

Argus Media Ltd  
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**Fleet Finco Limited**  
**Annual report and financial statements**  
**Year ended 30 June 2019**

Registered number: 10201446

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**Fleet Finco Limited**  
**Annual report and financial statements**  
**Year ended 30 June 2019**  
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# **Fleet Finco Limited**

## **Officers and professional advisers**

### **Directors**

S J Ashman  
M P Burkley

### **Secretary**

S J Ashman

### **Registered Office**

Argus Media Ltd  
Lacon House  
84 Theobalds Road  
London  
WC1X 8NL

### **Bankers**

National Westminster Bank Plc  
Natwest Corporate Banking  
PO Box 959  
250 Bishopsgate  
London  
E1 6AJ

### **Solicitors**

MacFarlanes LLP  
20 Cursitor Street  
London  
EC4A 1LT

### **Auditor**

Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

# **Fleet Finco Limited**

## **Strategic report**

### **Introduction**

The directors present the Company's strategic report for the year ended 30 June 2019. The Company was incorporated on 26 May 2016 and is registered in England and Wales with the registered number 10201446. The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

### **Principal activities**

The principal activity of the Company and its subsidiary undertakings (together "the Group") is publishing news, price information and analysis on a wide range of global energy and commodity markets. The Group also reports on transportation, hosts industry conferences and provides consulting studies.

### **Business review and key performance indicators**

Fleet Finco Limited was formed with the intention of acquiring the Argus Media Group and did not trade until the acquisition of the Argus Media Group.

The key performance indicators for the Group are turnover and operating profit before depreciation and amortisation. Group turnover for the year was £203.6 million (2018: £182.2 million) and operating profit before depreciation and amortisation was £64.0 million (2018: £61.9 million), giving an operating profit margin before depreciation and amortisation of 31.4% (2018: 34.0%).

Depreciation and amortisation for the year amounted to £20.4 million (2018: £20.6 million). Financing costs for the year amounted to £67.1 million (2018: £65.0 million). The loss before tax for the year was £22.9 million (2018: £15.4 million).

Cash generated from operating activities during the year amounted to £29.8 million (2018: £5.7 million). The Group ended the year with cash of £29.4 million (2018: £24.5 million).

Fleet Finco Limited is committed to continuing to invest in the Argus business and during the period has increased expenditure on new technology, product innovation and global editorial and business development resources.

The Group's continuing success is based on its clients' need for the proprietary commodity market prices, fundamentals data and high-quality market analysis that it publishes. Growth is driven by both improvements to existing publications and the launch of new products to meet its clients' changing requirements. Increasing diversification, including the growth of the natural gas, petrochemicals, fertilizers and metals sectors, as well as the expansion of the conferences and consulting businesses, has seen Argus increase revenues despite the weaknesses in the commodity sector as a whole.

A large part of the Group's success is its global reach among "blue chip" clients operating across various industries, financial institutions and government agencies. Argus has over 6,000 clients in almost 140 countries, served by a global sales force and customer support function.

Argus provides products and services, which have long useful lives for many reasons. These reasons include the long term and essential nature of global commodity markets, the importance of industry-respected benchmarks, which are core to our customer's operations, and the high quality brand that Argus' professionalism has built up over many decades. The Argus business has existed for over 48 years and our top four products have an average life of over 30 years and our top ten products almost 25 years. Successful benchmarks are embedded in commodity price reporting with a long useful economic life. The Company considers that the goodwill and intangible assets arising from acquisitions have similar long lives of 10 to 25 years and beyond.

Argus' primary focus is the quality and consistency of its commodity market coverage. Argus has a continuing programme of developing its global compliance and controls systems with the objective of producing the most robust commodity market price assessments. Argus' policy framework in this regard includes its global compliance policy, editorial code of conduct, ethics policy, market reporting manual and business continuity plan that ensures the uninterrupted production of its reports even when major offices are shut.

# **Fleet Finco Limited**

## **Strategic report (continued)**

### **Business review and key performance indicators (continued)**

Argus' compliance programme includes a rolling series of internal audits of price assessments to ensure compliance with published methodologies and policies. In line with IOSCO's Principles for Oil Price Reporting Agencies, Argus operates an annual external assurance review of all its commodity benchmarks to demonstrate that it is meeting its commitments. Argus has a formal complaints handling procedure to address any instances of dissatisfaction by customers. It also has a whistle-blower facility to ensure that all staff have the opportunity, anonymously, to alert the Group of any concerns and risks.

The Group's strategy is to invest in new technology and global editorial resources, in order to build a robust and efficient business that can deliver growth through the provision of innovative products and solutions for customers involved in the global commodities sector. As of 30 June 2019, the Group employs a workforce of 980 employees; this is an increase of 120 employees since 30 June 2018.

Around half of the Group's staff are journalists, who report on global commodity markets. Added to this number is a global network of local "stringers" who write for the group's various publications. Argus has an on-the-ground presence in 50 countries around the world, including 22 regional offices. Over the next year, Argus expects to continue to grow and add the necessary resources required to meet customer demands for its critical information.

### **Principal risks and uncertainties**

The five main areas of business risk relate to copyright, currency, geopolitics, talent, and regulation.

The creation of proprietary information is at the heart of the Group's business, and management is focused on protecting the Group's intellectual property against infringement. The Group works with its clients to achieve the appropriate licensing of its intellectual property and our technology team continues to explore and implement content protection solutions.

The bulk of the Group's earnings are in US Dollars, British Pound Sterling, and Euros and this income split provides a diversity of currency exposure. Funds held in these currencies are required to meet the operational demands of the Group's business. The bank debt taken out at 30 September 2016 was replaced on 4 October 2019 (effective 7 October 2019) with a seven-year debt facility in the amount of US\$500 million.

The failure to attract, retain and develop staff, including adapting to new skill sets required to run the business, has been identified as a principal risk for the Group. The Group strives to provide a supportive environment that enables employees to work collaboratively. The Group also places great importance on developing its employees and their capabilities through mentoring and training programmes as well as through performance management processes.

Further information on the Group's efforts on environmental, social, community and human right matters as well our anti-bribery and anti-corruption controls are outlined in more detail in the Directors' report.

Like all international businesses, the Group faces geopolitical risk. The Group has offices in many countries, including Ukraine and Russia, and also sells to countries where companies can have sanctions applied. Argus has well-resourced integral legal and compliance functions and also has know your customer and vendor monitoring and controls in place. In terms of office locations, management continues to monitor developments on the ground and ensure that the Group's contingency planning is reviewed on a regular basis, and that proper controls are in place.

The Group is well positioned to continue to prosper notwithstanding possible economic and political turmoil arising from the UK's withdrawal from the European Union ("EU"). Up to the date of the signing of these financial statements the Group has not seen any impact on the business due to the withdrawal of the UK from the EU. The Group is a global organisation with decades of experience operating within and across many countries and the Group is well positioned to leverage its international presence to drive future growth.

## **Fleet Finco Limited**

### **Strategic report (continued)**

#### **Principal risks and uncertainties (continued)**

The Group places great importance on its internal processes, procedures and quality standards and continues to add resources in the area of compliance. It has a rolling internal compliance programme to check that its editorial staff adhere to appropriate reporting methodologies and other internal and external codes of conduct. The Group has an active regulatory engagement programme in order to keep abreast of and help shape relevant public policy developments around the globe. The Group undertakes advocacy on public policy issues, principally to promote best practice in the reporting of wholesale commodity markets. The Group is committed to transparency in its own operations including through publishing its submissions and responses to public regulatory consultations. The Group believes that it has in place the appropriate level of procedures for the current environment.

#### **Longer term viability statement**

The Board has assessed the prospects of the Group's viability over the five-year period from 1 July 2019. This period is consistent with the Group's established business planning and forecasting processes and cycle, which is subject to review and approval by the Board.

The five-year plan considers the Group's EBITDA, capital expenditure, cash flows, funds from operations and net debt, and the key financial ratios of net debt to EBITDA and funds from operations to net debt over the forecast years and incorporates stress tests to simulate the potential impacts of exposure to the Group's principal risks and uncertainties.

These scenarios included:

- The effect of unfavourable changes to significant foreign exchange rates on the Group's EBITDA as a result of its global operations
- A decrease in revenues due to adverse geopolitical developments
- An increase in costs associated with regulatory compliance and adverse geopolitical developments

The scenarios were assessed taking into account current risk appetite and any mitigating actions the Group could take, as required, in response to the potential realisation of any of the stressed scenarios. In addition, while the Group is in a net liability position, its liabilities are predominantly against related parties including its shareholders. The shareholder loans will not be due in the 5 years from 30 June 2019 and they provide the Group with the option to defer payments, if necessary. Based on the results of the related analysis, individually as well as combined, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period of this assessment. They also believe that the review period of five years is appropriate having regard to the Group's business model, strategy, principal risks and uncertainties, and viability.

#### **Future developments**

The Group continues to refine its business model and is increasing its market share in a competitive sector of the information industry. The Group's revenue and operating profit continue to grow and operating cash flow remains strong and predictable. The Group has an experienced management team, skilled staff and a robust capital structure. The Group is positive about the year ahead and is confident that the increasing importance of its information for entities involved in the global commodities sector will help to generate significant opportunities for continued revenue and profit growth in the years ahead.

## **Fleet Finco Limited**

### **Strategic report (continued)**

#### **Future developments (continued)**

The Group continues to strengthen the senior management team who will focus on capturing the significant opportunities that lie ahead. The Group is also evaluating possible new office openings in countries where there is the potential to generate significant new business for the Group.

#### **Approval**

This report was approved by the board of directors and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'S J Ashman', written over a horizontal line.

S J Ashman  
Director  
9 March 2020

## **Fleet Finco Limited**

### **Directors' report**

The directors present their financial report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 30 June 2019.

#### **Dividends**

There were no dividends paid on the ordinary shares in the year (2018: Nil) and the directors did not propose the payment of a dividend for the year ended 30 June 2019 (2018: Nil).

#### **Directors**

The current directors and the changes during the period to the date of signing are detailed below.

S J Ashman  
M P Burkley

#### **Donations**

During the year, the Group made charitable donations of £191,828 (2018: £158,805).

#### **Going concern**

The Group has a robust capital structure, comprising ordinary and shareholder preference share capital, shareholder loan notes with a remaining term of 12 years and senior bank debt with a remaining term of four years. In addition, the Group has access to a revolving credit facility of up to £55.0m. The Group has a strong business model with the majority of its revenue being derived from subscriptions, with a historically high renewal rate. The Group continues to generate strong operating profit and strong positive operating cashflows. The net losses of the Group are due to the financing costs which are payable at the discretion of the Group. The directors have reviewed the budget for the year to 30 June 2020 and the 5-year plan from 30 June 2019, and have concluded that the Group can continue to generate operating profits and sustain appropriate liquidity even in the event of a significant downturn in trading. The shareholder loan notes and shareholder preference shares are held by the ordinary shareholders and the coupon is only payable in cash at the discretion of the Company. The directors have therefore concluded that it is appropriate to adopt the "going concern" basis when preparing the Company's and the Group's statutory accounts.

