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Fleet Finco Limited
Annual report and financial statements
Year ended 30 June 2020

Registered number: 10201446

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Fleet Finco Limited
Annual report and financial statements
Year ended 30 June 2020
Contents

	Page numbers
Officers and professional advisers	1
Strategic report	2
Directors' report	7
Directors' responsibilities	10
Independent auditor's report to the members of Fleet Finco Limited	11
Consolidated statement of comprehensive income	19
Consolidated balance sheet	20
<i>Parent company balance sheet</i>	21
Consolidated statement of changes in equity	22
Parent company statement of changes in equity	23
Consolidated statement of cash flow	24
Notes to the financial statements	25

Fleet Finco Limited

Officers and professional advisers

Directors

S J Ashman
M P Burkley

Secretary

S J Ashman

Registered Office

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Bankers

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Natwest Corporate Banking
PO Box 959
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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 2020. 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.

Guiding Principles - Section 172 statement

It is the Company's policy to abide by all laws and regulations in the markets where it does business and to manage its business to achieve superior returns for its shareholders; offer rewarding careers for its employees; mutually beneficial relationships with its customers; and, constructive engagement in the communities where it operates. The Company has a comprehensive set of written policies to help insure compliance with these standards as well as related internal audit functions. Further information on the Company's efforts on environmental, social, community and human right matters as well as our anti-bribery and anti-corruption controls are outlined in more detail in the Directors' report.

The Board acts to promote the success of the Group and for the benefit of its members as a whole. A summary of key aspects of the Board's engagement to achieve these ends is outlined below:

Stakeholders	Board's engagement
Shareholders	Review and approval of strategy; annual budgets; five-year plans; major capital expenditures and investments; major acquisitions or divestitures; capital structure; and, oversight of actual operating and financial results
Employees	Oversight of management succession and development; diversity; employee morale; and, review and approval of employee compensation and incentive plans
Customers	Oversight of the performance of key products and markets; product quality; customer retention and new customer acquisition; and, compliance with industry standards
Environment & Community	Oversight of offices' local engagement; carbon footprint; and, review and approval of charitable contributions

The Board considers the outcomes of the above stakeholder engagement and makes decisions that are in the long term interests of its members. Examples of decisions made during the year are provided in further sections below in the Strategic Report. The Company is governed directly by its principal shareholders who are represented on the board of directors, which also includes independent non-executive directors. Employees and former employees who own interests in the Company have specified contract rights and a representative that must approve any alterations to such rights. The board reviews and approves Company's policies, monitors compliance through periodic management reports and the internal audit functions. These activities are assisted by three board committees, all of which are chaired by independent non-executive directors: Audit and Risk Committee; People Committee; and, Global Compliance Committee.

Activities this Year

As described below, the Company performed well in its principal activities in 2020. Within this context, two key events marked the year.

Fleet Finco Limited

Strategic report (continued)

Activities this Year (continued)

In January 2020, Hg Capital became a joint shareholder alongside General Atlantic and the other shareholders. In conjunction with this transaction, the Company refinanced its debts and incurred additional leverage. The contract rights of the other shareholders were strictly observed in the transaction with some shareholders selling a portion of their interests in accordance with their rights in a transparent process.

In the spring of 2020, the Company responded to the Covid-19 pandemic by supporting employees with a robust programme for working from home. The Company also reduced costs in the areas of the business most severely affected which included putting colleagues on furlough and unfortunately making a number of redundancies. The CEO and the senior leadership team took a 10% salary reduction and increased efforts to communicate frequently with staff using virtual platforms in an effort to maintain for the long-term the goodwill of its employee base.

In addition, as a result of Covid-19 pandemic, prices of some of the major commodities produced or traded by the Company's customers fell. The Company provided critical transparency in these volatile markets and has proactively worked with customers to maintain its reputation as a trusted partner in all environments. Further information is given under principal risks and uncertainties below.

Business review and key performance indicators

The key performance indicators for the Group are turnover and operating profit before depreciation, amortisation and exceptional items. Group turnover for the year was £226.2 million (2019: £203.6 million) and operating profit before depreciation amortisation and exceptional items was £80.8 million (2019 restated: £66.3 million), giving an operating profit margin before depreciation, amortisation and exceptional items of 35.7% (2019 restated: 32.5%).

Depreciation and amortisation for the year amounted to £25.1 million (2019: £20.6 million). Financing costs for the year amounted to £89.9 million (2019 restated: £69.4 million). The increase in financing costs was due to a new increased senior debt facility as well as mark-to-market losses during the year into finance costs. The loss before tax for the year was £34.8 million (2019: £22.9 million).

Cash generated from operating activities during the year amounted to £85.9 million (2019: £68.3 million). The Group ended the year with cash of £59.3 million (2019: £29.4 million).

The Covid-19 pandemic affected the business significantly in its non-recurring revenue streams of Conferences and Consulting where revenues of £24.8m are below prior year revenues of £29.4m. The Group was able to limit the impact of this reduction in revenue through a number of cost saving measures, including a furlough programme, and a slowdown in hiring for new roles. Due to the restrictions on travel and gatherings, the Group also incurred less costs for travel and the organisation of events.

The Group had closed all offices at the height of the pandemic, but since then has started to reopen offices in line with local government guidelines. The Group has installed safety measures like temperature cameras and perspex screens in its offices. There is only a limited number of staff going into the offices and employees can work from home where necessary.

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.

Fleet Finco Limited

Strategic report (continued)

Business review and key performance indicators (continued)

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 50 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.

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 2020, the Group employs a workforce of 1009 employees; this is an increase of 29 employees since 30 June 2019.

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 24 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 six main areas of business risk relate to copyright, currency, talent, geopolitics, regulation and pandemics.

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.

Fleet Finco Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

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.

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.

As outlined above, the Covid-19 pandemic had a major impact on the operations of the business with offices around the world being shut and business travel coming to a halt. In response, the Group has rolled out a robust work from home programme and has moved as much of its activities as possible into a virtual environment. The Group reviewed its global spending and made the necessary adjustments swiftly. This included a review of the global headcount and reduction in areas most impacted by the pandemic. The headcount reduction took advantage of governmental assistance provided where possible to ensure the impact on our employees was as small as possible.

Longer term viability statement

As outlined in the Strategic Report and Section 172 Statement, the directors are focused on promoting the long term success of the Group for the benefit of its stakeholders as a whole. The Group's long term viability is assessed based on the Group's strategy, principal risks and uncertainties it faces, and the relevant risks in the markets the Group operates in. The directors have, therefore, assessed the prospects of the Group's viability over the four-year period from 1 July 2020. 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 four-year plan considers the Group's operating profit before depreciation and amortisation, capital expenditure, cash flows, funds from operations and net debt, and the key financial ratios of net debt to operating profit before depreciation and amortisation 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 including the potential impacts of an economic downturn and the potential impacts of the Covid-19 pandemic.

These scenarios included:

- The effect of unfavourable changes to significant foreign exchange rates on the Group's operating profit before depreciation and amortisation as a result of its global operations;
- The impact of the Covid-19 pandemic on the Group's revenue;
- A decrease in revenues due to adverse geopolitical developments; and
- An increase in costs associated with regulatory compliance and adverse geopolitical developments.

Fleet Finco Limited

Strategic report (continued)

Longer term viability statement (continued)

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 the bank loans and liabilities against related parties including its shareholders. The shareholder loans will not be due in the four years from 30 June 2020 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 Group remains viable. There is sufficient headroom in the financing facilities and the strong cash generation of the Group leads to a sufficient liquidity position at all times. Therefore, 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 four-year period of this assessment.

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.

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
Director
26 November 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 2020.

Dividends

There were no dividends paid on the ordinary shares in the year (2019: Nil) and the directors did not propose the payment of a dividend for the year ended 30 June 2020 (2019: 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 £204,944 (2019: £191,828).

