

Argus Media Limited
Registered Number: 1642534

Annual Report and Financial Statements
For the year ended: 30 June 2019

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STRATEGIC REPORT

Introduction

The directors present the Argus Media Limited strategic report for the year ended 30 June 2019. Argus Media Limited (the "Company") was incorporated on and is registered in England and Wales, with the registered number 1642534. The directors, in preparing this strategic report, have complied with section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Argus Media Limited ("Argus" or the "Company") is publishing news, price information and analysis on a wide range of global energy and commodity markets. The Company also reports on transportation, hosts industry conferences and provides consulting studies.

Key performance indicators

Company revenues for the year were £85.7 million (2018: £76.7 million), an increase of 11.7%, while expenses increased by 3.9% to £55.3 million (2018: £53.2 million). The profit on ordinary activities before taxation of £50.9 million (2018: £34.8 million) represents a increase of 46.1% over last year.

No dividend payment was made during the year (2018: £0.0 million). The Company forms part of the Fleet Finco Limited Group (the Group).

KPI's are monitored at Group level. 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 the Group 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.

Principal risks and uncertainties

The Company forms part of the Group which is managed on a unified basis. As a result, the directors of the Company believe that the risks facing the Group are relevant to the Company. 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, 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 to fund in part the acquisition of the Argus Media Group was drawn down in a mixture of US Dollars, Sterling and Euros to provide a natural hedge against the trading cashflows.

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 monitoring and controls in place. In terms of our 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 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 an annual appraisal process.

Despite the UK referendum decision to leave the European Union ("EU"), the Group is well positioned to continue to prosper notwithstanding possible economic and political turmoil arising from the UK's withdrawal. 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.

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

In accordance with the requirements of the UK Corporate Governance Code, 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, 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:

- Foreign exchange movements to which the Group is exposed as a result of its global operations
- 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.

Based on the results of the related analysis, 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.

The Group 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 46 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 the acquisition of the Argus Media Group 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.

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. The Group has also been investing in building a global Human Resources function to develop and retain talent and drive performance. As of 30 June 2018, the Group employs a workforce of 860 employees; this is an increase of 17 employees since 30 June 2017.

Nearly 50% of the Group's staff are journalists, who report on global commodity markets. Added to this number is a global network of local consultants and "stringers" who write for the group's various publications. Argus has an on-the-ground presence in 50 countries around the world, including 21 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.

Future developments

The directors expect the general level of activity of the Company to remain consistent with prior years. The Group has an exciting future ahead and the Company will continue to play its part in ensuring that the Group continues to grow and be successful.

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 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.

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:



S J Ashman
25 March 2020

DIRECTORS' REPORT

The directors present their report and the financial statements of Argus Media Limited (the 'Company') for the year ended 30 June 2019.

Dividends

Neither during or after this fiscal year nor during or after the prior fiscal year a dividend was paid.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

M A Binks
S J Ashman
M P Burkley

Donations

During the year, the Company made charitable donations of £140,927 (2018: £104,211). Argus has a global policy of matching contributions for staff fund-raising activities and also a policy of not making donations to political organisations or pressure groups.

Future developments and events after the balance sheet date

Future developments are discussed in the strategic report.

Financial risk management

From the perspective of the Company, financial risk management is integrated with the financial risk management of the consolidated financial statements of Fleet Finco Limited (the 'Group') and is not managed separately. Accordingly, the financial risk management of the Group, which includes that of the Company, is discussed in the Group's annual report which does not form part of this report.

Employees

Employees involvement – The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. The company encourages the involvement of employees, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the group, plays a major role in maintaining its success.

Disabled employees - The company is an equal opportunities employer and recruits without reference to gender, age, ethnicity, disability, sexual orientation, religion or belief. The company 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.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law required the directors to prepare financial statements for each financial year. Under the law the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 101 and applicable law (United Kingdom Generally Accepted Accounting Practice).

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 these 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 United Kingdom Accounting Standards, including FRS 101, 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 the the company will continue in business.

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.

On behalf of the board



S J Ashman
Director
25 March 2020

Company registered number: 1642534

PROFIT AND LOSS ACCOUNT

For the year ended:

30 June 2019

	Note	2019 £'000	2018 £'000
Turnover	3	85,684	76,713
Cost of sales		<u>(39,886)</u>	<u>(40,002)</u>
Gross Profit		45,798	36,711
Administrative expenses		<u>(15,452)</u>	<u>(13,176)</u>
Operating profit	4	30,346	23,535
Other gains or losses	5	—	8,031
Interest receivable and similar income	6	20,574	3,277
Profit before taxation		<u>50,920</u>	<u>34,843</u>
Tax on profit	9	<u>(1,302)</u>	<u>(4,782)</u>
Profit for the financial year		<u><u>49,618</u></u>	<u><u>30,061</u></u>

The above results are all derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above and therefore no separate statement of comprehensive income has been presented.

