16 on consolidated financial statements is shown in Note 27. The standard includes an exemption for leases of low-value assets and short-term leases. The Group has elected to take both.

The Group's assessment of uncertainty related to income taxes follows the requirements of IFRIC 23 Uncertainty over Income Tax Treatments, which became effective on 1 January 2019. No adjustments were made to opening reserves in respect of this change in accounting policy as any differences on first application of IFRIC 23 are not material.

Accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements have been applied consistently to both periods presented, with the new standard applied in the year for IFRS 16 'Leases'.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent Company, its subsidiaries and share of the results of its associates and joint ventures drawn up to 31 December 2019 using consistent accounting policies throughout the current and preceding years.

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

Foreign currency translation

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2019

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

Changes in fair value of derivative financial instruments entered into to hedge foreign currency net assets, and that satisfy the hedging conditions of IFRS 9, are recognised in the currency translation reserve (see separate accounting policy on derivative financial instruments).

Discontinued operations

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

Revenue

Revenue is measured based on the consideration specified in a contract with a customer. If multiple performance obligations exist within a contract, the revenue is allocated to the obligations based on the stand alone selling price, with any discounts allocated evenly across the obligations. For contracts with rebates and therefore variable consideration, revenue is recognised based on the best estimate of the revenue net of the rebated amount.

Revenue is recognised when the Group satisfies the performance obligations, the timing of which is set out in Note 3.

Pre-paid subscription and event revenues are shown as deferred income and released to the income statement in accordance with the revenue recognition criteria above.

Barter transactions are those where goods and services, rather than cash, are exchanged between two third parties and revenue is recognised at fair value for the goods or services provided. Where goods or services are provided at a discount and dissimilar to the goods or services received, the discounted price is recorded as revenue with the corresponding amount included in operating costs.

Alternative Performance Measures

The consolidated financial statements include Alternative Performance Measures, including Adjusted EBITDA, as another measure of profitability 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 33 to 37 for further details on Alternative Performance Measures.

Exceptional items

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

- Significant capital structuring costs, such as for the IPO, as these are material and not a reflection of the ongoing business.
- Costs incurred as part of the acquisition and integration of acquired businesses as these are considered to be material. Acquisition-related employment costs, which, absent the link to continued employment, would have been treated as consideration are designed as exceptional items.
- Gains or losses on disposals of businesses are considered to be exceptional in nature as these do not reflect the performance of the Group.
- Material restructuring and separation costs within a segment incurred as part of a significant change in strategy as these are not expected to be repeated on a regular basis.

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

Finance costs and income

Finance cost or income is recognised using the effective interest method. The 'effective interest rate' is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortised cost of the financial liability.

Income tax

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year in which the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

The deferred tax assets and liabilities are only offset where they relate to the same taxing authority and the Group has a legal right to offset.

Business combinations

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

Acquisition-related expenses include contingent consideration payments agreed as part of the acquisition and contractually linked to ongoing employment as well as business performance (acquisition-related employment costs). Acquisition-related employment costs are accrued over the period in which the related services are received and are recorded as exceptional costs.

The non-controlling interest at acquisition date is measured at the percentage of the identifiable assets purchased and liabilities assumed.

Intangible assets

Goodwill

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

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

Other intangibles

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

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

Brands	1-30 years
Customer relationships	8-20 years
Databases	3-10 years
Software	2-5 years

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2019

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

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

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

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

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

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

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

Trade investments
Investments in equity instruments are measured at fair value through profit or loss.

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

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

Trade and other receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less loss allowances.

Loss allowances are calculated for lifetime expected credit losses. Expected credit losses are a probability weighted estimate of credit losses and are calculated based on actual historical credit losses over the past three years and adjusted to reflect differences between the historical credit losses and the Group's view of the economic conditions over the expected lives of the receivables. The amount of the loss is recognised in the consolidated income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the consolidated income statement.

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

Cash and cash equivalents
Cash and cash equivalents includes cash, cash in transit, 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.

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

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

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

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

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

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

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

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

Leases
Definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions were leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as lease under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

The Group leases commercial office space and photocopiers. The Group has elected not to recognise right of use assets and lease liabilities for some leases of low-value (photocopiers). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Group presents right of use assets that do not meet the definition of investment property as a separate line item on the statement of financial position.

The Group recognises a right of use asset and lease liability at the lease commencement date.

The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2019

The Group has applied judgement to determine the lease term for some lease contracts that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right of use assets recognised.

The Group has applied the exemption not to recognise right of use assets and liabilities for leases with less than twelve months of lease term.

As a lessor

The Group sub-leases some of its properties. Under IAS 17, the head lease and sub lease contracts were classified as operating leases. On transition to IFRS 16, the right of use assets recognised from the head lease are presented in investment property and measured at fair value on transition to IFRS 16. The sub-lease contracts are classified as operating leases under IFRS 16.

Impacts for the year

The impact of initially applying IFRS 16 is shown in Note 27 and segmental information is shown in Note 3.

No depreciation is recognised for the right of use assets that meet the definition of investment property.

2. Critical accounting judgements and estimates

The preparation of these financial statements requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The actual future outcomes may differ from these estimates and give rise to material adjustments to the reported results and financial position of the Group. Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the year in which the estimates are revised and in any future periods affected.

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

Critical accounting judgements

Alternative Performance Measures

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

Key sources of estimation

Business combinations

Initial recognition of goodwill and intangible assets (Note 12)

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

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

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

Content and technology assets are valued using a depreciated replacement cost method, which requires an estimate of all the costs a typical market participant would incur to generate an exact replica of the intangible asset in the context of the acquired business. The depreciated replacement cost method takes into account factors including economic and technological obsolescence.

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

Valuation of contingent consideration and acquisition-related employment costs (Note 20)
Where a business combination agreement provides for an adjustment to the consideration, contingent on future performance over the contractual earn-out period, the Group accrues the fair value, based on the estimated additional consideration payable as a liability at acquisition date. To the extent that deferred contingent consideration is payable as part of the acquisition cost and is payable after one year from the acquisition date, the deferred consideration is discounted at an appropriate discount rate and carried at net present value in the consolidated balance sheet. The liability is measured against the contractually agreed performance targets at each subsequent reporting date with any adjustments recognised in the consolidated income statement.

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

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

Deferred tax (Note 15)
Deferred tax assets are recognised to the extent that their utilisation is probable. The utilisation of deferred tax assets will depend on the judgement whether it is more likely than not that the Group will generate sufficient and suitable taxable income of the correct type and jurisdiction in the future, taking into account any restrictions on the length of the loss-carry forward period. Various factors are used to assess the probability of the future utilisation of deferred tax assets, including past operating results, operational plans and loss-carry forward periods. In particular, utilisation of our US tax losses is subject to a limitation triggered by change of control rules in the US and this limitation is driven by the valuation of the US business at the point of change in control. This is a key judgement area which remains uncertain until it is agreed with the tax authorities.

Non-financial assets recoverable amount (Note 12)
Recoverable amount is the higher of value in use or fair value less costs of disposal. Determination of these amounts is based upon multiple judgements and estimates, including a forecast of future cash flows and judgements surrounding the appropriate discount rates to apply, terminal growth rates or potential transaction multiples.

3. Operating segments

The Group has four reportable segments that are used to present information to the Board (Chief Operating Decision Maker) on a monthly basis. End market risk and opportunities vary and capital allocation decisions are made on the basis of four reportable segments. The four reportable segments are Product Design, Marketing, Sales and Built Environment & Policy. The reportable segments offer different products and services, and are managed separately as a result of different capabilities, technology, marketing strategies and end market risks and opportunities. The following summary describes the operations in each of the Group's reportable segments:

- Product Design: global trend forecasting and insight (WGSN)
- Marketing: global creative benchmark, effectiveness measurement and strategic advisory (Cannes Lions, WARC, MediaLink)
- Sales: global eCommerce data, analytics and managed services, FinTech and retail intelligence (Edge, Flywheel Digital, Money20/20, RWRC, Yimian)
- Built Environment & Policy: Political, construction and environment intelligence brands (Groundsure, Glenigan, DeHavilland)

In addition, the discontinued operations reported in the 2018 comparatives represent the Exhibitions business, which was sold on 17 July 2018 .

Information regarding the results of each reportable segment is included below and restated for prior periods to enhance comparability. 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 Corporate costs as reported in the internal management reports that are reviewed by the Board. Reportable segment Adjusted EBITDA and reportable segment Adjusted operating profit are used to measure performance as management believes that such information is the most relevant in evaluating the results of the reportable segments relative to other comparable entities. Total assets and liabilities for each reportable segment are not disclosed because they are not provided to the Board on a regular basis. Total assets and liabilities are internally reviewed on a Group basis.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2019

Year ended 31 December 2019

(£ million)	Product Design	Marketing	Sales	Built Environment & Policy	Corporate costs*	Continuing operations total
Revenue	86.5	135.9	158.4	35.9	(0.5)	416.2
Adjusted EBITDA	36.0	50.7	39.6	17.0	(14.8)	128.5
Depreciation and software amortisation	(4.2)	(7.5)	(6.6)	(0.9)	(3.5)	(22.7)
Adjusted operating profit	**31.8**	**43.2**	**33.0**	**16.1**	**(18.3)**	**105.8**
Amortisation of acquired intangible assets						(35.8)
Exceptional items						(41.6)
Share-based payments						(8.5)
Operating profit						**19.9**
Share of net profit in equity-accounted investee						0.6
Finance costs						(14.8)
Finance income						4.5
Profit before tax						**10.2**

* Corporate costs include a £0.5 million elimination for intercompany trading.

Year ended 31 December 2018, restated*

(£ million)	Product Design	Marketing	Sales	Built Environment & Policy	Corporate costs**	Continuing operations total	Discontinued operations	Total
Revenue	77.8	116.3	120.9	34.3	(0.8)	348.5	54.6	403.1
Adjusted EBITDA as reported	28.1	38.9	36.9	14.0	(16.1)	101.8	19.8	121.6
IFRS 16 application	1.8	1.6	1.4	0.3	1.5	6.6	–	6.6
Adjusted EBITDA as restated	29.9	40.5	38.3	14.3	(14.6)	108.4	19.8	128.2
Depreciation and software amortisation as reported	(1.8)	(4.1)	(2.1)	(0.5)	(2.3)	(10.8)	(0.3)	(11.1)
IFRS 16 application of amortisation of right of use asset	(2.2)	(1.4)	(0.9)	(0.2)	(0.7)	(5.4)	–	(5.4)
Adjusted operating profit	**25.9**	**35.0**	**35.3**	**13.6**	**(17.6)**	**92.2**	**19.5**	**111.7**
Amortisation of acquired intangible assets						(30.6)	(3.1)	(33.7)
Exceptional items						(14.0)	176.5	162.5
Share–based payments						(6.2)	(0.3)	(6.5)
Operating profit						**41.4**	**192.6**	**234.0**
Share of net profit in equity–accounted investee						0.6	–	0.6
Finance costs						(13.7)	–	(13.7)
Finance income						0.6	–	0.6
Profit before tax						**28.9**	**192.6**	**221.5**

* Restated for initial application of IFRS 16 (see Note 27).
** Corporate costs include a £0.8 million elimination for intercompany trading.

