Future plc Annual Report and Accounts
2016

Group overview

Future plc is an international media group listed on the London Stock Exchange (symbol: FUTR). These highlights refer to the Group's annual results for the year ended 30 September 2016.

Continuing Revenue

£59.0m

2015: £59.8m

Continuing EBITDAE

£4.7m

2015: £3.6m

Continuing EBITE

£2.3m

2015: £0.8m

Continuing Digital Advertising

78%

of total continuing advertising revenues (2015: 77%)

Continuing Recurring Revenues

£15.0m

2015: £12.9m

Net Debt

£0.5m

2015: Net Debt £(1.8)m

Continuing Exceptional items

£(16.5)m

2015: £(2.5)m

Continuing Loss before tax

£(14.9)m

2015: £(2.3)m

Continuing Users

45.2m

a month (Q4 up 14% on Q3)

• EBITDAE represents earnings before interest, tax, depreciation, amortisation, impairment and exceptional items. • EBITE represents earnings before interest, tax, impairment and exceptional items.

• Recurring revenues encompass e-commerce and subscriptions.

• Exceptional items for 2016 above includes impairment of intangible assets of £13.0m.

A diversified content business with data at its heart

This year the Group has gained significant momentum; by moving to a new divisional structure, Future is benefiting from greater operational efficiency. The high-growth Media division is developing new revenue streams in e-commerce and events, backed up by significant digital advertising revenue and the Magazine division has increased operational efficiency through a strengthened magazine portfolio.

This has been an extremely good year for Future; operating profit before exceptional items has grown by 188% year-on-year led by increasing revenues in the Media division, including material and fast-growing e-commerce and events revenue streams. Future continues to produce innovative content through expert insight into what its customers need and monetises this through a diversified business model including digital advertising, events and magazines.

After a number of challenging years, the team is now building a track record of delivery and the clear strategy to deliver a content platform business, where we bring audiences and businesses together through the use of content, is working.

We have also completed a number of acquisitions, which have strengthened the portfolio and will result in economies of scale and enhanced operational profitability. The last of these, Imagine, in October 2016, will have a material impact on revenue and profits. The integration of Imagine is well on track.

The Group is committed to being brilliant at the basics, including proprietary, scalable technology, which has resulted in a leaner and simpler business and increased operational efficiency. In addition the Group has adopted a disciplined approach to investment and a focus on cash generation.

The Group continues to develop its brands, creating truly global, market-leading franchises of its digital and events assets and producing a record-breaking year for user reach, with digital users reaching 53 million.

In November 2015 the Group was reorganised into two new divisions, Media and Magazine, to position it for growth. This new divisional structure has resulted in a more efficient operating model which better reflects the divisions' different market dynamics. Additionally during the latter part of the year, a new Media Services division has been established which capitalises on opportunities to exploit the Group's capabilities as a content platform, focusing on growing revenues in third party relationships, particularly licensing, franchising and syndication of its brands, content and technology.

On behalf of the Board, I would like to thank all our employees for their hard work and commitment this year.

Peter Allen
Chairman

Chief Executive's review

Strategic report

Future's strategy to create a leading global specialist media platform with data at its heart, monetised through diversified revenue streams, has delivered extremely positive results with Media division revenue growth of 14% year-on-year. The Group is also benefiting from its operational leverage and the acquisitions Future has made this year have further strengthened the portfolio.

Data-led content strategy

The Group made significant progress in the last financial year, both operationally and financially.

Future is a global content platform for specialist media with scalable, diversified brands that has data at its heart. Data drives Future' s strategy by helping the Group understand its audience' s needs and particularly the path to purchase, which allows it to provide value for its partners, clients and itself. This creates loyal communities. This has been most evident in the Group' s fast-growing e-commerce business, where revenue is up 187% year-on-year.

Our data-led content strategy underpins our move to a diverse revenue business, with e-commerce and events showing notable rates of growth. Additionally, a major re-alignment of the cost base and tight management of the decline of the print business have resulted in further growth in operating profit. During the year we completed the re-organisation of the business into two distinct divisions; Media, which is focused on global scalable brands, and Magazine, which is focused on market-leading specialist content.

In October 2016, we established a new division, Media Services, which is focused on delivering high margin revenues through monetising our IP franchise, licensing and contract publishing deals.

We are expanding our global reach through organic growth, acquisitions and strategic partnerships. The global media brands in our Media division have performed strongly this year; two of our leading brands, techradar.com and PCGamer.com, have shown significant growth. Techradar revenue was up 49% year-on-year, a result of leveraging content to harness e-commerce, and PC Gamer revenue up 43% year-on-year, through strengthened relationships with hardware providers.

Our online audience has never been stronger, with our global websites breaking our own records. During our peak season pre-Christmas we reached 53m online users.

We have strong engagement with our users through our large social media following, reaching 45m people across Facebook, Twitter and YouTube and generating 10m sessions to our websites from social media.

We continue to innovate in our Magazine division, including new magazine launches and updates to existing titles.

Diversified revenue

We understand the value of diversified revenues within media and continue to concentrate on developing material, recurring new cash generative products in order to take advantage of a fast changing media landscape. We have clearly diversified revenue streams in digital advertising, e-commerce, events, licensing, retail, subscriptions, contract publishing and third party sales.

Our e-commerce business goes from strength to strength; enriching users' experience and providing price comparison and purchase options. We have our own proprietary price comparison technology, "Hawk", which provides us with a powerful position in the UK online technology market compared to many other large consumer technology websites. Our acquisition of Next Commerce in August 2016 further builds on the range of our product categories, introducing a significantly improved taxonomy, while also expanding our reach into Australia and South East Asia.

We have a strong digital advertising revenue stream, advertising targeted at individuals based on behavioural segmentation and a technology stack that capitalises on the growth in programmatic while maximising digital yield. We provide access to unique audiences, focusing on strategic relationships and creative solutions.

Our events business has taken significant strides forward in the year, including the hosting of five new events. We have built on our global brands by producing our creative and design conference, Generate, in four locations: New York, Sydney, London and San Francisco.

The acquisitions of Noble House Media and assets from Blaze Publishing have significantly strengthened the events portfolio with shows including The London Acoustic Show, The London Drum Show and the Mobile Industry Awards.

Additionally, our award winning event, The Photography Show, generated over £2m of revenue and attracted 30,000 visitors this year.

We continue to innovate in the Magazine division with a number of launches during the year, including introducing new brands into the kids category, while we continue to focus on strengthening the performance of our existing magazines through targeted re-launches.

Divisions

In November 2015 the Group was reorganised into two new divisions, Media and Magazine, to enable a more efficient operating model to be employed in each division, reflecting their different market dynamics.

The Media division, underpinned by leading global brands, is focused on building fast-growing digital and diversified revenues. Future has invested in the rapidly growing revenue streams of e-commerce and events and continues to innovate in digital advertising.

The Media division focuses on being at the forefront of digital innovation, in particular the high-growth technology and games markets. It has a number of leading brands including techradar, PC Gamer, GamesRadar+, The Photography Show, Generate and Golden Joysticks.

The Magazine division is specialist and brand-led. It has over 80 magazines and bookazines and is the number one digital consumer magazine publisher in the UK. The division is focused on creating the best content in the market in an efficient operation and continues to tightly manage the portfolio. In addition, we have made a number of acquisitions this year within existing and new verticals, which strengthen our portfolio and provide synergistic benefits.

In October 2016, we established a new division, Media Services, in order to bring focus and resources on higher margin revenues. The Media Services division is centred around offering our content expertise to third party customers, encompassing our licensing and content publishing businesses and focusing on growing our licensing revenues for both digital and print brands. In addition, this division is exploring opportunities in non-core markets to franchise our events. We are also reinvigorating our focus on Fusion, our contract publishing business, with a clear aim of partnering with other businesses in their content solutions.

Acquisitions

The Group has strengthened its portfolio over the year with key bolt-on acquisitions. Adding portfolio enhancing brands means that we can achieve economies of scale through our core UK publishing operations and enhance operational profitability.

These acquisitions have allowed us to take advantage of a fragmented market. They have provided the Group with a number of complementary titles to our existing portfolio and added the new portfolio of field sports and also a step toward the high value B2B market with the mobile category.

In April 2016, Future acquired Noble House Media, a multi-platform publisher specialising in technology and the mobile industry. The acquisition added expertise in the mobile industry and further strengthened Future's technology portfolio, including adding leading magazine brands Mobile Choice, Wireless and Mobile and the prestigious Mobile Choice Awards and Mobile Industry Awards.

In May 2016, Future acquired assets from Blaze Publishing, a magazine publisher and event organiser, in the music and field sports sectors. This acquisition strengthens Future's position as the market leader in music publishing in the UK, in line with our strategy to take leadership positions.

In August 2016, we acquired Next Commerce, a digital shopping comparison business with operations in Australia and across South East Asia. Next Commerce operates Getprice.com.au and Pricepanda.com and has websites in six countries listing over 19.5 million products. In line with our strategy this strengthens our presence in e-commerce through their market-leading technology and practices for retailers, publishers and consumers in the region, while at the same time providing a far greater taxonomy that can be migrated into the Future Hawk software.

In June 2016, Future agreed terms to acquire Imagine Publishing. The transaction completed in October 2016. Imagine has a portfolio of 18 periodical magazines and publishes over 300 bookazines across the knowledge, history, science, games, tech and creative verticals. It also has a strong licensing, web and digital edition business.

The Imagine acquisition brings significant cost synergy opportunities and cash generation, which can be deployed into the core growth areas of the business. The integration of Imagine into the Group is proceeding to plan and, while only one month in, we are confident of delivering the estimated annualised cost synergies of £3.0m.

Fund raising

The Group raised net proceeds of £3.1m in November 2015 via an equity placing, to accelerate growth and profit generation, particularly in the Media division. These funds have provided working capital for, and enabled investment in, the Group's high growth revenue streams, e-commerce and events, in addition to investment in the restructuring of the business.

Current trading and outlook

The Group has a clear strategy, which is resulting in improved financial and operational performance, particularly increased EBITDAE margins and cash conversion.

Future has substantially increased its portfolio and overall scale, both from organic growth across the business and targeted acquisitions. The continued focus on operational improvements and the increased size of the business is resulting in economies of scale within the business and enhanced operational profitability.

Recurring revenue streams now represent 25% of total revenue, compared to 22% in the last financial year. These are a mix of subscription revenues and highly predictable e-commerce income.

The Board expects these trends to continue into the current financial year which, at this early stage, is performing in line with our expectations.

Zillah Byng-Thorne
Chief Executive

Key details of the acquisitions we have made in 2016 are included below:

Acquisition	Revenue*	Deferred Consideration
Next Commerce	£3.3m	Deferred consideration of up to £550k payable in Future plc shares at end of January 2017 if revenue targets exceeded
Noble House Media	£0.9m	None
Assets of Blaze Publishing	£3.1m	Up to £320k payable against achievement of gross contribution targets
Imagine Publishing	£16.4m	None

*Revenue figures obtained from most recent annual financial information or in the case of Blaze, financial information relating to the acquired assets

Strategic overview

A global platform for specialist media

Future's purpose is simple; changing people's lives through sharing our knowledge and expertise with others to make it easier and more fun for them to do what they want.

Our content is powered by our communities and we base everything we do around clusters of like-minded enthusiasts who are passionate about their interests. From video games to technology we provide content and experiences that inform, entertain and unite these communities.

We understand what is important and valuable to our passionate audiences and as a result we are positioned to develop new profitable revenue models to fulfil their needs. We do this by innovating with scalable technology, unique and relevant content and a low cost operating model.

Our strategy centres on leveraging the connection we have with our audience to monetise the consumer's need.

Media

Future is a platform business with a data-led content strategy. The content creates a connection with the audience, providing value for our clients, from our affiliate partners to our advertisers and also for our own business.

Our strategy means that we understand the customer path to purchase, making our platform the place where content, code and commerce connect.

Through our data insights we understand what our audience want and where they want it which enables us to produce content specialised and tailored to them through buying guides, reviews and how-to's.
We have strong digital advertising and content solutions revenues created through the meaningful relationships we have with our strategic partners.

The Media division's strategy is based around its global and market-leading brands and the consumer need that each fulfils, as well as a data-led content strategy. The division is focused on building fast-growing digital and diversified revenues, most notably in e-commerce and events.

Discover
Our editorial expertise and SEO leadership help surface content that informs the purchase decisions of influential consumers. Our proficiency in aiding consumer discoverability is a key feature of our business. Techradar is an excellent example of this; where we believe 85% of the audience arrive on the site as part of the research phase for technology goods and 26% go on to buy.

We are experts in SEO; techradar ranked number one on Google search for iPhone 7 when it launched, representing techradar as a world-renowned brand and resulting in the site having its fourth biggest day of all time with 1.7 million sessions. Millions of people rely on us for leading content trends; Pokémon Go launched in July 2016 and by the end of the month our Pokémon Go content had been viewed 6.2 million times.

Our online audience has never been stronger. At the end of 2015 a number of our sites broke their own records, when PCGamer.com reached 10 million users, up 37% year-on-year, and techradar reached 22 million users, up 14% year-on-year. In December 2015, GamesRadar+ reached 11 million users and 103 million page views, the largest ever with users up 29% year-on-year.

We are market leaders, holding the number one market positions in the UK in online consumer technology, online creative & design and the global number one position in PC gaming.

Engage
We are experts at engaging with our audience by connecting through credible content and meaningful experiences and we empower our audience to share and engage with us and our community.

Future has significant reach on social media with our gaming brands having 12.3 million Facebook fans – far larger than our two biggest competitors, making us a market-leading gaming social media community.

Our coverage of Fallout 4 in November 2015 was GamesRadar+'s biggest social media success, creating one million referrals – more than double a normal weekday. Additionally our YouTube video views for Fallout 4 reached 120,000 in a single day.

We are committed to fulfilling consumer need by delivering the right experience. We have developed our events business using the connection we create with our audience through content to attract them to attend our events. Award-winning The Photography Show took place again in March 2016, increasing its net contribution 17% year-on-year. The Golden Joysticks in October 2015 was the most successful yet resulting in 9 million votes, 13.5 million page views and 770,000 users.

Purchase

We are the new storefront directly driving the purchase of technology products, gaming hardware and software through our "Hawk" engine, our unique proprietary price comparison database. Hawk has now achieved significant scale generating over £107 million of gross revenue for our customers in the last 12 months, up 199% year-on-year. We exist to help our readers make the most informed buying decision, serve them the best deals on the products they desire and offer guidance on how to best take advantage of their gear once it arrives.

Hawk was developed in-house to be scalable across multiple brands and robust at a high volume of transactions. Future serves up the product and pricing information based on an algorithm that determines the best matching product from its database. Using the Group's tested and proven methodology it has improved volumes and conversion to create a material new revenue stream.

Future is well placed to benefit from Black Friday and Cyber Monday by targeting deals in the technology sector. In November 2015 we ranked number one on Google for Black Friday search terms, throughout the build-up and into the days themselves. In November 2015 45% of traffic went from techradar straight to a shopping and classified website, compared to 26% in March 2016. Hawk provides real-time pricing information on over 222 million product offerings covering the majority of consumer products in North America and Western Europe.

Magazine

We are one of the most significant specialist magazine and bookazine publishers in the UK with a portfolio covering nine different sectors and titles available in print and digital formats.

Future is a market leader for bookazines in the UK, a position further strengthened by our acquisition of Imagine Publishing. Additionally, we are the largest publisher of digital magazines in the UK.

The Magazine division's strategy is to increase the Group's efficiency by launching new propositions whilst tightly managing the cost base. It is also taking advantage of a fragmented market through acquisitions, which enable the business to benefit from economies of scale.

This innovation continues with a number of magazine launches and re-launches, including launching Professional Photography in October 2015 to reinforce Future's market-leading position in photography.

Re-launches included Comic Heroes in October 2015 and re-designs of MacFormat in January 2016, Official Xbox in April 2016 and Total Film in June 2016. The re-launch of Total Film magazine saw copy sales increase by 36%.

We continue to closely manage the decline in revenue of the magazine portfolio. In line with tightly managing the cost base the Group also completed a comprehensive review of its procurement processes. As expected, this has identified around £0.6 million of savings.

Leaner, simpler

We pride ourselves on being brilliant at the basics and keeping our business lean and simple, from producing market-leading and award-winning brands to tightly managing our cost base and using simple but scalable technology.

We have developed a single proprietary platform to manage our websites and have migrated all core brands onto this platform, allowing scalable development of template changes and new ad formats. We have also rolled out a proprietary built content management system across the division, which is fast and efficient and is designed to support multi-media editorial content and supports 24 hour global editorial coverage. The combination of these two developments means that the significant amount of content published is swiftly and efficiently managed, while the operation as a whole can be easily scaled without any additional operating costs.

Additionally, we have upgraded our internal systems in finance and advertising sales.

Media Services

Our new division, Media Services, which we established in October 2016, strengthens our focus on content publishing, licensing and other new opportunities to franchise our digital brands and events in non-core markets.

We leverage our expertise in creating premium and authoritative content to work with leading brands to elevate their conversation with consumers. We already have an established licensing revenue stream, licensing our magazine content to 31 countries, with 68% of revenue on annual contracts, as well as publishing techradar India via a franchise contract.

What we do

Our divisions

Future plc is an international media business organised into two divisions, Media and Magazine.

Media brands

Our Media division consists of a number of global online brands and events notably in the technology, games, entertainment and photography sectors.

Our influential technology websites make Future a leading authority on all things tech. We cover everything from lifestyle gadgets to auto-tech, bringing our audience the latest developments in phones, computing, tablets, wearables and more.

Our flagship technology website, techradar, is the number one consumer technology website in the UK. Our technology brands reach over 25 million users as well as 4 million across Facebook, Twitter and YouTube. 85% of techradar's audience is generated from traffic from search engines. Techradar generated £15 million worth of sales across Black Friday weekend 2015.

Future's iconic gaming brands are a voice of authority for gamers worldwide. We reach 15 million users across our online gaming brands and 35 million across our social media channels making us a global market-leading social community of gamers. Future's renowned gaming portfolio is the voice of authority for gamers worldwide and has influenced gaming culture for over 30 years. We hold a unique position in the global games media market, combining the strongest games industry partnerships with an innovative multichannel approach. GamesRadar+ blends gaming, TV and movie entertainment, PC Gamer is the number one PC games website on the planet and the Golden Joystick Awards is one of the world's biggest consumer-voted gaming awards event.

The Media division is also home to the UK's largest event for enthusiast and professional photographers; the award-winning and phenomenally successful The Photography Show.

CreativeBloq is the number one creative & design content website in the UK and the US, reaching over 4 million web designers, developers, graphic designers and 3D artists each month. We also host the highly successful Generate conferences, the global event for web designers and developers, which take place in New York, Sydney, London and San Francisco.

This year saw the second PC Gaming Show at E3 in June. The show was a massive success resulting in 449,000 views of the event on Twitch and 2.1 million users viewing E3 content on our websites. E3 also had a positive impact with increased (news-focused) traffic to PC Gamer, which brought with it a healthy increase in commission revenue (28% on PC Gamer).

In March we launched the PC Gamer Weekender in London which was successful in terms of visitors and sponsors.

This year's T3 Awards were a phenomenal success with attendee will.i.am declaring "three years from now the T3 Awards will be the Grammys and the Brits on steroids".

Technology and photography brands include:
techradar
T3
Gizmodo UK
Lifehacker UK
ITProPortal
The Photography Show
Mobile Choice Consumer Awards

Games & entertainment brands include:
GamesRadar+
PC Gamer
Kotaku UK
Golden Joysticks
PC Gaming Show at E3
PC Gamer Weekender

Creative & design brands include:
CreativeBloq
Generate conferences
Music brands include:
MusicRadar
The London Acoustic Show
The London Bass Guitar Show
The London Drum Show

Magazine

The Magazine division publishes a number of special interest magazines and bookazines in both print and digital format in the games, entertainment, technology, photography, music and field sports sectors.