BALANCE SHEET

	Note	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	10	28,362	23,949
Tangible assets	11	8,522	7,594
Investments	12	292	292
		<u>37,176</u>	<u>31,835</u>
Current assets			
Debtors	14	205,618	129,221
Current tax assets and liabilities		948	—
Cash at bank and in hand		<u>6,297</u>	<u>7,739</u>
		212,863	136,960
Creditors amounts falling due within one year	15	(122,093)	(91,405)
Derivative financial instruments	21	(847)	—
		<u>(122,940)</u>	<u>(91,405)</u>
Net current assets		89,923	45,555
Total assets less current liabilities		127,099	77,390
Creditors amounts falling due after more than one year	16	(207)	(116)
Net Assets		<u>126,892</u>	<u>77,274</u>
Capital and reserves			
Called-up share capital	17	38	38
Share premium account		5,799	5,799
Other reserve		1	1
Profit and loss account		<u>121,054</u>	<u>71,436</u>
Total shareholders's fund		<u>126,892</u>	<u>77,274</u>

For the year ended 30 June 2019:

- The directors confirm that the Company is entitled to take exemption from the requirement to obtain an audit under Section 479A of the Companies Act 2006;
- The members have not required the Company to obtain an audit of its accounts in accordance with Section 476 of the Companies Act 2006; and
- The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of the accounts.

The financial statements were approved by the board of directors and authorised for issue on 25 March 2020. They were signed on its behalf by:



S J Ashman
Director

STATEMENT OF CHANGES IN EQUITY**For the year ended:****30 June 2019**

	Called up Share capital	Share premium account	Other reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 30 June 2017	38	5,799	1	41,375	47,213
Profit for the financial year	—	—	—	30,061	30,061
Total comprehensive income for the year	38	5,799	1	71,436	77,274
Balance at 30 June 2018	38	5,799	1	71,436	77,274
Profit for the financial year	—	—	—	49,618	49,618
Total comprehensive income for the year	—	—	—	49,618	49,618
Balance at 30 June 2019	38	5,799	1	121,054	126,892

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

1. Accounting policies

The principal accounting policies are set out below. These policies and measurement bases have been consistently applied to all the years presented.

a. Basis of preparation

Argus Media Limited is a private limited company, limited by shares, incorporated in the United Kingdom. The address of its registered office is Lacon House, 84 Theobald's Road, London WC1X 8NL.

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101. The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There were no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements requiring disclosure.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101. Where required, equivalent disclosures are given in the group financial statements of Fleet Finco Limited:

- IFRS 7 'Financial Instruments: Disclosures'
- Paragraphs 91-99 of IFRS 13 'Fair Value Measurement'
- Paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1 'Presentation of Financial Statements':
 - (i) paragraph 10(d)
 - (ii) paragraph 16
 - (iii) paragraph 38A
 - (iv) paragraph 111
 - (v) paragraph 134-136
- IAS 7 'Statement of Cash Flows'
- Paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'
- Paragraph 17 of IAS 24 'Related Party Disclosures'
- The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

b. Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The directors have a reasonable expectation, having reviewed the Company's forecasts, its cash holdings and the absence of any debt financing, that the Company 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.

c. Intangible assets – Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 5 to 20 years. Provision is made for any impairment.

1. Accounting policies (continued)

Useful Economic Life

Argus provides products and services which have long useful lives for many reasons. These 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 which Argus' professionalism has built up over many decades. The Argus business has existed for over 45 years and our top four products have an average life of over 30 years while our top ten products almost 25 years. Successful benchmarks are embedded in commodity price reporting with a long useful economic life. Argus considers its acquired businesses, and their associated products, to have similar long lives of 20 years and beyond. For the useful economic life of acquisitions Argus has chosen 20 years for the UK, including FMB Consultants, FCC Consultants and Metal Pages.

Intangible assets - Publishing titles

Acquired publishing titles are recorded at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives of 15 years. The carrying value is reviewed for indicators of impairment at the end of each financial year. If no indicators of impairment are noted, no impairment review is performed.

d. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, 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
Fixtures, Fittings and Equipment	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.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of Goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the Goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than Goodwill) of the CGU on a pro-rata basis and then to any Goodwill allocated to that CGU.