Exceptional items of £41.6 million (2018: £14.0 million) include £nil million (2018: £0.3 million), £3.5 million income (2018: £1.3 million), £37.3 million (2018: £14.7 million), £0.6 million (2018: £0.3 million) and £0.2 million (2018: £nil million) which are attributable to Product Design, Marketing, Sales, Corporate costs and Built Environment & Policy respectively. Finance costs, finance income, share of net profit in equity accounted investees and share-based payments are not allocated to segments, as these types of activity are driven by the Group corporate function.

Revenue and non-current assets by location

The revenue analysis is based on the location of customers. Non-current assets analysis (excluding deferred tax and financial instruments) is based on geographical location of the business.

The Group does not have any customers from whom revenue exceeds 10% of total revenue. Included in revenue is barter revenue arising from the exchange of goods or services of £2.6 million for the year ended 31 December 2019 (2018: £0.9 million).

	Revenue		Non-current assets*	
(£ million)	**2019**	2018	**2019**	2018
United Kingdom	**90.5**	81.0	**413.6**	390.1
Other Europe	**65.4**	56.1	**95.9**	106.7
United States and Canada	**191.7**	149.0	**320.8**	322.7
Asia Pacific	**44.3**	40.1	**27.9**	5.9
Middle East and Africa	**8.8**	8.4	**–**	–
Latin America	**15.5**	13.9	**2.2**	1.9
Total	**416.2**	348.5	**860.4**	827.3

*Non-current assets exclude deferred tax assets of £42.7 million (2018: £43.1 million) and other investments, including derivatives of £0.3 million (2018: £nil). Restated for initial application of IFRS 16 (see Note 27).

Additional segmental information on revenue

The Group's revenue is derived from contracts with customers, and the nature and effect of initially applying IFRS 15 is disclosed in Note 1.

Disaggregation of revenue

The following table shows revenue disaggregated by major service lines, and the timing of revenue recognition:

(£ million)	Timing of revenue recognition	**2019**	2018
Subscriptions	Over time	**77.5**	70.6
Advisory	Over time	**6.7**	4.6
Transactions	Point in time	**2.3**	2.6
Product Design		**86.5**	77.8
Event related revenues*	Point in time	**70.7**	60.0
Subscriptions	Over time	**15.4**	8.7
Advisory	Over time	**49.8**	47.6
Marketing		**135.9**	116.3
Event related revenues*	Point in time	**66.3**	67.5
Subscriptions	Over time	**62.2**	45.6
Transactions	Point in time	**24.7**	3.5
Advisory	Over time	**5.2**	4.3
Sales		**158.4**	120.9
Subscriptions	Over time	**15.2**	14.3
Advisory	Over time	**0.5**	1.0
Transactions	Point in time	**20.2**	19.0
Built Environment and Policy		**35.9**	34.3
Intercompany sales		**(0.5)**	(0.8)
Revenue from continuing operations		**416.2**	348.5

* Event related revenues include Delegate fees, Stand Space, Sponsorship and Award entries.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2019

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

(£ million)	Note	2019	2018
Receivables, which are included in "Trade and other receivables"	17	**74.3**	64.2
Contract assets - accrued income	17	**4.7**	7.4
Contract liabilities – deferred income		**99.2**	91.2

Seasonality of operations

The Group's results of continuing and discontinued operations are impacted by seasonality. Marketing revenue is particularly seasonal, with revenue typically reaching its highest levels during the first half of each calendar year when Cannes Lions takes place. Product Design primarily generates subscription revenue which is recognised over the life of the subscription contract. Consequently, there is less seasonal fluctuation in the revenue of this reportable segment.

4. Operating profit

Amounts charged in arriving at continuing operating profit include:

(£ million)	Note	2019	Restated* 2018
Employee costs	6	**175.0**	142.5
Depreciation and software amortisation	12, 13	**22.7**	10.8
Amortisation of acquired intangible assets	12	**35.8**	30.6
Impairment losses on trade receivables and contract assets	17	**5.0**	2.8

* Restated for initial application of IFRS 16 (see Note 27).

Fees paid to the auditor were as follows:

(£ million)	2019	2018
Fees paid to auditor for audit of the consolidated financial statements	**0.6**	0.6
Fees paid to auditor for audit of the Group's subsidiaries	**0.1**	0.1
Fees paid to auditor for other services*	**-**	0.1
Fees paid to auditor for audit-related assurance services*	**-**	-
Total	**0.7**	0.8

*Audit-related assurance services relate to the review of the half-year interim statements £39,620 (2018: £36,620) and covenant reviews £5,200 (2018: £5,000). Other services are transaction services in relation to the Group's disposal of the Exhibition's business.

Details of the Company's policy on the use of the auditor for non-audit related services, the reason why the auditor was used and how the auditor's independence was safeguarded are set out on page 72.

5. Adjusting items

Adjusting items are those which are considered significant by virtue of their nature, size or incidence and are presented separately in the consolidated statement of profit and loss to enable a full understanding of the Group's financial performance. Adjusting items are not a defined term under IFRS and include the share-based payment charge, amortisation of intangibles acquired through business combinations and exceptional items such as costs incurred for acquisitions and disposals, integration, non-recurring business restructuring and capital restructuring.

Adjusting items included in continuing operating profit are:

(£ million)	Note	2019	2018
Acquisition-related expenses	20	**33.1**	8.1
Acquisition transaction and integration costs		**8.5**	5.9
Exceptional items		**41.6**	14.0
Amortisation of acquired intangible assets	12	**35.8**	30.6
Share-based payments	7	**8.5**	6.2
Adjusting items in continuing operating profit		**85.9**	50.8

Acquisition-related expenses include payments for deferred consideration agreed as part of the acquisition but linked to ongoing employment of £20.1 million (2018: £13.3 million) and a revaluation of contingent consideration of £13.0 million (2018: £5.2 million revaluation credit). Acquisition-related employment costs relate primarily to the acquisitions of One Click Retail, MediaLink, Clavis and Flywheel Digital, which, absent the link to continued employment, would have been treated as consideration. Under the sale and purchase agreements between 25% a nd 50% of deferred payments are contingent on both (i) the results of the business in the post-acquisition period and (ii) the continued employment of the founders.

As part of the overall strategy of managing the Group's portfolio, costs incurred as part of the acquisition and integration of acquired businesses are considered to be material. Acquisition transaction costs include directly linked transaction costs such as legal and diligence fees as well as stamp duty where applicable. Integration spend is in relation to transferring acquired businesses onto the Group's IT and revenue platforms, merging of products and rebranding.

6. Employee information and Directors' remuneration

(a) Employee costs including Directors

(£ million)	Note	2019	2018
Wages and salaries		147.1	120.9
Social security costs		14.2	12.4
Defined contribution pensions cost		4.1	2.5
Redundancy costs		1.1	0.5
Share-based payments and associated employment taxes	7	8.5	6.2
Total employee costs included in profit from continuing operations		**175.0**	142.5
Discontinued operations		-	8.0
Total employee costs including discontinued operations		**175.0**	150.5

Average employee costs per employee is £87,645 (2018 continuing operations: £89,056).

(b) Retirement benefits

The Group operates a defined contribution pension scheme in the United Kingdom and in certain other countries. The assets of the scheme are held by independent custodians and are kept entirely separate from the assets of the Group. The pension charge represents contributions due from the employer. During 2019 the total Group charge amounted to £4.1 million (2018: £2.7 million). At 31 December 2019 there were £0.9 million of contributions outstanding (2018: £0.7 million).

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

(i) By geographical region

	2019	2018
United Kingdom	1,016	914
United States and Canada	615	463
Rest of the world	366	313
Continuing operations	**1,997**	1,690
Discontinued operations	-	134
Continuing and discontinued operations	**1,997**	1,824

(ii) By job function

	2019	2018
Cost of sales	1,085	889
Sales and marketing	547	473
Other administrative functions	365	328
Continuing operations	**1,997**	1,690
Discontinued operations	-	134
Continuing and discontinued operations	**1,997**	1,824

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2019

(d) Remuneration of Directors and key management personnel

Further details of the Directors' remuneration and share options are set out in the Remuneration Report on pages 77 to 97 which form part of these financial statements. Key management personnel comprised the Chief Executive Officer, Chief Financial Officer and Non-Executive Directors of the Group. The aggregate emoluments for key management are set out below:

(£ million)	**2019**	2018
Salaries, bonus and other short-term employee benefits	**1.8**	1.6
Share-based payments	**2.4**	2.4
Total	**4.2**	4.0

During the year ended 31 December 2019, no Directors (2018: no Directors) were a member of the Group's defined pension contribution scheme. Retirement benefits were not accrued for any Director at 31 December 2019 or 2018.

7. Share-based payments

Analysis of charge to the consolidated income statement

(£ million)	**2019**	2018
Share Incentive Plans ("SIP")	**0.2**	0.3
Deferred Annual Bonus Plan ("DABP")	**0.2**	0.1
Performance Share Plans ("PSP")	**7.7**	5.5
Sharesave Scheme ("Sharesave")	**0.4**	0.3
Total share-based payment charge included in profit from continuing operations	**8.5**	6.2
Total share-based payment charge including discontinued operations	**8.5**	6.5

The total share-based payment charge includes £0.8 million of employment taxes (2018: £0.8 million). As a result, the amount credited to equity was £7.7 million (2018: £5.7 million).

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

	2019		2018	
	Number of shares / options 000s	**Weighted average exercise price £**	Number of shares / options 000s	Weighted average exercise price £
Outstanding at 1 January	**8,998**	**0.57**	6,767	0.65
Granted	**4,909**	**0.61**	3,193	0.55
Options exercised or shares vested	**(1,744)**	**0.71**	(198)	2.14
Surrendered or expired	**(706)**	**1.31**	(764)	0.82
At 31 December	**11,457**	**0.52**	8,998	0.57

	2019	2018
Weighted average fair value per share / option granted during the year (£)	**2.79**	3.29

At 31 December 2019 and 31 December 2018, all of the outstanding shares awards and options had either no exercise cost or an exercise price which was below the market price. At 31 December 2019 the market price was £3.92 (2018: £3.77) and the average share price for 2019 was £3.67 (2018: £4.04). For the Sharesave, the range of exercise prices for shares and options outstanding at 31 December 2019 was £2.04 to £3.58 (2018: £2.04 to £3.58). For the Deferred Annual Bonus Plan ("DABP") and the PSP, all share options and share awards outstanding at 31 December 2019 had an exercise price of £nil (2018: £nil) or were conditional share awards which do not require payment from the participant to vest. The free shares awarded under the SIP do not require payment from the participant to vest.

For share awards and options outstanding at 31 December 2019, the weighted average remaining contractual life was 1.45 years (2018: 1.35 years).

Measurement of fair values

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

The fair values of the SIP and Sharesave awards have been measured using the Black-Scholes model, while the PSP has been measured using Monte Carlo simulations. Non-market performance conditions were not taken into account in measuring fair values. 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. The principal assumptions required by these methodologies for 2019 awards were:

	SIP	PSP	Sharesave	Sharesave (US)
Expected life	3 years	3 years	3 years	2 years
Risk free interest rate	n/a	0.66%	0.31%	0.38%
Expected volatility	n/a	25.99%	25.99%	25.99%
Expected dividend yield	0%	1.36%	1.63%	1.63%

Additional information about share-based payments

a) Share Incentive Plan

In 2016, the Group established the Employee Share Incentive Plan and International Employee Free Share Plan (collectively known as the "SIP") which enables employees to acquire shares of the Company, subject to service conditions. Free shares awarded to UK employees are held by an Employee Benefit Trust for the maturity period of three years. Conditional awards and cash equivalent awards granted to international employees also have a three year maturity period.

