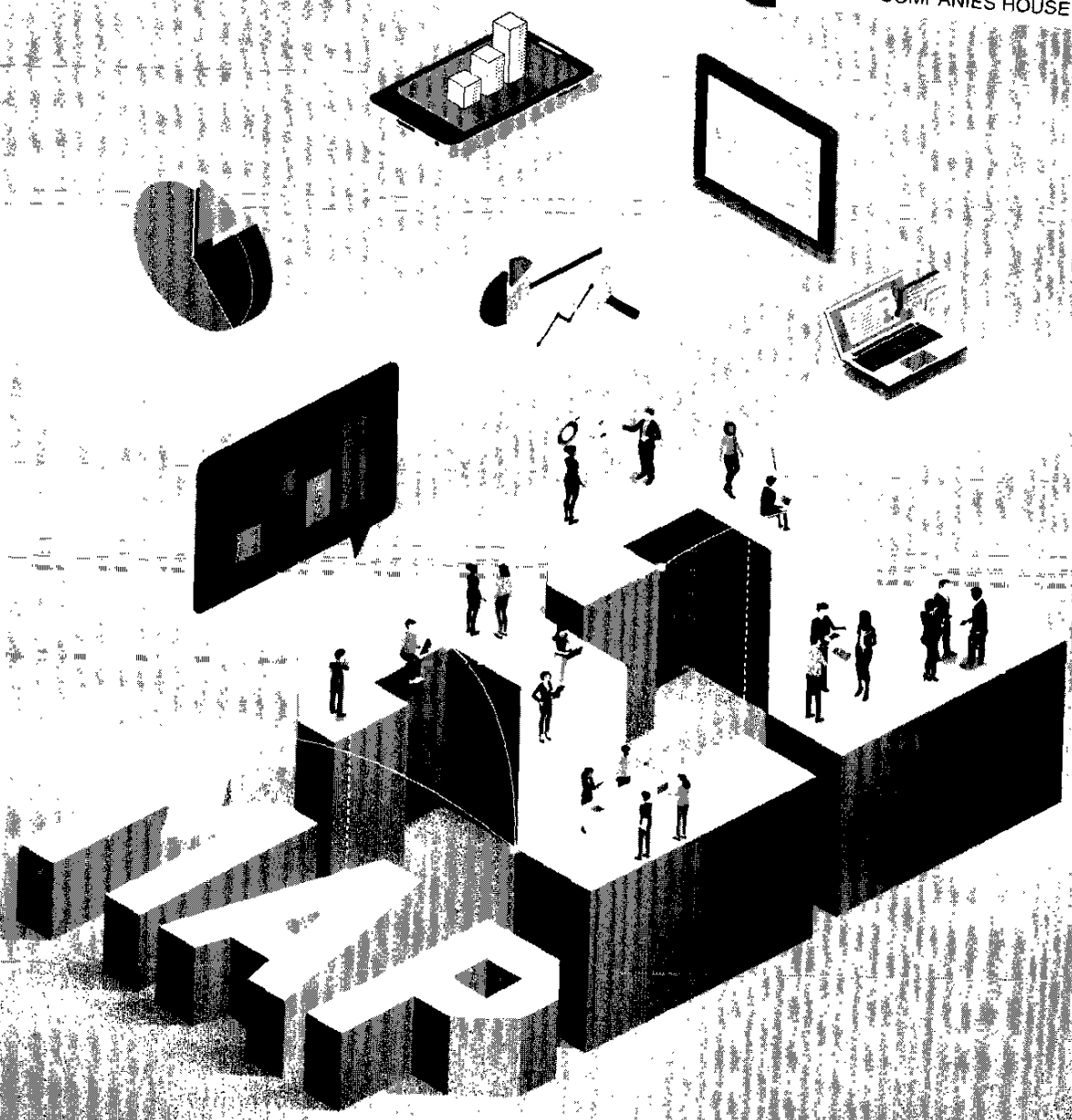
Parent co. for
Pro-Tail Ltd
Co No: 03975119

CENTAUR MEDIA

AN
FY

WEDNESDAY
A9JIJT09
A11 09/12/2020 #184
COMPANIES HOUSE



INTRODUCTION

Advise. Inform. Connect.
Our vision

We will be the 'go to' company in the international Marketing Services and Legal sectors to:

- Provide advice to businesses on how to improve their performance and ROI;
- Inform customers using data, content & insight with the provision of business intelligence products; and
- Connect specific communities through media and events.

We will provide cutting-edge insight and analysis, building strong and lasting relationships with our customers and aiming to deliver long-term sustainable returns to our shareholders.

Our business

Centaur is an international provider of business information and specialist consultancy that inspires and enables people to excel at what they do within the marketing and legal professions. Our Xeim and The Lawyer business units serve the marketing and legal sectors respectively and, across both, we offer our customers a wide range of products and services targeted at helping them add value.

Our reputation is based on the trust and confidence arising from a deep understanding of these sectors and we have developed a strong track record for providing insight, content and data. Our key strengths are the expertise of our people, the quality of our brands and products, and our ability to harness technology to innovate continually and develop our offering. This enables us to help our customers raise their aspirations and deliver better performance.

Our brands

xeim Excellence in marketing

THE LAWYER

MW marketingweek.com
CREATIVE REVIEW
marketmakers
Really. design
FASHION BEAUTY MONITOR
yearahead.com
influencer intelligence
YSTERCATCHERS
foresight new

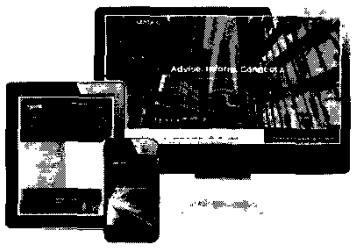
CONTENTS

STRATEGIC REPORT

Introduction	IFC
Highlights of the year	01
Chairman's Statement	02
Strategy	04
Performance: CEO Review	08
Key Performance Indicators (Financial & non-financial)	12
Performance: Financial Review	14
Risk Management	22
Viability Statement	26
Section 172 Statement	27
Corporate Responsibility	29
Board of Directors	32
Executive Committee	34
Directors' Report	35
Directors' Statement on Corporate Governance	37
Audit Committee Report	41
Nomination Committee Report	44
Remuneration Committee Report	45
Statement of Directors' Responsibilities	62
Independent Auditor's Report	63
Financial Statements	72
Notes to the Financial Statements	79

OTHER INFORMATION

Five Year Record	122
Other Information	123



HIGHLIGHTS OF THE YEAR

Centaur concluded a radical transformation programme to reshape the Group into a much simpler business focused on two sectors: the marketing and legal professions.

We successfully completed the divestments of our non-core legacy businesses in financial services, human resources, business travel and meetings, and engineering for a gross consideration of £21.75m.

The Group now consists of Xeim, the new name given to our marketing businesses at the beginning of last year, and The Lawyer.

The simplification enables the Group to focus on growth, capitalise on synergies and deliver shareholder value.

As we look towards Centaur's next stage of development, we announced our Margin Acceleration Plan 2022, MAP22. This is our three-year plan to improve EBITDA margins to at least 20% by 2022 through a combination of profitable revenue growth and operating cost efficiencies.

The formation of Xeim enabled significant cost reduction during 2019, as duplicate brand management and processes were eliminated. Additionally, the simplification of the Group facilitated the reduction of central overhead costs by £5m on an annualised basis. The benefits of this will be seen in 2020.

Xeim focused on growing its profitable revenue and rationalised its portfolio of low margin/loss making businesses, delivering a considerably enhanced margin.

- Influencer Intelligence continued to develop its international offering to remain at the forefront of the fast-growing influencer marketing sector;
- Marketing Week launched a digital subscription platform and redesigned website; and
- We built on the success of the Mini-MBA programme and launched a new marketing brand course.

The Lawyer continued its growth through the successful launch of the Litigation Tracker and the Marketing Leadership Summit event was a successful addition to The Lawyer's events portfolio.

The Group reported an adjusted[1] operating loss in 2019 of £1.1m (2018: a loss of £2.2m). On a statutory basis the Group made an operating loss in 2019 of £8.4m (2018: a loss of £20.3m). The Group's performance improved during the year with the benefit of trading seasonality and initial cost savings from the Group's simplification.

Xeim and The Lawyer combined have increased adjusted EBITDA[1] by 21% due to cost savings in Xeim and revenue growth in The Lawyer.

A final ordinary dividend of 0.5p per share is proposed, which, together with the interim ordinary and special dividends of 3.5p per share, gives a total of £5.7m (4.0p per share) paid out as dividends relating to 2019.

From 1 January 2020, Centaur has adopted a new progressive dividend policy targeting a pay-out ratio of 40% of adjusted earnings, subject to a minimum dividend of 1.0p per share.

[1] See financial performance review for explanation of adjusted results and alternative performance measures

CHAIRMAN'S STATEMENT

"In September, the Board launched MAP22, its strategy for driving revenue growth and improving EBITDA margins to at least 20% by 2022."

COLIN JONES
Chair

Dear Shareholder,

2019 was a year of significant transformation for Centaur. The Group started the year with a clear strategy to simplify its structure through business divestments, eliminating central costs and repositioning the Group to focus on two sectors, the marketing and legal professions, where it has leading brands and competitive advantage.

The Board is pleased with the progress Centaur has made against this strategy and it enters the new financial year well positioned for its next stage of development under its Margin Acceleration Plan 2022 (MAP22).

Strategy

During the first half of the year the Board focussed on the divestment of its smaller, non-core businesses. These divestments were completed quickly and successfully, generating gross proceeds (before costs and working capital adjustments) of nearly £22m and a profit on disposal of £7.8m. The use of these proceeds is set out below.

Centaur also received a number of offers for The Lawyer, but the Board determined that retaining this business was a more attractive option and offered greater opportunity to create value for shareholders. This decision has been vindicated by the strong financial performance of The Lawyer throughout 2019.

The divestments were the trigger for a significant restructuring and simplification of the Group during the second half. Central functions were reorganised, low margin or unprofitable products were eliminated, and annualised cost savings of £5m had been delivered by the end of the year.

Centaur's management is now focussed on growing its two remaining business units – Xeim, which brings together the Group's marketing brands, and The Lawyer, the leading business information brand for the legal profession. Both offer scalable digital products and services in global marketplaces that are undergoing disruption.

In September, the Board launched MAP22, its strategy for driving revenue growth and improving EBITDA margins to at least 20% by 2022. The immediate focus for 2020 is to develop the two business units, increasing and broadening their client bases, investing to expand their product offerings, driving further operating efficiencies and continuing to develop new subscription-based digital capabilities.

Group performance

In 2019, Centaur achieved Group revenues of £48.9m, an adjusted operating loss of £1.1m and a statutory operating loss of £8.4m, but these results do not fully reflect the impact and timing of the strategic initiatives taken to restructure the portfolio and simplify the Group. Although the disposals were completed by the summer, they were followed by a period of transitional services provided to the various buyers which meant that most of the cost reductions arising from the simplification of the Group could not be implemented until the final quarter. The full benefit of these savings will be seen in 2020.

Underlying revenues for the Group (after adjusting for businesses sold and closed) fell by 2%. A strong performance from The Lawyer, up 9%, was offset by a 4% decline in Xeim revenues. The results from The Lawyer were particularly pleasing given the distractions of the sale process in the first half, and it also improved its adjusted operating margin. The Xeim portfolio continues to face challenges, particularly in its MarketMakers business, and the revenue performance was mixed. However, the benefits from the strategy of focusing on profitable revenue can be seen in the improvement in its adjusted operating margin from 8% to 10%. Swag Mukerji discusses trading performance in more detail in his review beginning on page 8.

Governance and people

I joined Centaur's board in September 2018 and succeeded Neil Johnson as Chairman in July 2019. Neil played an important role in the strategic review that led to our divestment programme and the dramatic simplification of the Group that followed. On behalf of the Board, I would like to thank Neil for his valuable contribution to Centaur's strategic development.

Since I became Chairman, the Board has taken a number of key decisions regarding Centaur's strategy, management and dividend policy. Those decisions have given me the opportunity to consult with our shareholders on multiple occasions and I thank them for their support. We are also pleased to have welcomed a number of new shareholders to the register.

In September, we said goodbye to Andria Vidler as CEO after six years spent driving Centaur's transition from a traditional print publisher to a digital provider of insight, content and data. The Board would like to thank Andria for her unwavering enthusiasm, commitment and leadership during this time. I was delighted that Swag agreed to replace Andria as CEO. Swag has an in-depth understanding of Centaur and, as the orchestrator of the MAP22 strategy, was the ideal candidate to guide Centaur through its next stage of development.

Simon Longfield succeeded Swag as Centaur's new CFO in November 2019. Having spent ten years as CFO of BMI Research, Simon's extensive financial experience and understanding of B2B information markets will be valuable assets.

I am also pleased to welcome Carol Hosey and Leslie-Ann Reed as new independent Non-Executive Directors. Carol will succeed me as Chair of the Remuneration Committee and brings with her over 20 years of experience in senior HR and remuneration roles. Leslie-Ann Reed, an experienced Non-Executive Director who has spent over 25 years in financial management, will become Chair of the Audit Committee in succession to Robert Boyle. Robert and Rebecca Miskin will retire as Non-Executive Directors on 31 March 2020 and the Board recognises their valuable contribution over the last decade.

Centaur prides itself on being a business that operates with integrity, transparency and accountability, and the Board remains committed to the highest standards of corporate governance. More detail on our governance policies are set out on pages 37 to 40. Our Section 172 Statement on pages 27 to 28 also highlights the significant progress made in developing Centaur's values and culture and in particular ensuring that diversity, inclusion and environmental ambitions are areas of focus across all parts of the Group.

Since joining Centaur, I have been greatly impressed by the energy, hard work and good humour our employees have exhibited during a period of significant change and I would like to thank them for their dedication – I know it has not always been easy. Our people are our primary asset and our success is built on the back of their efforts and commitment.

Capital allocation and dividend

The divestments during 2019 provided the trigger for the Board to review Centaur's dividend policy. After discussions with shareholders, in September the Board announced a new progressive dividend policy, to apply from 2020, with a target pay-out ratio of 40% of earnings subject to a minimum dividend of 1.0p per share. This reflects the smaller size of the Group and the desire for a more sustainable distribution to shareholders which grows in line with earnings. Pursuant to this policy, the Board is recommending a final ordinary dividend of 0.5p per share, equivalent to £0.7m, payable in May 2020.

The interim dividend of £5m paid in October 2019 was largely funded from the proceeds of the business divestments, including the special dividend. The Board was intending to propose the payment of another special dividend in May 2020, but has decided to defer this decision until there is more visibility around the impact of coronavirus on the Group's cash flows.

Outlook

Training and events provide an important revenue stream for Centaur and, not surprisingly, the Group has recently started to see customers delay decisions around event attendance. At this stage Centaur expects to postpone a number of second quarter events until later in the year but, until there is more certainty around the timing and impact of coronavirus, it is impossible to provide guidance around the full year results.

The Group has a stronger balance sheet, including cash of £9.3m at the end of 2019, and trading in January and February was in line with the Board's expectations. Global health concerns apart, Centaur has begun 2020 as a far simpler and more focused Group, with new energy to address the many opportunities we see in our markets. We will continue to develop strong, recurring revenue streams, invest in new digital products to grow our customer base, and capitalise on the synergies of our simplified portfolio as we progress toward our MAP22 objectives.

COLIN JONES
Chair

17 March 2020

STRATEGY

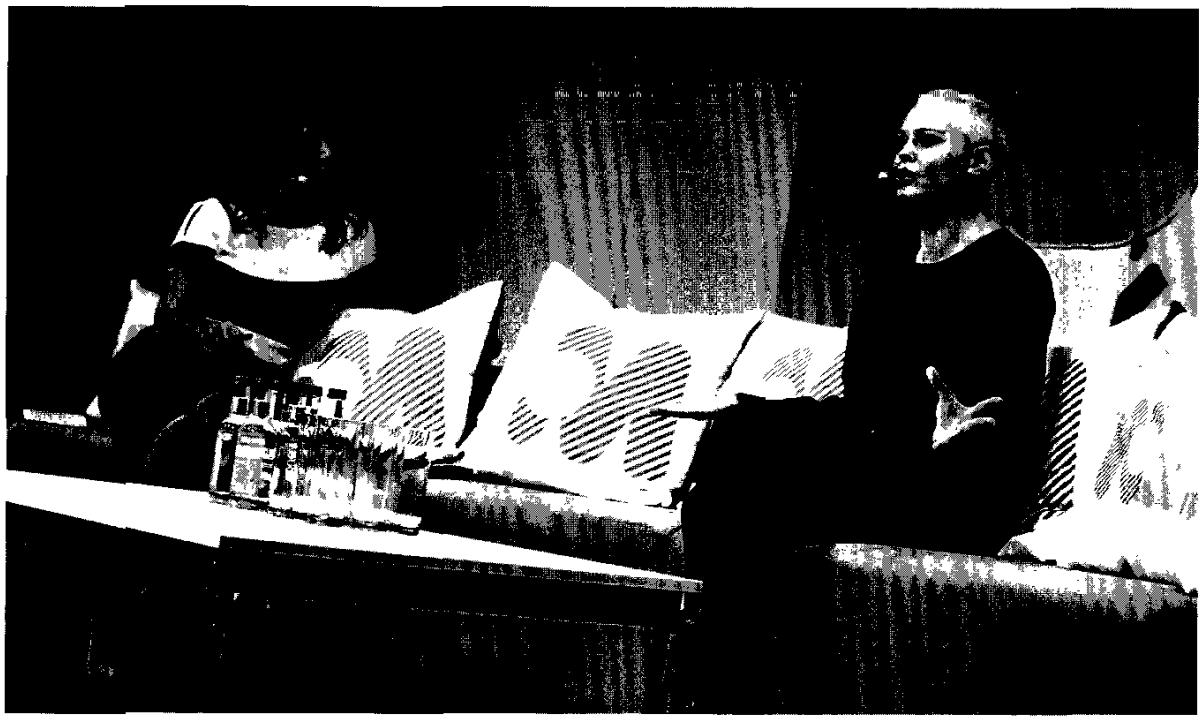
Centaur is an international provider of business information and specialist consultancy. From our origins as an advertising-supported trade publisher, the Group has evolved rapidly in recent years as we have moved to focus on the paid provision of business intelligence, consultancy, training, events and lead generation, building on the reputation and trust established from our history in providing highly valued thought-leading content.

At the end of 2018 and following a strategic review, Centaur initiated a radical transformation programme to concentrate our efforts on two attractive sectors: the marketing and legal professions. These large, international and growing industries are facing considerable competitive and technological disruption, creating demand for the intelligence, insight and expertise that our businesses offer.

In order to create this more focused group, Centaur began a far-reaching programme to divest our smaller and ex-growth businesses in financial services, human resources, business travel and meetings and engineering. During 2019, we disposed of 21 of our 28 brands, raising net cash of £16.4m and establishing the platform to drive margin enhancement through profitable revenue growth and margin and cost synergies.

Centaur now has strong, well-established brands that have been serving these sectors for decades – brands such as Marketing Week, Econsultancy and The Lawyer. We continue to evolve these brands and have developed a track record for innovation, generating revenue from new products and services that our customers need to respond to the rapid changes in their sectors. This has allowed Centaur to develop strong and continuing relationships with many large international enterprises.

Read more about The Festival of Marketing on page 10



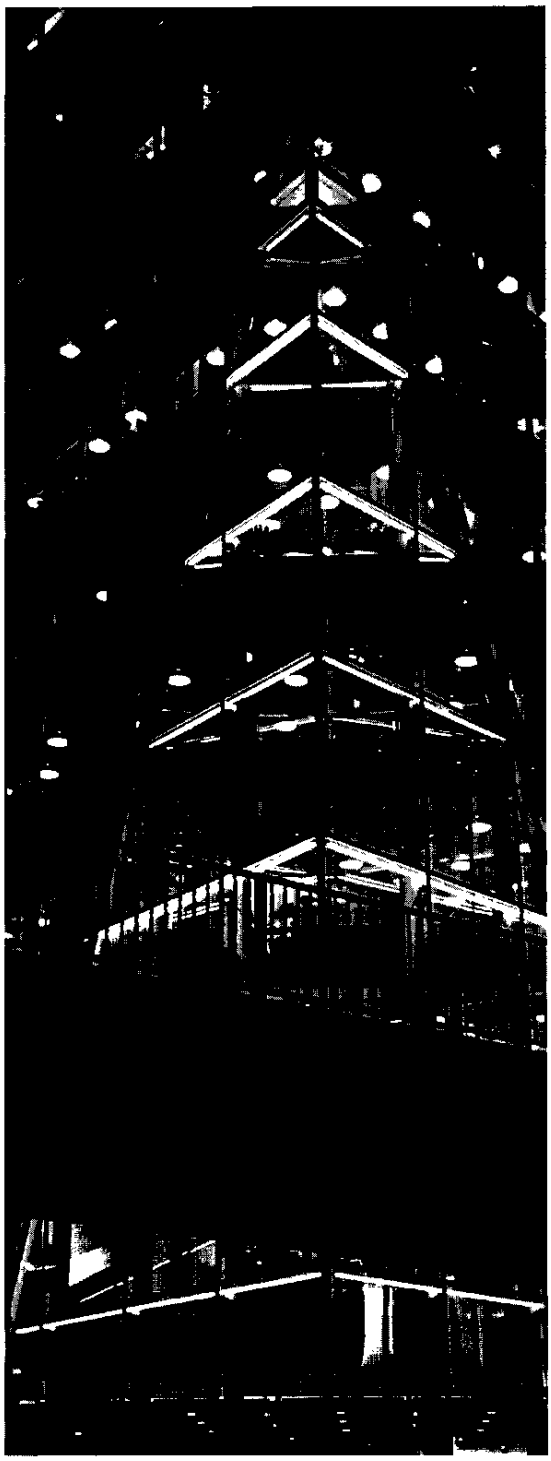
The completion of our divestment programme in July 2019 allowed us to set about laying the groundwork for the next stage of Centaur's development. The centrepiece of this is our Margin Acceleration Plan 2022 (MAP22), a three-year plan to improve margins, targeting an EBITDA margin of at least 20% by 2022.

MAP22

Three-year plan to improve EBITDA margins, targeting at least 20% by 2022

MAP22 is intended to deliver its targets through a combination of profitable revenue growth and enhanced cost efficiencies. Among the revenue opportunities, the most important include the following:

- Growth in revenues from Influencer Intelligence, Mini-MBA and other eLearning courses, Festival of Marketing, Econsultancy and The Lawyer through increased penetration of our existing customer base and pricing strategy together with new business development;
- Cross-selling Xeinfo suite of products and services to enterprise clients;
- Operational improvement initiatives at Econsultancy and MarketMakers;
- New products from The Lawyer to enhance digital subscription growth; and
- Taking advantage of our common technology stack, a recent investment, to build new content offerings.



STRATEGY

A new Centaur

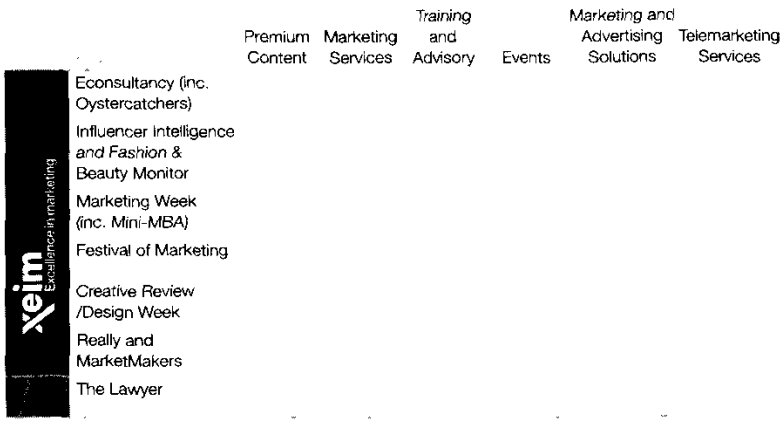
The new Centaur is a much simpler business consisting of Xeim, the new name adopted by our marketing business at the beginning of last year, and The Lawyer. This has allowed us to streamline management, improve efficiency, eliminate silos and reduce complexity within the Group, a process which has allowed for a significant reduction in business unit costs and central overheads.

The simplification has enabled us to have a clear focus on the reporting of the Group's revenue categories. We interact with customers by using the power of our brands and generate different types of revenue streams. This creates both cross-selling opportunities and operational synergies, whilst also giving visibility of how the Group's revenues are derived.

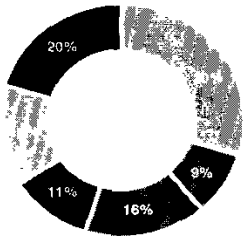
From 2019 onwards, we will report revenue for Xeim and The Lawyer under the following categories:

- Premium content comprising subscription-driven paid content services;
- Marketing services through campaign management and marketing automation;
- Training and advisory from marketing consultancy, digital learning programmes and face-to-face training;
- Events including sponsorship and delegate revenue from conferences, awards and large-scale events;
- Marketing and advertising solutions including digital advertising, display and bespoke client campaigns together with sector focused job advertisements; and
- Telemarketing services comprising lead generation and data services.

The chart below shows which brands derive revenue from each category:



The Board believes Centaur's transformation has helped improve the quality of the Group's revenue streams. The developments in both Xeim's brands and The Lawyer mean that 62% of our underlying revenue (2018: 56%) arose from repeatable and recurring sources, whereas only 14% of revenue came from marketing and advertising solutions. The strength of product innovation is reflected by the fact that £5.5m of revenue, or more than 11%, was generated from new revenue streams created since 2015, excluding acquisitions.



- Premium Content
- Marketing Services
- Training and Advisory
- Events
- Marketing and Advertising Solutions
- Telemarketing Services

xeim Excellence in marketing

Xeim takes its name from excellence in marketing and its purpose is to accelerate performance for marketers. The Xeim portfolio brings together the Group's marketing brands to deliver business information and specialist consultancy to the marketing sector. It achieves this by providing the advice, intelligence and connections that marketers need to set themselves apart from their peers. Our market-leading brands and industry experts provide insight, analysis and proprietorial content, attracting over six million digital contact points every month.

Xeim includes the following brands:

- Influencer Intelligence – A leading source of intelligence for brands and marketers on influencers and celebrities and their digital reach. It is at the forefront of the fast-growing influencer marketing sector with plans for further international expansion during 2020;
- Econsultancy – The authoritative guide to marketing best practice, and a leading provider of training and research in digital marketing transformation. Strengthened through the addition of Oystercatchers, the specialist agency-focussed consultancy Centaur acquired in 2016, with its skills in pitch partnering and its senior networking club;
- Festival of Marketing – An annual learning and networking event that has become the largest global event dedicated to brand marketers, which underpinned its strong margin performance in 2019;
- Marketing Week – For over 40 years, the most influential source of marketing information in the UK. During 2019, Marketing Week launched its digital subscription service and redesigned its website to make it easier to find news, insight and opinion;
- Mini-MBA – As part of Xeim's eLearning development, the strength of Marketing Week's brand has enabled Xeim to create its fast-growing programme, which has attracted over 6,500 marketers and professionals since its launch in 2016. A new marketing brand course, available to Mini-MBA alumni, was introduced in September 2019; and

THE INSIGHT'S IN THE DATA
SEE THE BIGGER PICTURE

Turning case reports into actionable market intelligence.

Welcome to the *new* Litigation Tracker.

Since 2015, The Lawyer has tracked every court case and all judgments from 15 UK high courts.

Now this comprehensive, aggregated data is available to you to search, chart and download via our new online portal, delivering timely and targeted insight.

THE LAWYER
Litigation Tracker

Subscribe today for exclusive access.
Visit thelawyer.com/litigation-tracker

- MarketMakers – The UK's number one B2B telemarketing agency, the industry leaders in lead generation. This brand includes Really, the award-winning marketing services business that delivers creative campaigns to drive its clients' return on marketing investment.

By bringing these brands together under the Xeim umbrella, we have been able to capitalise on their synergies, manage the brands more effectively, and cross-sell to our clients a broader range of services in an integrated and coordinated manner.

Xeim's immediate priorities include capitalising on the success of Influencer Intelligence and expanding digital learning revenues across Marketing Week and Econsultancy. At the same time, the Board is focussed on addressing the margin drag from MarketMakers and recently hired an experienced managing director to refocus this business.

THE LAWYER

In The Lawyer, Centaur owns the most trusted brand for the UK legal profession and a leading provider of intelligence to the global legal market, delivered via a scalable digital platform. The Lawyer has built on its heritage and reputation for providing incisive analysis of the UK legal market to develop a much more international business providing market intelligence to the world's largest law firms. The Lawyer now has over 300 corporate clients, a 12% increase since 2018. 90% of the top 50 UK and top 50 US law firms in London are corporate subscribers.

The award-winning editorial team publishes a series of market reports to help leading firms benchmark themselves against their peers. This is part of a strategy that, over the past five years, has grown paid premium content revenues that are more than 40% of the total for the business unit.

During 2019, The Lawyer continued its growth through the launch of Litigation Tracker, a digital product that offers near real-time insight into the UK litigation market.

Events are another important source of revenue, with the Marketing Leadership Summit a successful addition in 2019 to our portfolio.

After a strong 2019 performance, the business is poised for continued growth in an attractive market. The Lawyer's strategic priorities include building subscription revenues, deepening customer relationships

Next steps

In 2020, our focus is operational execution. We aim to become the "go to" company in international marketing services and the legal sectors to:

- Advise businesses on how to improve their performance and ROI;
- Inform customers using data, content and insight with the provision of business intelligence products; and
- Connect specific communities through media and events.

Our key priority for 2020 is to grow our EBITDA margin through profitable revenue growth, creating a high-performance sales operation, driving subscription products and maintaining control over Group overheads following the cost reduction programme.

PERFORMANCE:

"2019 marked the start of a new chapter in Centaur's evolution. As described in the strategy section, the completion of our divestment programme has made Centaur a much simpler business."

SWAG MUKERJI
Chief Executive

Overview of 2019

I am pleased to deliver my first report to you as Centaur's CEO, having succeeded Andria Vidler in September. Having worked closely with Andria since joining Centaur as CFO in 2016, I have a thorough understanding of how the Group has undergone a profound transformation in recent years and have set the MAP22 strategy going forward. I would like to thank Andria for her considerable guidance and support over the last few years.

2019 marked the start of a new chapter in Centaur's evolution. As described in the strategy section, the completion of our divestment programme has made Centaur a much simpler business.

These divestments were completed shortly before Centaur moved into attractive modern offices close to London's Waterloo station. Our new home was designed to foster collaboration, with 270 employees on a single floor, and I think I speak for all employees in saying that the move has injected fresh energy and momentum into our businesses.

The move is one example of how Centaur's simpler structure has unlocked important benefits and efficiencies. Through the elimination of costs needed to support the businesses sold last year and other measures, the Group has reduced annualised central overheads by the end of 2019 by £5m, as promised, and the full year effect of this will be seen in 2020.

Results for the year

2019 was a complex year for Centaur with many moving parts and the reporting requirements make it difficult to clearly articulate what has fundamentally happened to the Group. We earned profits from the disposed businesses until the day they were sold, and this is reported under discontinued operations. During this period, we maintained the full central overhead functions required to support these businesses and this is shown in continuing operations. Once they were sold, we continued to provide services to these businesses generating income for the Group from Transitional Service Agreements (TSA), the last of which expired at the end of 2019. We therefore could not eliminate a proportion of the overhead costs immediately after the disposal, although they were removed by the end of 2019 and will deliver the £5m annualised benefit in 2020.

While both Xeim and The Lawyer grew their profits in 2019, the impact of the higher central overhead resulted in Centaur achieving an adjusted operating loss of £1.1m and a statutory operating loss of £8.4m on revenues of £48.9m. Group adjusted EBITDA[1] margin has grown from 3% to 5%. It should be noted that the seasonal trading pattern of the new simplified group will result in the majority of profits arising in the last quarter of the year.

Centaur ended the year with £9.3m of cash (2018: £0.1m), having received net proceeds of £16.4m from the businesses sold during the year.

Details of the trading performance are contained within the Operational Review of my report beginning on page 9.

The divestments encompassed the sale of our financial services division, including titles such as Money Marketing, Mortgage Strategy, Platforum, Taxbriefs and Headline Money to Metropolis Group. Centaur Media Travel and Meetings Ltd, the owner of the Business Travel Show and The Meetings Show, was sold to Northstar Travel Media UK Limited. Centaur Human Resources Limited, which includes Employee Benefits, was acquired by DVV Media International and our engineering titles, including the Engineer and Subcon, were sold to Mark Allen Group.

Dividend

The reshaping of the Group was a catalyst for the Board to review its dividend policy, having distributed more than 100% of cumulative earnings to shareholders over the previous three years. In September, we announced a new progressive dividend policy which targets a pay-out ratio of 40% of adjusted earnings, or 1.0p per share, whichever is the higher. This came into force on 1 January 2020.

We also announced a distribution of £5.0m, comprising an interim dividend of 1.5p per share and a special dividend of 2.0p per share, paid in October 2019. Under the new dividend policy, we will now pay a final ordinary dividend of 0.5p per share in May 2020. Dividends to shareholders, ordinary and special, relating to 2019 therefore total £5.7m (4.0p per ordinary share).

We had planned to pay a further special dividend alongside our ordinary dividend in May. However, we have decided to defer this decision until there is more visibility around the impact of coronavirus on the Group's cash flows.

[1] *Excluding the impact of IFRS 16 in order to show a comparison to 2018*

Operational review

Centaur now comprises two business units, Xeim and The Lawyer. Xeim is Centaur's largest business and contributes 83% of Group revenues, with The Lawyer making up the balance. Each business unit is run on a stand-alone basis with dedicated management teams. As explained above, the 2019 central overhead did not reflect the simplified group and going forward, in 2020, there is a lean central function, primarily focused upon external governance and reporting, following the £5m overhead saving.

xeim
Excellence in marketing

Xeim was formed in early 2019 and brings our marketing brands into a single business unit, allowing us to manage them more effectively, cross-sell our products more efficiently, eliminate duplication of effort and enhance their margins.

In 2019, Xeim delivered a turnover of £40.7m, a 4% decrease from the previous year as a result of management action to reduce low margin and loss-making revenue streams such as Marketing Week Live, together with disappointing performances from MarketMakers and some parts of Econsultancy.

Xeim also identified further opportunities to eliminate costs and improve our operational efficiency. As a result, Xeim increased its adjusted EBITDA margin from 12% to 15%, achieving a business unit adjusted EBITDA of £6.3m, which represents a pleasing growth of 24% from the prior year. This growth was driven by the introduction of new products such as the Mini-MBA Brand course, growth in brand margins and eliminating duplicate costs in the brand management structures.

As discussed earlier, we interact with customers by using the power of our brands and generate different types of revenues from this. This creates both cross-selling opportunities and operational synergies and Xeim's customer centric strategy is achieving success with its largest customers as we create more tailored solutions and integrated services across multiple brands. Our Top 50 customers in 2019 renewed contracts on terms that were 35% higher than the prior year reflecting the value created from the additional services that we delivered. This reflects the new Xeim operational structure which successfully cross-sold a wider portfolio of Xeim's products and services and therefore increased the average value sold to each customer.

In Xeim, Premium Content revenues are generated, in the main, from our Influencer Intelligence and Econsultancy brands. Creative Review has been successfully put behind a paywall and the recent move of Marketing Week to a digital platform, incorporating a paywall, is showing good early signs.

The global influencer marketing market, currently worth an estimated US$5.5bn, is projected to grow to US$22.3bn by 2024 (source: MarketsandMarkets 2019). Influencer Intelligence, our market leading source of trusted information and analytics for brands seeking to harness the power of global influencers, continued to perform well, with revenue increasing 11% in 2019.

This underpins our growth strategy in a dynamic sector and is one of our key subscription revenue growth drivers for MAP22. In 2020, we are adding c.100k international influencers to our content and making significant improvement to our products such as extended analytics on new social media networks, brand analytics, campaign management and measurement functionality.

PERFORMANCE:

At Econsultancy, we launched a new platform which has two clear and distinct customer offerings for subscribers:

- Insight: Econsultancy's proprietary content now sits behind an ecommerce-driven subscriber paywall as part of a fully integrated, easy-to-navigate service which makes the content easier to digest and more practical to use; and
- Learning: The platform includes a dedicated "Econ Learn" section which brings together all Econsultancy's digital learning content. Users can assess their skills using the Digital Skills index and follow a tailored learning journey based on their results, dip into learning modules or engage in Econsultancy's structured eLearning courses - all within a single intuitive product environment.

Econsultancy saw renewals by value increasing to 63% in 2019, up from 54% in 2018. While still lower than desired, it is pleasing to see that the downward trend from 2018 has been reversed. Econsultancy is also a leading provider of training and has been strengthened through the addition of Oystercatchers into the Econsultancy brand. Our focus on blended learning underpins our growth strategy and is supported by both improved product design and an enhanced sales team. A key element of the Oystercatchers business model is the relationship and chemistry between agencies and clients and for 2019 we placed more emphasis on this important dynamic. While its revenues have shrunk, the decision to pull back the team responsible for selling and marketing Econsultancy in the US to the UK, has worked and is improving Econsultancy margins while continuing to provide services to our US customers. Although the overall revenues from Econsultancy did not grow in 2019, billings and margins have, which will be reflected in improved performance in 2020.