1. Accounting policies (continued)

Financial assets

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

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

e. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity

1. Accounting policies (continued)

or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

f. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year. Revenue from publications is recognised in the profit and loss account in accordance with the subscription period to which it relates. Revenue from exhibitions and conferences is recognised on the date of the event. Revenue from consulting is recognised on the date of project delivery.

g. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks;
- exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and

h. Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

i. Interest income

Interest income is recognised when it is probable that the economic benefit will flow to the Company 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's net carrying value on initial recognition.

1. Accounting policies (continued)

j. Share-based payment

The Company issues equity-settled share options and cash-settled share appreciation rights to certain employees within the Company. Equity-settled share-based payment transactions are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black Scholes pricing model which is considered by management to be the most appropriate method of valuation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

A liability equal to the portion of the services received is recognised at and remeasured based on the current fair value determined at each balance sheet date for cash-settled share appreciation rights, with any changes in fair value recognised in profit or loss. The Company has previously provided employees the ability to purchase the Company's ordinary shares. The Company records an expense, based on its estimate of share price less discount related to shares expected to vest on a straight-line basis over the vesting period.

k. Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

2. Critical judgements in applying the Company's accounting policies

In the application of the Company's accounting policies, which are described in note 1, 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 on-going 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 judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Critical Accounting Judgements and key sources of estimation uncertainty

The directors do not believe that there are any sources of estimation uncertainty.

3. Turnover

Revenue category	Sales by region	
	2019 £'000	2018 £'000
United Kingdom	78,424	69,998
Europe	1,664	1,964
Rest of world	5,596	4,751
	<u>85,684</u>	<u>76,713</u>

3. Turnover (continued)

	2019	2018
	£'000	£'000
Revenue category		
Recurring revenue	70,246	63,836
Non-recurring revenue	15,438	12,877
	<u>85,684</u>	<u>76,713</u>

4. Operating profit

	2019	2018
	£'000	£'000
Operating profit is stated after charging/(crediting)		
Depreciation of tangible assets	2,102	2,249
Operating lease rentals	—	2,988
Fees payable to the Company's auditor for non-audit services	—	61
Foreign exchange losses/(gains)	423	2,889

Fees paid to the Group's auditor, Deloitte LLP, and its associates for non-audit services are not disclosed in the Company's financial statements since the consolidated financial statements of the Company's ultimate parent company, Fleet Finco Limited, are required to disclose non-audit fees on a consolidated basis.

5. Other gains

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

6. Interest receivable and similar income

	2019	2018
	£'000	£'000
Other interest receivable	<u>20,574</u>	<u>3,277</u>

7. Staff number and costs

	2019	2018
	£'000	£'000
Editorial	214	210
Sales and Marketing	163	111
Management, administration and technical	160	105
	<u>537</u>	<u>426</u>
	2019	2018
	£'000	£'000
Wages and salaries	34,226	29,357
Social security costs	4,222	3,343
Other pension costs	1,799	1,478
	<u>40,247</u>	<u>34,178</u>

8. Director's remuneration and transactions

The emoluments of the directors are paid by their employing company, another group undertaking. The directors' services to this Company and to a number of fellow subsidiaries are mainly of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to their employing Company. Accordingly, the financial statements include no emoluments in respect of the directors.

9. Taxation

	2019	2018
	£'000	£'000
Current tax		
UK Corporation tax	3,395	4,631
Adjustments for prior years	<u>(1,828)</u>	<u>11</u>
	1,567	4,642
Overseas tax		
Overseas tax charge	—	147
Overseas tax prior year adjustments	<u>—</u>	<u>(63)</u>
Total current tax charge	1,567	4,726

9. Taxation (continued)**Deferred tax**

Adjustments to deferred tax in respect of previous periods	(199)	—
Effect of changes in tax rates	—	81
Origination and reversal of timing differences	(65)	(25)
Total tax on profit on ordinary activities	1,302	4,782

Factors affecting the current tax charge for the year

Profit on ordinary activities before taxation	50,920	34,843
Tax at the standard rate of corporation tax in the UK of 19% (2018: 19%)	9,630	6,620

Effects of:

Overseas tax rates	(598)	(234)
Expenses not deductible for tax purposes	448	216
Non-taxable income	(3,262)	(3)
Adjustments to tax charge in respect of prior periods	(2,028)	(53)
Group relief claimed	(2,888)	(1,398)
Effect of changes in tax rates	—	81
Tax impact of capital gain	—	(447)
Total tax charge for the period	1,302	4,782