In 2019, the Group made conditional awards over 25,480 (2018: 80,984) shares under the SIP.

b) Performance Share Plan

In 2016, the Group established the Executive Performance Share Plan ("PSP"), under which key management personnel and other senior employees are granted conditional awards, share options or a cash alternative. Awards can be granted with or without performance conditions. Where performance conditions have been set, 25% of the award is subject to a Total Shareholder Return ("TSR") market performance condition and the remaining 75% is subject to a profit related non-market performance condition. Executive Directors are required to hold their shares for a further two year period (net of taxes) after vesting.

During the year to 31 December 2019, the Group granted conditional share awards over 3,402,442 (2018: 2,540,790) shares under the PSP. Of the share awards granted during the year, 2,932,144 (2018: 1,964,089) are subject to a TSR market performance condition and an Earnings Per Share non-market performance condition at a weighting of 25% and 75% respectively. The remaining share awards are not subject to additional performance criteria beyond service conditions.

c) Sharesave scheme

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

In 2019, the Group granted 968,456 (2018: 507,468) options under the Sharesave to qualifying 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.

d) Deferred Annual Bonus Plan ("DABP")

Under the DABP a portion of Executive Directors' annual bonus earned is deferred mandatorily into a share award, vesting after a three-year period. Awards are structured either as a nil-cost option or a conditional share award. During the year to 31 December 2019, the Group granted conditional share awards over 32,733 (2018: 63,448) shares under the DABP.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2019

8. Finance costs and finance income

(£ million)	Note	2019	Restated* 2018
Interest on bank deposits		**0.9**	0.6
Foreign exchange gain on borrowings		**0.1**	–
Remeasurement of trade investments to fair value		**1.6**	–
Foreign exchange gain on cash and cash equivalents		**1.9**	–
Finance income		**4.5**	0.6
Interest payable on external borrowings		**(6.8)**	(7.1)
Amortisation of loan arrangement fees		**(1.1)**	(1.2)
Foreign exchange loss on cash and cash equivalents		**–**	(0.6)
Discount unwind on contingent and deferred consideration	20	**(5.5)**	(3.6)
Discount unwind of lease liability	27	**(1.3)**	(1.2)
Discount unwind of property provisions		**(0.1)**	–
Finance costs		**(14.8)**	(13.7)
Net finance costs from continuing operations		**(10.3)**	(13.1)

* Restated for initial application of IFRS 16 (see Note 27).

9. Tax on profit on ordinary activities

The tax charge has been calculated by applying the full year rate to the results for the year, with specific tax adjustments for adjusting items (amortisation of acquired intangible assets, share-based payments and exceptional items). The tax charge for the year comprises:

(£ million)	2019	Restated* 2018
Current tax		
UK current tax charge on income for the year at 19.0%	**6.7**	6.5
Overseas current tax charge on income for the year	**2.3**	2.2
Adjustments in respect of prior years	**(2.6)**	(1.9)
Total current tax charge	**6.4**	6.8
Deferred tax		
Current year	**(3.2)**	1.2
Adjustments in respect of prior years	**(1.1)**	0.9
Total deferred tax (credit)/charge	**(4.3)**	2.1
Total tax charge from continuing operations	**2.1**	8.9
Total effective tax rate	**21%**	31%

* Restated for initial application of IFRS 16 (see Note 27).

The effective tax rate on adjusted continuing profit before tax for the year to 31 December 2019 was 21% (2018: 22%). A tax credit of £18.5 million was recorded in relation to adjusting items in 2019 (2018: £8.9 million). During 2019 the following was recognised in equity relating to share-based payments.

(£ million)	2019	2018
Current tax credit	**0.5**	-
Deferred tax (charge)/credit	**(0.2)**	0.4
Total credit recognised in equity	**0.3**	0.4

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

(£ million)	2019 Adjusted profit / tax	2019 Loss on Adjusting items / tax	2019 Total profit / tax from continuing operations	Restated* 2018 Adjusted profit / tax	Restated* 2018 Loss on Adjusting items / tax	Restated* 2018 Total profit / tax from continuing operations
Profit before tax	**96.4**	**(86.2)**	**10.2**	79.7	(50.8)	28.9
Expected tax charge/(credit) at the UK standard rate of 19.0%	**18.3**	**(16.4)**	**1.9**	15.1	(9.7)	5.4
Principal differences due to:						
Impact of higher overseas tax rates	**3.4**	**(3.2)**	**0.2**	3.3	(1.6)	1.7
Trading losses not recognised for deferred tax purposes	**5.3**	**–**	**5.3**	1.1	–	1.1
Recognition of previously unrecognised trading losses	**-**	**–**	**-**	(1.5)	–	(1.5)
Non-deductible legal, professional and M&A costs	**–**	**0.4**	**0.4**	0.8	1.4	2.2
Non-deductible share-based payments expense	**–**	**0.7**	**0.7**	–	0.4	0.4
Non-taxable/deductible exchange (gains)/losses	**(2.7)**	**–**	**(2.7)**	0.6	–	0.6
Adjustments in respect of prior years	**(3.7)**	**–**	**(3.7)**	(1.6)	0.6	(1.0)
Total tax charge/(credit) for the year	**20.6**	**(18.5)**	**2.1**	17.8	(8.9)	8.9
Effective tax rate	**21%**	**21%**	**21%**	22%	18%	31%

* Restated for initial application of IFRS 16 (see Note 27).

The Group's effective tax rate is higher than the UK's statutory tax rate mainly due to its mix of profits coming from the US.

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 more than 100 countries. Furthermore, the Group renders and receives cross-border supplies and services in respect of affiliated entities which exposes the Group to tax risk due to transfer pricing rules that apply in many jurisdictions.

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

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For the year ended 31 December 2019

10. Earnings per share

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

	2019			2018		
	Adjusted results	Adjusting items	Total	Adjusted results	Adjusting items	Total
Profit attributable to equity shareholders of the parent (£ million)						
Profit for the year – continuing operations	75.6	(67.7)	7.9	61.9	(41.9)	20.0
Profit for the year – discontinued operations	–	–	–	15.5	173.7	189.2
Profit for the year	75.6	(67.7)	7.9	77.4	131.8	209.2
Share number (million)						
Basic weighted average number of shares	401.4	401.4	401.4	400.3	400.3	400.3
Dilutive potential ordinary shares	6.2	6.2	6.2	5.2	5.2	5.2
Diluted weighted average number of shares	407.6	407.6	407.6	405.5	405.5	405.5
Earnings per share (pence)						
Basic earnings per share	18.8	(16.8)	2.0	15.5	(10.5)	5.0
Diluted earnings per share	18.5	(16.6)	1.9	15.3	(10.5)	4.8
Discontinued operations						
Basic earnings per share	–	–	–	3.8	43.4	47.2
Diluted earnings per share	–	–	–	3.8	42.8	46.6
Continuing and discontinued operations						
Basic earnings per share	18.8	(16.8)	2.0	19.3	32.9	52.2
Diluted earnings per share	18.5	(16.6)	1.9	19.1	32.3	51.4

11. Business combinations

Shenzhen Yimian Network Technology Co., Ltd

In December 2019, the Group acquired 100% of Shenzhen Yimian Network Technology Co., Ltd ("Yimian"), a limited liability company established under the laws of the People's Republic of China. The Group paid cash consideration of £19.5 million upfront and consolidated £0.8 million of cash on acquisition, resulting in a net £18.7 million cash outflow on acquisition. There is a four-year revenue linked earn-out estimated to total £8.6 million based on the Board approved acquisition case. Maximum total consideration is capped at £70 million. Half of the earn-out is effectively linked to the ongoing employment of the founders and therefore recognised over the life of the earn-out.

The acquisition-related employment cost is being accrued over the period in which the related services are being received, recorded as exceptional costs. To determine the estimated contingent consideration and the acquisition-related employment cost figures, the Directors are required to make an estimate regarding the future results. Any subsequent revaluations to contingent consideration as a result of changes in such estimations are recognised in the consolidated income statement and disclosed in Note 20.

CTIC WGSN China Limited

On 1 September 2019, the shareholding in CTIC WGSN China Limited ("CTIC") increased from 49% to 51% and the Group gained a majority of voting rights at the Board of directors. The existing shareholding was revalued to fair value resulting in step acquisition gain of £0.8 million and then de-recognised. The Group consolidated the 51% controlling interest on 1 September 2019 and recognised a 49% non-controlling interest.

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

(£ million)	Sales segment**	Product Design segment**	Other*	Total
Customer relationships	2.8	-	-	2.8
Technology	2.2	-	-	2.2
Deferred tax liability	(1.3)	-	-	(1.3)
Property, plant and equipment	0.3	-	-	0.3
Other investments	1.7	-	-	1.7
Trade and other receivables	1.8	4.5	0.2	6.5
Cash	0.8	2.4	0.1	3.3
Trade and other payables	(1.6)	(1.7)	1.3	(2.0)
Deferred income	-	(3.7)	-	(3.7)
Total identifiable net assets at fair value	**6.7**	**1.5**	**1.6**	**9.8**
Initial cash consideration	19.5	-	0.6	20.1
Contingent consideration payable in 2020 - 2023	3.3	-	-	3.3
Fair value of previously held equity interest	-	1.6	-	1.6
Non-controlling interest	-	0.8	-	0.8
Total consideration	**22.8**	**2.4**	**0.6**	**25.8**
Goodwill on acquisition	**16.1**	**0.9**	**(1.0)**	**16.0**
Acquisition of businesses (net of cash acquired)	**18.7**	**(2.4)**	**0.5**	**16.8**

* Other includes working capital settlements in relation to prior year acquisitions, an acquisition within the Built Environment and Policy segment and the finalisation of the provisional fair values presented in the 2018 Annual Report in relation to Peloton Holdings LLC ("Flywheel Digital"). All other fair values in relation to Flywheel Digital remain unchanged.

**The fair values provided for Yimian and CTIC are provisional figures, being the best estimates currently available due to the proximity of the acquisition dates to year end.

Of the £16.0 million (2018: £72.5 million) of goodwill acquired during the period, no goodwill (2018: £39.4 million) is expected to be deductible for tax purposes.

The goodwill of £16.0 million arising on acquisitions is attributable to workforce in place and know-how within the business.

From the date of acquisition, the businesses acquired contributed £2.0 million (2018: £14.6 million) revenue and £1.0 million (2018: £4.3 million) EBITDA. If the acquisitions had taken place at the beginning of the year, the business would have contributed £8.3 million (2018: £42.3 million) revenue and £2.1 million (2018: £11.0 million) EBITDA.