Our gaming print titles cover everyone from dedicated industry professionals to passionate console gamers, including the official PlayStation magazine and global print PC gaming brand, PC Gamer.

Our dynamic, market-leading specialist technology magazines provide in-depth insight such as MacFormat and Maximum PC. The Group's acquisition of Noble House Media saw Future enter the technology B2B sector, with top brands including consumer mobile magazine, Mobile Choice, as well as trade magazines Wireless and Mobile.

Future's film magazines connect with film and TV lovers worldwide. Our portfolio includes the iconic movie magazine Total Film, the equally renowned and best-selling science fiction title SFX, and the genre-specific brands Crime Scene and Comic Heroes. Our combination of authority and access ensures that our audience stays on top of the latest movie, TV and fiction news. In June 2016 Total Film re-launched with a new tagline "The Smarter Movie Magazine" and a larger size that reflects the passionate modem film consumer and gives greater depth of coverage to the latest films. As a result Total Film has seen a remarkable spike in sales following the re-launch with a 36% increase issue-on-issue.

Future is the UK's leading publisher of magazines about photography. Our magazines offer practical advice and inspiration to photographers of all skill levels.

The market-leading Digital Camera magazine covers D-SLR and CSC hobbyists, Canon fans turn to PhotoPlus, N-Photo is 100% Nikon-focused, while Professional Photography meets the needs of the working professional.

Our music portfolio informs and inspires music-makers to be even greater at the thing they love; we've got it covered on guitars, drums and hi-tech.

We produce market-leading creative and design print magazines including net, ImagineFX, 3D World and Computer Arts.

Our acquisition of assets from Blaze Publishing has entered us into a new vertical, field sports.

Through our acquisition of Imagine Publishing, we have gained magazines within the history, knowledge and science sectors.

Technology and photography brands include:
T3
MacFormat
Maximum PC
Mobile Choice
Digital Camera
N-Photo
Photo Plus

Games & entertainment brands include:
Official PlayStation
PC Gamer
SFX
Total Film

Creative & design brands include:
3D World
Computer Arts
net

Music brands include:
Guitarist
Rhythm
Computer Music
Acoustic Magazine

Field sports brands include:
Airgun Shooter
Sporting Rifle
Bow International

Media Services

Our new Media Services division, which we established in October 2016, encompasses our content publishing business Future Fusion and our licensing business.

Future Fusion is our in-house creative service agency. We create content for global audiences across our media network and beyond. Our clients are some of the world's biggest brands within our sectors and we also operate in non-core sectors such as travel and motoring providing own-branded content for our clients.

We license and syndicate our easily transferable content to 31 overseas markets and we continue to be the number one licensing partner in our specialist sectors for media around the world, with market-leading content delivery systems and efficient business processes.

Additionally, the division has dedicated resource to focus on areas in our business that have good growth prospects, which include opportunities in non-core markets to franchise our digital brands and events as well as driving growth in licensing and Future Fusion.

Business review

Key Performance Indicators

The key performance indicators are presented on a continuing basis.

	2016	2015
Corporate KPIs		
EBITDAE (£m):	**4.7**	3.6
EBITE (£m):	**2.3**	0.8
Media Division KPIs		
Number of users visiting our websites (monthly)	**45.2m**	48.5m
Number of event attendees (thousands)	**38.3**	32.0
Number of e-commerce transactions (thousands)	**1,128**	563
Magazine Division KPIs		
Number of copies sold per month (thousands)	**739**	818
Subscriber base (thousands)	**399**	466
Copies sold as a percentage of copies printed (including subscriptions)	**45%**	50%

Risks and uncertainties

Like all businesses, our business faces risks and uncertainties that could impact the Group' s achievement of its objectives. Risk is accepted as being a part of operating any business and we have therefore established a continuous process of identifying, evaluating and managing risk.

Risk management

Risks	Description	Mitigation
Operating environment	The structural change in our operating environment and the pace of the transition from print remain a real risk. There is a risk that print circulation volumes and print advertising revenues decline at a faster rate than anticipated and digital revenues do not grow at a rate to offset	Future continues to innovate, making available its special-interest content to consumers in print, where we have had a number of successful launches. We create best-in-class content to create an emotional connection with our audiences of engaged enthusiasts, who represent an attractive
Debt financing	Future had a bank facility totalling £5.0m at 30 September 2016. Failure to comply with the financial covenants of the facility could result in additional finance costs and the possible	Future continually monitors its cash flows and covenants and has operated within all its covenants throughout the year. Following the acquisition of Imagine, the Group secured new facilities totalling
Intellectual property	Future uses, and grants licences to its licensees allowing them to use, various types of third-party content including music, audiovisual material, photos, images and text. As a publisher, Future is responsible for any intellectual property or other infringement relating to the same and as licensor, Future is responsible to its licensees.	Future produces guidance and in-house training to educate its staff on the importance of obtaining appropriate rights or licences and has a dedicated in-house rights management team. Future's legal team reviews all significant licences relating to third-party content and, where appropriate, seeks warranties and indemnities relating to the same. Future licenses content to third parties based on standard contracts which seek to limit Future's liability.
Financial	The long lag time for reporting on sales of exported printed copies continues to be an area of forecasting uncertainty. Forecasting remains difficult in all consumer markets. As we continue to diversify our revenue streams, new activities are inherently more difficult to forecast accurately. Advertising pipelines can be subject to slippage, with the risk that resulting revenue is pushed into later accounting periods. The Group is exposed to interest rate risk and foreign exchange risk. The significant issues considered in relation to the financial statements for the year ended 30 September 2016 are set out in the Audit Committee section of the Corporate Governance	On printed product, in particular bookazines, a more conservative initial view on sales estimates continues with emerging trends becoming more apparent. Future's forecasting in respect of innovative products will become easier as those products develop a more consistent customer base and stable business models. Careful monitoring of the pipeline and bookings to close the gap in the event of any shortfall. The Directors consider Future's exposure to interest rate and foreign exchange risk to be low and therefore there are no hedges in place (see note 22 to the financial statements for more detail). Review by Audit Committee with external auditor.

Risks	Description	Mitigation
	report on page 27.	
IT	The business is increasingly dependent on technology. In the event of a total network or server failure, or data loss, there would be a major impact on the production of magazines, operation of websites and the operational effectiveness of the business.	Future's network has at least two diverse routes for all key offices and business-critical data is held on three highly resilient storage devices in different locations. In addition, all core switches are duplicated in different buildings so there are no single points of failure. Servers are distributed across two main data centre locations and several controlled server rooms in different buildings in Bath and San Francisco. Future can switch services from one server to another within a few hours. In addition, all mission-critical services have more than one server so there is no single point of failure. Further investment in the IT infrastructure has been made in 2016 and more is already underway in 2017.
Staff	The Group's strong reputation as a leading content provider makes its staff potentially attractive to competitors. There is a risk that key staff will move elsewhere if offered significant increases in remuneration with which Future is unable to compete.	Future employs people who are passionate about their subject. Future offers a number of staff benefits and incentive programmes to attract and retain key staff, and steps are taken to ensure that the Group is not excessively reliant upon any one employee.
Personal data and cyber fraud	A loss of personal data or a cyber attack would trigger the need to notify users and the Information Commissioner's Office (ICO) and Future may suffer reputational risk, as well as a significant financial penalty, if it is responsible for the breach.	Future seeks to ensure all of its systems comply with best practice as regards to security and has in place a plan to mitigate the effects of any hack. The Group is continually investing and upgrading its IT systems and processes to ensure that they are sufficiently robust and appropriate for the digital age. No attacks were suffered in 2016.

There are a number of general business risks to which Future is naturally exposed in the UK and US. In addition, the range of industry-specific risks faced by Future continues to increase, due to the increasingly digital focus of the media landscape and the increasing number of evolving business models.

Our internal controls seek to minimise the impact of risks, as explained in our Corporate Governance report on page 25, and during the year we have continued to develop those controls in response to the wider range of risks.

Corporate responsibility

Responsible business

Corporate responsibility is integral to the way Future conducts its business. We focus our efforts around three key areas where we think we can make a difference.

---

1. The environment

A responsible approach to the environment is essential to ensure the future sustainability of our business.

Sourcing paper
Paper is the largest raw material we use as a Group. We work hard to make sure that whatever we consume, we do in a way that is ethically responsible and environmentally sustainable. In 2016, 100% of our paper across the Group was sourced from either recycled fibre or sustainable forests where at least one tree is planted for every tree felled. In the UK, Future holds the FSC (Forestry Stewardship Council) Chain of Custody certification. This recognises Future's commitment to sourcing paper supplies from sustainable forests.

In 2016, over 90% of the paper we used in the UK was FSC certified. We actively encourage our suppliers to work towards FSC certification or one of the other internationally recognised and independently audited certification schemes for environmental care in forest management and conservation.

Recycling and waste
The Group is strongly incentivised to minimise the number of unsold magazines and we employ sophisticated techniques to help achieve this. In the UK, Future's unsold magazines are recycled. We also support the PPA's initiative encouraging readers to recycle their magazines after use and we incorporate the WRAP recycle logo in all our magazines. We comply with our obligations under the Producer Responsibility Obligations (Packaging Waste) Regulations. The disposal of waste materials is also included in our print supplier audit.

Supplier audits
We undertake environmental and ethical audits on our main suppliers which include aspects such as the processing and disposal of effluents, emissions and waste materials, and the use of labour.

---

2. Our people

Future's employees are our most important assets; they are the driving force behind our success as a business.

Health and safety
The health and safety of all employees is a key priority for the Group. Future is largely an office-based environment. All companies across the Group comply with relevant legislation and we communicate our health and safety policy to all employees. In the UK, during the year to 30 September 2016, there were no fatalities, no reportable (RIDDOR) injuries, and no minor injuries. There were no fatalities or injuries in the US or Australia during this year.

Policy on disability
The Group aims to ensure that when considering recruitment, training, career development, promotion or any other aspect of employment, no employee or job applicant is discriminated against, either directly or indirectly, on the grounds of disability.
If an employee became disabled while in employment and as a result was unable to perform their duties, we would make every effort to offer suitable alternative employment and assistance with retraining.

Internal communication
Future has policies on employee communication, acceptable use of IT, health and safety and whistle-blowing, and we have a commitment to diversity and opportunity.

We hold regular town hall sessions for all employees, and extended leadership team meetings where we discuss key strategic initiatives and the performance of the business. In the UK we held an all company conference in October 2016. These initiatives ensure that communication is constantly improving across the business, reinforce the building of a positive working environment where we celebrate successes and also help to ensure there is alignment across the business. Our environment is one where we encourage employees to freely give their views and contribute to initiatives, as this continuously develops and improves our offering for the benefit of our consumers and clients.

3. The community

Giving something back
In the UK the Group has worked in partnership with Bath-based charitable foundation Quartet, who make donations to local charities on our behalf.

Future in the wider community
Future people have been actively involved in the year with a number of national organisations including the Professional Publishers Association, European Magazine Media Association, Association of Online Publishers, NABS, European & Leisure Software Publishers Association, the IPA, the Marketing Society and the International Federation of the Periodical Press.

Employment data across the Group	2016
Split of female:male employees as at 30 September 2016	**32%:68%**
Split of female:male Directors of the Company as at 30 September 2016	**3:2**
Split of female:male members of the Executive Committee as at 30 September 2016	**1:5**
Earnings meet at least legal minimum or minimum set by industry	**Yes**
Cases of reported and proven discrimination or harassment	**None**
Consultation and communication procedures in place for all areas of the business	**Yes**
Code of conduct circulated to all existing and new employees	**Yes**
Employment of young people under the age of 15	**None**

Statement of Greenhouse Gas (GHG) Emissions for the Group

Global GHG emissions in tonnes of CO_2 equivalent:

Emissions from		2013 (base year)	2016
		Total	Total
The combustion of fuel: gas for heating and fuel; for vehicles (Scope 1)	UK	470	131
	US	102	-
	Total	572	131
The purchase of electricity: heat, steam or cooling by the Group for its own use (Scope 2)	UK	1,310	493
	US	376	8
	Total	1,686	501
Total Emissions (CO2e Tonnes)		2,258	632
Total Revenue		£112.3m	£59.0m
Intensity Ratio (CO2e Tonnes per £1m)		20.1	10.7

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

The emissions sources fall within our financial statements. We do not have responsibility for any emission sources that are not included in our financial statements.

Methodology:
We have used the UK Government's Environmental Reporting Guidance. We have applied the 2016 DEFRA GHG Conversion Factor Repository to calculate the CO2e. As a Group with only office-based activities and no manufacturing activities, under the GHG Protocol Corporate Standard, our emissions fall under Scope 1 (the combustion of fuel) and Scope 2 (the purchase of electricity).

Notes:

- Scope 1 – Time periods for combustion of gas for heating – figures for all offices are for the financial year. All figures are estimates based on % share of office space within leased buildings except for UK Bath offices which are actual consumption where whole buildings or floors within buildings have their own meters.

- Scope 1 – Time periods for combustion of fuel in vehicles – only the UK operates leased vehicles and figures for the consumption of fuel are based on averaged annual mileage.

- Scope 2 – Time periods for consumption of electricity – figures for the UK and US offices are for the financial year. Figures for the Australian office are pro-rated from typical (August 2016) monthly consumption. All figures are estimates based on % share of office space within leased buildings except for the US office in 2016 and UK Bath offices which are actual consumption where whole buildings or floors within buildings have their own meters.

- Scope 2 – Electricity Sources – No electricity was purchased from owned or controlled sources.
- Fugitive Emissions – the Group benefits from air conditioning in some of its leasehold buildings. The scale of emissions from leaks is very small (estimated to be less than 0.5% of total emissions) and is deemed to be immaterial to overall reporting and trends.
- Base Year - Financial year 2013 is our baseline year.
- Intensity Ratio - we are using 'Tonnes per £1 million revenue'.
- We have maintained our focus on other environmental impacts, particularly initiatives to reduce waste and to continue sourcing all our magazine paper from sustainable forestry.

Financial review

Optimisation

The financial results demonstrate that the Group is progressing well with the Optimisation phase of its strategy, with exciting times ahead following the acquisition of Imagine.

Financial summary

The financial review is based primarily on a comparison of continuing results for the year ended 30 September 2016 with those for the year ended 30 September 2015. Unless otherwise stated, change percentages relate to a comparison of these two periods.

Continuing operations	2016 £m	2015 £m
Revenue	**59.0**	59.8
EBITDAE	**4.7**	3.6
Depreciation charge	**(0.4)**	(0.5)
Amortisation of intangible assets	**(2.0)**	(2.3)
Operating profit pre-exceptional items	**2.3**	0.8
Exceptional items	**(3.5)**	(2.5)
Impairment	**(13.0)**	-
Operating loss	**(14.2)**	(1.7)
Net finance costs	**(0.7)**	(0.6)
Loss before tax	**(14.9)**	(2.3)
Loss per share (p)	**(4.0)**	(0.6)
Adjusted earnings per share (p)	**0.4**	0.0

Revenue

Group revenue was £59.0m (2015: £59.8m) reflecting the continued change in the business with the new revenue streams growing strongly whilst the print revenues, as expected, continue to decline. UK revenue was £44.7m (2015: £47.3m) and in the US £15.2m (2015: £13.4m).

The Group's focus is on building recurring revenue streams, which have annuity like qualities. These encompass e-commerce and subscriptions, and now represent 25% of the Group's total revenue (2015: 22%).

Media

Media revenue has increased by 14% to £23.9m (2015: £20.9m), driven by the Group's fast growing revenue streams, e-commerce and events.

In the UK, Media revenues increased by 8% to £14.1m (2015: £13.1m), driven by the new revenue streams of e-commerce and events. In only its third year, The Photography Show at Birmingham's NEC generated revenue growth of 12% year-on-year. Digital advertising in the UK now represents 69% (2015: 72%) of UK advertising revenues.

The US also delivered strong growth, up 24% year-on-year to £10.4m (2015: £8.4m), with revenue from affiliates being the biggest driver of this growth. Digital advertising in the US now represents 88% (2015: 85%) of US advertising revenues.

Magazine

Magazine revenue declined in line with expectations to £35.1m (2015: £38.9m), reflecting the market's overall structural decline. A focus on subscription revenues, however, has increased the mix of recurring revenues in this division to 30% from 29% in 2015. The division is constantly looking for ways to innovate and launched five new magazines in the year.

EBITDAE

The Group's EBITDAE was up 31% to £4.7m (2015: £3.6m), of which £2.8m (2015: £3.3m) was UK and £1.9m (2015: £0.3m) was US. The swing in profit margins between the UK and US is in large part a reflection of the strategy to create operational centres of excellence in lower cost environments, with all of the back office costs for the Group now located in the UK. During the course of the year, global functions were introduced for most operational teams, allowing resources to be located in the most financially and operationally effective locations. This has helped to improve the overall Group profitability through greater operational gearing and allowed the US operations to grow from strength to strength.

Future's headcount was further reduced from 521 to 449 employees and rationalisation of the Group's overhead base continued with a focus on process re-engineering. All websites have now been migrated onto the Group's proprietary platform and a global content management system migration (CMS); the final CMS migration will be completed in Q1. This puts the Group in a strong position to benefit from economies of scale as the number of brands increases. All acquisitions made during FY16 have been fully integrated into the Group's operations and systems.

Exceptional items and impairment

Exceptional costs were £3.5m (2015: £2.5m). Restructuring costs of £1.8m include headcount reduction and transformation expenses. A credit of £0.5m was recognised as dilapidation costs for legacy offices were lower than originally expected.

The balance of exceptional costs principally comprise acquisition related costs in respect of the acquisition of Miura (Holdings) Limited, the ultimate parent company of Imagine Publishing Limited, which was completed on 21 October 2016.

A non-cash impairment charge of £13.0m has been recognised against goodwill attributable to the UK business. This reflects a shift in the underlying profitability and cash flows of the Group and the continued decline of print.

Net finance costs

Net finance costs were £0.7m (2015: £0.6m) with the increase representing a small foreign exchange loss (profit in 2015) reflecting the volatility of currency markets.

The Group pre-tax loss was £14.9m (2015: £2.3m).

Taxation

The tax credit for the year amounted to £0.5m (2015: £0.3m), comprising a current tax charge of £1.3m (2015: credit of £0.3m) and a deferred tax credit of £1.8m (2015: £nil) predominantly related to the recognition of a portion of US losses. The current tax charge arises in the UK where the standard rate of corporation tax is 20%.

Overall the effective rate for the Group when applied to the loss before tax was 3% (2015: 13%). The Group continues to focus on compliance with tax authorities in all territories in which it operates.

(Loss)/earnings per share

	2016	2015
Basic loss per share (p)	**(4.0)**	(0.6)
Adjusted earnings/(loss) per share (p)	**0.4**	0.0

Adjusted earnings per share is based on the loss after taxation which is then adjusted to exclude exceptional items, impairment and related tax effects. The continuing adjusted profit after tax amounted to £1.5m (2015: £0.1m) and the weighted average number of shares in issue was 362m (2015: 333m).

Dividend

The Board is not recommending a final dividend for the year.

Cash flow and net debt

Net cash at 30 September 2016 was £0.5m (2015: net debt £1.8m), an improvement of £2.3m in the year.

Following the acquisition of Imagine, the Group refinanced Imagine's existing debt and settled outstanding fees and other deal related costs, totalling £7.4m.

During the year, there was a cash inflow from operations before exceptional items of £6.5m (2015: £2.3m outflow) arising from an improvement in working capital and trading performance.

This was offset by £3.4m (2015: £5.2m) of exceptional restructuring payments made in the year, £1.9m (2015: £2.0m) of capital expenditure, net proceeds from a share placing of £3.1m and payments of £0.9m to fund acquisitions (net of cash acquired). Foreign exchange and other movements accounted for the balance of cash flows.