Marketing Week has shown early positive signs following the launch of a new digital platform which incorporates a paywall to enable e-commerce, improved search functionality, new navigation and a cleaner design. It is possible to upgrade to a combined Marketing Week and Econsultancy service via a single log-in, which gives our customers an efficient way of accessing our products. The new Marketing Week Knowledge Bank allows Xeim to generate additional revenues from white papers and research on its website.

The Festival of Marketing, Xeim's flagship event, delivered another compelling line-up of speakers in 2019 and received positive feedback from delegates and sponsors. Attendance was up by 48% in comparison with 2018 and there was a double-digit improvement in e-commerce sales. The VIPs in attendance included almost 200 senior management and CMO level guests. This gave the Festival a palpable buzz and generated a positive experience for our event sponsors and strategic partners. Speakers at the event included Dave Lewis, CEO at Tesco, actress and activist Rose McGowan, TV presenter Davina McCall and Marketing Week columnist Mark Ritson who set the scene with a packed session on brand excellence. This success puts the event in a strong position for 2020.

eLearning, which includes the Mini-MBA, a joint initiative with Mark Ritson, has gone from strength to strength with revenue growing 75% in 2019 underpinned by a 47% year-on-year increase in delegates. The feedback is overwhelmingly positive across every intake with an average net promoter score of +76. Building on this success, in September 2019 we launched a new marketing brand course with two further courses planned for 2020. The new Mini-MBA Brand Management course is only available to Marketing Week Mini-MBA alumni and aims to help marketers with the skills they need to become brand managers.

MarketMakers had a challenging 2019 with marketing services revenues at Really down 4% year-on-year and telemarketing services down 3%. This was driven by increased customer churn within telemarketing services in the SME sector, reduced spend from certain key accounts and lower than anticipated renewals at Really in the first half of the year. Due to the relatively low margins in this business, the profit impact is limited.

At the end of 2019, Centaur announced the appointment of Jude Bridge as managing partner of Oystercatchers and Darren McGill as managing director of MarketMakers. Jude was an award-winning marketing director at Marks & Spencer and Save the Children and brings deep expertise in building some of the UK's strongest brands. Darren has a wealth of experience in senior commercial roles, most recently as chief revenue officer at Signal AI, the leading media information business. Both are already having an impact and will take on broader roles within Xeim. Jude will develop and lead a marketing excellence programme to ensure best-in-class marketing practice, while Darren will develop and lead a sales excellence initiative to improve customer retention and sales productivity.

The key drivers of Xeim going into 2020 are the growth of our Influencer Intelligence and Econsultancy subscription revenues, the continued success of the Mini-MBA and building upon the success of the Festival of Marketing by attracting new and repeat delegates and sponsors. The disappointing performances of MarketMakers and Econsultancy are being addressed and, whilst improved performances are expected in 2020, they remain a challenge.

THE LAWYER

The Lawyer is a leading provider of intelligence to the global legal market, generating revenue from digital subscriptions, live events and marketing solutions. The Lawyer represented 17% of Group revenues in 2019 and achieved a 9% increase in underlying revenue, a 16% increase in adjusted EBITDA and an adjusted EBITDA margin of 35%.

The successful move to a multi-channel digital platform continues to support The Lawyer's growth. Alongside a 12% increase in corporate clients since 2018, the website has seen a double-digit year-on-year increase in the frequency of subscriber visits and increased content consumption, with 50% of subscribers now visiting on a daily or weekly basis.

We have continued to develop The Lawyer's premium content business which represents just over 40% of its total revenue, with a growth of 17% in underlying revenue over the year.

In January 2019, The Lawyer launched the Litigation Tracker, an interactive tool that extends the functionality of The Lawyer's current market insight products and provides real-time insight into the UK litigation market. With over 40 corporate clients and extremely positive feedback from users, we are pleased with its reception and plan to build on this momentum, including the addition of further data sets in 2020.

The Lawyer's events business also grew by 17%, propelled by the first new event launches since 2016. This included the inaugural Marketing Leadership Summit, which was well-received with a net promoter score of +57 from attendees.

Encouragingly, our more established events also performed well with particularly strong year-on-year growth achieved in our GC Summit and In-House Financial Services conferences, our European Awards and our roundtable events for individual clients.

Revenue from marketing and advertising solutions continued to be a challenge and fell by 4% during the year, although the rate of decline has slowed.

People and culture

Our executive committee is committed to ensuring we maintain a culture that supports, engages and empowers employees to fulfil their potential. It is this culture that underpins our business ambitions and we continue to develop internal training plans and communication processes to ensure our employees' success.

Across the Group, the gender balance is good with a male-female ratio of 49:51. At Board level, half of our non-executive directors are female, but there is more work to be done to encourage and promote women onto our senior leadership team which only has a one-third female representation.

As a company, we understand the importance of family and we offer enhanced maternity and paternity leave. During 2019, we introduced a wider range of flexible working arrangements to coincide with our new office environment in London. We have a high rate of maternity returners (85% in 2019) and 8% of our workforce have part-time working arrangements.

In 2019 we established a workforce advisory panel to cover diversity, inclusion, culture and engagement (DICE) to ensure that our culture supports and empowers our employees and promotes their ongoing development. DICE reports to me and frequently meets with the executive committee. There is also a nominated non-executive director to oversee the working of DICE. Our policies and working practices embrace an inclusive working environment and takes a proactive and progressive approach to supporting diversity. Our hiring policy is focused on appointing the best person for the job irrespective of race, gender, sexual orientation or disability. The Company also offers a range of mental health, wellbeing and fitness sessions.

In 2019 we continued with our formal mentoring programme which was launched in 2018. We delivered face-to-face coaching sessions to more than 100 staff at all levels and now have qualified Mental Health First Aiders in the business. We ran workshops for line managers to support flexible and remote working, and staff continue to participate in and be advocates of our Mini-MBA programme.

Summary

In 2019, Centaur radically transformed the shape of our business. In simplifying our portfolio and concentrating our attention on two key markets, we have a more streamlined customer-facing group that can direct its focus at developing its product offerings and digital capabilities. Cross-selling, technology platform enhancement and employee expertise will enhance these product offerings and quality of revenue. The Lawyer, Influencer Intelligence and eLearning will be key drivers of revenue growth towards MAP22.

Coronavirus has brought uncertainty to global markets and whilst our customers remain committed, some of their decisions are being delayed. We have carried out detailed risk analysis across the business and have postponed two of The Lawyer's key events from Q2 to Q4. The Festival of Marketing will go ahead in October, as planned, and we shall keep our remaining events under review. We have a strong balance sheet and an undrawn £25m credit facility. We will be keeping a close eye on cash through these uncertain times.

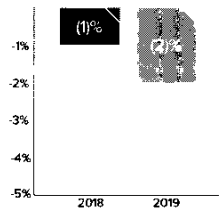
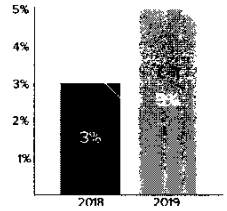
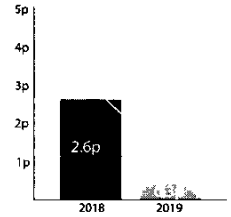
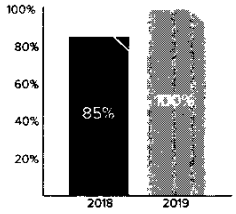
The dramatic scale and pace of change in Centaur has made this a tough year for our employees. Centaur's transformation has only been achievable through their expertise and commitment and I am incredibly grateful for the energy, resilience and positive approach they have demonstrated during this period of change. As we now enter the next stage of the Group's development, I am confident that we have the strategy and structure and people in place to achieve our MAP22 goal. I look forward to building towards this in 2020.

SWAG MUKERJI
Chief Executive

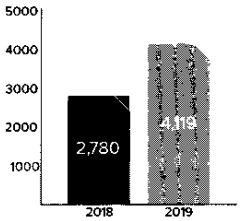
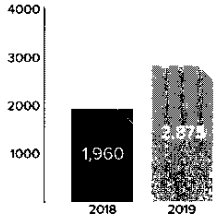
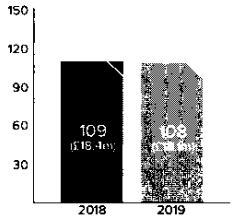
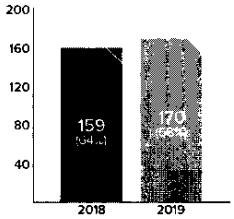
17 March 2020

KEY PERFORMANCE INDICATORS

The Group has set out the following core financial and non-financial metrics to measure the Group's performance. The KPIs are monitored by the Board by reference to the annual budget and the focus on these measures will support the successful implementation of the MAP22 strategy. These indicators are discussed in more detail in the CEO review and Financial Review.

KPI	Statistic	Commentary
Financial		
[illegible]		The growth in total revenue adjusted to exclude the impact of event timing differences, as well as the revenue contribution arising from acquired or disposed businesses.
[illegible]		Adjusted EBITDA as a percentage of revenue where adjusted EBITDA is defined as adjusted operating profit before depreciation and impairment of tangible assets, and amortisation and impairment of intangible assets, other than those acquired through a business combination. For comparative purposes, the 2019 figure excludes the impact of IFRS 16 (Leases) (see Financial Review pages 14 to 21).
		Diluted earnings per share calculated using the adjusted earnings, as set out in note 9 to the financial statements.
[illegible]		The percentage by which adjusted operating cash flow covers adjusted EBITDA (on continuing and discontinued operations) as set out in the Financial Review.

*See definitions in Financial Review on page 21.

KPI	Statistic	Commentary
Non-Financial		
[illegible]		Number of unique delegates attending the Festival of Marketing.
[illegible]		Number of delegates on Mini-MBA and related eLearning courses in the year
[illegible]		Number and value of Xeim customers that have sales in the year of greater than £50,000
[illegible]		Number and percentage of top 200 UK law firms and top 50 US law firms

PERFORMANCE:

"By removing non-core assets, we have been able to achieve a significant reduction in overhead costs"

SIMON LONGFIELD
Chief Financial Officer

Overview

2019 was a significant year for Centaur as it completed its restructuring through the divestment programme described in the CEO's review. Despite the impact of the divestment programme on the Group and its employees, I am delighted to report that both Xeim and The Lawyer grew adjusted operating profit, adjusted EBITDA and adjusted EBITDA margin in 2019. Combined with the annualised overhead cost savings of £5m that we promised at our interim results, the full year impact of which will be seen in 2020, this performance has put Centaur well on the path to obtaining our MAP22 target of at least 20% adjusted EBITDA margin by 2022 (without the benefit of the impact of IFRS 16).

2019 was dominated by the divestment programme in the first half of the year with income generating transitional arrangements continuing long into the second half of the year. The result of the divestment programme is a simpler, more streamlined Group with increased focus on its two core businesses. By removing non-core assets, we have been able to achieve a significant reduction in overhead costs and have recognised exceptional restructuring costs in the income statement as a consequence of the cost reduction plan of £2.5m.

Due to the divestment programme, the Group is required to report its current year, and also restate its prior year, results in line with IFRS 5 (Non-current assets held for sale and discontinued operations), so that only the results of the continuing business are reported as part of revenue and adjusted operating profit. The results of the disposed businesses up to the date of their divestment are therefore shown in net income from discontinued operations. However, as most of the £5m cost reduction took place in the second half of the year, the lost contribution of the disposed assets was not immediately offset by the cost savings. This caused the Group to report an adjusted operating loss for the year, albeit reduced compared to 2018 due to increases in business unit EBITDA.

The Group received total cash consideration of £20.4m from the divestment programme. After transaction costs of £2.3m and working capital adjustments of £1.7m, net cash received from the divestment programme was £16.4m.

The Group adopted IFRS 16 but took the exemption not to re-state comparatives for the prior year. As a result, year-on-year business unit profitability is not directly comparable except at a pre-IFRS 16 adjusted EBITDA level, reflected in the discussion below.

Performance

The Group is reporting a statutory profit after taxation of £1.9m (2018: a loss of £14.2m) primarily due to the profit on disposal of £7.8m from the divestment programme. The Group's adjusted operating loss of £1.1m is an improvement from the restated adjusted operating loss of £2.2m for 2018. This was driven by significant cost reductions within Xeim resulting in a 24% increase in Xeim's adjusted EBITDA, together with adjusted EBITDA growth of 16% in The Lawyer. The adjusted EBITDA for the two business units is therefore 21% higher than 2018 despite a revenue decline of 3%.

Reported revenue of £48.9m represents a decline of 3% over 2018. On an underlying[1] basis, Group revenue fell 2% from £48.5m in 2018 to £47.7m in 2019. Xeim underlying revenue fell by 4% - increases in eLearning and Influencer Intelligence revenues were more than offset by reductions due to the withdrawal from public training within Econsultancy, and lower revenues at Oystercatchers, Really and MarketMakers. The Lawyer showed strong underlying revenue growth, up 9%, driven by growth in its subscriptions and events business.

[1] Underlying is a non-GAAP measure – see Measurements and non-statutory adjustments section of Financial review for further explanation

xeim Excellence in marketing

Influencer Intelligence was merged with Year Ahead during the year and saw strong revenue growth of 11%. Xeim substantially grew its eLearning revenues in 2019 which saw 75% revenue growth year on year, driven by the success of the Mini-MBA and the launch of the new marketing brand course. The Mini-MBA saw volume growth of 47% with a pleasing corresponding increase in yield.

Econsultancy's training revenue fell in the year due to the decision to restructure its global sales operation in the US and withdraw from public training, replacing this with a new set of courses. As planned the loss in revenue was more than offset by cost savings and margin improvement. Econsultancy subscription products had a difficult period with lower volumes in the year partially offset by strong improvement in yields, especially on new business. Renewal rates continue to improve, both in terms of volume and yield, but the revenue benefits will not be felt until 2020, as the deferred income unwinds.

MarketMakers had a challenging year. Marketing services revenues at Really remained flat from the half year and consequently ended 4% down year on year. However, our telemarketing operations struggled in the second half of the year, with revenue declining 3% in 2019 due to lower realised revenue on some key contracts and lower than expected campaign renewals from its smaller clients.

We consider profitable revenue growth to be a key pillar to our future success and accordingly we decided to close Marketing Week Live and end public training in our Econsultancy business to focus on more profitable revenue streams and remove duplicate brand and management costs of £2.4m. The impact of this has been that adjusted business unit EBITDA (before the impact of IFRS 16) in Xeim has grown by 24% in the year despite a 4% reduction in underlying revenue.

THE LAWYER

The Lawyer showed strong underlying revenue growth, up 9%, driven by:

- growth of 17% in its premium content business, due in part to the launch of new products such as Litigation Tracker, and increases in corporate subscriptions; and
- excellent performance in its events business, up 17%, resulting from development of the new Marketing Leadership Summit and higher revenues across most of the other events.

Revenue from Marketing and Advertising Solutions fell by 4%, although this is a lower decline than in 2018. Adjusted EBITDA has increased by 16% from £2.5m to £2.9m with a healthy increase in adjusted EBITDA margin from 32% to 35%.

Extract from Influencer Intelligence

PERFORMANCE:

New Accounting Standards

IFRS 16 has been adopted for the current reporting period and the Group has elected to apply the modified retrospective transition approach where comparative periods are not restated. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

As at 31 December 2019, the right of use assets have been included in property, plant and equipment at a value of £3.7m and lease liabilities of £4.3m have been presented on the consolidated statement of financial position. This is after £1.6m depreciation expense and £0.2m impairment charge in the year. The overall impact of IFRS 16 on the income statement was an additional expense of £0.1m with expenses now classified as depreciation on the right of use asset and interest expense on the finance liability.

Adjusted EBITDA in 2019, after applying IFRS 16 (post-IFRS 16) of £4.4m, is £1.8m higher than if the new standard had not been applied, giving an adjusted EBITDA (pre-IFRS 16) of £2.6m. For the purposes of comparison, the adjusted EBITDA (pre-IFRS 16) and related margin have been compared to 2018 in this commentary. For further details of the transition to IFRS 16 please refer to note 20.

Measurement and non-statutory adjustments

The statutory results of the Group are presented in accordance with International Financial Reporting Standards ("IFRS"). The Group also uses alternative reporting and other non-GAAP measures as explained below and as defined in the table on page 21.

Adjusted results are not intended to replace statutory results but are prepared to provide a better comparison of the Group's core business performance by removing the impact of certain items from the statutory results. The Directors believe that adjusted results and adjusted earnings per share are the most appropriate way to measure the Group's operational performance because they are comparable to the prior year and consequently review the results of the Group on an adjusted basis internally.

Statutory operating loss from continuing operations reconciles to adjusted operating loss and adjusted EBITDA as follows:

	Note		2018 £m
Statutory loss before tax			(20.3)
Adjusting items:			
Exceptional operating costs	4	2.0	
Impairment of goodwill	10	12.8	
Amortisation of intangible assets	11	2.5	
Share based payments	25	0.8	
Loss on disposal of subsidiary	14	–	
			18.1
Adjusted operating loss			(2.2)
Depreciation, software amortisation and impairment	3		3.6
Adjusted EBITDA (post-IFRS 16)			1.4
Adjusted EBITDA margin (post-IFRS 16)			*3%*
Adjusted EBITDA (pre-IFRS 16)			1.4
Adjusted EBITDA margin (pre-IFRS 16)			*3%*

Adjusting items from continuing operations generated a loss before tax of £7.3m (2018: £18.1m) as follows:

Adjusting item	Description
Exceptional operating costs	Exceptional costs of £4.7m (2018: £2.0m) include £2.5m (2018: £0.4m) of staff restructuring costs related to the Group's cost reduction plan following the completion of the divestment programme in 2019, £2.2m (2018: £1.3m) of divestment programme related costs and £nil (2018: £0.3m) of costs relating to strategic corporate restructuring initiatives.
Impairment of goodwill	In 2019, £nil (2018: £12.8m) relates to the impairment of goodwill. The 2018 charge primarily related to the Xeim portfolio.
Amortisation of intangible assets	Amortisation of acquired intangible assets of £2.4m (2018: £2.5m) has decreased in the year following the full amortisation of certain intangible assets.
Share based payments	Share based payments in 2019 of £0.1m (2018: £0.8m) have decreased significantly due to the reduction in the number of share options from 10.6m to 7.6m. Forfeitures and lapses of 0.5m and 5.6m share options respectively resulted in a reversal of charges previously recognised. This was offset by an expense recognised for 3.6m new share options granted during the year and an additional charge recognised on 1.6m share options that vested during the year.
Loss on disposal of subsidiary	The loss on disposal of subsidiaries of £0.1m (2018: £nil) relates to the sale of Venture Business Research Limited ("VBR").

The Group also measures and presents performance in relation to various other non-GAAP measures, such as underlying revenue. These have been presented to provide users with additional information and analysis of the Group's performance, consistent with how the Board monitors results. The Group's activities are predominantly UK-based and therefore currency movements do not have a material impact on results.

In the year, the Group disposed of VBR which was included in The Lawyer business unit. Due to its size it has not been treated as discontinued and its revenues are therefore reported as part of the Group's continuing revenue. However, for underlying reporting purposes, its revenue (2019: £0.1m 2018: £0.3m) has been excluded. Marketing Week Live, which was included in Xeim, has been closed and therefore its revenue has also been excluded for underlying reporting purposes.

At the half year we disclosed our internal profitability performance measure by segment – contribution after portfolio costs ("CAP"). We reported CAP for three different segments – Xeim, The Lawyer and Central. CAP was an interim measure so that we could illustrate the contributions of the business units while the Group was transitioning to the new simplified model.

In order to increase clarity over the underlying profitability of our business units, Xeim and The Lawyer, we are now reporting the "segment profit" of our business units, being the adjusted operating profit of each segment. Segment profit builds upon and replaces the concept of CAP by including specific allocations of the central support teams and overheads that are directly related to each business unit, in order to demonstrate the stand-alone profitability. Any costs not specifically attributable to either Xeim or The Lawyer, remain as part of central costs. This is different from the concept of segmental reporting used in prior years when central overheads were fully allocated on a revenue basis to the operating segments.

The table below shows the statutory and underlying revenue for each business unit:

			Restated		
			Xeim 2018 £m	The Lawyer 2018 £m	Total 2018 £m
Underlying revenue					
Premium Content			11.2	2.9	14.1
Marketing Services			4.5	–	4.5
Training and Advisory			8.0	–	8.0
Events			3.2	1.8	5.0
Marketing and Advertising Solutions			4.6	2.7	7.3
Telemarketing Services			9.6	–	9.6
Total underlying revenue			41.1	7.4	48.5
Underlying revenue growth					
Revenue from closed or disposed businesses			1.5	0.3	1.8
Total statutory revenue			42.6	7.7	50.3

The table below reconciles the adjusted operating profit/(loss) for each segment to the adjusted EBITDA:

				Xeim 2018 £m	The Lawyer 2018 £m	Central 2018 £m	Total 2018 £m
Revenue				42.6	7.7	–	50.3
Other income				–	–	0.8	0.8
Operating costs				(39.3)	(5.7)	(8.3)	(53.3)
Adjusted operating profit/(loss)				3.3	2.0	(7.5)	(2.2)
Adjusted operating margin				*8%*	*26%*		*4%*
Depreciation, amortisation and impairment				1.8	0.5	1.3	3.6
Adjusted EBITDA (post-IFRS16)							
Adjusted EBITDA margin (post-IFRS16)							
Adjusted EBITDA (pre-IFRS 16)				5.1	2.5	(6.2)	1.4
Adjusted EBITDA margin (pre-IFRS16)				*12%*	*32%*		*3%*

As described above, the Group adopted IFRS 16 in 2019 but took the exemption not to re-state the comparatives for the prior year. As a result, year-on-year business unit profitability between 2019 and 2018 is not directly comparable except at a pre-IFRS 16 adjusted EBITDA level which for both years includes property rent charges. Both pre-IFRS 16 and post-IFRS 16 adjusted EBITDA for each business unit for 2019 are provided in the table above. Depreciation, amortisation and impairment for 2019 includes the higher depreciation charge arising from the application of IFRS 16.

PERFORMANCE:

Net finance costs

Net finance costs were £0.3m (2018: £0.2m). The Group reported an opening cash position at 1 January 2019 of £0.1m and has held more significant cash balances following the divestment programme. Consequently, the vast majority of finance costs in 2019 are as a result of the commitment fee payable for the revolving credit facility.

Taxation

A tax credit of £0.7m (2018: £1.1m) has been recognised on continuing operations for the year. The adjusted tax charge was £0.5m (2018: a credit of £0.4m) giving an adjusted effective tax rate (compared to adjusted profit before tax) of nil% (2018: 17%). The Company's profits were taxed in the UK at a blended rate of 19.0% (2018: 19.0%). On a reported basis, the effective tax rate is 8% (2018: 5%). See note 7 for a reconciliation between the statutory reported tax charge and the adjusted tax charge.

Discontinued operations

Discontinued operations relate to the four divestments made during the first half of the year as described in the CEO's report. The profit from discontinued operations in 2019 and a reconciliation of the 2018 results compared to the results reported last year is as follows:

	Discontinued 2018 £m	Continuing 2018 £m	As reported 2018 £m
Revenue	20.2	50.3	70.5
Other operating income	–	0.8	0.8
Net operating expenses	(13.9)	(71.4)	(85.3)
Profit on disposal	0.1	–	0.1
Operating profit/(loss)	6.4	(20.3)	(13.9)
Finance costs	–	(0.2)	(0.2)
Profit/(loss) before tax	6.4	(20.5)	(14.1)
Taxation	(1.2)	1.1	(0.1)
Profit/(loss) after tax	5.2	(19.4)	(14.2)

Earnings/losses per share

The Group has delivered adjusted diluted earnings per share for the year of 0.3 pence (2018: 2.6 pence). Diluted earnings per share for the year were 1.3 pence (2018: a loss of 9.9 pence). Full details of the earnings per share calculations can be found in note 9 to the financial statements.

Dividends

In October 2019, an interim dividend of 1.5p per share was paid relating to 2019 (2018: 1.5p). A return of cash of 2.0p per share, in the form of a special dividend, was also announced as part of the interim results and paid along with the interim dividend.

At the time of the interim results, the Group confirmed a new dividend policy, applicable from 1 January 2020, such that Centaur will target a pay-out ratio of 40% of adjusted earnings, subject to a minimum dividend of 1.0p per share per annum.

In light of this new policy, a final ordinary dividend of 0.5p per share is proposed by the Directors in respect of 2019 (2018: 1.5p), giving a total ordinary dividend for the year ended 31 December 2019 of 2.0p (2018: 3.0p). This brings the total of ordinary and special dividends paid to shareholders relating to 2019 to £5.7m (4.0p per share), which is £4.3m (3.0p per share) more than the dividends that would have been paid under the new policy.

The final dividend in respect of the year is subject to shareholder approval at the Annual General Meeting and, if approved, will be paid on 29 May 2020 to all ordinary shareholders on the register at the close of business on 11 May 2020.

After starting the year with only £0.1m of cash, the £16.4m net proceeds from divestments have been spent on the excess dividends of £4.3m and exceptional costs relating to the Group's central cost reductions and divestment programme of £4.7m while retaining an acceptable minimum level of liquidity for the Group. The Board was planning a further return of cash as a special dividend alongside the ordinary dividend in May. However, the uncertainty resulting from coronavirus pandemic has caused the Board to take a prudent approach and there will be a delay in any further special dividends until we have better clarity of the potential impact on Centaur, if any. The Group closed 2019 with cash of £9.3m (2018: £0.1m).

Cashflow

	2018 £m
Adjusted operating loss	5.2
Depreciation, amortisation and impairment	3.7
Movement in working capital	(1.3)
Adjusted operating cash flow	7.6
Capital expenditure	(2.8)
Cash impact of adjusting items	(0.8)
Taxation	(1.2)
Repayment of finance lease obligations	–
Interest and finance leases	(0.4)
Loan arrangement fees	(0.2)
Free cash flow	2.2
Acquisitions	(1.8)
Disposal of subsidiaries	0.3
Share repurchases	(0.4)
Dividends paid to Company's shareholders	(4.3)
Increase/(decrease) in net cash	(4.0)
Opening net cash	4.1
Closing net cash	0.1
Cash conversion	85%

Adjusted operating cash flow is not a measure defined by IFRS. Centaur defines adjusted operating cash flow as cash flow from operations excluding the impact of adjusting items, which are defined above. The Directors use this measure to assess the performance of the Group as it excludes volatile items not related to the core trading of the Group and includes the Group's management of capital expenditure. A reconciliation between cash flow from operations and adjusted operating cash flow is shown in note 1(b) to the financial statements. The cash impact of adjusting items primarily relates to exceptional restructuring costs in both years.

MAP22

As referred to in the CEO's report and our interim results presentation, the Group introduced its Margin Acceleration Programme (MAP22) in September 2019 which targets an adjusted EBITDA margin of at least 20% by 2022 (excluding the impact of IFRS 16). This will be achieved by the targeted costs savings of £5m per annum together with profitable revenue growth. Targeted cost savings represent roughly half of the increase in EBITDA required to meet the targeted 20% EBITDA margin. This cost saving target had been achieved on an annualised basis by the end of December 2019 and the full benefit will be reflected in the 2020 financial performance.

Financing and bank covenants

In November 2018, the Group agreed an amendment and extension of the existing £25 million revolving credit facility which had been signed in 2015. The facility's terms include quarterly testing of leverage and interest cover ratios and security has been granted over the Group's assets. The initial period of the extension was three years until November 2021 with the option to extend by two further single years subject to bank approval.

The principal financial covenants under the facility are: the ratio of net debt to adjusted EBITDA shall not exceed 2.5:1, and the ratio of EBITDA to net finance charges shall not be less than 4:1. The Group remained well within its banking covenants during the year and had not drawn down any of its £25 million revolving credit facility at the end of 2019.

PERFORMANCE:

Balance sheet

A summary of the Group's balance sheet as at 31 December 2019 and 2018 is set out below:

	Restated 2018 £m
Goodwill and other intangible assets	78.1
Property, plant and equipment	1.3
Deferred taxation	0.3
Deferred income	(15.0)
Other current assets and liabilities	2.0
Non-current liabilities	(0.1)
Net assets before cash	**66.6**
Net cash	0.1
Net assets	**66.7**

It should be noted that the prior year balance sheet, unlike the income statement, is not adjusted to reflect the divestment programme that occurred in 2019. However, trade receivables and other payables in 2018 have been restated to gross up credits of £0.8m which had been *previously reported in trade receivables as described in note 1 (a) (ii).*

In 2019, goodwill and other intangibles have reduced by £16.9m mainly due to the impact of the divestment programme (£12.8m). Property, plant and equipment have increased mainly as a result of the right-of-use property assets of £3.7m recognised under IFRS 16. Other current assets and liabilities have been significantly reduced year-on-year by the divestment programme as shown in note 14 to the financial statements.

Going concern

After due consideration, as required under IAS 1 Presentation of Financial Statements, including consideration of the Group's net current liability position, the Group's forecasts for at least twelve months from the date of this report, and the effectiveness of risk management processes, the Directors have concluded that it is appropriate to continue to adopt the going concern basis in the preparation of the consolidated financial statements for the year ended 31 December 2019. As detailed under the Risk Management section, the Directors have assessed the viability of the Group over a three-year period to December 2022 and the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to December 2022.

Conclusion

The Group has successfully completed its strategic divestment programme and is now leaner and fitter for the future as it focuses on Xeim and The Lawyer. Our balance sheet is stronger than before with over £9m of cash in the bank at year end and a £25 banking facility that the Group is not intending to draw down in the foreseeable future. Notwithstanding the impact of coronavirus, we stand in a strong place to execute MAP22 having met our targeted annualised cost reduction programme of £5m. I would like to thank all the employees of Centaur for their commitment and patience as the Group has completed its divestment and restructuring programmes.

SIMON LONGFIELD
Chief Financial Officer
17 March 2020

Alternative performance measures

Measure	Definition
	Adjusted operating profit before depreciation and impairment of tangible assets and amortisation and impairment of intangible assets other than those acquired through a business combination, before the impact of IFRS 16 to remove property rent charges.
	Adjusted operating profit before depreciation and impairment of tangible assets and amortisation and impairment of intangible assets other than those acquired through a business combination, after the impact of IFRS 16 to remove property rental charges. This measure is new, reflecting the adoption of IFRS 16.
	Adjusted EBITDA (pre-IFRS 16) as a percentage of revenue.
	Adjusted tax charge as a percentage of Adjusted profit before tax.
	EPS calculated using Adjusted profit for the period.
	Items as set out in the statement of consolidated income and notes 1(b) and 4 of the financial statements including exceptional items, and volatile items predominantly relating to investment activities and other separately reported items.
	Operating profit/(loss) excluding Adjusting items.
	Profit before tax excluding Adjusting items.
	Revenue generated by a segment less its costs of sales and all costs attributable to marketing, selling, content production and delivery of that revenue. This measure is new as described on page 17.
	Adjusted operating cash flow/adjusted EBITDA (post-IFRS 16).
	Items where the nature of the item, or its magnitude, is material and likely to be non-recurring in nature as shown in note 4.
	Increase/decrease in cash for the year before the impact of debt, acquisitions, disposals, dividends and share repurchases.
	Adjusted operating profit of a segment after allocation of central support teams and overheads that are directly related to each segment or business unit. As explained in the Financial Review, central costs were fully allocated in prior years.
	Revenue adjusted to exclude the impact of revenue contribution arising from acquired, disposed or closed businesses ("excluded revenue").

RISK MANAGEMENT

Risk management approach

The Board has overall responsibility for the effectiveness of the Group's system of risk management and internal controls, and these are regularly monitored by the Audit Committee.

Details of the activities of the Audit Committee in this financial year can be found in the Audit Committee Report on pages 41 to 43.

The Executive Committee, Company Secretary and the Head of Legal are responsible for identifying, managing and monitoring material and emerging risks in each area of the business and for regularly reviewing and updating the risk register, as well as reporting to the Audit Committee in relation to risks, mitigations and controls. As the Group operates principally from one office and with relatively short management reporting lines, members of the Executive Committee are closely involved in day-to-day matters and are able to identify areas of increasing risk quickly and respond accordingly. The responsibility for each risk identified is assigned to a member of the Executive Committee. The Audit Committee considers risk management and controls regularly and the Board formally considers risks to the Group's strategy and plans as well as the risk management process as part of its strategic review.

The risk register is the core element of the Group's risk management process. The register is maintained by the Company Secretary with input from the Executive Committee and the Head of Legal. The Executive Committee initially identifies the material risks and emerging risks facing the Group and then collectively assesses the severity of each risk (by ranking both the likelihood of its occurrence and its potential impact on the business) and the related mitigating controls.

As part of its risk management processes, the Board considers both strategic and operational risks, as well as its risk appetite in terms of the tolerance level it is willing to accept in relation to each principal risk, which is recorded in the Company's risk register. This approach recognises that risk cannot always be eliminated at an acceptable cost and that there are some risks which the Board will, after due and careful consideration, choose to accept. The Group's risk register, its method of preparation and the operation of the key controls in the Group's system of internal control are regularly reviewed and overseen by the Audit Committee with reference to the Group's strategic aims and its operating environment. The register is also reviewed and considered by the Board.

As part of the ongoing enhancement of the Group's risk monitoring activities, we reviewed and updated the procedures by which we evaluate principal risks and uncertainties during the year.

Principal risks

The Group's risk register currently includes operational and strategic risks. The principal risks faced by the Group in 2019, taken from the register, together with the potential effects and mitigating factors, are set out below. The Directors confirm that they have undertaken a robust assessment of the principal and emerging risks facing the Group. Financial risks are shown in note 28 to the financial statements.

Risk number 1 has been updated from last year's Annual Report to include the wider risk of failure to deliver a high growth performance culture. Risk number 2 has been updated from last year's Annual Report to include the wider risk of sensitivity to the UK/sector economic conditions, instead of just the risk related to print products.

Rank	Risk	Description of risk and impact	Risk mitigation/control procedure	Movement in risk
1	Failure to deliver a high growth performance culture. The risk that Centaur is unable to attract, develop and retain an appropriately skilled, diverse and responsible workforce and leadership team, and maintain a healthy culture which encourages and supports ethical high-performance behaviours and decision-making. Difficulties in recruiting and retaining staff could lead to loss of key senior staff. Failure to implement the simplification programme.	Centaur's success depends on growing the business and completing the MAP22 strategy. In order to do this, it depends in large part on its ability to recruit, motivate and retain highly experienced and qualified employees in the face of often intense competition from other companies, especially in London. In 2019 it was exacerbated by: a. the simplification programme; b. the formation of the Xeim group; and c. the reduction of overheads. Investment in training, development and pay awards needs to be compelling but will be challenging in the current economic climate. Implementing a working environment that allows for agile and remote delivery is necessary to keep the "millennial" workforce engaged. High staff churn (a challenge for all media and events companies) affects budget, productivity and continuity for customers. Developing the 2022 business strategy and changes required in skill set and culture are challenging and costly.	We regularly review measures aimed at improving our ability to recruit and retain employees and to track employee engagement. The move to WeWork in Waterloo, a bright, modern and flexible workspace, and with good transport connections should be a compelling environment for staff and improve our ability to recruit and retain employees and to track employee engagement. Weekly "check-ins" via ENGAGE ensure we have a weekly "mood" of the business and an understanding of any key risks or challenges as they arise. An employee engagement team has been set up, known as DICE to focus on Diversity, Inclusion, Culture and Engagement along with other key issues and opportunities that can challenge the business. This is sponsored by the CEO and a Non-Executive Director. Key senior leaders have had their reward packages reviewed and, where appropriate, increased notice periods and restrictive covenants have been introduced. A review takes place annually to ensure flight risks and training needs are identified which become the focus for pay, reward and development areas. All London based staff continue to be paid at or above the London Living Wage. Our HR processes include exit interviews for all leavers to resolve areas of concern.	The Board considers this risk to be broadly the same as the prior year, following the simplification programme.
2	Sensitivity to UK/ sector economic conditions.	Centaur's UK focus makes Centaur highly sensitive to UK/sector economic conditions. This risk remained high during 2019 and continues while the terms of the UK leaving the EU are uncertain. The current uncertainties caused by coronavirus have also increased the short-term risk to the Group.	Most of the risk impacts Centaur indirectly from our customers. Part of the strategic plan for Centaur is to increase international organic growth in the mid to longer term, focusing on the US and Asia in particular, in order to mitigate this risk. Many of the Group's products are market-leading in their respective sectors and are an integral part of our customers' operational processes, which mitigates the risk of reduced demand for our products. The Group regularly reviews the political and economic conditions and forecasts for the UK, including specific risks such as coronavirus, and the main sectors in which it operates to assess whether changes to its product offerings or pricing structures are necessary.	The Board considers this risk to have increased since the prior year.