The details of the prior year acquisitions are set out in the 2018 Annual Report.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2019

12. Intangible assets and goodwill

(£ million)	Goodwill	Brands	Customer relationships	Content	Technology	Software	Total
		Other Acquired Intangibles					
Cost							
At 1 January 2018	778.5	290.6	158.8	51.5	30.8	62.0	1,372.2
Additions	-	-	-	-	-	14.3	14.3
Acquisitions of businesses	72.5	8.2	44.9	14.6	9.3	0.2	149.7
Disposals	-	-	-	-	-	(2.9)	(2.9)
Disposals of businesses	(117.7)	(131.4)	(75.1)	(5.6)	-	(2.1)	(331.9)
Transfers	-	-	-	-	-	2.4	2.4
Effect of movements in exchange rates	10.8	2.3	3.4	0.3	0.7	0.4	17.9
At 1 January 2019	744.1	169.7	132.0	60.8	40.8	74.3	1,221.7
Additions	**-**	**-**	**-**	**-**	**-**	**12.7**	**12.7**
Acquisitions of businesses	**16.0**	**-**	**2.8**	**-**	**2.2**	**-**	**21.0**
Disposals	**-**	**-**	**-**	**-**	**-**	**(18.9)**	**(18.9)**
Effect of movements in exchange rates	**(8.2)**	**(2.1)**	**(3.2)**	**(0.9)**	**(0.8)**	**(1.2)**	**(16.4)**
At 31 December 2019	**751.9**	**167.6**	**131.6**	**59.9**	**42.2**	**66.9**	**1,220.1**
Accumulated amortisation & impairment							
At 1 January 2018	(289.4)	(112.2)	(89.9)	(42.7)	(17.3)	(49.0)	(600.5)
Disposals	-	-	-	-	-	2.8	2.8
Disposals of businesses	50.4	82.3	67.4	3.2	-	2.1	205.4
Amortisation	-	(14.0)	(11.0)	(5.5)	(3.2)	(7.6)	(41.3)
Transfers	-	-	-	-	-	(1.0)	(1.0)
Effect of movements in exchange rates	-	(0.2)	(0.4)	(0.2)	(0.1)	(0.2)	(1.1)
At 1 January 2019	(239.0)	(44.1)	(33.9)	(45.2)	(20.6)	(52.9)	(435.7)
Disposals	**-**	**-**	**-**	**-**	**-**	**20.2**	**20.2**
Amortisation	**-**	**(14.9)**	**(11.0)**	**(5.7)**	**(4.2)**	**(11.6)**	**(47.4)**
Effect of movements in exchange rates	**-**	**0.9**	**0.7**	**0.9**	**0.4**	**0.6**	**3.5**
At 31 December 2019	**(239.0)**	**(58.1)**	**(44.2)**	**(50.0)**	**(24.4)**	**(43.7)**	**(459.4)**
Net book value							
At 31 December 2019	**512.9**	**109.5**	**87.4**	**9.9**	**17.8**	**23.2**	**760.7**
At 31 December 2018	**505.1**	**125.6**	**98.1**	**15.6**	**20.2**	**21.4**	**786.0**

Included within software intangible assets at 31 December 2019 is £10.9 million (2018: £7.9 million) of assets under construction which were not being amortised at 31 December 2019.

Goodwill

The Group's CGUs have been assessed based on largely independently managed cash flows. The intangibles of each CGUs are assessed individually for impairment each year and more frequently if there are indicators of impairment. No impairment charge has arisen in 2019 (2018: none).

The below table sets out the CGUs year on year and how they align to reportable segments:

2018 CGU	2019 CGU	2019 Reportable segment
Product Design	**Product Design**	Product Design
Built Environment & Policy	**Built Environment & Policy**	Built Environment & Policy
Retail Week & RWC	**Retail Week & RWC**	Sales*
Edge	**Edge**	
-	**Yimian**	
Flywheel Digital	**Flywheel Digital**	
Money20/20	**Money20/20**	
Lions	**Lions**	Marketing
Warc	**Warc**	
MediaLink	**MediaLink**	

* The intangibles of the Edge, Yimian and Flywheel CGUs have been assessed for impairment at both the individual CGU level and the aggregated Digital Commerce level, being aligned to management's revised approach in 2019 to monitoring these businesses at the aggregated Digital Commerce level for internal management purposes.

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 approved plans. Fair value less costs of disposal ("FVLCD") is also considered as an alternative measure of recoverable amount based on revenue or EBITDA multiples compared to recent market transactions. This is a level 3 measurement, based on inputs which are normally unobservable to market participants. Costs of disposal have been assumed to be 10% of expected disposal proceeds. The key assumptions and estimates used for value-in-use calculations are as follows:

Future expected cash flows

Cash flows are typically forecast for periods of up to five years, however in 2019, we used an eight-year period for Edge where we expect that the long-term growth rate will be achieved after this time. This reflects the nascent state of the eCommerce analytics market which is expected to enjoy double digit growth in the short- to mid-term and our prior experience of similar integrations.

Cash flow forecasts are derived from the most recent Board approved plans, which have been prepared after considering the current economic environment in each of our markets. Cash flows beyond the plan period are extrapolated using a long-term growth rate of 3% for Edge, Flywheel and Yimian CGUs (Digital Commerce) and 2.5% across remaining CGUs (2018: 2%) in calculating the terminal value. This is in line with the IMF World Economic Outlook published in October 2019, which represents the long-term rates of inflation expected in the economies in which we operate and the Company's best estimate of cash flow growth beyond the relevant plan period. The estimates of future cash flows are consistent with experience adjusted for the Group's estimate of future performance.

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For the year ended 31 December 2019

WACC

The other inputs include a pre-tax discount rate, calculated by reference to the weighted average cost of capital ("WACC") of each CGU, adjusted to reflect the market and other systemic risks specific to each CGU and the territories in which they operate. Year on year movements in the pre-tax discount rates for CGUs are largely reductions, driven by changes in market-based inputs and the company specific risk, which is assessed based on economic outlooks.

The discount rates applied to the risk-adjusted cash flow forecasts, are set out below.

	2019			2018		
CGU	**Pre-tax discount rate%**	**Goodwill**	**Other Acquired Intangibles**	Pre-tax discount rate%	Goodwill	Other Acquired Intangibles
Product Design	**9.5**	**152.8**	**2.8**	10.7	153.6	4.2
Marketing						
Lions	**9.9**	**81.1**	**64.0**	10.9	81.1	67.5
WARC	**10.2**	**10.6**	**16.5**	12.1	10.6	19.7
MediaLink	**12.5**	**33.4**	**19.8**	14.1	34.6	23.5
Sales						
Edge	**11.0**	**118.4**	**69.6**	12.4	120.9	86.6
Yimian	**n/a**	**16.1**	**5.0**	-	-	-
Flywheel Digital	**11.7**	**36.6**	**31.3**	14.7	39.4	37.8
Money20/20	**10.9**	**36.3**	**9.5**	11.3	37.4	13.6
Retail Week & WRC	**6.4**	**4.0**	**5.4**	11.0	4.0	5.7
Built Environment & Policy	**9.9**	**23.6**	**0.7**	9.9	23.5	0.9
Total		**512.9**	**224.6**		505.1	259.5

Sensitivity to changes in assumptions

The calculation of value in use is most sensitive to the discount rate and long-term growth rates used. The Group has performed sensitivity analyses across all CGUs which have goodwill and acquired intangible assets, using reasonably possible changes in the already conservative long-term growth rates and pre-tax discount rates arising from reasonably possible trading and economic scenarios. The sensitivity analysis showed that no impairment charges would result in any of the CGUs from these scenarios.

The Group has considered the Edge CGU further, as these cash flow forecasts have been constructed over eight years. The carrying value of Goodwill and Other Acquired Intangibles in the Edge CGU was £188.0m and, based upon our value in use assessment, the headroom is over 40%. This headroom is based upon our projections relating to the prospects of the business and the market it operates in. In addition to assumptions around the discount rate (where we have used a pre-tax rate of 11.0%), and the long-term terminal growth rate of 3%, we have also assumed the business will capture a significant portion of the double digit growth the eCommerce analytics market is expected to enjoy in the short- to mid-term. This remains consistent with our assessment at the time we bought the businesses that now make up Edge. We have used 8 year cash flows (which are generated through our Board approved plans), rather than 5 years for other CGUs. This is to reflect the nascent nature of the eCommerce analytics market and our prior experience of similar integrations. The Board does not consider that there is a reasonably possible scenario that gives rise to a material impairment. Our view of expected revenue growth rates over the next 8 years would need to fall by 16% (all other things being equal) in order for breakeven to occur. Currently, there are no internal or market indicators that suggest that this will be the case. In accordance with accounting standards, we have also considered fair value less costs of disposal, which – based on our assessment of current transaction prices – would again be comfortably above the carrying value of the business.

13. Property, plant and equipment

(£ million)	Short leasehold property	Office equipment	Total
Cost			
At 1 January 2018	16.2	11.5	27.7
Additions	1.8	2.1	3.9
Acquisitions of businesses	0.9	0.7	1.6
Disposals	(0.8)	(0.3)	(1.1)
Disposal of businesses	(6.3)	(1.4)	(7.7)
Transfers	(1.9)	1.4	(0.5)
Effect of movements in exchange rates	0.3	0.2	0.5
At 1 January 2019	**10.2**	**14.2**	**24.4**
Additions	**2.4**	**2.8**	**5.2**
Acquisitions of businesses	**–**	**0.2**	**0.2**
Disposals	**(1.3)**	**(3.8)**	**(5.1)**
Effect of movements in exchange rates	**(0.1)**	**(0.3)**	**(0.4)**
At 31 December 2019	**11.2**	**13.1**	**24.3**
Depreciation			
At 1 January 2018	(7.9)	(8.5)	(16.4)
Depreciation	(1.6)	(1.9)	(3.5)
Disposals	0.6	0.2	0.8
Disposal of businesses	3.7	1.1	4.8
Transfers	0.1	(0.9)	(0.8)
Effect of movements in exchange rates	–	(0.1)	(0.1)
At 1 January 2019	**(5.1)**	**(10.1)**	**(15.2)**
Depreciation	**(1.5)**	**(2.3)**	**(3.8)**
Disposals	**(0.4)**	**3.1**	**2.7**
Effect of movements in exchange rates	**0.1**	**0.3**	**0.4**
At 31 December 2019	**(6.9)**	**(9.0)**	**(15.9)**
Net book value			
At 31 December 2019	**4.3**	**4.1**	**8.4**
At 31 December 2018	5.1	4.1	9.2

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2019

14. Investments

(£ million)	2019	2018
At 1 January	**6.1**	5.1
Acquisition of investments cash flow	**64.5**	0.7
Remeasurement of trade investments to fair value	**1.6**	–
Share of the profit of associates and joint ventures accounted for using the equity method	**0.6**	0.6
Transaction costs capitalised	**1.8**	–
Dividends received from joint ventures	**(0.5)**	–
Disposal of investments	**(1.6)**	(0.2)
Write-off	**–**	(0.1)
Effect of movements in exchange rates	**(4.9)**	–
At 31 December	**67.6**	6.1

Investments as at 31 December 2019 are made up as follows:

(£ million)	2019	2018
Trade investments measured at fair value through profit or loss	**12.3**	0.8
Associates and joint ventures accounted for using the equity method	**53.3**	0.9
Convertible loan*	**2.0**	4.4
At 31 December	**67.6**	6.1

* The option to convert the loan issued to Huajia Shanghai to equity in Coloro Co. Ltd was exercised in part in the second half of 2019. The remaining balance of the loan is expected to be exercised in the first half of 2020.

On 30 August 2019, the Group acquired an initial 35% ownership interest in Jumpshot Inc, the marketing analytics subsidiary of Avast plc, a leading global cybersecurity provider. Subject to certain conditions, and no sooner than January 2021, the Group also has an option to take a majority ownership position in Jumpshot. At 31 December 2019 the options for majority ownership remain executory contracts. On 30 January 2020, we agreed to sell back our 35% ownership interest in Jumpshot to the majority owner, Avast plc for cash consideration equivalent to the cost of investment as disclosed in Note 30.