Credit facility and covenants

The Group had available facilities of up to £5.0m at 30 September 2016. Following the acquisition of Imagine the Group secured new debt facilities totalling £14.0m expiring in June 2021. Further details of these new facilities are included within note 19.

Going concern

After due consideration, the Directors have concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons the Directors continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 30 September 2016.

Post balance sheet event

On 21 October 2016 the Group announced the completion of the acquisition of Miura (Holdings) Limited, the holding company and ultimate parent company of Imagine Publishing Limited, for equity consideration of £15.3m.

Key performance indicators (KPIs)

Management uses a number of KPIs to measure the Group's operational and financial performance, the most important of these KPIs are set out on page 8.

Conclusion

The Group has moved into a period of optimisation, with the acquisition of Imagine providing additional scale and cash generation and presenting a number of exciting opportunities. The Group is well placed to achieve its ambitions for 2017 and beyond.

The Strategic Report (which comprises the Group overview, Chairman's statement, Chief Executive's review, Strategic overview, What we do, Risks and uncertainties and Corporate responsibility sections) and the Financial Review are approved by the Board of Directors and signed on its behalf by:

Penny Ladkin-Brand
Chief Financial Officer
and Company Secretary
13 December 2016

Board of Directors

Strong leadership

Peter Allen
Chairman
•●■

Peter was named Chairman in August 2011. He was Chief Financial Officer of Celltech Group plc between 1992 and 2004. In 2003 he was also appointed Deputy Chief Executive Officer of Celltech until the company was sold in 2004. He was Chief Financial Officer of the electronics company Abacus Group plc from 2005 until the company was sold to Avnet Inc in January 2009. Peter is currently Chairman of Clinigen plc, Advanced Medical Solutions Group plc, Oxford Nanopore Technologies Limited and Diurnal Limited.

James Hanbury
Deputy Chairman
•●

James was appointed Deputy Chairman in October 2016 as the representative of Disruptive Capital Investments Limited. Prior to his appointment he was Chairman of Imagine Publishing, which was acquired by Future in October 2016. James joined the Board of Imagine in March 2014 soon after leaving Incisive Media, a publishing business he co-founded in 1994. He has also previously chaired the Business Media Council of the PPA. James also acts as an adviser to a number of VC backed businesses, is a trustee for a charitable trust and has set up and chairs WARpaint, a fundraising organisation for several armed forces charities.

Zillah Byng-Thorne
Chief Executive

Zillah was appointed as Chief Executive on 1 April 2014. She joined Future in November 2013 as Chief Financial Officer and Company Secretary. Prior to her appointment to the Future plc Board, she was CFO of Trader Media Group – owner of Auto Trader – from 2009 to 2012, and interim CEO of Trader Media from 2012 to 2013. Before this, Zillah was Commercial Director and CFO at Fitness First Limited and Chief Financial Officer of the Thresher Group. Zillah is currently a non-executive Director of Paddy Power Betfair plc and Gocompare.com Group plc. Zillah is a qualified accountant and corporate treasurer.

Penny Ladkin-Brand
Chief Financial Officer and Company Secretary

Penny was appointed as Chief Financial Officer and Company Secretary on 3 August 2015, having joined the business as interim Chief Financial Officer in June 2015. Prior to this she was Commercial Director at AutoTrader Group plc. Penny is a chartered accountant with a background in digital media and expertise in digital monetisation models.

Manjit Wolstenholme
Senior independent non-executive
•●■

Manjit joined Future as the senior non-executive Director in February 2011. She is Chairman of Provident Financial plc and CALA Group, and a non-executive Director of Unite Group plc and CMC Markets plc. After qualifying as a chartered accountant in 1988 with PricewaterhouseCoopers, Manjit spent 13 years with Dresdner Kleinwort, latterly as co-head of investment banking including more than a decade specialising in the media sector. She was a partner at Gleacher Shacklock from 2004 to 2006.

Hugo Drayton
Independent non-executive
•●

Hugo joined Future on 1 December 2014. He is CEO of the advertising technology business, InSkin Media. Prior to ISM, he spent two years as CEO of behavioural targeting specialist, Phorm, following two years as European Managing Director of Advertising.com. He spent 10 years at The Telegraph Group, as Group Managing Director, and previously as Marketing & New Media Director. Hugo is a Trustee of the British Skin Foundation, chaired the British Internet Publishers' Alliance, and is a regular contributor to trade press and publishing conferences.

Directors' report

The information presented in this Directors' report relates to Future plc and its subsidiaries. The Chairman's statement, Chief Executive's review, Financial review and Corporate responsibility statement are each incorporated by reference into, and form part of, this Directors' report.

Principal activity

The principal activity of the Company and its subsidiaries (the 'Group') as a whole is the publishing of special-interest consumer magazines, apps and websites, and the operation of events notably in the areas of: Technology; Games and Entertainment; Photography; Creative and Field Sports.

The Company is incorporated and domiciled in the UK and has subsidiaries operating in the UK, the US and Australia.

Business review

The purpose of the Annual Report is to provide information to the shareholders of the Company.

Reviews of the Group's activities during the year, the position at the year-end and developments since then are set out in the Chairman's statement, Chief Executive's review, the Corporate Governance report and the Financial review. The Financial review and Strategic report explain financial performance, KPIs, the position at the year-end, any post balance sheet events, any likely future developments and a description of the principal risks and uncertainties facing the Group and how these are managed.

The Annual Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results to differ from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report and the Company undertakes no obligation to update those forward-looking statements.

Result of 2015 Annual General Meeting

All resolutions put to the Annual General Meeting held on 3 February 2016 were passed unanimously on a show of hands. Shareholders holding more than 80% of all issued shares submitted proxy votes and of these, more than 87% were cast in favour of all resolutions.

Reported financial results

The audited financial statements for the year ended 30 September 2016 are set out on pages 43 to 78. Details of the Group's results are set out in the consolidated income statement on page 44 and in the notes to the financial statements on pages 54 to 78.

Dividends

The Board's policy is that dividends should be covered at least twice by adjusted earnings per share. The Company's Employee Benefit Trust (EBT) waives its entitlement to any dividends.

Share capital

The Company has a single class of share capital which is divided into Ordinary shares of one penny each. The rights and obligations attaching to the Company's Ordinary shares and provisions governing the appointment and replacement of, as well as the powers of, the Directors, are set out in the Company's Articles of Association, copies of which can be obtained from Companies House in the UK or by writing to the Company Secretary. Save for restrictions that may from time to time be set out in the Company's Articles of Association or imposed by laws and regulations (including the Listing Rules of the Financial Conduct

Authority), there are no restrictions on the voting rights attaching to the Ordinary shares or on the transfer of the Ordinary shares. The Articles of Association may be amended only by a special resolution of the Company's shareholders.

Details of all movements in share capital are given in note 23 on page 72. As at 30 September 2016, the number of shares in issue was 368.8 million. This represents an increase of 10.3% compared with the number of shares in issue as at 30 September 2015. In November 2015, 33.4 million shares were issued by way of a placing of Ordinary shares in the Company. The balance of shares issued during the year were issued in satisfaction of employee share awards vesting or Share Incentive Plan matching share awards during the year.

Directors

Biographical details of the Directors holding office as at 13 December 2016 are set out on page 18.

Directors' shareholdings in the Company's share capital are set out above. No Director has any interest in any other share capital of the Company or any other Group company, nor does any Director have a material interest in any contract of significance to the Group.

Significant shareholdings

At 13 December 2016, the Company had been notified of the following significant interests in its Ordinary shares:

Shareholder	Number of shares	Percentage of issued share capital
Aberforth Partners LLP	96,694,195	17.63%
Disruptive Capital Investments Limited	93,313,544	17.01%
Schroders Plc	85,721,792	15.63%
Henderson	75,119,794	13.70%
Investec Asset Management Ltd	28,892,556	5.27%
Herald Investment	20,765,000	3.79%
Mr Damian Butt	19,412,128	3.54%
Mr Steven Boyd	18,186,778	3.32%
Mr Mark Kendrick	16,291,461	2.97%
	454,397,248	82.86%
Directors' holdings (see opposite)	3,415,444	0.62%
Total of significant holdings	457,812,692	83.48%
Total number of shares in issue	548,430,719	100%

Significant agreements

The provisions of the European Directive on Takeover Bids (as implemented in the UK in the Companies Act 2006) require the Company to disclose any significant agreements which take effect, alter or terminate upon a change of control of the Company. In common with many other companies, the Group's bank facility (details of which are set out in note 19 on page 67) is terminable upon change of control of the Company. In common with market practice, awards under certain of the Group's long-term incentive plans (details of which are set out in the Directors' remuneration report on page 31 and note 24 on page 72) will vest or potentially be exchangeable into awards over a purchaser's share capital upon change of control of the Company. There is also a change of control provision in the service agreements of the two executive Directors, exercisable within three months of a change of control by the Company or on one month's notice by the executive to expire no later than three months from the date of the change of control.

Financial instruments

Information in relation to the Group's use of financial instruments is set out in note 22 on pages 68 to 71.

Corporate governance

The Board's report on this subject is set out on pages 23 to 28.

Political contributions

No political contributions were made during either the current or prior years.

Directors' shareholdings (audited)

Directors in office at 30 September 2016	Balance as at 30 September 2015	Purchases during the year	Balance as at 30 September 2016
Executive			
Zillah Byng-Thorne	421,369	670,000	1,091,369
Penny Ladkin-Brand	-	150,000	150,000
Non-executive			
Peter Allen	1,000,000	100,000	1,100,000
Manjit Wolstenholme	207,889	45,000	252,889
Hugo Drayton	-	-	-
Total	1,629,258	965,000	2,594,258

Notes:

1. All holdings are beneficial and include the Directors' personal holdings and those of their spouses.
2. On 21 October 2016 James Hanbury received 470,040 shares as consideration for his shareholding in Miura (Holdings) Limited and on 25 November 2016 he purchased 110,000 shares, resulting in a total holding of 580,040 shares.
3. On 2 December 2016, Penny Ladkin-Brand purchased 121,815 shares and she is also deemed to be interested in the 119,331 shares purchased by her husband on 5 December 2016, resulting in a total holding of 391,146 shares
4. Details of the share options and awards for executive Directors are set out on page 33. No such options or awards are granted to non-executive Directors.

Conflicts of interest

The Board has a set of procedures to ensure that: (i) conflicts of interest are raised by Directors (and any potential Directors prior to appointment); (ii) appropriate guidelines are followed before any conflict is authorised (including ensuring that only Directors who have no interest in the matter being considered will be able to take the relevant decision and in taking the decision the Directors act in a way they consider, in good faith, will be most likely to promote the Company's success); and (iii) records are kept of conflicts of interest and authorisations. The Directors are satisfied that the Board's powers of authorisation of conflicts are operating effectively and that the procedures have been followed. The procedures and any authorisations will continue to be reviewed annually.

Corporate responsibility

The Board considers that issues of corporate responsibility are important. The Board's report, including the Group's policies on employee involvement and disability, and a statement on Greenhouse Gas Emissions for the Group, is set out on pages 11 and 12.

Annual General Meeting 2016

At the Company's eighteenth Annual General Meeting, which will be held on Wednesday 1 February 2017 at 10:30am at Future's London office at 1-10 Praed Mews, London, W2 1QY, a number of resolutions will be proposed. The resolutions are set out in the Notice of Annual General Meeting on pages 79 to 80 and an explanation of all proposed resolutions is provided below.

Ordinary resolution 1 – Financial statements

Shareholders will be asked to approve the financial statements of the Company for the financial year ended 30 September 2016, together with the reports of the Directors and auditors. The audited financial statements appear on pages 43 to 78.

Ordinary resolution 2 – Directors' remuneration implementation report

Shareholders will be asked to approve the Directors' remuneration implementation report for the financial year ended 30 September 2016, which is set out on pages 30 to 35.

Ordinary resolution 3 – Directors' remuneration policy report

Shareholders will be asked to approve the Directors' remuneration policy for the three year period commencing on 1 October 2016, which is set out on pages 36 to 39.

Ordinary resolutions 4 to 9 – Election of James Hanbury and annual re-election of other Directors

Following James Hanbury's appointment to the Board on 21 October 2016, he stands for election to confirm his appointment.

Consistent with our policy since 2004, all Directors are proposed for re-election. Biographical details of all Directors are set out on page

18.

Following a rigorous evaluation and taking into account the need for progressive refreshing of the Board, the Board confirms that the performance of each executive and non-executive Director of the Company continues to be effective and demonstrates commitment to the role. The Nomination Committee has carefully considered the time commitments required from and the contribution made by each Director and both the Nomination Committee and the Board unanimously recommend that James Hanbury be elected as a Director and each Director standing for re-election be re-elected.

Ordinary resolutions 10 and 11 – Auditors

A resolution proposing the reappointment of PricewaterhouseCoopers LLP as auditors of the Company and authorising the Directors to determine their remuneration will be proposed at the Annual General Meeting. An explanation regarding the Board's proposal to reappoint PricewaterhouseCoopers LLP as auditors can be found on page 28 in the Corporate Governance report.

Ordinary resolution 12 – To authorise the Directors to issue and allot new Ordinary shares

Under the provisions of section 551 of the Companies Act 2006 (the 2006 Act), the Directors may allot and issue Ordinary shares only if authorised to do so by the Company's Articles of Association or by shareholders at a shareholders' meeting. Consistent with guidance issued by the Investment Association this resolution will, if passed, authorise the Directors to allot shares up to a maximum nominal value of £3,656,200 as follows:

(a) in relation to a pre-emptive rights issue only, equity securities (as defined by section 560 of the 2006 Act) up to a maximum nominal amount of £3,656,200 which represents approximately two thirds of the Company's issued Ordinary shares (excluding treasury shares) as at 13 December 2016. This maximum is reduced by the nominal amount of any Relevant Securities allotted under paragraph 12.2 of the Notice of AGM; and
(b) in any other case, Relevant Securities up to a maximum nominal amount of £1,828,100 which represents just under one third of the Company's issued Ordinary shares as at 13 December 2016. This maximum is reduced by the nominal amount of any equity securities allotted under paragraph 12.1 of the Notice of AGM in excess of £1,828,100. If granted, this authority would replace all previous authorities granted in this connection. The authority granted by this resolution will expire on 31 March 2018 or, if earlier, following the conclusion of the next AGM of the Company. If the Directors exercise the authority granted under paragraph 12.1 of the Notice of AGM, they will all stand for re-election at the following AGM.

The Directors do not have any present intention of exercising this authority other than in connection with any exercises under share option and other share incentive schemes, but intend to seek this authority each year. In addition, there may be circumstances where it would be appropriate for the Company to issue new Ordinary shares, such as an acquisition where it might be appropriate for the consideration to be settled in whole, or in part, by the issue of new Ordinary shares. The Company does not hold any shares in treasury.

Ordinary resolution 13 – Approval of political donations

It remains the policy of the Company not to make political donations or to incur political expenditure, as those expressions are normally understood. However, following broader definitions introduced by the 2006 Act, the Directors continue to propose a resolution designed to avoid inadvertent infringement of these definitions.

The 2006 Act requires companies to obtain shareholders' authority for donations to registered political parties and other political organisations totalling more than £5,000 in any 12-month period, and for any political expenditure, subject to limited exceptions.
The definition of donation in this context is very wide and extends to bodies such as those concerned with policy review, law reform and the representation of the business community. It could also include special interest groups, such as those involved with the environment, which the Company and its subsidiaries might wish to support, even though these activities are not designed to support or to influence support for any particular political party.

Ordinary resolution 14 – Share Consolidation

The Board has been advised that the Company is likely to benefit from a consolidation of its share capital in terms of reduced share price volatility and improved liquidity. This resolution will effect a 15 for 1 consolidation of the Company's Ordinary share capital ("Share Consolidation").

If approved by shareholders at the AGM the total number of issued Ordinary shares will be reduced and the nominal value of the Ordinary shares will change from 1 pence to 15 pence. All Ordinary shares in the capital of the Company will be consolidated and each shareholder's percentage holding in the total issued share capital of the Company immediately before and after the implementation of the Share Consolidation will (save in respect of fractional entitlements) remain unchanged.

The Share Consolidation is conditional on the new Ordinary shares being admitted to the standard listing segment of the Official List and being admitted to trading on the London Stock Exchange's main market for listed securities. The new Ordinary shares will rank equally with one another and have the same rights, including voting and dividend rights, as the existing Ordinary shares.

Please refer to the Future plc: Share Consolidation: Frequently Asked Questions (a copy of which is available on the Company's website) for further information and details on the Share Consolidation.

Special resolution 15 – Disapplication of statutory pre-emption rights

Resolution 15 authorises the Directors in certain circumstances to allot equity securities for cash other than in accordance with the statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The relevant circumstances are either where the allotment takes place in connection with a rights issue or the allotment is limited to a maximum nominal amount of £548,430, representing approximately 10% of the nominal value of the issued ordinary share capital of the Company as at 13 December 2016 being the latest practicable date before publication of this notice. Unless revoked, varied or extended, this authority will expire at the conclusion of the next AGM of the Company or 31 March 2018, whichever is the earlier. The Board confirms that it will only allot shares representing more than 5% of the issued ordinary share capital of the Company (excluding treasury shares) for cash pursuant to the authority referred to in paragraph (b) of resolution 15, where that allotment is in connection with an acquisition or specified capital investment (within the meaning given in the Pre–Emption Group's Statement of Principles) which is announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment. In respect of the authority referred to in paragraph (b) of resolution 15, the Board also confirms its intention to follow the provisions of the Pre–Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling three–year period where the Principles provide that usage in excess of 7.5% of issued ordinary share capital of the Company (excluding treasury shares) should not take place without prior consultation with shareholders, except in connection with an acquisition or specified capital investment as referred to above.

Special resolution 16 – General meetings on 14 days' notice

Notice periods for AGMs must give at least 21 days' clear notice. For other general meetings, the old minimum notice period of 14 days was increased to 21 days by the Companies (Shareholders' Rights) Regulations 2009, unless shareholders approve a shorter period of at least 14 clear days. In the interests of greater efficiency, resolution 16 seeks to renew approval for notice periods of at least 14 clear days.

Special resolutions 17 and 18 – Amendments to the Company's Articles of Association

Resolutions 17 and 18 contain proposed changes to the articles of association of the Company. The change proposed in resolution 17, which is in line with current market practice, allows the Directors to donate any small amounts (less than £3.00) arising from a Share Consolidation to charity. The change proposed in resolution 18, if approved by shareholders at the AGM, will allow the Board of Directors to pass a Board resolution to change the name of the Company. The Directors are currently considering a rebranding project and this flexibility will assist with the launch of the new brand. Details of any change of name will be announced in accordance with the requirements of the Listing Rules.

Action to be taken

A form of proxy is included with this Annual Report for use in connection with the Annual General Meeting. Please complete and return the form in accordance with the instructions printed on it to Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and, in any event, no later than 10:30am on Monday 30 January 2017. The return of the form of proxy will not prevent you from attending the Annual General Meeting and voting in person if you wish to do so. Further information about the AGM, including about electronic appointment of proxies, is provided on pages 81 to 83.

Recommendations

The Board believes that each of the resolutions to be proposed at the Annual General Meeting is in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of all of the resolutions proposed, as they intend to do in respect of their own beneficial holdings.

Annual General Meeting procedures and result

As in previous years, the Company will: (a) indicate the level of proxies lodged on each resolution together with the balance for and against each resolution and the number of abstentions; (b) announce the results of voting to the London Stock Exchange; and (c) post the results of voting on our corporate website, www.futureplc.com.

Disclosure of information to the auditors

The Directors confirm that they have complied with the relevant provisions of the 2006 Act in preparing the financial statements.