Going concern

The Group has a robust capital structure, comprising ordinary and shareholder preference share capital, shareholder loan notes with a remaining term of 10 years and senior bank debt with a remaining term of six years. In addition, the Group has access to a revolving credit facility of up to £50m. 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. Covid-19 to date only had a very limited financial impact on the financial performance of the Group as outlined above in the Strategic Report. The directors have reviewed the budget for the year to 30 June 2021 and the forecast for the following three years thereafter, 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.

Fleet Finco Limited

Directors' report (continued)

Environmental, employee, social, community and human right matters (continued)

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 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 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.

Streamlined Energy Carbon Reporting (SECR)

As of 2019-20, UK law requires the Group to report certain greenhouse gas (GHG) emissions from UK operations under the SECR (see table below).

The Group calculated GHG emissions through application of DEFRA's UK Government GHG Conversion Factors for Company Reporting (June 2020) using the following reporting standards:

- The Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard (WBCSD & WRI, 2004)
- The Greenhouse Gas Protocol - Scope 2 guidance, amendment to the GHG Protocol Corporate Standard (WBCSD & WRI, 2015)
- The Greenhouse Gas Protocol – Corporate Value Chain (Scope 3) Accounting and Reporting Standard (WBCSD & WRI, 2011)

GHG emissions and energy use data for the period from 1 July 2019 to 30 June 2020

	2019/20
	UK
Energy consumption used to calculate emissions (MWhs)	1,203
Emissions from combustion of gas tCO ₂ e (Scope 1)	158.69
Emissions from combustion of fuel for transport purposes tCO ₂ e (Scope 1)	—
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel tCO ₂ e (Scope 3)	—
Emissions from purchased electricity tCO ₂ e (Scope 2, location-based)	79.37
Total gross CO ₂ e based on above (tCO ₂ e)	238.06
Intensity ratio: Total gross tCO ₂ e /£m Annual turnover in the UK	2.57

Fleet Finco Limited

Directors' report (continued)

Streamlined Energy Carbon Reporting (SECR) (continued)

Energy Efficiency Action

In the period covered by this report, the following energy efficiency improvements have been implemented:

- Air conditioning improvements, including variable temperature fan coil units and revised on/off time schedules, have been implemented via the landlord in order to improve occupancy and temperature requirements.
- Main chillers, boilers, ambient air and extraction systems have been re-programmed to switch off when there is no occupancy within the building.
- Complete replacement of fluorescent lighting to new LED fittings within the basement car park and roof plant areas.

Financial risks and management

Principal financial risks and management are discussed in the Strategic Report on page 4 and other financial risks such as credit, interest and liquidity risk are discussed in note 34.

Future developments and events after the balance sheet date

Future developments are discussed in the Strategic Report on page 6.

On 1 July 2020 the Group completed the purchase of Agritel SAS and its subsidiaries. Agritel SAS is a specialist provider of information, consulting and forecasting on agricultural and agro-industrial markets.

On 5 October 2020 the Group bought a minority stake in Tallarium Ltd., a UK-based start-up building web-based solutions for commodity traders.

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

26 November 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

1. 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 2020 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 and IFRSs as issued by the International Accounting Standards Board (IASB);
- 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 37.

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).

2. 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.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: <ul style="list-style-type: none">• the recoverability of the carrying value of goodwill and intangible assets; and• going concern in light of significant value of debt finance held.
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Within this report, key audit matters are identified as follows:

-  Newly identified
-  Increased level of risk
-  Similar level of risk
-  Decreased level of risk

Materiality	The materiality that we used for the group financial statements was £3.5m, which was determined on the basis of 5% of operating profit before depreciation and amortisation.
Scoping	The two trading entities in the group were subject to a full scope audit and this provided coverage of 81% of group's revenue and 78% of the group's operating profit before depreciation and amortisation.
Significant changes in our approach	<p>The recoverability of the carrying value of goodwill and intangible assets was a key audit matter in 2019, and continues to be a separate key audit matter in the current year. We have focused our key audit matter on the growth rates used in CIS and Asia CGU due to lower headroom available in these CGUs.</p> <p>The approach to materiality was different in 2019, when the materiality was a judgement based on adjusted operating profit before depreciation and amortisation adjusted for foreign exchange movements. This has been updated in the current year to align our benchmark with the key measure used by management and shareholders.</p>

4. 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.

5. 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.

5.1. The recoverability of the carrying value of goodwill and intangible assets

Key audit matter description	At the year end, the carrying value of goodwill and intangible assets was £661.6m (2019: £661.6m) and £349.6m (2018: £367.6m) respectively. Goodwill arose from the acquisitions in the prior years. Goodwill is allocated to four cash generating units (CGUs) of the group.
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Intangible assets of the group predominantly relate to subscriber customer relationships and brand assets.

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. Management has used the VIU method 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 future cash flows. These are the key assumptions used by management in determining whether goodwill and intangible assets are impaired. Given the level of judgement and uncertainty in calculating these items, we consider this to be a key audit matter.

In the current year, we have focussed our key audit matter on growth rate assumptions in CIS and Asia CGU due to lower level of headroom available in these CGUs. We note, that the selection of growth rates used in CIS CGU requires judgement and an estimation uncertainty exists in the growth rates used, where a decrease in revenue of 2% or increase in discount rate of 1.5% would result in carrying value of CIS CGU to exceed its value in use.

Further detail of goodwill and intangibles assets are disclosed in notes 15 and 16 in the financial statements. 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:

- obtaining an understanding of the basis of preparation of the forecasts and impairment review, and relevant controls within the impairment review process;
- assessing the ongoing appropriateness of management's allocation of goodwill and intangible assets to the cash generating units identified;
- 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;
- challenging the cash flow forecasts used within the impairment model based on our understanding of the business, external industry information, and considering any potential impacts due to Covid-19;
- involving our internal valuation specialists in reviewing the discount rates and long term growth rates used in the impairment model and computing our own reasonable range for the discount rates and long term growth rates;
- developing an independent expectation of the recoverable amount of each cash generating unit; and
- assessing 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 applied in the impairment model were within the acceptable ranges. We further concluded that the carrying value of goodwill and intangible assets were appropriate.

5.2. Going concern in light of significant value of debt finance held

Key audit matter description	<p>As at 30 June 2020 the group has total borrowings of £689m (2019: 589.3m), comprised of bank loans of £458.1m (2019: £266.1m) and shareholder loan notes of £230.9m (2019: £323.2m). The bank loans have one financial covenant associated with consolidated senior secured net leverage ratio (net debt/EBITDA). The shareholder loan notes accrue interest of 8% annually and are repayable on 30 September 2030.</p> <p>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.</p> <p>The directors have prepared cash flow projections which involve significant judgement over key assumptions such as profit and revenue growth. The directors have also assessed the impact of Covid-19 and Brexit on the group's performance and concluded that there is no material impact on the going concern assessment.</p> <p>Further details are included within the strategic report, directors' report, note 3, and note 22 of these financial statements.</p>
How the scope of our audit responded to the key audit matter	<p>We have reviewed the directors' assessment of the going concern basis of accounting and challenged the key assumptions by performing the following procedures:</p> <ul style="list-style-type: none"> • challenged underlying data and key assumptions contained in the forecast used for directors' going concern assessment by inspecting relevant supporting documentation, including the impact of Covid-19 and Brexit; • performed a review of historical performance of the group against latest cash flow projections used by the directors for going concern review; • checked the consistency of projections against the Board approved forecast and the forecast used in assessing the recoverability of goodwill and intangible assets; • reviewed and re-performed Management's calculation of covenant compliance ratios; • reviewed latest post year-end performance of the group to compare actual trends against forecasts; and • tested the integrity of the cash flow projections model, and tested the accuracy and completeness of the underlying data and formulae used. <p>We evaluated the adequacy of disclosures made in these financial statements in respect of the group's ability to continue as a going concern.</p>
Key observations	<p>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.</p>