On 1 September 2019, the Group increased its shareholding from 49% to 51% in CTIC WGSN China Limited and gained a majority voting rights at the Board of directors. The joint venture interest was revalued to fair value resulting in step acquisition gain of £0.8m and then de-recognised. The Group consolidated the 51% controlling interest on 1 September 2019 and recognised a 49% non-controlling interest. A £0.5 million dividend from CTIC WGSN China Limited was declared prior to acquisition and received shortly thereafter.

The following table summarises the financial information of the Group's associate.

(£ million)	Jumpshot Inc
Nature of investment	Associate
Acquisition date	31 August 2019
Country of incorporation	USA
Percentage ownership interest	35.2%
Non-current assets	7.2
Current assets	14.6
Non-current liabilities	(13.9)
Current liabilities	(0.3)
Net assets (100%)	**7.6**
Group's share of net assets	2.7
Goodwill and acquired intangible assets	48.6
Carrying amount of interest in investment	**51.3**
Revenue	10.6
Depreciation and amortisation	(0.3)
Interest expense	–
Income tax expense	–
Profit and total comprehensive income (100%)	(1.4)
Group's share of loss and total comprehensive loss	**(0.5)**
Dividends received by the Group	**–**

15. Deferred tax assets and liabilities

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

		Restated*
(£ million)	**2019**	2018
Deferred tax assets	**42.7**	43.1
Deferred tax liabilities	**(22.9)**	(24.8)
Total	**19.8**	18.3

* Restated for initial application of IFRS 16 (see Note 27).

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

(£ million)	Non-deductible intangible assets	US deductible intangible assets	Share-based payments	Property, plant and equipment	Tax losses	Other	Total
At 1 January 2018*	(31.3)	13.6	0.9	9.0	23.5	0.1	15.8
Adjustment on initial application of IFRS 16	–	–	–	–	–	0.3	0.3
Credit/(charge) to the consolidated income statement for the year	3.6	(2.8)	0.8	(0.9)	(1.6)	–	(0.9)
Credit to equity	–	–	0.4	–	–	–	0.4
Adjustments in respect of prior years	(0.6)	–	0.1	(0.2)	(1.3)	1.0	(1.0)
Acquisitions	(6.8)	–	–	–	–	–	(6.8)
Disposals	10.1	–	(0.1)	(0.7)	–	–	9.3
Foreign exchange movements	0.2	0.2	–	–	0.8	–	1.2
At 1 January 2019	(24.8)	11.0	2.1	7.2	21.4	1.4	18.3
Credit/(charge) to the consolidated income statement for the year	**3.0**	**6.6**	**0.5**	**(0.6)**	**(7.0)**	**0.7**	**3.2**
Credit to equity	**–**	**–**	**(0.2)**	**–**	**–**	**(0.3)**	**(0.5)**
Adjustments in respect of prior years	**–**	**–**	**–**	**(0.1)**	**0.4**	**0.8**	**1.1**
Acquisitions	**(1.2)**	**–**	**–**	**–**	**–**	**–**	**(1.2)**
Foreign exchange movements	**0.1**	**(0.3)**	**(0.1)**	**-**	**(0.5)**	**(0.3)**	**(1.1)**
At 31 December 2019	**(22.9)**	**17.3**	**2.3**	**6.5**	**14.3**	**2.3**	**19.8**

* Restated for initial application of IFRS 16 (see Note 27).

The above deferred tax balances are expected to reverse:

(£ million)	Non-deductible intangible assets	US deductible intangible assets	Share-based payments	Property, plant and equipment	Tax losses	Other	Total
Within 12 months	(3.1)	4.9	(0.2)	1.0	4.5	0.1	7.2
After 12 months	(19.8)	12.4	2.5	5.5	9.8	2.2	12.6
Total	**(22.9)**	**17.3**	**2.3**	**6.5**	**14.3**	**2.3**	**19.8**

In presenting its deferred tax balances, the Group does not offset assets and liabilities as the Group has no legally enforceable right to set off the arising current tax liabilities and assets when those deferred tax balances reverse. No deferred tax liability has been recognised in respect of temporary differences associated with investments in subsidiaries and joint ventures as, where tax would arise on the realisation of those temporary differences, the Group is in a position to control the timing of their reversal and it is probably that such differences will not reverse in the foreseeable future.

Following the UK General Election in December 2019, the UK Prime Minister announced his intention to reverse the enacted reduction in UK corporation tax rates. This would have seen the rate fall from 19% to 17% from 1 April 2020. The proposed changes had not been enacted by the balance sheet date and therefore our deferred tax balances remain valued at those rates currently enacted (i.e. at 17% for UK items scheduled to unwind after 1 April 2020). If this proposal becomes law, this would result in a deferred tax charge to P&L of £0.5 million, comprising an increase in the value of the deferred tax liability on consolidated intangibles of £2.1 million offset by a reduction in the value of deferred tax assets of £1.6 million.

Non-deductible intangibles represent the value of the deferred tax liability which arises on the fair value of acquired intangibles which are not deductible for tax purposes. The liability is valued at the tax rate applicable to the jurisdiction where the intangibles are located.

US deductible intangible assets represent the value of deferred tax assets on US tax deductible intangibles and deferred consideration. These deferred tax assets are recognised at a US Federal and State tax rate averaging 26%.

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

At 31 December 2019, the Group has the following tax losses:

(£ million)	**Recognised 2019**	Recognised 2018	**Unrecognised 2019**	Unrecognised 2018	**Total 2019**	Total 2018
US net operating losses	**49.9**	71.3	**102.5**	127.0	**152.4**	198.3
UK non-trading losses	**22.7**	36.3	**–**	–	**22.7**	36.3
Irish trading losses	**–**	–	**44.5**	18.3	**44.5**	18.3
UK capital losses	**–**	–	**114.9**	114.9	**114.9**	114.9
Other Rest of World losses	**-**	–	**6.2**	3.9	**6.2**	3.9
Total	**72.6**	107.6	**268.1**	264.1	**340.7**	371.7

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

(£ million)	**Recognised 2019**	Recognised 2018	**Unrecognised 2019**	Unrecognised 2018	**Total 2019**	Total 2018
US net operating losses	**10.5**	15.0	**25.6**	26.7	**36.1**	41.7
UK non-trading losses	**3.7**	6.4	**–**	–	**3.7**	6.4
Irish trading losses	**–**	–	**5.6**	2.3	**5.6**	2.3
UK capital losses	**–**	–	**19.5**	19.5	**19.5**	19.5
Other Rest of World losses	**-**	–	**–**	1.1	**-**	1.1
Total	**14.2**	21.4	**50.7**	49.6	**64.9**	71.0

The Group has tax losses in the US totalling £152.4 million (2018: £198.3 million). The movement from prior year arises as a result of expiry of losses which can be carried forward for only 20 years. It has been agreed with the US tax authorities that these losses are available to offset against taxable profits subject to a restriction following the change of ownership that was deemed to have occurred upon listing of Ascential plc in 2016. In line with the US tax rules, the restriction of losses is, to a large extent, based on the valuation of the US tax group at the change of control date and this will be agreed with the US tax authorities in due course. In prior years, our forecasting of the future available losses, and so value of the associated deferred tax asset, had been driven by this limitation and so the valuation was a key source of estimation. Following additional earnout payments in the US, and a change to mix of profits, this is no longer the case. Our ability to utilise losses in future years is primarily driven by the level of taxable profits arising in the US as the increased earnout payments give rise to tax deductions which displace the loss utilisation. As a result, we have revised downwards our estimate of future utilised losses which accounts for £2.6 million of the current year adjustment to the deferred tax asset in respect of losses.

16. Inventories

(£ million)	2019	2018
Deferred event costs	**2.1**	1.9
Physical stock	**2.0**	2.0
Total	**4.1**	3.9

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17. Trade and other receivables

(£ million)	2019	Restated* 2018
Current		
Trade receivables, net of the allowance for doubtful debts	**74.3**	64.2
Other receivables	**50.0**	29.2
Prepayments	**12.4**	12.4
Accrued income	**4.7**	7.4
Total	**141.4**	113.2

* Restated for initial application of IFRS 16 (see Note 27).

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

Trade receivables are non-interest bearing and are generally on 30 day terms and are shown net of an allowance for doubtful debts. As at 31 December 2019, the allowance for doubtful debts was £5.0 million (2018: £3.5 million). Movements in the allowance for doubtful debts were as follows:

(£ million)	2019	2018
At 1 January	**3.5**	3.7
Provided in the year	**5.1**	2.8
Utilised in the year	**(3.6)**	(1.9)
Disposal of businesses	**-**	(1.1)
Effect of movements in exchange rates	**(0.1)**	-
At 31 December	**5.0**	3.5

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

2019 (£ million)	Loss rate	Gross carrying amount	Loss allowance	Credit note allowance	Net trade receivables
Current (not past due)	**0.2%**	**53.6**	**(0.1)**	**(0.2)**	**53.3**
1 – 30 days past due	**0.9%**	**12.2**	**(0.1)**	**–**	**12.1**
31 – 90 days overdue	**10.3%**	**6.2**	**(0.6)**	**–**	**5.6**
More than 90 days past due	**55.8%**	**7.5**	**(4.2)**	**–**	**3.3**
At 31 December		**79.5**	**(5.0)**	**(0.2)**	**74.3**

2018 (£ million)	Loss rate	Gross carrying amount	Loss allowance	Credit note allowance	Net trade receivables
Current (not past due)	0.2%	44.1	(0.1)	–	44.0
1 – 30 days past due	1.5%	12.1	(0.2)	(0.6)	11.3
31 – 90 days overdue	11.5%	6.1	(0.7)	–	5.4
More than 90 days past due	41.7%	6.0	(2.5)	–	3.5
At 31 December		68.3	(3.5)	(0.6)	64.2

Loss rates are calculated based on actual credit losses over the past three years and adjusted to reflect differences between the historical credit losses and the Group's view of the economic conditions over the expected lives of the receivables. In addition to the loss allowance, there is a credit note allowance of £0.2 million (2018: £0.6 million) in the net trade receivables balance.

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

(£ million)	2019	2018
United Kingdom	17.6	17.3
Other Europe	12.3	10.9
United States and Canada	31.7	25.7
Asia Pacific	6.8	6.0
Middle East and Africa	2.5	1.1
Latin America	3.4	3.2
Total	74.3	64.2

18. Cash and cash equivalents

Cash and cash equivalents at 31 December 2019 of £111.7 million (2018: £182.0 million) relate to bank balances, including short-term deposits with an original maturity date of less than three months and cash in transit.

19. Trade and other payables

(£ million)	Note	2019	Restated* 2018
Current			
Trade payables		10.6	10.3
Other payables		42.8	30.4
Accruals		24.2	32.2
Interest accruals		0.4	0.4
Taxes and social security costs		7.7	4.8
Total		85.7	78.1

* Restated for initial application of IFRS 16 (see Note 27).