#### **Environmental, employee, social, community and human right matters**

The Group has a policy of actively recycling as much material as possible and of using environmentally sustainable service providers. For example, in London, the Group employs cleaners who only use eco-friendly products and pay their staff a London Living Wage. All our main offices operate recycling schemes, which comply with local requirements. The Group encourages cycling and in London it operates the Cycle to Work scheme. The Group also provides cycle storage facilities within its head office building.

The Group has a zero tolerance approach to acts of bribery and corruption. To manage bribery and corruption risks, the Group operates within a risk management framework which sets high-level policies and standards across all markets. These policies and standards apply to all Group directors and employees, regions, and operations, and it is the responsibility of local management to ensure that their business operates in line with them. We operate a risk-based training and awareness framework to ensure employees and others acting on the Group's behalf know what is expected of them and how they should manage bribery and corruption risks. To ensure that anti-bribery and anti-corruption controls are operating effectively we assess compliance oversight and annual attestation to compliance with the relevant regulations. At a Group level, the Global Compliance Officer provides the Board's Global Compliance Committee with regular reporting on financial crime matters, including the Group's anti-bribery and anti-corruption programme.

As a journalistic enterprise, the Group has a strong culture of openness, especially in internal communications. This is reflected through the frequent "town hall" business and operations updates from the CEO providing the latest information about performance including progress against the Group's financial targets. All staff take part in these "town hall" events. A staff newsletter, "Argus Offline", contains news and information provided by staff across the globe about matters affecting them. Staff are encouraged to get involved by submitting articles and ideas about what to include in the newsletter.

The Group strives to provide a supportive environment where managers and employees work collaboratively to meet deadlines and to serve its clients. In the United Kingdom, this is reflected through the company's



## **Fleet Finco Limited**

### **Directors' report (continued)**

continued accreditation under the Investors in People scheme, which recognises the use of good internal staff communication and training programmes to attain the Group's goals. The Group places great **Environmental, employee, social, community and human right matters (continued)**

importance on developing its employees and their capabilities through mentoring and training programmes as well as through the annual appraisal process. The appraisal form includes a section asking employees for their suggestions on how to develop and improve the business. Staff are also consulted on an annual basis through a global staff engagement survey. The company also sponsors a number of work-social groups which run professional and welfare based events; Argus Connect (for younger professionals), Argus Parents and Argus WIN (Women's Initiative Network).

The Group is an equal opportunities employer and recruits without reference to gender, age, ethnicity, disability, sexual orientation, religion or belief. The Group is proud that its workforce is so diverse and, without exception, it seeks to fulfil its obligations under all anti-discrimination laws. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development, and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Financial risks and management**

Financial risks and management are discussed in the Strategic Report on page 2.

#### **Future developments and events after the balance sheet date**

Future developments are discussed in the Strategic Report on page 4.

On 4 October 2019 (effective 7 October 2019) the Group signed a seven-year debt facility with a syndicate of 69 financial institutions in the amount of US\$500 million plus a £50 million revolving credit facility (RCF), refinancing the £258 million six-year debt facility and the £55 million RCF from 30 September 2016. The new facility bears interest at US\$ LIBOR plus a margin based on the level of Net Senior Leverage. The margin can range from 2.0% to 3.25%.

On 22 October 2019, Hg, the manager of HgCapital Trust plc, announced that it plans to purchase a portion of General Atlantic's stake in the Group and on 31 January 2020, Hg has become a joint shareholder, alongside General Atlantic and other shareholders.

#### **Auditor**

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

#### **Approval**

This report was approved by the board of directors on its behalf by:



S J Ashman  
Director

9 March 2020

## **Fleet Finco Limited**

### **Directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLEET FINCO LIMITED

### Report on the audit of the financial statements

#### Opinion

##### In our opinion:

- the financial statements of Fleet Finco Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 35.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### Basis for opinion

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

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Summary of our audit approach

<b>Key audit matters</b>	The key audit matters that we identified in the current year were: <ul style="list-style-type: none"><li>• the carrying value of goodwill and intangible assets; and</li><li>• going concern – significant value of debt finance.</li></ul>
<b>Materiality</b>	The materiality that we used for the group financial statements was set at £3.5m which was determined on the basis of 5% of adjusted operating profit before depreciation and amortisation.

<b>Scoping</b>	The two trading entities in the group were subject to a full scope audit and this provided coverage of 78% of group revenue and 86% of the group's operating profit before depreciation and amortisation.
<b>Significant changes in our approach</b>	There were no significant changes in our approach.

### Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**We have nothing to report in respect of these matters.**

### Key audit matters

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

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

### Carrying Value of Goodwill and Intangible assets

#### Key audit matter description



At the year end, the carrying value of goodwill and intangibles was £661.6m (2018: £658.5m) and £367.6m (2018: £379.1m) respectively. Goodwill arose from the acquisition of Argus Media group and any subsequent acquisitions, including two acquisitions in the current year. Goodwill is allocated to four cash generating units (CGUs) of the group. Intangible assets of the group predominantly relate to subscriber customer relationships and brand assets. Further detail of goodwill and intangibles assets are disclosed in notes 14 and 15 in the financial statements.

In accordance with IAS 36, goodwill is required to be tested at least annually for impairment. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value in use (VIU) calculated as the present value of the future cash flows expected to be derived from an asset or cash-generating unit. The VIU method has been used to calculate the recoverable amount.

Assessing the value in use of goodwill and intangibles assets requires an estimation of key assumptions such as long term growth rates, discount

rates, and growth in cash flows. These are the key assumptions used by management in determining whether goodwill and intangibles assets are impaired. Given the level of judgement and uncertainty in calculating these items, we consider this to be a key audit matter.

Notes 3 and 4 in the financial statements disclose the accounting policies and refer to carrying value of goodwill and intangibles having significant estimation uncertainty.

**How the scope of our audit responded to the key audit matter**



We challenged management's impairment review for goodwill and intangible assets using a range of audit procedures. The audit procedures performed included the following:

- assessing the appropriateness of management's allocation of goodwill and intangibles to the cash generating units in respect of current year acquisitions as well as ongoing appropriateness of cash generating units identified;
- involving our internal valuation specialists in reviewing the discount rates and growth rates used in the impairment model and computing our own reasonable range for the discount rates and growth rates;
- assessing the appropriateness and challenging the reasonableness of the underlying business plans with regards to growth targets and assessing recent forecasting accuracy against actual performance;
- developing an independent expectation of the recoverable amount of each cash generating unit; and
- Considering the reasonableness of sensitivities applied by management and re-performing our sensitivity analysis.

We have also reviewed the mechanical accuracy of the impairment model calculations and management's disclosure of the reasonable possible changes in key assumptions used.

**Key observations**



We concur with management that the key assumptions in the model are within the acceptable ranges and are satisfied that there is no impairment. We concluded that the carrying values of goodwill and intangible assets were appropriate.

**Going Concern – significant value of debt finance**

**Key audit matter description**



As at 30 June 2019 the group has total borrowings of £589.3m, comprised of shareholder loan notes totalling £323.2m (2018: £329.5m) and bank loans of £266.1m (2018: £258.4m). The shareholder loan notes accrue interest of 8% annually and are repayable on 30 September 2030. The bank loan has one financial covenant associated with leverage ratio (net debt/EBITDA).

The ability of the group to repay the debt and pay the relevant interest charge is dependent on the current and future trading performance. A deterioration in performance would in turn affect the going concern basis of accounting under which the financial statement have been prepared.

The directors have prepared cash flow projections which involve significant judgement over key assumptions such as profit and revenue growth.

Further details are included within the strategic and directors' report and note 20 of the financial statements.

**How the scope of our audit responded to the key audit matter**



We have reviewed the cash flow projections, the directors' assessment of the going concern basis of accounting and challenged the key assumptions used in the cash flow projections by performing a benchmarking exercise against historical performance of the group and its competitors. We have also reviewed and challenged the consistency of these projections the Board approved forecast and the forecast used in assessing the recoverability of goodwill.

We have reviewed and re-performed Management's calculation of covenant ratios and reviewed latest post year-end performance of the group.

We tested the integrity of the cash flow projections model, and tested the accuracy and completeness of the underlying data and formulae used.

We evaluated the adequacy of disclosure made in the strategic and directors' report and note 20 to the financial statements in respect of the group's ability to continue as a going concern.

**Key observations**



We are satisfied that the directors' view of preparing the financial statements on a going concern basis of accounting is appropriate and we are satisfied with the related disclosures in the financial statements.

**Our application of materiality**

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

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

	Group financial statements	Parent company financial statements
Materiality	£3.5m (2018: £5.5m)	£1.4m (2018: £53,500)
Basis for determining materiality	<p>5% of adjusted operating profit before depreciation and amortisation, adjusted for foreign exchange movements.</p> <p>In prior year we used 10% of adjusted profit before tax.</p>	<p>3% of expenses, capped at 40% of group materiality.</p> <p>In the prior year we used 3% of net assets as our benchmark.</p>

<b>Rationale for the benchmark applied</b>	In 2018, we used adjusted profit before tax but consider adjusted operating profit before depreciation and amortisation a more meaningful measure after excluding any foreign exchange movements to evaluate group's operating performance and given its importance to the shareholders, lenders, and compliance with financial covenants.	In prior year net assets was the chosen benchmark. However, this has been updated in the current year, in order to better reflect the nature of the entity as this entity does not trade and has large value of preference shares attracting significant interest costs. Thus expenses are deemed to be a key performance indicator of entity's performance.
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We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £175,000 (2018: £250,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of group materiality for the 2019 audit (2018: 70%). In determining performance materiality, we considered factors including our risk assessment, our assessment of the group's overall control environment, and our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

#### **An overview of the scope of our audit**

Our group audit was scoped using our knowledge of the business, an understanding of its control environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Based on that assessment, two trading entities, and one intermediary holding entity within the group were subject to full scope audit while the remaining entities were subject to analytical procedures at the group level. The audit work for the group was performed directly by the group engagement team and the audit of the entities subject to full scope audit was executed at a level of materiality which was lower than group materiality. The entities in full scope audit represent the principal business units and account for 78% (2018: 79%) of group's revenue and 86% (2018: 94%) the group's operating profit before depreciation and amortisation for the year ended 30 June 2019.