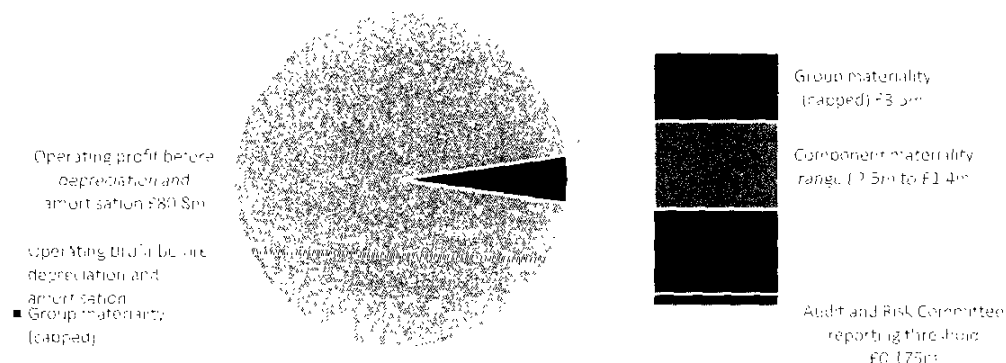
6. Our application of materiality

6.1. 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 (2019: £3.5m)	£1.65m (2019: £1.4m)
Basis for determining materiality	<p>5% of operating profit before depreciation and amortisation, capped at £3.5m.</p> <p>We consider operating profit before depreciation and amortisation to be an appropriate benchmark.</p> <p>In 2019, we used 5% of adjusted operating profit before depreciation and amortisation adjusted for foreign exchange movements.</p>	<p>3% of expenses, capped at 40% of group materiality.</p> <p>Our selection of the benchmark has remained consistent with prior year.</p>
Rationale for the benchmark applied	<p>Operating profit before depreciation and amortisation is a key measure used by management in monitoring the group's performance and in communication to its shareholders.</p> <p>This approach differs from prior year where we considered adjusted operating profit before depreciation and amortisation, adjusted for foreign exchange movements focussing on group's trading performance only. However, this has been updated in the current year to align our benchmark with the key measure used by management and shareholders.</p>	<p>Our chosen benchmark reflects the nature of the entity as parent company 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.</p>



6.2. Performance materiality

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 2020 audit (2019: 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.

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £175k (2019: 175k), 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.

7. An overview of the scope of our audit

There has been no significant change in the structure of the group in the current or prior year. 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 our assessment, two trading entities were subject to a full scope audit, one intermediary holding entity was subject to the audit of specified balances while three 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 81% (2019: 78%) of group's revenue and 78% (2019: 86%) of the group's operating profit before depreciation and amortisation for the year ended 30 June 2020.

Our audit work at components level in the group audit scope was executed at a lower component materiality ranging from £1.4m to £2.5m (2019: £1.4m to £2.7m).

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.

8. 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.

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

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

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

We have nothing to report in respect of these matters.

9. 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.

10. 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. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

11. 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 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.

12. Matters on which we are required to report by exception

12.1. 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.

12.2. 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.

13. Use of our report

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



Jon Young FCA

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

26 November 2020


Fleet Finco Limited
Consolidated statement of comprehensive income
For the year ended 30 June 2020

	Note	2020 £'000	2019 £'000 (restated)
Continuing operations			
Revenue	5	226,164	203,633
Cost of sales		<u>(94,979)</u>	<u>(91,130)</u>
Gross profit		131,185	112,503
Administrative expenses before amortisation, depreciation, and exceptional items		<u>(50,375)</u>	<u>(46,241)</u>
Operating profit before amortisation, depreciation and exceptional items		80,810	66,262
Amortisation	16	(18,078)	(17,836)
Depreciation	17	(7,057)	(2,591)
Restructuring costs	8	(1,412)	—
Operating profit		54,263	45,835
Finance income	11	334	623
Finance costs	13	(89,928)	(69,378)
Other gains	12	<u>563</u>	<u>—</u>
Loss before tax		(34,768)	(22,920)
Tax charge	14	<u>(5,607)</u>	<u>(3,556)</u>
Loss for the year from continuing operations	7	(40,375)	(26,476)
Exchange differences on translation of foreign operations	29	<u>(4,425)</u>	<u>(5,386)</u>
Total comprehensive loss for the year		(44,800)	(31,862)

Fleet Finco Limited
Consolidated balance sheet
As at 30 June 2020

		2020	2019
	Note	£'000	£'000
Non-current assets			
Goodwill	15	661,612	661,612
Intangible assets	16	349,568	367,646
Property, plant and equipment	17	10,276	9,354
Right-of-use assets	18	19,405	—
Investments	19	31	31
Deferred tax asset	25	4,618	1,838
		<u>1,045,510</u>	<u>1,040,481</u>
Current assets			
Trade and other receivables	21	37,428	40,504
Cash and cash equivalents	30	59,260	29,424
Current tax assets	14	4,643	1,081
Derivative financial assets	23	216	50
		<u>101,547</u>	<u>71,059</u>
Total assets		1,147,057	1,111,540
Current liabilities			
Trade and other payables	26	351,183	417,310
Bank loans	22	8,903	—
Current tax liabilities	14	2,766	—
Lease liability	32	5,050	—
Deferred revenue	33	112,676	104,973
Derivative financial liabilities	23	12,522	893
		<u>493,100</u>	<u>523,176</u>
Total assets less current liabilities		653,957	588,364
Non-current liabilities			
Bank loans	22	449,190	266,139
Shareholder loan notes	22	230,893	323,244
Provisions	24	404	319
Deferred tax liabilities	25	74,445	74,264
Lease liability	32	19,298	—
Deferred revenue	33	486	357
		<u>774,716</u>	<u>664,323</u>
Total liabilities		1,267,816	1,187,499
Net liabilities		(120,759)	(75,959)
Equity			
Share capital	27	4,705	4,705
Share premium account	28	—	—
Translation reserve	29	(8,719)	(4,294)
Accumulated deficit		<u>(116,745)</u>	<u>(76,370)</u>
Total Equity		(120,759)	(75,959)

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 26 November 2020 and signed on its behalf by:


S J Ashman,
Director

Fleet Finco Limited
Parent company balance sheet
As at 30 June 2020

	Note	2020 £'000	2019 £'000
Non-current assets			
Investments	19	4,705	4,705
Current assets			
Trade and other receivables	21	774,301	860,818
Cash and cash equivalents	30	1	57
Total Assets		<u>779,007</u>	<u>865,580</u>
Current Liabilities			
Trade and other payables	26	532,819	527,819
Total assets less current liabilities		<u>246,188</u>	<u>337,761</u>
Non-current liabilities			
Shareholder loan notes	22	230,893	323,244
Total Liabilities		<u>763,712</u>	<u>851,063</u>
Net assets		<u>15,295</u>	<u>14,517</u>
Equity			
Share capital	27	4,705	4,705
Retained earnings		10,590	9,812
Total Equity		<u>15,295</u>	<u>14,517</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 £778,293 (2019: £6,324,825).