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20. Deferred and contingent consideration

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

(£ million)	Note	Total	Level 3
At 1 January 2018		97.9	59.4
Additions		43.4	33.8
Acquisition-related employment costs accrued in the year	5	13.3	–
Revaluation of contingent consideration recognised in the continuing consolidated income statement	5	(5.2)	(5.2)
Revaluation of contingent consideration recognised in the discontinued consolidated income statement		0.3	0.3
Discount unwind on contingent and deferred consideration	8	3.6	3.6
Acquisition-related employment cash paid in year		(21.0)	–
Deferred and contingent consideration cash paid in the year		(37.7)	(33.4)
Effect of movements in exchange rates		2.3	1.4
Disposal of business		(0.2)	(0.2)
At 1 January 2019		96.7	59.7
Additions	11	**3.3**	**3.3**
Acquisition-related employment costs accrued in the year	5	**20.1**	**–**
Revaluation of contingent consideration recognised in the consolidated income statement	5	**13.0**	**12.8**
Discount unwind on contingent and deferred consideration	8	**5.5**	**5.5**
Acquisition-related employment cash paid in year		**(11.5)**	**–**
Deferred and contingent consideration cash paid in the year		**(20.3)**	**(10.6)**
Effect of movements in exchange rates		**(3.6)**	**(2.3)**
At 31 December 2019		**103.2**	**68.4**

(£ million)	2019	2018
Current	**63.1**	32.3
Non-current	**40.1**	64.4
Total	**103.2**	96.7

The total deferred and contingent consideration balance of £103.2 million (2018: £96.7 million) includes £68.4 million (2018: £59.7 million) which is categorised as Level 3 in the fair value hierarchy. The significant unobservable inputs used in the fair value measurements are the determined weighted average cost of capital and the forecast future profits, billings or revenue of the acquired businesses. The Group plan used to forecast future profits is approved by the Board and assessed against market consensus on a regular basis. For details of deferred and contingent consideration on current and comparative year acquisitions refer to Note 20.

The Directors consider that the carrying amount of deferred and contingent consideration of £103.2 million (2018: £96.7 million) approximate their fair value.

21. Borrowings

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

(£ million)	2019	2018
Non-current		
One to two years	**282.6**	291.8
Total borrowings	**282.6**	291.8

Borrowings are shown net of unamortised issue costs of £1.2 million (2018: £2.3 million). The carrying amounts of borrowings approximate their fair value. The Group's borrowings at 31 December 2019 were £66.0 million, $96.0 million and €171.0 million.

Reconciliation of movement in net debt

(£ million)	Cash	Cash in transit	Short-term deposits	Interest rate cap	Borrowings	Net debt*
At 1 January 2018	26.7	2.4	16.7	0.1	(317.4)	(271.5)
Exchange differences	(0.4)	–	(0.2)	–	(6.9)	(7.5)
External debt drawdown	–	–	–	–	66.0	66.0
External debt repayment	–	–	–	–	(32.4)	(32.4)
Non-cash movements	–	–	–	(0.1)	(1.1)	(1.2)
Net cash movement	23.1	4.8	108.9	–	–	136.8
At 1 January 2019	49.4	7.2	125.4	–	(291.8)	(109.8)
Exchange differences	**1.7**	**–**	**0.1**	**–**	**10.4**	**12.2**
Non-cash movements	**–**	**–**	**–**	**0.3**	**(1.2)**	**(0.9)**
Net cash movement	**27.9**	**(6.0)**	**(94.0)**	**–**	**–**	**(72.1)**
At 31 December 2019	**79.0**	**1.2**	**31.5**	**0.3**	**(282.6)**	**(170.6)**

* Refer to the Glossary of Alternative Performance Measures for the definition of Net Debt.

22. Provisions

(£ million)	Property provisions	Other	Total provisions
At 1 January 2018	1.3	4.5	5.8
Acquisitions in the year	0.4	–	0.4
Disposal of subsidiaries in the year	(0.5)	–	(0.5)
Provided in the year	0.5	1.2	1.7
Released in the year	–	(0.2)	(0.2)
Utilised in the year	–	(1.2)	(1.2)
Effect of movements in exchange rates	–	–	–
At 1 January 2019	1.7	4.3	6.0
Acquisitions in the year	**–**	**–**	**–**
Provided in the year	**–**	**0.5**	**0.5**
Released in the year	**(0.3)**	**(1.7)**	**(2.0)**
Utilised in the year	**–**	**(1.1)**	**(1.1)**
Discounting of provisions	**0.1**	**–**	**0.1**
Effect of movements in exchange rates	**–**	**(0.1)**	**(0.1)**
At 31 December 2019	**1.5**	**1.9**	**3.4**

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

2019 (£ million)	Property provisions	Other	Total provisions
Current	**–**	**1.0**	**1.0**
Non-current	**1.5**	**0.9**	**2.4**
Total	**1.5**	**1.9**	**3.4**

2018 (£ million)	Property provisions	Other	Total provisions
Current	–	2.8	2.8
Non-current	1.7	1.5	3.2
Total	1.7	4.3	6.0

The property provisions relate to dilapidation costs on properties in the United Kingdom. The weighted average maturity of these obligations is approximately five years. Other provisions relate to onerous contracts and warranty costs relating to businesses disposed of. The average weighted maturity of these obligations is approximately one year.

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23. Share capital and reserves

Share capital

(£ million)	2019	2018
403,274,977 ordinary shares of £0.01 each (2018: 400,818,595)	4.0	4.0
Total	**4.0**	4.0

During the year 1,876,652 (2018: 5,451) and 579,730 (2018: 193,446) ordinary £0.01 shares were issued to employees under the PSP and Sharesave schemes respectively.

Treasury share reserve

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

	2019		2018	
	Number of shares	Cost £m	Number of shares	Cost £m
At 1 January	393,893	0.1	448,744	0.1
New shares purchased	873	–	1,996	–
Vesting of free shares	(26,132)	–	(56,847)	–
At 31 December	**368,634**	**0.1**	393,893	0.1

The market value of these shares as at 31 December 2019 was £1.4 million (2018: £1.5 million). The cost of these shares as at 31 December 2019 was £nil (2018: £nil).

Shares awarded under the PSP are held by another Employee Benefit Trust ("EBT") on behalf of employees for a holding period of three years. Movement in own shares held by this EBT:

	2019	2018
At 1 January	-	-
New shares purchased	1,876,652	-
Vesting of free shares	(1,175,566)	-
At 31 December	**701,086**	-

The market value of these shares as at 31 December 2019 was £2.8 million (2018: £nil). The cost of these shares as at 31 December 2019 was £nil (2018: £nil).

24. Dividends

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

	2019		2018	
	£ million	Pence per share	£ million	Pence per share
Amounts recognised as distributions to equity shareholders				
Final dividend for the year-ended 31 December 2017	–	–	15.2	3.8
Interim dividend for the year-ended 31 December 2018	–	–	7.6	1.9
Final dividend for the year ended 31 December 2018	15.7	3.9	–	–
Interim dividend for the year ended 31 December 2019	7.2	1.8	–	–
Dividend paid	**22.9**	**5.7**	22.8	5.7

After the reporting date, the Board recommended, subject to shareholder approval, a final dividend of 4.0 pence per ordinary share from distributable reserves. The final dividend is not included in the consolidated statement of financial position as a liability at 31 December 2019.

25. Subsidiary and related undertakings

Full details of the subsidiaries, associates and joint ventures of Ascential plc at 31 December 2019 are set out in Note 6 to the parent financial statements.

26. Related party transactions

The aggregate value of transactions and outstanding balances with related party entities are as follows:

	Transaction value		Balance outstanding at 31 December	
(£ million)	**2019**	2018	**2019**	2018
Asian Advertising Festival (Spikes Asia) Pte Limited				
Dividends received	**0.5**	0.4	**–**	–
Recharges costs	**0.1**	0.1	**–**	–
Profit share	**0.1**	0.2	**0.1**	0.2
Motivate Publishing FZ LLC				
Profit share	**0.1**	0.1	**0.1**	0.1
Huajia Textile Product Development (Shanghai) Co Ltd				
Convertible loan*	**(2.1)**	–	**2.0**	4.4
CTIC WGSN China Limited				
Dividends received	**0.5**	–	**–**	–
Profit share	**0.4**	0.6	**–**	0.9
Shanghai Coloro Technology Co. Limited				
Share of losses	**(0.2)**	–	**-**	–
Jumpshot Inc				
Share of losses	**(0.5)**	–	**-**	–
Licencing revenue	**0.8**	–	**–**	–
Purchases of data	**(0.2)**	–	**–**	–

*The option to convert the loan into equity in a new associated company was exercised in part in the second half of 2019. The balance outstanding shown is the remaining balance outstanding on the loan.

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

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27. Leases

The results for the year ending 31 December 2018 have been restated for the initial application of IFRS 16. The impact on the continuing consolidated financial statements is shown below. Discontinued operations have not been restated for the impact of IFRS 16.

(£ million)	2019	2018
Consolidated statement of financial position		
Non-current assets		
Right of use assets	**21.6**	23.3
Deferred tax assets	**0.3**	0.3
Investment property	**2.1**	2.7
Current assets		
Trade and other receivables	**(0.9)**	(1.2)
Current liabilities		
Trade and other payables	**2.3**	3.0
Lease liabilities	**(9.4)**	(9.0)
Non-current liabilities		
Lease liabilities	**(17.4)**	(20.4)
Net liabilities and adjustment to retained earnings on initial application of IFRS 16	**(1.4)**	(1.3)

(£ million)	2019	2018
Operating profit	**8.5**	6.6
Depreciation	**(7.3)**	(5.4)
Finance costs	**(1.3)**	(1.2)
Loss for the year	**(0.1)**	–
Cash generated from operations	**9.0**	7.7
Cash flow from financing activities	**(9.0)**	(7.7)
Net change in cash and cash equivalents	**–**	–

Leases as lessee

The Group leases commercial office space and photocopiers. Previously, these leases were classified as operating leases under IAS 17. Information about leases for which the Group is a lessee is presented below.

Right of use assets

Right of use assets are presented as a separate line item on the statement of financial position and tabulated below.

(£ million)	Right of use assets
Cost	
At 1 January 2019	**–**
Recognition of right of use-assets on initial application of IFRS 16	43.1
Adjusted balance at 1 January 2019	43.1
Additions	6.8
De-recognition of right of use assets*	(0.9)
Effect of movements in exchange rates	(1.0)
At 31 December 2019	**48.0**
Depreciation	
At 1 January 2019	**–**
Recognition of right of use assets on initial application of IFRS 16	(19.9)
Adjusted balance at 1 January 2019	(19.9)
Depreciation	(7.3)
De-recognition of right of use assets	0.3
Effect of movements in exchange rates	0.5
At 31 December	**(26.4)**
Net book value	
At 31 December 2019	**21.6**
At 31 December 2018	–

*Derecognition of the right of use assets during 2019 is as a result of negotiating an early termination of a contract.

Extension options

Some property leases contain extension options after the non-cancellable contract period. The Group assesses at lease commencement date whether it is reasonably certain to exercise these options, and if so, the optional period is included within the lease term and therefore the calculation of the lease liability. The Group reassesses whether is it reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise all the extension options, would result in an increase in lease liability of £5.0 million.

Leases as lessor

On transition to IFRS 16, the Group has reassessed the classification of sub-leases of certain properties which were all classified as operating leases under IAS 17 and they have been classified as finance leases. The Group has therefore recognised the net investment in the sub-lease within investment property. The following table sets out a maturity analysis of the lease receivables, showing the undiscounted lease payments to be received after the reporting date.