RISK MANAGEMENT

Rank	Risk	Description of risk and impact	Risk mitigation/control procedure	Movement in risk
3	Fraudulent or accidental breach of our security, or *ineffective operation* of IT and data management systems leads to loss, theft or misuse of personal data or confidential information or other breach of data protection requirements.	A serious occurrence of a loss, theft or misuse of personal data or sensitive or confidential information could result in *reputational damage, a breach of data* protection requirements or direct financial impact. See risk 4: GDPR, PECR below. *Centaur collects and processes personal* data and confidential information from some of its customers, users and other third parties. Centaur is at risk from a serious occurrence of a loss, theft or misuse of personal data or confidential information on our software/ hardware due to the actions of a Centaur employee, partner or third party.	Appropriate IT security is undertaken for all key processes to keep the IT environment safe. Websites are hosted by specialist third-party providers who provide warranties relating to security standards. All of our websites have been migrated onto a new and more secure platform which is cloud hosted and databases *have been cleansed and upgraded.* External access to data is protected and staff are instructed to password protect *or encrypt where appropriate.* The Group Head of Data ensures that rigorous controls are in place to *ensure that warehouse data can only* be downloaded by the data team. Integration of the warehouse with current databases and data captured and stored elsewhere is ongoing. Centaur has a business continuity plan which includes its IT systems and there is daily, overnight back-up of data, stored off-site. Please see risk 4 below for specifics relating to GDPR compliance/data.	The Board considers this risk to be *broadly the* same as the prior year.
4	Regulatory; GDPR, PECR and other similar legislation involve strict requirements regarding how Centaur handles personal data, including that of customers and the *risk of a fine from* the ICO, third party claims (e.g. from customers) as well as reputational damage if we do not comply.	The General Data Protection Regulation ('GDPR'), which is the data protection law that came into force in May 2018, involves much stricter requirements for Centaur regarding its handling of personal data. This includes: customers and employees having greater rights on how we use their data; Centaur having to provide specific *information to our customers on how we* use their personal data; strict rules around how we conduct our *direct marketing activities;* personal data being kept more securely; time and access; contracts with suppliers that handle our data to include GDPR compliant clauses; new rules about notifying the ICO in the event of a breach of GDPR; a short time period for responding to "subject access requests" from customers and employees; a requirement to demonstrate how we comply with GDPR, which means more onerous internal record-keeping obligations;	Centaur has taken a wide range of measures aimed at complying with the key aspects of GDPR. *The measures taken include:* updating the marketing permissions on our websites and event *registration pages to ensure* language is specific/unambiguous; updating the unsubscribe process; improving our data complaints procedures; improving our procedures for removing individuals from databases where details are inaccurate/not needed; updating our standard terms and conditions across all products; updating our privacy and cookies policy and website terms and conditions; and amending our contracts with suppliers who provide us with personal data (ie lists) or who handle data on our behalf.	The Board considers this risk to be broadly the same as the prior year.

Rank	Risk	Description of risk and impact	Risk mitigation/control procedure	Movement in risk
		• a requirement to carry out data impact assessments for new types of personal data processing undertaken; and • a requirement to keep under review the need for a Data Protection Officer. The Privacy and Electronic Communications Regulations (PECR) implements the EU "E-Privacy" Directive and sits alongside the GDPR. PECR includes specific obligations for businesses like Centaur regarding how they conduct electronic marketing calls, emails, texts, and on their use of cookies and similar technologies, among other things. In the event of a serious breach of the GDPR and or PECR, Centaur could be subject to a significant fine from the regulator (the ICO) and claims from third parties including customers as well as reputational damage. The maximum fine of 20 million Euro for breach of GDPR is much higher than fines under the old UK data protection legislation. The maximum fine for breaches of PECR is £500,000, and directors' liability for serious breaches of marketing rules has recently been introduced. The obligations for Centaur under the GDPR and PECR ae complex and continuing, meaning this area requires continued focus. Following the adoption of the GDPR by EU member states, certain other countries and jurisdictions worldwide are also reviewing and updating their own laws relating to data and privacy. The extent to which Centaur is required to comply with the laws in each of these jurisdictions depends on the circumstances, and there is a risk that Centaur may not be compliant with all such laws and could therefore be subject to regulatory action and fines from the relevant regulators and data subjects.	More recent measures taken to improve the Company's compliance with the laws on electronic marketing include: • a data deletion exercise in order to ensure data maintained is in line with our data retention policy; • outsourcing CPTS screening to a third-party supplier for specific list screening; • quarterly training for sales and marketing staff; and • a newly formed Data Protection Compliance Committee which is responsible for monitoring Centaur's ongoing compliance with data protection laws. Recent guidance published by the ICO relating to the use of cookies, and further changes to the laws relating to data privacy, ad tech and electronic marketing expected in late 2019/20, will further increase the regulatory burden for businesses like Centaur, and the requirements in this regard will need to be kept under review. The business has taken advice on what it needs to mitigate its risk in respect of the CCPA and has a plan in place for actioning this. Staff training will be provided in-house on key legislation, and any changes to it, where appropriate including PECR. Centaur's in-house lawyer keeps abreast of material developments in data protection law and regulation and advice from external law firms is sought where appropriate. Given the increasingly global nature of our business and our customers Centaur's approach to complying with data protection laws in other jurisdictions should be kept under review.	

RISK MANAGEMENT

Rank	Risk	Description of risk and impact	Risk mitigation/control procedure	Movement in risk
5	Serious systems failure (affecting core systems and multiple products or functions) or breach of IT network security (as a result of a deliberate cyber-attack or unintentional event).	Centaur relies on its IT network to conduct its operations. The IT network is at risk of a serious systems failure or breach of its security controls. This could result from deliberate cyber-attacks or unintentional events and may include third parties gaining unauthorised access to Centaur's IT network and systems resulting in misappropriation of its financial assets, proprietary or sensitive information, corruption of data, or operational disruption, such as unavailability of our websites and our digital products to users or unavailability of support platforms. If Centaur suffers serious cyber-attacks, whether by a third party or insider, any operational disruption may directly affect our revenues or collection activities. Centaur may incur significant costs and suffer other negative consequences, such as remediation costs (including liability for stolen assets or information, and repair of any damage caused to Centaur's IT network infrastructure and systems). Centaur may also suffer reputational damage and loss of investor confidence resulting from any operational disruption.	Centaur has invested significantly in its IT systems and where services are outsourced to suppliers, contingency planning is carried out to mitigate risk of supplier failure. The ongoing development of CRM (PCI compliance) and finance systems. Lockton's, our insurance advisor, has advised us in relation to additional cover that is appropriate to insure against a serious failure of IT network security controls. Our policies were upgraded in 2018 to further ensure our staff are clear and accountable for their IT compliance. This is checked on an ongoing basis. In 2019 Centaur also implemented a number of security improvements to better protect and monitor our network, systems and data eg CloudStrike. New starters receive both Terms and Conditions plus the staff IT policy.	The Board considers this risk to be broadly the same as the prior year.

Viability statement

In accordance with provision 31 of the UK Corporate Governance Code 2018, the Directors have assessed the viability of the Group over a three-year period to December 2022, taking account of the Group's current position, the Group's strategy, the Board's risk appetite and, as documented above, the principal risks facing the Group and how these are managed. Based on the results of this analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to December 2022.

The Board has determined that the three-year period to December 2022 is an appropriate period over which to provide its viability statement because the Board's financial planning horizon covers a three-year period. In making their assessment, the Directors have taken account of the Group's existing financing arrangements to 2022 (which allows extensions to 2023 on similar terms), cash flows, dividend cover and other key financial ratios over the period.

These metrics are subject to stress testing which involves sensitising a number of the main assumptions underlying the forecasts both individually and in unison. The main assumption sensitised included a scenario where the Group's forecast EBITDA dropped by 50%, as well as short term cash conversion issues. Scenarios relating to the current immediate risk relating to coronavirus were also considered. In a scenario where the Group's EBITDA fell by 86% over the three-year financial planning horizon, and without management taking mitigating actions, the Group would breach its banking covenants in the fourth quarter of 2022. Where appropriate, this analysis is carried out to evaluate the potential impact of the Group's principal risks actually occurring, such as failure to deliver a high growth performance culture, UK economic conditions, breach of security, data compliance and systems failure. Sensitising the model for changes in the assumptions and risks affirmed that the Group would remain viable over the three-year period to December 2022.

Going concern basis of accounting

In accordance with provision 30 of the UK Corporate Governance Code 2018, the Directors' statement as to whether they consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements and their identification of any material uncertainties, including the principal risks outlined above, to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements and for the foreseeable future can be found on page 36.

S.172 STATEMENT UK COMPANIES ACT 2006

The Board recognises its responsibility to take into consideration the needs and concerns of all our stakeholders as part of its discussion and decision-making processes. By understanding and communicating with our key stakeholder groups, we can factor their insights and concerns into these discussions and ensure that we act in a way most likely to promote the success of the Company for the benefit of members as a whole.

Our people are our most important asset and are crucial to our success. Having the right people with the right skills at all levels in our organisation is critical to building a quality, sustainable business and delivering our strategy. Our culture is characterised as customer focused, commercial, diverse, grounded and innovative with a Can do, Will do, Now! attitude.

The Board also recognises the importance of developing the values and culture of the Company and the necessity for high standards of business conduct throughout the Group to support its strategy. These values and standards are cascaded to the business from the executive directors, through the Executive Committee and the senior leadership team, and to employees via town hall gatherings and other formal and informal methods of communication.

During 2019 we established a workforce advisory panel to cover Diversity, Inclusion, Culture and Engagement (DICE). This comprises ten employees from across the Group and is led by one of our senior leadership team. DICE reports to the CEO and Carol Hosey has been appointed as the Non-Executive director sponsor of DICE. Her role is to ensure that employee sentiment is clearly communicated to the Board.

She will also ensure that our gender, diversity and environmental ambitions are realised with actionable plans.

More information on people, talent development, health and safety, diversity, gender pay, anti-slavery and human trafficking policy, environment, emissions and charitable donations can be found in the Corporate Responsibility section on pages 29 to 31.

S.172 STATEMENT UK COMPANIES ACT 2006

The table below sets out our key stakeholder groups. Each stakeholder group requires an individual engagement approach to promote effective and mutually beneficial relationships.

Stakeholder Group	How we engage?	Why we engage?	What matters to this Group?
Our shareholders play an important role in monitoring and safeguarding the governance of the Company.	Formal documented shareholder roadshow meetings, post results *presentations and market updates.* Other ad hoc shareholder meetings as required and requested. Annual General Meeting. Consultation prior, during and post strategic decision making or execution.	We work to ensure that our shareholders and their representatives have a good *understanding of, and are supportive of,* our strategy, business model, opportunity and culture.	Strategy and business model, long term *share value growth,* sustainable dividend policy, financial stability and culture.
Without customers there is no business.	Every day we interact with a wide variety of existing and potential customers. This is with a view to understand customer requirements/feedback, to manage their expectations and to generate profitable revenue.	To help our customers achieve their goals. Customers provide repeatable and recurring revenues and some customers provide significant revenue. The impact of strategic decisions on our customers are carefully considered and monitored on an ongoing basis.	Innovative products. *The customer* experience. Customer satisfaction.
The Company has a diverse workforce which is recognised as a key asset of our business. At 31 December 2019 there was a total of 565 employees based in London, Portsmouth and New York.	*Bi-monthly Executive Committee* meetings. Monthly Leadership team meetings. Weekly team meetings. Quarterly town halls to employees are recorded for viewing by our Portsmouth and New York offices. A weekly online sense check questionnaire ("ENGAGE"). A quarterly engagement survey. *Annual appraisals and objective-setting* process. DICE established so that all employees have a voice and their views are considered.	*To ensure that communication is clear and* understood throughout the Company. The Company is working hard to drive its status as a destination employer by creating the right environment and culture. ENGAGE analyses general motivation and sentiment. This is anonymised and therefore encourages employees to be honest about issues or problems. Quarterly employee engagement surveys for all employees to have a voice with *measurable KPI's benchmarked. The* Company believes that diversity enhances business performance and environment.	*Opportunities for* employee development and progression. Agile working patterns. Opportunity to share ideas and make a difference, diversity and inclusion and climate *consideration.*
	Meetings with suppliers as appropriate, *together with negotiations on the terms* and conditions of supply.	There are certain strategic suppliers *who underpin the business operations.* Strategic decisions consider the impact on these suppliers, in terms of capability, scale, value for money and risk.	To ensure that Centaur *can comply with agreed* terms and conditions. The values of our suppliers and their high standards of business conduct. Innovation and product development.
	The Company supports local communities and charitable organisations through direct fundraising and donations. During the year, the Company supported two charities.	To be a good corporate citizen and give back to the communities and charities that are important to our employees.	Inclusion of employee sentiment and what is important to them.

CORPORATE RESPONSIBILITY

Our people

Centaur Media is committed to developing a culture of environmental awareness and social responsibility and we seek, where appropriate, to incorporate environmentally and socially responsible practices into the way we deliver services and products to our customers and procure goods and services from third parties. The Group has a whistleblowing policy in place enabling employees to report any concerns about improper practices, including relating to its environmental and social responsibility practices.

We have adopted an online application (ENGAGE) which gives employees the opportunity to provide feedback on a weekly basis and enables management to get a regular temperature check on motivation and real time feedback from their teams.

We are committed to the safety of our staff. We have a health and safety policy which sets out Centaur's responsibilities and those of its staff concerning health and safety in the workplace. Our Health and Safety Committee, which is responsible for overseeing the application of this Policy, meets at least every six months and reports directly to the Board on all material related matters. Due to the nature of the business and following our move to WeWork serviced offices in Waterloo, risk of work-based accidents is relatively low, but the Group takes its responsibilities for the health and safety of its employees seriously. Our Office Manager is responsible for maintaining a safe environment for employees and an accident book is available to all staff in Reception. We periodically carry out internal health and safety reviews, taking follow up action to maintain standards where necessary, and undertake staff training in relation to fire safety. Where work-related activities take place, which have a higher risk attached – such as travel, marketing events and outdoor activities – additional planning is undertaken which includes a risk assessment and mitigation plan. To minimise risk to the health and safety of our employees in the event of a major disaster or emergency, our business continuity plan is regularly revised and tested.

Centaur Media strongly encourages diversity across the Group and is committed to recruiting and promoting the most talented people from the widest pool and providing equal opportunities for all employees and prospective employees. To support this aim, the Group has an Equal Opportunities Policy which covers recruitment and selection, promotion, training and development and standard contract terms for all staff. We also support apprenticeships which increase our talent pool and demonstrates the Group's commitment to reaching out to young people from a variety of backgrounds. We offer internships and work experience opportunities for people from a variety of backgrounds.

At 31 December 2019 one of our six (17%) Board members was female and one out of five (20%) of our Executive Committee was female. The percentages fluctuated during the year due to changes in the Board's membership. From 1 April 2020, following the appointment of two new Non-Executive Directors, one-third of the Board will be female.

As at 31 December 2019, our workforce overall was 51% female (288 employees) and 49% male (277 employees). We proudly support flexible working opportunities, and 8% of staff are employed on a part-time basis.

We carry out an annual analysis on Gender Pay and will be submitting and publishing the result for 2019 at the beginning of April 2020. The report can be found at www.centaurmedia.com.

We implemented the provisions of the UK Modern Slavery Act 2015 in 2016 and adopted an anti-slavery and human trafficking policy. Our Slavery and Human Trafficking Statement is published on our website in March each year at www.centaurmedia.com.

CORPORATE RESPONSIBILITY

Environment and climate change

Climate change remains one of the greatest challenges of our times and every company has to play its part in minimising its environmental footprint. Centaur Media operates in the media sector, predominantly in the United Kingdom, and consequently, while Centaur recognises that its business has an impact on the environment, including through the use of energy and paper, our impact on the environment is less significant than that of companies operating in many other sectors. As we continue to increase our digital capabilities and products, and to reduce our reliance on print advertising, we are reducing our use of consumable items such as paper and plastic over time. The majority of our employees worked out of a single location at Wells Street, London until we moved to WeWork in Waterloo, London during November and December 2019. We have only one other UK location in Portsmouth which means that the Group has been able to take advantage of consolidating building-related environmental impacts and benefiting from Group sharing of items such as photocopiers. The Group also has a small serviced office in New York.

The Group actively seeks to minimise adverse environmental impacts and to promote good environmental practices wherever possible. We increasingly aim to ensure that our major suppliers are environmentally responsible. For example, our main paper and print supplier holds the ISO 14001 (environmental management) accreditation and is certified by the Forest Stewardship Council and Programme for the Endorsement of Forestry Certification.

We donate used computer equipment to Camara Education, which is a social enterprise dedicated to improving education in disadvantaged communities across the world. Donations made by Centaur in 2019 have benefited schools in Kenya and Tanzania. Each will impact at least 24 children and the donated equipment will go on to benefit at least 1,500 children.

Some of our other measures taken at Wells Street, prior to our move to WeWork, included:

- use of energy-efficient lighting, including replacing existing light fittings with energy efficient LED light fittings in the Wells Street building including all common parts;
- installation of motion sensors in offices to control lighting;
- analysing and adjusting the timing of boilers and chillers for office air conditioning to increase energy efficiency;
- stopping the use of non-recyclable cups and reducing the use of paper hand towels;
- buying paper that is Forest Stewardship Council ('FSC') accredited which means that the paper has been sourced in an environmentally friendly, socially responsible and economically viable manner;
- active engagement in the recycling of cans, tins, plastic, glass, cardboard and paper, including the replacement of traditional waste bins with recycling bins throughout the Wells Street building as part of a centralised recycling system originally rolled out in 2015, together with a monthly report showing the percentage of waste collected that was recycled;
- use of follow-me printing and recycling of printer cartridges where possible;
- increasing the use of aqueous inks, which limit the release of volatile organic compounds;
- use of eco-friendly taxis and courier vehicles that are less than three years old, and use of cyclist couriers, where possible;
- cycle to work scheme and other measures that facilitate cycling to work by employees, such as the provision of showers, changing rooms and lockers, as well as bike storage facilities at the Wells Street building; and
- encouraging staff to use public transport by provision of season ticket loans.

Following the move to WeWork at Waterloo we now benefit from WeWork initiatives that span across three operational programme pillars: energy, materials and health. They have eradicated single-use plastic from 100% of EMEA sites, reducing waste disposal and ocean pollution. By influencing the wider supply chain they prevent more plastic from entering their buildings. They partner with Creator Awards winner BioBean to recycle four tonnes of coffee per month, which are turned into burnable logs. Office recycling bins and increased waste streams are in 100% of UK buildings. WeWork look for opportunities to upcycle their waste streams into new products using circular design and turn textiles and plastics into new materials for their spaces. They have achieved "Zero Waste to Landfill" for 100% of their EU sites. WeWork energy initiatives are focussed around global continuity, growth impact reduction and innovation making current operations as energy efficient as possible. WeWork spaces are designed to promote wellbeing showcasing innovative design for healthier and wellness-focused work environments, using a robust indoor environmental quality sensor network and using healthy and sustainable cleaning products and methods in their buildings. They also promote wellbeing and social impact through regular community led events. (source: Operational sustainability at WeWork EMEA overview 2019)

We continue to measure our carbon footprint by monitoring our energy usage and we are pleased to confirm that we are compliant with the EU Energy Efficiency Directive 'Energy Saving Opportunity Scheme' ('ESOS').

The greenhouse gas ('GHG') emissions from our operations during the year are set out below.

	2018 Tonnes CO^2
Scope 1 (gas, fuel and car mileage)	72
Scope 2 (electricity and steam)	428
Total GHG emissions	500
Average number of employees	758
Emissions per employee	0.7

Community

The Group supports local communities and charitable organisations through direct fundraising, donation and pro-bono work. During the year, a total of £75,125 was donated to The Alzheimers Society our chosen charity partner for 2019. These donations comprised employee contributions, a Group contribution, and third-party contributions raised through our events. We used our events to raise money from third parties including requesting donations in return for entry for awards and taking collections at the events. In 2018, £71,443 was donated to Macmillan Cancer Support and £25,713 was donated to The Connection at St Martin-in-the-Fields. Every year, the Group offers each employee a paid day off to spend volunteering for the not-for-profit cause or charity of their choice. Employee contributions were raised through a range of Company-wide fundraising events including sporting events and bake sales. We also operate a Give-As-You-Earn scheme through the payroll and offer employees the option to undertake Volunteer Days.

The Strategic Report was approved by the Board of Directors and signed by order of the Board.

HELEN SILVER
Company Secretary
17 March 2020

BOARD OF DIRECTORS

Chair

Colin joined Centaur on 1 September 2018 and became Chair on 30 June 2019. Until mid-June 2018, Colin was Finance Director of Euromoney Institutional Investor PLC (Euromoney), where he worked in leadership roles for 22 years. He is also an independent non-executive director, and audit committee chair, at M&C Saatchi PLC, and a non-executive director and trustee of City Lit., London's leading adult education college. During his time at Euromoney, Colin contributed to its growth to become a global, multi-brand information business that has successfully transformed itself from its traditional media origins into a company that is more customer-centric and subscription-based. He has extensive M&A expertise through Euromoney's many successful transactions. Prior to joining Euromoney, Colin was a Director at Price Waterhouse Europe, where he qualified as a Chartered Accountant (ICAEW).

Member of the Remuneration and Nomination Committees. Chair of Remuneration Committee until 5 February 2020.

Chief Executive

Swag joined Centaur in July 2016 and has previously held senior international general management and commercial financial positions with several blue chip FMCG companies, including United Biscuits plc, Guinness plc and Virgin, where he operated as a trouble-shooter, value creator and change agent. As Group Finance Director of Biocompatibles International plc, he co-led the commercialisation and growth of the company with the CEO, increasing the share price fourfold in a falling market. Since then he has been a C-suite director of three private equity backed businesses in a variety of sectors with the common themes of strategy refresh and turnaround. He has also led a substantial number of M&A transactions and multi-lender refinancings. Swag qualified as a Chartered Accountant at PricewaterhouseCoopers LLP and is a Warwick MBA.

Chief Financial Officer

Simon joined Centaur on 6 November 2019. He has spent the past 10 years as CFO of BMI Research, a leading provider of macroeconomic, industry and financial market analysis, which was acquired by Fitch Group in 2014. During his time at BMI Research revenues more than doubled as the company expanded internationally with Simon's support. Prior to this, Simon was CFO of Newfound, an AIM-listed property and leisure group. Simon began his career at PricewaterhouseCoopers LLP where he qualified as a Chartered Accountant and worked in London and Australia.

Senior Independent Director

William joined Centaur in July 2016. William is Chairman and CEO of Clear Channel International. He served as a non-executive director of Hays plc from 2004-2014, has been a board member of the Donmar Warehouse Theatre since 2013 and is an independent non-executive director of Britvic plc. William was a Partner and Leader of European Branding Practice at McKinsey & Co. He has previously served in international leadership roles at major advertising agencies, including as European Chairman and CEO of BBDO (Omnicom); European Chairman of Young and Rubicam (WPP Group); Chairman and CEO of Ammirati Puris Lintas Northern Europe (Interpublic Group); Global Strategic Planning Director of J. Walter Thompson Worldwide; and CEO of PPGH/JWT Amsterdam.

Member of the Remuneration and Nomination Committees.

Non-Executive Director

Rebecca joined Centaur in January 2011. She began her career in media at Reed Elsevier launching telecom-based information services across Europe. She has since worked across the USA and UK at Excite@Home, NBC Universal and Hearst Corporation. In her current executive consultancy capacity, Rebecca focuses on re-aligning organisations using a data driven, customer-centric and collaborative operational approach.

Member of the Audit, Nomination and Remuneration Committees. Rebecca will retire from the Board and Committees on 31 March 2020.

Non-Executive Director

Robert joined Centaur in January 2010. Robert, a qualified Chartered Accountant, was a partner of PricewaterhouseCoopers LLP, where he was Chairman of the PwC European Entertainment and Media Practice for 12 years, retiring in 2006. Since then he has been a non-executive director and chairman of the audit committee of a number of public companies.

Chair of the Audit Committee and member of the Remuneration and Nomination Committees. Robert will retire from the Board and Committees on 31 March 2020.

Chair of the Audit Committee and member of the Remuneration Committee. Robert will retire from the Board and Committees on 31 March 2020.

Non-Executive Director

Carol joined Centaur on 5 February 2020. Carol is currently Group HR Director at Mace, the international consultancy and construction group. She has extensive remuneration experience at executive and board level and has spent over 20 years in senior HR roles, including positions at Mitie Group plc, Nationwide Building Society and Lloyds Banking Group.

Chair of the Remuneration Committee and member of the Nomination Committee with effect from 5 February 2020. She is also the Non-Executive Director sponsor of Centaur's workforce advisory panel known as DICE.

Non-Executive Director

Leslie-Ann joined Centaur on 1 March 2020. Leslie-Ann is a Chartered Accountant and will become Chair of Centaur's Audit Committee when Robert Boyle retires from the Board on 31 March 2020. Leslie-Ann is an experienced non-executive director and chairs the audit committees at Learning Technologies Group plc and Induction Healthcare Group PLC. She is also a non-executive director of Bloomsbury Publishing Plc. Leslie-Ann's executive roles have included CFO of the B2B publisher Metal Bulletin plc and the online auctioneer Go Industry plc.

Member of the Audit, Nomination and Remuneration Committees.

EXECUTIVE COMMITTEE

Group Managing Director
Xeim

Steve is Group Managing Director of Xeim. He oversees the Xeim brands comprising Marketing Week, Festival of Marketing, Creative Review, Econsultancy including Oystercatchers, Influencer Intelligence and Fashion & Beauty Monitor, and MarketMakers including Really. Prior to this Steve was responsible for Centaur's Media and Events portfolios and Home Interest Division. Before joining Centaur in 2015 Steve held Managing Director roles at WGSN, i2i Events, Emap Communications (now Ascential) and Emap Consumer Media (now Bauer). He has experience of running multi-media, international businesses in key sectors across both B2B and consumer markets.

Managing Director
The Lawyer

Andy is Managing Director of The Lawyer. He joined Centaur in 2017 and has over 20 years' experience of running B2B and B2C online businesses, including Managing Director positions in online acquisitions and start-ups at ITV, Trinity Mirror and Guardian Media Group. Prior to joining Centaur, he was Managing Director of Public Sector at EMAP, part of Ascential, where he successfully transformed the market-leading Health Service Journal from print to digital-only, and from advertising to subscriptions. At Centaur he has successfully delivered substantial new digital products and accelerated growth in subscriptions. Andy holds a first-class degree from Oxford and an MBA from IMD Business School, Switzerland.

Group Head of HR

Jacquie is the Group Head of HR and joined the Executive Committee in January 2020. Prior to joining Centaur in 2015, Jacquie worked for Lloyds Banking Group, where she undertook a number of senior HR roles. She also spent five years working for Lloyd's Retail Banking Division in Customer Experience and as Head of Engagement in the London 2012 Sponsorship Team. Talent and performance are critical to get right in any business and Jacquie is particularly interested in the role that diversity, culture and engagement play in ensuring that Centaur achieves to its highest potential.

DIRECTORS' REPORT

The Directors of Centaur Media Plc ('the Company' or 'the Group'), a company incorporated and domiciled in England and Wales, present their report on the affairs of the Group and Company together with the audited Company and consolidated financial statements for the year ended 31 December 2019.

There are no significant events since the balance sheet date for disclosure in the financial statements.

Principal activities

The principal activities of the Group are the provision of business information and specialist consultancy to selected professional and commercial markets within the marketing and legal professions, our two sectors. The principal activities of the Company are those of a holding company.

Business review

The Strategic Report, incorporating the CEO's Review, on pages 4 to 31 sets out a summary of the Group strategic objectives, business model, key performance measures, operating and financial reviews, future developments, principal risks, S172 statement and the corporate responsibility statement.

Greenhouse gas emissions

Details of the Group's greenhouse gas emissions are included in the Corporate Responsibility section on page 31.

Research and development activities

The Group invests in systems and website development activities – see note 11 to the financial statements for the internally generated amounts capitalised during the year. The Group does not incur any significant research costs.

Dividends

A final ordinary dividend under the new dividend policy in respect of the year to 31 December 2019 of 0.5p per share (2018: 1.5p) is proposed by the Directors, and subject to shareholder approval at the Annual General Meeting, will be paid on 29 May 2020 to ordinary shareholders on the register at the close of business on 11 May 2020.

On 25 October 2019, Centaur paid a special dividend of 2.0p per share as a distribution of the proceeds from the divestments along with the interim dividend of 1.5p per share. The Directors are proposing a final ordinary dividend of 0.5p per share in May 2020. The total ordinary and special dividends paid to shareholders relating to the year will therefore be 4.0p per share (2018: 3.0p).

Share capital and substantial shareholdings

Details of the share capital of the Company are set out in note 24 to the financial statements. As at 31 December 2019, and 17 March 2020 (being the last practicable date prior to publication), notifications of interests at or above 3% in the issued voting share capital of the Company had been received from the following:

	31 December 2019	
Aberforth Partners LLP†	24.86%	24.86%
Artemis Investment Management LLP*	9.52%	9.52%
Chelverton Asset Management††	8.10%	8.10%
Quaero Capital (Argos Funds)††	7.82%	7.82%
Gresham House Asset Management	5.94%	6.09%
Graham Sherren††	5.73%	5.73%
Fidelity International††	4.78%	5.26%
Aberdeen Standard Investments††	4.21%	4.27%
Harwood Capital††	3.46%	3.46%
Herald Investment Management††	3.16%	3.16%

† This includes Wellcome Trust Limited which is managed by Aberforth Partners LLP

* On 22 August 2019 Artemis announced that its positions in the Company had been historically over-reported. The correct percentage of voting rights attached to their shareholding is 9.52% rather than 14.18%

†† Figures derived from share register analysis

At 17 March 2020 and 31 December 2019, 6,964,613 (31 December 2018: 6,964,613) 10p ordinary shares are held in treasury, representing 4.60% (2018: 4.60%) of the issued share capital of the Company as at 31 December 2019. As at 31 December 2019, there were 800,000 (2018: 800,000) deferred shares of 10p each which carry restricted voting rights and carry no right to receive a dividend payment.

Directors and Directors' interests

The Directors of the Company during the year and up to the date of this report are detailed below. All Directors served from 1 January 2019 unless otherwise stated. The Board has decided to continue observing best practice by offering themselves for re-election annually.

Swagatam Mukerji	80,289	56,312	136,601	137,754
Simon Longfield (appointed 6 November 2019)	–	34,499	34,499	34,499
Colin Jones	–	120,000	120,000	120,000
William Eccleshare	–	–	–	–
Robert Boyle	117,037	–	117,037	117,037
Rebecca Miskin	14,800	–	14,800	14,800
Carol Hosey (appointed 5 February 2020)	–	–	–	–
Leslie-Ann Reed (appointed 1 March 2020)	–	–	–	–
Neil Johnson (resigned 30 June 2019)	–	100,000	100,000	N/A
Andria Vidler (resigned 30 September 2019)	185,190	4,348	189,538	N/A

† Or date of resignation if earlier

The Directors' interests in long-term incentive plans are disclosed in the Remuneration Committee Report on pages 45 to 61.

DIRECTORS' REPORT

Qualifying third party indemnity provisions

By virtue of article 217 of the Articles of Association of the Company, a qualifying third-party indemnity provision (within the meaning given by section 234 of the Companies Act 2006) is in force at the date of this report in respect of each Director of the Company and was in force throughout the year.

The Company has purchased appropriate insurance in respect of legal actions against Directors and officers.

Charitable and political donations

During the year the Group made donations of £75,125 to The Alzheimers Society its nominated charity for 2019, which included third party donations collected at events (2018: £71,443 donation to Macmillan Cancer Support and £25,713 to The Connection at St Martin-in-the-Fields).

No political donations were made during the year (2018: £nil).

Employment policy

The Group is an equal opportunities employer and appoints employees without reference to age, sex, ethnic group or religious beliefs.

It is the Group's policy to give full consideration to suitable applications for employment by disabled persons. Opportunities also exist for employees of the Group who become disabled to continue in their employment or to be trained for other positions in the Group.

The Group actively encourages employee involvement at all levels, both through monthly employee briefings and by direct access to managers and the Executive Committee. In 2019 a workforce advisory panel known as DICE was set up and more details can be found in the Strategic Report on page 11. In addition, the Share Incentive Plan as described in note 25 encourages employees' participation in the Group's performance.

All employees are regularly briefed on the financial and economic factors affecting the Group's performance and new initiatives through monthly town hall meetings and management cascade communication.

Significant agreements

The Group's bank facility agreement is a significant agreement that is terminable on a change of control of the Company. In addition, awards under certain of the long-term incentive plans, details of which are set out in note 25, will vest or may be exchanged for awards of a purchaser's shares upon a change of control of the Company.

Conflicts of interest

Following the implementation of legislation on conflicts of interest, reflected in the changes to the Company's Articles of Association in 2008, procedures are in place to deal with such conflicts and they have operated effectively.

Financial instruments

A statement in relation to the financial risk management and use of financial instruments by the Group is presented in note 28 to the financial statements.

Information required under the listing rules

In accordance with the UK Financial Conduct Authority's Listing Rules (LR 9.8.4C), the information to be included in the Annual Report and financial statements, where applicable, under LR 9.8.4, is set out in this Directors' Report, with the exception of details of transactions with shareholders which is set out on page 58.

Going concern

The Directors have carefully considered the Group's net current liability position, have assessed the Company's ability to continue trading, and have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of this report and for the foreseeable future. This includes consideration of downside scenarios relating to the current immediate risk from coronavirus. See note 1(a) of the financial statements for further details and page 26 for our viability statement.

Subsidiaries

Details of the subsidiaries of the Company are shown in note 13 to the financial statements.

Compliance with the UK Corporate Governance Code

The Directors' Statement on Corporate Governance in respect of the Group's compliance with the provisions of the UK Corporate Governance Code is set out on page 37.

Auditor and disclosure of information to the Auditor

The Directors confirm that, so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Directors' responsibility statement is included on page 62.

Approved by the Board of Directors and signed by order of the Board.

HELEN SILVER
Company Secretary
17 March 2020

DIRECTORS' STATEMENT ON CORPORATE GOVERNANCE

The Board is committed to high standards of corporate governance and supports the UK Corporate Governance Code published in 2018. The Board sets out its report below on how the Group has applied the principles of, and complied with, the UK Corporate Governance Code during the year.

Compliance statement

The Company has applied the provisions set out in the UK Corporate Governance Code throughout the year. The Board is committed to maintaining a structure which establishes a sound corporate governance framework on behalf of the Company's shareholders. Throughout the year, the Group has complied with all the provisions of the UK Corporate Governance Code except for those set out below.

In contravention of Provision 32 of the Code, Colin Jones remained as Chair of the Remuneration Committee when he was appointed as Chair of the Company on 30 June 2019 to ensure continuity following Neil Johnson's resignation and whilst the recruitment process for new non-executive directors took place. Carol Hosey was appointed as Chair of the Remuneration Committee, in place of Colin Jones, when she joined the Board on 5 February 2020.

The Board

As at 31 December 2019, the Board had four Non-Executive Directors and two Executive Directors (Chief Executive and Chief Financial Officer). On 5 February 2020, Carol Hosey was appointed to the Board as an Independent Non-Executive Director and as Chair of the Remuneration Committee. On 1 March 2020, Leslie-Ann Reed was appointed to the Board as an Independent Non-Executive Director and will become Chair of the Audit Committee when Robert Boyle retires on 31 March 2020. In addition, Rebecca Miskin will also retire from the Board on 31 March 2020. Biographies for each currently serving Director are shown on pages 32 to 33. The Board endeavours to maintain diversity in its composition with respect to gender, skills, knowledge and length of service in order to ensure the balanced and effective running of the Company. Colin Jones is Chair of the Board and was independent on appointment. He leads the Board and ensures that both Executive and Non-Executive Directors make available sufficient time to carry out their duties in an appropriate manner, that all Directors receive sufficient financial and operational information, and that there is proper debate at Board meetings.

The Board is responsible for the leadership of the Company and the Group, and in discharging that responsibility it makes decisions objectively and in the best interests of the Group and its stakeholders. The section 172 Statement is set out in the Strategic Report on pages 27 to 28. The Board sets the vision, culture, values and standards for the Group. The balance of the Board, together with the advice sought from the Executive Committee members and the Company's external advisors, ensures that no one individual has unfettered powers of decision. The Board delegates day-to-day responsibility for the running of the Company to the Chief Executive.

The Chair is responsible for the effective performance of the Board through a schedule of matters reserved for approval by the Board (comprising issues considered most significant to the Group in terms of financial impact and risk) and control of the Board agenda. The Chair conducts Board and shareholder meetings and ensures that all Directors are properly briefed. The Chief Executive, supported by the Chief Financial Officer and Executive Committee, is responsible to the Board for running the business and implementing strategy. The Board reviews the performance of the Executive Directors and the Group against agreed budgets and against the Group's objectives, strategy and values.

The Senior Independent Director is William Eccleshare, who is also a member of the Remuneration and Nomination Committees. The Company Secretary is Helen Silver. The Company Secretary assists the Chair in ensuring there is efficient communication between all directors, the committees and senior management, as well as the professional development of Directors. Independent advisors including lawyers, remuneration specialists and external auditors are available to advise the Non-Executive Directors at the Company's expense. All of the Non-Executive Directors are independent, and the Chair was independent on appointment. Committee meetings are held independently of Board meetings and invitations to attend are extended by the Committee Chair to other Directors, the Group's advisors and management as appropriate. The terms of reference of the Audit Committee, the Nomination Committee and the Remuneration Committee, including their roles and the authority delegated to them by the Board, are available on request from the Company Secretary and will be available at the AGM.