The financial statements of Fleet Finco Limited, registered in England and Wales (company number: 10201446) were approved by the board of directors on 26 November 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 2020

	Notes	Share capital £'000	Share premium account £'000	Translation reserve £'000	Accumulated deficit £'000	Total £'000
Balance at 1 July 2018		4,705	—	1,092	(49,894)	(44,097)
Loss for the year		—	—	—	(26,476)	(26,476)
Other comprehensive loss for the year	29	—	—	(5,386)	—	(5,386)
Total comprehensive loss for the year		—	—	(5,386)	(26,476)	(31,862)
Balance at 30 June 2019		<u>4,705</u>	<u>—</u>	<u>(4,294)</u>	<u>(76,370)</u>	<u>(75,959)</u>
Loss for the year		—	—	—	(40,375)	(40,375)
Other comprehensive loss for the year		—	—	(4,425)	—	(4,425)
Total comprehensive loss for the year	29	—	—	(4,425)	(40,375)	(44,800)
Balance at 30 June 2020		<u>4,705</u>	<u>—</u>	<u>(8,719)</u>	<u>(116,745)</u>	<u>(120,759)</u>

Fleet Finco Limited
Parent company statement of changes in equity
For the year ended 30 June 2020

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 July 2018	4,705	3,487	8,192
Profit for the year	—	6,325	6,325
Total profit and comprehensive income for the year	—	6,325	6,325
Balance at 30 June 2019	4,705	9,812	14,517
Profit for the year	—	778	778
Total profit and comprehensive income for the year	—	778	778
Balance at 30 June 2020	4,705	10,590	15,295

Fleet Finco Limited
Consolidated statement of cash flow
For the year ended 30 June 2020

		2020	2019
	Note	£'000	£'000
Cash generated by operations	30	85,854	68,310
Income taxes paid		(7,851)	(7,801)
Interest paid		<u>(48,675)</u>	<u>(30,684)</u>
Net cash from operating activities		<u>29,328</u>	<u>29,825</u>
Investing activities			
Interest received	11	334	623
Purchases of property, plant and equipment	17	(3,685)	(3,785)
Acquisition of subsidiaries	20	—	(6,847)
Net cash acquired on acquisitions	20	—	665
Net cash outflow from investing activities		<u>(3,351)</u>	<u>(9,344)</u>
Financing activities			
New bank loans raised		455,811	—
Repayment of bank loans		(273,929)	—
Shareholder loan repayments		(80,017)	(19,054)
Intercompany loan repayments		(93,143)	—
Deferred consideration paid		(300)	—
Lease liability payments		<u>(5,553)</u>	<u>—</u>
Net cash inflow/(outflow) from financing activities		<u>2,868</u>	<u>(19,054)</u>
Increase in cash and cash equivalents		28,845	1,427
Cash and cash equivalents at beginning of year		29,424	24,494
Effect of foreign exchange rate changes		<u>991</u>	<u>3,503</u>
Cash and cash equivalents at end of year	30	<u><u>59,260</u></u>	<u><u>29,424</u></u>

Fleet Finco Limited

Notes to the financial statements

For the year ended 30 June 2020

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 6.

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.

2. New standards and IFRIC interpretations not applied

Adoption of new and revised standards

i) IFRS 16 - Leases

The Group has adopted IFRS 16 "Leases" at 1 July 2019 and applied the modified retrospective approach. The standard requires lessees to recognise right-of-use assets and corresponding liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. The new standard replaces the operating lease expense with a depreciation charge on the underlying asset and an interest expense on the liability. Comparatives for 2019 have not been restated. Opening asset and liability values have been restated as follows:

	1 July 2019 £'000
Non-current assets	
Property, plant and equipment (right-of-use assets)	23,843
Current liabilities	
Accrued expenses	(5,306)
Non-current liabilities	
Financial liabilities - borrowings	29,149
Total increase in retained earnings at 1 July 2019	—

The table below presents a reconciliation from operating lease commitments disclosed at 30 June 2019 to lease liabilities recognised at 1 July 2019. When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 5.9%.

	1 July 2019 £'000
Operating lease commitments disclosed under IAS 17 at 30 June 2019	36,361
Short-term and low-value lease commitments straight-line expensed under IFRS 16	(92)
Effect of discounting	7,304
Lease liabilities recognised at 1 July 2019	29,149

Fleet Finco Limited

Notes to the financial statements

For the year ended 30 June 2020

2. New standards and IFRIC interpretations (continued)

Adoption of new and revised standards(continued)

i) IFRS 16 - Leases(continued)

The Group's lease portfolio consists of property leases. The lease liability has been measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at transition. The right-of-use asset has been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments and incentives relating to the lease in the balance sheet immediately before the date of transition.

Transition recognition exemptions, as permitted under IFRS 16 relating to short-term and low-value leases, have been applied as well as practical expedients taken, where available, to simplify the transition process. Revenues and costs for these items will therefore continue to be expensed directly to the income statement.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right of use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

The impact on the income statement for the year is to increase the loss before tax by £825k, increasing net finance costs by £825k. There is no overall impact on the Group's cash and cash equivalents although there is a change to the classification of cashflows in the cashflow statement with lease payments previously categorised within net cash generated from operations now being split between principal and interest elements within financing activities. In the year to 30 June 2020 there were £5,653k of lease payments classified as principal (£4,798k) and interest (£825k).

The Group has also included the lease liability of £24.3m as part of its net debt.

The Group has used the following practical expedients when applying the modified retrospective approach to leases previously classified as operating leases applying IAS 17.

Fleet Finco Limited

Notes to the financial statements

For the year ended 30 June 2020

2. New standards and IFRIC interpretations (continued)

Adoption of new and revised standards(continued)

i) IFRS 16 - Leases(continued)

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.
- The Group has used the practical expedient not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 July 2019.

ii) Additional standards

- Amendments to IFRS 9 ("Prepayment features with negative compensation and modifications of financial liabilities")
- Amendments to IAS 19 ("Plan amendments, curtailments or settlements");
- Amendments to IAS 28 ("Longterm interests in Associates and Joint Ventures");
- *Annual Improvements to IFRS's 2015 – 17 cycle*;
- IFRIC 23 Uncertainty over Income Tax Treatments; and
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

The adoption of these standards has not had a material impact on the financial statements of the Group.

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:

IAS/IFRS standards	Effective for accounting periods beginning on or after
IFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IAS 28 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2020
Definition of a Business (Amendments to IFRS 3)	1 January 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	1 January 2020

Management does not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Group in future periods, although the full assessment is not complete.

Fleet Finco Limited

Notes to the financial statements

For the year ended 30 June 2020

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 are prepared under the historical cost convention as modified by financial instruments recognised at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are the same as those set out in this note 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 2020 financial statements:

- IFRS 16 Leases.

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 2020

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 in 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 6 and directors report on page 7.

The Group has a robust capital structure, comprising ordinary and shareholder preference share capital, shareholder loan notes with a remaining term of 10 years and senior bank debt with a remaining term of six years. In addition, the Group has access to a revolving credit facility of up to £50m. 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. Covid-19 to date only had a very limited financial impact on the financial performance of the Group as outlined in the Strategic Report. The directors have reviewed the budget for the year to 30 June 2021 and the forecast for the following three years thereafter, 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.

Fleet Finco Limited

Notes to the financial statements

For the year ended 30 June 2020

3. Significant accounting policies (continued)

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.

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 2020

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.

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.

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.

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.

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

3. Significant accounting policies (continued)

Foreign currencies (continued)

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 is 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.

Government assistance

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is *intended to compensate, are expensed*.

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 bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from 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.

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*.

Fleet Finco Limited

Notes to the financial statements

For the year ended 30 June 2020

3. Significant accounting policies (continued)

Deferred tax (continued)

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 and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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, 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, 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.

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.

Fleet Finco Limited

Notes to the financial statements

For the year ended 30 June 2020

3. Significant accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill (continued)

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).

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.

Fleet Finco Limited

Notes to the financial statements

For the year ended 30 June 2020

3. Significant accounting policies (continued)

Financial assets (continued)

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

The Group recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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.

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 Company 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'.

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

3. Significant accounting policies (continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss.

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 34.