(£ million)	**2019**	2018
Less than one year	**1.1**	1.0
One to two years	**1.0**	1.1
Two to three years	**0.2**	0.9
Three to four years	**–**	0.2
Total undiscounted lease receivable	**2.3**	3.2
Unearned finance income	**(0.2)**	(0.5)
Net investment in the lease	**2.1**	2.7

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The net investment in the lease is presented within Investment property in the statement of financial position. The following presents the reconciliation of the investment property:

(£ million)	2019	2018
Balance at 1 January	2.7	–
Recognition of investment property on initial application of IFRS 16	–	3.2
Adjusted balance at 1 January	**2.7**	**3.2**
Additions	–	0.2
Payments	(0.7)	(1.0)
Interest	0.1	0.3
Balance at 31 December	**2.1**	**2.7**

28. Commitment and contingencies

Contracted commitments for assets under construction including software at 31 December 2019 totalled £0.4 million (2018: £0.2 million).

29. Financial instruments and financial risk management

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

A. Market risk

a) Foreign exchange risk

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

Foreign currency movements impact on the consolidated income statement together with its cash flow profile and leverage ratio position. The impact depends on whether there is a surplus or deficit in each currency from operating activities together with the interest and finance charge in those currencies. The Group's policy is 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.

Net debt by currency was as follows:

	2019			2018	
	Interest rate caps	Cash and borrowings	Total	Cash and borrowings	Total
Pounds Sterling	–	(45.8)	(45.8)	63.2	63.2
US Dollars	0.2	(38.2)	(38.0)	(37.1)	(37.1)
Euros	0.1	(97.7)	(97.6)	(141.7)	(141.7)
Other currencies	–	10.8	10.8	5.8	5.8
Total	**0.3**	**(170.9)**	**(170.6)**	**(109.8)**	**(109.8)**

For each 1% movement in the euro to pounds sterling exchange rate has a circa £1.5 million (2018: £1.5 million) impact on the carrying value of borrowings. Each 1% movement in the US Dollar to pounds Sterling exchange rate has a circa £0.7 million (2018: £0.8 million) impact on the carrying value of borrowings.

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

(£ million)	2019 Revenue	2019 Adjusted EBITDA	2018 Revenue	2018 Adjusted EBITDA
Increase in revenue/Adjusted EBITDA if:				
Sterling weakens by 1% against US Dollar in isolation	1.9	0.8	1.5	0.7
Sterling weakens by 1% against Euro in isolation	1.2	0.8	1.0	0.7

b) Cash flow and interest rate risk
Interest rate risk arises from medium and long-term borrowings to the extent that the underlying debt instruments are not at fixed rates of interest.

The Group has entered into interest rate caps to convert a portion of its bank borrowings from fully floating to capped rates to mitigate this risk. As at 31 December 2019, the total notional amount of outstanding interest rate caps to which the Group is committed is £165.2 million (2018: £115.2 million). The fair value of the interest rate caps as at 31 December 2019 was £0.3m (2018: £nil).

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

In the year ended 31 December 2019, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's finance costs for the year ended 31 December 2019 would have increased or decreased by £1.4 million (2018: £1.4 million).

The effective annual interest rate for year ended 31 December 2019 was 1.9% (2018: 2.3%).

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

a) Treasury-related credit risk
The Group has treasury policies in place which manage the concentration of risk with individual bank counterparties. Each counterparty has an individual limit determined by 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 2019, cash and cash equivalents totalled £111.7 million (2018: £182.0 million), of which 87% (2018: 97%) 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 monitored and no individual exposure is considered significant in the ordinary course of treasury management activity. The Company 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. The Company does not, however, expect any significant losses in respect of receivables that have not been provided for as shown in Note 17.

C. 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 in place as of 31 December 2019 are detailed below:

	Facility		Drawn			
(£ million)	Local currency	£	Local currency	£	Final maturity	Interest
As at 31 December 2019						
Facility A	**£66.0**	**66.0**	**£66.0**	**66.0**	**Feb-21**	**LIBOR plus 1.5%**
Facility B	**$96.0**	**72.7**	**$96.0**	**72.7**	**Feb-21**	**LIBOR plus 1.5%**
Facility C	**€171.0**	**145.1**	**€171.0**	**145.1**	**Feb-21**	**LIBOR plus 1.5%**
Revolving credit facility	**£95.0**	**95.0**	**–**	**–**	**Feb-21**	**LIBOR plus 1.25%**
Total facilities		**378.8**		**283.8**		
As at 31 December 2018						
Facility A	£66.0	66.0	£66.0	66.0	Feb-21	LIBOR plus 1.75%
Facility B	$96.0	75.1	$96.0	75.1	Feb-21	LIBOR plus 1.75%
Facility C	€171.0	153.0	€171.0	153.0	Feb-21	LIBOR plus 1.75%
Revolving credit facility	£95.0	95.0	–	–	Feb-21	LIBOR plus 1.5%
Total facilities		389.1		294.1		

The Group's undrawn facilities totalled £95.0 million (2018: £95.0 million) and represented the unutilised balance on the revolving credit facility which matures in 2021. Refer to Note 30 for detail on new facilities.

The Group is required to adhere to a net leverage ratio covenant which is measured at December and June. The covenant ratio fell to 3.5x in June 2019 where it will remain until maturity of the facilities. The Group operated within this covenant limit during 2019.

The Group has a margin ratchet on its interest rate based on the leverage position reported in its semi-annual covenant compliance certificate. Due to the leverage ratio reducing below 2.0x at the annual compliance certificate for 31 December 2018, the margins were reduced by 0.25% from April 2019 and these remained unchanged for the remainder of 2019.

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	Total
At 31 December 2019							
Non-derivative financial liabilities							
Borrowings	**–**	**–**	**–**	**283.8**	**–**	**-**	**283.8**
Interest payments on borrowings	**0.5**	**0.9**	**4.0**	**0.8**	**–**	**-**	**6.2**
Trade payables, accruals and other payables	**77.6**	**–**	**–**	**–**	**–**	**-**	**77.6**
Lease liabilities	**0.5**	**2.2**	**7.4**	**7.3**	**9.4**	**6.3**	**33.1**
Deferred and contingent consideration	**0.1**	**22.1**	**44.2**	**36.6**	**11.1**	**-**	**114.1**
Derivative financial liabilities							
Derivative contracts - receipts	**–**	**–**	**(0.3)**	**–**	**–**		**(0.3)**
Total	**78.7**	**25.2**	**55.3**	**328.5**	**20.5**	**6.3**	**514.5**
At 31 December 2018, restated*							
Non-derivative financial liabilities							
Borrowings	–	–	–	–	294.1	-	294.1
Interest payments on borrowings	0.6	1.2	5.4	7.7	1.2	-	16.1
Trade payables, accruals and other payables	75.9	–	–	–	–	-	75.9
Lease liabilities	0.4	2.0	8.1	8.6	14.0	7.2	40.3
Deferred and contingent consideration	5.0	22.5	4.6	49.0	24.5	-	105.6
Total	81.9	25.7	18.1	65.3	333.8	7.2	532.0

* Trade payables, accruals and other payables and Lease liabilities are restated for initial application of IFRS 16 (see Note 27).

The financial and derivative liabilities are shown in the period in which they are due to be repaid. The interest payments on borrowings due in less than one month represent the actual interest due, while the interest due greater than one month is an estimate based on current interest rates and exchange rates. Cash flows in respect of borrowings represent contractual payments under the Group's lending facilities in place as at 31 December 2019. Borrowings as disclosed in Note 21 are stated net of unamortised arrangement fees of £1.2 million as at 31 December 2019 (2018: £2.3 million).

Both contingent consideration and acquisition-related employment costs are based on the future performance of the acquired business to which they relate. Performance is assessed using forecast profits and the current three-year plan which is updated annually. Forecasts are inherently a source of management estimation, resulting in a range of outcomes. As disclosed in the 2018 Annual Report, the Flywheel Digital earnout is contingent on results for the financial years 2019 to 2021 and is payable in 2020 to 2022. The Flywheel Digital earnout is subject to a contractual maximum and the remaining consideration which is dependent on the results in 2020 and 2021 is capped at £280 million. A one percent increase in results in 2020 and 2021 would result in an additional payment of around £2.0 million.

Undiscounted future payments (£ million)	**2019**	2018
Contingent consideration	**82.6**	74.7
Acquisition related employment costs to the extent to which they are accrued at 31 December	**30.8**	25.7
Deferred consideration which is not impacted by performance	**0.7**	5.2
Deferred and contingent consideration	**114.1**	105.6
Anticipated future payments on acquisition-related employment costs	**14.2**	16.8
Deferred and contingent consideration including anticipated future payments on acquisition-related employment costs	**128.3**	122.4

D. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt to equity balance. The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent comprising capital, reserves and retained earnings. The Group's policy is to borrow centrally to meet anticipated funding requirements. These borrowings, together with cash generated from the operations, are on-lent or contributed as equity to subsidiaries at market-based interest rates and on commercial terms and conditions.

Financial instruments by measurement basis

The carrying amount of financial instruments by category is as follows:

(£ million)	Note	2019	Restated* 2018
Financial assets			
Financial assets at fair value through profit or loss			
Other investments, including derivatives		**1.7**	–
Interest in trade investments designation at fair value through profit or loss on initial recognition	14	**12.3**	0.8
Financial assets not measured at fair value			
Trade receivables	17	**74.3**	64.2
Other receivables	17	**50.0**	29.2
Cash and cash equivalents	18	**111.7**	182.0
Total		**250.0**	276.2
Financial liabilities			
Financial liabilities at fair value through profit or loss			
Contingent consideration	20	**68.4**	59.7
Financial liabilities at amortised cost			
Trade payables	19	**10.6**	10.3
Accruals	19	**24.2**	32.2
Interest accruals	19	**0.4**	0.4
Other payables	19	**42.8**	33.4
Deferred and contingent consideration	20	**34.0**	23.7
Lease liabilities	27	**9.4**	29.4
Borrowings	21	**283.8**	294.1
Total		**473.6**	483.2

* Restated for initial application of IFRS 16 (see Note 27).

The fair value of each category of the Group's financial instruments approximates their carrying value in the Group's consolidated balance sheet. Financial instruments in the category "fair value through profit or loss" are measured in the consolidated balance sheet at fair value. Fair value measurements can be classified in the following hierarchy:

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

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2019:

	2019				2018			
(£ million)	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Other investments, including derivatives	**–**	**1.7**	**–**	**1.7**	–	–	–	–
Trade investments	**–**	**–**	**12.3**	**12.3**	–	–	0.8	0.8
Contingent consideration (Note 20)	**–**	**–**	**68.4**	**68.4**	–	–	59.7	59.7

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2019

30. Events after the reporting date

Refinancing

On 14 January 2020, the Group entered into a new 5 year multi-currency revolving credit facility ("RCF") of £450 million with an accordion of up to a further £120 million or 150% of EBITDA. The maturity of the facility may be extended at the option of the Group for up to two further one-year terms subject to individual lender approval. The RCF is subject to interest of between 1.20% and 2.50% per annum over LIBOR or EURIBOR as appropriate. The margin increases over a range of 1.00x to 3.25x net debt to EBITDA. The facility covenants include a maximum net leverage of 3.25x with the benefit of an additional 0.5x leverage spikes for relevant acquisitions and a minimum interest cover of 3.00x and are tested semi-annually. Upon completion of the new agreement, capitalised arrangement fees of £1.2m relating to the previous facility will be written off in 2020 as exceptional costs. We expect fees of £3.9 million to be capitalised as part of the new arrangements and these shall be amortised over the expected life of the facility.