In addition, each of the Directors confirms that, so far as they are aware, there is no relevant audit information of which the auditors are unaware. Each Director has taken all reasonable steps to ensure that they are aware of any relevant audit information and that the auditors are aware of any relevant audit information.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Parent 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 the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Each of the Directors, whose names and functions are listed in the Board of Directors section on pages 17 and 18, confirm that to the best of their knowledge:

(a) the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and

(b) the Strategic report and Financial review include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Approved by the Board of Directors and signed on its behalf by:

Penny Ladkin-Brand
Chief Financial Officer
and Company Secretary
13 December 2016

Corporate Governance report

Good Practice

Effective corporate governance requires not just compliance with legislative and regulatory requirements, but also applying the principle of good governance in the boardroom and throughout the business.

Our approach to corporate governance

In this report, we provide detail on the role of the Board of Directors, followed by a more detailed focus on the work of each of the three key committees: the Audit Committee, the Nomination Committee and the Remuneration Committee. Together, these give a clear insight into how we manage corporate governance principles and processes within the Group.

As a Standard Listed entity the Group is not required to comply with the requirements of the UK Corporate Governance Code (September 2014) (the "Code") and therefore the Group has not adopted the Code, however the Directors continue to comply with the spirit of the Code.

---

1. Board of Directors

Membership of the Board
The Board consists of two executive and four non-executive Directors. Biographies of Directors and details of their other time commitments are set out on page 18.

Board changes during the year
Mark Wood served as a non-executive Director until 3 February 2016 as he did not seek re-election to the Board. There were no other Board changes during the year ended 30 September 2016, however James Hanbury was appointed to the Board as Deputy Chairman on 21 October 2016.

Role of the non-executive Directors
The non-executives play a critical role on the Board in overseeing and scrutinising the running of the business and in ensuring that corporate governance remains at the top of the agenda.

The non-executive Directors all serve three-year terms, terminable by either party on three months' notice at any time and subject to their election and annual re-election or removal by shareholders. Although annual re-election is not a requirement for Future, we believe it is the best way to ensure non-executives are directly accountable to shareholders.

All of the non-executive Directors, with the exception of James Hanbury, are considered to be independent by the Board. James Hanbury was appointed to the Board as a representative of Disruptive Capital Investments Limited, the Company's second largest shareholder following completion of the Imagine acquisition, which has the right to appoint a Director to the Board until such time as its shareholding in the Company falls below 10 per cent of the issued share capital. Consequently, the Board does not consider that James Hanbury meets the relevant independence criteria. Manjit Wolstenholme is the Senior independent non-executive Director. There is a genuine mix of views and insights, as well as experience.

Each non-executive Director is expected to commit 20 days a year to their role to allow for preparation for, and attendance at, Board and Committee meetings and keeping in touch with the senior management team, shareholders and other stakeholders.

Roles of the Chairman and Chief Executive
The duties and responsibilities of the Board are effectively divided so that the Chairman leads the Board and the Chief Executive leads the business.

Board meetings
The Board had eight scheduled meetings during the financial year and attendance is summarised opposite. The Board had one unscheduled telephone meeting to discuss and approve aspects of the Imagine acquisition, during which the Chairman and Chief Executive were present.

All Directors are aware of the need to be available and there is a clear contact process. Board meetings are sometimes preceded by an informal dinner where Board Directors can meet with and discuss business issues with the Group's senior management team.

There is a regular and comprehensive exchange of information between meetings to ensure Board members are well informed to participate effectively in meetings. Directors receive a Board pack before each meeting with minutes of the previous meeting, all papers for agenda items, a report from the Company Secretary summarising any key legal issues and providing any regulatory/legislative updates, and a summary of share ownership and recent share dealing. Similar packs are provided for all Committee meetings. Between meetings, the

Board receives a monthly Board report written by the executive Directors which summarises financial and operational performance and provides updates on key programmes within the business.

There is a written schedule of matters reserved for the Board which sets out those matters that require Board approval including setting strategy, approving budgets and financial statements and setting up policies. It was noted that 41 matters had been considered by the Board during the year. The schedule is available on the Company's website at www.futureplc.com. The Board delegates day-to-day operational matters to the Group's senior management team.

Director	Attendance (8 scheduled meetings)
Peter Allen	8 of 8
Zillah Byng-Thorne	8 of 8
Manjit Wolstenholme	8 of 8
Hugo Drayton	7 of 8
Penny Ladkin-Brand	8 of 8
Mark Wood (resigned 3 February 2016)	2 of 2

Board decisions are made unanimously whenever possible, but can be made by majority. If Directors have concerns that cannot be resolved about the running of the Company or a proposed action, their concerns are recorded in the minutes. No such concerns arose in the year. The Board regularly appoints a sub-committee consisting of at least two Directors in order to finalise and approve those matters that have been approved in principle by the Board, subject to final amendments only. A permanent sub-committee consisting of at least two Directors exists to approve the issue and allotment of new shares in satisfaction of employee share schemes.

The Board has a number of nominated advisers (as listed on page 85). During the last financial year meetings were regularly held with key advisers to keep them aware of issues, and PricewaterhouseCoopers LLP attended Audit Committee meetings and briefings with members of the executive and senior finance teams.

Advice and support
All Directors have access to the Company Secretary who can advise them on issues of governance, best practice and any other legislative or regulatory matters.

The appointment and removal of the Company Secretary is a Board decision. The Directors may also take independent professional advice at the Company's expense provided that they give notice to the Chairman. No such advice was sought during 2016. The Company maintains appropriate insurance for its Directors.

Effective Development

Training and induction
The Board's training and development policy requires that all new Directors should receive appropriate induction on joining the Board, both in respect of the Group's activities as a whole and of each operating company individually. Ongoing training for Directors is available as appropriate whether by presentations to the Board by senior management or more formally where individual Directors request training on specific issues. The training and development needs of each individual Director are assessed and discussed as part of the annual Board performance evaluation process.

Summary of performance evaluation

Objectives for 2016	Steps taken during 2016
Ensure robust strategic growth plan	Strategy in place to deliver diversified revenues through a mix of organic growth and acquisitions.
Succession planning	Internal talent matrix developed to identify future successors.

Performance evaluation

The Directors completed a detailed Board performance evaluation questionnaire as part of the annual performance evaluation process. Each questionnaire was analysed and the results were presented to the Board for discussion. The Chairman discussed the Board's performance during the year and any specific requirements for training and development with each Director. During the process the Board also compared its performance with the results and recommendations from the prior year's performance evaluations and noted that the Board had made significant progress in dealing with the risks and challenges identified for the year.

The Board considers this exercise to be of significant value in ensuring a functional and effective Board and Committees.

The Chairman also met with the non-executive Directors during the year without the executive Directors, in order to assess the performance of the executive Directors.

Going concern
The Directors are required to make an assessment of the Group's ability to continue to trade as a going concern.

The Directors have given this matter due consideration and have concluded that it is appropriate to prepare the Group financial statements on a going concern basis. The three main considerations were as follows:

a) Strength of the Group's cash flow
Following completion of the transformation project at the end of 2015, the Group has generated increased profit (before exceptional items) and has seen a corresponding increase in the cash flow from operations during the year.

b) Continued support of the Group's bank
Following the completion of the acquisition of Imagine Publishing, the Group negotiated

a new £14.0m bank facility with HSBC Bank plc which replaced the previous £5.0m facility with Santander plc. The new facility expires on 23 June 2021 and is subject to certain financial covenants. The Board engages in regular dialogue with the bank to keep it informed of the Group's performance on a monthly basis.

c) Acquisition of Imagine Publishing
The acquisition of Imagine, in October 2016, has strengthened the portfolio and will enable the Group to benefit from economies of scale and enhanced operational profitability. The Imagine business is strongly cash generative, which will allow the Group to invest further in core growth areas. Furthermore, the acquisition offers significant cost synergy opportunities and the Board is confident that the estimated annualised cost synergies of £3.0m will be delivered.

Financial covenant compliance
Key covenants are tested quarterly. Due to the change of bankers no covenant testing was required at year-end, however the Group was in full compliance with all covenants at all testing dates during the year. Under the new credit facility the Group has covenants in respect of net debt/bank EBITDAE and bank EBITDAE/interest. Further details are included within note 19.

Risk management and internal controls
Details of the principal risks and the Group's approach to managing them are set out on pages 9 and 10. The Board conducted an annual review of financial, operational, legal and compliance risks with the assistance of members of the Group legal and finance teams and the Executive Committee to ensure that there is a sound system of internal controls in place and that these are sufficient to manage (rather than eliminate) those risks effectively. No significant failings or weaknesses were identified as part of this review.

The internal controls that are in place to ensure effective risk management are structured to ensure a timely flow of information within the Group and a clear structure of delegated authority and responsibility. The main features of the Group's internal control and risk management systems are explained further in the following paragraphs.

The Board approves a set of control documents which specify:

(i) various financial and treasury policies to be followed across the Group; and

(ii) the powers of delegated authority across the Group.

The Group finance team manages the financial reporting processes ensuring that there is appropriate control and review of the financial information including the production of the consolidated financial statements. Group finance is supported by commercial finance directors throughout the Group who have the responsibility and accountability to provide information in accordance with our policies and procedures.

The Executive Committee holds monthly management meetings with combined UK and US senior management in order to provide a proper opportunity for financial results and other business and operational issues to be explored and addressed in a timely manner.

Internal audit
The Audit Committee and the Board have again during 2016 reconsidered whether there is a need for an internal audit function. It was concluded that, whilst an independent internal audit department with the necessary technical skills is not currently justified, the Committee should continue to review this subject each year.

Whistle-blowing policy
As part of its internal controls, the Group has a whistle-blowing policy which is updated regularly and published on the Group's intranet to encourage employees to report, in good faith, any genuine suspicions of fraud, bribery or malpractice in order to identify any problems within the Group at an early stage. The policy is also designed to ensure that any employee who raises a genuine concern is protected.

Relations with shareholders/ communication

We aim to have an open relationship with our shareholders, and shareholders can find up-to-date information on Group activities on the Company's website at www.futureplc.com. There is a specific Investor Relations section on that site which includes links to all of the Group's public announcements made via the Regulatory News Service of the London Stock Exchange including the Company's latest annual and interim results.

All Directors are available to meet shareholders at the AGM or on request by contacting the Chairman or Company Secretary. Because more than 80% of the Company's shares are held by major institutions, the executive Directors hold a series of meetings presenting the interim and annual results to these institutions in order to update them on the progress of the business and gauge their views following the analyst presentations of the results.

In order that all Directors are aware of the views of shareholders, Board packs include a note of views as expressed by shareholders during meetings held with Directors or as reported to Directors through the Company's brokers, together with copies of analysts' notes, press articles and other relevant information.

2. Audit Committee

Member	Attendance (3 scheduled meetings)
Manjit Wolstenholme[1] (Chairman)	3 of 3
Peter Allen	3 of 3

1. The Chairman of the Committee, Manjit Wolstenholme, has recent and relevant financial experience.

The Audit Committee's primary objective is to provide effective financial governance and monitor the integrity of the Group's financial statements and internal controls.

The Audit Committee meets before the interim and annual results announcements and reviews the relevant financial results with the executive management team and the external auditors. The Audit Committee also meets separately for the purposes of planning the audit process, monitoring its effectiveness, reviewing the Group's relationship with the external auditors and undertaking a detailed review of the Group's internal controls and risk management systems. It considered whether the 2016 Annual Report was fair, balanced and understandable and advised the Board accordingly.

The Audit Committee carries out the functions required by rule 7.1.3 of the Disclosure and Transparency Rules.

Significant financial reporting judgements

The Audit Committee discussed the key risks and judgements with management and the auditors as part of the audit planning process in July 2016. At the same time they discussed and agreed upon appropriate levels of materiality in the context of the anticipated results for the year. As a result of those discussions an audit plan was agreed and subsequently executed.

The significant judgements considered in relation to the financial statements for the year ended 30 September 2016, which were originally identified and discussed as part of the planning process referred to above, are set out below and were addressed as follows:

1. Revenue recognition
   The area of revenue which carries the most judgement is newstrade revenue (both domestic and export). Management has carefully considered the estimates of returns made in respect of newstrade revenues and the recognition of revenues on the larger advertising contracts and have concluded that they are appropriate. The estimates and judgements made have been discussed with the auditors and the Audit Committee.

2. Carrying value of goodwill and long lived assets.
   IAS 36 requires an impairment test to be performed for goodwill on an annual basis or where there is an indication of impairment. Management prepared a detailed impairment assessment of the UK business at 30 September 2016 and concluded that an impairment of £13.0m was required.

The key assumptions made in that assessment were as follows:

- Long term growth rate to perpetuity 2.0%
- EBITDAE margins assumed 2.4% to 3.7%
- Discount rate (post-tax) 8.2%

The Audit Committee agreed with management's conclusion that an impairment of £13.0m was required in order to reflect the value in use of the UK business, reflecting a shift in the underlying profitability and cash flows of the Group and the continued decline of print.

3. Going concern

The Audit Committee has considered the going concern assumption as set out on page 25. Management prepared detailed assessments of going concern that set out all relevant considerations. These were reviewed in depth by the Audit Committee, who confirmed that these assessments continued to support the position of the Group as a going concern.

4. Exceptional items
Due to the restructuring of the business into two divisions and continued transformational activity there are a number of items considered exceptional in nature. The Audit Committee considered the items and concluded that these items should be presented as exceptional.

5. Tax
The Audit Committee has reviewed the tax position of the Group with management and the auditors. During the year, the Committee has been actively involved in considering any areas of judgement relating to tax positions in the UK, US and Australia.

Audit fees
The Audit Committee has reviewed the remuneration received by PricewaterhouseCoopers LLP for non-audit work conducted during the financial year. The fees for non-audit work were higher than the audit fee due to work performed in a reporting accountant capacity, taxation services and due diligence in respect of the Imagine acquisition. For further details regarding fees paid, see note 3 to the financial statements on page 55.

Auditor independence
The Audit Committee monitors the Company's safeguards against compromising the objectivity and independence of the external auditors by performing an annual review of non-audit services provided to the Group and their cost, reviewing whether the auditors believe there are any relationships that may affect their independence and obtaining written confirmation from the auditors that they are independent. The Committee has reviewed the Group's audit independence policy and is comfortable that it aligns to the Financial Reporting Council's latest guidance.

For the financial year ended 30 September 2016, the Audit Committee has conducted its review of the auditors' independence and concluded that no conflict of interest exists between PricewaterhouseCoopers LLP audit and non-audit work, and that their involvement in non-audit matters, which (as noted opposite) mainly comprised advice in respect of the Imagine acquisition and taxation, was the most effective way of conducting the Group's business during the year.

Auditor appointment policy
The Audit Committee has reviewed its policy for appointing auditors and awarding non-audit work.

The Group has used PricewaterhouseCoopers LLP for due diligence and reporting accountant work on the acquisition of Imagine. The Audit Committee considered whether this constituted a threat to independence and confirmed that it was comfortable that there were appropriate safeguards in place. Given the recent changes in the Financial Reporting Council's audit independence guidelines the Committee has confirmed that, from 1 October 2016, it will no longer use PricewaterhouseCoopers LLP for any tax compliance or advisory services as long as they are the Group's auditor.

On the recommendation of the Audit Committee, the Board has decided that it is in the best interests of the Company to put a resolution to shareholders that PricewaterhouseCoopers LLP, who have been the Company's external auditor for 17 years, be reappointed as auditors for the forthcoming year. The resolution to appoint PricewaterhouseCoopers LLP will propose that they hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company, at a level of remuneration to be determined by the Directors.

3. Nomination Committee

Member	Attendance (1 scheduled meeting)
Peter Allen (Chairman)	1 of 1
Manjit Wolstenholme	1 of 1
Hugo Drayton	0 of 1

Following discussion of the skills and contribution of each Director, the Nomination Committee supports the proposed re-election of all Directors standing for re-election at the 2017 AGM and the election of James Hanbury to confirm his appointment to the Board. In line with best practice, each Committee member seeking re-election was excluded from approving the proposal for their re-election.

4. Remuneration Committee

Member	Attendance (3 scheduled meetings)
Manjit Wolstenholme (Chairman)	3 of 3

Member	Attendance (3 scheduled meetings)
Peter Allen	3 of 3
Hugo Drayton	2 of 3

There were three scheduled meetings during the year.

The Remuneration Committee determines the remuneration packages of executive Directors, including performance-related awards and share-based incentives, remuneration policy, which includes the individual bonus targets for executive Directors and performance criteria attached to share-based incentives, the remuneration of the Chairman, recommendations of remuneration levels for non-executive Directors and senior management in line with industry remuneration packages and the implementation of any new share-based incentive scheme proposed to be implemented. The Directors' remuneration report is set out on pages 29 to 39.

Approved by the Board of Directors and signed on its behalf by:

Penny Ladkin-Brand
Chief Financial Officer
and Company Secretary
13 December 2016

Directors' remuneration report

For the year ended 30 September 2016

Annual statement

The remuneration philosophy is designed to ensure that reward for performance is competitive and appropriate for the future development of, and results delivered by, the Group. The remuneration policy seeks to align remuneration with shareholder interests based on the achievement of strategic objectives and financial performance.

Dear shareholders,

I am pleased to present the Directors' remuneration report for the financial year ended 30 September 2016. This report has been prepared on behalf of the Future plc Board by the Remuneration Committee, and has been approved by the Future plc Board.

As required under the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (SI 2013/1981) Directors' Remuneration Regulations, this report is split into three sections: this letter, an Implementation report, setting out details of Directors' remuneration for the financial year ended 30 September 2016, and a Remuneration policy report, setting out the Group's forward looking remuneration policy ("Policy") for executive and non-executive Directors for the three-year period from 1 October 2016.

The key challenges faced by the Remuneration Committee during the year were determining and setting incentives for the new additions to the senior management team which has evolved over the past year, ensuring alignment with the executive Directors, and setting appropriate performance targets for short-term and long-term incentives for both executive Directors and senior management during this period of significant change for the Group.

The Policy will be subject to a binding shareholder vote at the Company's AGM on 1 February 2017 and will take effect immediately thereafter.

During the year to 30 September 2016, the Committee has considered the level and make-up of the executive Directors' remuneration packages, including the grant of share-based incentive awards and the basis of performance-related bonuses, details of which are set out in the Implementation report and the Policy. The Committee, in particular, focused its efforts at the beginning of the financial year on updating the performance targets of the Performance Share Plan (PSP) to better align to the interests of shareholders, as well as updating the rules of the Deferred Annual Bonus Scheme (DABS). The Committee has commenced consultations with major shareholders in relation to certain changes to the PSP, including: (i) increasing the maximum value of an award as a percentage of salary to 400% in relation to any employee share incentive schemes on an exceptional basis, and (ii) the level of dilution for existing shareholders.

The remuneration philosophy is designed to ensure that reward for performance is competitive and appropriate for the transformational phase that the Group has undergone and to attract and retain the talent required to deliver the growth ambitions of the Group. The remuneration policy seeks to align remuneration with shareholder interests based on the achievement of strategic objectives and financial performance. As a result, remuneration levels are designed to reflect the relative performance of the business for the relevant period.

We believe that the Policy will incentivise the executive team to deliver growth in the short, medium and long term and hope to receive your continued support at the Company's 2017 AGM.

Manjit Wolstenholme
13 December 2016

Implementation report

The following report provides details of Directors' remuneration for the year ended 30 September 2016. In setting remuneration for the year, the Committee applied the principles set out in the Remuneration policy report.

Remuneration Committee

Three independent non-executive Directors served on the Remuneration Committee during the year to 30 September 2016: Manjit Wolstenholme chairs the Committee and both Peter Allen and Hugo Drayton served throughout the year. Penny Ladkin-Brand acted as Secretary to the Committee throughout the year.