DIRECTORS' STATEMENT ON CORPORATE GOVERNANCE

Board meetings

During the year, the membership of the Board and of each committee was as follows:

Colin Jones [1]	Chair	–	Member	Chair
William Eccleshare	Senior Independent Director	–	Member	Member
Rebecca Miskin	Non-Executive Director	Member	Member	Member
Robert Boyle [2]	Non-Executive Director	Chair	Member	Member
Carol Hosey [1]	Non-Executive Director	–	Chair	Member
Leslie-Ann Reed [2]	Non-Executive Director	Member	Member	Member
Swagatam Mukerji	Chief Executive	–	–	–
Simon Longfield (appointed 6 November 2019)	Chief Financial Officer	–	–	–
Andria Vidler (resigned 30 September 2019)	Chief Executive	–	–	–
Neil Johnson [1] (resigned 30 June 2019)	Chair	–	–	–

[1] Carol Hosey was appointed as Chair of the Remuneration Committee and Colin Jones stepped down as Chair of the Remuneration Committee on 5 February 2020. Colin Jones replaced Neil Johnson as Chair of the Board on 30 June 2019.

[2] Leslie-Ann Reed was appointed to the Board on 1 March 2020. She will replace Robert Boyle as Chair of the Audit Committee when he retires on 31 March 2020.

The number of scheduled full Board meetings and committee meetings during the year along with attendance of Directors was as follows:

Number of scheduled meetings held:	7		5		4		3	
	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend
Colin Jones	7	7	3	3	4	4	3	3
William Eccleshare[2]	6	7	–	–	4	4	2	3
Rebecca Miskin	7	7	5	5	4	4	3	3
Robert Boyle	7	7	5	5	4	4	3	3
Swagatam Mukerji	7	7	–	–	–	–	–	–
Simon Longfield (appointed 6 November 2019)	1	1	–	–	–	–	–	–
Neil Johnson (resigned 30 June 2019)	3	3	–	–	–	–	1	1
Andria Vidler (resigned 30 September 2019)[3]	5	5	–	–	–	–	–	–
Carol Hosey (appointed 5 February 2020)								
Leslie-Ann Reed (appointed 1 March 2020)								

1 7 additional unscheduled Board meetings were held mainly relating to the divestments. 3 additional Remuneration Committee meetings and 1 additional Nomination Committee meeting were also held.

2 William Eccleshare was due to dial into two meetings but was unable to do so due to technical issues.

3 Andria Vidler's married surname is Gibb and she appears as Andria Gibb on some records kept by Companies House

If a Director is unable to attend a meeting he or she is provided with the same level of information as the other Directors in advance of the meeting and given the opportunity to express views, which will then be shared at the meeting.

In addition to the key items identified for discussion by the Committees above, the Board discussed the following matters at the Board meetings during the year:

- Review of financial performance against budget and prior year;
- Review of Group strategy leading to the divestment of various parts of the business;
- Review of dividend policy and payments;
- Review and approval of budgets;
- Review of Group key performance indicators;
- Approval of divestments;
- Approval of financial reports and communication to shareholders and investors; and
- Approval of the Group's internal control policy, including a robust assessment of the principal and emerging risks and corporate governance environment.

Board assessment and Directors' performance evaluation

The Board undertakes a formal evaluation of its own performance and that of its committees and individual Directors. Individual evaluation aims to show whether each Director continues to contribute effectively and to demonstrate commitment to the role (including commitment of time for Board and committee meetings and other duties). Evaluations are undertaken annually by self-assessment and the Chair's performance is also evaluated by the other Non-Executive Directors at a separate meeting for this purpose each year. In addition, the Chief Executive is subject to an annual performance review with the Chair. New Directors receive an induction programme and all the Directors are encouraged to undertake continuous professional development programmes as appropriate. The Group maintains insurance cover in respect of legal action against its Directors.

Management structure

The Board delegates the day-to-day running of the Company to the Executive Directors, who in turn share the operational running of the Group with the Executive Committee. Throughout the year, the Executive Committee was the primary body implementing operational management across the Group. The role of the Executive Committee is to review:

- Financial performance, the budget and forecasts;
- Human capital management and resource allocation including capital expenditure;
- Operational efficiency and developments (including Group IT, procurement and facilities);
- Product development;
- Market development;
- Business continuity planning;
- Internal and external communications;
- Business transformation and change management; and
- Acquisition and disposal plans.

The biographies of the members of the Executive Committee are set out on page 34.

Relations with shareholders

The Company encourages meaningful dialogue with all stakeholders. Shareholder communication centres primarily on the publication of annual reports, periodic press releases, investor presentations and trading updates. The Chairman and Executive Directors are available for discussions with shareholders throughout the year and particularly around the time of results announcements. The Senior Independent Director is also available should any shareholder wish to draw any matters to his attention. The Directors are available for comment throughout the year and at all General Meetings of the Company. Centaur Media values the views of its shareholders and recognises their interest in the Company's strategy and performance, Board membership and quality of management. The Group therefore has an active programme to meet and make presentations to its current and potential shareholders to discuss its objectives. More details on engagement with our stakeholders are set out in the section 172 Statement in the Strategic Report on pages 27 to 28. Investors are encouraged to attend the AGM and to participate in proceedings formally or sharing their views with Board members informally after the meeting. The Chairs of the Audit, Remuneration and Nomination Committees are available to answer questions. Separate resolutions are proposed on each issue so that they can be given proper consideration and there is a resolution to approve the annual report and financial statements.

The Company counts all proxy votes and indicates the level of proxies lodged on each resolution, after it has been voted on by a show of hands. All shareholders can gain access to the annual reports, trading updates, announcements, press releases and other information about the Company through the Company's website, www.centaurmedia.com.

Risk assessment

Risks that affect or may affect the business are identified and assessed, and appropriate controls and systems implemented to ensure that the risk is managed. The Group's risk register is kept by the Company Secretary with the input from the Executive Committee and Head of Legal and is reviewed by the Audit Committee regularly with appropriate mitigation actions also being reported to and overseen by the Committee.

Principal and emerging risks

The principal and emerging risks facing the Group, with associated mitigating controls, are detailed on pages 22 to 26 within the Strategic Report.

Ethics

The Group carries out its business in a fair, honest and open manner, ensuring that it complies with all relevant laws and regulations. The Company has specific policies on fraud, director conflict, bribery, whistleblowing and slavery and human trafficking, which are widely distributed and compliance with these policies is monitored. The HR team ensures that new job opportunities are made available to existing employees as well as to outside applicants and that all employees are able to benefit from training, career development and promotion opportunities where appropriate. The recruitment of new personnel is made without prejudice. and the Group believes in equal opportunity and encourages diversity. The analysis of the Group's workforce and Board by gender is set out in the Corporate Responsibility Report on page 29.

DIRECTORS' STATEMENT ON CORPORATE GOVERNANCE

Through all our interactions with our customers and partners we ensure that we treat them fairly and openly while abiding by the terms of contracts and relevant law. Equally, we treat our suppliers fairly, and do not exploit them or their employees, including the objective of paying all suppliers within the agreed payment terms.

Monitoring of controls

The Board has overall responsibility for the effectiveness of the Group's system of risk management and internal controls, and these are regularly monitored by the Audit Committee.

Details of the activities of the Audit Committee in this financial year can be found in the Audit Committee Report on pages 41 to 43.

Greenhouse gas emissions

The disclosure in respect of the greenhouse gas emissions of the Group that are attributable to human activity in tonnes of carbon dioxide is set out in the Corporate Responsibility Report on page 31.

Fraud

While the Group cannot guarantee to prevent fraud, an internal control framework is in place to reduce the likelihood of fraud arising. The Group's whistleblowing policy is available to employees on the Company's intranet, should any employee become aware of any incidence of fraud.

Directors' conflicts

Group and subsidiary Directors are required to notify their employing company of all directorships they hold. Annual conflict of interest disclosures require them to disclose such directorships or other relationships, which they or a person connected to them may hold. These are reviewed by the Board to assess the impact on the Company and whether it would impair the Group's objectives.

Bribery Act 2010

In response to the Bribery Act 2010, the Board performed a risk assessment across the Group and formalised its policy to prevent bribery. The Board has in place processes to prevent corruption or unethical behaviour. The policy explains what is considered a bribe or facilitation payment, which are prohibited, and provides guidance over the levels of gifts, entertainment and hospitality that are considered reasonable. Training is mandatory for all employees. During 2019, an online training programme was made available to all employees. The Group's policy is communicated to all appropriate third parties. The more rigorous processes around declaring Directors' interests and identifying potential conflicts have improved the regular monitoring of the Group's policy.

Whistleblowing

The Company is committed to the highest standards of integrity and honesty. Along with other policies which encourage this behaviour, the Group's whistleblowing policy is available to employees on the Company's intranet. This policy allows all employees to disclose openly, in confidence or anonymously, any concerns they may have about possible improper practices, in financial or other matters. An escalation process has been communicated to employees. Any matters raised will be investigated and resolved. The Audit Committee will be notified of any issues raised through this process and appropriate action taken. However, no incidents were noted during the year.

Modern Slavery Act 2015

The Company is committed to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in its business or in any of its supply chains. The Company's slavery and human trafficking statement for the purposes of section 54 of the Modern Slavery Act 2015 is available on the Company's website, www.centaurmedia.com. The Group has in place an anti-slavery and human trafficking policy which has been made available to employees on the Company's intranet and is notified to all new joiners. Training has been provided to key employees and the policy is communicated to suppliers and other third parties where appropriate.

Capital structure

Information on the share capital structure is included in the Directors' Report on page 35.

Approved by the Board of Directors and signed by order of the Board.

Company Secretary

17 March 2020

AUDIT COMMITTEE REPORT

Dear Shareholder,

I am pleased to present the report of the Audit Committee ('the Committee') for the year ended 31 December 2019, my last as Audit Chair. This report details the Audit Committee's responsibilities and key activities over the period. The role of the Committee is to protect the interests of shareholders regarding the integrity of financial information published by the Group and to oversee the effectiveness of the external audit. It does this through reviewing and reporting to the Board on the Group's financial reporting, internal controls and risk management processes and the performance, independence and effectiveness of the external auditor, PricewaterhouseCoopers LLP ('PwC').

Committee composition

During the year, the Committee comprised Non-Executive Directors, Robert Boyle (Chair), Rebecca Miskin, and Colin Jones until he became Chair of the Board on 30 June 2019. Their biographies are shown on pages 32 to 33. The membership of the Committee is balanced and is considered to contain the appropriate combination of recent, relevant financial experience through the Chair, as well as competence relevant to the sector. On 5 February 2020, it was announced that I will be retiring from the Board on 31 March 2020 after more than 10 years of service and will be replaced by Leslie-Ann Reed, who will become the new Chair of the Committee. I wish her every success.

The Executive Directors, representatives of the external auditor and other Group executives regularly attend meetings at the invitation of the Committee. The Committee met five times during the year, with all members attending. Meetings are held throughout the year and timed to align with the overall financial reporting timetable. At least once during the year, the Committee meets separately with the external auditor and with management, and as Chairman I am in regular direct contact with the external auditors and with the Chief Financial Officer.

Roles and responsibilities

The main roles and responsibilities of the Audit Committee are to:

- Monitor the integrity of the financial statements of the Group and any public announcements relating to the Group's financial performance, reviewing (and approving) significant financial reporting judgements contained in them;
- Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- Review and assess the Annual Report in order to determine that it can advise the Board that, taken as a whole, the Annual Report is fair, balanced and understandable, and provides shareholders with the information they need to assess the Company's position and performance, business model and strategy as required by provision 27 of the UK Corporate Governance Code;
- Make recommendations to the Board in relation to the appointment and terms of engagement of the external auditor and to review and approve levels of audit and non-audit remuneration;
- Develop and implement policy on the engagement of the external auditor to supply non-audit services;
- Review the effectiveness of the Group's internal financial control and risk management systems;
- Review the Group's financial and operational policies and procedures to ensure they remain effective and relevant;
- Oversee the whistleblowing arrangements of the Group and to ensure they are operating effectively; and
- Report to the Board on how it has discharged its responsibilities.

Financial statements

During the year and up until the date of this report, the Audit Committee undertook the following activities to ensure the integrity of the Group's financial statements and formal announcements:

- Regularly met with management and the Chief Financial Officer to discuss the results and performance of the business;
- Received reports from management on the internal controls covering the financial reporting process;
- Reviewed and agreed the external auditor's strategy in advance of their audit for the year;
- Reviewed compliance with requirements under the UK Corporate Governance Code, and in particular its impact on the Strategic Report and Viability Statement;
- Discussed the report received from the external auditor regarding their audit in respect of the prior year, which included comments on significant financial reporting judgements and their findings on internal controls;
- Met with other management personnel;
- Reviewed and discussed with management and the Chief Financial Officer each financial reporting announcement made by the Group; and
- Reviewed compliance with International Financial Reporting Standards ('IFRS').

The most significant financial reporting judgements considered by the Audit Committee and discussed with the external auditor during the year were as follows:

Carrying value of goodwill, intangible assets and investments

The Audit Committee has reviewed management's assessment of the recoverability of the Group's goodwill and intangible assets and whether there is a need for any resulting impairment. The recoverable amount of goodwill has been determined through value-in-use calculations of each cash-generating unit ('CGU') based on Board approved forecasts for the first three years of the value-in-use calculation and applying a terminal growth rate of 2.5%.

Management's assessment of the recoverability of the Group's goodwill and intangible assets resulted in no impairment being recognised. At 31 December 2019 the Committee reviewed management's assessment of the recoverability of the Group's goodwill and intangible assets. The Committee has paid particular attention to the judgements and assumptions used to forecast cash flows, particularly around revenue and adjusted EBITDA growth rates. The Committee was satisfied that the forecasts reflect the CGUs' historical budgeting performance and that reasonable sensitivities were performed, that the value-in-use calculation reflects management's best estimate, and that the booking of no impairment against any segment is appropriate. As a result, the Audit Committee was satisfied with the carrying value of goodwill and intangible assets in the Group balance sheet.

AUDIT COMMITTEE REPORT

Following the disposal of Centaur Travel and Meetings Ltd, Centaur Human Resources Ltd, Centaur Engineering Ltd and Centaur Financial Platforms Ltd in 2019, a detailed review of the carrying value of Centaur Media plc's investments in its subsidiaries was performed. This identified a reduction in carrying value of £35.7m in the parent company books.

Further details on goodwill and the impairment testing are included in note 10 to the financial statements.

Going concern and viability

The Audit Committee received a report setting out the going concern review undertaken by management which forms the basis of the Board's going concern conclusion. During the year, the Group completed a major divestment programme which reduces the short-term earnings generated by operations. The Group has consequently reported an adjusted operating loss for 2019. The Committee has therefore carefully considered the capability of the Group to generate positive operating cash which is dependent on the Group making targeted cost savings in 2019 and 2020, combined with profitable revenue growth.

Following the divestment programme, the Group has a strong balance sheet with over £9m cash at the balance sheet date and a small net current liability. The Committee has reviewed forecasts to cover the twelve months from signature date with various downside scenarios explored, including scenarios specifically related to the current coronavirus. The Committee has concluded that the adoption of the going concern basis is appropriate.

In addition, the Committee has assessed the statement in relation to the longer-term viability of the Group and of the Group's principal risks to viability, including reviewing the long-term financial projections for the period over which the statement is made, and reviewing qualitative and quantitative analysis and scenario testing prepared by management. The Committee concluded that the statement in relation to the longer-term viability of the Group in the Strategic Report is appropriate.

Adjusting items

The Audit Committee has challenged management strongly over recent financial reporting periods with regard to the presentation of exceptional items and other alternative performance measures. Adjusting items disclosed in the year include significant exceptional costs arising in relation to restructuring activities and the divestment programme. The Committee notes that the restructuring activities (both staff-related and corporate) arise from specific change programmes during the year, and that they are material and could therefore distort the user's view of the Group's results. The Committee is satisfied that it is appropriate to present these items as adjusting items on the basis that they assist the user in assessing the core operating performance of the Group.

The Committee assesses the appropriateness of all alternative performance measures disclosed as adjusting and the impact these have on the presentation of the Group's results and is satisfied that they do not inappropriately replace or obscure IFRS measures.

Further details on adjusting items are included in notes 1(b) and 4 to the financial statements.

Completion of Divestment Programme

In October 2018, the Group announced that it would be exploring the sale of certain businesses. In 2019, the Group completed the sales of our financial, engineering, human resources and travel and meetings business units. The Committee is satisfied that the accounting for the disposals, the classification as these business as discontinued under IFRS 5, and the treatment of the applicable transitional services arrangements are fair and appropriate. The Group also disposed of Venture Business Research Limited. This business has been defined as outside of the scope of IFRS 5 as it does not represent a significant separate line of business or geographical area of operations. The Committee is satisfied that this treatment is fair and appropriate.

Other areas of judgement discussed with the external auditor were as follows:

New accounting standards

IFRS 16 has been adopted for the current reporting period. An impact assessment was performed in 2018 which indicated that the operating lease arrangements, for properties from which the Group operated, be treated as finance leases from the effective date. Therefore, a right-of-use asset of £2.3m and a related lease liability of £3.3m were recognised and recorded at 1 January 2019.

For further details of IFRS 16, please see note 1 and 20 to the financial statements.

Risk management

The Group's management is responsible for the identification, assessment and management of risk, as well as for designing and operating the system of internal control as set out in the Strategic Report on pages 4 to 31. The Committee has assessed management's identification of risk and concluded that appropriate mitigating actions are being taken. The auditor has also detailed certain risks in their report and set out the work performed to satisfy themselves that these have been properly reflected in the financial statements. The Committee has worked closely with management and received detailed information to assess the effectiveness of internal financial control and risk assessment and management systems, and report on them to the Board (which retains ultimate responsibility). Details of financial risks are set out in note 28.

Having monitored the Group's risk management and internal control system, and having reviewed the effectiveness of material controls, including financial, operational and compliance controls, the Committee confirms on behalf of the Board that it has not identified any significant control failings or weaknesses at any time during the year and to the date of this report.

Risk of fraud

The Committee considered the risk of fraudulent financial reporting in the business, and through its review of the effectiveness of internal controls and reporting from management, has concluded that adequate controls were in place during the year.

Whistleblowing

The Committee reviewed the Group's whistleblowing policy and is satisfied that this has met FCA rules and good standards of corporate governance. Further details of the whistleblowing policy are set out within the Directors' Statement on Corporate Governance on page 40.

Internal audit

The Committee considered whether it was appropriate to appoint internal auditors and concluded that this is not currently required given the size of the business, its relatively centralised operations and the risks identified together with the mitigating controls.

External audit

The Group's external auditor is PricewaterhouseCoopers LLP. The Committee monitors the external audit process to ensure high standards of quality and effectiveness. This was assessed throughout the year using a number of measures, including:

- Reviewing the quality and scope of planning of the audit and the level of fees;
- Monitoring the independence and transparency of the audit; and
- Obtaining feedback from management and the Directors on the quality of the audit team, their business understanding and audit approach, and approving reappointment.

PwC have been the Company's external auditor since its incorporation in 2004. The appointment was subject to competitive tender in 2016.

The Audit Committee has considered the independence and objectivity of the external auditor through a careful review of their terms of engagement, scope of work and level of fees (which are shown in note 3 to the financial statements). This included reviewing the nature and extent of non-audit services supplied by the external auditor to Centaur, seeking to balance objectivity and value for money.

The external auditor is excluded from providing any non-audit services that individually, or in aggregate, may impair the independence of the auditor. Prior approval from the Audit Committee is required for any permitted audit related or other services in accordance with the regulations.

During the year, PricewaterhouseCoopers LLP provided no services to the Group other than audit and audit-related (interim review) services.

The external auditor's report to the Directors and the Audit Committee also confirmed their independence in accordance with auditing standards and the Committee concurred. Should non-audit services be required in the forthcoming year, we are likely to use suppliers other than PricewaterhouseCoopers LLP.

Self-assessment

During the period the Audit Committee performed a formal, questionnaire based, self-assessment of the effectiveness of the Audit Committee with satisfactory results.

Report to the Board

The Board has requested the Committee to confirm that in its opinion the Board can make the required statement that the Annual Report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Committee has given this confirmation on the basis of its review of the whole Annual Report, underpinned by involvement in the planning for its preparation, review of the processes to ensure the accuracy of factual content and by assurances from the Remuneration Committee.

Independent auditor

A resolution is to be proposed at the Annual General Meeting for the re-appointment of PricewaterhouseCoopers LLP as auditor of the Company.

Chair of the Audit Committee

17 March 2020

NOMINATION COMMITTEE REPORT

Dear Shareholder,

I am pleased to present the report of the Nomination Committee for the year ended 31 December 2019. This report details the Committee's ongoing responsibilities and key activities over the period. The Committee comprised of myself, William Eccleshare, Robert Boyle and Rebecca Miskin, ensuring that there is a majority of independent Non-Executive Directors on the Committee.

Nomination Committee Responsibilities

The Committee's key responsibilities include:

- Reviewing the Board's structure, size and composition;
- Reviewing the composition of Board Committees;
- Defining the role and competencies required for appointments to the Board;
- Identifying, nominating and reviewing candidates for appointment to the Board;
- Putting in place plans for succession for the Chairman and other members of the Board, the Chief Executive and the Chief Financial Officer; and
- Reviewing the leadership needs of the organisation, including Executive and Non-Executive Directors as well as senior management.

The appointment of Directors is a matter for the Board, which considers recommendations of the Nomination Committee. The Committee is responsible for ensuring that the Board and the Board Committees are properly constituted and balanced in terms of skills, experience and diversity. Our policy on Board diversity is set out in the Directors' Report above and for the majority of the year we had two female Board members, representing one-third of the Board. Following the year end, we appointed Carol Hosey and Leslie-Ann Reed as Non-Executive Directors to replace Robert Boyle and Rebecca Miskin who retire on 31 March 2020. Female Board members represent one-third of the Board from 1 April 2020. Details of diversity/gender in the Company are set out in the Corporate Responsibility Statement on page 29.

Activities during the year

During 2019, the primary focus of the Committee was the changes to the Executive management team and the appointment of two new independent Non-Executive Directors in preparation for the retirements from the Board of Robert Boyle and Rebecca Miskin. For all appointments the Committee followed a rigorous process that was approved by the Board.

It was agreed with Andria Vidler that she would step down as CEO in September 2019. Following a review of potential internal and external candidates, the Committee recommended to the Board that Swagatam Mukerji be appointed as CEO with effect from 4 September 2019 as he had played an important role in Centaur's transformation and had a comprehensive understanding of the Group which would be of great benefit in ensuring continuity and delivering value to shareholders.

Swag retained overall responsibility for the finance function while the Committee searched for a new CFO. The search was undertaken by Equity FD, and a number of suitably qualified candidates were considered. Following interviews with members of the Board and Executive Committee, the preferred candidate was Simon Longfield who was recommended to the Board and joined the Company on 6 November 2019. Simon's biography can be found on page 32.

It was a key component of our specification that new non-executive members of the Board bring a similar level of expertise and experience to replace Robert and Rebecca. Due to its wide network of contacts, the Committee was able to identify several potential candidates without the use of an external search consultancy or open advertising. Following a short list and interview exercise, the appointments of Carol Hosey and Leslie-Ann Reed were recommended to the Board by the Committee. A reputed independent executive search consultant, Inzito, undertook the referencing process.

Carol was confirmed as a Non-Executive Director, Chair of the Remuneration Committee and member of the Nomination Committee with effect from 5 February 2020. Carol is currently Group HR Director at Mace, the international consultancy and construction group. She has extensive remuneration experience at executive and board level and has spent over 20 years in senior HR roles, including positions at Mitie Group plc, Nationwide Building Society and Lloyds Banking Group.Carol's experience also means she is well placed to become the sponsor of the workforce advisory panel, DICE.

Leslie-Ann Reed was confirmed as a Non-Executive director and a member of the Audit, Remuneration and Nomination Committees with effect from 1 March 2020. She will become Chair of the Audit Committee when Robert Boyle retires on 31 March 2020.

Leslie-Ann is an experienced non-executive director and chairs the audit committees at Learning Technologies Group plc and Induction Healthcare Group PLC. She is also a non-executive director and member of the audit and remuneration committees of Bloomsbury Publishing Plc. Leslie-Ann's executive roles have included CFO of the B2B publisher Metal Bulletin plc and the online auctioneer Go Industry plc.

Following the disposals, the Committee has determined that a priority for 2020 will be to review enhanced succession planning to support and develop a diverse pipeline of talent across the Group.

Chair of the Nomination Committee

17 March 2020

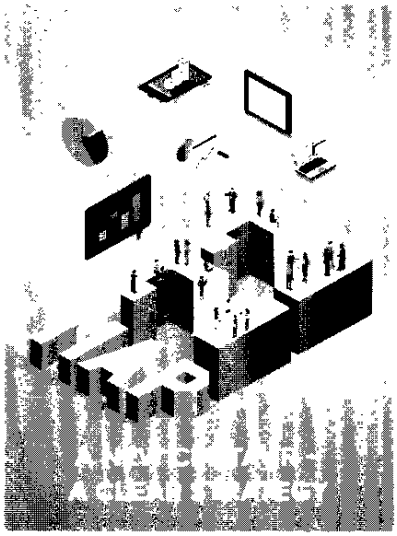
REMUNERATION COMMITTEE REPORT

Dear Shareholder,

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2019. This is my first report as Chair of Centaur's Remuneration Committee since my appointment on 5 February 2020.

This report is in three parts: (i) this Annual Statement; (ii) the Directors' Remuneration Policy section, which sets out the Remuneration Policy approved by shareholders at the AGM held on 17 May 2019; and (iii) the Annual Report on Remuneration.

2019 has been a year of transformation for Centaur with the strategic objectives set at the start of the year largely achieved: the divestment of legacy businesses, the restructuring of the central functions, and the creation of a much simpler business focused on two sectors: the marketing and legal professions. Remuneration for 2020 will be aligned with the new MAP22 strategy introduced towards the end of 2019.



xeim
Excellence in marketing

THE LAWYER

Committee membership and work of the Committee during the year

During the year, Centaur's Remuneration Committee comprised: Colin Jones (Chair until 5 February 2020 when Carol Hosey joined the Board and became Chair of the Committee), Rebecca Miskin, Robert Boyle and William Eccleshare.

The Committee had four scheduled meetings during 2019 and met a further three times. The main Committee activities during the year (full details of which are set out in the relevant sections of this report) included:

- Agreeing executive director base salary levels from 1 April 2019;
- Agreeing the performance against the targets for the 2018 annual bonus;
- Agreeing the performance against the targets for the 2016 LTIP awards which lapsed in 2019;
- Obtaining shareholder approval for the new Directors' Remuneration Policy and 2019 Incentive Plan ('2019 IP')
- Setting the performance targets for the 2019 IP;
- Agreeing the basis for vesting the 2017 LTIP awards;
- Agreeing the award levels and performance tests for the 2019 LTIP awards;
- Agreeing the performance against the targets for the 2019 IP;
- Reviewing the Company's share dilution capacity for LTIP awards;
- Reviewing and setting remuneration for the Directors and senior management;
- Reviewing workforce remuneration and alignment of workforce incentives and rewards;
- Reviewing gender pay numbers and disclosures and the CEO Pay Ratio requirements; and
- Agreeing the cessation agreement and termination payments for Andria Vidler.

In addition, the Committee has considered how the Policy and practices are consistent with the six factors set out in Provision 40 of the new UK Corporate Governance Code:

Our Policy (approved by shareholders in 2019) is understood by our senior executive team and has been clearly articulated to our shareholders and representative bodies (both on an ongoing basis and when changes are proposed).

The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our executive remuneration policies and practices are straightforward to communicate and operate.

Our Policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded via: (i) the balanced use of annual and long-term pay with a blend of financial, non-financial and shareholder return targets; (ii) the significant role played by equity in our incentive plans; and (iii) malus/clawback provisions.

Our incentive plans are subject to individual caps, and our share plans are subject to market standard dilution limits.

There is a clear link between individual awards, delivery of strategy and long-term performance. In addition, the significant role played by incentive/'at-risk' pay, together with the structure of the executive directors' service contracts, ensures that poor performance is not rewarded.

Our executive pay policies are fully aligned to our culture through the use of metrics in our incentive plans.

REMUNERATION COMMITTEE REPORT

Implementation of the Remuneration Policy in 2019

The Committee implemented the Remuneration Policy in 2019 as follows:

- Base salary levels were increased by 2% from 1 April 2019 in line with general workforce increase;
- Swagatam Mukerji's base salary was set at £320,000 following his promotion to CEO on 4 September 2019 (previous CEO salary £380,744). Simon Longfield joined as CFO on a salary of £175,000 on 6 November 2019 (previous CFO salary £260,100);
- There were no changes to pension or benefit provisions, other than aligning Simon Longfield's pension with the workforce from appointment;
- The Committee operated the 2019 IP during the year (as approved by shareholders at the 2019 AGM). The performance targets under the 2019 IP were based on maximising shareholder value from (i) divestments of non-core assets, (ii) restructuring the central functions and reducing overhead costs, and (iii) achieving profit targets for the new Xeim business. After reviewing performance against these targets, the Committee approved awards equating to 63% of the maximum for Andria Vidler and 70% of the maximum for Swagatam Mukerji;
- The Committee agreed to the 2017 LTIP vesting six months early on the basis that the Group had been significantly restructured by the half year, and the original performance tests were no longer easily measurable. The Committee did not adjust the EPS targets following the disposals and awards subject to the EPS test (50% of total) lapsed in full. The TSR test was satisfied in full and awards under this test (50% of total) vested; and
- No 2019 LTIP grant was made to Andria Vidler or Swagatam Mukerji in their roles as CEO and CFO respectively. Following his appointment as CEO, and as part of a revised remuneration package for this role including a lower salary than the previous CEO, LTIP awards were granted to Swagatam Mukerji on 3 October 2019 over shares equal to 100% of salary with perfomance tests based on profitable revenue growth, Group EBITDA margin growth and relative TSR (each weighted one third).

Further details are given on pages 55 to 58.

Implementing the Remuneration Policy for 2020

- The base salaries for the Executive Directors are expected to increase from 1 April 2020 by 2% in line with the expected general workforce increases. There will be no changes to pension and benefit provisions;
- The maximum annual bonus for Executive Directors will revert to 100% of salary. The majority of bonus potential will be measured against financial-based targets with a minority based on strategic objectives. Any annual bonus greater than 75% of basic salary will be awarded in Centaur Media Plc shares and deferred for three years; and
- LTIP awards are expected to be granted on a basis consistent with awards granted in prior years in terms of grant levels (100% of salary). Performance targets are expected to be based one-third on EBITDA performance, one-third on EPS and one-third on relative TSR.

Shareholder consultation and AGM approvals

Major shareholders were consulted in respect of the proposed 2019 Directors' Remuneration Policy and 2019 IP and strong support for the proposals was received. At the 2020 AGM there will be an advisory resolution on the Annual Statement and Annual Report on Remuneration for the year ended 31 December 2019. I hope we continue to receive your support.

Chair of the Remuneration Committee

17 March 2020

DIRECTORS' REMUNERATION POLICY

The following section of the Directors' Remuneration Report sets out a summary of the Directors' Remuneration Policy approved by shareholders at the AGM held on 17 May 2019. There have been no changes to the policy since that date. The full Directors' Remuneration Policy is set out below for ease of reference.

Policy scope

The Policy applies to the Chairman, Executive Directors and Non-Executive Directors.

Policy duration

The current Remuneration Policy was passed by a binding shareholder vote at the Company's AGM held on 17 May 2019 and became effective from the date of that meeting. The policy takes into account the provisions of the new UK Corporate Governance Code which is effective from 1 January 2019, and other good practice guidelines from institutional shareholders and shareholder bodies. All payments to Directors during the policy period will be consistent with the approved policy.

Overview of Remuneration Policy

Centaur recognises the need to attract, retain and incentivise executives with the appropriate skills and talent to manage and develop the Group's businesses, drive the Group's strategy and deliver shareholder value. The main principles of the Directors' Remuneration Policy are:

- To achieve total remuneration packages that are competitive in the sector within which the Group operates and with the market in general;
- To provide an appropriate balance between fixed and variable remuneration which rewards high levels of performance; and
- To incentivise and retain management and to align their interests with those of shareholders.

Considerations of employment conditions elsewhere in the Group

The Committee considers the base salary increases and remuneration policies and practice more generally for all employees when determining the annual salary increases and remuneration policy for the Executive Directors. Employees have not been consulted in respect of the renewal of the Directors' Remuneration Policy, although the Committee will keep this approach under review.

Consideration of shareholder views

The Committee considers shareholder feedback received in relation to the Annual Report and AGM each year. This feedback, plus any additional feedback received during the course of the year, is then considered as part of the Company's annual review of its remuneration policy. In addition, the Committee will seek to engage directly with major shareholders and their representative bodies should any material changes be made to the Directors' Remuneration Policy. Details of votes for and against the resolution to approve last year's Remuneration Report and the 2019 Remuneration Policy are set out in the Annual Report on Remuneration.

Directors' Remuneration Policy – summary table

The table below sets out the Remuneration Policy approved by shareholders at the AGM held on 17 May 2019.

Note that payments may be made under arrangements in place prior to this policy becoming effective (including pension, other benefits and incentives).

The remuneration offered to employees of the Group will be adapted to reflect local market practice and seniority.

DIRECTORS' REMUNERATION POLICY

Base salary	Reflects the value of the individual and their role Reflects skills and experience over time Provides an appropriate level of basic fixed income avoiding excessive risk arising from over reliance on variable income	Reviewed annually, normally effective 1 April Paid in cash on a monthly basis Pensionable Benchmarked against companies with similar characteristics and sector comparators	The Committee has not set a maximum level of salary. Increases will be set in the context of salary increases amongst the wider work force The Committee retains the discretion to make increases above this level in certain circumstances, for example, but not limited to: An increase in the individual's scope and responsibilities Alignment to the external market An increase to reflect an individual's performance and development in the role, e.g. where a new appointment is recruited at a lower salary level and is awarded stepped increases	Not applicable
2019 Incentive Plan ("2019 IP") for 2019 only	Incentivises delivery of 2019 strategic goals Maximum award only payable for achieving demanding targets	Not pensionable Deferral of any award in excess of 75% of maximum into shares for two years Dividend equivalents may be payable on deferred share awards	200% of salary	Measured over 2019 Based on maximising shareholder value from divestments of non-core assets, achieving stretch profit and operating margin targets for the ongoing Xeim business and reducing central overhead costs by the end of 2019 Clawback provisions apply

Annual bonus (2020 onwards)	**Incentivises annual delivery of financial and strategic goals** **Maximum bonus only payable for achieving demanding targets**	Targets reviewed annually Not pensionable Deferral of any bonus over 75% of base salary into shares for three years Dividend equivalents may be payable on deferred share awards	100% of salary	Normally measured over a one-year performance period Primarily based on Group's annual financial performance (majority, if not all) Personal and/or strategic objectives (minority) Measures for the following years will be set out in the Annual Report on Remuneration of the relevant year Clawback provisions apply
Long term incentives	Aligns to main strategic objectives of delivering profit growth and shareholder return	Annual grant of conditional awards or nil cost options Dividend equivalents may be payable on shares to the extent awards vest	Awards capped at 100% of salary (200% in exceptional circumstances)	Normally a three-year performance period Performance is based on financial and/or share price-based measures (e.g. EPS and relative TSR) The Committee may alter the weighting and targets for each grant annually if it determines that it is appropriate to do so Targets for the following years will be set out in the Annual Report on Remuneration Awards vest as follows: Threshold performance: 25% of award Maximum performance: 100% of award Clawback provisions apply
Pension	Provides competitive retirement benefits Provides an opportunity for Executive Directors to contribute to their own retirement plan	Defined contributions made to the Executive Director's own pension plan. Cash alternatives may also be paid	Up to 15% of base salary, although pension provision in respect of future Executive Director appointments will be aligned to the workforce where possible	Not applicable

DIRECTORS' REMUNERATION POLICY

Other benefits	Aids retention and recruitment	Executive Directors are provided with private medical insurance Other benefits including company *car allowance* and car parking may be provided if considered appropriate by the Committee	There is no maximum. Set at a level which the Committee considers is appropriate in the context of the circumstances of the role/individual and local market practice	Not applicable
Share ownership	To provide alignment of interests between Executive Directors and shareholders	50% of the net of tax vested LTIP shares required to be retained until the guideline is met	200% of salary	Not applicable

1 The Annual Report on Remuneration sets out how the Company implemented the policy presented above in 2019 and will apply it in 2020.

2 Not all employees have a bonus opportunity, and below Executive Director level bonus opportunities are lower. Participation in the 2019 IP was limited to Executive Directors and participation in the LTIP was limited to Executive Directors and certain selected senior management. Other employees are eligible to participate in the Company's all employee share plan. In general, these differences arise to ensure remuneration arrangements are competitive in the market, together with the fact that remuneration of the Executive Directors and senior executives typically has a greater emphasis on performance related pay. All bonus schemes are discretionary.

3 The choice of performance metrics applicable to the 2019 IP reflected Centaur's strategy to simplify the business and maximise shareholder value during 2019 while ensuring that there was an appropriate focus on the remaining business.

4 The choice of performance metrics applicable to the annual bonus plan reflect the Committee's belief that any incentive compensation should be appropriately challenging and primarily tied to financial measures.