Jumpshot

In August 2019, we completed the acquisition of a 35% investment in Jumpshot, Inc., an analytics business providing market leading insights on digital consumer engagement. Cash consideration including subsequent working capital contribution and acquisition expenses totalled £56.2 million. On 30 January 2020, we agreed to sell back our 35% ownership interest in Jumpshot to the majority owner, Avast plc, for cash consideration equivalent to our cost of investment including expenses.

Share repurchase programme

On 20 February 2020, the Board approved a share repurchase programme of up to £120 million.

PARENT COMPANY BALANCE SHEET

As at 31 December

(£ million)	Note	2019	2018
Assets			
Non-current assets			
Investments	6	**452.8**	452.8
Debtors – due after more than one year	7	**0.9**	0.7
		453.7	453.5
Current assets			
Debtors – due within one year	7	**208.6**	148.5
Cash		**-**	0.1
		208.6	148.6
Liabilities			
Current liabilities			
Creditors – due within one year	8	**70.7**	2.1
		70.7	2.1
Net assets		**591.6**	600.0
Equity			
Called-up share capital	9	**4.0**	4.0
Share premium		**1.7**	0.5
Group restructure reserve		**157.9**	157.9
Reserves		**428.0**	437.6
Total equity		**591.6**	600.0

The accompanying notes on pages 157-160 are an integral part of these financial statements.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

			Reserves		
(£ million)	Share capital	Share premium	Group restructure reserve	Retained earnings	Total equity
At 1 January 2018	**4.0**	**0.1**	**157.9**	**455.9**	**617.9**
Loss for the year	–	–	–	(1.4)	(1.4)
Issue of new shares	–	0.4	–	–	0.4
Share-based payments	–	–	–	5.7	5.7
Taxation on share-based payments	–	–	–	0.2	0.2
Dividends	–	–	–	(22.8)	(22.8)
At 31 December 2018	**4.0**	**0.5**	**157.9**	**437.6**	**600.0**
Profit for the year	–	–	–	5.5	5.5
Issue of new shares	–	1.2	–	–	1.2
Share-based payments	–	–	–	7.7	7.7
Taxation on share-based payments	–	–	–	0.1	0.1
Dividends	–	–	–	(22.9)	(22.9)
At 31 December 2019	**4.0**	**1.7**	**157.9**	**428.0**	**591.6**

The accompanying notes on pages 157-160 are an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. Corporate information

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

2. Company accounting policies

Basis of accounting

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

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

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

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

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

Going concern

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

3. Income statement

The Company has taken advantage of the exemption offered by Section 408 of the Companies Act 2006 not to present its income statement. The profit for the year to 31 December 2019 was £5.5 million (2018: loss of £1.4 million).

Fees paid to the auditor during the year for the audit of the Company accounts were £20,000 (2018: £20,000). Fees paid by the Company to the auditor for other services was £nil (2018: £nil).

4. Principal accounting policies

Investments in subsidiaries

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

Taxation

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

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

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2019

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

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

Share-based payments

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

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

Shares held by the Employee Benefit Trust ("EBT")

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

5. Directors' emoluments

The Company has two employees other than the Directors. Full details of the Directors' remuneration and interests are set out in the Directors' Remuneration Report on pages 91 to 97.

6. Investments

(£ million)	**2019**	2018
At 1 January	**452.8**	52.8
Additions	**–**	400.0
At 31 December	**452.8**	452.8

In the prior year the Company subscribed for 400,000,000 Ordinary £1 shares in Ascential Financing Limited. The consideration for the allotment and issue of these shares comprised full and final settlement of the £400,000,000 loan balance due to the Company.

The Company's subsidiaries and joint ventures are listed below. All subsidiaries are indirectly wholly owned by Ascential plc, with the exception of Ascential financing Limited which is directly owned.

Name	Key
United Kingdom	
Ascential Financing Limited	UK1
Plexus Network Limited	UK1
4C Dormant Limited	UK1
Ascential Information Services Limited	UK1
Ascential Group Limited	UK1
Ascential PrefCo Limited	UK1
Ascential Operations Limited	UK1
CLR Code Limited	UK1
De Havilland Information Services Limited	UK1
Ascential America (Holdings) Limited	UK1
Ascential America Limited	UK1
Flywheel Digital Limited	UK1
Ascential UK Holdings Limited	UK1
Ascential Radio Financing Limited	UK1
Glenigan Limited	UK1
Cornwall Mining Services Limited	UK1

Name	Key
United Kingdom continued	
Groundsure Limited	UK1
Ascential Events (Europe) Limited	UK1
Clavis Insight Limited	UK1
MediaLink Europe Limited	UK1
Edge by Ascential Limited	UK1
Rembrandt Technology Limited	UK1
4C Information Limited	UK1
Siberia Europe Limited	UK1
WGSN Group Limited	UK1
Worth Global Style Network Limited	UK1
WGSN Limited	UK1
BrandView Limited	UK1
ePossibilities Global (Holdings) Limited ePossibilities USA Limited	UK1
The Gunn Report Limited	UK1
WARC Limited	UK1
World Advertising Research Center Limited	UK1

Name	Key
United States	
MediaLink, LLC	US1
Planet Retail (USA) LLC	US1
Money2020, LLC	US1
Flywheel Digital LLC	US2
Siberia LLC	US1
Ascential Inc	US1
France	
Ascential Events France SAS	FR1
Ireland	
Clavis Technology Limited	IR1
Jersey	
Ascential Jersey Financing Limited	JE1
Brazil	
2WH Assessoria Empresarial Ltda	BR1
Ascential Serviços de Informação Ltda	BR1
Mindset Comunicacao Marketing Ltda	BR1
Sistema Use Fashion Comércio de Informações Ltda	BR2
Germany	
WGSN GmbH	GE1
Planet Retail GmbH	GE2

Name	Key
Spain	
WGSN Intelligence España SL	SP1
South Africa	
WGSN (Pty) Limited	SA1
Hong Kong	
Stylesight Limited	HK1
WGSN (Asia Pacific) Limited	HK1
China	
WGSN Business Information Consulting (Shanghai) Company Limited	CH1
Clavis Information Technology (Shanghai) Ltd	CH2
Ascential Events (HangZhou) Company Ltd	CH3
Stylesight Information Technology (Shanghai) Company Limited	CH4
Shenzhen Yimian Network Technology Company Limited	CH5
Turkey	
WGSN Group Trend Forecasting Moda Danişmanlik Hizmetleri Limited Şirketi	TU1
Joint ventures	
Asian Advertising Festival (Spikes Asia) Pte Limited (50% owned)	JV1
CTIC WGSN China Limited (51% owned)	JV2
Shanghai Coloro Technology Company Limited (30% owned)	JV3

Key	Address
UK1	The Prow, 1 Wilder Walk, London W1B 5AP
JE1	44 Esplanade, St Helier, Jersey JE4 9WG
BR1	Rua Tabapuã 841, Conjunto 15, 1º Andar, São Paulo, Brazil 04533-013
BR2	Av. Unisomos, no. 950, Condomínio Padre Rick – 410, São João Batista, City of São Leopoldo, 93022-970, Brazil
US1	2710 Gateway Oaks Drive, Suite 150N, Sacramento, California, CA95833, United States
US2	7 St. Paul Street, Suite 820, Baltimore, Maryland MD 21202 , US
FR1	6 Place du Commandant Maria, Cannes 06400, France
IR1	7th floor, O'Connell Bridge House, D'Olier Street, Dublin 2, Ireland
GE1	Venloer Strasse 310-316, 50823 Cologne, Germany
GE2	Weserstraße 4, 60329 Frankfurt am Main, Germany
SP1	Aribau 175. Piso 1o 1a A 08036 Barcelona, Spain
SA1	Workshop17, 32 Kloof Street Gardens, Cape Town 8000, South Africa
HK1	Suite 3201-03, 32/F, Tower 1, The Gateway, Harbour City, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong
CH1	Unit 39 of 7/F, No.2, Building 2, 999 Middle Huaihai Road, Xuhui District, Shanghai, PRC
CH2	Room 3301, No. 10 Yu Tong Road, Jing An District, Shanghai, People's Republic of China
CH3	Room 601, 603, 6/F, Building 2, Jiang Ning Tower, 27 Ningtai Road, Ningwei Town, Xiaoshan, Hangzhou, Zhejiang, PRC
CH4	Room 617, 28 Tan Jia Du Road, Putuo District, Shanghai, PRC
CH5	Room 1408, VIA Building, 9966 Shennan Avenue, Yuehai Street, Nanshan District, Shenzhen , Guangdong, PRC
TR1	Cevdetpasa Caddesi, No. 31/7 Bebek, 34342 Istanbul, Turkey
SI1	63 Market Street #09-01, The Bank of Singapore Centre, Singapore 04892
JV1	21 Media Circle, #05-05 Infinite Studios, Singapore 138562
JV2	Floor 5, Building 29, No. 1 Lane 618, Dingyuan Road, Songjiang District, Shanghai, PRC
JV3	Floor 2-4, Building 4, 300 Dingyuan Road, Songjian District, Shanghai, PRC

For the year ended 31 December 2019, the below companies were exempt from the requirement for audit of individual financial statements due to a parental guarantee as per section 479 of the Companies Act 2006. Ascential plc has indirect holdings in these subsidiary undertakings:

- WGSN Group Limited, registration number 8256689
- Rembrandt Technology Limited, registration number 11120186
- Ascential UK Holdings Limited, registration number 537204
- The Gunn Report Limited, registration number 6217950

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2019

7. Trade and other receivables

(£ million)	2019	2018
Debtors – due within one year		
Amounts due from Group undertakings	**208.4**	148.3
Prepayments	**0.2**	0.2
	208.6	148.5
Debtors – due after more than one year		
Other debtors	**–**	0.1
Deferred tax asset	**0.9**	0.6
	0.9	0.7
Total	**209.5**	149.2

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

Deferred tax asset

(£ million)	2019	2018
At 1 January	**0.6**	0.2
Deferred tax credit in equity	**(0.1)**	0.2
Deferred tax credit in income statement for the year	**0.4**	0.2
At 31 December	**0.9**	0.6

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

8. Creditors – due within one year

(£ million)	2019	2018
Amounts due to Group undertakings	**67.6**	–
Trade payables	**0.2**	–
Accruals	**0.5**	0.5
Other taxation and social security	**2.4**	1.6
Total	**70.7**	2.1

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

9. Share capital

Refer to Note 23 of the consolidated Group accounts.

10. Dividends

Refer to Note 24 of the consolidated Group accounts.

11. Related party transactions

The Company has taken advantage of the exemption under FRS 102 and therefore has not disclosed related party transactions with wholly owned subsidiaries. The Company has no other related party transactions.

12. Commitments and contingencies

The Company was a guarantor to the Facilities Agreement described in detail in Note 29 and is also a guarantor to the new facility described in Note 30. During the year the Company was a member of the Group cash pooling arrangement. This allows the Group to combine the liquidity of companies within the Group in order to distribute such cash centrally as required. The Company is registered with H.M. Revenue & Customs as a member of the Ascential Group Limited group for Value Added Tax and Pay As You Earn purposes and is therefore jointly and severally liable on a continuing basis for amounts owing by other members of the Group in respect of their value added tax, income tax and national insurance contributions liabilities.

13. Events after the reporting date

After the reporting date, the Board of Directors proposed a final dividend of 4.0 pence per ordinary share for the year ended 31 December 2019. Refer to Note 30 of the consolidated Group accounts, for details of other non-adjusting reportable events since the year end of 31 December 2019. There were no other reportable events after 31 December 2019.