The Committee is responsible for determining the basic annual salaries, incentive arrangements and terms of employment of executive Directors, for making recommendations regarding non-executive Directors' fees, the level and make-up of the remuneration packages of senior managers, including bonus schemes and share-based incentives, and ensuring that remuneration policies and practices do not encourage excessive risk-taking. The Committee is also responsible for fixing the Chairman's remuneration and approving the terms of any new share-based incentive scheme for any employees of the Group, subject, where appropriate, to shareholder approval.

It is the Board that is responsible for determining the remuneration of non-executive Directors following the recommendation of the Committee as set out on page 32.

No Director is involved in deciding his or her own remuneration. As explained on page 24, the terms of reference of the Remuneration Committee, reviewed annually, are available on the Company's website.

Single Total Figure of Remuneration (audited)

The remuneration of the Directors is set out below:

	Salary/fees		Benefits[1]		Annual bonus[2]		PSP[2]		Pension		Total	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'00 0**	2015 £'000
Executive Directors in office as at 30 September 2016												
Zillah Byng-Thorne[3]	**300**	296	**10**	10	**-**	128	**-**	-	**37**	37	**347**	471
Penny Ladkin-Brand	**178**	29	**-**	-	**-**	15	**-**	-	**8**	-	**186**	44
Total for executive Directors	**478**	325	**10**	10	**-**	143	**-**	-	**45**	37	**533**	515
Non-executive Directors in office as at 30 September 2016												
Peter Allen	**101**	120	**-**	-	**-**	-	**-**	-	**-**	-	**101**	120
Manjit Wolstenholme	**50**	49	**-**	-	**-**	-	**-**	-	**-**	-	**50**	49
Hugo Drayton	**40**	33	**-**	-	**-**	-	**-**	-	**-**	-	**40**	33
Total for non-executive Directors	**191**	202	**-**	-	**-**	-	**-**	-	**-**	-	**191**	202
Former non-executive Director												
Mark Wood	**13**	20	**-**	-	**-**	-	**-**	-	**-**	-	**13**	20
Total	**682**	547	**10**	10	**-**	143	**-**	-	**45**	37	**737**	737

Notes:

1. Benefits for executive Directors comprise principally car allowance, private health insurance and life assurance. There were no taxable expenses paid to any Director in the year.
2. Details relating to the Annual Bonus Scheme and the Performance Share Plan ("PSP") are set out on pages 30 to 32.
3. With effect from 1 July 2016, Zillah Byng-Thorne received a cash supplement in lieu of pension contribution. This additional cash payment is not included in determining her entitlement to any bonus, share-based incentive or pension entitlement.
4. James Hanbury was appointed to the Board on 21 October 2016 and consequently no remuneration is included in the table above.

Performance-related bonus (Annual Bonus Scheme)

Operation of the scheme

The performance-related bonus is subject to both profit related and subjective individual performance criteria, with 20% of the potential maximum performance-related bonus payable being subject to subjective individual performance criteria determined by the Committee, although the Committee has discretion to vary the potential total maximum bonus, the weighting of the variable elements and the stretch of the targets in order to incentivise or recruit executive Directors, provided that the total potential maximum bonus payable for any year shall not exceed 150% of salary and the bonus shall only be payable for over performance. The potential maximum performance-related bonus payable under the Annual Bonus Scheme during 2016 was 120% of basic annual salary to Zillah Byng-Thorne as Chief Executive and 50% of basic annual salary to Penny Ladkin-Brand as Chief Financial Officer.

Payment of any performance-related bonus under the Annual Bonus Scheme is usually made in December, following announcement of the preliminary results and conclusion of the audit in respect of the preceding financial year. Payment of any performance-related bonus is also subject to the executive Director being in the Company's employment at the time of payment of such performance-related bonus and not having given or received notice of termination of employment and certain other events not having occurred.

Performance targets

The profit criteria for payment of the performance-related bonus set for 2016 was in a range from 90% to 110% target EBITDAE, as follows:

:: If EBITDAE is more than 10% below target EBITDAE, no profit-related bonus will be payable.

:: If EBITDAE is 10% below target EBITDAE, 20% of the potential maximum of the profit-related bonus will be payable in the event that the Committee determines, in its absolute discretion, that such payment is merited by the individual.

:: If EBITDAE is 5% below target EBITDAE, 35% of the potential maximum of the profit-related bonus will be payable in the event that the Committee determines, in its absolute discretion, that such payment is merited by the individual.

:: If EBITDAE target is achieved, 50% of the potential maximum of the profit-related bonus will be payable.

:: If EBITDAE target is exceeded by 5%, 75% of the potential maximum of the profit-related bonus will be payable in the event that the Committee determines, in its absolute discretion, that such payment is merited by the individual.

:: If EBITDAE target is exceeded by 10% or more, 100% of the potential maximum of the profit-related bonus will be payable.

:: If EBITDAE falls in between any of the above levels, a percentage of the potential maximum profit-related bonus will be payable, on a pro rata basis to the levels expressed above, in the event that the Committee determines, in its absolute discretion, that such payment is merited by the individual.

The EBITDAE target is not disclosed as this is believed to be a commercially sensitive number but it is set by the Committee to be challenging and is set by reference to the budget for the relevant financial year. The individual performance criteria set by the Committee were designed to reward the successful implementation of specific elements of the Group's financial and operational strategy.

Payment of any part of the individual performance-related bonus is subject to the 90% EBITDAE floor being achieved.

Actual performance against targets for the year

Based on EBITDAE performance achieved for 2016, and on individual performance measures, the Chief Executive was eligible for a bonus of 60% of salary and the Chief Financial Officer was eligible for a bonus of 25% of salary. These awards were waived by the executive Directors in lieu of a transaction bonus paid following the successful completion of the acquisition of Imagine Publishing in October 2016.

2005 Performance Share Plan (PSP)

Operation of the scheme

The PSP has been in operation since 2005 and is designed to reward performance over a three-year period in the context of performance targets which are designed to align the interests of the executive Directors with those of the shareholders. Those targets are set out below and opposite. The maximum amount of an award in any financial year is normally 100% of basic annual salary. However, in exceptional circumstances, where it is felt necessary to provide further incentive to the executive Directors, awards of up to 200% of basic annual salary may be approved. Awards under this scheme are granted to executive Directors and key senior executive management. The PSP expires in January 2025, following its renewal in January 2015 for a further 10 years.

Subject to the executive Directors remaining in employment at the vesting date, awards granted shall vest subject to the following performance criteria having been met at the end of the relevant three-year measurement period.

Performance criteria in respect of awards granted between 30 November 2015 and 30 September 2016

Earnings Per Share (50% of award)

EPS for the last financial year of the performance period of at least 1.2p for this part of the award to vest (at this level the vested amount is 25% of this part of the award), with full vesting at 1.5p and on a straight-line basis between these amounts.

Net Cash Flow (50% of award)

Net Cash Flow for the last financial year of the performance period of at least £(0.25)m for this part of the award to vest (at this level the vested amount is 25% of this part of the award), with full vesting at £0.75m and on a straight-line basis between these amounts.

Performance criteria in respect of awards granted between 4 February 2015 and 29 November 2015

In February 2016, the Remuneration Committee exercised its discretion to change the performance criteria in respect of 50% of awards granted between 4 February 2015 and 29 November 2015 from TSR performance to net cash flow in order to better align the interests of participants and shareholders. There was no change to the EPS performance criteria in respect of the remaining 50% of these awards. The revised performance criteria are as follows:

Earnings Per Share (50% of award)

EPS for the last financial year of the performance period of at least 1.0p for this part of the award to vest (at this level the vested amount is 25% of this part of the award), with full vesting at 1.4p and on a straight-line basis between these amounts.

Net Cash Flow (50% of award)

Net Cash Flow for the last financial year of the performance period of at least £0.25m for this part of the award to vest (at this level the vested amount is 25% of this part of the award), with full vesting at £1.25m and on a straight-line basis between these amounts.

Performance criteria in respect of awards granted prior to 4 February 2015

Earnings Per Share (50% of award)

Growth in EPS over the three years of at least annual Retail Price Index (RPI) + 3% for this part of the award to vest (at this level the vested amount is zero) with full vesting at annual RPI + 8% and on a straight-line basis between the two.

Total Shareholder Return (50% of award)

The Company's TSR performance is compared against a basket of comparator companies comprising at all times a minimum of 15 companies.

If the Company's TSR performance places it below median ranking, none of the part of the award dependent on TSR performance will vest. If the TSR performance places it in median ranking, 25% of this part of the award will vest through to 100% if the Company is ranked in the upper quintile, i.e. top 20%. Between median and upper quintile, this part of the award will vest on a pro rata straight-line basis.

In respect of the TSR performance for awards granted from 16 December 2013 to 3 February 2015, the Company's TSR performance was measured against the following basket of comparator companies:

Bloomsbury Publishing
Centaur Media
Ebiquity
Haynes Publishing
Huntsworth
ITE Group
Johnston Press
M&C Saatchi
Pearson
Quarto Group

STV Group
Ten Alps
Trinity Mirror
Wilmington Group
YouGov

Performance against targets in respect of the 17 December 2012 awards

The Committee exercised its discretion to waive the requirement for Mark Wood to remain employed within the Group at the vesting date and to allow the award to vest on a pro rata basis in December 2015, subject to the relevant performance criteria having been met. The movement in EPS for the relevant measurement period was -82% for the total Group and TSR performance placed the Company 16th within the group of 18 comparator companies. Consequently, the remainder of the PSP award granted to Mark Wood on 17 December 2012 lapsed in its entirety on 17 December 2015.

Performance against targets in respect of the 16 December 2013 awards

The Committee exercised its discretion to waive the requirement for Mark Wood to remain employed within the Group at the vesting date and to allow the award to vest on a pro rata basis in December 2016, subject to the relevant performance criteria having been met. The movement in EPS for the relevant measurement period was -33% for the total Group and TSR performance placed the Company 13th within the group of 16 comparator companies. Consequently, the PSP award granted to Zillah Byng-Thorne and the remainder of the PSP award granted to Mark Wood on 16 December 2013 will lapse in their entirety on 16 December 2016.

Performance against targets in respect of the 16 July 2014 award

The movement in EPS for the relevant measurement period was -33% for the total Group and TSR performance placed the Company 13th within the group of 16 comparator companies. Consequently, the PSP award granted to Zillah Byng-Thorne on 16 July 2014 will lapse in its entirety on 16 July 2017.

Non-executive Directors' remuneration

Non-executive Directors do not participate in any of the Company's share incentive arrangements, nor do they receive any benefits. Their fees are reviewed every three years. The Chairman's fees are set by the Committee, and those for the non-executive Directors are set by the Board as a whole. The Chairman's fee was reduced from £120,000 to £95,000 with effect from 1 January 2016.

Pension entitlements (audited)

The only element of remuneration that is pensionable is basic annual salary, excluding performance-related bonuses and benefits in kind. Employer's pension contributions are payable for the executive Directors at a rate of 12.5% for the Chief Executive and up to 6% for the Chief Financial Officer. With effect from 1 July 2016, Zillah Byng-Thorne receives her entitlement to employer's pension contributions in cash as a salary supplement. This additional cash payment is not included in determining her entitlement to any performance-related bonus, share-based incentive or pension.

The liability of the Company in respect of the executive Directors' pensions amounts to £744 as at 30 September 2016. Normal retirement age under the scheme rules is 75.

Payments to past Directors (audited)

No payments were made to any past Directors during the financial year ended 30 September 2016.

Payments for loss of office (audited)

During the financial year to 30 September 2016 no payments in respect of loss of office were made.

Statement of Directors' shareholding and share interests (audited)

The Company has a policy on share ownership by executive Directors which requires that any such Director should accumulate a holding in shares over a five year period from appointment where the value of those shares represents at least one times salary.

In respect of Zillah Byng-Thorne, the relevant five year period commenced on 1 November 2013 and will end on 31 October 2018. As at 13 December 2016, Zillah Byng-Thorne has a holding of 1,091,369 shares, of which 191,738 were purchased at a price of 7.75p on 16 July 2014, 185,018 were purchased at a price of 7.99p on 21 November 2014, 44,613 were purchased at a price of 11.13p on 18 May 2015 and 670,000 were purchased at a price of 10.00p on 27 November 2015 then on 4 December 2015 the 670,000 shares were transferred to Zillah Byng-Thorne's personal SIPP by way of an on-market sale and purchase at a price of 11.00p.

In respect of Penny Ladkin-Brand, the period commenced on 3 August 2015 and will end on 2 August 2020. As at 13 December 2016, Penny Ladkin-Brand has a holding of 391,146 shares, of which 150,000 were purchased at a price of 10.00p on 27 November 2015, 121,815 shares were purchased at a price of 12.21p on 2 December 2016 and 119,331 shares were purchased by her husband at a price of 12.61p on 5 December 2016.

Details of Directors' shareholdings are set out on page 20 of the Directors' report.

Company performance

The performance graph opposite shows the TSR on a holding of shares in the Company compared with the FTSE All Share Media Index (UK companies).

The following is a list of the companies currently included in the FTSE All Share Media Index (UK companies):

4 Imprint Group
Ascential
Auto Trader Group
Bloomsbury Publishing
Entertainment One (DI)
Euromoney Instl. Investor
Gocompare.com
Informa
ITE Group
ITV
Moneysupermarket.com GP
Pearson
RELX
Rightmove
STV Group
Sky
Tarsus Group
Trinity Mirror
UBM
WPP
Zoopla Property Group

Share incentives awarded during the year (audited)

PSP Grants

	Date of award	% salary	Value (£)	% vesting at min performance	No. shares awarded	Performance period
Zillah Byng-Thorne	30 November 2015	91%	£272,000	25%	2,500,000	1 October 2015 – 30 September
Penny Ladkin-Brand	30 November 2015	78%	£136,000	25%	1,250,000	1 October 2015 – 30 September

Notes:
1. The value of the PSP awards is calculated using the share price at the date of grant, which was 10.88p per share.
2. The PSP awards are exercisable at nil value.
3. The performance conditions attached to the grant of the above awards are the same as set out on page 31
4. The percentage vesting at minimum performance represents the 25% vesting of the Net Cash Flow element and the 25% vesting of the EPS element of the award

Directors' interests in share schemes (audited)

Details of options and other share incentives held by executive Directors and movements during the year are set out below, including details of the awards made during the year.

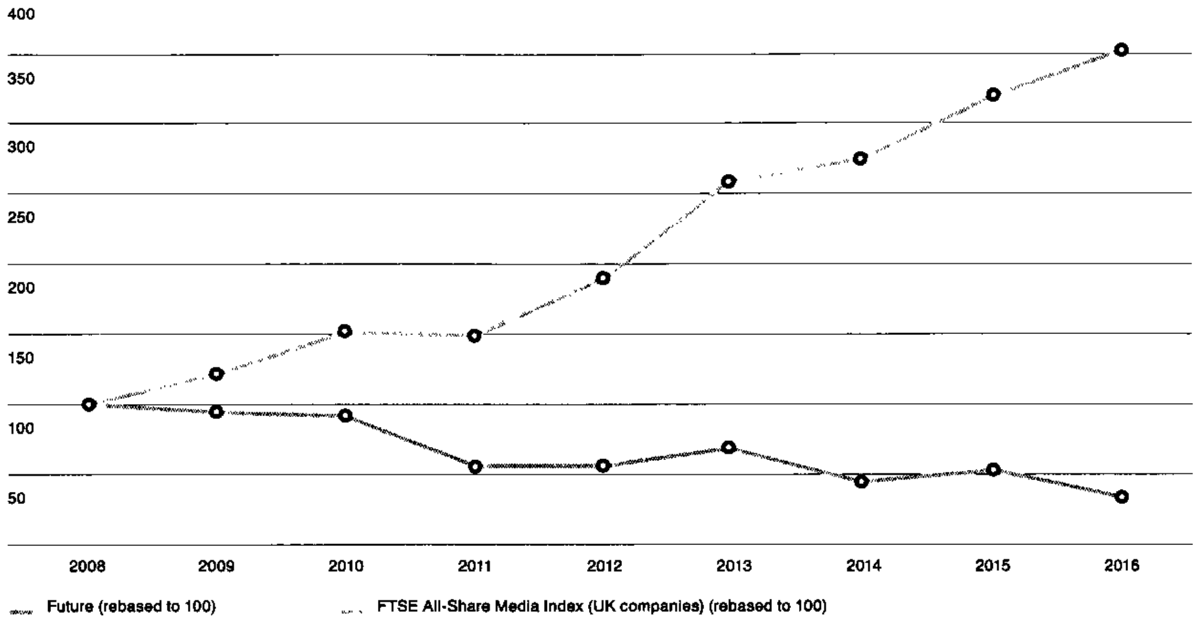
	Date of grant	Price paid for grant	Earliest exercise date	Expiry date	Exercise price per share (p)	Balance at 1 Oct 2015	Granted during the year[3]	Vested during the year	Lapsed unexercised during the year	**Balance at 30 Sept 2016**
PSP[1]										
Mark Wood [4]	17 Dec	Nil	17 Dec	N/A	Nil	678,159	-	-	(678,159)	-
	16 Dec	Nil	16 Dec	N/A	Nil	156,022	-	-	-	**156,022**
Zillah Byng-Thorne	16 Dec	Nil	16 Dec	N/A	Nil	2,000,0	-	-	-	**2,000,000**
	16 Jul	Nil	16 July	N/A	Nil	2,500,0	-	-	-	**2,500,000**
	30 Nov	Nil	30 Nov	N/A	Nil	-	2,500,0	-	-	**2,500,000**
Penny Ladkin-Brand	3 Aug	Nil	3 Aug	N/A	Nil	1,647,8	-	-	-	**1,647,834**
	30 Nov	Nil	30 Nov	N/A	Nil	-	1,250,0	-	-	**1,250,000**
Sharesave[2]										
Zillah Byng-Thorne	13 Dec	Nil	1 Feb	1 Aug	13.0	69,230	-	-	-	**69,230**

Notes:

1. The performance criteria which apply to awards granted under the PSP scheme are set out on pages 31 and 32
2. Details of the Sharesave scheme, which has no performance conditions, are set out in note 24 on page 74.
3. The market price at the time of grant of the PSP award on 30 November 15 was 10.88p.
4. Following the termination of Mark Wood's appointment as Chief Executive with effect from 1 April 2014, the Committee exercised its discretion to waive the requirement for Mark Wood to remain in employment on the vesting date of the PSP awards granted to him during his appointment as Chief Executive and to allow a portion of the PSP awards granted to him on 18 January 2012, 17 December 2012 and 16 December 2013 to vest as normal on 18 January 2015, 17 December 2015 and 16 December 2016 respectively on a pro rata basis (subject to the relevant performance criteria being met). The remaining 2,564,325 options granted on 18 January 2012 lapsed on 18 January 2015 and the remaining 678,159 options granted on 17 December 2012 lapsed on 17 December 2015 since the relevant performance criteria had not been met. The 156,022 options granted on 16 December 2013 will lapse on 16 December 2016, since the relevant performance criteria have not been met.