5 The EBITDA, EPS and TSR performance conditions applicable to the 2020 LTIP awards were selected by the Committee on the basis that they are consistent with rewarding the delivery of long-term returns to shareholders and the Group's financial growth.

6 Executive Directors may participate in any all-employee share plan, in line with HMRC limits, and to the extent offered.

Approach to recruitment and promotions

The remuneration package for a new Executive Director would be set in accordance with the terms of the Company's prevailing approved remuneration policy at the time of appointment and would take into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

On recruitment, salary may (but need not necessarily) be set below the normal market rate, with phased increases as the executive gains experience. Pension provision will be aligned to that provided to the general workforce where possible. Incentive awards would be no more than set out in the Policy table above. In addition, on recruitment the Company may compensate for amounts foregone from a previous employer (using Listing Rule 9.4.2 if necessary) taking into account the quantum foregone and, as far as reasonably practicable, the extent to which performance conditions apply, the form of award and the time left to vesting.

For an internal promotion, any variable pay element awarded in respect of the prior role would be allowed to pay out according to its terms. Any other ongoing remuneration obligations existing prior to appointment may continue, provided that they are put to shareholders for approval at the earliest opportunity.

The Committee may agree that the Company will meet relocation, legal fees or incidental costs where appropriate.

Service contracts and loss of office payments

The current Executive Directors have service contracts which have a 12-month notice period, dated 21 September 2016 for Swagatam Mukerji and 6 November 2019 for Simon Longfield. In respect of these service contracts, at the Board's discretion, a payment in lieu of any unexpired notice may be paid, comprising an amount for base salary, pension and any accrued holiday entitlement. The amount may be paid in one lump sum or in two instalments and mitigation will be applied to the second instalment. If termination is within six months of a change of control, a payment equal to 12 months' salary, pension and accrued holiday pay is payable. Where the Company terminates the contract in any other manner, any damages shall be calculated in accordance with common law principles including those relating to mitigation of loss. Notwithstanding the above, the Company is entitled to terminate employment without compensation, damages or payment in lieu of notice in specified circumstances (e.g. serious misconduct).

An annual incentive will normally be payable for the period of the financial year served, although it will normally be pro-rated and paid at the normal pay-out date. Any share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on the relevant plan rules. However, in certain prescribed circumstances, such as death, disability, retirement or other circumstances at the discretion of the Committee, 'good leaver' status may be applied. For good leavers, awards will normally vest at the vesting date set out in the relevant award, subject to the satisfaction of the relevant performance conditions at the time and reduced pro-rata to reflect the proportion of the performance period actually served. However, the Committee has discretion to determine that awards vest at cessation of employment or to dis-apply time pro-rating.

In addition to the above, outplacement support may be provided and legal fees or any other minor incidental costs which are considered appropriate may be payable.

DIRECTORS' REMUNERATION POLICY

Remuneration Policy for the Chairman and Non-Executive Directors

The Company Chairman's fee is determined by the Remuneration Committee (other than the Company Chairman, if he sits on the Committee). The fees for the Non-Executive Directors are set by the Board, excluding the Non-Executive Directors. The table summarises the key aspects of the Remuneration Policy for the Chairman and Non-Executive Directors:

Chairman and Non-Executive Directors fees	Reflect time commitments and responsibilities of each role, in line with those provided by similarly sized companies	Cash fee normally paid on a monthly basis Reimbursement of incidental expenses where appropriate Reviewed periodically An additional amount will be paid for Chairing a Committee	There is no prescribed maximum annual fee or fee increase The Committee and Board are guided by the general increase in the Non-Executive market, but may decide to award a lower or higher fee increase to recognise, for example, an increase in the scale, scope or responsibility of the role or take account of relevant market movements	Not applicable

Letters of appointment

The Chairman and Non-Executive Directors have letters of appointment with the Company, which are for an initial three-year period with the option for an extension for a further three-year period and provide for a notice period of three months. All of the current Non-Executive Directors have chosen to submit to annual re-election at each AGM.

Colin Jones	1 September 2018	1 September 2018	1 September 2021
William Eccleshare	1 July 2016	1 July 2019	1 July 2022
Robert Boyle	8 January 2010	8 January 2019	19 March 2020
Rebecca Miskin	13 January 2011	14 January 2017	14 January 2020
Carol Hosey	5 February 2020	5 February 2020	5 February 2023
Leslie-Ann Reed	1 March 2020	1 March 2020	1 March 2023

Robert Boyle and Rebecca Miskin agreed to remain on the Board until their retirement on 31 March 2020 in order to provide a handover following the appointments of Carol Hosey and Leslie-Ann Reed.

Approach to fees on recruitment

For the appointment of a new Chairman or Non-Executive Director, the fee will be set in accordance with the approved remuneration policy in force at that time.

ANNUAL REPORT ON REMUNERATION

A summary of how the Directors' Remuneration Policy will be applied during the year ending 31 December 2020 is set out below.

Base salary

The Executive Directors' current and proposed salaries are as follows:

Swagatam Mukerji [1]	£326,400	£320,000	£260,100	2%
Simon Longfield [2]	£178,500	£175,000	N/A	2%

[1] Swagatam Mukerji became CEO on 4 September 2019. At this time the Remuneration Committee determined that his salary should be increased to £320,000pa with effect from 4 September 2019 in line with his new responsibilities.

[2] Simon Longfield was appointed Chief Financial Officer on 6 November 2019 and his salary on employment was £175,000pa.

[3] The Executive Directors are expected to receive a 2% salary increase from 1 April 2020 in line with the expected general workforce increase.

Pension and benefits

Pension and benefits provision will be in line with the policy. Swagatam Mukerji receives a pension allowance equivalent to 9% of annual salary. Simon Longfield receives a pension allowance equivalent to 5% of annual salary, in line with the pension arrangements for the workforce.

Annual bonus for 2020

The maximum bonus for Executive Directors will be 100% of salary. The majority of bonus potential will be measured against financial-based targets with a minority based on strategic objectives. Any annual bonus greater than 75% of basic salary will be awarded in Centaur Media Plc shares and deferred for three years.

Long term incentives for 2020

LTIP awards will be granted to Executive Directors in 2020 under the 2016 LTIP as follows:

One-third of the 2020 award will be based on adjusted EBITDA. EBITDA thresholds and targets will be set for the year ending 31 December 2022 in line with the Company's long-term business plan.

One-third of the 2020 award will be based on absolute EPS targets. The EPS target range for these awards will be set in line with the Company's long-term business plan.

One-third of the 2020 award will be based on relative TSR measured against the constituents of the FTSE SmallCap (excluding investment trusts). 25% of this part of the award will vest for median TSR increasing pro-rata to 100% vesting for upper quartile TSR over the three years ending 31 December 2022. In addition to the TSR performance condition, the Committee will need to be satisfied that the Company's TSR performance reflects the underlying financial performance of the Company for this part of an award to vest.

The performance targets for the above awards will be disclosed in the Directors' Remuneration Report to the 2020 Annual Report subject to any commercial senstivity.

Fees for the Chairman and Non-Executive Directors

The fees for the Company Chairman and the Non-Executive Directors from 1 April 2020 are as follows:

Colin Jones (appointed as Chairman 30 June 2019)[1]	100,000	43,775	128%
William Eccleshare	43,775	43,775	0%
Robert Boyle (to retire 31 March 2020)	-	43,775	N/A
Rebecca Miskin (to retire 31 March 2020)	-	43,775	N/A
Carol Hosey (appointed 5 February 2020)[2]	45,000	-	N/A
Leslie-Ann Reed (appointed 1 March 2020)[3]	45,000	-	N/A
Neil Johnson (resigned 30 June 2019)	-	125,000	N/A

[1] Colin Jones joined the Board on an annual fee of £43,775 which increased to £125,000 from 30 June 2019 following his appointment as Chairman. His fees were reviewed following the completion of the simplification programme and it was determined that they would be reduced to £100,000 with effect from 1 January 2020.

[2] Carol Hosey was appointed as Non-Executive Director and Chair of the Remuneration Committee on 5 February 2020. Her annual fees are £40,000 plus £5,000 for chairing the Remuneration Committee.

[3] Leslie-Ann Reed was appointed as Non-Executive Director on 1 March 2020. Her annual fees are £40,000 and she will receive an additional £5,000 from 31 March 2020 for chairing the Audit Committee.

ANNUAL REPORT ON REMUNERATION

Remuneration received by Directors for the year (audited)

Directors' remuneration for the years ended 31 December 2019 and 2018 was as follows:

		Salary and fees £	Benefits £	Bonus[1] £	Pension £	LTIP[2] £	Total £	Total Fixed £	Total Variable £
Swagatam Mukerji	2019	278,177	3,660	404,426	19,783	115,195	821,241	301,620	519,621
(CEO from 4 September 2019)	2018	253,750	8,416	–	19,686	–	281,852	281,852	–
Simon Longfield	2019	27,428	–	–	729	–	28,157	28,157	–
(appointed 6 November 2019)	2018	–	–	–	–	–	–	–	–
Colin Jones	2019	84,388	–	–	–	–	84,388	84,388	–
(appointed as Chairman 30 June 2019)	2018	14,592	–	–	–	–	14,592	14,592	–
William Eccleshare	2019	43,775	–	–	–	–	43,775	43,775	–
	2018	43,775	–	–	–	–	43,775	43,775	–
Robert Boyle	2019	43,775	–	–	–	–	43,775	43,775	–
	2018	43,775	–	–	–	–	43,775	43,775	–
Rebecca Miskin	2019	43,775	–	–	–	–	43,775	43,775	–
	2018	43,775	–	–	–	–	43,775	43,775	–
Andria Vidler	2019	283,691	11,076	481,866	30,166	168,626	975,425	324,933	650,492
(to 30 September 2019)	2018	371,448	17,360	–	40,024	–	428,832	428,832	–
Neil Johnson	2019	62,500	–	–	–	–	62,500	62,500	–
(to June 2019)	2018	125,000	–	–	–	–	125,000	125,000	–

Notes:

[1] The bonus amounts relate to remuneration under the 2019 IP as set out on page 55.

[2] *The LTIP amounts relate to the vesting of the 2017 LTIPs as set out on page 56.*

Annual bonus for the year (audited)

As approved by shareholders at the 2019 AGM, the 2019 Incentive Plan ("2019 IP") for Andria Vidler (CEO) and Swagatam Mukerji (CFO) was capped at 200% of base salary based on financial performance to 31 December 2019 with amounts delivered in the form of a cash award with partial deferral into shares. This arrangement operated instead of the normal 100% of salary bonus and 100% of salary LTIP.

The three elements of the 2019 IP were:

50% of the award based on maximising shareholder value from the divestment of non-core assets;

25% of the award based on significantly reducing central overhead costs by the end of 2019; and

25% of the award based on achieving stretch profit and operating margin targets for the ongoing Xeim business for 2019.

Up to 75% of the 2019 IP was to be paid in cash following the end of the 2019 financial year with any amount earned in excess of 75% of the maximum deferred into Centaur Media plc shares for two years from the date that the cash element is paid. Targets and actual performance were as follows:

a)

A target range of proceeds was set for the divestment programme. Following a strategic decision to retain The Lawyer, the target proceeds were reduced and the maximum potential for this part of the award was reduced from 50% to 35% of the original total award. The total gross proceeds from the disposals, before working capital adjustments, were £21.75m, which was 92.8% of the target, equal to 32.5% of the 2019 IP. As all the disposals had been completed before Andira Vidler stepped down from the Board, the Committee did not reduce her entitlement under this element of the 2019 IP.

b)

The Board set an ambitious target of removing over £5m of annualised central overhead costs by the end of 2019. As the Group has successfully reached this target, 100% of this opportunity was payable, equal to 25% of the 2019 IP award.

As the cost reduction target was not fully completed at the time that Andria Vidler left, the Committee awarded her 87% of the available opportunity equal to 21.9% of the 2019 IP.

c)

The Board set stretch profit targets for the new Xeim business on the basis of contribution after portfolio (CAP) costs from a low end of £12.83m to a high end of £14.26m paying between 50% and 100% respectively of this part of the award. Xeim's actual CAP result for the year of £13.50m resulted in a 47.2% pay out equal to 23.6% of the 2019 IP.

As Andria Vidler left after nine months of the year, her award was reduced by 25% equal to 17.7% of the 2019 IP.

A summary of the 2019 IP amounts payable for the Executive Directors is as follows:

a) bonus based on divestment of non-core assets	247,928	168,938
b) bonus based on reducing central overhead costs	166,575	160,000
c) bonus based on achieving stretch targets for Xeim business	67,363	75,488
Total bonus	**481,866**	**404,426**

As the bonus awards were less than 75% of the maximum, no share deferral will operate.

ANNUAL REPORT ON REMUNERATION

Vesting of 2017 LTIP awards

The Committee agreed to the 2017 LTIP vesting six months early on the basis that the Group had been significantly restructured by the half year, and the original performance tests were no longer easily measurable. The Committee did not adjust the EPS targets following the disposals and awards subject to the EPS test (50% of total) lapsed in full. The TSR test was satisfied in full and awards under this test (50% of total) vested. Further details relating to these awards are:

EPS	50%	0% vesting below 6.5 pence 25% vesting at 6.5 pence 100% vesting at 10.5 pence Straight-line vesting between these points	Below threshold EPS	0%
Relative TSR vs FTSE SmallCap index (excluding investment trusts)	50%	0% vesting below median 25% vesting at median 100% vesting at upper quartile Straight-line vesting between these points	Upper Quartile	50%
Total LTIP vesting				50%

These awards vested on 26 September 2019 following the announcement of the Interim Results, as follows:

Andria Vidler	802,982	50%	401,491	26 September 2019	42 pence	168,626
Swagatam Mukerji	548,546	50%	274,273	26 September 2019	42 pence	115,195

In respect of the requirement to estimate the amount of any LTIP award which is attributable to share price appreciation, the share price on 24 April 2017, the date of grant, was 45.8p. The share price on 26 September 2019, the date of vesting, was 42.0p and at 31 December 2019 it was 36.5p.

Grant of LTIP awards in 2019

No 2019 LTIP grant was made to Andria Vidler or Swagatam Mukerji, in their roles as CEO and CFO respectively. Following his appointment as CEO, and as part of a revised remuneration package for this role, including a lower salary than the previous CEO, LTIP awards were granted to Swagatam Mukerji on 3 October 2019 over shares equal to 100% of salary with performance tests based on profitable revenue growth, Group EBITDA margin growth and relative TSR (each weighted one third). Details of this award are set out below:

Swagatam Mukerji	3 October 2019	758,293	100% of base salary	£320,000[1]	See below	1 January 2019 to 31 December 2021

[1] The share price used to calculate the face value of the award was the average share price for the 5 working days prior to the date of grant.

The performance conditions for this award are set out in three parts below:

Profitable revenue growth[1]	33.3%	3 years to 31 December 2021	50% – Median[2]	25%
			100%[2]	100%
			Between Median and 100%	Straight-line basis between 25% and 100%
Group EBITDA margin growth	33.3%	3 years to 31 December 2021	Bottom %[2]	Nil
			Top %[2]	100%
			Between bottom and top	Straight-line basis between Nil and 100%
Relative TSR vs FTSE SmallCap index (excluding investment trusts) at 1 January 2019[3]	33.4%	3 years to 31 December 2021	Median	25%
			Upper Quartile or above	100%
			Between Median and Upper Quartile	Pro-rata on a straight-line basis between 25% and 100%

[1] PRG is defined as growth in aggregate Business Unit EBITDA as a % of revenue compared with 2018 base. If this ratio is flat or declines, then no award will be made under this performance condition.

[2] The performance targets for revenue growth and EBITDA growth for the three years are commercially sensitive and are not disclosed . They will remain commercially sensitive during the three-year period of performance until the calculation is performed and disclosed in the 2021 Annual Report.

[3] The TSR element will only vest if there has been sustained improvement in the Company's underlying financial performance over the performance period.

Andria Vidler purchased 2,900 shares during the period under the Share Incentive Plan. The Company matched these shares on a 1 for 2 basis in accordance with the Plan rules, resulting in 1,450 matching shares being awarded in the year.

Swagatam Mukerji purchased 4,208 shares during the period under the Share Incentive Plan. The Company matched these shares on a 1 for 2 basis in accordance with the Plan rules, resulting in 2,104 matching shares being awarded in the year.

Board changes and payments for loss of office (audited)

Andria Vidler stepped down as CEO on 4 September 2019 and stepped down from the Board on 30 September 2019. Details of her termination arrangements are set out below:

salary and pension paid up to 30 September 2019. Healthcare benefit continued until 31 December 2019.

an amount of £392,642 was paid in respect of payment in lieu of her 12 month notice period. No further payment in respect of loss of office was or will be made.

award under the 2019 IP, pro-rated to date of departure where appropriate, to be paid on the normal payment date in 2020 as detailed on page 55.

2017 LTIP award vested on 26 September 2019 following the completion of the divestment programme, as described on page 56.

ANNUAL REPORT ON REMUNERATION

treated as a good leaver for her 2018 LTIP award of 740,807 shares which will vest on the third anniversary of the grant, subject to performance conditions and pro-rating. No LTIP awards were made to Andria Vidler in 2019.

Swagatam Mukerji was appointed as CEO on 4 September 2019. Details of changes to his remuneration on appointment were as follows:

annual salary increased from £260,100 to £320,000;

pension equivalent of 9% of salary as previously provided when he was CFO;

2019 IP calculated based on a weighted average salary, for his period as CFO and CEO (see page 55); and

LTIPs granted as set out on page 57.

Simon Longfield was appointed as CFO on 6 November 2019. Details of his remuneration on appointment were as follows:

annual salary of £175,000; and

pension equivalent to 5% of salary in line with the pension provided to the workforce.

In respect of the Non-Executive Directors, Colin Jones replaced Neil Johnson as Chairman from 30 June 2019. Neil Johnson retired from the Board on 30 June 2019 and Ron Sandler retired from the Board on 3 January 2019. No payments for loss of office were paid or are payable to Neil Johnson or Ron Sandler.

Payments to past Directors (audited)

Consistent with a long-standing arrangement, Graham Sherren, former Chief Executive Officer and Chairman, was paid £3,000 during the year (2018: £3,000) for advisory services performed.

Directors' shareholding and share interests (audited)

Share ownership plays a key role in the alignment of our executives with the interests of shareholders. The Executive Directors are expected to build up and maintain a shareholding in the Company equal to 200% of salary from the date of the 2019 AGM. Where an executive does not meet this guideline, they are required to retain at least 50% of the vested shares net of tax under the Company's LTIP until the guideline is met.

The tables below set out details of Executive Directors' outstanding share awards under LTIP schemes (which will vest in future years, subject to performance and continued service). Under each scheme the exercise price is £nil.

Andria Vidler	674,194	–	674,194	–	30/3/16	1/1/16 – 31/12/18	30/03/19 – 29/09/19	52.7p
	802,982	–	401,491	**401,491**[1]	24/4/17	1/1/17 – 31/12/19	24/04/20 – 30/06/20	45.8p
	740,807	–	–	**740,807**	6/4/18	1/1/18 – 31/12/20	06/04/21 – 05/10/21	50.2p
	2,217,983	–	1,075,685	**1,142,298**				
Swagatam Mukerji	573,394	–	573,394	–	4/10/16	1/1/16 – 31/12/18	04/10/19 – 03/04/20	43.6p
	548,546	–	274,273	**274,273**[1]	24/4/17	1/1/17 – 31/12/19	24/04/20 – 30/06/20	45.8p
	506,072	–	–	**506,072**	6/4/18	1/1/18 – 31/12/20	06/04/21 – 05/10/21	50.2p
	–	758,293	–	**758,293**	3/10/19	1/1/19 – 31/12/21	03/10/22 – 02/04/23	42.2p
	1,628,012	758,293	847,667	**1,538,638**				

[1] As detailed above, the LTIP awards granted to Andria Vidler and Swagatam Mukerji in 2016 lapsed in 2019 as a result of the threshold EPS and TSR targets not being met. Awards made in 2017 were accelerated following the completion of the divestment programme. The TSR part (50%) of the Award vested, whereas the EPS part (50%) of the award lapsed.

[2] The exercise period for the 2017 LTIPs was shortened following their early vesting from 23 October 2020 to 30 June 2020.

The table below sets out the number of shares held or potentially held by Directors (including their connected persons where relevant).

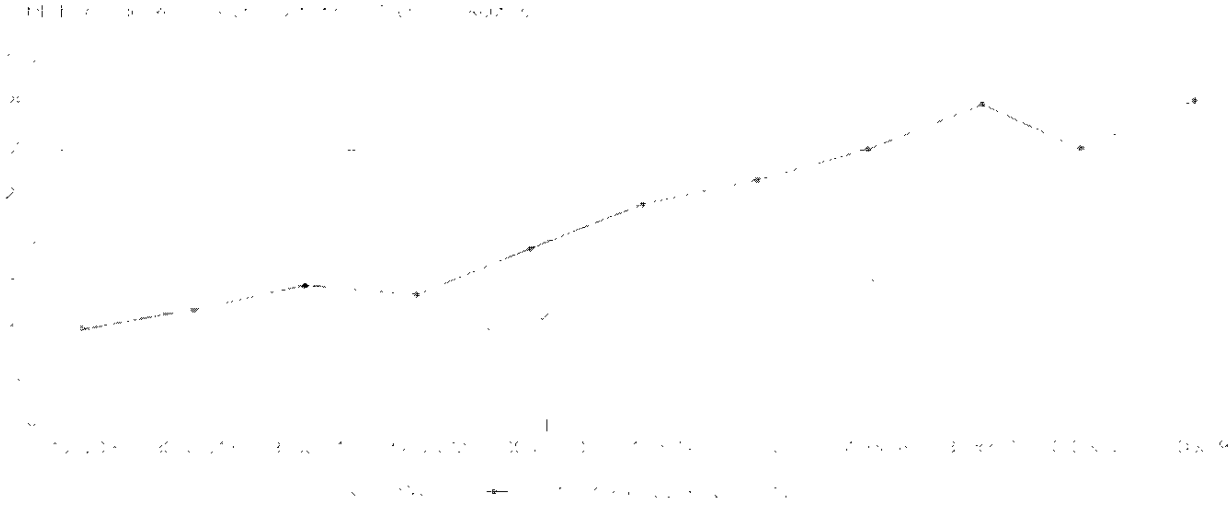
Andria Vidler	185,190	189,538	No	1,142,298[3]	1,331,836
Swagatam Mukerji	80,289	136,601[2]	No	1,538,638[3]	1,675,239
Simon Longfield (appointed 6 November 2019)	–	34,499	No	–	34,499
Colin Jones	–	120,000	N/A	–	120,000
Neil Johnson	100,000	100,000	N/A	–	100,000
William Eccleshare	–	–	N/A	–	–
Robert Boyle	117,037	117,037	N/A	–	117,037
Rebecca Miskin	14,800	14,800	N/A	–	14,800
Carol Hosey	–	–	N/A	–	–
Leslie-Ann Reed	–	–	N/A	–	–

[1] Or on date of cessation, if earlier
[2] On 9 October 2019 Swagatam Mukerji transferred 120,000 shares to his wife Rina Mukerji
[3] Includes LTIPs granted in 2017 which vested in 2019 (see above).

Performance graph

The graph below shows the TSR of Centaur Media plc compared to the performance of the FTSE SmallCap index (excluding investment trusts) over the last ten and a half years. This comparator has been chosen on the basis that it is the index against which performance for the purpose of share awards made under the LTIP is assessed. Owing to the change to the financial year end in 2014, there was no financial year ended 30 June 2014 and, instead, TSR performance for the 18 months ended 31 December 2014 is shown.

The graph shows the value of £100 invested in Centaur Media plc on 1 July 2009 compared with the value of £100 invested in the FTSE SmallCap index (excluding investment trusts) at each financial period end.



ANNUAL REPORT ON REMUNERATION

History of remuneration for the CEO

The table below sets out the CEO single figure of total remuneration over the past ten and a half years.

31 December 2019	Swagatam Mukerji (from 4 September 2019)	258,743[1]	70	N/A
31 December 2019	Andria Vidler (until 30 September 2019)	975,425[2]	63	50
31 December 2018	Andria Vidler	430,859	0	0
31 December 2017	Andria Vidler	558,526	37	0
31 December 2016	Andria Vidler	422,605	0	0
31 December 2015	Andria Vidler	416,607	2	N/A
31 December 2014	Andria Vidler	670,077	56	N/A
(18month period)	*(from 14 November 2013)*			
30 June 2013	Geoff Wilmot	514,920	0	0
30 June 2012	Geoff Wilmot	363,321[3]	7	0
30 June 2011	Geoff Wilmot	568,673	58	0
30 June 2010	Geoff Wilmot	450,180	45	0

[1] Based on salary and benefits for the period from 4 September 2019 to 31 December 2019 and a pro-rated portion of the 2019 IP relating to that period. Excludes the LTIP part of his remuneration on the basis that this related to his role as CFO.

[2] Based on total remuneration including salary, benefits, 2019 IP and LTIP remuneration (as set out on pages 54 to 56), but excluding £392,642 contractual notice payment as detailed on page 57.

[3] Excludes £384,704 termination and contractual notice payment as detailed in the 2013 Report and Accounts.

Change in the CEO's remuneration

The table below shows the movement in salary, benefits and annual bonus for Swagatam Mukerji (as CEO) between the current year and Andria Vidler (as the previous CEO) for the previous financial year compared to all employees of the Company.

Salary[1]	CEO	(14)%
	Employees	(7)%
Benefits[2]	CEO	(59)%
	Employees	(5)%
Annual bonus	CEO	Note[3]
	Employees	15%

[1] Swagatam Mukerji annual salary on appointment as CEO of £320,000 compared to Andria Vidler's 2018 annual salary of £373,278.

[2] Swagatam Mukerji benefits (health insurance, pension and other benefits) on appointment as CEO compared to Andria Vidler's 2018 benefits.

[3] No bonus was paid to the CEO for 2018. Details of bonuses paid to Swagatam Mukerji and Andria Vidler relating to 2019 under the 2019 IP are set out on page 55. On the basis that bonuses are linked directly to salary, the change in bonus potential between Andria Vidler and Swagatam Mukerji will also reduce by 14% as per note[1] relating to salary.

CEO pay ratio

The table below sets out the CEO pay ratios.

2019	Option C	49:1	34:1	21:1

Option C was selected given that this method of calculation was considered to be the most efficient and robust approach in respect of gathering the required data for 2019 and the salaried employee data is considered representative of the relevant quartiles.

	25th %tile	Median	75th %tile	25th %tile	Median	75th %tile
2019	£20,509	£27,674	£43,997	£20,509	£29,058	£46,618

Change in remuneration of the CEO

	2019	2018	% Change	2019	2018	% Change	2019	2018	% Change
CEO[1]	**£363,691**	£371,448	(2)%	**£47,105**	£57,384	(18)%	**£616,675**	£–	N/A
Salaried employees[2]	**£36,799**	£39,469	(7)%	**£1,541**	£1,625	(5)%	**£2,329**	£2,022	15%

[1] Calculated based on 9 month's salary, benefits and bonus for Andria Vidler up to the point of stepping down from the Board on 30 September 2019 and 3 month's salary, bonus and benefits for Swagatam Mukerji thereafter.

[2] Calculated based on all employees in the Group (including discontinued operations).

Relative importance of the spend on pay

The following table sets out the percentage change in distributions to shareholders and employee remuneration costs.

Employee remuneration costs	**£29.0m**	£31.5m	(6)%
Dividends paid and share repurchases	**£7.7m**	£4.7m	64%

Remuneration Committee

The Remuneration Committee is responsible for monitoring, reviewing and making recommendations to the Board at least annually on the broad policy for the remuneration of the Executive Directors, the Chairman, Company Secretary and management tier below the Board. It also determines their individual remuneration packages, including pension arrangements, bonuses and all incentive schemes and the determination of targets for any performance-related pay schemes operated by the Group. In addition, the Committee reviews pay and conditions across the workforce and takes this into account when considering executive remuneration. Minutes of Committee meetings are circulated to the Board once they have been approved by the Committee.

External advisors

The Remuneration Committee has access to independent advice where it considers it appropriate. During the year, the Committee sought advice relating to executive remuneration from FIT Remuneration Consultants ('FIT'), who were appointed by the Committee. The Committee is satisfied that the advice received from FIT in relation to executive remuneration matters during the year under review was objective and independent. FIT is a member of the Remuneration Consultants Group and abides by the Remuneration Consultants Group Code of Conduct. The fees charged by FIT for the year, based on time and materials, amounted to £16,820.

Statement of shareholder voting

The voting results for the Directors' Remuneration Policy (2019 AGM) and last year's Directors' Remuneration Report were as follows:

Approval of Directors' Remuneration Policy in 2019[1]	102,537,475 (87.8%)	14,247,400 (12.2%)	116,784,875	3,233
Approval of Directors' Remuneration Report in 2019	116,764,376 (99.98%)	20,500 (0.02%)	116,784,876	3,233

[1] Objections were raised by ISS to the 2019 IP, under which Andria Vidler and Swagatam Mukerji would be entitled to increased annual bonuses for one year only. While we respect the views of ISS, the Board feels that ISS has failed to recognise the unusual circumstances of the past year during which the Group embarked on a fundamental reshaping of its portfolio that is critical to the delivery of shareholder value.

Approval

The Board of Directors has approved this Remuneration Committee Report, including both the Directors' Remuneration Policy and the Annual Report on Remuneration.

Signed on behalf of the Board of Directors

Chair of the Remuneration Committee

17 March 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and IFRSs as adopted by the European Union have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Governance Report confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and result of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

By order of the Board

Company Secretary

17 March 2020

INDEPENDENT AUDITOR'S REPORT

Report on the audit of the financial statements

Opinion

In our opinion, Centaur Media plc's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2019 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company statements of financial position as at 31 December 2019; the Consolidated statement of comprehensive income, the Consolidated and Company cash flow statements, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

Other than those disclosed in note 3 to the financial statements, we have provided no non-audit services to the Group or the Company in the period from 1 January 2019 to 31 December 2019.

Our audit approach

Overview

- Overall Group materiality: £244,000 based on 0.5% of Revenue (2018: £245,000 based on 5% of Adjusted profit before tax).
- Overall Company materiality: £236,000 (2018: £222,000), based on 1% of Total Assets capped at a level below Group materiality.
- The two significant components of the Group were based in the UK and have both been audited by the UK audit team.
- Impairment of goodwill (Group)
- Accounting for disposals (Group)
- Impairment of investment in subsidiaries (Company)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

INDEPENDENT AUDITOR'S REPORT

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to GDPR, health and safety in relation to events and tax, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to increase the expenses allocated as adjusting items, posting inappropriate journal entries to increase revenue and management bias in accounting estimates. Audit procedures performed by the Group engagement team included:

- enquiries with management and the Group's internal legal teams, including consideration of known or suspected instances of fraud and non-compliance with laws and regulations;
- understanding and evaluating the design and implementation of management's controls designed to prevent and detect irregularities, including whistleblowing arrangements;
- inspecting management reports and Board minutes in relation to any regulatory matters; and
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, postings by unexpected users and key word searches.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including 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, and any comments we make on the results of our procedures thereon, 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. This is not a complete list of all risks identified by our audit.

Impairment of goodwill

Refer to pages 41 to 43 (Audit Committee Report), pages 88 to 89 (Key accounting assumptions, estimates and judgements) and pages 100 to 101 (Note 10).

IFRS requires that management perform an impairment test on goodwill annually. At 31 December 2019 the carrying value of goodwill is £52.2m (2018: £62.6m), with no impairment charge recognised in the year (2018: £13.1m).

Management aggregates operations into Cost Generating Units ('CGUs') which represent the level at which the cash flows (and goodwill) are monitored and therefore this is the level at which management performs its impairment assessment.

Determining if an impairment charge is required for goodwill involves significant judgement regarding the ongoing structure of the business, future results and cash flows of the business, including forecast growth in future revenues and EBITDA margins, as well as determining an appropriate discount factor and long-term growth rate ('LTGR'). Market conditions remain challenging and the remaining businesses have experienced varying levels of profitability.

Management used a Value in Use ('VIU') model, which included the factors and judgements referred to above, to compute the present value of forecast future cash flows for each CGU which were then compared to the carrying value of the net assets of each CGU (including goodwill, tangible and intangible assets) to determine if there was an impairment.

Due to these factors and the judgements involved, we consider this to be a key audit matter.

(Group)

We checked and confirmed that the allocation of CGUs was consistent with internal management monitoring and included: Marketing (Xeim) and Legal (The Lawyer).

We reviewed the judgements applied to future forecasts to ensure that these included appropriate consideration of historical variances and uncertain market conditions, and we also considered the appropriateness of sensitivity disclosures provided in the financial statements, given that an impairment could arise from reasonably possible changes to the model's key assumptions, particularly around EBITDA forecasts.

We evaluated the Board approved forecasts for each CGU and understood the process by which these were calculated. We also obtained evidence of the Board's approval of these forecasts to 2022.

As part of our assessment we considered:

- management's key assumptions used in the cash flow forecasts including the cost savings, revenue and EBITDA growth rates, and overhead levels by comparing them to Board approved budgets and historical results;
- forecast scenarios, including sensitivities surrounding potential cost savings to be achieved and contribution growth;
- the discount rate applied, by involving our valuations experts in assessing the cost of capital for the Group and comparable organisations; and
- LTGR applied, by involving our valuations experts in comparing management's rate to forecast long term GDP growth in the UK and industry growth reports.

We benchmarked the Group's discount rate (12.8% pre-tax) and LTGR (2.5%) against external market data and considered our own independent range of estimates. The long-term growth rate applied in management's model was considered optimistic based on our expectation of 2%. However, as a result management factored a reduction in their LTGR into their applied sensitivities which did not result in an impairment

After consultation with our valuations experts, we have determined that the discount rate applied by management is within our expected range.

In our view, the judgements made by management in preparing the impairment model are acceptable. We note, however, that while management's base case forecasts and sensitivities indicated no impairment, there are certain reasonable downside scenarios that would result in an impairment to both CGUs. We have therefore evaluated the disclosure of sensitivity analyses performed by management (as set out in Note 10) to ensure that these sensitivities are appropriately disclosed in the financial statements and present a balanced view of reasonably possible changes to assumptions in the VIU models.

We agree with management's assessment that goodwill is not impaired and that appropriate disclosures have been presented in the financial statements.

INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter
Accounting for disposals Refer to pages 41 to 43 (Audit Committee Report), page 88 to 89 (Key accounting assumptions, estimates and judgements) and page 98 (Note 8). The Group disposed of Financial (FIN), Travel and Meetings (T&M), Human Resources (HR) and Engineer (ENG). These disposals fall under the scope of IFRS 5 'Assets Held for Sale and Discontinued operations' and are disclosed in the year-end financial statements as discontinued operations. The Group recognised a profit on disposal of £7.8m during 2019 in connection with these disposals. Judgement is required to allocate the costs relating to the disposals, the split between continuing operations and discontinued operations and net asset value of the portfolios. During the year, a small entity, Venture Business Research (VBR), was also disposed which did not qualify as a discontinued operation under IFRS 5, with the resulting loss on disposal of £0.1m included within continuing operations. The Lawyer, despite being initially marketed for sale and receiving offers did not meet the Asset Held for Sale ('AHFS') criteria at 31 December 2019. We consider the accounting for disposals to be a key audit matter as the application of IFRS 5 is significant to our audit given the assessment of the classification is complex, the transaction and its accounting is non-routine, involves significant management judgement and specific disclosures are required in the financial statements. *(Group)*	Our audit procedures included the following: reviewed Sales and Purchase Agreements and recalculation of the gain on disposal workings prepared by management, with consideration agreed to cash receipts; tested the net assets of each business; tested the allocation of disposal costs including professional fees and transaction bonuses to ensure the profit/loss on disposal is correct; consideration of the allocation of financial statement balances between continued and discontinued operations to ensure it is appropriate; reviewed the related disclosures in the financial statements to ensure they comply with the requirements of IFRS 5; assessed management's judgement that The Lawyer did not meet the IFRS 5 criteria for assets held for sale at year-end and VBR did not meet the IFRS 5 criteria for discontinued operations. As a result of the above procedures, we: agreed with management's assessment that the disposals of FIN, T&M, HR and ENG met the criteria of discontinued operations. In addition, we agree that the Lawyer did not meet the assets held for sale criteria at year-end and VBR did not constitute discontinued operations; agreed with management's calculation and presentation of the profit on disposals of FIN, T&M, HR and ENG as part of discontinued operations and loss on disposal of VBR as part of continuing operations; agreed the way in which costs directly attributable to the disposals were allocated to the profit / loss on disposals; and considered the related disclosures in Note 8 and other sections of the financial statements with respect to the disposals to be sufficient and appropriate.

Impairment of investment in subsidiaries

Refer to pages 41 to 43 (Audit Committee Report), pages 88 to 89 (Key accounting assumptions, estimates and judgements) and pages 104 to 105 (Note 13).

IAS 36, Impairment of Assets, requires management to consider whether there are any indicators of impairment. The Company has investments in subsidiaries, with a total carrying amount of £90.1m at 31 December 2019 (2018: £125.8m). An impairment charge of £35.7m has been recognised in the year (2018: £13.1m).