Our audit work at components level in the group audit scope was executed at a lower component materiality ranging from £1.4m to £2.7m (2018: £5.0m)

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

#### **Other information**

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

***We have nothing to report in respect of these matters.***

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so,

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consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

### **Responsibilities of directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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



## Matters on which we are required to report by exception

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### *Adequacy of explanations received and accounting records*

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

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

***We have nothing to report in respect of these matters.***

### *Directors' remuneration*

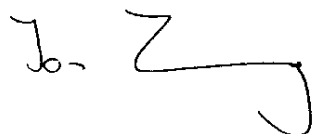
Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

***We have nothing to report in respect of this matter.***

## Use of our report

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



Jon Young FCA  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
09 March 2020

**Fleet Finco Limited**  
**Consolidated statement of comprehensive income**  
**For the year ended 30 June 2019**

	Note	2019 £'000	2018 £'000
<b>Continuing operations</b>			
Revenue	5	203,633	182,164
Cost of sales		<u>(91,130)</u>	<u>(82,508)</u>
<b>Gross profit</b>		112,503	99,656
Administrative expenses		<u>(48,492)</u>	<u>(37,726)</u>
<b>Operating profit before amortisation and depreciation</b>		64,011	61,930
Amortisation	15	(17,836)	(17,668)
Depreciation	16	<u>(2,591)</u>	<u>(2,903)</u>
<b>Operating profit after amortisation and depreciation</b>		43,584	41,359
Finance income	10	623	251
Other gains	11	—	8,031
Finance costs	12	<u>(67,127)</u>	<u>(64,999)</u>
<b>Loss before tax</b>		(22,920)	(15,358)
Tax (charge)/credit	13	<u>(3,556)</u>	<u>4,024</u>
<b>Loss for the year from continuing operations</b>	7	(26,476)	(11,334)
<b>Items that may be reclassified to the income statement</b>			
Exchange differences on translation of foreign operations		(5,386)	1,028
<b>Total comprehensive loss for the year</b>		<u><u>(31,862)</u></u>	<u><u>(10,306)</u></u>

**Fleet Finco Limited**  
**Consolidated balance sheet**  
**As at 30 June 2019**

	Note	2019 £'000	2018 £'000
<b>Non-current assets</b>			
Goodwill	14	661,612	658,451
Intangible assets	15	367,646	379,150
Property, plant and equipment	16	9,354	8,221
Investments	17	31	31
Deferred tax asset	23	1,838	1,681
		<u>1,040,481</u>	<u>1,047,534</u>
<b>Current assets</b>			
Trade and other receivables	19	40,504	23,575
Cash and bank balances	28	29,424	24,494
Current tax assets	13	1,081	1,178
Derivative financial instruments	21	50	2,255
		<u>71,059</u>	<u>51,502</u>
<b>Total assets</b>		<u><u>1,111,540</u></u>	<u><u>1,099,036</u></u>
<b>Current liabilities</b>			
Trade and other payables	24	417,310	390,650
Deferred revenue	31	104,973	86,989
Derivative financial instruments	21	893	—
		<u>523,176</u>	<u>477,639</u>
<b>Total assets less current liabilities</b>		<u>588,364</u>	<u>621,397</u>
<b>Non-current liabilities</b>			
Bank loans	20	266,139	258,416
Shareholder loan notes	20	323,244	329,464
Provisions	22	319	224
Deferred tax liabilities	23	74,264	77,178
Deferred revenue	31	357	212
		<u>664,323</u>	<u>665,494</u>
<b>Total liabilities</b>		<u><u>1,187,499</u></u>	<u><u>1,143,133</u></u>
<b>Net liabilities</b>		<u><u>(75,959)</u></u>	<u><u>(44,097)</u></u>
<b>Equity</b>			
Share capital	25	4,705	4,705
Share premium account	26	—	—
Translation reserve	27	(4,294)	1,092
Accumulated deficit		<u>(76,370)</u>	<u>(49,894)</u>
<b>Total Equity</b>		<u><u>(75,959)</u></u>	<u><u>(44,097)</u></u>

The financial statements of Fleet Finco Limited, a company registered in England and Wales (company number: 10201446), were approved by the board of directors on 9 March 2020 and signed on its behalf by:



S J Ashman,  
Director

**Fleet Finco Limited**  
**Company balance sheet**  
**As at 30 June 2019**

	Note	2019 £'000	2018 £'000
<b>Non-current assets</b>			
Investments	17	4,705	4,705
<b>Current assets</b>			
Trade and other receivables	19	860,818	790,350
Cash and bank balances	28	57	10
<b>Total Assets</b>		<u>865,580</u>	<u>795,065</u>
<b>Current Liabilities</b>			
Trade and other payables	24	527,819	457,409
<b>Total assets less current liabilities</b>		<u>337,761</u>	<u>337,656</u>
<b>Non-current liabilities</b>			
Shareholder loan notes	20	323,244	329,464
<b>Total Liabilities</b>		<u>851,063</u>	<u>786,873</u>
<b>Net assets</b>		<u>14,517</u>	<u>8,192</u>
<b>Equity</b>			
Share capital	25	4,705	4,705
Retained earnings		9,812	3,487
<b>Total Equity</b>		<u>14,517</u>	<u>8,192</u>

As permitted by s408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company, Fleet Finco Limited. The profit after tax for the year was £6,324,825 (2018: £3,434,626).

The financial statements of Fleet Finco Limited, registered in England and Wales (company number: 10201446) were approved by the board of directors on 9 March 2020 and signed on behalf by:



S J Ashman, Director

# Fleet Finco Limited

## Consolidated statement of changes in equity

For the year ended 30 June 2019

	Notes	Share capital £'000	Share premium account £'000	Translation reserve £'000	Accumulated deficit £'000	Total £'000
<b>Balance at 1 July 2017</b>		4,705	—	64	(38,560)	(33,791)
Loss for the year		—	—	—	(11,334)	(11,334)
Other comprehensive income for the year	27	—	—	1,028	—	1,028
<b>Total comprehensive loss for the year</b>		—	—	1,028	(11,334)	(10,306)
<b>Balance at 30 June 2018</b>		<u>4,705</u>	<u>—</u>	<u>1,092</u>	<u>(49,894)</u>	<u>(44,097)</u>
Loss for the year		—	—	—	(26,476)	(26,476)
Other comprehensive loss for the year		—	—	(5,386)	—	(5,386)
<b>Total comprehensive loss for the year</b>	27	—	—	(5,386)	(26,476)	(31,862)
<b>Balance at 30 June 2019</b>		<u>4,705</u>	<u>—</u>	<u>(4,294)</u>	<u>(76,370)</u>	<u>(75,959)</u>

**Fleet Finco Limited**  
**Company statement of changes in equity**  
**For the year ended 30 June 2019**

	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total £'000</b>
<b>Balance at 1 July 2017</b>	4,705	53	4,758
Profit for the year	—	3,434	3,434
Total profit and comprehensive income for the year	—	3,434	3,434
<b>Balance at 30 June 2018</b>	<u>4,705</u>	<u>3,487</u>	<u>8,192</u>
Profit for the year	—	6,325	6,325
Total profit and comprehensive income for the year	—	6,325	6,325
<b>Balance at 30 June 2019</b>	<u>4,705</u>	<u>9,812</u>	<u>14,517</u>

**Fleet Finco Limited**  
**Consolidated statement of cash flow**  
**For the year ended 30 June 2019**

		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
Cash generated by operations	28	68,310	78,145
Income taxes paid		(7,801)	(8,722)
Interest paid		(30,684)	(63,693)
<b>Net cash from operating activities</b>	<b>28</b>	<b>29,825</b>	<b>5,730</b>
<b>Investing activities</b>			
Interest received	10	623	251
Sales of property, plant and equipment		—	14,200
Purchases of property, plant and equipment	16	(3,785)	(8,185)
Acquisition of subsidiaries	18	(6,847)	—
Net cash acquired on acquisitions	18	665	—
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(9,344)</b>	<b>6,266</b>
<b>Financing activities</b>			
New bank loans raised		—	39,746
Repayment of bank loans		—	(15,000)
Shareholder loan repayments		(19,054)	(37,108)
Deferred consideration paid		—	(1,438)
<b>Net cash outflow from financing activities</b>		<b>(19,054)</b>	<b>(13,800)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>1,427</b>	<b>(1,804)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>24,494</b>	<b>27,152</b>
Effect of foreign exchange rate changes		3,503	(854)
<b>Cash and cash equivalents at end of year</b>	<b>28</b>	<b>29,424</b>	<b>24,494</b>

# **Fleet Finco Limited**

## **Notes to the financial statements**

### **For the year ended 30 June 2019**

#### **1. General information**

Fleet Finco Limited (the Company) is a Company incorporated in United Kingdom, under the Companies Act 2006. The Company is a private Company limited by shares and is registered in England and Wales. The registered office address is given on page 1.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the strategic report on pages 2 to 4.

These financial statements are presented in British Pounds Sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 3.

The financial statements are prepared under the historical cost convention as modified by financial instruments recognised at fair value.

#### **2. New standards and IFRIC interpretations not applied**

##### **Adoption of new and revised standards**

##### **i) IFRS 9 - Financial Instruments - effective for year ends beginning on or after 1 January 2018**

*IFRS 9* supersedes *IAS 39 "Financial Instruments: Recognition and Measurement"* and covers classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting. *IFRS 9* modifies the classification and measurement of certain classes of financial assets and liabilities and required the Group to reassess classification of financial assets from four to three primary categories (amortised cost, fair value through profit and loss, fair value through other comprehensive income), reflecting the business model in which assets are managed and their cash flow characteristics. Financial liabilities continue to be measured at either fair value through profit and loss or amortised cost. In addition, *IFRS 9* introduced an expected credit loss ("ECL") impairment model, which means that anticipated as opposed to incurred credit losses are recognised resulting in earlier recognition of impairments.

Changes in accounting policies resulting from *IFRS 9* have been applied as at 1 July 2018, with no restatement of comparative information for prior year other than certain presentation changes. Consequently, any difference between the carrying amount of financial instruments under *IAS 39* and the carrying amount under *IFRS 9* has been recognised in the opening retained earnings as at date of initial application.