Graph: Past seven financial years ended 30 September 2015

Total Shareholder Return: Rebased to Future plc as of 1 October 2008



Chief Executive pay during last eight years

Year	Chief Executive single figure £'000	Bonus paid as % of maximum	Share based incentives vesting as % of maximum
2009 (Stevie Spring)	£423	0%	100%[1]
2010 (Stevie Spring)	£746	40%	48%[2]
2011 (Stevie Spring)	£546	0%	100%[3]
2012 (Mark Wood)	£430	50%	0%[4]
2013 (Mark Wood)	£331	0%	0%[4]
2014 (Zillah Byng-Thorne)	£306[6]	20%	0%[5]
2015 (Zillah Byng-Thorne)	£471	36%	0%[5]
2016 (Zillah Byng-Thorne)	£347	0%	0%[5]

Notes:

1. This represents shares which were granted as part of an exceptional one-off award intended to aid recruitment and retention. The award was not subject to performance criteria.
2. This represents the first tranche of a deferred bonus share award which was not subject to performance criteria and the PSP award granted in December 2006 which partially vested in December 2009 following the partial satisfaction of TSR performance criteria.
3. This represents the second tranche of a deferred bonus share award which was not subject to performance criteria. The PSP award granted in December 2007 lapsed in December 2010.
4. The first awards granted to Mark Wood under the PSP were granted in January 2012 and lapsed on 18 January 2015, since the relevant performance criteria were not met.
5. The first awards granted to Zillah Byng-Thorne under the PSP were granted in December 2013 and will lapse on 16 December 2016, since the relevant performance criteria were not met.
6. The single figure for Zillah Byng-Thorne for 2014 includes five months of her Chief Financial Officer salary and six months of her salary as Chief Executive.

Percentage change in remuneration of Chief Executive

	Salary			Benefits (inc pension)			Bonus		
	2016	2015	% change	2016	2015	% change	2016	2015	% change
Chief Executive	**£300,000**	£300,000	-	**£47,000**	£47,00	-	-	£127,9	-100%
All employees	**£38,491**	£39,621	-2.9%	**£3,022**	£2,931	+3.1%	-	£285	-100%

Relative importance of spend on pay

The relative importance of the spend on pay for the business is shown in the table below.

	2016 £m	2015 £m
Group pay	**24.0**	26.6
Group operating costs excluding Group pay & exceptional costs	**34.3**	33.3
Capital expenditure	**1.9**	2.0
Dividends	-	-

The table shows the actual expenditure of the Group, and change between the current and previous years, on remuneration paid to all employees compared to the total operating costs for the Group excluding exceptional costs and remuneration, and investment in capital expenditure and dividends.

Shareholder voting

At the last Annual General Meeting, votes on the Directors' remuneration report for the year ended 30 September 2015 were cast as follows:

	For	%	Discretionar	%	Against	%	Abstain
Approval of Directors' remuneration report for 2015	295,309,192	99.93	28,498	0.01	177,997	0.06	2,200

Implementation of remuneration policy in the year to 30 September 2017

The Remuneration Committee proposes the following changes to the implementaton of the remuneration policy for 2017, as outlined in the Remuneration policy report on pages 36 to 39, subject to shareholder approval at the Company's AGM on 1 February 2017.

Element	Operation of element	Max. potential value	Performance, weighting & time
Base salary	No change	Zillah Byng-Thorne's salary as Chief Executive increased to £350,000 with effect from 21 October 2016. Penny Ladkin-Brand's salary as Chief Financial Officer increased to £250,000 with effect from 1 October 2016.	No change
Benefits	No change	No change	No change
Annual Bonus	No change	No change[1]	A 'profit pool' style bonus is proposed for 2017, with a maximum of 45% of salary for both the Chief Executive and the Chief Financial Officer subject to the achievement of certain financial targets.
PSP	No change	The Committee recommends an increase in the maximum value of a one-off award in exceptional circumstances from 200% to 400% of basic annual salary.	The Committee intends to amend the performance targets for awards made in 2017, in consultation with major shareholders. The Committee proposes retaining the weighting but changing the performance metrics to
Pension	No change	No change	No change

Notes:

1. Performance targets for the Annual Bonus for 2017 are not disclosed due to their commercial sensitivity.

Advisers to the Remuneration Committee

Ernst and Young LLP was appointed during 2016 by the HR director, with the consent of the Committee, to advise the Committee in respect of various share incentive issues.

Compliance with the UK Corporate Governance Code

The Board has complied fully with the provisions of Section D of the UK Corporate Governance Code in relation to Directors' remuneration policy and practice, and has followed Schedule A to the Code in relation to performance-related remuneration policy. Further information regarding the Company's approach to corporate governance is set out on pages 23 to 28.

Remuneration policy

The policy set out below is intended to apply for all financial years beginning on or after 1 October 2016 to 30 September 2019, subject to shareholder approval at the Company’ s Annual General Meeting on 1 February 2017 and shall take effect following the conclusion of the 2017 AGM.

The Committee considers the remuneration policy annually to ensure that it remains aligned with the Group's business needs and is appropriately positioned relative to the market. However, there is no intention to put the policy forward to shareholders for approval more frequently than every three years unless an amendment is proposed.

Approach to recruitment remuneration for executive and non-executive Directors

The Committee's objective at the time of an appointment to a new role is to weight executive Directors' remuneration packages towards performance-related pay, with performance-related targets linked to financial performance of the Group against budget and the Group's performance against business objectives and its stated strategy.

Any new executive Director's remuneration package would include the same elements as those of the existing executive Directors, as shown in the next column.

Element of remuneration	Maximum % of salary
Salary	Not higher than market value
Benefits	Dependent on circumstances
Pension	12.5% of basic annual salary
Performance-related bonus[2]	150%
Share incentive schemes[1]	100%

Notes:

1. PSP scheme rules provide for awards of up to 100% of basic annual salary, save in exceptional circumstances where the Committee is allowed discretion to award up to 400% of basic annual salary.
2. The Committee retains discretion to make one-off sign on payments or to grant awards under the share-based incentive scheme of up to 200% of basic annual salary to the extent that it is necessary to recruit a high calibre individual, or to compensate the individual for loss of bonus or other incentive awards granted by the previous employer.
3. In the event of an internal promotion, any commitments made by the Company to an internal candidate shall be honoured even if it would otherwise be inconsistent with the policy.
4. If the Director is required to relocate then the policy is to provide reasonable relocation, travel and subsistence payments at the discretion of the Committee.

In determining the level and make-up of executive Directors' remuneration, the Committee carefully considers the following issues:

In determining the level and make-up of executive Directors' remuneration, the Committee carefully considers the following issues:

(a) Remuneration packages offered to executive Directors should be competitive with those available for comparable roles in companies operating in similar markets and on a similar scale. They should be sufficiently desirable so as to attract, retain and motivate high calibre Directors to perform at the highest levels, whilst at the same time ensuring that recruitment and remuneration expenditure is not excessive and does not encourage excessive risk-taking.

(b) The interests of executive Directors should be aligned with those of shareholders by ensuring that a significant proportion of remuneration is linked to Group performance.

(c) Remuneration packages and employment conditions of executive Directors are considered in conjunction with both those of key senior managers (keeping succession planning in mind) and all employees in the Group in order to achieve a consistent remuneration policy across the Group. The Committee has given particular attention to ensuring that the remuneration packages of the key senior managers recruited during the year are aligned with those of the executive Directors.

(d) Bonus potential and share scheme awards that are capped at a percentage of salary are restricted if salaries are low.

(e) Subjective criteria are applied to an element of the performance-related bonus of the Chief Executive and Chief Financial Officer (with a financial underpin) in order to ensure that the Committee retains discretion and to ensure no performance- related bonus is unjustly received.

Service contracts and payments for loss of office

Executive Directors

Contract provision	Policy	Details
Notice periods	Director or Company shall be entitled to serve 6 months' notice (in Penny Ladkin-Brand's case) or 12 months' notice (in Zillah Byng-Thorne's case).	A Director may be required to work during their notice period or be put on garden leave.
Compensation for loss of office	Director shall be entitled to receive 6 months' salary (in Penny Ladkin-Brand's case) or 12 months' salary (in Zillah Byng-Thorne's case) and benefits during any unexpired notice period.	While service agreements allow for monthly payments during notice period which are subject to mitigation, the Committee retains discretion to make payments in such manner as is deemed appropriate, particularly by reference to the circumstances of the loss of office.
Treatment of share incentives on termination	Incentives will lapse or vest at the Committee's discretion, subject to performance criteria being met and the rules of the scheme.	The Committee has discretion to allow awards to vest partially or in full on termination, or to preserve awards.
Change of control	In the event of a change of control, a Director may terminate their appointment on serving no less than 1 month's notice.	In the event of termination by either the Director or the Company, the Director will be entitled to receive 6 months' salary.
Non-executive Directors		
Notice periods	3 months' notice from either Company or Director.	Appointed for a three year term, subject to annual re-election by shareholders at the Company's AGM.

Copies of Directors' service agreements and letters of appointment are available for inspection on request at the Company's registered office.

Remuneration table

Executive Directors

Element	Operation	Objective & link to strategy	Max. potential value	Performance measures	Changes for 2017
Basic annual salary	Basic annual salary is paid in 12 equal monthly instalments during the year and is reviewed annually. When assessing the level of basic annual salary, the Committee takes into account performance, market conditions, remuneration of equivalent roles within comparable companies, the size and scale of the business and pay in the Group as a whole. The Committee retains discretion to pay a salary	To recruit, retain and motivate individuals of high calibre, and reflect the skills, experience and contribution of the relevant Director.	Current basic annual salary of Chief Executive is £350,000 and Chief Financial Officer is £250,000. Salary increases shall generally reflect market conditions, performance of the individual, new challenges or a new strategic direction for the business. Similarly, the Committee may approve a higher basic annual salary for a newly appointed Director than the outgoing Director received where it considers it necessary in order to recruit an individual of sufficient calibre for the role.	Not applicable.	Basic annual salary for Zillah Byng-Thorne increased to £350,000 with effect from 21 October 2016 (being the completion date of the acquisition of Imagine Publishing) and for Penny Ladkin-Brand increased to £250,000 with effect from 1 October 2016 as a result of market benchmarking.
Benefits	Current benefits available to executive Directors are car allowance, permanent health insurance, healthcare and life assurance. Additional benefits may be offered if applicable and subject to the maximum value of all benefits not exceeding the maximum potential value set by the Committee.	To ensure broad competitiveness with market practice.	The Company shall continue to provide benefits to executive Directors at similar levels; where insurance cover is provided by the Company, that cover shall be maintained at a similar level and the Company shall pay the then current market rates for such cover.	Not applicable.	No change.
Pension	The Company shall make a contribution up to a maximum percentage of basic annual salary (currently 12.5% for	To ensure broad competitiveness with market practice.	Total cost annually shall not exceed 15% of basic annual salary.	Not applicable.	No change.

Element	Operation	Objective & link to strategy	Max. potential value	Performance measures	Changes for 2017
	the Chief Executive and 6% for the Chief Financial Officer).				
Performance-related bonus[1]	Targets are set annually by the Committee, based on (i) financial performance against budget and, at the Committee's discretion, (ii) individual subjective performance targets which are determined for each executive Director. The Committee retains discretion to set the financial targets based on the performance during the previous financial year and the budget for the forthcoming year, and performance of the individual against their specific subjective performance targets.	Designed to reward delivery of shareholder value and implementation of the Group's strategy.	For both the Chief Executive and Chief Financial Officer the Committee retains discretion to vary the potential total maximum bonus, the weighting of the variable elements and the stretch of the targets in order to incentivise or recruit executive Directors, provided that the total maximum potential bonus for any one year shall not exceed 150% of basic annual salary and that the maximum bonus shall only be payable for over performance.	The performance measures, relative weightings and targets are set annually by the Committee. Details of the measures and their relative weightings are disclosed annually in the Directors' remuneration report with the targets disclosed provided they are not deemed to be commercially sensitive. The Committee retains discretion to adjust the targets if events occur which lead it to conclude that they are no longer appropriate. The Committee also retains discretion to adjust the outcome of the performance-related bonus for any performance measure if it considers that to be appropriate.	No change
Long term share-based incentive[2]	Annual awards to executive Directors of up to a maximum of 1x basic annual salary, with discretion to award up to a maximum of 4x basic annual salary in exceptional circumstances, e.g. recruitment of a Director or to "buy out" awards granted by prior employer. The scheme rules allow the Committee discretion to change the performance targets and the Committee shall be entitled to exercise its discretion to change performance criteria to the extent that it reflects market practice and/or the Committee considers alternative performance targets to be more appropriate to the business.	Designed to reward delivery of shareholder value in the medium-to-long term.	Value of grant as a maximum percentage of salary is 100% of basic annual salary, however in exceptional circumstances the Committee retains discretion to grant one-off awards of a value up to 400% of basic annual salary.	The performance targets are set annually by the Committee and disclosed annually in the Directors' remuneration report provided they are not deemed to be commercially sensitive. Awards vest at the end of the three-year performance period, when the Committee will assess performance against the targets set and determine, in its absolute discretion, the overall level of vesting of the award.	A higher maximum for the value of one-off awards in exceptional circumstances under the Plan of 400% of basic annual salary is proposed. The Committee intends to make a one-off award, in two tranches, to the executive Directors at a value of 400% of basic annual salary, subject to shareholder approval of the policy at the 2017 AGM. The first tranche, at a value of 200% of salary, was awarded in November 2016 with the second tranche of a further 200% of salary to be awarded following the AGM in February 2017.
All-employee share plans	The Company operates a Share Incentive Plan ("SIP") in the UK which qualifies for tax benefits. The Committee retains discretion to allow executive Directors to participate in the SIP on the same terms as other employees.	To encourage share ownership by employees and align their interests with those of the shareholders.	The maximum participation levels for all-employee share plans will be the limits set out in UK tax legislation.	Not applicable	No change.

Notes to the table

1. Performance-related bonus targets: The performance targets are determined annually by the Committee and are designed to align executive Directors' interests with those of the Company's shareholders and to reward good performance by the Company. Financial targets are set by reference to the Company's budget for the relevant financial year, and individual performance targets are set by reference to the Company's strategy and goals for the relevant financial year. The targets for the financial year to 30 September 2017 are not disclosed here due to their commercial sensitivity.
2. PSP performance targets: additional details of the performance criteria attaching to PSP awards granted to date are set out on page 31.
3. All employees of the Group receive a basic annual salary, benefits, pension and annual bonus (subject to financial performance). The maximum value of remuneration packages is based on the seniority and responsibilities of the relevant role Discretionary share incentives are not awarded to employees other than executive Directors and senior managers, however the Company introduced a Share Incentive Plan in 2015 in order to encourage active employee share ownership.

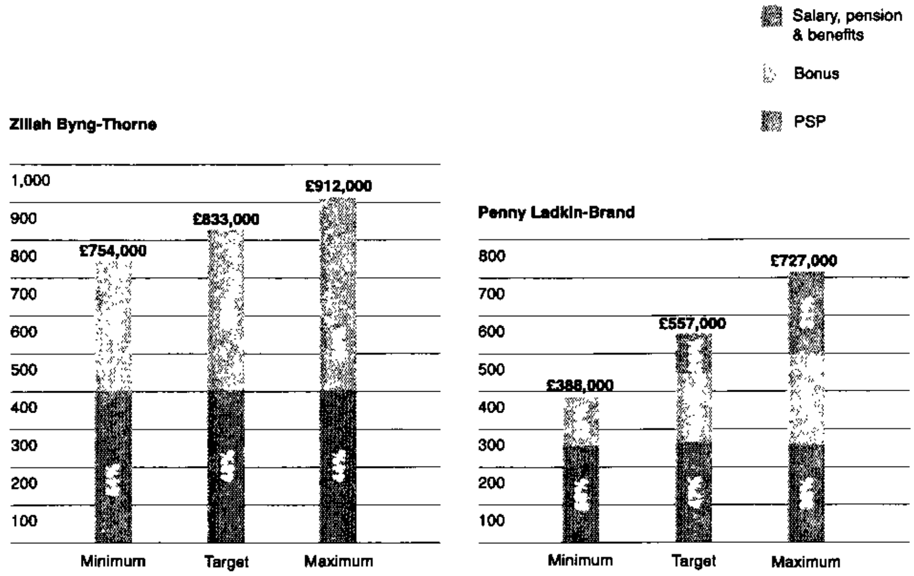
Non-executive Directors

Element	Operation	Objective & link to strategy	Max. potential value	Performance measures	Changes for 2016
Fees[1]	Non-executive Directors' fees are reviewed every three years and paid in 12 monthly instalments. Current fees were set in 2011.	Reflects the time commitment and responsibilities of the roles.	Chairman: £120,000 Deputy Chairman: £65,000 Other non-executive Directors: £40,000 Additional fees payable: Chairman of Committee: £5,000 Senior independent Director: £5,000 Member of Committee. Nil	Not applicable.	No change, since Peter Allen's fee as Chairman remains at £95,000.

Notes to the table

1. Fees are paid at a standard annual rate to reflect the time, commitment and responsibilities of the roles, with additional fees paid to those who chair Board Committees to reflect their additional responsibilities. Separately, the Board sets the fee payable to the Chairman of the Board. Additional fees for chairing a Committee apply only once, regardless of the number of Committees of which a non-executive Director is Chairman. Non-executive Directors are not included in any performance-related bonus, share incentive schemes or pension arrangements.

Total remuneration scenarios



Notes:

1. Annual salary is based on basic salary for the financial year ending 30 September 2017.
2. The value of pension is determined as a percentage of salary, based on salary for 2017. The value of benefits in kind is calculated on the basis of the value for 2016.
3. The remuneration scenarios above include a transaction bonus, amounting to 100% of basic annual salary for the Chief Executive and 50% of basic annual salary for the Chief Financial Officer, paid following the successful completion of the acquisition of Imagine Publishing in October 2016
4. On-target performance would deliver 50% of the maximum annual bonus for the Chief Executive and the Chief Financial Officer. Maximum performance would result in the maximum annual bonus payment of 45% of basic annual salary for both the Chief Executive and the Chief Financial Officer.
5. The final year of the performance period in respect of both EPS and Net Cash Flow targets for the PSP award granted to Penny Ladkin-Brand in August 2015 is the year ending 30 September 2017. On-target performance assumes that 50% of the awards would vest while maximum performance would result in 100% of the awards vesting. The value of the shares that would vest has been calculated using a share price of 13.75p per share being the latest available share price.

Consideration of employee conditions within the Group

The Committee takes into consideration the pay and conditions of employees across the Group when determining remuneration for executive Directors.

All employees receive a basic annual salary, benefits and an entitlement to receive a bonus, subject to financial performance, under the Group's profit improvement scheme.

Discretionary share incentive awards are granted to certain senior managers under the PSP and DABS schemes, the details of which are set out at note 24 on page 74. During 2015 the Group introduced a Share Incentive Plan to replace the Sharesave scheme, in order to encourage active employee share ownership.

Consideration of shareholder views

The Remuneration Committee considers shareholder feedback received as part of any discussions with shareholders and consults with shareholders on specific matters as and when appropriate.

Approved by the Board of Directors and signed on its behalf by:

Manjit Wolstenholme
Chairman of the Remuneration Committee
13 December 2016

Independent auditors' report to the members of Future plc

Report on the financial statements

Our opinion

In our opinion:

- Future 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 30 September 2016 and of the Group's loss and the Group's and the Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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.

What we have audited

The financial statements, included within the Annual Report and Accounts (the "Annual Report"), comprise:

- the Consolidated balance sheet and Company balance sheet as at 30 September 2016;
- the Consolidated income statement and Consolidated statement of comprehensive income for the year then ended;
- the Consolidated and Company cash flow statements for the year then ended;
- the Consolidated statement of changes in equity and the Company statement of changes in equity for the year then ended;
- the Accounting policies; and
- the Notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006, and applicable law.