Determining if an impairment charge is required for investments in subsidiaries involves significant judgement regarding the ongoing structure of the business, future results and cash flows of the business, including forecast growth in future revenues and EBITDA margins, as well as determining an appropriate discount factor and long-term growth rate ('LTGR'). Market conditions remain challenging and different parts of the businesses have experienced varying levels of profitability.

Management used a VIU model to compute the present value of forecast future cash flows of the Group's operations which was then compared to the carrying value of the underlying investment. An impairment charge of £35.7m has been recognised as the VIU model used to compute the present value of forecast future cash flows of the Group did not support the carrying value of investments.

We consider this to be a key audit matter given the size of the balance and the significant judgements and estimates involved to determine whether the carrying value of the investment is appropriate.

(Company)

We considered management's assessment of indicators of impairment and whether the actual impairment recognised in 2019 is appropriate. Factors considered in our assessment were the results of the VIU model used for the impairment test over goodwill (referred to above) and market capitalisation of the Group compared to the investment carrying value.

We reviewed the judgements applied to future forecasts to ensure that these included appropriate consideration of historical variances and uncertain market conditions, and we also considered the appropriateness of disclosures provided in the financial statements to explain the amount impaired.

We evaluated the Board approved cash flow forecasts for the Group and understood the process by which these were prepared. We obtained evidence of the Board's approval of these forecasts to 2022.

As part of our assessment, we considered:

- management's key assumptions used in the cash flow forecasts including the cost savings, revenue and EBITDA growth rates and overhead levels, by comparing them to Board approved budgets and historical results;
- forecast scenarios, including sensitivities surrounding potential cost savings to be achieved and EBITDA growth;
- the discount rate applied, by involving our valuations experts in assessing the cost of capital for the Group and comparable organisations; and
- LTGR applied, by involving our valuations experts in comparing management's rate to forecast long term GDP growth in the UK and industry reports.

We benchmarked the Group's discount rate (12.8% pre-tax) and LTGR (2.5%) against external market data and considered our own independent range of estimates. The LTGR applied in management's model was considered optimistic based on our expectation of 2%. However, as a result management factored a reduction in their long-term growth rate into their applied sensitivities. After consultation with our valuations, we have determined that the discount rate applied by management is within our expected range.

There are a range of possible impairment outcomes when management's forecasts are sensitised. However, we consider the impairment recognised by management and the related judgements to be acceptable and in the range identified. We also note that there are certain reasonable scenarios that would result in an increased impairment charge and we have therefore evaluated the disclosure of the sensitivity analyses performed by management (as set out in Note 13) to ensure that these sensitivities are appropriately disclosed and present a reflection of reasonably possible changes to assumptions in the VIU model.

We agree with management's assessment resulting in an impairment charge of £35.7m and that the disclosures in the financial statements as set out in Note 13 surrounding the impairment are appropriate.

INDEPENDENT AUDITOR'S REPORT

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group maintains all of its books and records of its operations in the London head office with the exception of the MarketMakers Incorporated Limited entity ('MarketMakers'), which was acquired in 2017, which is managed from its Portsmouth office.

MarketMakers, alongside the rest of Centaur Group, have been identified as two in-scope components. Both required full scope audits as they are financially significant.

The Group audit team performed audit procedures over both components.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

Overall materiality	£244,000 (2018: £245,000).	£236,000 (2018: £222,000).
How we determined it	0.5% of Revenue (2018: 5% of Adjusted profit before tax)	1% of Total Assets and capped at a level below Group materiality
Rationale for benchmark applied	We believe that revenue is a key benchmark for the Group for 2019 given the current environment of change for the Group, and we have therefore changed our benchmark from 2018.	The principal activity of the Company is that of a holding entity, and this benchmark is an acceptable and normal materiality basis to adopt.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across the two in-scope components was between £106,000 and £236,000. One component was audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £12,200 (Group audit) (2018: £12,250) and £11,800 (Company audit) (2018: £12,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group's trade, customers, suppliers and the wider economy.
We are required to report if the Directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report, Directors' Report and Corporate Governance Statement, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

Corporate Governance Statement

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on pages 37 to 40) about internal controls and risk management systems in relation to financial reporting processes and about share capital structures in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA ("DTR") is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in this information. (CA06)

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on pages 37 to 40) with respect to the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. (CA06)

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Company. (CA06)

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 22 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on page 26 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. (*Listing Rules*)

INDEPENDENT AUDITOR'S REPORT

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the Directors, on page 62, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.

  The section of the Annual Report on pages 41 to 43 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

- The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (*CA06*)

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the Directors to audit the financial statements for the year ended 30 June 2004 and subsequent financial periods. The period of total uninterrupted engagement is 16 years, covering the years ended 30 June 2004 to 31 December 2019. A competitive tender process for the audit was undertaken for the year ended 31 December 2017 during 2016.

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

17 March 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Restated[2] Adjusted Results[1] 2018 £m	Restated[2] Adjusting Items[1] 2018 £m	Restated[2] Statutory Results 2018 £m
	2	50.3	–	50.3
Other operating income	2	0.8	–	0.8
Net operating expenses	3	(53.3)	(18.1)	(71.4)
		(2.2)	(18.1)	(20.3)
Finance costs	6	(0.2)	–	(0.2)
		(2.4)	(18.1)	(20.5)
Taxation	7	0.4	0.7	1.1
	9	(2.0)	(17.4)	(19.4)
Profit / (loss) for the year from discontinued operations after tax	8,14	6.0	(0.8)	5.2
		4.0	(18.2)	(14.2)
		4.0	(18.2)	(14.2)
	9			
Basic from continuing operations		(1.4p)	(12.1p)	(13.5p)
Basic from discontinuing operations		4.2p	(0.6p)	3.6p
		2.8p	(12.7p)	(9.9p)
Fully diluted from continuing operations		(1.4p)	(12.1p)	(13.5p)
Fully diluted from discontinued operations		4.0p	(0.4p)	3.6p
		2.6p	(12.5p)	(9.9p)

[1]Adjusted results exclude adjusting items, as detailed in note 1 (b)

[2]See note 1 (a) for description of prior year restatement

The notes on pages 79 to 121 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to owners of the Company

	Note	Share capital £m	Own shares £m	Share premium £m	Reserve for shares to be issued £m	Deferred shares £m	Foreign currency reserve £m	Retained earnings £m	Total Equity £m
		15.1	(6.5)	1.1	1.1	0.1	–	74.0	84.9
Loss for the year and total comprehensive loss		–	–	–	–	–	–	(14.2)	(14.2)
Dividends	26	–	–	–	–	–	–	(4.3)	(4.3)
Acquisition of treasury shares	24	–	(0.4)	–	–	–	–	–	(0.4)
Fair value of employee services	25	–	–	–	0.7	–	–	–	0.7
		15.1	(6.9)	1.1	1.8	0.1	–	55.5	66.7
Profit for the year and total comprehensive income									
Dividends	26								
Acquisition of treasury shares	24								
Exercise of share awards	25								
Fair value of employee services	25								
Foreign currency on translation									

The notes on pages 79 to 121 are an integral part of these consolidated financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

Attributable to owners of the Company

	Note	Share capital £m	Own shares £m	Share premium £m	Reserve for shares to be issued £m	Deferred shares £m	Retained earnings £m	Total equity £m
At 1 January 2018								
Loss for the year and total comprehensive loss		–	–	–	–	–	(13.7)	
Dividends	26	–	–	–	–	–	(4.3)	
Fair value of employee services	25	–	–	–	0.7	–	–	
Loss for the year and total comprehensive loss		–	–	–	–	–	(40.2)	(40.2)
Dividends	26	–	–	–	–	–	(7.1)	(7.1)
Exercise of share awards	25	–	–	–	(0.1)	–	(0.1)	(0.2)
Fair value of employee services	25	–	–	–	0.1	–	-	0.1

The notes on pages 79 to 121 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Registered number 04948078

	Note	Restated[2] 31 December 2018 £m
Goodwill	10	62.6
Other intangible assets	11	15.5
Property, plant and equipment	12	1.3
Deferred tax assets	15	0.8
		80.2
Inventories	16	1.4
Trade and other receivables	17	13.7
Cash and cash equivalents	18	0.1
Current tax assets	22	0.2
		15.4
		95.6
Trade and other payables	19	(13.2)
Lease liabilities	20	–
Deferred income	21	(15.0)
Provisions	23	(0.1)
		(28.3)
		(12.9)
Lease liabilities	20	–
Provisions	23	(0.1)
Deferred tax liabilities	15	(0.5)
		(0.6)
		66.7
Share capital	24	15.1
Own shares		(6.9)
Share premium		1.1
Other reserves		1.9
Foreign currency reserve		–
Retained earnings		55.5
		66.7

[2]See note 1 (a) for description of prior year restatement

The financial statements on pages 72 to 121 were approved by the Board of Directors on 17 March 2020 and were signed on its behalf by:

Simon Longfield
Chief Financial Officer

COMPANY STATEMENT OF FINANCIAL POSITION

Registered number 04948078

	Note	31 December 2018 £m
Investments	13	125.8
Deferred tax assets		0.1
		125.9
Trade and other receivables	17	3.1
Cash and cash equivalents	18	–
		3.1
		129.0
Trade and other payables	19	(53.8)
		(50.7)
		75.2
Share capital	24	15.1
Own shares		(6.3)
Share premium		1.1
Other reserves		1.9
Retained earnings		63.4
		75.2

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The movement in retained earnings includes the Company's loss for the year of £40.2m (2018: £13.7m) and dividends of £7.1m (2018: £4.3m).

The financial statements on pages 72 to 121 were approved by the Board of Directors on 17 March 2020 and were signed on its behalf by:

Simon Longfield
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 31 December 2018 £m
Cash generated from operations	27	6.8
Tax refund / (paid)		(1.2)
		5.6
Cash consideration received on disposal of subsidiaries less cash and cash equivalents disposed of	14	0.3
Directly attributable costs of disposal of subsidiaries	14	–
Purchase of property, plant and equipment	12	(0.5)
Purchase of intangible assets	11	(2.3)
Acquisition of subsidiary	23	(1.8)
		(4.3)
Payment for shares bought back	24	(0.4)
Loan arrangement fees	6	(0.2)
Interest paid	6	(0.4)
Repayment of obligations under lease arrangements	20	–
Dividends paid to Company's shareholders	26	(4.3)
Proceeds from borrowings	28	4.5
Repayment of borrowings	28	(4.5)
		(5.3)
		(4.0)
Cash and cash equivalents at beginning of the year		4.1
	18	0.1

The notes on pages 79 to 121 are an integral part of these consolidated financial statements.

COMPANY CASH FLOW STATEMENT

	Note	Year ended 31 December 2018 £m
Cash generated from operating activities	27	4.7
Net cash flows used in investing activities		–
Interest paid	6	(0.4)
Dividends paid to Company's shareholders	26	(4.3)
Proceeds from borrowings	28	4.5
Repayment of borrowings	28	(4.5)
Net cash flows used in financing activities		(4.7)
		–
Cash and cash equivalents at beginning of the year		–
	18	–

The notes on pages 79 to 121 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated and Company financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the Group consisting of Centaur Media Plc and its subsidiaries, and the Company, Centaur Media Plc. Centaur Media Plc is a public company limited by shares and incorporated in England and Wales.

(a) Basis of preparation

The consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and IFRS Interpretations Committee ('IFRS IC') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the historical cost basis.

Going concern

The financial statements have been prepared on a going concern basis. The Directors have carefully assessed the Group's ability to continue trading and have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements and for the foreseeable future.

Net cash (see reconciliation in note 27) at 31 December 2019 amounted to £9.3m (2018: £0.1m). In November 2018, the Group renewed its £25m multi-currency revolving credit facility with the Royal Bank of Scotland and Lloyds, which runs to November 2021 with the option to extend for 2 periods of 1 year each. None of this was drawn-down at 31 December 2019. Our reported cash conversion rate for the year was 100% (2018: 85%).

The Group has net current liabilities at 31 December 2019 amounting to £3.1m (2018: £12.9m). In the prior year these primarily arose from its normal high levels of deferred income relating to events in the future rather than an inability to service its liabilities, as deferred income will not result in a cash outflow. In the current year net liabilities is at a lower level due to the disposal of businesses with high levels of deferred income during the year. An assessment of cash flows for the next three financial years, which has taken into account the factors described above, has indicated an expected level of cash generation which would be sufficient to allow the Group to fully satisfy its working capital requirements and the guarantee given in respect of its UK subsidiaries, to cover all principal areas of expenditure, including maintenance, capital expenditure and taxation during this year, and to meet the financial covenants under the revolving credit facility. The Company has net current liabilities at 31 December 2019 amounting to £62.4m (2018: £50.7m). These almost entirely arise from unsecured payables to subsidiaries which have no fixed date of repayment.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management's best knowledge of the amount, events or actions, the actual results may ultimately differ from those estimates.

Having assessed the principal risks and the other matters discussed in connection with the viability statement on page 26, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing its consolidated financial statements.

New and amended standards adopted by the Group

The following new standards that are mandatory for the first time for the financial year commencing 1 January 2019 have been adopted by the Group:

IFRS 16 'Leases'

IFRS 16 sets out the requirements for lessee and lessor lease accounting. The new standard replaces IAS 17, and eliminates the classification of leases as either operating leases or finance leases as required by IAS 17 and instead introduces a single accounting model for leases which requires lessees to recognise assets and liabilities for most leases.

Impact

The Group has performed an impact assessment on its existing and any expected upcoming lease arrangements. On adoption the Group has taken advantage of the 'short term lease' (lease term 12 months or under) and 'low value items' (those deemed to be immaterial) exemptions. The Group has also applied the practical expedient on transition where only contracts that were previously identified as leases applying IAS 17 are assessed for the purposes of IFRS 16, however the Group does not believe that any contracts other than those falling in scope after the practical expedient is applied would be deemed to contain a lease arrangement under IFRS 16.

The Group has elected to apply the modified retrospective transition approach where comparative periods are not restated, but the cumulative impact of applying IFRS 16 is reflected as an adjustment to the opening balance sheet at 31 December 2019. Arrangements already constituting finance leases under IAS 17are not impacted by the transition to IFRS 16. At adoption on 1 January 2019 there were three existing lease arrangements captured by IFRS 16 that were previously accounted for as operating leases under IAS 17. During the year, one contract commenced that constitutes a lease arrangement under IFRS 16.

NOTES TO THE FINANCIAL STATEMENTS

1 Summary of significant accounting policies continued

Each lease arrangement has been accounted for over its lease term as outlined in the contract. Where options to extend or terminate exist in these contracts, the recognition of the lease liabilities and ROU assets represent the Directors understanding of likely future cash flows under these contracts. The assets and liabilities will continue to be reviewed and will be revalued where a change in the future cash flows is indicated.

Right-of-use assets with a value of £5.5m were recognised (£2.3m for existing leases transitioning on adoption of IFRS 16 and £3.2m for a new lease commencing on 1 October 2019). Lease liabilities with a value of £6.5m were recognised (£3.3m for existing leases transitioning on adoption of IFRS 16 and £3.2m for a new lease commencing on 1 October 2019). The value of the IFRS 16 impact to the P&L is immaterial, however the expenses are now classified as depreciation expense on the right-of-use asset and interest expense on the lease liability. Please see note 20 for details of these assets, liabilities and expenses. There is no impact to cash flow. All leases discussed here are property leases.

Disclosures

Disclosures have been made in line with IFRS 16 requirements. The accounting policy for leases is set out in note 1(i) and the use of the incremental borrowing rate as an accounting estimate in calculating the present value of leases is set out in note 1(t)(vii). Further disclosures on right-of-use assets and lease liabilities can be found in notes 12 and 20.

Other

No other new standards or amendments to standards (including the Annual Improvements (2015) to existing standards) that are mandatory for the first time for the financial year commencing 1 January 2019 affected any of the amounts recognised in the current year or any prior year and is not likely to affect future periods.

New standards and interpretations not yet adopted

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Prior year restatements

i) Discontinued operations

Where the requirements of IFRS 5 have been met, the operational results of subsidiaries disposed of have been presented in discontinued operations in the current period and restated to discontinued in the comparative period. See notes 8 and 14 for more details.

ii) Correction of prior period accounting errors

Where indicated, restatements have been made to prior year comparatives for trade receivables and other payables (presented in trade and other receivables and trade and other payables on the face of the consolidated statement of financial position). The restatement is in respect of credit balances which were reported in trade receivables in 2018, with the result of lowering the balances of both trade receivables and other payables by £0.8m. This was identified after the authorisation of the 2018 Annual Report, and therefore the balances are being retrospectively reclassified. This restatement has impacted the balances on the consolidated statement of financial position and notes 18, 20 and 28. This restatement has no impact to periods prior to 2018.

Comparative numbers

Certain prior year comparatives have been updated to reflect current year disclosures.

(b) Presentation of non-statutory measures

In addition to statutory measures, the Directors use various non-GAAP key financial measures to evaluate the Group's performance and consider that presentation of these measures provides shareholders with an additional understanding of the core trading performance of the Group. The measures used are explained and reconciled to their equivalent statutory headings below.

Adjusted operating profit and adjusted earnings per share

The Directors believe that adjusted results and adjusted earnings per share, split between continuing and discontinued operations, provide additional useful information on the core operational performance of the Group to shareholders, and review the results of the Group on an adjusted basis internally. The term 'adjusted' is not a defined term under IFRS and may not therefore be comparable with similarly titled profit measurements reported by other companies. It is not intended to be a substitute for, or superior to, IFRS measurements of profit.

Adjustments are made in respect of:

Exceptional items – the Group considers items of income and expense as exceptional and excludes them from the adjusted results where the nature of the item, or its magnitude, is material and likely to be non-recurring in nature so as to assist the user of the financial statements to better understand the results of the core operations of the Group. Details of exceptional items are shown in note 4.

Amortisation of acquired intangible assets – the amortisation charge for those intangible assets recognised on business combinations is excluded from the adjusted results of the Group since they are non-cash charges arising from investment activities. As such, they are not considered reflective of the core trading performance of the Group. Details of amortisation of intangible assets are shown in note 11.

Share-based payments – share-based payment expenses or credits are excluded from the adjusted results of the Group as the

Directors believe that the volatility of these charges can distort the user's view of the core trading performance of the Group. Details of share-based payments are shown in note 25.

Impairment of goodwill – the Directors believe that non-cash impairment charges in relation to goodwill are generally volatile and material, and therefore exclude any such charges from the adjusted results of the Group. Previous impairment charges were presented as exceptional items. Details of the goodwill impairment analysis are shown in note 10.

- Profit or loss on disposal of assets or subsidiaries – profit or loss on disposals of businesses are excluded from adjusted results of the Group as they are unrelated to core trading and can distort a user's understanding of the performance of the Group due to their infrequent and volatile nature. See note 4.
- Other separately reported items – certain other items are excluded from adjusted results where they are considered large or unusual enough to distort the comparability of core trading results year on year. Details of these separately disclosed items are shown in note 4.

The tax related to adjusting items is the tax effect of the items above that are allowable deductions for tax purposes (primarily exceptional items), calculated using the standard rate of corporation tax. See note 7 for a reconciliation between reported and adjusted tax charges.

Further details of adjusting items are included in note 4. A reconciliation between adjusted and statutory earnings per share measures is shown in note 9.

Loss before tax reconciles to adjusted operating loss as follows:

	Note	Restated[2] 2018 £m
[illegible]		(20.5)
[illegible]		
Exceptional operating costs	4	2.0
Impairment of goodwill	10	12.8
Amortisation of acquired intangible assets	11	2.5
Share-based payment expense	25	0.8
Loss on disposal of subsidiary (Venture Business Research Limited)	14	-
[illegible]		(2.4)
Finance costs	6	0.2
[illegible]		(2.2)
[illegible]		(0.8)
[illegible]	7	(0.7)

[2]See note 1 (a) for description of prior year restatement

Adjusted operating cash flow

Adjusted operating cash flow is not a measure defined by IFRS. It is defined as cash flow from operations excluding the impact of adjusting items, which are defined above, and including capital expenditure. The Directors use this measure to assess the performance of the Group as it excludes volatile items not related to the core trading of the Group and includes the Group's management of capital expenditure. Statutory cash flow from operations reconciles to adjusted operating cash as below:

	Note	2018 £m
Reported cash flow from operating activities	27	6.8
Adjusting items from operations		2.5
Working capital impact of adjusting items from operations		(1.7)
[illegible]		7.6
Capital expenditure		(2.8)
[illegible]		4.8

NOTES TO THE FINANCIAL STATEMENTS

1 Summary of significant accounting policies continued

Underlying revenue growth

The Directors review underlying revenue growth in order to allow a like for like comparison of revenues between years. Underlying revenues therefore exclude the impact of event timing differences, revenue contribution arising from acquired or disposed businesses and other revenue streams that are not expected to be ongoing in future years.

Statutory revenue growth reconciles to underlying revenue growth as follows:

Reported revenue 2018	42.6	7.7	50.3
Disposed business – Venture Business Research ('VBR')	–	(0.3)	(0.3)
Closed event – Marketing Week Live	(1.5)	–	(1.5)
Reported revenue 2019	40.7	8.2	48.9
Disposed business – Venture Business Research ('VBR')	–	(0.1)	(0.1)
Closed event – Marketing Week Live	(1.1)	–	(1.1)

Adjusted EBITDA

Adjusted EBITDA is not a measure defined by IFRS. It is defined as adjusted operating profit before depreciation and impairment of tangible assets and amortisation and impairment of intangible assets other than those acquired through a business combination. It is used by the Directors as a measure to review performance of the Group and forms the basis of some of the Group's financial covenants under its revolving credit facility. Adjusted EBITDA is calculated as follows:

	Note	Restated[2] 2018 £m
Adjusted operating loss (as above)		(2.2)
Depreciation of property, plant and equipment	12	0.9
Impairment of property, plant and equipment	12	–
Amortisation of computer software	11	2.7
Impairment of computer software	11	–
Adjusted EBITDA		1.4

[2]See note 1 (a) for description of prior year restatement

Net cash/(debt)

Net cash/(debt) is not a measure defined by IFRS. Net cash/(debt) is calculated as cash less overdrafts and bank borrowings under the Group's financing arrangements. The Directors consider the measure useful as it gives greater clarity over the Group's liquidity as a whole. A reconciliation between net debt and statutory measures is shown in note 27.

(c) Principles of consolidation

The consolidated financial statements incorporate the financial statements of Centaur Media Plc and all of its subsidiaries after elimination of intercompany transactions and balances.

(i) Subsidiaries

Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date that the Group ceases to control them. In the statement of comprehensive income, the results of subsidiaries for which control has ceased are presented separately as discontinued operations in the year in which they have been disposed of and in the comparative year.

On the disposal of a subsidiary, assets and liabilities of that subsidiary are de-recognised from the consolidated statement of financial position, earnings up to the date of loss of control are retained in the Group, and a profit/(loss) on disposal is recognised measured as consideration received less the fair value of assets and liabilities disposed of.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. The accounting policies of subsidiaries are consistent with the policies adopted by the Group.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Pounds Sterling, which is the Group and Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Group Companies

The results and financial position of the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings are recognised in other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Revenue recognition

Revenue is recognised in accordance with IFRS 15. Revenue is measured at the transaction price, which is the amount of consideration to which Centaur expects to be entitled in exchange for transferring promised goods or services to the customer. Judgement may arise in timing and allocation of transaction price when there are multiple performance obligations in one contract, however an annual impact assessment is performed which has confirmed that the impact is immaterial in both the current year and comparative year. Revenue arises from the sales of premium content, marketing services, training and advisory, events, marketing and advertising solutions, and telemarketing services in the normal course of business, net of discounts and value added tax. Goods and services exchanged as part of a barter transaction are recognised in revenue at the fair value of the goods and services provided. Returns, refunds and other similar allowances, which have historically been low in volume and immaterial in magnitude, are accounted for as a reduction in revenue as they arise.

Where revenue is deferred it is held as a balance in deferred income on the consolidated statement of financial position. At any given statement of financial position date, this deferred income is current in nature and is expected to wholly be recognised in revenue in the following financial year, with the exception of returns and credit notes, which have historically been low in volume and immaterial in magnitude. Additionally, in the current year, deferred income held in a subsidiary at the point of its disposal will not have been recognised in revenue for the Group for the year.

The Group recognises revenue earned from contracts as individual performance obligations are met, on a stand-alone selling price basis. This is when value and control of the product or service has transferred, being when the product is delivered to the customer or the period in which the services are rendered as set out in more detail below.

Premium Content

Revenue from subscriptions is deferred and recognised on a straight-line basis over the subscription period reflecting the continuous provision of paid content services over this time. Revenue from individual publication sales is recognised at the point at which the publication is delivered to the customer. In general the Group bills customers for premium content at the start of the contract.

Marketing Services

Revenue from campaign work and consultancy contracts is recognised when the Group has obtained the right to consideration in exchange for its performance, which is when a separately identifiable phase (milestone) of a contract has been completed and the value and benefit of the services rendered have been transferred to the customer. In general the Group bills customers for marketing services up front on a milestone basis.

NOTES TO THE FINANCIAL STATEMENTS

1 Summary of significant accounting policies *continued*

Training and Advisory

Revenue from training and advisory is deferred and recognised over the period of the training or when a separately identifiable milestone of a contract has been delivered to the customer. In general the Group bills customers for training and advisory up front on a milestone basis.

Events

Consideration received in advance for events is deferred and revenue is recognised at the point in time at which the event takes place. In general, the Group bills customers for events before the event date.

Marketing and Advertising Solutions

Marketing Solutions revenue from display and bespoke campaigns is recognised over the period that the service is provided. Sales of online advertising space are recognised over the period during which the advertisements are placed. Sales of advertising space in publications are recognised at the point at which the publication occurs. In general the Group bills customers for marketing and advertising solutions on delivery.

Telemarketing Services

Revenue from telemarketing services is deferred and recognised over the period that the service is delivered generally according to the number of hours expended as a proportion of the total hours contracted. In general the Group bills customers for telemarketing services in advance.

(f) Other operating income

Other operating income includes revenue from all other operating activities which are not related to the principal activities of the Group.

Included in other operating income is rental income and transitional services agreement income.

Rental income is for the sub-lease of properties under lease, which is recognised on a straight-line basis over the lease term using the exemption available for short-term leases under IFRS 16, see note 1(i).

Transitional services agreement income relates to services provided to the buyers of the Group companies disposed of during the year, which is recognised at the point in time at which the service is delivered. The costs associated with this income are included within net operating expenses on the consolidated statement of comprehensive income.

(g) Investments

In the Company's financial statements, investments in subsidiaries are stated at cost less provision for impairment in value.

Investments are reviewed for impairment whenever events indicate that the carrying value may not be recoverable. An impairment loss is recognised to the extent that the carrying value exceeds the higher of the investments fair value less cost of disposal and its value-in-use. An asset's value-in-use is calculated by discounting an estimate of future cash flows by the pre-tax weighted average cost of capital. Any impairment is recognised in the statement of comprehensive income. If there has been a change in the estimates used to determine the investment's recoverable amount, impairment losses that have been recognised in prior periods may be reversed. This reversal is recognised in the statement of comprehensive income.

(h) Income tax

The tax expense represents the sum of current and deferred tax.

Current tax is based on the taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further includes items that are never taxable or deductible. The Group and Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is provided in full, using the liability method, on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. 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 to utilise those temporary differences and losses. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the enacted or substantively enacted tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is recognised in other comprehensive income.

(i) Leases

Lessee accounting

Under IFRS 16, leases are accounted for on a 'right-of-use model' reflecting that, at the commencement date, the Group as a lessee has a financial obligation to make lease payments to the lessor for its right to use the underlying asset during the lease term. The financial obligation is recognised as a lease liability, and the right to use the underlying asset is recognised as a right-of-use ('ROU') asset. The ROU assets are recognised within property, plant and equipment on the face of the consolidated statement of financial position, and are presented separately in note 12.

The lease liability is initially measured at the present value of the lease payments using the rate implicit in the lease or, where that cannot be readily determined, the incremental borrowing rate (see note 1(t)(vii)). Subsequently the lease liability is measured at amortised cost, with interest increasing the carrying amount and lease payments reducing the carrying amount. The carrying amount is remeasured to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

The ROU asset is initially measured at cost which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- an estimate of costs to be incurred at the end of the lease term.

Subsequently the ROU asset is measured at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost on a straight line-basis over the lease term.

Using the exemption available under IFRS 16 the Group elects not to apply the requirements above to:

- Short-term leases; and
- Leases for which the underlying asset is of a low value.

In these cases, the Group recognises the lease payments as an expense on a straight-line basis over the lease term, or another systematic basis if that basis is more representative of the agreement.

Lessor accounting

The Group had contracts for the sub-lease of areas of its Wells Street property lease. These arrangements were exempt from the requirements of IFRS 16 under the short-term lease exemption as they all had a lease term of under twelve months from the date of transition. As such, the income derived from these sub-leasing arrangements is recognised on a straight-line basis and is presented in the consolidated statement of comprehensive income in 'other operating income'. All arrangements in which the Group acted as a lessor ceased during the year.

(j) Impairment of assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events indicate that the carrying value may not be recoverable. An impairment loss is recognised to the extent that the carrying value exceeds the higher of the asset's fair value less cost of disposal and its value-in-use. An asset's value in use is calculated by discounting an estimate of future cash flows by the pre-tax weighted average cost of capital.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Work in progress comprises costs incurred relating to publications and exhibitions prior to the publication date or the date of the event. Cost is measured as all costs of purchase and other costs incurred in bring the inventories to their present location and condition.

(l) Property, plant and equipment

See note 1(i) for right-of-use assets. All other property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. The historical cost of property, plant and equipment is the purchase cost together with any incidental direct costs of acquisition. Depreciation is calculated to write off the cost, less estimated residual value, of assets, on a straight line-basis over the expected useful economic lives to the Group over the following periods:

Leasehold improvements	– 10 years or the expected length of the lease if shorter
Fixtures and fittings	– 5 to 10 years
Computer equipment	– 3 to 5 years
Right-of-use assets	– over the lease term

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting year, with the effect of any changes in estimate accounted for on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS

1 Summary of significant accounting policies continued

(m) Intangible assets

(i) Goodwill

Where the cost of a business acquisition exceeds the fair values attributable to the separable net assets acquired, the resulting goodwill is capitalised and allocated to the cash-generating unit ('CGU') or groups of CGUs that are expected to benefit from the synergies of the business combination. Goodwill has an indefinite useful life and is tested for impairment annually on a Group level or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Each segment is deemed to be a CGU. Goodwill and acquired intangible assets are assessed for impairment in accordance with IAS 36. In assessing whether a write-down of goodwill and acquired intangible assets is required, the carrying value of the segment is compared with its recoverable amount. Recoverable amount is measured as the higher of fair value less cost of disposal and value-in-use. Any impairment is recognised in the statement of comprehensive income (in net operating expenses) and is classified as an adjusting item. Impairment of goodwill is not subsequently reversed.

On the disposal of a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(ii) Brands and publishing rights, customer relationships and non-compete arrangements

Separately acquired brands and publishing rights are shown at historical cost. Brands and publishing rights, customer relationships and non-compete arrangements acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(iii) Software

Computer software that is not integral to the operation of the related hardware is carried at cost less accumulated amortisation. Costs associated with the development of identifiable and unique software products controlled by the Group that will generate probable future economic benefits in excess of costs are recognised as intangible assets when the criteria of IAS 38 'Intangible Assets' are met. They are carried at cost less accumulated amortisation and impairment losses.

(iv) Amortisation methods and periods

Amortisation is calculated to write off the cost or fair value of intangible assets on a straight-line basis over the expected useful economic lives to the Group over the following periods:

Computer software	– 3 to 5 years
Brands and publishing rights	– 5 to 20 years
Customer relationships	– 3 to 10 years or over the term of any specified contract
Separately acquired websites and content	– 3 to 5 years
Non-compete arrangements	– Over the term of the arrangement

(n) Employee benefits

(i) Post-employment obligations

The Group and Company contribute to a defined contribution pension scheme for the benefit of employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions to defined contribution schemes are charged to the statement of comprehensive income in net operating expenses when employer contributions become payable.

(ii) Share-based payments

The Group operates a number of equity-settled share-based compensation plans for its employees. The fair value of the share-based compensation expense is estimated using either a Monte Carlo or Black-Scholes option pricing model and is recognised in the statement of comprehensive income over the vesting period with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the awards granted:

- Including any market performance conditions;
- Excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets, cash flow performance and remaining an employee of the entity over a specified time period); and
- Including the impact of any non-vesting conditions (for example, the requirement for employees to save).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting year, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity. The Company issues new shares or transfers shares from treasury shares to settle share-based compensation awards.

The award by the Company of share-based compensation awards over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution, only if it is left unsettled. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the obligation can be reliably estimated.

Provisions for deferred contingent consideration are measured at fair value. Where the deferred consideration is contingent on the continued employment of the vendors, such arrangements are recognised in the consolidated statement of comprehensive income on a straight line basis over the period of the arrangement.

(p) Equity

Share capital and share premium

Ordinary and deferred shares are classified as equity. The excess of consideration received in respect of shares issued over the nominal value of those shares is recognised in the share premium account. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity instruments, for example as the result of a share buyback or share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

Shares held by the Centaur Employees' Benefit Trust are disclosed as treasury shares and deducted from contributed equity. The Company also holds a non-distributable reserve representing the fair value of unvested share-based compensations plans.

Own shares

Own shares consist of treasury shares and shares held within an employee benefit trust. The Company has an employee benefit trust for the granting of shares to applicable employees.

Own shares are recognised at cost as a deduction from equity shareholders' funds. Subsequent consideration received for the sale of such shares is also recognised in equity, with any difference between the sale proceeds and the original cost being taken to retained earnings. No gain or loss is recognised in the financial statements on transactions in treasury shares.

(q) Dividends

Dividends are recognised in the year in which they are paid or, in respect of the Company's final dividend for the year, approved by the shareholders in the Annual General Meeting.

(r) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Executive Committee has been identified as the chief operating decision-maker, responsible for allocating resources and assessing performance of the operating segments. In light of the disposals of subsidiaries, the reportable segments of the Group have changed since the year ended 31 December 2018. In the year then ended (and in previous years) the three reportable segments of the Group, each of which were allocated a proportion of corporate income and costs, were:

- Marketing (renamed to Xeim);
- Financial Services (disposed 31 March 2019); and
- Professional, which comprised the following portfolios:
  - Legal, which consisted of The Lawyer and Venture Business Research ('VBR') (VBR was disposed on 13 May 2019);
  - Human Resources (disposed 30 April 2019);
  - Travel & Meetings (disposed 30 April 2019); and
  - Engineering (disposed 31 May 2019).

Consequently, the core operations are now organised around the two continuing reportable market-facing segments Xeim and The Lawyer (the remaining component of the previous Legal portfolio), with corporate income and costs presented separately as "Central".

Certain prior year comparatives have been updated to reflect current year presentation.

NOTES TO THE FINANCIAL STATEMENTS

1 Summary of significant accounting policies *continued*

(s) Financial instruments

The Group has applied IFRS 9, Financial Instruments as outlined below:

(i) Financial assets

The Group classifies and measures its financial assets in line with one of the three measurement models under IFRS 9: at amortised cost, fair value through profit or loss, and fair value through other comprehensive income. Management determines the classification of its financial assets based on the requirements of IFRS 9 at initial recognition.

They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The Group's financial assets comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Please see the following sections.

(ii) Trade receivables

Trade receivables are accounted for under IFRS 9 being recognised initially at fair value and subsequently at amortised cost less any allowance for expected lifetime credit losses under the "expected credit loss" model. As mandated by IFRS 9, the expected lifetime credit losses are calculated using the 'simplified' approach.

The allowance for expected lifetime credit losses for trade receivables is established by considering, on a discounted basis, the cash shortfalls it would incur in various defaults scenarios for prescribed future periods and multiplying those shortfalls by the probability of each scenario occurring. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The allowance is the sum of these probability weighted outcomes. The allowance and any changes to it are recognised in the statement of comprehensive income within net operating expenses. A provision matrix is used to calculate the allowance for expected lifetime credit losses on trade receivables which is based on historical default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against net operating expenses in the statement of comprehensive income. The Group defines a default as failure of a debtor to repay an amount due as this is the time at which our estimate of future cash flows from the debtor is affected.

(iii) Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits repayable on demand or maturing within three months of the statement of financial position date.

(iv) Financial liabilities

Debt and trade payables are recognised initially at fair value based on amounts exchanged, net of transaction costs, and subsequently at amortised cost.

Interest expense on debt is accounted for using the effective interest method and is recognised in income.

(v) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(vi) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and carried subsequently at amortised cost. Costs of borrowings are recognised in the statement of comprehensive income as incurred or, where appropriate, across the term of the related borrowing.

(vii) Receivables from and payables to subsidiaries

The Company has amounts receivable from and payable to subsidiaries which are recognised at fair value. Amounts receivable from subsidiaries are assessed annually for recoverability under the requirements of IFRS 9.

(viii) Derivative financial instruments

The Group does not hold derivative financial instruments either for trading purposes or designated as hedges.