The following summarises the impact from the adoption of *IFRS 9*:

- Presentational changes primarily in the investments (note 17), trade and other receivables (note 19) and trade and other payables (note 24) disclosures to reflect the business model and cash flow characteristics of these assets and liabilities and group them into their respective *IFRS 9* category or other *IFRS* classification;
- Additional disclosure around classification and measurement of financial instruments (notes 20 and 32 and Table 1 below); and



# Fleet Finco Limited

## Notes to the financial statements

### For the year ended 30 June 2019

#### 2. New standards and IFRIC interpretations (continued)

##### Adoption of new and revised standards (continued)

Table 1: Summary of the change in classification and measurement of financial assets and liabilities under IFRS 9 and IAS 39 at the date of initial application, 1 July 2018:

	Notes	Original measurement category under IAS 39	New measurement category under IFRS 9
<b>Financial assets</b>			
Trade and other receivables	18	Loans and Receivables	Amortised cost
Cash and bank balances		Loans and Receivables	Amortised cost
Investments	16	-	Fair value through OCI
Derivative financial instruments	20	Held for trading	Fair value through profit and loss
<b>Financial liabilities</b>			
Trade and other payables	23	Financial liabilities at amortised costs	Amortised cost
Bank loans	19	Financial liabilities at amortised costs	Amortised Cost
Shareholder loan notes	19	Financial liabilities at amortised costs	Amortised Cost
Preference shares	19	Financial liabilities at amortised costs	Amortised Cost
Derivative financial instruments	20	Held for trading	Fair value through profit and loss

The expected credit loss is estimated using a provision matrix based on reference to past default experience, adjusted as appropriate for current observable data.

The net credit loss adjustment recognised on the initial adoption of IFRS 9 at the date of initial application, 1 July 2018, was immaterial for the trade and other receivables and therefore no adjustment has been made.

#### ii) IFRS 15 - Revenues from Contracts with Customers - effective for year ends beginning on or after 1 January 2018

IFRS 15 applies to revenue from contracts with customers and replaces all of the revenue standards and interpretations in IFRS. The standard outlines the principles an entity must apply to measure and recognise revenue and the related cash flows. The Group has undertaken a comprehensive analysis of the impact of the new standard based on a review of the contractual terms of its principal revenue streams with the primary focus being to understand whether the timing and amount of revenue recognised could differ under IFRS 15.

IFRS 15 requires that "distinct" promised goods or services, such as subscriptions and consulting services, be deferred and recognised over time as the obligation is fulfilled. As the majority of the Group's revenue is derived from arrangements that are recognised in line with the fulfilment of the obligation, no material changes in respect of timing and amount of revenue currently recognised by the Group are expected and accordingly prior period amounts were not restated.

#### Standards and interpretations in issue, but not yet effective

The following IFRS and IFRIC interpretations, which may have an impact on the Group's financial information, have been issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee (IFRIC). The Company intends to adopt these standards and interpretations when they become effective:

**Fleet Finco Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**2. New standards and IFRIC interpretations (continued)**

**Standards and interpretations in issue, but not yet effective (continued)**

<b>IAS/IFRS standards</b>	<b>Effective for accounting periods beginning on or after</b>
IFRS 16 <i>Leases</i>	1 January 2019
IFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to IFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to IAS 28 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Annual Improvements to IFRS Standards 2015- 2017 Cycle <i>Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs</i>	
Amendments to IAS 19 <i>Employee Benefits Plan Amendment, Curtailment or Settlement</i>	1 January 2019
IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 (amendments) <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	
IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019

**iii) IFRS 16 – Leases - effective for year ends beginning on or after 1 January 2019**

IFRS 16 provides a comprehensive model for identification of lease arrangements and their treatment (on-balance sheet) in the financial statements of both lessees and lessors. It supersedes IAS 17 Leases and its associated interpretative guidance. The Group will apply the modified retrospective approach. Under this approach, the Group will not restate amounts previously reported and will apply the practical expedient to retain the classification of existing contracts as leases under current accounting standards (i.e. IAS 17) instead of reassessing whether existing contracts are/or contain a lease at the date of initial application provided these contracts are ending within 12 months of the date of initial application.

Under the new standard, a lessee is required to recognise the present value of the unavoidable lease payments as a lease liability on the statement of financial position (including those currently classified as operating leases) with a corresponding right of use asset. The unwind of the financial charge on the lease liability and amortisation of the leased asset are recognised in the statement of income based on the implied interest rate and contract term respectively. The Group's recognised assets and liabilities will increase and affect the presentation and timing of related depreciation and interest charges in the consolidated statement of income. Upon adoption of IFRS 16, the most significant impact will be the present value of the operating lease commitments being shown as a liability on the statement of financial position together with an asset representing the right of use, both of which are unwound and amortised to the statement of income over time. A preliminary assessment of the impacts resulting from the change in FY20 is currently ongoing.

Management does not expect a significant impact from the adoption of the other amendments to IFRS.

# **Fleet Finco Limited**

## **Notes to the financial statements**

### **For the year ended 30 June 2019**

#### **3. Significant accounting policies**

##### **Basis of accounting**

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the FRC. Accordingly, these financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, certain disclosures in respect of revenue from contracts with customers and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements have been prepared on the historical cost basis except for the re-measurement of certain financial instruments that are measured at fair values at the end of each reporting period. The principal accounting policies adopted are the same as those set out in note 3 to the consolidated financial statements except as noted below.

Investments in subsidiaries, associates and joint ventures are stated at cost less, where appropriate, provisions for impairment.

The Company receives income from its subsidiaries in the form of interest and dividends. Interest is charged on a monthly basis and consequently there is no difference between the timing of payment and the timing of revenue recognition.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The consolidated financial statements have also been prepared in accordance with IFRS adopted by the European Union and therefore the consolidated financial statements comply with Article 4 of the EU IAS Regulation.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

The Group adopted the following standards in the 30 June 2019 consolidated financial statements:

- IFRS 15 Revenue from contracts with customers; and
- IFRS 9 Financial instruments.

The principal accounting policies are set out below:

##### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

## **Fleet Finco Limited**

### **Notes to the financial statements**

#### **For the year ended 30 June 2019**

#### **3. Significant accounting policies (continued)**

##### **Basis of consolidation (continued)**

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company. Total comprehensive income of the subsidiaries is attributed to the owners of the Company.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

##### **Going concern**

The directors have a reasonable expectation, having reviewed the Company's forecasts and its cash holdings that the Company and the Fleet Finco Limited Group has sufficient resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the accounts. More information is provided in the strategic report to the financial statements on pages 2 to 4.

##### **Business combinations**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, and the equity interests issued by the Group less liabilities acquired by the Group from the former owner of the acquiree in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

# **Fleet Finco Limited**

## **Notes to the financial statements**

### **For the year ended 30 June 2019**

#### **3. Significant accounting policies (continued)**

##### **Business combinations (continued)**

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with *IAS 12 Income Taxes* and *IAS 19 Employee Benefits* respectively; and
- assets (or disposal groups) that are classified as held for sale in accordance with *IFRS 5 Non-current Assets Held for Sale* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified.

##### **Goodwill**

Goodwill is initially recognised and measured as set out above. Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

##### **Cost of sales**

Cost of Sales comprises production costs associated with business development, conference, consulting, editorial, marketing, product development, sales and technology departments.

# **Fleet Finco Limited**

## **Notes to the financial statements**

### **For the year ended 30 June 2019**

#### **3. Significant accounting policies (continued)**

##### **Revenue recognition**

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

Recurring revenue from publications is recognised pro-rated in the profit and loss account in accordance with the subscription period to which it relates.

Non-recurring revenue from exchange licensing is recognised in accordance with the period to which the exchange licence agreement relates. In addition, any revenue related to exchange activity is recognised in the period it occurs. Non-recurring revenue from exhibitions and conferences is recognised on the date of the event. Revenue from consulting is recognised over time as the services are provided.

The Group has applied IFRS 15 retrospectively and no material changes in respect of timing or amount of revenue have been recognised by the Group.

##### **Dividend and interest revenue**

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

##### **Leases**

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

##### **The Group as lessee**

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised in profit or loss.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

##### **Foreign currencies**

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which they operate (their functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in British Pound Sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

**Fleet Finco Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**3. Significant accounting policies (continued)**

**Foreign currencies (continued)**

Exchange gains and losses are recognised in profit or loss in the period in which they arise except for:

- exchange gains and losses on transactions entered into to hedge certain foreign currency risks (see below under financial instruments); and
- exchange gains and losses on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period.

Exchange gains and losses arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity.

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.

**Borrowing costs**

Borrowing costs are recognised initially at fair value, which are proceeds received net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value being recognised on the income statement over the period of the borrowings using the effective interest method. Interest on borrowings is expensed in the consolidated statement of comprehensive income as incurred.

**Pensions**

The Group operates various defined contribution schemes for the benefit of certain directors and employees. Contributions are charged to the profit and loss account in the year they are payable.

**Taxation**

The tax expense or credit represents the sum of the tax currently payable/receivable and deferred tax.

**Current tax**

The tax currently payable or receivable is based on the taxable profit or loss for the period. Taxable profit or loss differs from net profit or loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

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

**Fleet Finco Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**3. Significant accounting policies (continued)**

**Deferred tax (continued)**

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to settle or recover the carrying amount of its liabilities and assets. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**Current tax and deferred tax for the period**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**Property, plant and equipment**

Property, plant and equipment are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all property, plant and equipment, other than freehold land and assets under construction, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	10% per annum
Computer equipment	33% per annum
Fixture and fittings	20% per annum
Motor vehicles	20% per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

**Intangible assets acquired in a business combination**

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation on a straight-line basis and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.



# **Fleet Finco Limited**

## **Notes to the financial statements**

### **For the year ended 30 June 2019**

#### **3. Significant accounting policies (continued)**

##### **Impairment of tangible and intangible assets excluding goodwill**

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### **Financial instruments**

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Group accounts for such differences as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or is based on a valuation technique that uses only data from observable markets, then the difference is recognised as a gain or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

**Fleet Finco Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**3. Significant accounting policies (continued)**

**Financial instruments (continued)**

After initial recognition, the deferred gain or loss will be released to profit or loss such that it reaches a value of zero at the time when the entire contract can be valued using active market quotes or verifiable objective market information. Depending on the type of financial instrument, the Group can adopt one of the following policies for the amortisation of day 1 gain or loss:

- calibrate unobservable inputs to the transaction price and recognise the deferred gain or loss as the best estimates of those unobservable inputs change based on observable information; or
- release the day 1 gain or loss in a reasonable fashion based on the facts and circumstances (i.e. using either straight-line or non-linear amortisation).

**Financial assets**

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), financial assets 'at fair value through OCI (FVTOCI)' and financial assets 'at amortised costs'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss.

Transaction costs directly attributable to the acquisition of financial assets classified as at fair value through profit or loss are recognised immediately in profit or loss.

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as financial assets 'at amortised cost'. They are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

**Impairment of financial assets**

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

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

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

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

**Financial liabilities and equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**Fleet Finco Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**3. Significant accounting policies (continued)**

**Equity instruments**

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

**Other financial liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**Derivative financial instruments**

The Group enters into a variety of derivative financial contracts to manage its exposure to interest rates, including interest rate swaps and interest rate caps. Further details of derivative financial instruments are disclosed in note 32.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. 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.

**Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**Fleet Finco Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**3. Significant accounting policies (continued)**

**Cash and cash equivalents**

Cash and cash equivalents as defined for the cash flow statement comprise cash in hand, cash held at bank with immediate access and bank deposits. All are carried on the balance sheet at cost.