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).

Fleet Finco Limited

Notes to the financial statements

For the year ended 30 June 2020

3. Significant accounting policies (continued)

Provisions (continued)

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.

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.

Restatement of prior year statement of comprehensive loss

The losses related to the interest rate hedge in the amount of £2,250,531 as of 30 June 2019 comparatives have been reclassified from Administrative expenses into Finance costs to correctly classify these costs as these costs relate to the financing arrangements.

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 present value calculated is sensitive to the discount rate used as well as the expected future cash-inflows and the EBITDA growth rates used for extrapolation purposes, especially in the CIS region. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 15. The carrying amount of goodwill at the balance sheet date was £661.6m (2019: £661.6m) as set out in Note 15.

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 £349.6m (2019: £367.6m) as set out in Note 16.

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

5. Revenue

	2020	2019
	£'000	£'000
Recurring revenue derived from customer contracts	201,399	174,233
Non-recurring revenue derived from customer contracts	24,765	29,400
Total revenue	226,164	203,633

	Sales by region	
	2020	2019
	£'000	£'000
United Kingdom	79,916	76,794
Americas	88,518	78,099
Europe	2,152	885
Rest of the world	55,578	47,855
Total	226,164	203,633

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.

2020	Total	Europe	Americas	CIS	Asia
	£'000	£'000	£'000	£'000	£'000
Revenue	226,164	81,347	88,518	17,987	38,313
EBITDA	80,810	30,484	30,354	11,420	8,552
Operating profit before amortisation, depreciation and exceptional items	80,810	30,484	30,354	11,420	8,552
Amortisation	(18,078)	(18,078)			
Depreciation	(7,057)	(4,369)	(1,011)	(383)	(1,294)
Exceptional items	(1,412)	(782)	(613)	(6)	(12)
Operating profit	54,263	7,255	28,730	11,032	7,246
Investment revenues	334				
Other gains	563				
Finance costs	(89,928)				
Loss before tax	(34,768)				
Tax charge	(5,607)				
Loss for the year from continuing operations	(40,375)				

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

6. Segmental reporting (continued)

2019	Total	Europe	Americas	CIS	Asia
	£'000 restated	£'000 restated	£'000	£'000	£'000
Revenue	203,633	83,798	71,743	15,996	32,096
EBITDA	66,262	34,086	20,597	3,484	8,095
Operating profit before amortisation and depreciation	66,262	34,086	20,597	3,484	8,095
Amortisation	(17,836)	(17,836)	—	—	—
Depreciation	(2,591)	(2,035)	(345)	(48)	(163)
Operating profit (restated)	45,835	14,215	20,252	3,436	7,932
Investment revenues	623				
Finance costs	(69,378)				
Loss before tax	(22,920)				
Tax charge	(3,556)				
Loss for the period from continuing operations	(26,476)				

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

7. Loss for the year

	2020 £'000	2019 £'000
<i>Loss for the year has been arrived at after charging/ (crediting):</i>		
Net foreign exchange losses	20,394	7,925
Depreciation of property, plant and equipment	2,627	2,591
Depreciation of Right-of-Use assets	4,438	—
Loss on disposal of property, plant and equipment	46	—
Short term/ low value lease charge	92	—
Loss allowance recognised on receivables	350	286
Amortisation	18,078	17,836
Staff costs (see note 10)	88,545	83,705

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

8. Exceptional items

The following restructuring costs were charged to operating profit:

	2020 £'000	2019 £'000
Restructuring costs related to the Covid-19 response	1,412	—
Total restructuring costs	<u>1,412</u>	<u>—</u>

9. Auditor's remuneration

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

	2020 £'000	2019 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	72	65
Audit of the Company's subsidiaries	128	120
Total audit fees	<u>200</u>	<u>185</u>
- Taxation compliance services	—	—
- Covenant compliance	15	—
Total non-audit fees	<u>15</u>	<u>—</u>

10. Staff costs

	2020 £'000	2019 £'000
Wages and salaries	76,462	72,823
Social security costs	7,862	7,316
Other pension costs	4,221	3,566
	<u>88,545</u>	<u>83,705</u>

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

	2020 Number	2019 Number
Editorial	565	516
Sales and marketing	197	238
Management, administration and technical	225	157
	<u>987</u>	<u>911</u>

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

10. Staff costs (continued)

Key management personnel remuneration, including directors

	2020	2019
	£'000	£'000
Key management personnel remuneration	1,170	1,035
Contributions to defined contribution scheme	20	20
	<u>1,190</u>	<u>1,055</u>

The highest paid director received remuneration of £857k (2019: £764k). This included a bonus payment of £406k (2019: £313k), £41k (2019: £43k) towards pensions as well as benefits in kind of £1k (2019: £1k).

Both directors are a member of the company's defined contribution pension plan.

11. Finance income

	2020	2019
	£'000	£'000
Total interest income for financial assets not designated at fair value through profit or loss	<u>334</u>	<u>623</u>

12. Other gains and losses

	2020	2019
	£'000	£'000
Government assistance	609	—
Loss on disposal of fixed assets	(46)	—
Other gains	<u>563</u>	<u>—</u>

The Group has taken advantage of the UK furlough scheme and received funds from the job support scheme in Singapore. No other government assistance was taken by the Group.

13. Finance costs

	2020	2019
	£'000	£'000 restated
Interest on bank overdrafts and loans	18,662	12,124
Interest on shareholder loan notes	21,687	25,373
Interest on related party balances	31,502	29,630
Interest on lease liability	825	—
Exceptional costs related to the refinancing	5,840	—
Loss on interest hedge	<u>11,412</u>	<u>2,251</u>
Total interest expense	<u>89,928</u>	<u>69,378</u>

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 22.

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

13. Finance costs (continued)

The interest on shareholder loan notes arises on the unsecured A loan notes held by the Group's major shareholders, General Atlantic and Hg Capital. 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.

The exceptional costs related to the refinancing includes fees incurred as part of the refinancing (see note 22).

The losses related to the interest rate hedge in the amount of £2,250,531 as of 30 June 2019 comparatives have been reclassified from Administrative expenses into Finance costs to correctly classify these costs as these costs relate to the financing arrangements.

14. Tax

	2020	2019
	£'000	£'000
Current tax		
UK corporation tax on profits for the period	8	3,395
UK corporation tax adjustments in respect of previous periods	(680)	(1,828)
Overseas tax	9,017	6,712
Overseas tax adjustments in respect of previous periods	(233)	(119)
Total current tax charge	<u>8,112</u>	<u>8,160</u>
Deferred tax		
Adjustments to deferred tax in respect of previous periods	(85)	(193)
Origination and reversal of timing differences	(5,216)	(4,411)
Effect of changes in tax rates	2,802	—
Other adjustments	(6)	—
Total deferred tax credit	<u>(2,506)</u>	<u>(4,604)</u>
Tax charge on loss	<u>5,607</u>	<u>3,556</u>

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

14. Tax (continued)

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

	2020	2019
	£'000	£'000
Loss at the standard tax rate 19.00% (2019: 19.00%)	(6,755)	(4,355)
Effects of:		
Different tax rates of overseas jurisdictions	2,452	(1,077)
Expenses not deductible for tax purposes	3,567	9,086
Non taxable income	(719)	(3,283)
Change in rates	2,802	—
Deferred tax unrecognised	260	210
Adjustments to tax charge in respect of previous periods	(998)	(1,942)
Group relief surrendered	5,004	5,486
Items charged within comprehensive income	—	(569)
Other adjustments	(6)	—
Total tax charge	<u>5,607</u>	<u>3,556</u>

The standard rate of tax applied to reported profit is 19%.