(t) Key accounting assumptions, estimates and judgements

The preparation of financial statements under IFRS requires the use of certain key accounting assumptions and requires management to exercise its judgement and to make estimates. The areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

(i) Carrying value of goodwill, other intangible assets and Company investment estimate

In assessing whether goodwill, other intangible fixed assets and the Company's investment are impaired, the Group uses a discounted cash flow model which includes forecast cash flows and estimates of future growth. If the results of operations in future periods are lower than included in the cash flow model, impairments may be triggered. A sensitivity analysis has been performed on the value-in-calculations. Further details of the assumptions and sensitivities in the discounted cash flow model are included in notes 10 and 13.

Intangible assets arising on business combinations are identified based on the Group's understanding of the acquired business and previous experience of similar businesses. Consistent methods of valuation for similar types of intangible asset are applied where possible and appropriate, using information reviewed at Board level where available. Discount rates applied in calculating the values of intangible assets arising on the acquisition of subsidiaries are calculated specifically for each acquisition and adjusted to reflect the respective risk profile of each individual asset based on the Group's past experience of similar assets.

(ii) Recoverability of trade receivables estimate

The allowance for expected lifetime credit losses for trade receivables is calculated in line with IFRS 9. This is established by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Further details about trade receivables are included in note 17 and information about the credit risk and expected lifetime credit losses are shown in note 28.

(iii) Adjusting items judgement

The term 'adjusted' is not a defined term under IFRS. Judgement is required to ensure that the classification and presentation of certain items as adjusting, including exceptional items, is appropriate and consistent with the Group's accounting policy. Further details about the amounts classified as adjusting are included in notes 1(b) and 4.

(iv) Share based payments estimate

The fair value of the share-based compensation expense recognised in the statement of comprehensive income requires the use of estimates. Details regarding the determination of fair value of these costs are set out in note 1(n)(ii).

(v) Deferred tax judgement and estimate

The calculation of deferred tax assets and liabilities requires judgement. Where the ultimate tax treatment is uncertain, the Group recognises deferred tax assets and liabilities based on an estimate of future taxable income and recoverability. Where a change in circumstances occurs, or the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax balances in the year in which that change or outcome is known. The accounting policy regarding deferred tax is set out above in note 1(h).

(vi) Valuation of intangibles estimate

Intangibles assets acquired in a business combination are required to be recognised separately from goodwill and amortised over their useful life. The Group has separately recognised computer software, brands and customer relationships in the acquisitions made (see note 11).

The fair value of these acquired intangibles is based on valuation techniques that require inputs based on assumptions about the future and estimates related to current market conditions.

The Group also makes assumptions about the useful life of the acquired intangibles as outlined in note 1(m)(iv).

(vii) Lease incremental borrowing rate estimate

The adoption of IFRS 16 on 1 January 2019 requires the use of an incremental borrowing rate ('IBR') to discount minimum future lease payments to present value. The IBR is an estimate used in accounting for leases under IFRS 16 where the interest rate implicit in the lease cannot be readily determined. The IBR is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This is calculated by using LIBOR as a reference rate and adjusting for the Group's specific borrowing rate on its existing revolving credit facility. Additionally, for each individual contract a lease specific adjustment is made where necessary by using market yields on similar assets as a data point.

2 Segmental reporting

The Executive Committee has been identified as the chief operating decision-maker, reviewing the Group's internal reporting on a monthly basis in order to assess performance and allocate resources.

In light of the disposals of subsidiaries in the current year, the reportable segments of the Group have changed since the year ended 31 December 2018. In the year then ended (and in previous years) the three reportable segments of the Group were as follows, with corporate income and costs allocated to each on an appropriate basis:

- Marketing (renamed Xeim);
- Financial Services (disposed 31 March 2019); and
- Professional, the aggregate of the following portfolios:
  - Legal (which consists of The Lawyer and VBR (until disposal of VBR on 13 May 2019));
  - Human Resources (disposed 30 April 2019);
  - Travel & Meetings (disposed 30 April 2019); and
  - Engineering (disposed 31 May 2019).

NOTES TO THE FINANCIAL STATEMENTS

2 Segmental reporting continued

Consequently, the core operations are now organised around the two continuing reportable market-facing segments: Xeim and The Lawyer (the remaining component of the previous Legal portfolio). Corporate income and costs have been presented separately as "Central". The Group believes this is the most appropriate presentation of segmental reporting in order for the user to understand the core operations of the Group. There is no inter-segmental revenue.

Segment assets consist primarily of property, plant and equipment, intangible assets including goodwill, inventories and trade receivables. Segment liabilities comprise trade payables, accruals and deferred income.

Corporate assets and liabilities primarily comprise property, plant and equipment, intangible assets, current and deferred tax balances, cash and cash equivalents, borrowings and lease liabilities.

Capital expenditure comprises additions to property, plant and equipment, intangible assets and includes additions resulting from acquisitions through business combinations.

		40.7	8.2	**48.9**	–	**7.0**
Other operating income		–	–	**–**	1.6	**–**
Adjusted operating profit / (loss)	1 (b)	4.1	2.3	**6.4**	(7.5)	**2.9**
Exceptional operating costs	4	(0.5)	(1.0)	**(1.5)**	(3.2)	**(0.1)**
Amortisation of acquired intangibles	11	(2.4)	–	**(2.4)**	–	**(0.1)**
Share-based payments	25	–	–	**–**	(0.1)	**–**
Loss on disposal of subsidiary	14	–	(0.1)	**(0.1)**	–	**–**
Profit on disposal of subsidiaries	14	–	–	**–**	–	**7.8**
		1.2	1.2	**2.4**	(10.8)	**10.5**
Finance costs	6					**–**
(Loss) / profit before tax						**10.5**
Taxation	7					**(0.6)**
						9.9
Segment assets		57.8	18.7	**76.5**	–	**–**
Corporate assets					10.6	**–**
						–
Segment liabilities		(17.4)	(3.8)	**(21.2)**	–	**–**
Corporate liabilities					(4.8)	**–**
						–
Capital expenditure (tangible and intangible assets)		0.8	0.1	**0.9**	0.6	**–**

		42.6	7.7	**50.3**	–		**20.2**
Other operating income		–	–	–	0.8		–
Adjusted operating profit	1 (b)	3.3	2.0	**5.3**	(7.5)		**7.4**
Exceptional operating costs	4	(0.3)	(0.3)	**(0.6)**	(1.4)		**(0.5)**
Impairment of goodwill	10	(12.8)	–	**(12.8)**	–		**(0.3)**
Amortisation of acquired intangibles	11	(2.4)	(0.1)	**(2.5)**	–		**(0.3)**
Share-based payments	25	(0.2)	–	**(0.2)**	(0.6)		**–**
Profit on disposal of subsidiary	14	–	–	**–**	–		**0.1**
		(12.4)	1.6	**(10.8)**	(9.5)		**6.4**
Finance costs	6						**–**
(Loss) / profit before tax							**6.4**
Taxation	7						**(1.2)**
							5.2
Segment assets		56.6	17.7	**74.3**	–		**18.4**
Corporate assets					2.9		**–**
							18.4
Segment liabilities		(11.4)	(2.4)	**(13.8)**	–		**(8.4)**
Corporate liabilities					(6.7)		–
							(8.4)
Capital expenditure (tangible and intangible assets)		1.9	0.3	**2.2**	0.8		**–**

[2] See note 1 (a) for description of prior year restatement

Supplemental Information

Revenue by Geographical Location

The Group's revenues from continuing operations from external customers by geographical location are detailed below:

	Restated[2] Xeim 2018 £m	Restated[2] The Lawyer 2018 £m	Restated[2] Total 2018 £m
United Kingdom	34.5	6.1	40.6
Europe (excluding United Kingdom)	1.7	0.7	2.4
North America	4.2	0.4	4.6
Rest of world	2.2	0.5	2.7
	42.6	7.7	50.3

[2] See note 1 (a) for description of prior year restatement

Substantially all of the Group's net assets are located in the United Kingdom. The Directors therefore consider that the Group currently operates in a single geographical segment, being the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS

2 Segmental reporting continued

Revenue by type

The Group's revenue from continuing operations by type is as follows:

	Restated[2] Xeim 2018 £m	Restated[2] The Lawyer 2018 £m	Restated[2] Total 2018 £m
Premium Content	11.2	3.2	14.4
Marketing Services	4.5	–	4.5
Training and Advisory	8.0	–	8.0
Events	4.7	1.8	6.5
Marketing and Advertising Solutions	4.6	2.7	7.3
Telemarketing Services	9.6	–	9.6
	42.6	7.7	50.3

[2] See note 1 (a) for description of prior year restatement

The accounting policies for each of these revenue streams is disclosed in note 1 (e), including the timing of revenue recognition. There are some contracts for which revenue has not yet been recognised and is being held in deferred income, see note 21. This deferred income is all current and is expected to be recognised as revenue in 2020.

Other operating income

The Group's other operating income from continuing operations by type is as follows:

	2018 £m
Sale of goods and services	
Rental income	0.8
Transitional services agreement income	–
	0.8

Rental income relates to the sublease of part of the Group's rented property in London. There is not expected to be income in respect of this going forward as this property has been vacated in December 2019. See note 29 for further details.

Transitional services agreement income relates to services provided to the buyers of the Group companies disposed of during the year. There is not expected to be income in respect of this going forward as all transitional services agreements have ceased during the year.

3 Net operating expenses

Continuing operating loss is stated after charging:

	Note	Restated[2] Adjusted Results[1] 2018 £m	Restated[2] Adjusting Items[1] 2018 £m	Restated[2] Statutory Results 2018 £m
Employee benefits expense	5	30.3	1.6	31.9
Depreciation of property, plant and equipment	12	0.9	–	0.9
Impairment of property, plant and equipment	12	–	–	–
Amortisation of intangible assets	11	2.7	2.5	5.2
Impairment of intangible assets	11	–	–	–
Impairment of goodwill	10	–	12.8	12.8
Loss on disposal of subsidiary (Venture Business Research Limited)		–	–	–
Other exceptional operating costs	4	–	0.4	0.4
Property costs		3.3	–	3.3
Repairs and maintenance expenditure		0.1	–	0.1
Impairment of trade receivables	28	0.2	–	0.2
Share-based payment expense	25	–	0.8	0.8
IT expenditure		3.1	–	3.1
Other staff related costs		2.5	–	2.5
Marketing expenditure		2.1	–	2.1
Other operating expenses		8.1	–	8.1
		53.3	**18.1**	**71.4**
Cost of sales		19.6	–	19.6
Distribution costs		0.1	–	0.1
Administrative expenses		33.6	18.1	51.7
		53.3	**18.1**	**71.4**

[1] Adjusted results exclude adjusting items, as detailed in note 1 (b)

[2] See note 1 (a) for description of prior year restatement

Services provided by the Company's auditor

	2018 £'000
Fees payable to the Company's auditor for the audit of the Company and consolidated financial statements	214
Fees payable to the Company's auditor and its associates for other services:	
The audit of the Company's subsidiaries pursuant to legislation	58
[illegible]	272
Audit related assurance services	25
[illegible]	25
[illegible]	297

Fees payable to the Company's auditor for the audit of the Company and consolidated financial statements include non-recurring fees of £72,000 (2018: £34,000).

NOTES TO THE FINANCIAL STATEMENTS

4 Adjusting items

As discussed in note 1(b), certain items are presented as adjusting. These are detailed below:

	Note	Restated[2] 2018 £m
Exceptional operating costs		
Staff related restructuring costs (including external employment advice costs)	5	0.4
Costs relating to strategic corporate restructuring initiatives		0.3
Divestment programme related costs		1.3
Exceptional operating costs		2.0
Impairment of goodwill	10	12.8
Amortisation of acquired intangible assets	11	2.5
Share-based payment expense	25	0.8
Loss on disposal of subsidiary	8,14	–
Adjusting items to profit before tax		18.1
Tax relating to adjusting items	7	(0.7)
		17.4
Profit on disposal of subsidiaries	8,14	(0.1)
Exceptional costs	8	0.5
Impairment of goodwill	10	0.3
Amortisation of acquired intangible assets	11	0.3
Tax relating to adjusting items	7	(0.2)
		0.8
		18.2

[2]See note 1 (a) for description of prior year restatement

Exceptional costs

Staff related restructuring costs (including external employment advice costs)

In the current year staff related restructuring costs of £2.4m related to the Group's cost reduction plan following the completion of the divestment programme in 2019 and £0.1m of related external employment advice. During 2018 staff related restructuring costs of £0.2m related to the closure of the E-consultancy Asia Pacific office, £0.1m related to restructuring of the Xeim portfolio and £0.1m related to the restructuring of the in-house production function.

Costs relating to strategic corporate restructuring initiatives

In the prior year these relate to professional fees for the corporate simplification programme to restructure the Group ahead of the divestment programme announced in October 2018.

Divestment programme related costs

In both the current and the prior year divestment programme related costs include professional fees incurred relating to the sales process for The Lawyer of £1.2m (2018: £0.1m) and management incentives of £1.0m (2018: £1.2m) related to that programme. These management incentives sit in 'Employee benefits expense' in Note 3 along with staff related restructuring costs (excluding external employment advice costs).

Other adjusting items

Other adjusting items relate to the amortisation of acquired intangible assets (see note 11) and share-based payment costs (see note 25) as well as the items discussed below:

Goodwill impairment

In the prior year, an impairment of £13.1m (£12.8m and £0.3m in continuing and discontinued operations respectively) has been recognised against goodwill primarily relating to events to be closed and other businesses within the Xeim portfolio. See note 10 for further details.

Loss / profit on disposal of subsidiaries

In the current year the loss on disposal of a subsidiary in continuing operations of £0.1m related to the disposal of Venture Business Research Limited ('VBR'). This is not presented in discontinued operations as it does not represent a separate major line of business and therefore has been included in continuing operations.

The profit on disposal of subsidiaries in discontinued operations relates to the subsidiaries sold in the divestment programme. See note 14 for further details. In the prior year £0.1m profit on disposal arose in relation to the 2017 disposal of the Group's Home Interest segment following the agreement of final completion accounts.

5 Directors and employees

	Note	Restated[2] 2018 Group £m	2018 Company £m
Wages and salaries		27.6	1.0
Social security costs		3.1	0.2
Other pension costs		0.8	0.1
Adjusted staff costs		31.5	1.3
Exceptional staff related restructuring costs (excluding external employment advice costs)	4	0.4	–
Equity-settled share-based payments	25	0.8	0.8
		32.7	2.1

[2] See note 1 (a) for description of prior year restatement

The staff costs presented above are for continuing operations and exclude all staff costs relating to the disposed subsidiaries as specified in note 14, which are presented in discontinued operations.

The average monthly number of employees employed during the year, including Directors, was:

	2018 Group Number	2018 Company Number
Xeim	605	–
The Lawyer	55	–
Central	10	4
Discontinued	88	–
	758	4

With the exception of MarketMakers, a brand under Xeim, the Group's employees have contracts of service with Centaur Communications Limited and are paid by Chiron Communications Limited, both of which are Group companies. As the employees provide services to the Company, their costs are recharged and the relevant disclosures are made in the financial statements. The MarketMakers' employees are employed and paid by MarketMakers Incorporated Limited.

Key management compensation

	2018 £m
Salaries and short-term employment benefits	1.8
Termination benefits	0.1
Post-employment benefits	0.1
Share-based payments	0.6
	2.6

Key management is defined as the Executive Directors and Executive Committee members.

Aggregate Directors' remuneration

	2018 £m
Salaries, fees, bonuses and benefits in kind	0.9
Termination benefits	–
Charge under long term incentive schemes	0.3
Post-employment benefits	0.1
	1.3

NOTES TO THE FINANCIAL STATEMENTS

5 Directors and employees continued

Highest paid Director's remuneration

	2018 £m
Salaries, fees, bonuses and benefits in kind	0.4
Termination benefits	–
Charge under long-term incentive schemes	0.2
	0.6

No Directors exercised share options during the current or prior year. One Directors was paid compensation in respect of loss of office during the year (2018 – Nil). Further details of Directors' remuneration are included in the Remuneration Committee Report between pages 45 to 61.

6 Finance costs

	Note	2018 £m
Interest payable on revolving credit facility		–
Commitment fees and amortisation of arrangement fee in respect of revolving credit facility		0.2
Lease interest	20	–
Total finance costs		0.2

Interest and fees on revolving credit facility

These finance costs are in relation to the £25m revolving credit facility, none of which is drawn-down at 31 December 2019 (2018: £nil). As indicated by the consolidated cash flow statement, all draw-downs from this facility during the year were also repaid within the year. Finance costs in relation to this facility resulted in cash outflows by the Company and Group of £0.2m during the year (2018: £0.4m).

Lease interest

On the adoption of IFRS 16 on 1 January 2019, lease liabilities were recognised for the Group's property lease arrangements. £0.1m of interest on these leases was incurred during the year. There was no interest on lease liabilities in the prior year when these leases were accounted for under IAS 17 as operating leases. Please refer to notes 1 (a) and 20 for further details.

7 Taxation

	Note	2018 Continuing £m	2018 Discontinued £m	2018 Total £m
	22			
UK Corporation Tax		(0.6)	1.4	0.8
Overseas tax		0.3	–	0.3
		(0.3)	1.4	1.1
	15			
Current period		(0.7)	(0.2)	(0.9)
Adjustments in respect of prior years		(0.1)	–	(0.1)
		(0.8)	(0.2)	(1.0)
		(1.1)	1.2	0.1

The tax charge for the year can be reconciled to the (loss) / profit in the statement of comprehensive income as follows:

	2018 Continuing £m	2018 Discontinued £m	2018 Total £m
(Loss) / profit before tax	(20.5)	6.4	(14.1)
Tax at the UK rate of corporation tax of 19.00% (2018: 19.00%)	(3.9)	1.2	(2.7)
Effects of:			
Expenses not deductible for tax purposes	2.7	–	2.7
Profit on disposal	–	–	–
Effects of changes in tax rate on deferred tax balances	–	–	–
Deferred tax adjustment on business disposal	–	–	–
Deferred tax not recognised	0.1	–	0.1
Adjustments in respect of prior years	(0.1)	–	(0.1)
Different tax rates of subsidiaries in other jurisdictions	0.1	–	0.1
	(1.1)	1.2	0.1

The Finance Act 2015 included legislation to reduce the rate of corporation tax from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. This change had been substantively enacted at the balance sheet date. The government has announced that the rate of corporation tax will not be reduced from 1 April 2020 and that it will remain at 19%, but this has not yet been enacted and therefore, the Group's deferred tax balances continue to be recorded at 17%.

A reconciliation between the reported tax expense and the adjusted tax expense taking account of adjusting items as discussed in note 1(b) and 4 is shown below:

	2018 Continuing £m	2018 Discontinued £m	2018 Total £m
Reported tax (credit) / expense	(1.1)	1.2	0.1
Effects of:			
Amortisation of acquired intangible assets	0.3	0.1	0.4
Share-based payments	0.1	–	0.1
Exceptional expenses	0.3	0.1	0.4
Adjusted tax expense / (credit)	(0.4)	1.4	1.0

NOTES TO THE FINANCIAL STATEMENTS

8 Discontinued operations

In the current year, the Group disposed of the following subsidiaries:

- Centaur Financial Platforms Limited ('FIN') on 31 March 2019;
- Centaur Media Travel and Meetings Limited ('T&M') on 30 April 2019;
- Centaur Human Resources Limited ('HR') on 30 April 2019; and
- Centaur Engineering Limited ('ENG') on 31 May 2019.

The disposals were effected in line with the Group's strategy to simplify its structure, to improve operational execution and to focus attention on leading brands.

A profit of £7.8m arose on the disposal of these subsidiaries being the difference between the proceeds of disposals and the carrying amount of the subsidiaries' net assets and attributable goodwill, less transaction costs. Details of these disposals can be found in note 14.

In addition to the above named subsidiaries, the Group disposed of its Venture Business Research Limited ('VBR') subsidiary on 13 May 2019 to an employee of VBR. A loss on disposal of £0.1m arose on this disposal as detailed in note 14. The loss on disposal, as well as the operational results of VBR have not been included in discontinued operations as it does not represent a separate major line of business and these have therefore been included in continuing operations.

In the prior year £0.1m profit on disposal arose in relation to the 2017 disposal of the Group's Home Interest segment ('HI') following the agreement of final completion accounts.

The results of the discontinued operations, which were included in the consolidated statement of comprehensive income and consolidated cash flow statement, were as follows:

	FIN	T&M	HR	ENG	HI	Total
			Year ended 31 December 2018 £m			
Revenue	8.3	6.4	3.2	2.3	–	20.2
Expenses	(5.4)	(4.8)	(2.2)	(1.5)	–	(13.9)
(Loss) / profit on disposal	–	–	–	–	0.1	0.1
	2.9	1.6	1.0	0.8	0.1	6.4
Attributable tax expense	(0.6)	(0.3)	(0.2)	(0.1)	–	(1.2)
	2.3	1.3	0.8	0.7	0.1	5.2
Loss / (profit) on disposal	–	–	–	–	(0.1)	(0.1)
Exceptional costs	0.3	0.1	0.1	–	–	0.5
Impairment of goodwill	0.3	–	–	–	–	0.3
Amortisation of acquired intangible assets	0.2	–	0.1	–	–	0.3
Tax relating to adjusting items[1]	(0.2)	–	–	–	–	(0.2)
	0.6	0.1	0.2	–	(0.1)	0.8
	2.9	1.4	1.0	0.7	–	6.0

	FIN	T&M	HR	ENG	HI	Total
			Year ended 31 December 2018 £m			
Operating cash flows	–	–	–	–	–	–
Investing cash flows	–	–	–	–	–	–
Financing cash flows	–	–	–	–	–	–
	–	–	–	–	–	–

[1] Adjusted results exclude adjusting items, as detailed in note 1 (b)

The attributable tax expense stated in the table above is derived from the profit of discontinued operations. No income tax expense arose on the profit or loss on disposals.

9 Earnings/(loss) per share

Basic earnings per share ('EPS') is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares in issue during the year. 1,573,134 (2018: 857,991) shares held in the employee benefit trust and 6,964,613 (2018: 6,964,613) shares held in treasury have been excluded in arriving at the weighted average number of shares.

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. This comprises share options and awards (including those granted under the share save plan) granted to Directors and employees where the exercise price is less than the average market price of the Company's ordinary shares during the year.

Basic and diluted earnings per share have also been presented on an adjusted continuing and discontinued basis, as the Directors believe that these measures are more reflective of the underlying performance of the Group. These have been calculated as follows:

	Note	Restated[2] 2018 Earnings / (Loss) attributable to owners of the parent £m	Restated[2] 2018 Weighted average number of shares millions	Restated[2] 2018 Earnings / (Loss) per share Pence
[illegible]				
Continuing operations		(19.4)	143.9	(13.5)
Continuing and discontinued operations		(14.2)	143.9	(9.9)
[illegible]				
Options: Continuing operations		–	–	–
Options: Continuing and discontinued operations		–	–	–
[illegible]				
Continuing operations		(19.4)	143.9	(13.5)
Continuing and discontinued operations		(14.2)	143.9	(9.9)
Continuing operations				
Basic		(19.4)	143.9	(13.5)
Other exceptional costs	4	2.0	–	1.4
Impairment of goodwill	10	12.8	–	8.9
Amortisation of acquired intangibles	11	2.5	–	1.7
Share-based payments	25	0.8	–	0.6
Loss on disposal of subsidiary	14	–	–	–
Tax effect of above adjustments	7	(0.7)	–	(0.5)
Discontinued operations				
Basic		5.2	143.9	3.6
Profit on disposal of subsidiaries	14	(0.1)	–	(0.1)
Other exceptional costs	4	0.5	–	0.4
Impairment of goodwill	10	0.3	–	0.2
Amortisation of acquired intangibles	11	0.3	–	0.2
Tax effect of above adjustment	7	(0.2)	–	(0.1)
[illegible]				
Continuing operations		(2.0)	143.9	(1.4)
Continuing and discontinued operations		4.0	143.9	2.8
[illegible]				
Options: Continuing operations		–	–	–
Options: Continuing and discontinued operations		–	10.8	(0.2)
[illegible]				
Continuing operations		(2.0)	143.9	(1.4)
Continuing and discontinued operations		4.0	154.7	2.6

NOTES TO THE FINANCIAL STATEMENTS

9 Earnings/(loss) per share continued

	Restated[2] Adjusted Results[1] 2018 £m	Restated[2] Adjusted Items[1] 2018 £m	Restated[2] Statutory Results 2018 £m
Fully diluted from continuing operations	(1.4p)	(12.1p)	(13.5p)
Fully diluted from discontinued operations	4.0p	(0.4p)	3.6p
Fully diluted from continuing and discontinued	2.6p	(12.5p)	(9.9p)

[1] Adjusted results exclude adjusting items, as detailed in note 1 (b)

[2] See note 1 (a) for description of prior year restatement

In 2019 and 2018, there was no difference in the weighted average number of shares used for the calculation of basic and diluted loss per share for continuing operations as the effect of all potentially dilutive shares outstanding was anti-dilutive.

10 Goodwill

	Note	
At 1 January 2018		159.4
Additions in the year		0.1
At 31 December 2018		159.5
Disposal of subsidiaries	14	(48.4)
At 1 January 2018		83.8
Impairment for the year		13.1
At 31 December 2018		96.9
Disposal of subsidiaries	14	(38.0)
At 31 December 2018		62.6

Additions in the prior year relate to the additional consideration paid for the acquisition of MarketMakers in 2017 following the finalisation of contingent consideration paid during the year.

In the prior year, the largest adjusting item of £12.8m relates to the impairment of goodwill which primarily related to events to be closed and other businesses within the Xeim portfolio. Following a review of expected cash flows from the Financial Services portfolio, the carrying value of its goodwill was impaired by £0.3m.

Disposals in the current year relate to the disposal of Centaur Financial Platforms Limited (net book value £4.8m), Centaur Media Travel and Meeting Limited (net book value £5.6m), Centaur Human Resources Limited (net book value £nil) and Centaur Engineering Limited (net book

value £nil). See note 14 for further details.

Goodwill by segment

Each brand is deemed to be a Cash Generating Unit ('CGU'), being the lowest level at which cash flows are separately identifiable. Goodwill is attributed to individual CGUs and has historically been reviewed at the operating segment level for the purposes of the annual impairment review as this is the level at which management monitors goodwill. In light of our simplification plan, Financial Services and Other Professional segments have been disposed of and the remaining segments are Xeim and The Lawyer:

	Note					
		48.9	16.0	5.1	5.6	75.6
Additions		0.1	–	–	–	0.1
Impairment charge		(12.8)	–	(0.3)	–	(13.1)
		36.2	16.0	4.8	5.6	62.6
Disposal of subsidiaries	14	–	–	(4.8)	(5.6)	(10.4)

Impairment testing of goodwill and acquired intangible assets

At 31 December 2019, goodwill and acquired intangible assets (see note 11) were tested for impairment in accordance with IAS 36. In assessing whether a write-down of goodwill and acquired intangible assets is required, the carrying value of the segment is compared with its recoverable amount. Recoverable amounts are measured based on value-in-use ('VIU').

The Group estimates the VIU of its CGUs using a discounted cash flow model, which adjusts the cash flows for risks associated with the assets and discounts these using a pre-tax rate of 12.8% (2018: 11.3%). The discount rate used is consistent with the Group's weighted average cost of capital and is used across all segments, which are all based predominantly in the UK and considered to have similar risks and rewards.

The key assumptions used in calculating VIU are revenue growth, margin, adjusted EBITDA growth, discount rate and the terminal growth rate. The Group has used formally approved forecasts for the first three years of the calculation and applied a terminal growth rate of 2.5% (2018: 2.5%). This timescale and the terminal growth rate are both considered appropriate given the cyclical nature of the Group's revenues.

The assumptions used in the calculations of VIU for each segment have been derived based on a combination of past experience and management's expectations of future growth rates in the business. The forecasts have been prepared following a review of the business where management have identified the key growth and focus areas which will deliver the targets, and conversely which areas of the business will be de-prioritised over that period. The forecasts reflect the transformed Group which is more focussed and streamlined in order to deliver higher margins and profits.

In the prior year, before impairment testing, goodwill of £48.9m, £21.6m and £5.1m was allocated to the Xeim, Professional, and Financial Services segments respectively. Prior to a full impairment test, the goodwill of each segment was reviewed. This led to an impairment in 2018 of £12.8m to be recognised in Xeim primarily related to events to be closed and other businesses within the portfolio, and an impairment of £0.3m in the Financial Services segment following a review of expected cash flows.

In the current year the goodwill and acquired intangible assets carrying values of the two continuing segments, Xeim and The Lawyer, have been compared with their recoverable amount in the impairment tests. The forecast used in the calculation is the Group's MAP22 plan which is discussed in the Strategic Report. The key assumptions and variables in this plan are sensitised in isolation and in combination. The main sensitivities applied to the key drivers are outlined below.

Sensitivity analysis has been performed on the VIU calculations, holding all other variables constant, to:

(i) apply a 10% reduction to forecast adjusted EBITDA in each year of the modelled cash flows. No impairment would occur in either of the segments.

(ii) apply a 1% increase in discount rate from 12.8% to 13.8%. No impairment would occur in either of the segments.

(iii) reduce the terminal value growth rate from 2.5% to 1.5%. No impairment would occur in either of the segments.

A key sensitivity is EBITDA growth in both Xeim and The Lawyer, which is driven by a combination of segment profit growth and the Group's disclosed annualised overhead cost savings target of £5m. As the Group has already achieved the run-rate savings for this target by the end of December 2019, further sensitivities have been performed only over the profitable revenue growth from Xeim and The Lawyer:

Xeim – In the base case the CAGR of EBITDA for the forecast period of 2019 to 2022 is 16%. VIU exceeds the carrying amount by £29.2m. EBITDA CAGR would have to fall by 9% to 7% in order for the VIU to equal the carrying amount.

The Lawyer – In the base case the CAGR of EBITDA for the forecast period of 2019 to 2022 is 12%. VIU exceeds the carrying amount by £13.8m. EBITDA CAGR would have to fall by 12% to nil in order for the VIU to equal the carrying amount

NOTES TO THE FINANCIAL STATEMENTS

11 Other intangible assets

	Note					
At 1 January 2018		16.1	5.6	15.4	4.7	41.8
Additions - separately acquired		1.8	–	–	–	1.8
Additions - internally generated		0.7	–	–	–	0.7
		18.6	5.6	15.4	4.7	44.3
Additions - separately acquired		0.8	–	–	–	0.8
Additions - internally generated		0.4	–	–	–	0.4
Disposal of subsidiaries	14	(1.2)	(3.5)	(2.4)	(1.5)	(8.6)
At 1 January 2018		9.5	1.9	7.2	4.6	23.2
Amortisation charge for the year		2.9	0.4	2.2	0.1	5.6
		12.4	2.3	9.4	4.7	28.8
Amortisation charge for the year		2.6	0.3	2.1	–	5.0
Impairment charge for the year		0.3	–	–	–	0.3
Disposals of subsidiaries	14	(1.1)	(1.7)	(1.9)	(1.5)	(6.2)
Net book value at 31 December 2018		6.2	3.3	6.0	–	15.5
Net book value at 1 January 2018		6.6	3.7	8.2	0.1	18.6

* Amortisation on acquired intangible assets from business combinations is presented as an adjusting item in note 4 (see note 1(b) for further information). Total amortisation of £2.5m (2018: £2.8m) on such assets is all amortisation on assets in the asset groups 'Brands and publishing rights', 'Customer relationships' and 'Separately acquired websites and content' of £2.4m (2018: £2.7m) in addition to £0.1m (2018: £0.1m) of amortisation on acquired intangible assets in the asset group 'Computer software'. These total amounts have been split between continuing and discontinued operations in note 4.

Amortisation and impairment of intangible assets is included in net operating expenses in the statement of comprehensive income.

The amortisation charge in continuing operations is £4.9m (2018: £5.2m) and in discontinued operations is £0.1m (2018: £0.4m). The impairment charge for the year is wholly in continuing operations and relates to obsolete software.

Other intangible assets are tested annually for impairment in accordance with IAS 36 at a segment level by comparing the carrying value with its recoverable amount. Please see note 10 for further details.

The Company has no intangible assets (2018: £nil).

12 Property, plant and equipment

	Note	Leasehold improvements £m	Fixtures and fittings £m	Computer equipment £m	ROU assets - property	Total £m
At 1 January 2018		2.2	0.6	1.3	–	4.1
Additions - separately acquired		–	0.1	0.4	–	0.5
		2.2	0.7	1.7	–	4.6
Recognised on adoption of IFRS 16 (1 January 2019)		–	–	–	2.3	2.3
Additions - separately acquired		–	–	0.2	3.2	3.4
[illegible]				[illegible]	[illegible]	[illegible]
[illegible]						
At 1 January 2018		1.3	0.3	0.8	–	2.4
Depreciation charge for the year		0.3	0.2	0.4	–	0.9
[illegible]		1.6	0.5	1.2	–	3.3
Depreciation charge for the year		0.4	0.1	0.2	1.6	2.3
Impairment charge for the year		0.2	–	–	0.2	0.4
[illegible]						[illegible]
[illegible]				[illegible]		
Net book value at 31 December 2018		0.6	0.2	0.5	–	1.3
Net book value at 1 January 2018		0.9	0.3	0.5	–	1.7

Depreciation and impairment of property, plant and equipment is included in net operating expenses in the statement of comprehensive income.

The depreciation and impairment charge for the year is wholly in continuing operations. The impairment relates to leasehold improvements in the Wells Street office which was vacated by December 2019.

The Company has no property, plant and equipment at 31 December 2019 (2018: £nil).

NOTES TO THE FINANCIAL STATEMENTS

13 Investments

At 1 January 2018	146.2
Transfer from amounts receivable from subsidiaries	4.9

At 1 January 2018	12.2
Impairment charge for the year	13.1
At 31 December 2018	25.3
Impairment charge for the year	35.7

Net book value at 31 December 2018	125.8
Net book value at 1 January 2018	134.0

Following an internal corporate restructure in the prior year, £4.9m of intercompany balances due from subsidiaries of Centaur Media plc were capitalised.

Impairment testing of the investment

In assessing whether an impairment of the investment is required, the carrying value of the investment is compared with its recoverable amount. The recoverable amount is measured based on value-in-use ('VIU'). As outlined in the tables below the carrying value of the investment represents the Company's direct ownership of Centaur Communications Limited ('CCL'). CCL in turn directly or indirectly controls the rest of the Group's subsidiaries. Therefore, the VIU of the Company's investment in CCL is supported by the operations of the entire Group.

In the prior year the Company impaired its investment following an impairment test which identified the VIU no longer supported the carrying value of the investment. After this impairment at 31 December 2018, the carrying value of the investment was fully supported by the future cash flows of all the subsidiaries owned by the Group at that date.

In the current year, due to the disposals of the Group's subsidiaries noted below, the Group's cash flows and therefore its VIU was reduced. This was identified as an indication of impairment of the Company's investment carrying value and a full impairment assessment was carried out. An impairment of £35.7m was identified and recognised in the Company's statement of comprehensive income. The remaining balance is supported by the underlying trade of the Group.

The Group estimates the VIU using a discounted cash flow model, which adjusts the cash flows for risks associated with the assets and discounts these using a pre-tax rate of 12.8% (2018: 11.3%). The discount rate used is consistent with the Group's weighted average cost of capital.

The key assumptions used in calculating VIU are revenue growth, margin, adjusted EBITDA growth, discount rate and the terminal growth rate. The Group has used formally approved forecasts for the first three years of the calculation and applied a terminal growth rate of 2.5% (2018: 2.5%). This timescale and the terminal growth rate are both considered appropriate given the cyclical nature of the Group's revenues.

The assumptions used in the calculations of VIU have been derived based on a combination of past experience and management's expectations of future growth rates in the business. The forecasts have been prepared following a review of the business where management have identified the key growth and focus areas which will deliver the targets, and conversely which areas of the business will be de-prioritised over that period. The forecasts reflect the transformed Group which is more focussed and streamlined in order to deliver higher margins and profits. Sensitivities are applied to each of the key assumptions and variables in isolation and in combination, in line with *those sensitivities applied for goodwill impairment testing as outlined in note* 10.

EBITDA growth is driven by a combination of profit growth and the Group's disclosed annualised overhead cost savings target of £5m. As the Group has already achieved the run-rate savings for this target by the end of December 2019, further sensitivities have been performed only over the profitable revenue growth from Xeim and The Lawyer. In the forecast applied to derive the VIU which had resulted in the impairment noted above, EBITDA CAGR for the Group is 11%. If the EBITDA CAGR for the Group were to fall by 5% to 6% then the additional impairment indicated would be £22.6m.

The Group disposed of its interest in the following subsidiaries during the year:

Centaur Engineering Limited	100	Other publishing activities	United Kingdom	31 May 2019
Centaur Financial Platforms Limited	100	Research data and analysis	United Kingdom	31 March 2019
Centaur Human Resources Limited	100	Events and information services	United Kingdom	30 April 2019
Centaur Media Travel and Meetings Limited	100	Other publishing activities	United Kingdom	30 April 2019
Venture Business Research Limited	100	Research data and analysis	United Kingdom	13 May 2019

The net profit on disposals of these subsidiaries was £7.7m (£0.1m loss on the disposal of VBR and £7.8m profit on the disposal of the other four subsidiaries). See note 14 for further details.