Deferred tax

The deferred taxation assets provided in the financial statements are as follows:

Opening balance	660	715
Adjustment in respect of previous periods	199	(79)
Deferred tax credit in the period	65	24
Closing balance	924	660
Decelerated capital allowances	531	387
Short term timing differences	298	156
Employee share scheme	—	—
Losses	95	117
Closing balance	924	660

10. Intangible fixed assets

	£'000
Cost	
At 1 July 2018	28,739
Additions	4,413
At 30 June 2019	<u>33,152</u>
Amortisation	
At 1 July 2018	4,790
Amortisation	—
At 30 June 2019	<u>4,790</u>
Net Book Value	
At 30 June 2019	<u>28,362</u>
At 30 June 2018	<u>23,949</u>

11. Tangible fixed assets

	Land and buildings freehold £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Assets under construction £'000	Total £'000
Cost						
At 1 July 2018	3,504	11,539	1,664	71	384	17,162
Additions	—	228	101	69	2,633	3,031
Disposals	—	(4)	—	—	—	(4)
Transfers	—	649	—	—	(649)	—
At 30 June 2019	<u>3,504</u>	<u>12,412</u>	<u>1,765</u>	<u>140</u>	<u>2,368</u>	<u>20,189</u>
Depreciation						
At 1 July 2018	291	8,912	332	33	—	9,568
Charge for the year	350	1,395	337	20	—	2,102
Disposals	—	(3)	—	—	—	(3)
At 30 June 2019	<u>641</u>	<u>10,304</u>	<u>669</u>	<u>53</u>	<u>—</u>	<u>11,667</u>
Net book value						
At 30 June 2019	<u>2,862</u>	<u>2,108</u>	<u>1,096</u>	<u>87</u>	<u>2,368</u>	<u>8,522</u>
At 30 June 2018	<u>3,212</u>	<u>3,066</u>	<u>893</u>	<u>39</u>	<u>384</u>	<u>7,594</u>

12. Investments

	2019	2018
	£'000	£'000
Fixed asset investments	31	31
Shares in subsidiaries	261	261
	<u>292</u>	<u>292</u>

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

The Company holds the following shareholdings in the share capital of the following companies:

Company	Class of shares	Country of incorporation	Holding & voting right	Company number
Argus Media (Russia) Limited ¹	Ordinary	United Kingdom	100 %	4221838
Argus Media Brasil Relatórios de Preço de Energia e Commodity Ltda. ³	Ordinary	Brazil	51 %	332.0924922-3 (NIRE)
Argus Media Canada Ltd ⁴	Ordinary	Canada	100 %	BC1019104
Argus Media South Africa Limited ¹	Ordinary	United Kingdom	100 %	10603005
Argus Media Australia PTY Limited ⁵	Ordinary	Australia	100 %	618642756
Argus Media Singapore Group pte Limited ⁶	Ordinary	Singapore	100 %	201330289W
FMB Consultants Limited ¹	Ordinary	United Kingdom	100 %	1588592
FMB Publications Limited ¹	Ordinary	United Kingdom	100 %	1739247
Fertilizer + Chemical Consultancy Limited ¹	Ordinary	United Kingdom	100 %	4933572
Metal-Pages Limited ¹	Ordinary	United Kingdom	100 %	3975911
Metal-Pages (Beijing) Information Technology Co2 ²	Ordinary	China	100 %	91110105684352153A
Argus Media Mexico Price Reporting Services, S. de R.L. de C.V. ⁷	Ordinary	Mexico	100 %	AMM17102TT0
Argus Media Mexico Price Reporting Group, S. de R.L. de C.V. ⁷	Ordinary	Mexico	100 %	AMM1710125G4
Integer Research Limited ¹	Ordinary	United Kingdom	100 %	04240392
Argus Media Netherlands B.V. ⁸	Ordinary	Netherlands	100 %	859802255
Argus Benchmark Administration B.V. ⁸	Ordinary	Netherlands	100 %	859965879

The registered office for these companies are:

¹ Lacon House, 84 Theobald's Road, London, England, WC1X 8NL.

² Room 1509, No. 24 Jianguomen wai Street, Jingtai Building, Chaoyang District, Beijing, China

³ Avenida Nossa Senhora de Copacabana, 330, suites 1003, 1004, 1106, 1107 and 1108 Copacabana, City and State of Rio de Janeiro, Zip Code 22020-001, Brazil.

⁴ 1055 West Georgia Street, 1500 Royal Centre, Vancouver, British Columbia, Canada.