**4. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical accounting judgements**

There are no critical accounting judgements during the year.

**Key sources of estimation uncertainty**

***Impairment of goodwill and intangible assets***

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £661.6m (2018: £658.5m) as set out in Note 14.

Determining whether intangible assets are fairly stated requires an estimation of customer attrition rates, royalty rates and useful economic lives, based primarily on historic information, together with an assessment of a suitable discount rate in order to calculate present value. The carrying value of other intangible assets at the balance sheet date was £367.6m (2018: £379.2m) as set out in Note 15.

**5. Revenue**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Recurring revenue derived from customer contracts	174,233	154,474
Non-recurring revenue derived from customer contracts	29,400	27,690
Total revenue	<u>203,633</u>	<u>182,164</u>

**Fleet Finco Limited**  
**Notes to the financial statements**  
For the year ended 30 June 2019

**5. Revenue (continued)**

	<b>Sales by region</b>	
	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	76,794	72,589
Americas	78,099	68,318
Europe	885	1,709
Rest of the world	47,855	39,548
Total	<u>203,633</u>	<u>182,164</u>

**6. Segmental reporting**

The Group has four reportable segments that are defined by geographic area to reflect how the Group's operations are monitored and managed. The reportable segments presented reflect the Group's management and reporting structure as viewed by the Board of Directors, which is considered to be the Group's chief operating decision maker.

<b>2019</b>	<b>Total</b>	<b>Europe</b>	<b>Americas</b>	<b>CIS</b>	<b>Asia</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Revenue	203,633	83,798	71,743	15,996	32,096
EBITDA	<u>64,011</u>	<u>31,835</u>	<u>20,597</u>	<u>3,484</u>	<u>8,095</u>
Operating profit before amortisation and depreciation	64,011	31,835	20,597	3,484	8,095
Amortisation	(17,836)	(17,836)			
Depreciation	<u>(2,591)</u>	<u>(2,035)</u>	<u>(345)</u>	<u>(48)</u>	<u>(163)</u>
Operating profit	<u>43,584</u>	<u>11,965</u>	<u>20,252</u>	<u>3,436</u>	<u>7,932</u>
Investment revenues	623				
Finance costs	<u>(67,127)</u>				
<b>Loss before tax</b>	<u>(22,920)</u>				
Tax charge	<u>(3,556)</u>				
<b>Loss for the year from continuing operations</b>	<u><u>(26,476)</u></u>				

**Fleet Finco Limited**  
**Notes to the financial statements**  
For the year ended 30 June 2019

**6. Segmental reporting (continued)**

2018	Total £'000	Europe £'000	Americas £'000	CIS £'000	Asia £'000
Revenue	182,164	72,729	68,318	14,168	26,949
EBITDA	69,961	36,301	21,910	4,324	7,426
Operating profit before amortisation and depreciation	61,930	28,032	22,150	4,323	7,425
Amortisation	(17,668)	(17,668)	—	—	—
Depreciation	(2,903)	(2,192)	(512)	(41)	(158)
Operating profit	41,359	8,172	21,638	4,282	7,267
Investment revenues	251				
Other gains	8,031				
Finance costs	(64,999)				
Loss before tax	(15,358)				
Tax credit	4,024				
<b>Loss for the period from continuing operations</b>	<b>(11,334)</b>				

The Board does not review assets and liabilities by segment and consequently balance sheet disclosure has not been included.

**7. Loss for the year**

	2019 £'000	2018 £'000
Loss for the year has been arrived at after charging/ (crediting):		
Net foreign exchange losses/(gains)	7,925	(266)
Depreciation of property, plant and equipment	2,591	2,903
Gain on disposal of property, plant and equipment	—	(8,031)
Amortisation	17,836	17,668
Staff costs (see note 9)	83,705	74,602

**8. Auditor's remuneration**

The analysis of the auditor's remuneration is as follows:

	2019 £'000	2018 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	65	72
Audit of the Company's subsidiaries	120	128
Total audit fees	185	200
- Taxation compliance services	—	71
- Covenant compliance	—	13
Total non-audit fees	—	84

**Fleet Finco Limited**  
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**9. Staff costs**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	72,823	65,459
Social security costs	7,316	6,201
Other pension costs	3,566	2,942
	<u>83,705</u>	<u>74,602</u>

The average monthly number of employees (including executive directors) was:

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Editorial	516	445
Sales and marketing	238	256
Management, administration and technical	157	159
	<u>911</u>	<u>860</u>

**Key management personnel remuneration, including directors**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Key management personnel remuneration	1,035	564
Contributions to defined contribution scheme	20	8
	<u>1,055</u>	<u>572</u>

The highest paid director received remuneration of £764k. This included a bonus payment of £313k, £43k towards pensions as well as benefits in kind of £1k.

**10. Finance income**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Total interest income for financial assets not designated at fair value through profit or loss	<u>623</u>	<u>251</u>

**11. Other gains**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Gain on disposal of fixed assets	<u>—</u>	<u>8,031</u>

The gain on disposal of fixed assets in 2018 related to the sale of Argus House in August 2017. No other gains or losses have been recognised.

**Fleet Finco Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**12. Finance costs**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Interest on bank overdrafts and loans	12,124	9,908
Interest on shareholder loan notes	25,373	27,655
Interest on related party balances	29,630	27,436
<b>Total interest expense</b>	<b>67,127</b>	<b>64,999</b>

The interest on bank overdrafts and loans arises on the senior secured term loan from a consortium of banks and the revolving credit facility from the same consortium as described in more detail on note 20.

The interest on shareholder loan notes arises on the unsecured A loan notes held by the Group's major shareholder, General Atlantic. The interest can be settled, at the discretion of the Group, in either cash or "Payment in Kind" ("PIK") notes.

The interest on related party balances arises on charges payable for the period from Fleet Topco Limited, the parent company.

**13. Tax**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax</b>		
UK corporation tax on profits for the period	3,395	4,631
UK corporation tax adjustments in respect of previous periods	(1,828)	17
Overseas tax	6,712	5,826
Overseas tax adjustments in respect of previous periods	(119)	(179)
<b>Total current tax charge</b>	<b>8,160</b>	<b>10,295</b>
<b>Deferred tax</b>		
Adjustments to deferred tax in respect of previous periods	(193)	101
Origination and reversal of timing differences	(4,411)	(2,322)
Effect of changes in tax rates	—	(12,098)
<b>Total deferred tax credit</b>	<b>(4,604)</b>	<b>(14,319)</b>
<b>Tax charge/(credit)</b>	<b>3,556</b>	<b>(4,024)</b>



**Fleet Finco Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**13. Tax (continued)**

The tax assessed for the period is lower than the standard rate applying in the UK.  
The differences are explained below:

	2019 £'000	2018 £'000
Loss at the standard tax rate 19.00% (2018: 19.00%)	(4,355)	(3,042)
Effects of:		
Different tax rates of overseas jurisdictions	(1,077)	223
Expenses not deductible for tax purposes	9,086	11,518
Non taxable income	(3,283)	(775)
Change in rates	—	(12,577)
Deferred tax unrecognised	210	1,136
Adjustments to tax charge in respect of previous periods	(1,942)	77
Group relief surrendered	5,486	—
Items charged within comprehensive income	(569)	(584)
<b>Total tax charge/(credit)</b>	<b>3,556</b>	<b>(4,024)</b>

The standard rate of tax applied to reported profit is 19%. Legislation has been passed that will lead to further reductions in the UK corporation tax rate to 17% from 1 April 2020.

	2019 £'000	2018 £'000
<b>Balance sheet disclosure</b>		
UK corporation tax recoverable	569	134
Overseas tax recoverable	(948)	1,044
Deferred tax liability	(74,264)	(77,178)
Deferred tax asset	1,838	1,681
<b>Total</b>	<b>(72,805)</b>	<b>(74,319)</b>
<b>Analysis of deferred tax balances:</b>		
Accelerated capital allowances	485	(7,568)
Intangibles	(75,294)	(87,772)
Short-term timing differences	2,288	19,726
Losses	95	117
<b>Total liability</b>	<b>(72,426)</b>	<b>(75,497)</b>
<b>Analysis of movement in deferred tax provision</b>		
Opening balance	(75,497)	(89,693)
Deferred tax liability acquired on acquisition	(1,670)	—
Adjustments in respect of previous periods	193	(9)
Deferred tax (charge)/credit to P&L	4,394	14,330
Foreign exchange movements	154	(125)
<b>Total</b>	<b>(72,426)</b>	<b>(75,497)</b>

**Fleet Finco Limited**  
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**14. Goodwill**

	£'000
<b>Cost and carrying amount</b>	
At 1 July 2017	658,451
At 30 June 2018	658,451
Addition on acquisition of subsidiaries	3,161
At 30 June 2019	<u>661,612</u>
	<b>Carrying value</b>
	£'000
<b>Cost and carrying amount</b>	
Europe	249,560
America	268,456
CIS	52,354
Asia	91,242
At 30 June 2019	<u>661,612</u>

Goodwill is reviewed and tested on an annual basis or more frequently if there is indication that goodwill might be impaired. Goodwill has been tested for impairment by comparing the carrying amount of each cash-generating unit (CGU), including goodwill, with the recoverable amount. The recoverable amounts of the CGUs are determined from value-in-use calculations.

The value-in-use is the present value of the cash flows expected to be generated by the CGU over a projection period, together with a terminal value. The projection period is the time period over which future cash flows are predicted. The Company's methodology is to use a projection period of five years. For periods after this five-year period, the methodology applies a long term growth rate of 2% to 3.9% to derive a terminal value. Cash flow expectations exclude any future cash flows that may arise from restructuring or other enhancements to the cash generating activities of the CGU and reflect management's expectations of the range of economic conditions that may exist over the projection period.

The key assumptions for the value-in-use calculations are as follows:

**Profit**

Based on the latest forecast for revenue and costs as approved by the Board and taking into consideration past experience and the current economic environment with regard to customer attrition rates and additions to the customer base.

**Growth rates**

The annual growth for the five year initial period calculated based on historical trading is between 8% and 12%, and the perpetuity growth factor across each region is 2% apart from the CIS where the perpetuity growth factor is 3.9%.

**Discount rates**

The pre-tax discount rate used to discount the forecast cash flows are: 10.0% for Europe, 13.0% for America, 10.1% for Asia and 17.5% for CIS. These rates are based on the risks specific to the relevant CGUs.

**Group**

The Group's cash generating units (CGUs) all have adequate headroom for their respective size of the business. Budgets comprise forecasts of gross profit, staff costs and overheads based on current and anticipated market conditions that have been considered and approved by the Board.