At 31 December 2019, the Group has control over the following subsidiaries:

Centaur Communications Limited[1]	100	Holding company and agency services	United Kingdom
Centaur Media USA Inc.[2]	100	Digital information, training and events	United States
Centaur Newco 2018 Limited	100	Media representation services	United Kingdom
Chiron Communications Limited	100	Digital information, training and events	United Kingdom
E-consultancy Asia Pacific Pty Limited[3]	100	Dormant	Singapore
E-consultancy Australia Pty Limited[4]	100	Digital information, training and events	Australia
E-consultancy LLC[5]	100	Digital information, training and events	United States
E-consultancy.com Limited	100	Digital information, training and events	United Kingdom
MarketMakers Incorporated Limited[6]	100	Telemarketing and Research	United Kingdom
Mayfield Publishing Limited	100	Investment company	United Kingdom
Pro-talk Ltd	100	Digital Publishing	United Kingdom
Taxbriefs Holdings Limited	100	Holding company	United Kingdom
Taxbriefs Limited	100	Digital and print publishing	United Kingdom
Thelawyer.com Limited	100	Publishing of consumer and business journals and periodicals	United Kingdom
Xeim Limited	100	Digital information services	United Kingdom
Your Business Magazine Limited	100	Investment company	United Kingdom

[1] Directly owned by Centaur Media Plc

[2] Registered address is 2711 Centerville Road, Suite 400 Wilmington, DE19808, USA. Functional currency is USD.

[3] Registered address is 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712. Functional currency is USD.

[4] Registered address is Level 17, 383 Kent Street, Sydney, NSW, 2000, Australia. Functional currency is AUD.

[5] Registered address is 41 East, 11 Street, 11Fl, New York, NY 10003, USA. Functional currency is USD.

[6] Registered address is 1000 Lakeside North Harbour Western Road, Portsmouth, Hampshire, PO6 3EN

The registered address of all subsidiary companies, with the exception of those identified above, changed from 79 Wells Street, London, W1T 3QN, United Kingdom to Floor M, 10 York Road, London, SE1 7ND, United Kingdom on 2 December 2019. The functional currency of all subsidiaries is GBP except for those identified above. The consolidated financial statements incorporate the financial statements of all entities controlled by the Company at 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

14 Disposal of subsidiaries

In the current year the Group disposed of the following subsidiaries:

Centaur Financial Platforms Limited ('FIN') on 31 March 2019;

Centaur Media Travel and Meetings Limited ('T&M') on 30 April 2019;

Centaur Human Resources Limited ('HR') on 30 April 2019; and

Centaur Engineering Limited ('ENG') on 31 May 2019.

The disposals were effected in line with the Group's strategy to simplify its structure, to improve operational execution and to focus attention on leading brands. All disposals were executed by way of sale of 100% of the equity shares. The results of these subsidiaries have been included in discontinued operations as detailed in note 8.

The net assets of the subsidiaries at the date of disposal were as follows:

Goodwill	4.8	5.6	–	–	10.4
Other intangible assets	1.1	–	1.1	–	2.2
Inventories	–	1.2	0.1	0.4	1.7
Trade and other receivables	1.0	1.1	0.4	0.2	2.7
Intercompany	1.3	2.2	0.7	–	4.2
Cash and cash equivalents	0.6	0.3	0.4	0.4	1.7
Trade and other payables	(0.8)	(0.6)	(0.4)	(0.1)	(1.9)
Deferred income	(1.3)	(2.9)	(1.0)	(1.2)	(6.4)
Current tax liability	(0.1)	(0.3)	–	–	(0.4)
Directly attributable costs of disposal	0.8	0.6	0.6	0.6	2.6
(Loss) / gain on disposal	(0.8)	3.0	3.8	1.8	7.8
Cash and cash equivalents	5.3	8.0	5.0	2.1	20.4
Settlement of intercompany balances	1.3	2.2	0.7	–	4.2

The net cash flow arising on the disposals was as follows:

Consideration received in cash and cash equivalents	5.3	8.0	5.0	2.1	20.4
Less:					
Directly attributable costs of disposal	(0.6)	(0.6)	(0.6)	(0.5)	(2.3)
Cash and cash equivalents disposed of	(0.6)	(0.3)	(0.4)	(0.4)	(1.7)

In addition to the above named subsidiaries, the Group disposed of its Venture Business Research Limited ('VBR') subsidiary on 13 May 2019 to an employee of VBR for £1 settled by cash and £31k settlement of intercompany balances. Net assets of £0.2m, consisting wholly of other intangible assets were disposed of, resulting in a loss of £0.1m.

The loss on disposal, as well as the operational results of VBR have not been included in discontinued operations as it does not represent a separate major line of business and these have therefore been included in continuing operations.

In the prior year £0.1m profit on disposal arose in relation to the 2017 disposal of the Group's Home Interest segment ('HI') following the agreement of final completion accounts.

15 Deferred tax

The movement on the deferred tax account is shown below:

	0.5	(1.4)	0.2	(0.7)
Adjustments in respect of prior period	0.1	–	–	0.1
Recognised in the statement of comprehensive income	0.1	0.9	(0.1)	0.9
	0.7	(0.5)	0.1	0.3
Recognised in the statement of comprehensive income	(0.1)	0.1	0.7	0.7

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

	2018 Group £m
Deferred tax assets within one year	0.8
Deferred tax liabilities within one year	(0.5)
	0.3

At the statement of financial position date, the Group has unused tax losses of £4.2m (2018: £1.2m) available for offset against future profits. A deferred tax asset of £0.8m (2018: £0.1m) has been recognised in respect of £4.2m (2018: £0.6m) of such tax losses. Deferred tax assets and liabilities are expected to be materially utilised after 12 months.

16 Inventories

	2018 Group £m
Work in progress	1.4

Work in progress comprises costs incurred relating to publications and exhibitions prior to the publication date or the date of the event. Inventories recognised as an expense during the year amounted to £0.9m (2018: £1.1m). These were included in cost of sales and employee benefits expense.

The Company had no inventory at 31 December 2019 (2018: £nil).

There are no provision amounts in respect of inventories (2018: £nil) and there were no write-downs of inventory in the year (2018: £nil).

NOTES TO THE FINANCIAL STATEMENTS

17 Trade and other receivables

	Note	Restated[2] 2018 Group £m	2018 Company £m
Trade receivables		11.0	–
Less: expected credit loss	28	(1.2)	–
Trade receivables – net		9.8	–
Receivables from subsidiaries		–	2.0
Receivable from Employee Benefit Trust		–	0.4
Other receivables		1.7	0.4
Prepayments		1.7	0.1
Accrued income		0.5	–
Social security and other taxes		–	0.2
		13.7	3.1

[2] See note 1 (a) for description of prior year restatement

Receivables from subsidiaries are unsecured, have no fixed due date and bear interest at an annual rate of 2.53% (2018: 2.67%).

Trade receivables are accounted for under IFRS 9 using the expected credit loss model, recognised initially at fair value and subsequently at amortised cost less any allowance for expected lifetime credit losses. For further detail refer to note 1(s)(ii).

Other receivables includes £1.5m in relation to the lease incentive receivable on exit of the Wells Street property in 2019 and £0.3m in relation to a deposit on the Waterloo property lease which is fully refundable at the end of the lease term.

18 Cash and cash equivalents

	2018 Group £m
Cash at bank and in hand	0.1

The Company had no cash and cash equivalents at 31 December 2019 (2018: £nil).

19 Trade and other payables

	Restated[2] 2018 Group £m	2018 Company £m
Trade payables	2.7	–
Payables to subsidiaries	–	53.3
Social security and other taxes	2.1	–
Other payables	1.6	–
Accruals	6.8	0.5
	13.2	53.8

[2] See note 1 (a) for description of prior year restatement

Payables to subsidiaries are unsecured, have no fixed date of repayment and bear interest at an annual rate of 2.53% (2018: 2.67%).

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

20 Leases

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019.

The Group has adopted IFRS 16 retrospectively from 1 January 2019 but has not restated comparatives for the 2018 period, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

(a) The Group's leasing activities and how these are accounted for

The Group leases office spaces. Prior to the adoption of IFRS 16 these leases were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019 relevant leases (i.e. excluding those to which a practical expedient has been applied) are recognised as a lease liability and a corresponding right-of-use ('ROU') asset at the date at which the leased asset is available for use by the Group.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value ('NPV') of future lease payments discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate ('IBR') is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Adjustments are made to the NPV for the initial measurement of the ROU asset. These adjustments are for any rental accrual or prepayments on the balance sheet at 31 December 2018 relating to the asset that arose under the previous accounting standard IAS 17. A further adjustment has been made in relation to a lease incentive receivable on the exit of a London property that had been fully vacated by 31 December 2019. The lease incentive receivable is in other receivables.

All ROU assets currently held by the Group relate to property leases. They are presented on the consolidated statement of financial position within property, plant and equipment and are split out from other fixed assets in note 12. Lease liabilities are presented as a separate line on the face of the consolidated statement of financial position, split between current and non-current.

(b) Adjustments recognised on adoption of IFRS 16 at 1 January 2019

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the IBR as of 1 January 2019. The weighted average lessee's IBR applied to the lease liabilities on 1 January 2019 was 3.8%.

The Group did not have any material leases previously classified as finance leases.

Lease liabilities

Operating lease commitments disclosed as at 31 December 2018	7.3
Less operating leases commitments related to contracts with future commencement dates	(3.4)
[illegible]	[illegible]
Impact of discounting using the lessee's IBR at the date of initial application	(0.6)
[illegible]	3
Current	2.3
Non-current	1.0
[illegible]	[illegible]

Right-of-use assets

The recognised ROU assets were measured at an amount equal to that of the lease liabilities at 1 January 2019 and adjusted for items as outlined above.

ROU assets - property

NOTES TO THE FINANCIAL STATEMENTS

20 Leases continued

Additional information

As detailed in the table above, £3.4m of operating lease commitments in relation to a contract with a commencement date of 1 October 2019 were disclosed as at 31 December 2018. The lease liability and corresponding ROU asset was recognised as an addition during the year on commencement, see section (b) below. The commitments under this contract discounted at the IBR gave rise to a lease liability and corresponding ROU asset of £3.2m, recognised on 1 October 2019.

The change in accounting policy did not affect any other items on the consolidated statement of financial position at 1 January 2019 other than those discussed in this note.

The Group derived income from sub-leasing one of the properties during the year. This has not been included in the value of the ROU asset in accordance with the short-term lease practical expedient permitted by IFRS 16. The rental income generated in the period of £0.8m is presented in the consolidated statement of comprehensive income in 'other operating income' and is recognised on a straight-line basis. This source of income ceased in the current year, and no rental income is expected in 2020.

Each lease arrangement has been accounted for over its lease term as outlined in the contract. Where options to extend or terminate exist in these contracts, the recognition of the lease liabilities and ROU assets represent the Directors understanding of likely future cash flows under these contracts. The assets and liabilities will continue to be reviewed and will be revalued where a change in the future cash flows is indicated.

(c) As at 31 December 2019

The lease liability and ROU assets presented in the consolidated statement of financial position as at 31 December 2019 were as follows:

Lease liabilities

Recognised on adoption of IFRS 16 at 1 January 2019	3.3
Additions	3.2
Interest expense	0.1
Cash outflow	(2.3)
Current	2.1
Non-current	2.2

ROU assets

Recognised on adoption of IFRS 16 at 1 January 2019	2.3
Additions	3.2
Depreciation charge for the period	1.6
Impairment charge for the period	0.2
Recognised on adoption of IFRS 16 at 1 January 2019	2.3

21 Deferred income

	2018 Group £m
Deferred income	15.0

Deferred income arises on contracts with customers where revenue recognition criteria has not yet been met. See note 1 (e) for further details.

22 Current tax assets

	2018 Group £m
Corporation tax receivables	0.2

The Company had no corporation tax receivables or payables at 31 December 2019 (2018: £nil).

23 Provisions

At 1 January 2018	1.8	0.1	1.9
Acquisition related	0.1	–	0.1
Utilised in the year	(1.8)	–	(1.8)
	0.1	0.1	0.2
Utilised in the year	(0.1)	–	(0.1)
Current	–	–	–
Non-current	–	0.1	0.1

Deferred consideration

Deferred consideration at 1 January 2018 related to the acquisition of MarketMakers. An additional amount of £0.1m contingent consideration was provided for during 2018 due to MarketMakers achieving a higher EBITDA than expected. £1.8m was settled in cash during 2018. The remaining £0.1m was settled in cash during the current year.

Other

The other provision relates to the dilapidation provision which was acquired on the acquisition of MarketMakers in relation to the building leased by the company in Portsmouth.

All amounts represent the Directors' best estimate of the balance to be paid at the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS

24 Equity

Authorised share capital – Group and Company		
At 1 January 2018, 31 December 2018 and 31 December 2019	20.0	200,000,000
Issued and fully paid share capital – Group and Company		
At 1 January 2018, 31 December 2018 and 31 December 2019	15.1	151,410,226

Deferred shares reserve

The deferred shares reserve represents 800,000 (2018: 800,000) deferred shares of 10p each, which carry restricted voting rights and have no right to receive a dividend payment in respect of any financial year.

Reserve for shares to be issued

The reserve for shares to be issued is in respect of equity-settled share-based compensation plans. The changes to the reserve for shares to be issued represent the total charges for the year relating to equity-settled share-based payment transactions with employees as accounted for under IFRS 2.

Own shares reserve

The own shares reserve represents the value of shares held as treasury shares and in an employee benefit trust. At 31 December 2019, 6,964,613 (2018: 6,964,613) 10p ordinary shares are held in treasury and 1,573,134 (2018: 857,991) 10p ordinary shares are held in an employee benefit trust.

During 2019, the employee benefit trust purchased 1,247,205 (2018: 766,800) ordinary shares in order to meet future obligations arising from share-based rewards to employees. The shares were acquired at an average price of 51.7p per share (2018: 45.9p), with prices ranging from 45.6p to 54p. The total cost of £0.6m (2018: £0.4m) has been recognised in other reserves in the own shares reserve in equity.

25 Share-based payments

The Group's share-based payment expense for the year by scheme:

	2018 £m
LTIP	0.8
Total equity-settled incentive plans and share based payment expense	0.8

The Group's share-based payment schemes upon vesting are equity-settled.

The prior year charge of £0.8m includes £0.1m in relation to national insurance payable on equity settled share-based schemes. This was included in liabilities as it was to be settled in cash.

The current year charge of £0.1m (2018: £0.8m) includes an immaterial amount of national insurance (2018: £0.1m) payable on equity settled share-based schemes and is included in liabilities as it is to be settled in cash.

Share based payments in 2019 of £0.1m (2018: £0.8m) have decreased significantly due to the overall reduction in the number of share options from 10.6m to 7.6m. This is due to forfeitures and lapses of 0.5m and 5.6m share options respectively resulting in a reversal of charges previously recognised since granted, mainly in 2016 and 2017. This was offset by an expense recognised for 3.6m new share options granted during the year and an additional charge recognised on truing up the expense for 1.6m share options that vested during the year.

Long-Term Incentive Plan

The Group operates a Long-Term Incentive Plan ('LTIP') for Executive Directors and selected senior management. This is an existing incentive policy and was approved by shareholders at the 2016 AGM. The share awards are valued at date of grant and the consolidated statement of comprehensive income is charged over the vesting period, taking into account the number of shares expected to vest. Full details of how the scheme operates are included in the Remuneration Report.

These awards were priced using the following models and inputs:

Grant date	03.10.2019	25.10.2019	25.07.2019	25.07.2018	6.04.2018	6.04.2018	24.04.17	07.04.17	04.10.16	22.09.16	30.03.16
Share price at grant date (p)	41.50	32.50	46.00	44.40	50.20	50.20	45.75	40.75	44.00	41.00	49.00
Fair value (p)	22.77	16.25	23.00	22.20	28.65	25.10	24.46	21.08	18.04	16.81	20.92
Exercise date	02.10.2022	5.04.2022	5.04.2022	24.07.2019	06.04.21	06.04.21	24.04.20	07.04.20	04.10.19	22.09.19	30.03.19
Exercise price (p)	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
Balance at 1 January 2019	–	–	–	53,590	1,246,879	2,104,890	1,351,528	2,958,786	573,395	366,667	1,983,489
Granted during the year	995,259	128,133	2,482,366	–	–	–	–	–	–	–	–
Forfeited during the year	–	–	(245,726)	–	–	(141,699)	–	(92,035)	–	–	–
Exercised during the year	–	–	–	(53,590)	–	–	–	(478,472)	–	–	–
Lapsed during the year	–	–	–	–	–	–	(675,764)	(2,006,722)	(573,395)	(366,667)	(1,983,489)
Balance at 31 December 2019				–					–	–	–
Exercisable at 31 December 2019	–	–	–	–	–	–	**675,764**	**381,557**	–	–	–
Average share price at date of exercise (p)	–	–	–	**51.25**	–	–	–	**39.49**	–	–	–
Balance at 1 January 2018	–	–	–	–	–	–	1,351,528	3,589,405	573,395	366,667	2,059,390
Granted during the year	–	–	–	53,590	1,246,879	2,145,375	–	–	–	–	–
Forfeited during the year	–	–	–	–	–	(40,485)	–	(630,619)	–	–	(75,901)
Exercised during the year	–	–	–	–	–	–	–	–	–	–	–
Lapsed during the year	–	–	–	–	–	–	–	–	–	–	–
Balance at 31 December 2018	–	–	–	53,590	1,246,879	2,104,890	1,351,528	2,958,786	573,395	366,667	1,983,489
Exercisable at 31 December 2018	–	–	–	–	–	–	–	–	–	–	–
Average share price at date of exercise (p)	–	–	–	–	–	–	–	–	–	–	–
Grant date											
Expected volatility (%)											
Expected dividend yield (%)											
Risk free interest rate (%)											
Valuation of model used											

*Schemes granted on the 25 October 2019, 25 July 2019 and 25 July 2018 were nil-cost options with non-market based performance conditions. These schemes were valued based on the estimated vesting value of the non-market based conditions and expected forfeiture rates.

NOTES TO THE FINANCIAL STATEMENTS

25 Share-based payments continued

The shares outstanding at 31 December 2019 had a weighted average exercise price of £nil (2018: £nil) and a weighted remaining life of 1.6 years (2018: 1.4 years).

Shares outstanding and exercisable at the end of the year had an initial expiry date of 25 March 2020, which has been extended to 30 June 2020.

The two schemes granted in 2017 were assessed for early vesting following the sale of four business units resulting in a significant change in the business. As a result the options related to the TSR performance conditions vested and options related to all other performance conditions lapsed.

Senior Executive Long-Term Incentive Plan ('SELTIP')

The Centaur Media Plc 2010 Senior Executive Long-Term Incentive Plan (the 'SELTIP') was introduced during 2011 and was approved by shareholders at the 2010 AGM. This is not an HMRC approved scheme and vests over a three-year period with service and performance conditions. Awards were granted under this scheme in 2011 for no consideration and no exercise price. This scheme has closed to new awards.

Awards of bonus units were made in 2013 as summarised in the following table:

2013	£8.0m	£8.6m	£0.6m	30%	£0.1m	£0.1m	118,851

* The Remuneration Committee did not allocate the entire bonus pool in 2013.

** Awards were only made to participants with continuing employment.

Senior Executive Long-Term Incentive Plan

These awards were priced using the following models and inputs:

Grant date	15.09.11
Share price at grant date (p)	33.88
Fair value (p)	23.76
Exercise date	17.09.14
Exercise price (p)	nil
Balance at 1 January 2019	6,862
Granted during the year	-
Forfeited during the year	-
Exercised during the year	-
Average share price at date of exercise (p)	–
Balance at 1 January 2018	6,862
Granted during the period	–
Forfeited during the period	–
Exercised during the period	–
Balance at 31 December 2018	6,862
Exercisable at 31 December 2018	6,862
Average share price at date of exercise (p)	–

The shares outstanding at 31 December 2019 had a weighted average exercise price of £nil (2018: £nil) and a weighted remaining life of 2.7 years (2018: 3.7 years).

These awards were priced using the following models and inputs:

Grant date	15.09.11
Expected volatility (%)	54.00
Expected dividend yield (%)	5.26
Risk free interest rate (%)	0.57
Valuation of model used	Black-Scholes

Share Incentive Plan

The Group has a Share Incentive Plan, which is a HRMC approved Tax-Advantaged plan, which provides employees with the opportunity to purchase shares in the Company. This plan is open to all employees who have been employed by the Group for more than 12 months. Employees may invest up to £1,800 per annum (or 10% of their salary if less) in ordinary shares in the Company, which are held in trust. The shares are purchased in open market and are held in trust for each employee. The shares can be withdrawn with tax paid at any time, or tax-free after five years. The Group matches the contribution with a ratio of one share for every two purchased. Other than continuing employment, there are no other performance conditions attached to the plan.

The Executive Directors are eligible to participate in the Share Incentive Plan, as are all employees of the Group.

	2018 Group
Number of outstanding matching shares	57,298

26 Dividends

	2018 £m
Final dividend for 2017: 1.5p per 10p ordinary share	2.2
Interim dividend for 2018: 1.5p per 10p ordinary share	2.1
Final dividend for 2018: 1.5p per 10p ordinary share	–
Interim dividend for 2019: ordinary dividend of 1.5p and special dividend of 2.0p per 10p ordinary share	–
	4.3

In the current year the Board announced a new progressive dividend policy. An interim dividend payment of £5.0m was paid in October 2019. This comprised a £2.1m ordinary dividend at 1.5p per share and a £2.9m special dividend at 2.0p per share.

For the year ended 31 December 2019 the Board is recommending a final dividend payment of £0.7m at 0.5p per share. The dividend proposed by the Directors, subject to shareholder approval at the Annual General Meeting, will be paid on 29 May 2020 to all shareholders on the Register of Members on 11 May 2020.

The interim and final dividends of £5.0m and £0.7m together result in a total dividend pertaining to 2019 of £5.7m.

NOTES TO THE FINANCIAL STATEMENTS

27 Notes to the cash flow statement

Reconciliation of (loss)/profit for the year to net cash inflow from operating activities:

	Note	2018 Group £m	2018 Company £m
Profit/(loss) for the year		(14.2)	(13.7)
Tax	7	0.1	(3.2)
Interest expense	6	0.2	1.6
Depreciation	12	0.9	–
Impairment of property, plant and equipment	12	–	–
Amortisation of intangible assets	11	5.6	–
Impairment of intangible assets	11	–	–
Impairment of goodwill	10	13.1	–
Loss on disposal of subsidiary	14	–	–
Gain on disposal of subsidiaries	14	(0.1)	–
Loss on impairment of investment	13	–	13.1
Share-based payment charge	25	0.8	0.3
Unrealised foreign exchange differences		–	–
Other		–	–
Changes in working capital (excluding effects of *acquisitions and disposals of subsidiaries):*			
Decrease / (increase) in trade and other receivables		(1.3)	(2.3)
Increase in trade and other payables		1.4	8.9
Increase in deferred income		0.3	–
Cash generated from operating activities		6.8	4.7

Analysis of changes in net cash/(debt)

	Note	At 31 December 2018 £m
Cash and cash equivalents	18	0.1
Net cash		0.1

	Note	At *31 December* 2018 £m	
Cash and cash equivalents	18	–	–
Net cash		–	–

28 Financial instruments and financial risk management

Financial risk management

The Board has overall responsibility for the determination of the Group's risk management policies. The Board receives monthly reports from the Chief Financial Officer through which it reviews the effectiveness of policies and processes put in place to manage risk. The Board sets policies that reduce risk as far as possible without unduly affecting the operating effectiveness of the Group.

The Group's activities expose it to a variety of financial risks, including interest rate risk, credit risk, liquidity risk, capital risk and currency risk. Of these, credit risk and liquidity risk are considered the most significant. This note presents information about the Group's exposure to each of the above risks.

Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1(s). All financial assets and liabilities are measured at amortised cost.

	Note	Restated[2] 2018 £m
Cash and bank balances	18	0.1
Trade receivables - net	17	9.8
Other receivables	17	1.7
Total financial assets		11.6
Lease liabilities	20	-
Trade payables	19	2.7
Accruals	19	6.8
Provisions	23	0.2
Other payables	19	1.6
Total financial liabilities		11.3

[2] See note 1 (a) for description of prior year restatement

Credit risk

The Group's principal financial assets are trade and other receivables (note 17). Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk in relation to financial assets. Credit risk is managed on a Group basis. The Group does not consider that it is subject to any significant concentrations of credit risk.

Trade receivables

Trade receivables consist of a large number of customers, of varying sizes and spread across diverse industries and geographies. The Group does not have significant exposure to credit risk in relation to any single counterparty or group of counterparties having similar characteristics. The Group's exposure to credit risk is influenced predominantly by the circumstances of individual customers as opposed to industry or geographic trends.

The business assesses the credit quality of customers based on their financial position, past experience and other qualitative and quantitative factors. The Group's policy requires customers to pay in accordance with agreed payment terms, which are generally 30 days from the date of invoice. Under normal trading conditions, the Group is exposed to relatively low levels of risk, and potential losses are mitigated as a result of a diversified customer base and the requirement for events and certain premium content subscription invoices to be paid in advance of service delivery.

The credit control function within the Group's finance department monitors the outstanding debts of the Group, and trade receivables balances are analysed by the age and value of outstanding balances.

Any trade receivable balance which is objectively determined to be uncollectible is written off the ledger, with a charge taken through the statement of comprehensive income. The Group also records an allowance for the lifetime expected credit loss on its trade receivables balances under the simplified approach as mandated by IFRS 9. The impairment model for trade receivables, under IFSR 9, requires the recognition of impairment provisions based on expected lifetime credit losses, rather than only incurred ones as was the case under IAS 39. All balances past due are reviewed, with those greater than 90 days past due considered to carry a higher level of credit risk. Refer to note 1 (s) for further details on the approach to allowance for expected credit losses on trade receivables.

The allowance for expected lifetime credit losses, and changes to it, are taken through administrative expenses in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

28 Financial instruments and financial risk management continued

The ageing of trade receivables according to their original due date is detailed below:

*See note 1 (a) for description of prior year restatement

	Restated[2] 2018 Gross £m	2018 Provision £m
Not due	5.3	(0.1)
0-30 days past due	2.3	–
31-60 days past due	0.9	(0.1)
61-90 days past due	0.4	–
Over 90 days past due	2.1	(1.0)
	11.0	(1.2)

[2] See note 1 (a) for description of prior year restatement

Trade receivables that are less than 3 months past due are generally not considered to be impaired, except where specific credit issues or delinquency in payments have been identified. In making the assessment that unprovided trade receivables are not impaired, the Directors have considered the quantum of gross trade receivables which relate to amounts not yet included in income, including pre-event invoices in deferred income and amounts relating to VAT. The credit quality of trade receivables not yet due nor impaired has been assessed as acceptable.

The movement in the allowance for expected credit losses on trade receivables is detailed below:

	2018 Continuing £m	2018 Discontinued £m	2018 Total £m
Balance at 1 January	1.5	–	1.5
Utilised	(0.6)	–	(0.6)
Additional provision charged to the statement of comprehensive income	0.3	–	0.3
Disposal of subsidiaries	–	–	–
Balance at 31 December	1.2	–	1.2

The Group's policy requires customers to pay in accordance with agreed payment terms, which are generally 30 days from the date of invoice or, in the case of live events related revenue, no less than 30 days before the event. All credit and recovery risk associated with trade receivables has been provided for in the statement of financial position. The Group's policy for recognising an impairment loss is given in note 1 (s)(ii). Impairment losses are taken through administrative expenses in the statement of comprehensive income.

The Directors consider the carrying value of trade and other receivables approximates to their fair value.

Cash and cash equivalents

Banks and financial institutions are independently rated by credit rating agencies. We choose only to deal with those with a minimum 'A' rating. We determine the credit quality for cash and cash equivalents to be strong.

Other receivables

Other receivables are neither past due nor impaired. These are primarily made up of sundry receivables, including employee-related debtors and receivables in respect of distribution arrangements.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by maintaining adequate reserves and working capital credit facilities, and by continuously monitoring forecast and actual cash flows. In November 2018 the Group renewed its £25m multi-currency revolving credit facility with the Royal Bank of Scotland and Lloyds which runs to November 2021 with the option to extend for two periods of one year each. As at 31 December 2019, the Group had cash of £9.3m (2018: £0.1m) with a full undrawn loan facility of £25.0m (2018: full undrawn loan facility of £25.0m).

The following tables detail the financial maturity for the Group's financial liabilities:

Financial liabilities				
Interest bearing				
Non-interest bearing				
Financial liabilities				
Interest bearing	-	-	-	-
Non-interest bearing	11.3	11.3	11.2	0.1
	11.3	11.3	11.2	0.1

[2] See note 1 (a) for description of prior year restatement

The Directors consider that book value is materially equal to fair value.

The book value of primary financial instruments approximates to fair value where the instrument is on a short maturity or where they bear interest at rates that approximate to the market.

The following table details the level of fair value hierarchy for the Group's financial asset and liabilities:

Cash and Bank balances	Lease Liabilities
	Trade Payables
Trade receivables – net	Accruals
Other receivables	Provisions
	Other payables
	Borrowings*

*Borrowings are purely in relation to the Group's revolving credit facility which is discussed above. The amount drawn down from this facility at 31 December 2019 was £nil (2018: £nil).

All trade and other payables are due in one year or less, or on demand.

Interest rate risk

The Group has no significant interest-bearing assets but is exposed to interest rate risk when it borrows funds at floating interest rates through its revolving credit facility. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group evaluates its risk appetite towards interest rate risks regularly, and may undertake hedging activities, including interest rate swap contracts, to manage interest rate risk in relation to its revolving credit facility if deemed necessary.

The Group did not enter into any hedging transactions during the current or prior year and as at 31 December 2019, the only floating rate to which the Group is exposed was LIBOR. The Group's exposure to interest rates on financial assets and financial liabilities is detailed in the liquidity risk section of this note.

Interest rate sensitivity

The Group has exposure to interest rate risk, and sensitivity analysis has been performed based on exposure to variable interest rates at the reporting date.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net profit after tax would increase / decrease by £nil (2018: £nil) and equity by £nil (2018: £nil)

NOTES TO THE FINANCIAL STATEMENTS

28 Financial instruments and financial risk management *continued*

Capital risk

The Group manages its capital to ensure that all entities in the Group will be able to continue as a going concern while maximising return to stakeholders, as well as sustaining the future development of the business.

The capital structure of the Group consists of net debt/cash, which includes cash and cash equivalents (note 18), and equity attributable to the owners of the parent, comprising issued share capital (note 24), other reserves and retained earnings. The Board also considers the levels of own shares held for employee share schemes, and the ability to issue new shares for acquisitions, in managing capital risk in the business.

The Group continues to benefit from its banking facilities (as renewed during November 2018), which features both a working capital facility, to assist in managing the Group's liquidity risk, and an acquisition facility to support the Group's acquisition strategy. The facility, available until November 2021 with an option to extend for a further 2 periods of 1 year each, allows for a maximum drawdown of £25m.

Interest is calculated on LIBOR plus a margin dependent on the Group's net leverage position, which is re-measured quarterly in line with covenant testing. The Group's borrowings are subject to financial covenants tested quarterly. The principal financial covenants under the facility are that the ratio of net debt to adjusted EBITDA (see note 1(b) for explanation and reconciliation of adjusted EBITDA) shall not exceed 2.5:1 and the ratio of EBITDA to net finance charges shall not be less than 4:1. At 31 December 2019 and throughout 2019 all these covenants were achieved.

Currency risk

Substantially all the Group's net assets are located in the United Kingdom. The majority of revenue and profits is generated in the United Kingdom and consequently foreign exchange risk is limited. The Group continues to monitor its exposure to currency risk, particularly as the business expands into overseas territories such as North America, however the results of the Group are not currently considered to be sensitive to movements in currency rates.

29 Operating lease commitments - minimum lease payments

Due to the adoption of IFRS 16 at 1 January 2019, the Group's future lease commitments are recognised as lease liabilities and ROU assets. The movement from the commitments of £7.3m at 31 December 2018 to the recognition of the lease liabilities and ROU assets are detailed in note 20.

	2018 £m
Within one year	2.5
Later than one year and less than five years	4.8
	7.3

At 31 December 2018, the Group had contracted with tenants to receive payments in respect of operating leases on land and buildings. These arrangements were excluded from the requirements of IFRS 16 under the short-term lease exemption (see note 20 for further details). All sub-leasing arrangements ceased during the year.

	2018 £m
Within one year	0.5
Later than one year and less than five years	–
	0.5

The Company does not have any operating lease commitments.

30 Pension schemes

The Group contributes to individual and collective money purchase pension schemes in respect of Directors and employees once they have completed the requisite period of service. The charge for the year in respect of these defined contribution schemes is shown in note 5. Included within other payables is an amount of £0.1m (2018: £0.1m) payable in respect of the money purchase pension schemes.

31 Capital commitments

At 31 December 2019, the Group had no capital commitments. At 31 December 2018, the Group had capital commitments totalling £0.1m in relation to fit-out costs for the new WeWork property lease.

32 Related party transactions

Group

Key management compensation is disclosed in note 5. There were no other material related party transactions for the Group in the current or prior year.

Company

During the year, interest was recharged from subsidiary companies as follows:

	2018 £m
Interest payable	1.3

There were no borrowings at the year end.

The balances outstanding with subsidiary companies are disclosed in notes 17 and 19.

There were no other material related party transactions for the Company in the current or prior year.

Audit exemption

For the year ended 31 December 2019 the Company has provided a guarantee pursuant to sections 479A-C of Companies Act 2006 over the liabilities of the following subsidiaries and, as such, they are exempt from the requirements of the Act relating to the audit of individual financial statements, or preparation of individual financial statements, as appropriate, for this financial year.

		[illegible]
Centaur Communications Limited	01595235	42.8
Centaur Newco 2018 Limited	11725322	-
Chiron Communications Limited	01081808	67.5
Econsultancy.com Limited	04047149	2.9
Mayfield Publishing Limited	02034820	0.4
Pro-Talk Limited	03939119	0.3
Taxbriefs Holdings Limited	03572069	-
Taxbriefs Limited	01247331	0.7
Thelawyer.com Limited	11491880	3.0
Xeim Limited	05243851	11.3
Your Business Magazine Limited	01707331	0.3

See note 13 for changes to subsidiary holdings during the year.

MarketMakers Incorporated Limited will have its statutory audit for the year ended 31 December 2019 performed by PwC.

33 Post balance date events

No material events have occurred after the reporting date.

FIVE YEAR RECORD (UNAUDITED)

	2015*	2016*	2017*	Restated* 2018
Revenue (£m)	69.9	71.9	64.7	50.3
Operating loss (£m)	(4.7)	(3.9)	(0.3)	(20.3)
Adjusted operating profit / (loss) (£m)	10.5	9.1	4.1	(2.2)
Adjusted operating profit / (loss) margin	15%	13%	6%	(4%)
Loss before tax (£m)	(5.6)	(4.4)	(0.7)	(20.5)
Adjusted profit / (loss) before tax (£m)	9.8	8.6	3.7	(2.4)
Adjusted diluted EPS (pence)	5.3	4.5	1.8	(1.4)
Ordinary dividend per share (pence)	3.0	3.0	3.0	3.0
Net operating cash flow (£m)	4.7	14.0	12.1	5.6
Average permanent headcount (FTE)	564	554	589	758
Revenue per head (£'000)	125	131	110	66

*See note 1 (a) for description of prior year restatement

	2015* £m	2016* £m	2017* £m	Restated* 2018 £m
Premium Content	20.2	20.9	19.1	14.4
Marketing Services	–	–	1.9	4.5
Training and Advisory	3.1	5.1	8.0	8.0
Events	24.1	25.7	18.7	6.5
Marketing and Advertising Solutions	22.5	20.2	12.8	7.3
Telemarketing Services	–	–	4.2	9.6
	69.9	71.9	64.7	50.3

	2015* £m	2016* £m	2017* £m	Restated* 2018 £m
Goodwill and other intangible assets	96.4	88.8	94.2	78.1
Other assets and liabilities	(2.1)	(7.6)	(13.4)	(11.5)
Net assets before net debt	94.3	81.2	80.8	66.6
Net (debt) / cash	(17.9)	(14.1)	4.1	0.1
Total equity	76.4	67.1	84.9	66.7

* 2015 – 2017 have not been restated with regards to discontinued operations relating to the disposals completed during 2019. 2018 has been restated for discontinued operations in line with the comparatives disclosed in these financial statements.

DIRECTORS, ADVISERS AND OTHER CORPORATE INFORMATION

Company registration number
04948078

Incorporated / domiciled in
England and Wales

Registered office
Floor M
10 York Road
London
SE1 7ND
United Kingdom

Directors
Colin Jones (Chairman)
Swagatam Mukerji (Chief Executive, previously Chief Financial Officer)
Simon Longfield (Chief Financial Officer, appointed 6 November 2019)
William Eccleshare
Robert Boyle (retiring 31 March 2020)
Rebecca Miskin (retiring 31 March 2020)
Carol Hosey (appointed 5 February 2020)
Leslie-Ann Reed (appointed 1 March 2020)

Company Secretary
Helen Silver

Independent Auditor
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Registrars
Share Registrars Limited
The Courtyard
17 West Street
Farnham
Surrey
GU9 7DR

External Lawyers
Dechert LLP
160 Queen Victoria Street
London
EC4V 4QQ

SHAREHOLDER NOTES

CENTAUR
MEDIA

Floor M
10 York Road
London
SE1 7ND