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act

2006.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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
- 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.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 22, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are
  appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting
  estimates made by the Directors; and
- the overall presentation of the financial
  statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Colin Bates (Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
13 December 2016

Financial statements

Consolidated income statement

for the year ended 30 September 2016

	Note	2016 £m	2015 £m
Continuing operations			
Revenue	1	**59.0**	59.8
Operating profit before depreciation, amortisation, exceptional items and impairment of intangible assets	1	**4.7**	3.6
Depreciation	11	**(0.4)**	(0.5)
Amortisation	12	**(2.0)**	(2.3)
Exceptional items	4	**(3.5)**	(2.5)
Impairment of intangible assets	2	**(13.0)**	-
Operating loss	2	**(14.2)**	(1.7)
Finance costs	6	**(0.7)**	(0.6)
Net finance costs	6	**(0.7)**	(0.6)
Loss before tax	1	**(14.9)**	(2.3)
Tax on loss	7	**0.5**	0.3
Loss for the year from continuing operations		**(14.4)**	(2.0)
Discontinued operations			
Profit for the year from discontinued operations	10	**0.2**	0.7
Loss for the year attributable to owners of the parent		**(14.2)**	(1.3)

Earnings per 1p Ordinary share

	Note	2016 pence	2015 pence
Basic loss per share – Total Group	9	**(3.9)**	(0.4)
Diluted loss per share – Total Group	9	**(3.9)**	(0.4)
Basic loss per share – Continuing operations	9	**(4.0)**	(0.6)
Diluted loss per share – Continuing operations	9	**(4.0)**	(0.6)

As permitted by the exemption under Section 408 of the Companies Act 2006 no Company income statement or statement of comprehensive income is presented.

Consolidated statement of comprehensive income

for the year ended 30 September 2016

	2016 £m	2015 £m
Loss for the year	**(14.2)**	(1.3)
Items that may be reclassified to the consolidated income statement		
Continuing operations		
Currency translation differences	**0.3**	-
Other comprehensive income for the year from continuing operations	**0.3**	-
Total comprehensive loss for the year attributable to continuing operations	**(14.1)**	(2.0)
Total comprehensive income for the year attributable to discontinued operations	**0.2**	0.7
Total comprehensive loss for the year attributable to owners of the parent	**(13.9)**	(1.3)

Items in the statement above are disclosed net of tax.

Consolidated statement of changes in equity

for the year ended 30 September 2016

Group	Note	Issued share capital £m	Share premium account £m	Merger reserve £m	Treasury reserve £m	Accumulated losses £m	Total equity £m
Balance at 1 October 2014		3.3	24.8	109.0	(0.3)	(104.2)	32.6
Loss for the year		-	-	-	-	(1.3)	(1.3)
Currency translation differences		-	-	-	-	-	-
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive loss for the year		-	-	-	-	(1.3)	(1.3)
Share schemes							
- Value of employees' services	5	-	-	-	-	0.1	0.1
Balance at 30 September 2015		3.3	24.8	109.0	(0.3)	(105.4)	31.4
Loss for the year		-	-	-	-	(14.2)	(14.2)
Currency translation differences		-	-	-	-	0.3	0.3
Other comprehensive income for the year		-	-	-	-	0.3	0.3
Total comprehensive loss for the year		-	-	-	-	(13.9)	(13.9)
Share capital issued during the year		0.4	2.8	-	-	-	3.2
Share schemes							
- Value of employees' services	5	-	-	-	-	0.5	0.5
Balance at 30 September 2016		**3.7**	**27.6**	**109.0**	**(0.3)**	**(118.8)**	**21.2**

Company statement of changes in equity

for the year ended 30 September 2016

Company	Note	Issued share capital £m	Share premium account £m	Retained earnings £m	Total equity £m
Balance at 1 October 2014		3.3	24.8	10.7	38.8
Loss for the year		-	-	(0.9)	(0.9)
Other comprehensive income for the year		-	-	-	-
Total comprehensive loss for the year		-	-	(0.9)	(0.9)
Share schemes					
- Value of employees' services	5	-	-	0.1	0.1
Balance at 30 September 2015		3.3	24.8	9.9	38.0
Loss for the year		-	-	(6.4)	(6.4)
Other comprehensive income for the year		-	-	-	-
Total comprehensive loss for the year		-	-	(6.4)	(6.4)
Share capital issued during the year		0.4	2.8	-	3.2
Share schemes					
- Value of employees' services	5	-	-	0.5	0.5
Balance at 30 September 2016		**3.7**	**27.6**	**4.0**	**35.3**

Consolidated balance sheet

as at 30 September 2015

	Note	2016 £m	2015 £m
Assets			
Non-current assets			
Property, plant and equipment	11	**0.5**	0.6
Intangible assets - goodwill	12	**29.5**	40.9
Intangible assets - other	12	**3.7**	2.9
Deferred tax	14	**2.4**	0.5
Total non-current assets		**36.1**	44.9
Current assets			
Inventories	15	**0.4**	0.5
Corporation tax recoverable		**0.1**	1.2
Trade and other receivables	16	**12.4**	15.3
Cash and cash equivalents	17	**2.9**	2.5
Total current assets		**15.8**	19.5
Total assets		**51.9**	64.4
Equity and liabilities			
Equity			
Issued share capital	23	**3.7**	3.3
Share premium account		**27.6**	24.8
Merger reserve	25	**109.0**	109.0
Treasury reserve	25	**(0.3)**	(0.3)
Accumulated losses		**(118.8)**	(105.4)
Total equity		**21.2**	31.4
Non-current liabilities			
Financial liabilities - interest-bearing loans and borrowings	19	**0.1**	-
Corporation tax payable	7	**2.6**	3.5
Deferred tax	14	**0.9**	0.7
Provisions	20	**1.5**	2.1
Other non-current liabilities	21	**0.5**	0.8
Total non-current liablities		**5.6**	7.1
Current liabilities			
Financial liabilities - interest-bearing loans and borrowings	19	**2.3**	4.3
Trade and other payables	18	**21.4**	20.7
Corporation tax payable	7	**1.4**	0.9
Total current liabilities		**25.1**	25.9
Total liabilities		**30.7**	33.0
Total equity and liabilities		**51.9**	64.4

The financial statements on pages 43 to 78 were approved by the Board of Directors on 13 December 2016 and signed on its behalf by:

Peter Allen
Chairman

Penny Ladkin-Brand
Chief Financial Officer

Company balance sheet

as at 30 September 2016

	Note	2016 £m	2015 £m
Assets			
Non-current assets			
Investment in Group undertakings	13	**1.0**	131.9
Total non-current assets		**1.0**	131.9
Current assets			
Trade and other receivables	16	**43.5**	46.7
Total current assets		**43.5**	46.7
Total assets		**44.5**	178.6
Equity and liabilities			
Equity			
Issued share capital	23	**3.7**	3.3
Share premium account		**27.6**	24.8
Retained earnings		**4.0**	9.9
Total equity		**35.3**	38.0
Non-current liabilities			
Corporation tax payable	7	**2.6**	3.5
Total non-current liabilities		**2.6**	3.5
Current liabilities			
Financial liabilities - interest-bearing loans and borrowings	19	**2.3**	4.3
Financial liabilities - non-interest-bearing overdraft	19	**1.0**	7.9
Trade and other payables	18	**2.4**	124.0
Corporation tax payable	7	**0.9**	0.9
Total current liabilities		**6.6**	137.1
Total liabilities		**9.2**	140.6
Total equity and liabilities		**44.5**	178.6

The financial statements on pages 43 to 78 were approved by the Board of Directors on 13 December 2016 and signed on its behalf by:

Peter Allen
Chairman

Penny Ladkin-Brand
Chief Financial Officer

Consolidated and Company cash flow statements

for the year ended 30 September 2016

	Group 2016 £m	Company 2016 £m	Group 2015 £m	Company 2015 £m
Cash flows from operating activities				
Cash generated from/(used in) operations	3.1	(1.4)	(7.5)	(0.5)
Tax received	0.1	-	0.5	-
Interest paid	(0.4)	(0.4)	(0.6)	(0.5)
Tax paid	(0.8)	(0.7)	(1.0)	(0.7)
Net cash generated from/(used in) operating activities	2.0	(2.5)	(8.6)	(1.7)
Cash flows from investing activities				
Purchase of property, plant and equipment	(0.2)	-	(0.2)	-
Purchase of computer software and website development	(1.7)	-	(1.8)	-
Purchase of magazine titles and events	(0.6)	-	-	-
Purchase of subsidiary undertakings, net of cash acquired	(0.3)	-	-	-
Disposal of property, plant and equipment	-	-	1.2	-
Disposal of magazine titles and trademarks	-	-	0.1	-
Net movement in amounts owed to/by subsidiaries	-	8.3	-	(1.8)
Net cash (used in)/generated from investing activities	(2.8)	8.3	(0.7)	(1.8)
Cash flows from financing activities				
Proceeds from issue of Ordinary share capital	3.3	3.3	-	-
Costs of share issue	(0.2)	(0.2)	-	-
Draw down of bank loans	4.6	4.6	3.5	
Repayment of bank loans	(5.7)	(5.7)	-	-
Bank arrangement fees	-	-	(0.2)	(0.2)
Repayment of finance leases	(0.1)	-	-	-
Net cash generated from financing activities	1.9	2.0	3.3	
Net increase/(decrease) in cash and cash equivalents	1.1	7.8	(6.0)	(0.2)
Cash and cash equivalents at beginning of year	1.6	(8.8)	7.5	(8.6)
Exchange adjustments	0.2	-	0.1	-
Cash and cash equivalents at end of year	2.9	(1.0)	1.6	(8.8)
Amount attributable to continuing operations	2.9	(1.0)	1.6	(8.8)

Notes to the Consolidated and Company cash flow statements

for the year ended 30 September 2016

A. Cash used in operations

The reconciliation of (loss)/profit for the year to cash flows used in operations is set out below:

	Group 2016 £m	Company 2016 £m	Group 2015 £m	Company 2015 £m
(Loss)/profit for the year – Continuing operations	**(14.4)**	**(6.4)**	(2.0)	(0.9)
– Discontinued operations	**0.2**	**-**	0.7	-
Loss for the year – Total Group	**(14.2)**	**(6.4)**	(1.3)	(0.9)
Adjustments for:				
Depreciation charge	**0.4**	**-**	0.5	-
Amortisation of intangible assets	**2.0**	**-**	2.3	-
Impairment of intangible assets	**13.0**	**-**	-	-
Profit on disposal of magazine titles and trademarks	**(0.4)**	**-**	(0.1)	-
Profit on disposal of property, plant and equipment	**-**	**-**	(0.3)	-
Share schemes				
- Value of employees' services	**0.5**	**-**	0.1	-
Impairment of investment in Group undertakings	**-**	**131.4**	-	0.1
Dividend receivable from Group undertaking	**-**	**(130.9)**	-	-
Net finance costs	**0.7**	**2.9**	0.6	1.5
Tax (credit)/charge	**(0.5)**	**0.1**	(0.4)	(1.2)
Profit/(loss) before changes in working capital and provisions	**1.5**	**(2.9)**	1.4	(0.5)
Movement in provisions	**(0.6)**	**-**	(0.7)	-
Decrease in inventories	**0.1**	**-**	0.1	-
Decrease/(increase) in trade and other receivables	**3.8**	**(0.1)**	(2.8)	-
(Decrease)/increase in trade and other payables	**(1.7)**	**1.6**	(5.5)	-
Cash generated from/(used in) operations	**3.1**	**(1.4)**	(7.5)	(0.5)

B. Analysis of net cash/(debt)

Group	1 October 2015 £m	Cash flows £m	Finance leases entered into	Exchange movements £m	30 September 2016
Cash and cash equivalents	1.6	1.1	-	0.2	**2.9**
Debt due within one year	(3.4)	1.2	(0.1)	-	**(2.3)**
Debt due after more than one year	-	-	(0.1)	-	**(0.1)**
Net (debt)/cash	**(1.8)**	**2.3**	**(0.2)**	**0.2**	**0.5**

Company	1 October 2015 £m	Cash flows £m	Other non-cash changes	30 September 2016
Cash and cash equivalents	(8.8)	7.8	-	**(1.0)**
Debt due within one year	(3.4)	1.1	-	**(2.3)**
Net debt	**(12.2)**	**8.9**	-	**(3.3)**

C. Reconciliation of movement in net cash/(debt)

	Group 2016 £m	Company 2016 £m	Group 2015 £m	Company 2015 £m
Net (debt)/cash at start of year	**(1.8)**	**(12.2)**	7.5	(8.6)
Increase/(decrease) in cash and cash equivalents	**1.1**	**7.8**	(6.0)	(0.2)
Movement in borrowings	**1.2**	**1.1**	(3.5)	(3.5)
Finance leases entered into	**(0.2)**	**-**	-	-
Other non-cash changes	**-**	**-**	0.1	0.1
Exchange movements	**0.2**	**-**	0.1	-
Net cash/(debt) at end of year	**0.5**	**(3.3)**	(1.8)	(12.2)

Accounting policies

Basis of preparation

These financial statements have been prepared under the historical cost convention, except for derivative financial instruments and share awards which are stated at fair value.

The principal accounting policies applied in the preparation of the consolidated financial statements published in this 2016 Annual Report are set out on pages 50 to 53. These policies have been applied consistently to all years presented, unless otherwise stated.

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee's (IFRIC) interpretations as adopted by the European Union, applicable as at 30 September 2016, and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The going concern basis has been adopted in preparing these financial statements as stated by the Directors on page 25

Discontinued operations and non-current assets held for sale

During 2014 the Sport, Craft and Auto portfolios were disposed of. In accordance with IFRS 5 the results of these operations are presented as discontinued operations in the Consolidated income statement.

Where the Group expects to recover the carrying amount of a group of assets through a sale transaction rather than through continuing use, the assets are available for immediate sale in their present condition, management is committed to the sale and a sale is highly probable at the balance sheet date, the assets are classified as held for sale.

After classification as held for sale, the assets are measured at the lower of the carrying amount and fair value less costs to sell. An impairment loss is recognised in the income statement for any write-down of the assets to fair value less costs to sell. A gain for any subsequent increase in fair value less costs to sell is recognised in the income statement to the extent that it does not exceed the cumulative impairment loss previously recognised. No depreciation or amortisation is charged in respect of non-current assets classified as held for sale.

If the group of assets constitutes a separate major line of business it is classified as a discontinued operation.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Future plc (the Company) and its subsidiary undertakings. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, and includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Segment reporting

The Group is organised and arranged primarily by geographical segment. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Makers who are considered to be the executive Directors of Future plc.

Revenue recognition

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement once the service has been completed.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, estimated returns, rebates and discounts and after eliminating sales within the Group. The following recognition criteria also apply:

- Magazine newsstand circulation and advertising revenue is recognised according to the date that the related publication goes on sale.
- Revenue from the sale of digital magazine subscriptions is recognised uniformly over the term of the subscription.
- Event income is recognised when the event has taken place.
- Licensing revenue is recognised on the supply of the licensed content.
- Other revenue is recognised at the time of sale or provision of service.

Foreign currency translation

(a) 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 sterling, which is the Group's presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at balance sheet exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, with exchange differences arising on trading transactions being reported in operating profit and with those arising on financing transactions reported in net finance costs unless, as a result of cash flow hedging, they are reported in other comprehensive income.

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

(i) Assets and liabilities for each balance sheet are translated at the closing rate at the date of that balance sheet.

(ii) Income and expenses for each income statement are translated at average exchange rates.

(iii) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Employee benefits

(a) Pension obligations

The Group has a number of defined contribution plans. For defined contribution plans the Group pays contributions into a privately administered pension plan on a contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Contributions are charged to the income statement as they are incurred.

(b) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans.
The fair value of the employee services received in exchange for the grant of the awards is recognised as an expense. The total amount to be expensed over the appropriate service period is determined by reference to the fair value of the awards. The calculation of fair value includes assumptions regarding the number of cancellations and excludes the impact of any non-market vesting conditions (for example, earnings per share). Non-market vesting conditions are included in assumptions about the number of awards that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of awards that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The grant by the Company of share awards to the employees of subsidiary undertakings is treated as a capital contribution. 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 in the Company's financial statements.

Shares in the Company are held in trust to satisfy the exercise of awards under certain of the Group's share-based compensation plans and exceptional awards. The trust is consolidated within the Group financial statements. These shares are presented in the consolidated balance sheet as a deduction from equity at the market value on the date of acquisition.

(c) Bonus plans

The Group recognises a liability and an expense for bonuses taking into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Leases

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased assets are classified as finance leases. All other leases are classed as operating leases.

Assets held under finance leases are included either as property, plant and equipment or intangible assets at the lower of their fair value at inception or the present value of the minimum lease payments and are depreciated over their estimated economic lives or the finance lease period, whichever is the shorter. The corresponding liability is recorded within borrowings. The interest element of the rental costs is charged against profits over the period of the lease using the actuarial method.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Tax

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

Current tax is payable based on taxable profits for the year, using tax rates that have been enacted or substantively enacted at the balance sheet date, along with any adjustment relating to tax payable in previous years. Management periodically evaluates items detailed in tax returns where the tax treatment is subject to interpretation. Taxable profit differs from net profit in the income statement in that income or expense items that are taxable or deductible in other years are excluded – as are items that are never taxable or deductible. Current tax assets relate to payments on account not offset against current tax liabilities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled in the appropriate territory.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset against each other where they relate to the same jurisdiction and there is a legally enforceable right to offset.

Dividends

All dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which they are approved.

Property, plant and equipment

Property, plant and equipment is stated at cost (or deemed cost) less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation

Depreciation is calculated using the straight-line method to allocate the cost of property, plant and equipment less residual value over estimated useful lives, as follows:

- Land and buildings – 50 years or period of the lease if shorter.
- Plant and machinery – between one and five years.
- Equipment, fixtures and fittings – between one and five years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement.

Intangible assets

(a) Goodwill
In respect of business combinations that have occurred since 1 October 2004, goodwill represents the difference between the cost of the acquisition and the fair value of net identifiable assets acquired. In respect of business combinations prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to appropriate cash generating units (those expected to benefit from the business combination) and it is not subject to amortisation but is tested annually for impairment.

(b) Titles, trademarks, customer lists, advertising relationships, e-commerce technology and other 'magazine and website related' intangibles
Magazine-related intangible assets have a finite useful life and are stated at cost less accumulated amortisation. Assets acquired as part of a business combination are initially stated at fair value. Amortisation is calculated using the straight-line method to allocate the cost of these intangibles over their estimated useful lives (between one and fifteen years).

Expenditure incurred on the launch of new magazine titles is recognised as an expense in the income statement as incurred.

(c) Computer software and website development
Non-integral computer software purchases are stated at cost less accumulated amortisation. Costs incurred in the development of new websites are capitalised only where the cost can be directly attributed to developing the website to operate in the manner intended by management and only to the extent of the future economic benefits expected from its use. These costs are amortised on a straight-line basis over their estimated useful lives (between one and three years). Costs associated with maintaining computer software or websites are recognised as an expense as incurred.

Impairment tests and Cash-Generating Units (CGUs)

A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill is not amortised but tested for impairment at least once a year or more frequently when there is an indication that it may be impaired. Therefore, the evolution of general economic and financial trends as well as actual economic performance compared to market expectations represent external indicators that are analysed by the Group, together with internal performance indicators, in order to assess whether an impairment test should be performed more than once a year.

IAS 36 'Impairment of Assets' requires these tests to be performed at the level of each CGU or group of CGUs likely to benefit from acquisition-related synergies, within an operating segment.

Any impairment of goodwill is recorded in the income statement as a deduction from operating profit and is never reversed subsequently.

Other intangible assets with a finite life are amortised and are tested for impairment only where there is an indication that an impairment may have occurred.

Recoverable amount

To determine whether an impairment loss should be recognised, the carrying value of the assets and liabilities of the CGUs or groups of CGUs is compared to their recoverable amount.

Carrying values of CGUs and groups of CGUs tested include goodwill and assets with finite useful lives (property, plant and equipment, intangible assets and net working capital).

The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. This estimate is determined, on 30 September, on the basis of the discounted present value of expected future cash flows plus a terminal value and reflects general market sentiment and conditions.

Value in use is the present value of the future cash flows expected to be derived from the CGUs or group of CGUs. Cash flow projections are based on economic assumptions and forecast trading conditions drawn up by the Group's management, as follows:

- cash flow projections are based on five-year business plans;
- cash flow projections beyond that time frame are extrapolated by applying a 2.0% growth rate to perpetuity; and
- the cash flows obtained are discounted using appropriate rates for the business and the territories concerned.