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**14. Goodwill(continued)**

Management has undertaken a sensitivity analysis taking into consideration the impact on changes to key impairment assumptions arising from a range of possible future trading and economic scenarios. These have been applied across all CGUs. For the CIS CGU an increase in the discount rate of 1.5% or decrease of revenue by 3% would reduce the headroom to nil. For all other CGUs an underperformance of between 4% to 12% in revenue or an increase in discount rate of between 1.5% and 4.4% would reduce the headroom to nil.

**15. Intangible assets**

	£'000
<b>Cost</b>	
At 1 July 2017	410,156
At 30 June 2018	410,156
Additions	6,332
At 30 June 2019	416,488
<b>Amortisation</b>	
At 1 July 2017	13,338
Charge for the year	17,668
At 30 June 2018	31,006
Charge for the year	17,836
At 30 June 2019	48,842
<b>Carrying amount</b>	
At 1 July 2017	396,818
At 30 June 2018	379,150
At 30 June 2019	367,646

	Subscriber customer relationships	Technology assets	Exchange customer relationships	Brand assets	Conference relationships	Total
<i>Useful economic life</i>	25 years	10 years	25 years	25 years	10 years	
	£'000	£'000	£'000	£'000	£'000	£'000
Carrying amount 1 July 2017	226,980	16,944	17,911	130,684	4,299	396,818
Amortisation	(9,306)	(1,822)	(734)	(5,358)	(448)	(17,668)
Carrying amount 30 June 2018	217,674	15,122	17,177	125,326	3,851	379,150
Addition	4,819	393	—	222	898	6,332
Amortisation	(9,384)	(1,838)	(738)	(5,390)	(486)	(17,836)
<b>Carrying amount 30 June 2019</b>	<b>213,109</b>	<b>13,677</b>	<b>16,439</b>	<b>120,158</b>	<b>4,263</b>	<b>367,646</b>

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**16. Property, plant and equipment**

	Leasehold improvements	Computer equipment	Fixtures and fittings	Motor vehicles	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 July 2017	—	2,101	556	75	4,278	7,010
Additions	121	867	109	—	4,741	5,838
Disposals	—	(916)	(19)	(36)	(1,338)	(2,309)
Transfers	3,383	2,763	1,057	—	(7,203)	—
Exchange differences	—	(15)	(27)	—	(2)	(44)
At 30 June 2018	3,504	4,800	1,676	39	476	10,495
Additions	—	555	226	88	2,916	3,785
Disposals	—	(102)	(9)	—	(12)	(123)
Transfers	—	830	2	—	(832)	—
Exchange differences	—	114	34	—	(3)	145
<b>At 30 June 2019</b>	<b>3,504</b>	<b>6,197</b>	<b>1,929</b>	<b>127</b>	<b>2,545</b>	<b>14,302</b>
<b>Depreciation</b>						
At 1 July 2017	—	62	73	14	—	149
Charge for the year	292	2,115	479	17	—	2,903
Disposals	—	(697)	(28)	(31)	—	(756)
Exchange differences	—	(14)	(8)	—	—	(22)
At 30 June 2018	292	1,466	516	—	—	2,274
Charge for the year	350	1,673	544	24	—	2,591
Disposals	—	(55)	(9)	—	—	(64)
Exchange differences	—	91	56	—	—	147
<b>At 30 June 2019</b>	<b>642</b>	<b>3,175</b>	<b>1,107</b>	<b>24</b>	<b>—</b>	<b>4,948</b>
<b>Carrying amount</b>						
At 30 June 2019	2,862	3,022	822	103	2,545	9,354
At 30 June 2018	3,212	3,334	1,160	39	476	8,221
At 30 June 2017	—	2,039	483	61	4,278	6,861

At 1 July 2017, property, plant and equipment are stated at historical cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use. The Group had no contractual commitments for the acquisition of property, plant and equipment at 30 June 2019 (2018: £0.9m).

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**17. Investments**

	Consolidated 30 June 2019 £'000	Company 30 June 2019 £'000	Consolidated 30 June 2018 £'000	Company 30 June 2018 £'000
<b>Trading investments carried at fair value</b>				
Shares	31	4,705	31	4,705

The fixed asset investment refers to an 7% equity investment in PT Coal Indonesia.

A list of the Company's subsidiaries included in these consolidated financial statements is included below:

Company	Class of shares	Country of incorporation	Holding & voting right	Company number
Fleet Midco Limited <sup>1</sup>	Ordinary	United Kingdom	100%	10136400
<i>Indirectly held subsidiaries</i>				
Fleet Midco I Limited <sup>1</sup>	Ordinary	United Kingdom	100%	10201437
Fleet Midco II Limited <sup>1</sup>	Ordinary	United Kingdom	100%	10201754
Fleet Bidco Limited <sup>1</sup>	Ordinary	United Kingdom	100%	10136815
Fleet U.S. Bidco Inc. <sup>2</sup>	Ordinary	Delaware, US	100%	6053365
Argus Media Limited <sup>1</sup>	Ordinary	United Kingdom	100%	01642534
Argus Media Inc. <sup>2</sup>	Ordinary	Delaware, US	100%	2971630
Argus Media (Russia) Limited <sup>1</sup>	Ordinary	United Kingdom	100%	04221838
Argus Media Brasil Relatórios de Preço de Energia e Commodity Ltda. <sup>3</sup>	Ordinary	Brazil	100%	332.0924922-3 (NIRE)
Argus Media Canada Ltd <sup>4</sup>	Ordinary	Canada	100%	BC1019104
Argus Media South Africa Limited <sup>1</sup>	Ordinary	United Kingdom	100%	10603005
Argus Media Australia PTY Limited <sup>5</sup>	Ordinary	Australia	100%	618642756
Argus Media Singapore Group pte Limited <sup>6</sup>	Ordinary	Singapore	100%	201330289W
FMB Consultants Limited <sup>1</sup>	Ordinary	United Kingdom	100%	01588592
FMB Publications Limited <sup>1</sup>	Ordinary	United Kingdom	100%	01739247
Fertilizer + Chemical Consultancy Limited <sup>1</sup>	Ordinary	United Kingdom	100%	04933572
Metal-Pages Limited <sup>1</sup>	Ordinary	United Kingdom	100%	03975911
DeWitt & Company Incorporated <sup>2</sup>	Ordinary	Delaware, US	100%	153989600
Argus Media Mexico Price Reporting Services, S. de R.L. de C.V. <sup>9</sup>	Ordinary	Mexico	100%	AMM1710125G4
Argus Media Mexico Price Reporting Group, S. de R.L. de C.V. <sup>9</sup>	Ordinary	Mexico	100%	AMM1710125G4
Integer Research Limited <sup>1</sup>	Ordinary	United Kingdom	100%	04240392
Argus Media Netherlands B.V. <sup>8</sup>	Ordinary	Netherlands	100%	859802255
Argus Benchmark Administration B.V. <sup>8</sup>	Ordinary	Netherlands	100%	859965879
Argus Media Germany GmbH <sup>7</sup>	Ordinary	Germany	100%	HRB153546
O.M.R. Oil Market Report GmbH <sup>7</sup>	Ordinary	Germany	100%	HRB14132PI

The registered office for these companies are:

<sup>1</sup> Lacon House, 84 Theobalds Road, London, England, WC1X 8NL.

<sup>2</sup> 2929 Allen Parkway Suite 700, Houston, Texas, USA, 77019.

<sup>3</sup> Avenida Angelica, No 2220, Suites 112 and 113- Consolaco, Sao Paulo, Brazil, CEP 01.228.200.

<sup>4</sup> 1055 West Georgia Street, 1500 Royal Centre, Vancouver, British Columbia, Canada.

<sup>5</sup> Care of CCASA, Level 21, 20 Bond Street, Sydney, NSW 2000, Australia.

<sup>6</sup> 50 Raffles Place, #10-01, Singapore Land Tower, Singapore 048623.

<sup>7</sup> Hauptstrasse 12, 25548 Kellinghusen, Germany.

<sup>8</sup> Prins Bernhardplein 200, 1097JB Amsterdam, Netherlands

<sup>9</sup> Pedregal 24 Piso 3 y 4 Col. - Suite 310 Molina del Rey, Miguel Hidalgo, Ciudad de Mexico 11040

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**17. Investments (continued)**

**Finance support**

The subsidiary companies listed below are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A.

<b>Company</b>	<b>Company number</b>
Fleet Midco Limited	10136400
Fleet Midco I Limited	10201437
Fleet Midco II Limited	10201754
Fleet Bidco Limited	10136815
Argus Media Limited	01642534
Argus Media (Russia) Limited	04221838
Argus Media South Africa Limited	10603005
Integer Research Limited	04240392
Metal-Pages Limited	03975911

The subsidiary companies listed below are exempt from audit of individual accounts by virtue of Article 403, Book 2 of the Dutch Civil Code.

<b>Company</b>	<b>Company number</b>
Argus Media Netherlands B.V.	859802255
Argus Benchmark Administration B.V.	859965879

**18. Acquisition of subsidiary**

**(i) Acquisition of Integer Research Ltd.**

On 18 October 2018, the Group acquired Integer Research Ltd., a UK-based global provider of market intelligence to fertilizer, industrial chemicals and wire and cable industries. The acquisition comprised 100% of the equity share capital of Integer Research. The goodwill arising on this acquisition results from revenue and cost synergies and from assets and benefits that cannot be separately recognised.

**(ii) Acquisition of O.M.R. Oil Market Report GmbH**

On 30 April 2019, the Group acquired O.M.R. OIL MARKET REPORT GmbH, a German oil information provider. The acquisition comprised of 100% of the equity share capital of O.M.R. OIL MARKET REPORT GmbH. The goodwill arising on this acquisition results from revenue and cost synergies and from assets and benefits that cannot be separately recognised.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below for both transactions:

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**18. Acquisition of subsidiary (continued)**

	Integer Research Ltd.	O.M.R. Oil Market Report GmbH	Total
	£'000	£'000	£'000
Intangibles	958	5,399	6,357
Property, plant and equipment	10	44	54
Deferred tax assets	—	14	14
Trade and other receivables	570	105	675
Cash and cash equivalents	68	597	665
Current tax liabilities	(471)	(65)	(536)
Trade and other payables	—	(11)	(11)
Deferred income	—	(647)	(647)
Deferred tax liabilities	(163)	(1,568)	(1,731)
Identifiable net assets acquired	972	3,868	4,840
Goodwill	2,576	585	3,161
Total consideration	3,548	4,453	8,001
<b>Satisfied by:</b>			
Cash consideration	2,394	4,453	6,847
Deferred consideration	1,154	—	1,154
Total consideration	3,548	4,453	8,001
<b>Net cash outflow arising on acquisition</b>			
Initial cash consideration	2,129	4,453	6,582
Deferred and contingent consideration paid	265	—	265
Less: net cash acquired	(68)	(597)	(665)
Net cash outflow arising on acquisitions	2,326	3,856	6,182

Intangible assets acquired in 2019 represent	£'000	Useful economic life
Subscriber customer relationships	4,819	25
Conference relationships	898	10
Acquired technology and databases	393	10
Brand assets	222	25
<b>Total intangible assets acquired</b>	<b>6,332</b>	

In total, the acquisitions completed in the year contributed an additional £1,977k of revenue and operating losses of £463k within operating profit before acquisition costs of £160k and intangible amortisation of £73k.