⁵ Care of CCASA, Level 21, 20 Bond Street, Sydney, NSW 2000, Australia.

⁶ 50 Raffles Place, #10-01, Singapore Land Tower, Singapore 048623.

⁷ Pedregal 24 Piso 3 y 4 Col. - Suite 310 Molina del Rey, Miguel Hidalgo, Ciudad de Mexico 11040

⁸ Prins Bernhardplein 200, 1097JB Amsterdam, Netherlands

12. Investments(continued)

The Brazilian entity is 51% owned by Argus Media Limited and 49% owned by Argus Media, Inc. Brazilian legislation requires a minimum of two shareholders.

13. Acquisition of subsidiaries**(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 Ltd. 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:

	Integer Research Ltd. £'000
Intangibles	958
Property, plant and equipment	10
Deferred tax assets	—
Trade and other receivables	570
Cash and cash equivalents	68
Current tax liabilities	(471)
Trade and other payables	—
Deferred income	—
Deferred tax liabilities	(163)
Identifiable net assets acquired	972
Goodwill	2,576
Total consideration	<u>3,548</u>
Satisfied by:	
Cash consideration	2,394
Deferred consideration	1,154
Total consideration	<u>3,548</u>
Net cash outflow arising on acquisition	
Initial cash consideration	2,129
Deferred and contingent consideration paid	265
Less: net cash acquired	(68)
Net cash outflow arising on acquisitions	<u>2,326</u>

13. Acquisition of subsidiaries (continued)

Intangible assets acquired in 2019 represent	£'000	Useful economic life
Subscriber customer relationships	60	25
Conference relationships	898	10
Total intangible assets acquired	958	

In total, the acquisitions completed in the year contributed an additional £1,740k of revenue and operating losses of £489k within operating profit before acquisition costs of £50k.

If the acquisitions had completed on the first day of the financial year, these would have generated revenue of £2,471k and operating losses of £694k for the year ended 30 June 2019.

14. Debtors

Amounts falling due within one year	2019 £'000	2018 £'000
Trade debtors	11,650	6,894
Amounts due from parent company	86,229	96,729
Amounts due from subsidiaries	92,143	16,666
Other debtors	10,011	2,147
Prepayments and accrued income	3,959	5,288
Corporation tax	—	396
Taxes and social security costs	910	385
Deferred tax asset	716	716
	205,618	129,221

Amounts due from group undertakings are interest free and payable on demand.

15. Creditors - amounts falling due within one year

Amounts falling due within one year	2019 £'000	2018 £'000
Trade creditors	2,216	4,701
Amounts owed to subsidiary undertakings	62,712	39,379
Taxes and social security costs	1,900	1,290
Overseas tax	—	28
Other creditors	1,154	—
Accruals	13,217	10,296
Deferred income	41,102	35,655
Deferred tax liabilities	(208)	56
	122,093	91,405

Amounts owed to group undertakings are interest free and payable on demand.

16. Creditors - amounts falling due after more than one year

The company has provisions for leasehold properties at 30 June 2019 totalling £0.1m (2018: nil).

	2019 £'000	2018 £'000
Dilapidations	207	116
	<u>207</u>	<u>116</u>

17. Share capital

	2019 £'000	2018 £'000
Allotted, called-up and fully-paid:		
30,420,712 A Ordinary Shares of £0.001 each	30	30
7,500,000 B Ordinary Shares of £0.001 each	8	8
	<u>38</u>	<u>38</u>

The Company's profits are distributable at 75% to the holders of "A" shares and 25% to the holders of "B" shares. The percentages also apply to distributions on a winding up. On a poll, holders of "B" shares may exercise one third of the votes that are capable of being cast by holders of "A" shares. All shares in Argus Media Limited are held by Fleet Bidco Limited (UK company number 10136815).

18. Derivatives financial instruments

	2019 £'000	2018 £'000
Derivative financial liabilities	(847)	—
	<u>(847)</u>	<u>—</u>

19. Contingent liabilities

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

20. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

21. Ultimate parent undertaking

The immediate parent undertaking at the balance sheet date was Fleet Bidco Limited, a company registered in England and Wales. The ultimate controlling party and parent of the Group is GAP Bermuda Limited, a company incorporated in Bermuda.

The largest group of which Argus Media Limited is a member and for which group financial statements are drawn up is that headed by Fleet Topco Limited, a company incorporated on 10 May 2016, where financial statements are not available to the public.

The smallest group for which group financial statements are drawn up is headed by Fleet Finco Limited, a company registered in England and Wales. Copies of the Fleet Finco Limited financial statements are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.