	2020	2019
	£'000	£'000
Balance sheet disclosure		
UK corporation tax recoverable	4,644	569
Overseas tax recoverable	(2,570)	(948)
Deferred tax liability	(74,445)	(74,264)
Deferred tax asset	4,618	1,838
Total	<u>(67,753)</u>	<u>(72,805)</u>

15. Goodwill

Cost and carrying amount	£'000
At 1 July 2018	658,451
Addition on acquisition of subsidiaries (Note 17)	3,161
At 30 June 2019	<u>661,612</u>
At 30 June 2020	<u>661,612</u>

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

15. Goodwill (continued)

Cash generating units

	Carrying value
Cost and carrying amount	£'000
Europe	249,560
America	268,456
CIS	52,354
Asia	91,242
At 30 June 2020	<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 taking into account the current situation is between 2% and 19%, and the perpetuity growth factor is 2% for Europe and Asia, 2.2% for the Americas and 3.9% for CIS.

Discount rates

The pre-tax discount rate used to discount the forecast cash flows are: 8.9% for Europe, 8.9% for America, 10.7% for Asia and 15.6% 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.

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 2% would cause the carrying amount to exceed the value in use. For all other CGUs an underperformance of between 2% to 6% in revenue or an increase in discount rate of between 5.2% and 7.1% would reduce the headroom to nil.

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

16. Intangible assets

	Subscriber customer relationships	Technology assets	Exchange customer relationships	Brand assets	Conference relationships	Total
<i>Useful economic life</i>	<i>25 years</i>	<i>10 years</i>	<i>25 years</i>	<i>25 years</i>	<i>10 years</i>	
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 July 2018	234,000	18,318	18,465	134,726	4,647	410,156
Additions (Note 20)	4,819	393	—	222	898	6,332
At 30 June 2019	238,819	18,711	18,465	134,948	5,545	416,488
At 30 June 2020	238,819	18,711	18,465	134,948	5,545	416,488
Amortisation						
At 1 July 2018	(16,326)	(3,196)	(1,288)	(9,400)	(796)	(31,006)
Charge for the year	(9,384)	(1,838)	(738)	(5,390)	(486)	(17,836)
At 30 June 2019	(25,710)	(5,034)	(2,026)	(14,790)	(1,282)	(48,842)
Charge for the year	(9,552)	(1,877)	(741)	(5,423)	(486)	(18,078)
At 30 June 2020	(35,262)	(6,911)	(2,767)	(20,213)	(1,768)	(66,920)
Carrying amount						
At 1 July 2018	217,674	15,122	17,177	125,326	3,851	379,150
At 30 June 2019	213,109	13,677	16,439	120,158	4,263	367,646
At 30 June 2020	203,557	11,800	15,698	114,735	3,777	349,568

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

17. Property, plant and equipment

	Leasehold improvements	Computer equipment	Fixtures and fittings	Motor vehicles	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 July 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
At 30 June 2019	3,504	6,197	1,929	127	2,545	14,302
Additions	39	1,188	444	—	2,014	3,685
Disposals	—	(80)	(34)	(91)	—	(205)
Transfers	—	2,104	276	—	(2,380)	—
Exchange differences	—	42	37	—	(4)	75
At 30 June 2020	3,543	9,450	2,653	36	2,175	17,857
Depreciation						
At 1 July 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	—	—	117
At 30 June 2019	642	3,175	1,107	24	—	4,948
Charge for the year	354	1,767	493	19	—	2,632
Disposals	—	(25)	(19)	(52)	—	(96)
Exchange differences	—	71	25	—	—	96
At 30 June 2020	996	4,988	1,606	(9)	—	7,580
Carrying amount						
At 30 June 2020	2,548	4,462	1,046	45	2,175	10,276
At 30 June 2019	2,862	3,022	822	103	2,545	9,354
At 01 July 2018	3,212	3,334	1,160	39	476	8,221

The Group had no contractual commitments for the acquisition of property, plant and equipment at 30 June 2020 (2019: Nil).

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

18. Right-of-use assets

	2020 £'000
Cost	
At 1 July 2019	—
Right-of-use assets recognised	23,843
At 30 June 2020	23,843
Depreciation	
At 1 July 2019	—
Charge for the year	4,438
At 30 June 2020	4,438
Carrying amount	
At 30 June 2020	19,405
At 1 July 2019	—

19. Investments

	Consolidated 30 June 2020 £'000	Company 30 June 2020 £'000	Consolidated 30 June 2019 £'000	Company 30 June 2019 £'000
Trading investments carried at fair value				
Shares	31	4,705	31	4,705

The fixed asset investment in the consolidated Fleet Finco Limited financial statements refers to an 7% equity investment in PT Coal Indonesia.

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

19. Investments (continued)

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 ¹	Ordinary	United Kingdom	100 %	10136400
<i>Indirectly held subsidiaries</i>				
Fleet Midco I Limited ¹	Ordinary	United Kingdom	100 %	10201437
Fleet Midco II Limited ¹	Ordinary	United Kingdom	100 %	10201754
Fleet Bidco Limited ¹	Ordinary	United Kingdom	100 %	10136815
Fleet U.S. Bidco Inc. ²	Ordinary	Delaware, US	100 %	6053365
Argus Media Limited ¹	Ordinary	United Kingdom	100 %	01642534
Argus Media Inc. ²	Ordinary	Delaware, US	100 %	2971630
Argus Media (Russia) Limited ¹	Ordinary	United Kingdom	100 %	04221838
Argus Media Brasil Relatórios de Preço de Energia e Commodity Ltda. ³	Ordinary	Brazil	100 %	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 %	01588592
FMB Publications Limited ¹	Ordinary	United Kingdom	100 %	01739247
Fertilizer + Chemical Consultancy Limited ¹	Ordinary	United Kingdom	100 %	04933572
Metal-Pages Limited ¹	Ordinary	United Kingdom	100 %	03975911
DeWitt & Company Incorporated ²	Ordinary	Delaware, US	100 %	153989600
Argus Media Mexico Price Reporting Services, S. de R.L. de C.V. ⁹	Ordinary	Mexico	100 %	AMM1710125G4
Argus Media Mexico Price Reporting Group, S. de R.L. de C.V. ⁹	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
Argus Media Germany GmbH ⁷	Ordinary	Germany	100 %	HRB153546
O.M.R. Oil Market Report GmbH ⁷	Ordinary	Germany	100 %	HRB14132PI
Argus Media Africa Limited ¹	Ordinary	United Kingdom	100 %	12489800
Argus India Price Reporting Services LLP ¹⁰	Ordinary	India	100 %	AAR-1080

The registered office for these companies are:

¹ Lacon House, 84 Theobalds Road, London, WC1X 8NL, England.

² 2929 Allen Parkway Suite 700, Houston, Texas, 77019, USA.

³ Avenida Angelica, No 2220, Suites 112 and 113- Consolaco, Sao Paulo, CEP 01.228.200, 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 Hauptstrasse 12, 25548 Kellinghusen, Germany.

⁸ Prins Bernhardplein 200, 1097JB Amsterdam, Netherlands

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

¹⁰ Leo Building, Leo Aries Leo Sagittarius, Kharodi, Malad West, Mumbai 400095, India

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

19. 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.

Company	Company number
Fleet Midco Limited	10136400
<i>Fleet Midco I Limited</i>	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.

Company	Company number
Argus Media Netherlands B.V.	859802255
Argus Benchmark Administration B.V.	859965879

20. Acquisition of subsidiaries

(i) Prior year 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) Prior year 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:

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

20. Acquisition of subsidiaries (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
Satisfied by:			
Cash consideration	2,394	4,453	6,847
Deferred consideration	1,154	—	1,154
Total consideration	3,548	4,453	8,001
Net cash outflow arising on acquisition			
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
Total intangible assets acquired	6,332	

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.