If the acquisitions had completed on the first day of the financial year, these would have generated revenue of £3,893k and operating losses of £538k for the year ended 30 June 2019.

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**19. Trade and other receivables**

	Consolidated 30 June 2019 £'000	Company 30 June 2019 £'000	Consolidated 30 June 2018 £'000	Company 30 June 2018 £'000
Amount receivable for the sale of goods and services	33,600	—	15,625	—
Allowance for doubtful debts	(286)	—	(308)	—
	<u>33,314</u>	<u>—</u>	<u>15,317</u>	<u>—</u>
Other debtors	1,348	—	1,839	—
Prepayments	3,885	—	4,118	—
Accrued income	1,957	—	2,301	—
Amounts due from related party undertakings	—	860,818	—	790,350
<b>Total</b>	<u><b>40,504</b></u>	<u><b>860,818</b></u>	<u><b>23,575</b></u>	<u><b>790,350</b></u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost. Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the reporting date but against which the Group has not recognised an allowance for doubtful receivables because there is an expectation that these amounts are fully receivable.

Amounts due from related party undertakings represents a loan receivable for £760m (2018: £760.0m) with interest receivable of £93.6m (2018: £30.4m) from its subsidiary, Fleet Midco Limited. The interest on this loan is charged at 8%. Additionally, amounts due from related party undertakings includes an intercompany receivable of £7.2m (2018: nil), from its parent company, Fleet Topco Limited.

Amounts receivable from the sale of goods and services can be analysed as follows:

	30 June 2019 £'000	30 June 2018 £'000
Amounts receivable not past due	28,918	14,780
Amounts receivable past due but not impaired	4,396	537
Amounts receivable impaired (gross)	286	308
Less impairment	(286)	(308)
<b>Total</b>	<u><b>33,314</b></u>	<u><b>15,317</b></u>

**Aging of trade debtors past due but not impaired receivables**

	30 June 2019 £'000	30 June 2018 £'000
31-60 days	3,788	435
61-90 days	380	24
91-120 days	228	78
<b>Total</b>	<u><b>4,396</b></u>	<u><b>537</b></u>



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**19. Trade and other receivables (continued)**

**Movement in the loss allowance**

	30 June 2019 £'000	30 June 2018 £'000
Balance at the beginning of the year	308	664
Decrease in loss allowance	(22)	(356)
<b>Balance at the end of the year</b>	<b>286</b>	<b>308</b>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

**Aging of trade debtors impaired trade receivables**

	30 June 2019 £'000	30 June 2018 £'000
121+ days	286	308

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

**20. Financial Liabilities – Borrowings**

	Consolidated 30 June 2019 £'000	Company 30 June 2019 £'000	Consolidated 30 June 2018 £'000	Company 30 June 2018 £'000
<b>Secured borrowing at amortised cost</b>				
Bank loans	266,139	—	258,416	—
Shareholder loan notes	323,244	323,244	329,464	329,464
<b>Total</b>	<b>589,383</b>	<b>323,244</b>	<b>587,880</b>	<b>329,464</b>
<b>Amount due for settlement within 12 months</b>	12,334	12,334	—	—
<b>Amount due for settlement after 12 months</b>				
Bank loans	266,139	—	258,416	—
Shareholder loan notes	310,910	310,910	329,464	329,464
<b>Total</b>	<b>577,049</b>	<b>310,910</b>	<b>587,880</b>	<b>329,464</b>

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**20. Financial Liabilities – Borrowings (continued)**

**Analysis of borrowings by currency:**

	<b>Sterling £'000</b>	<b>Euros £'000</b>	<b>US dollars £'000</b>	<b>Total £'000</b>
<b>30 June 2019</b>				
Bank loans	38,500	51,085	176,554	266,139
Shareholder loan notes	323,244	—	—	323,244
<b>Total</b>	<b>361,744</b>	<b>51,085</b>	<b>176,554</b>	<b>589,383</b>
<b>30 June 2018</b>				
Bank loans	38,500	50,446	169,470	258,416
Shareholder loan notes	329,464	—	—	329,464
<b>Total</b>	<b>367,964</b>	<b>50,446</b>	<b>169,470</b>	<b>587,880</b>

**Shareholder loan notes**

Shareholder loan notes were issued on 30 September 2016 at an issue price of £366.6m by the Company. This instrument was created and authorised by the issue of unsecured A Loan Notes due 2030 of nominal amount of £0.01 each.

Interest of 8% will accrue annually up until the settlement date on 30 September 2030. The interest expense for the year has been calculated by applying an effective rate of 8% to the liability component for the year. The difference between the carrying amount of the liability component at the date of issue and the amount reported in the balance sheet at 30 June 2018 represents the effective interest rate less interest paid to that date. The net proceeds received from the issue of the shareholder loan notes have been recorded as a financial liability as follows:

	<b>Consolidated 30 June 2019 £'000</b>	<b>Company 30 June 2019 £'000</b>	<b>Consolidated 30 June 2018 £'000</b>	<b>Company 30 June 2018 £'000</b>
Shareholder loan notes	310,910	310,910	329,464	329,464
Interest accrued	12,334	12,334	—	—
<b>Liability at 30 June</b>	<b>323,244</b>	<b>323,244</b>	<b>329,464</b>	<b>329,464</b>

**Bank Loans**

The Group debt facility was agreed with a syndicate of seven banks. The term of the debt is from 30 September 2016 until 30 September 2022.

The following term loan debt facilities were agreed:

GBP Facility - £38.5m

Euro Facility - €57.1m

USD Facility - \$223.9m

In addition, a Revolving Credit Facility of £55.0m was provided. As at 30 June 2019, this was unutilised (2018: £15.0m).

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**20. Financial Liabilities – Borrowings (continued)**

The interest rates on the debt are based on the relevant rates of Libor GBP, Euribor Euro and USD Libor plus a margin based on the level of Net Senior Leverage. During the period the applicable margin moved from 3.25% to 2.75%. The margin can range from 2.5% to 3.5%.

The bank loan is un-amortising and is subject to covenant leverage ratio requirements. The Group has complied with these requirements during the period.

**21. Derivative financial instruments**

	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>£'000</b>	<b>£'000</b>
Derivative financial assets	50	2,255
Derivative financial liabilities	(893)	—
Total net derivative (liabilities)/assets	<u>(843)</u>	<u>2,255</u>

For further details on financial instruments refer to note 32.

**22. Provisions**

The Group holds provisions for leasehold properties at 30 June 2019 totaling £0.3m (2018: £0.2m). The provision is allocated as:

	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>£'000</b>	<b>£'000</b>
Dilapidations	319	224
Analysed as follows:		
Non-current	319	224
Total	<u>319</u>	<u>224</u>

	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>£'000</b>	<b>£'000</b>
Opening	224	181
Additions during the year	95	43
At 30 June	<u>319</u>	<u>224</u>

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**23. Deferred tax**

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the period.

	Accelerated tax depreciation	Short-term timing differences	Intangibles	Losses	Total
	£'000	£'000	£'000	£'000	£'000
<b>At 1 July 2017</b>	(7,408)	5,312	(87,772)	175	(89,693)
(Charge) / credit to profit or loss	(160)	14,548	—	(58)	14,330
Acquisition of subsidiary	—	(9)	—	—	(9)
Exchange differences	—	(125)	—	—	(125)
<b>At 30 June 2018</b>	<b>(7,568)</b>	<b>19,726</b>	<b>(87,772)</b>	<b>117</b>	<b>(75,497)</b>
Acquisition of subsidiary	—	—	(1,670)	—	(1,670)
(Charge) / credit to profit or loss	(232)	(604)	5,252	(22)	4,394
Adjustments in respect of previous periods	—	(16,834)	17,027	—	193
Recategorisation	8,285	—	(8,285)	—	—
Exchange differences	—	—	154	—	154
<b>At 30 June 2019</b>	<b>485</b>	<b>2,288</b>	<b>(75,294)</b>	<b>95</b>	<b>(72,426)</b>

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	30 June 2019	30 June 2018
	£'000	£'000
Deferred tax liabilities	(74,264)	(77,178)
Deferred tax assets	1,838	1,681
<b>Net deferred tax liability</b>	<b>(72,426)</b>	<b>(75,497)</b>

Deferred tax assets and deferred tax liabilities have been recognised in Group subsidiaries on the basis that it is more likely than not that the tax benefit or expense will crystallise in the future.

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**24. Trade and other payables**

	<b>Consolidated</b>	<b>Company</b>	<b>Consolidated</b>	<b>Company</b>
	<b>30 June 2019</b>	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade payables	4,043	—	4,798	—
Accruals	25,029	—	21,212	—
Social security and other taxes	1,566	—	1,534	—
Other creditors	10	—	—	—
Amounts owed to related party undertakings	386,662	527,819	363,106	457,409
<b>Total</b>	<b>417,310</b>	<b>527,819</b>	<b>390,650</b>	<b>457,409</b>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days. For most suppliers no interest typically is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

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

Amounts owed to related parties includes a loan from the parent company, Fleet Topco Limited, for £356.1m (2018: £351.3m), and from Group subsidiaries Fleet Midco Limited £20.5m (2018: nil), Fleet Bidco Limited £42.8m (2018: £39.9m), Fleet Midco II Limited £28.7m (2018: £28.7m), Argus Media Limited £25.7m (2018: £13.0m), Fleet U.S. Bidco Limited £10.0m (2018: £10.2m), interest payable of £43.9m (2018: £14.2m) and trading balances of £0.1m (2018: £0.1m). The interest on this loan is charged at 8%.

**25. Share capital**

	<b>Consolidated</b>	<b>Company</b>	<b>Consolidated</b>	<b>Company</b>
	<b>30 June 2019</b>	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Allocated, called-up and fully-paid Ordinary Shares</b>				
4,704,999 A Ordinary Shares of £1 each	4,705	4,705	4,705	4,705

During the year and prior year no shares were issued. The Company has 4,704,999 authorised shares in 2019 and 2018.

**26. Share premium account**

	<b>Consolidated</b>	<b>Company</b>
	<b>30 June</b>	<b>30 June</b>
	<b>£</b>	<b>£</b>
At 1 July 2017	1	1
At 30 June 2018	1	1
At 30 June 2019	1	1

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**27. Translation reserve**

	£'000
At 1 July 2017	64
Exchange differences on translating the net assets of foreign operations	1,028
At 30 June 2018	1,092
Exchange differences on translating the net assets of foreign operations	(5,386)
At 30 June 2019	(4,294)

**28. Notes to the cash flow statement**

	30 June 2019 £'000	30 June 2018 £'000
Operating profit for the year	43,584	41,359
Adjustment for		
Depreciation of property, plant and equipment	2,591	2,903
Amortisation of intangible assets	17,836	17,668
Operating cash flows before movements in working capital	64,011	61,930
(Increase) / decrease in receivables	(16,929)	3,440
Increase in payables	21,228	12,775
Cash generated by operations	68,310	78,145

**Cash and cash equivalents**

	Consolidated 30 June 2019 £'000	Company 30 June 2019 £'000	Consolidated 30 June 2018 £'000	Company 30 June 2018 £'000
Cash and cash equivalents	29,424	57	24,494	10

The fair value of cash and cash equivalents approximates to the carrying value.

**29. Contingent liabilities**

At the date of signing the accounts there were no contingent liabilities (2018: Nil).

**30. Operating lease arrangements**

The Group as lessee

	2019 £'000	2018 £'000
Lease payments under operating leases recognised as an expense in the year	4,593	4,600

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**30. Operating lease arrangements (continued)**

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

<b>2019</b>			
	<b>Land and buildings £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
Within one year	5,916	3	5,919
Between one and five years	19,942	—	19,942
Over five years	10,500	—	10,500
	<u>36,358</u>	<u>3</u>	<u>36,361</u>

<b>2018</b>			
	<b>Land and buildings £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
Within one year	4,606	58	4,664
Between one and five years	18,754	3	18,757
Over five years	8,455	—	8,455
	<u>31,815</u>	<u>61</u>	<u>31,876</u>

Operating lease payments represent rentals payable by the Group for certain of its office properties.

**31. Deferred revenue**

	<b>2019 £'000</b>	<b>2018 £'000</b>
Current- within one year	104,973	86,989
Non-current- over one year	357	212
Deferred revenue	<u>105,330</u>	<u>87,201</u>

The deferred revenue balance relates to the future delivery of subscriptions, conferences and consulting projects.

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**32. Financial Instruments**

**Capital risk management**

The Company defines capital as the total of the shareholder loans, the preference shares and the equity of the Company. The Company's primary objectives when managing capital are to achieve sustainable growth and ensure that the Company has adequate capital to fund its operations.

The Directors regularly assess and quantify the potential capital requirements of the Company in order to ensure the Company has adequate capital. The process of allocating capital to specific operations and activities is undertaken by senior management.

**Categories of financial instruments**

The following table provides an analysis of the carrying amounts and fair values of the Group's financial instruments by class and category. The directors believe that the carrying amount of the financial instruments is equal to, or approximately equal to, the fair value.

<b>2019</b>	<b>Amortised costs £'000</b>	<b>FVtPL £'000</b>	<b>FVtOCI £'000</b>	<b>Total £'000</b>
<b>Financial assets</b>				
Trade and other receivables	40,504	—	—	40,504
Cash and bank balances	29,469	—	—	29,469
Investments	—	—	31	31
Derivative financial instruments	—	50	—	50
	<u>69,973</u>	<u>50</u>	<u>31</u>	<u>70,054</u>
<b>Financial liabilities</b>				
Trade and other payables	417,310	—	—	417,310
Bank loans	266,139	—	—	266,139
Shareholder loan notes	323,244	—	—	323,244
Derivative financial instruments	—	893	—	893
	<u>1,006,693</u>	<u>893</u>	<u>—</u>	<u>1,007,586</u>



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**32. Financial Instruments (continued)**

**Categories of financial instruments (continued)**

2018	Amortised costs £'000	FVtPL £'000	FVtOCI £'000	Total £'000
<b>Financial assets</b>				
Trade and other receivables	23,575	—	—	23,575
Cash and bank balances	24,494	—	—	24,494
Investments	—	—	31	31
Derivative financial instruments	—	2,255	—	2,255
	<u>48,069</u>	<u>2,255</u>	<u>31</u>	<u>50,355</u>
<b>Financial liabilities</b>				
Trade and other payables	390,650	—	—	390,650
Bank loans	258,416	—	—	258,416
Shareholder loan notes	329,464	—	—	329,464
	<u>978,530</u>	<u>—</u>	<u>—</u>	<u>978,530</u>

**Financial risk management objectives**

The Group has formal risk management policies and guidelines that set out its overall business strategies, its tolerance of risk and general risk management philosophy, and has established processes to monitor and control its exposure to such risks in a timely manner. The Group reviews its risk management processes regularly to ensure the Group's policy guidelines are adhered to.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group is exposed to credit risk, liquidity risk, foreign currency risk and interest rate risk.

**Credit risk**

Credit risk relates to the risk of loss resulting from the non-performance or non-payment by the Group's counterparties related to their contractual obligations with the Group. Risk surrounding counterparty performance and credit could ultimately impact the amount and timing of expected cash flows. The Group had limited credit risk exposure due to the fact that the Group generally sells its services on a prepayment basis.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

**Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. An unmatched position of assets and liabilities potentially enhances profitability, but can also increase the risk of losses. The Group manages this risk by closely monitoring its current assets to current liabilities ratio and having adequate amount of credit facilities.

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**32. Financial Instruments (continued)**

**Liquidity risk (continued)**

The following tables detail the Group's remaining expected maturity for its derivative and non-derivative financial assets and the contractual maturity for its derivative and non-derivative financial liabilities. The tables are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to repay.

<b>2019</b>	<b>1 year or less £'000</b>	<b>1-5 years £'000</b>	<b>Greater than 5 years £'000</b>	<b>Total £'000</b>
<b>Financial liabilities</b>				
Non-derivative financial liabilities				
Trade and other payables	417,310	—	—	417,310
Bank loans	13,265	282,512	—	295,777
Shareholder loan notes	37,207	99,491	441,492	578,190
Derivative financial liabilities				
Derivative financial instruments	893	—	—	893
<b>Total</b>	<b>468,675</b>	<b>382,003</b>	<b>441,492</b>	<b>1,292,170</b>

<b>2018</b>	<b>1 year or less £'000</b>	<b>1-5 years £'000</b>	<b>Greater than 5 years £'000</b>	<b>Total £'000</b>
<b>Financial liabilities</b>				
Non-derivative financial liabilities				
Trade and other payables	—	—	—	27,544
Bank loans	11,290	295,108	—	306,398
Shareholder loan notes	26,357	105,428	520,553	652,338
<b>Total</b>	<b>37,647</b>	<b>400,536</b>	<b>520,553</b>	<b>986,280</b>

**Foreign currency risk**

The Group undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise. The following table demonstrates the sensitivity to a reasonably possible change in USD and EUR exchange rates by 10%, with all other variables held constant. The impact on the Group's loss before taxation is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is deemed not to be material.

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**32. Financial Instruments (continued)**

**Foreign currency risk(continued)**

	Effect on loss before taxation		Effect on loss before taxation	
	30 June 2019		30 June 2018	
	+10%	-10%	+10%	-10%
	£'000	£'000	£'000	£'000
Currency				
US Dollar (USD)	(10,726)	11,798	(9,366)	11,448
Euro (EUR)	(147)	161	(542)	662
Russian Rouble (RUB)	(477)	525	303	(370)
	<u>(11,350)</u>	<u>12,484</u>	<u>(9,605)</u>	<u>11,740</u>

**Interest rate risk**

The Group is exposed to interest rate risk as the Group has debt at floating interest rates. The risk is managed by the Group using interest rate swap and interest rate cap contracts. The floating rate debt which is based on US\$/EUR/GBP LIBOR plus an appropriate premium.

Assuming the interest rates were 100 basis points higher/lower and all other variables held constant, the Group's income and equity for the financial year ended 30 June 2019 would decrease/increase by £215k (2018: £215k).

**Determination of fair value**

A number of the Group's accounting policies and disclosures required the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to the asset or liability.

Cash and cash equivalents, trade receivables, due to/from related parties, trade and other payables and loans and borrowings: Carrying value approximates fair value due to the liquid nature of the assets and liabilities, as they are due on demand and bear interest at market rates.

Derivative financial assets and derivative financial liabilities.

Outstanding interest swap and cap contracts are measured at their fair values using broker quotes as of the reporting date.

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**32. Financial Instruments (continued)**

**Fair value hierarchy**

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. The Group classifies the fair values of its financial instruments into a three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can assess at the measurement date, or

Level 2 – Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly, or

Level 3 – Unobservable inputs for the assets or liabilities, requiring the Group to make market-based assumptions

Level 1 classifications include futures and options that are exchange traded, whereas Level 2 classifications include over the counter options, swaps and caps which derive their fair value primarily from exchange and broker quotes. Level 3 classifications primarily include physical forward transactions which derive their fair value predominantly from models.

2019				
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
<b>Financial assets</b>				
Investments	—	—	31	31
Derivative financial instruments	—	50	—	50
<b>Total financial assets</b>	<b>—</b>	<b>50</b>	<b>31</b>	<b>81</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	—	893	—	893
<b>Total financial liabilities</b>	<b>—</b>	<b>893</b>	<b>—</b>	<b>893</b>

2018				
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
<b>Financial assets</b>				
Investments	—	—	31	31
Derivative financial instruments	—	2,255	—	2,255
<b>Total</b>	<b>—</b>	<b>2,255</b>	<b>31</b>	<b>2,286</b>

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**33. Events after the balance sheet date**

On 4 October 2019 (effective 7 October 2019) the Group signed a seven-year debt facility with a syndicate of 69 financial institutions in the amount of US \$500 million plus a £50 million revolving credit facility (RCF), refinancing the £258 million six-year debt facility and the £55 million RCF from 30 September 2016. The new facility bears interest at US\$ LIBOR plus a margin based on the level of Net Senior Leverage. The margin can range from 2.0% to 3.25%.

On 22 October 2019, Hg, the manager of HgCapital Trust plc, announced that it plans to purchase a portion of General Atlantic's stake in the Group and on 31 January 2020, Hg has become a joint shareholder, alongside General Atlantic and other shareholders.

**34. Related party transactions**

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and other related parties are disclosed below.

General Atlantic B.V., the majority shareholder of Fleet Finco Limited Group, holds all of the shareholder loan notes issued by the Company. Full details of these shareholder loan notes are outlined in Note 20.

**35. Ultimate controlling party**

The immediate parent undertaking and immediate controlling party at the balance sheet date was Fleet Topco Limited, a company incorporated in Jersey.

The ultimate controlling party and parent of the Group is GAP Bermuda Limited, a company incorporated in Bermuda.