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

21. Trade and other receivables

	Consolidated	Company	Consolidated	Company
	30 June 2020	30 June 2020	30 June 2019	30 June 2019
	£'000	£'000	£'000	£'000
Amount receivable for the sale of goods and services	29,869	—	33,600	—
Loss allowance	(350)	—	(286)	—
	<u>29,519</u>	<u>—</u>	<u>33,314</u>	<u>—</u>
Other debtors	655	—	1,348	—
Prepayments	5,014	—	3,885	—
Accrued income	2,239	—	1,957	—
Amounts due from related party undertakings	—	774,301	—	860,818
Total	<u>37,428</u>	<u>774,301</u>	<u>40,504</u>	<u>860,818</u>

Trade receivables are stated net of credit risk and expected credit losses and trade sales returns.

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 a loss allowance because there is an expectation that these amounts are fully receivable.

Amounts due from related party undertakings represents a loan receivable for £678.8m (2019: £760.0m) with interest receivable of £27.5m (2019: £93.6m) from its subsidiary, Fleet Midco Limited. The interest on this loan is charged at 8% and the amounts due are repayable on demand.

Additionally, amounts due from related party undertakings include an intercompany receivable of £68.0m (2019: £7.2m), from its parent company, Fleet Topco Limited, which is also repayable on demand.

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

	30 June	30 June
	2020	2019
	£'000	£'000
Amounts receivable not past due	26,338	28,918
Amounts receivable past due but not impaired	3,181	4,396
Amounts receivable impaired (gross)	350	286
Less impairment	(350)	(286)
Total	<u>29,519</u>	<u>33,314</u>

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

21. Trade and other receivables (continued)

Aging of trade debtors past due but not impaired receivables

	30 June 2020 £'000	30 June 2019 £'000
31-60 days	977	3,788
61-90 days	224	380
91-120 days	1,980	228
Total	3,181	4,396

Movement in the loss allowance

	30 June 2020 £'000	30 June 2019 £'000
Balance at the beginning of the year	286	308
Increase / (decrease) in loss allowance	64	(22)
Balance at the end of the year	350	286

In determining the recoverability of a trade receivable, the Group uses the expected credit loss model as outlined in the significant accounting policies in Note 3.

Aging of trade debtors impaired trade receivables

	30 June 2020 £'000	30 June 2019 £'000
121+ days	350	286

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

22. Financial liabilities – Borrowings

	Consolidated 30 June 2020 £'000	Company 30 June 2020 £'000	Consolidated 30 June 2019 £'000	Company 30 June 2019 £'000
Secured borrowing at amortised cost				
Bank loans	458,093	—	266,139	—
Shareholder loan notes	230,893	230,893	323,244	323,244
Total	688,986	230,893	589,383	323,244
Amount due for settlement within 12 months				
Bank loans	8,903	—	—	—
Shareholder loan notes	—	—	12,334	12,334
Total	8,903	—	12,334	12,334
Amount due for settlement after 12 months				
Bank loans	449,190	—	266,139	—
Shareholder loan notes	230,893	310,910	310,910	310,910
Total	680,083	230,893	577,049	310,910

The directors are of the opinion that the book value of the shareholder loan notes and bank loans approximates to their fair value. Changes in liabilities arising from financing activities represent changes arising from revaluations and from cash flows.

Analysis of borrowings by currency:

	Sterling £'000	Euros £'000	US dollars £'000	Total £'000
30 June 2020				
Bank loans	50,423	—	407,670	458,093
Shareholder loan notes	230,893	—	—	230,893
Total	281,316	—	407,670	688,985
30 June 2019				
Bank loans	38,500	51,085	176,554	266,139
Shareholder loan notes	323,244	—	—	323,244
Total	361,744	51,085	176,554	589,383

Bank loans

On 7 October 2019 the Group settled its old senior debt facility and replaced it with a new senior debt facility. The term of the debt is from 7 October 2019 until 30 September 2026 and has a value of \$500m.

The interest rates on the debt are based on the USD Libor plus a margin based on the level of Net Senior Leverage. During the period the applicable margin was 3.25%. The margin can range from 3% to 3.5%.

The term loan is amortising with 1% (\$5m) per annum and is subject to covenant leverage ratio requirements. The Group has complied with these requirements during the period.

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

22. Financial liabilities – Borrowings (continued)

Bank loans (continued)

In addition the Group has a revolving credit facility over £50m which was fully drawn at year-end.

In prior year, the Group had a senior debt facility with a syndicate of seven banks. The term of the debt was from 30 September 2016 until 30 September 2022.

Term loan debt facilities of £38.5m GBP Facility, a €57.1m Euro Facility and a \$223.9m USD Facility plus a Revolving Credit Facility of £55.0m were provided.

The interest rates on the debt were based on the relevant rates of Libor GBP, Euribor Euro and USD Libor plus a margin based on the level of Net Senior Leverage. In prior year the applicable margin moved from 3.25% to 2.75% and the margin could range from 2.5% to 3.5%. The bank loan was un-amortising and subject to covenant leverage ratio requirements. The Group had complied with these requirements during prior year.

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 2020 represents the effective interest rate less interest paid and principal repaid to that date.

The net proceeds received from the issue of the shareholder loan notes have been recorded as a financial liability as follows:

	Consolidated	Company	Consolidated	Company
	30 June 2020	30 June 2020	30 June 2019	30 June 2019
	£'000	£'000	£'000	£'000
Shareholder loan notes	230,893	230,893	310,910	310,910
Interest accrued	—	—	12,334	12,334
Liability at 30 June	<u>230,893</u>	<u>230,893</u>	<u>323,244</u>	<u>323,244</u>

23. Derivative financial instruments

	30 June	30 June
	2020	2019
	£'000	£'000
Derivative financial assets	216	50
Derivative financial liabilities	(12,522)	(893)
Net derivative liabilities	<u>(12,306)</u>	<u>(843)</u>

The financial assets and financial liabilities include the mark-to-market valuation of foreign exchange forwards. The financial liabilities also include the mark-to-market valuation of the interest rate swap to hedge the interest exposure on bank loans. The mark-to-market value of the interest rate swap is £11.4m while the mark-to-market value of the foreign exchange forwards is £1.1m.

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

24. Provisions

The Group holds provisions for leasehold properties at 30 June 2020 totaling £0.4m (2019: £0.3m).
The provision is allocated as:

	30 June 2020 £'000	30 June 2019 £'000
Dilapidations	404	319
Analysed as follows:		
Non-current	404	319
Total	404	319

	30 June 2020 £'000	30 June 2019 £'000
Opening	319	224
Additions during the year	85	95
At 30 June	404	319

25. 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 £'000	Short-term timing differences £'000	Intangibles £'000	Losses £'000	Total £'000
At 1 July 2018	(7,568)	19,726	(87,772)	117	(75,497)
(Charge) / credit to profit or loss	(232)	(604)	5,252	(22)	4,394
Acquisition of subsidiary	—	—	(1,670)	—	(1,670)
Recategorisation	8,285	—	(8,285)	—	—
At 30 June 2019	485	2,288	(75,294)	95	(72,426)
(Charge) / credit to profit or loss	(196)	831	942	751	2,328
Adjustments in respect of previous periods	58	86	7	21	172
Other adjustments	6	125	(32)	—	99
At 30 June 2020	353	3,330	(74,377)	867	(69,827)

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

25. Deferred tax (continued)

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 2020	30 June 2019
	£'000	£'000
Deferred tax liabilities	(74,445)	(74,264)
Deferred tax assets	4,618	1,838
Net deferred tax liability	<u>(69,827)</u>	<u>(72,426)</u>

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.

26. Trade and other payables

	Consolidated 30 June 2020	Company 30 June 2020	Consolidated 30 June 2019	Company 30 June 2019
	£'000	£'000	£'000	£'000
Trade payables	4,349	—	4,043	—
Accruals	19,883	—	25,029	—
Social security and other taxes	1,850	—	1,534	—
Other creditors	112	—	10	—
Amounts owed to related party undertakings	324,989	532,819	386,662	527,819
Total	<u>351,183</u>	<u>532,819</u>	<u>417,310</u>	<u>527,819</u>

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 £408.0m (2019: £356.1m), and from Group subsidiaries Fleet Midco Limited £20.5m (2019: £20.5m), Fleet Midco II Limited £28.7m (2019: £28.7m), Fleet Bidco Limited £44.7m (2019: £42.8m), Argus Media Limited £4.4m (2019: £25.7m), Fleet U.S. Bidco Limited £10.1m (2019: £10.0m), interest payable of £16.3m (2019: £43.9m) and trading balances of £0.1m (2019: £0.1m). The interest on the loan from Fleet Topco Limited is charged at 8% and the total amounts due are repayable on demand. Changes in the amounts owed to related party undertakings represent changes arising from interest capitalisation and from cash flows.

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

27. Share capital

	Consolidated	Company	Consolidated	Company
	30 June 2020	30 June 2020	30 June 2019	30 June 2019
	£'000	£'000	£'000	£'000
Allocated, called-up and fully-paid Ordinary Shares				
4,704,999 A Ordinary Shares of £1 each	<u>4,705</u>	<u>4,705</u>	<u>4,705</u>	<u>4,705</u>

During the year and prior year no shares were issued. The Company has 4,704,999 authorised shares in 2020 and 2019.

28. Share premium account

	Consolidated	Company
	30 June	30 June
	£	£
At 1 July 2018	<u>1</u>	<u>1</u>
At 30 June 2019	<u>1</u>	<u>1</u>
At 30 June 2020	<u>1</u>	<u>1</u>

29. Translation reserve

	£'000
At 1 July 2018	1,092
Exchange differences on translating the net assets of foreign operations	<u>(5,386)</u>
At 30 June 2019	(4,294)
Exchange differences on translating the net assets of foreign operations	<u>(4,425)</u>
At 30 June 2020	<u>(8,719)</u>

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

30. Notes to the cash flow statement

	30 June 2020	30 June 2019
	£'000	£'000
Operating profit for the year	54,263	43,584
Adjustment for		
Depreciation of property, plant and equipment	7,057	2,591
Amortisation of intangible assets	18,078	17,836
Operating cash flows before movements in working capital	79,398	64,011
Decrease / (increase) in receivables	3,077	(16,929)
Increase in payables	3,379	21,228
Cash generated by operations	85,854	68,310

Cash and cash equivalents

	Consolidated	Company	Consolidated	Company
	30 June 2020	30 June 2020	30 June 2019	30 June 2019
	£'000	£'000	£'000	£'000
Cash and cash equivalents	59,260	1	29,424	57

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

31. Contingent liabilities

At the date of signing the accounts there were no contingent liabilities (2019: Nil).

32. Lease liabilities

Maturity analysis:

	2020
	£'000
Within one year	5,050
Between one and five years	17,686
Over five years	1,612
	24,348

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

32. Lease liabilities (continued)

Analysed as	2020
	£'000
Current	5,050
Non-current	19,298
	<u>24,348</u>

Following the adoption of IFRS 16, lease liabilities of £29,149k were recognised at 1 July 2019. The net decrease in lease liabilities during the year ended 30 June 2020 was £4,801k.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

33. Deferred revenue

	2020	2019
	£'000	£'000
Current- within one year	112,676	104,973
Non-current- over one year	486	357
Deferred revenue	<u>113,162</u>	<u>105,330</u>

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

34. 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.

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

34. Financial instruments (continued)

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.

	Amortised costs		FVtPL		FVtOCI		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets								
Trade and other receivables	37,428	40,504	—	—	—	—	37,428	40,504
Cash and bank balances	59,260	29,424	—	—	—	—	59,260	29,424
Investments	—	—	—	—	31	31	31	31
Derivative financial assets	—	—	216	50	—	—	216	50
Total financial assets	96,688	69,928	216	50	31	31	96,934	70,009
Financial liabilities								
Trade and other payables	351,183	417,310	—	—	—	—	351,183	417,310
Financial liabilities – Borrowings								
Bank loans	458,093	266,139	—	—	—	—	458,093	266,139
Shareholder loan notes	230,893	323,244	—	—	—	—	230,893	323,244
Derivative financial liabilities	—	—	12,522	893	—	—	12,522	893
Total financial liabilities	1,040,170	1,006,693	12,522	893	—	—	1,052,692	1,007,586

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.

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

34. 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.

	1 year or less		1-5 years		Greater than 5 years		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial liabilities								
Non-derivative financial liabilities								
Trade and other payables	351,183	417,310	—	—	—	—	351,183	417,310
Bank loans	71,484	13,265	84,179	282,512	399,481	—	555,144	295,777
Shareholder loan notes	18,471	37,207	92,357	99,491	304,779	441,492	415,607	578,190
Derivative financial liabilities								
Derivative financial instruments	12,522	893	—	—	—	—	12,522	893
	453,660	468,675	176,536	382,003	704,260	441,492	1,334,456	1,292,170

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.

	Effect on loss before taxation for 30 June 2020		Effect on loss before taxation for 30 June 2019	
	+10%	-10%	+10%	-10%
	£'000	£'000	£'000	£'000
Currency				
US Dollar (USD)	-14,015	15,416	-10,726	11,798
Euro (EUR)	2,548	-2,803	-147	161
Russian Rouble (RUB)	-3,149	3,464	-477	525
	-14,616	16,077	-11,350	12,484

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 an interest rate swap. 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 2020 would increase/decrease by £270k (2019: £215k).

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

34. Financial instruments (continued)

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.

- (a) 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.
- (b) 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.

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.

Fleet Finco Limited
Notes to the financial statements
For the year ended 30 June 2020

34. Financial instruments (continued)

Fair value hierarchy (continued)

	Level 1		Level 2		Level 3		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets								
Investments	—	—	—	—	31	31	31	31
Derivative financial instruments	—	—	216	50	—	—	216	50
Total financial assets	—	—	216	50	31	31	246	81
Financial liabilities								
Derivative financial liabilities	—	—	12,522	893	—	—	12,522	893
Total financial liabilities	—	—	12,522	893	—	—	12,522	893

35. Events after the balance sheet date

Details of key events occurring after the balance sheet date are set out in the Directors' Report on page 9.

On 1 July 2020 the Group completed the purchase of Agritel SAS and its subsidiaries. Agritel SAS is a specialist provider of information, consulting and forecasting on agricultural and agro-industrial markets.

On 5 October 2020 the Group bought a minority stake in Tallarium Ltd., a UK-based start-up building web-based solutions for commodity traders.

The purchase price allocations for both transactions are currently in progress.

36. 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.

Fleet Holdco Limited, the majority shareholder of Fleet Topco Limited Group, holds all of the shareholder loan notes issued by a Group subsidiary, Fleet Finco Limited. Full details of these shareholder loan notes are set out in Note 22.

37. Ultimate controlling party and parent undertaking

The immediate controlling party and immediate parent is Fleet Topco Limited. The largest and smallest group of which Fleet Finco Limited is a member and for which group financial statements are drawn up is the group headed by Fleet Topco Limited, a company incorporated in Jersey with registered address at Level 1 IFC, 1 Esplanade, St Helier, Jersey, JE2 3BX whose financial statements may be obtained from its registered office. The ultimate controlling party as well as the ultimate parent is Fleet Holdco Limited, a company incorporated in Jersey with registered address at 11-15 Seaton Place, St Helier, Jersey JE4 0QH.