If goodwill has been allocated to a CGU and an operation within that CGU is disposed, the goodwill associated with that operation is included in the carrying amount of the operation in determining the profit or loss on disposal. The goodwill allocated to the disposal is measured on the basis of the relative profitability of the operation disposed and the operations retained.

Inventories

Inventories are stated at the lower of cost and net realisable value. For raw materials, cost is taken to be the purchase price on a first in, first out basis. For work in progress and finished goods, cost is calculated as the direct cost of production. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less a provision for impairment.

A provision for impairment of trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts for the purpose of the cash flow statement. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Trade and other payables

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

Borrowings

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is more likely than not that an outflow of resources will be required to settle the obligation.Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Derivative financial instruments and hedging activities

The Group uses derivative financial instruments to reduce exposure to foreign exchange and interest rate risks and recognises these at fair value in its balance sheet. The Group applies cash flow hedge accounting under IAS 39 in respect of certain instruments held. For instruments for which hedge accounting is applied, gains and losses are taken to equity. Any changes to the fair value of derivatives not hedge accounted for are recognised in the income statement. Any new instruments entered into by the Group will be reviewed on a 'case by case' basis at inception to determine whether they should qualify as hedges and be accounted for accordingly under IAS 39. In accordance with its treasury policy, the Group does not hold or issue any derivative financial instruments for trading purposes.

Investments

The Company's investments in subsidiary undertakings are stated at the fair value of consideration payable, including related acquisition costs, less any provisions for impairment.

Exceptional items

The Group classifies transactions as exceptional where they relate to an event that falls outside the ordinary activities of the business and where individually or in aggregate they have a material impact on the financial statements. This classification excludes impairment charges made on the carrying value of CGUs or groups of CGUs. The separate reporting of exceptional items helps provide a better picture of the Group's underlying performance.

Critical accounting assumptions, judgements and estimates

The preparation of the financial statements under IFRS requires the use of certain critical accounting assumptions and requires management to exercise its judgement and to make estimates in the process of applying the Group's accounting policies. The areas requiring a higher degree of judgement or areas where assumptions and estimates are significant to the financial statements are discussed below:

(a) Carrying value of goodwill and other intangibles
The Group uses forecast cash flow information and estimates of future growth to assess whether goodwill and other intangible assets are impaired. If the results of an operation in future years are adverse to the estimates used for impairment testing, an impairment may be triggered at that point, or a reduction in useful economic life may be required.

(b) Taxation
The Group is subject to tax in all territories, and judgement and estimates of future profitability are required to determine the Group's deferred tax position. If the final tax outcome is different to that assumed, resulting changes will be reflected in the income statement or statement of changes in equity as appropriate. The Group corporation tax provision reflects management's estimation of the amount of tax payable for fiscal years with open tax computations where liabilities remain to be agreed with Her Majesty's Revenue and Customs and other tax authorities.

(c) Revenue recognition
The Group makes a provision for sales returns at the end of each month. The UK estimate is calculated by looking at the forecast sales projections for the following month of the titles that were on sale at the year-end and providing for any shortfall. The US estimate is made based on a study of the historic levels of returns.

New or revised accounting standards and interpretations

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 October 2016 or later periods but which the Group has chosen not to adopt early. These include the following standards which are relevant to the Group:

- Annual improvements to IFRSs 2012-2014 Cycle.
- Amendment to IAS 1 Presentation of financial statements on the disclosure initiative.
- Amendment to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortisation.
- Amendment to IFRS 2 Share-based payment to clarify the classification and measurement of share-based payment transactions.

- IFRS 9 Financial instruments.
- IFRS 15 Revenue from contracts with customers.
- IFRS 16 Leases.

Adoption of IFRS 16 Leases will result in the recognition on the balance sheet of assets and liabilities relating to leases which are currently accounted for as operating leases. The Group has not yet assessed the full impact of IFRS 16 which will be effective for the year ended 30 September 2020.

The Group does not expect that the other standards and amendments issued but not yet effective will have a material impact on results or net assets.

Notes to the financial statements

1. Segmental reporting

The Group is organised and arranged primarily by reportable segment. The executive Directors consider the performance of the business from a geographical perspective, namely the UK and the US. The Australian business is considered to be part of the UK segment and is not reported separately due to its size.

(a) Reportable segment
(I) Segment revenue

	2016 £m	2015 £m
UK	**44.7**	47.3
US	**15.2**	13.4
Revenue between segments	**(0.9)**	(0.9)
Total continuing operations	**59.0**	59.8

Transactions between segments are carried out at arm's length.

(II) Segment EBITDAE

	2016 £m	2015 £m
UK	**2.8**	3.3
US	**1.9**	0.3
Total segment EBITDAE from continuing operations	**4.7**	3.6

EBITDAE is used by the executive Directors to assess the performance of each segment.

A reconciliation of total segment EBITDAE from continuing operations to loss before tax from continuing operations is provided as follows:

	2016 £m	2015 £m
Total segment EBITDAE from continuing operations	**4.7**	3.6
Depreciation	**(0.4)**	(0.5)
Amortisation	**(2.0)**	(2.3)
Exceptional items	**(3.5)**	(2.5)
Impairment of intangible assets	**(13.0)**	-
Net finance costs	**(0.7)**	(0.6)
Loss before tax from continuing operations	**(14.9)**	(2.3)

(iii) Segment assets and liabilities

	Segment assets		Segment liabilities		Segment net assets	
	2016 £m	2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m
UK	**46.6**	60.2	**(26.5)**	(29.0)	**20.1**	31.2
US	**5.3**	4.2	**(4.2)**	(4.0)	**1.1**	0.2
Total	**51.9**	64.4	**(30.7)**	(33.0)	**21.2**	31.4

(iv) Other segment information

	Additions to non-current assets		Depreciation and amortisation		Impairment charges		Exceptional items	
	2016 £m	2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m
UK	**4.6**	1.7	**1.9**	1.9	**13.0**	-	**2.8**	2.1
US	**-**	0.3	**0.5**	0.9	**-**	-	**0.7**	0.4
Continuing operations	**4.6**	2.0	**2.4**	2.8	**13.0**	-	**3.5**	2.5
Discontinued operations	**-**	-	**-**	-	**-**	-	**(0.3)**	(0.1)
Total	**4.6**	2.0	**2.4**	2.8	**13.0**	**-**	**3.2**	2.4

Other than the items disclosed above and a share-based payments charge of £0.5m (2015: £0.1m) there were no other significant non-cash expenses during the year.

(b) Business segment

After geographical location, the Group was reorganised during the year into two new segments. The Media segment comprises websites and events and the Magazine segment comprises magazines. An additional segment, Other, was retained to reflect unallocated salaries and other direct costs which are not directly charged to the business segments for internal reporting purposes. The Group considers that the assets within each segment are exposed to the same risks.

(i) Revenue by business segment

	2016 £m	2015 £m
Media	**24.5**	21.5
Magazine	**35.4**	39.2
Revenue between segments	**(0.9)**	(0.9)
Total continuing operations	**59.0**	59.8

(ii) Gross profit by business segment

	2016 £m	2015 £m
Media	**19.5**	18.3
Magazine	**23.5**	25.2
Other	**(24.8)**	(27.8)
Add back: distribution expenses	**3.6**	3.5
Total continuing operations	**21.8**	19.2

2. Operating loss from continuing operations

	2016 £m	2015 £m
Revenue	**59.0**	59.8
Cost of sales	**(37.2)**	(40.6)
Gross profit	**21.8**	19.2
Distribution expenses	**(3.6)**	(3.5)
Administration expenses	**(15.9)**	(14.9)
Exceptional items	**(3.5)**	(2.5)
Impairment of intangible assets	**(13.0)**	-
Operating loss from continuing operations	**(14.2)**	(1.7)

3. Fees paid to auditors

	2016 £m	2015 £m
Audit fees in respect of the audit of the financial statements of the Company and the consolidated financial	**0.10**	0.13
Audit related assurance services	**0.02**	0.02
	0.12	0.15
Tax compliance services	**0.05**	0.10
Tax advisory services	**0.03**	0.08
Services relating to corporate finance transactions	**0.14**	-
Total fees	**0.34**	0.33

4. Exceptional items from continuing operations

	2016 £m	2015 £m
Vacant property provision movements	**(0.5)**	0.4
Restructuring and redundancy costs	**1.8**	2.8
Acquisition-related costs	**2.3**	-
Profit on disposal of magazine titles and trademarks	**(0.1)**	-
Profit on disposal of property	-	(0.3)
Provision for bad debts	-	(0.4)
Total charge	**3.5**	2.5

The vacant property provision movement during the year relates to surplus office space in the UK and the US.

The restructuring and redundancy costs relate mainly to staff termination payments and other restructuring and transformation related activities.

The acquisition-related costs represent fees incurred in respect of the acquisition of Miura (Holdings) Limited, the ultimate parent company of Imagine Publishing Limited, which was completed on 21 October 2016. Further details in respect of the acquisition are shown in note 31.

The profit on disposal of property in 2015 related to the sale of one of the Group's UK properties for cash proceeds of £1.2m. The provision for bad debts in 2015 represents the release of part of a provision made in 2014 in relation to amounts owed to the Group which were no longer considered recoverable following the filing for bankruptcy of Source Home Entertainment LLC and its group companies, one of the Group's distributors in the US.

5. Employees from continuing operations

	2016 £m	2015 £m
Wages and salaries	**21.3**	23.6
Social security costs	**2.0**	2.2
Other pension costs	**0.7**	0.8
Share schemes		
- Value of employees' services	**0.5**	0.1
Total staff costs from continuing operations	**24.5**	26.7

Average monthly number of people for continuing operations (including Directors)	2016 No.	2015 No.
Production	**399**	436
Administration	**89**	94
Total	**488**	530

At 30 September 2016, the actual number of people employed by the Group was 449 (2015: 521). In respect of our reportable segments 390 (2015: 448) were employed in the UK and 59 (2015: 73) were employed in the US.

Key management personnel compensation

	Group 2016 £m	Company 2016 £m	Group 2015 £m	Company 2015 £m
Salaries and other short-term employee benefits	**0.7**	**0.2**	0.9	0.2
Share schemes				
- Value of employees' services	**0.2**	**-**	-	-
Total	**0.9**	**0.2**	0.9	0.2

Key management personnel are deemed to be the members of the Board of Future plc. It is this Board which has responsibility for planning, directing and controlling the activities of the Group.

Zillah Byng-Thorne and Penny Ladkin-Brand were paid by Future Publishing Limited, a subsidiary company, for their services. In 2016 £0.3m (2015: £0.1m) was recharged to Future plc by Future Publishing Limited in respect of Zillah Byng-Thorne and £0.2m (2015: £nil) was recharged in respect of Penny Ladkin-Brand.

Further details on the Directors' remuneration and interests are given in the Directors' remuneration report on pages 29 to 39. The highest paid Director during the year was Zillah Byng-Thorne (2015: Zillah Byng-Thorne) and details of her remuneration are shown on page 30.

6. Finance income and costs

	2016 £m	2015 £m
Interest payable on interest-bearing loans and borrowings	**(0.1)**	(0.2)
Amortisation of bank loan arrangement fees	**(0.1)**	(0.4)
Other finance costs	**(0.3)**	(0.2)
Exchange (losses)/gains	**(0.2)**	0.2
Total finance costs	**(0.7)**	(0.6)
Net finance costs from continuing operations	**(0.7)**	(0.6)

7. Tax on loss

The tax credited in the consolidated income statement for continuing operations is analysed below:

	2016 £m	2015 £m
UK corporation tax		
Current tax at 20% (2015: 20.5%) on the loss for the year	**-**	-
Adjustments in respect of previous years	**1.3**	(0.3)
Current tax	**1.3**	(0.3)
Deferred tax origination and reversal of temporary differences		
Current year (credit)/charge	**(1.6)**	0.1
Adjustments in respect of previous years	**(0.2)**	(0.1)
Deferred tax	**(1.8)**	-
Total tax credit on continuing operations	**(0.5)**	(0.3)

The tax assessed in each year differs from the standard rate of corporation tax in the UK for the relevant year. The differences are explained below:

	2016 £m	2015 £m
Loss before tax	**(14.9)**	(2.3)
Loss before tax at the standard UK tax rate of 20% (2015: 20.5%)	**(3.0)**	(0.5)
Non-deductible amortisation & impairment	**2.6**	-
Losses generated and unrecognised	**-**	0.3
Losses and other timing differences not recognised in respect of tax in the US	**-**	0.2
Losses and other timing differences recognised in respect of tax in the US	**(1.4)**	-
Profits relieved against brought forward losses	**(0.2)**	(0.1)
Other net disallowable items	**0.4**	0.2
Adjustments in respect of previous years	**1.1**	(0.4)
Total tax credit on continuing operations	**(0.5)**	(0.3)

In 2013 the Group reached agreement with HMRC relating to the tax treatment of certain one-off transactions which took place in 2003. Part of that agreement will result in the Group paying tax of £6.2m plus interest (comprising instalments of £85,000 per month over five years from July 2013 and a final instalment of £2.0m). The tax payable was fully provided for in prior years' accounts.

The liability in the balance sheet has been split based on this agreement between current liabilities and non-current liabilities.

The prior year adjustment reflects a reassessment of the availability of EU Group loss relief available to the Group as a result of the additional uncertainty surrounding the impact of the Brexit vote on the success of the claims.

The Directors have assessed the Group's uncertain tax positions and are comfortable that the provisions in place are not material either individually or in aggregate and that a reasonably possible change in the next financial year would not have a material impact on the results of the Group.

8. Dividends

Equity dividends	**2016**	2015
Number of shares in issue at end of year (million)	**368.8**	334.4
Dividends paid in year (pence per share)	**-**	-
Dividends paid in year (£m)	**-**	-

9. Earnings per share

Basic earnings per share are calculated using the weighted average number of Ordinary shares in issue during the year. Diluted earnings per share have been calculated by taking into account the dilutive effect of shares that would be issued on conversion into Ordinary shares of awards held under employee share schemes.

Adjusted earnings per share removes the effect of exceptional items, impairment of intangible assets and any related tax effects from the calculation.

Total Group	2016	2015
Adjustments to loss after tax:		
Loss after tax (£m)	**(14.2)**	(1.3)
Exceptional items (£m)	**3.2**	2.4
Impairment of intangible assets (£m)	**13.0**	-
Tax effect of the above adjustments (£m)	**(0.6)**	(0.5)
Adjusted profit after tax (£m)	**1.4**	0.6
Weighted average number of shares in issue during the year:		
- Basic	**362,486,5**	332,796,9
- Dilutive effect of share options	**13,074,59**	536,550
- Diluted	**375,561,1**	333,333,4
Basic loss per share (in pence)	**(3.9)**	(0.4)
Adjusted basic earnings per share (in pence)	**0.4**	0.2
Diluted loss per share (in pence)	**(3.9)**	(0.4)
Adjusted diluted earnings per share (in pence)	**0.4**	0.2
The adjustments to loss after tax have the following effect:		
Basic and diluted loss per share (pence)	**(3.9)**	(0.4)
Exceptional items (pence)	**0.9**	0.7
Impairment of intangible assets (pence)	**3.6**	-
Tax effect of the above adjustments (pence)	**(0.2)**	(0.1)
Adjusted basic and diluted earnings per share (pence)	**0.4**	0.2

Continuing operations	2016	2015
Adjustments to loss after tax:		
Loss after tax (£m)	**(14.4)**	(2.0)
Exceptional items (£m)	**3.5**	2.5
Impairment of intangible assets (£m)	**13.0**	-
Tax effect of the above adjustments (£m)	**(0.6)**	(0.4)
Adjusted profit after tax (£m)	**1.5**	0.1
Weighted average number of shares in issue during the year:		
- Basic	**362,486,5**	332,796,9
- Dilutive effect of share options	**13,074,59**	536,550
- Diluted	**375,561,1**	333,333,4
Basic loss per share (in pence)	**(4.0)**	(0.6)
Adjusted basic earnings per share (in pence)	**0.4**	-
Diluted loss per share (in pence)	**(4.0)**	(0.6)
Adjusted diluted earnings per share (in pence)	**0.4**	-
The adjustments to loss after tax have the following effect:		
Basic and diluted loss per share (pence)	**(4.0)**	(0.6)
Exceptional items (pence)	**1.0**	0.7
Impairment of intangible assets (pence)	**3.6**	-
Tax effect of the above adjustments (pence)	**(0.2)**	(0.1)
Adjusted basic and diluted earnings per share (pence)	**0.4**	-

Discontinued operations	2016	2015
Adjustments to profit after tax:		
Profit after tax (£m)	**0.2**	0.7
Exceptional items (£m)	**(0.3)**	(0.1)
Impairment of intangible assets (£m)	-	-
Tax effect of the above adjustments (£m)	-	(0.1)
Adjusted (loss)/profit after tax (£m)	**(0.1)**	0.5
Weighted average number of shares in issue during the year:		
- Basic	**362,486,5**	332,796,9
- Dilutive effect of share options	**13,074,59**	536,550
- Diluted	**375,561,1**	333,333,4
Basic earnings per share (in pence)	**0.1**	0.2
Adjusted basic earnings per share (in pence)	-	0.2
Diluted earnings per share (in pence)	**0.1**	0.2
Adjusted diluted earnings per share (in pence)	-	0.2
The adjustments to profit after tax have the following effect:		
Basic and diluted earnings per share (pence)	**0.1**	0.2
Exceptional items (pence)	**(0.1)**	-
Impairment of intangible assets (pence)	-	-
Tax effect of the above adjustments (pence)	-	-
Adjusted basic and diluted earnings per share (pence)	-	0.2

11. Discontinued operations

No operations were classified as discontinued during either the current or prior years. The profit from operations discontinued in 2014 is analysed below. Only those costs directly attributable to the disposed titles have been classified within discontinued operations and no apportionment of central overheads has been made.

	2016 £m	2015 £m
Revenue	-	0.2
Cost of sales	**(0.1)**	0.4
Gross (loss)/profit	**(0.1)**	0.6
Distribution expenses	-	(0.1)
Administration expenses	-	-
Operating (loss)/profit before depreciation, amortisation, exceptional items and impairment of	**(0.1)**	0.5
Operating (loss)/profit	**(0.1)**	0.5
(Loss)/profit from discontinued operations before tax	**(0.1)**	0.5
(Loss)/profit after tax from discontinued operations	**(0.1)**	0.5
Gain on sale of operations	**0.3**	0.1
Tax on sale of operations	-	0.1
Gain on sale of operations after tax	**0.3**	0.2
Profit from discontinued operations	**0.2**	0.7

The gain on sale of operations in 2016 relates to the release of a provision associated with historic magazine disposals. The gain on sale of operations in 2015 related to contingent consideration received in relation to the Craft titles.

11. Property, plant and equipment

Group	Land and buildings £m	Plant and machinery £m	Equipment, fixtures and fittings £m	Total £m
Cost				
At 1 October 2013	4.1	6.0	2.5	12.6
Additions	-	0.3	-	0.3
Disposals	-	(1.4)	(0.2)	(1.6)
Transferred to non-current assets held for sale	(1.2)	-	-	(1.2)
At 30 September 2014	**2.9**	**4.9**	**2.3**	**10.1**
Additions	-	**0.2**	-	**0.2**
Disposals	**(1.4)**	-	**(0.6)**	**(2.0)**
Exchange adjustments	**0.1**	**0.1**	**0.1**	**0.3**
At 30 September 2015	**1.6**	**5.2**	**1.8**	**8.6**
Accumulated depreciation				
At 1 October 2013	(2.7)	(5.3)	(2.1)	(10.1)
Charge for the year	(0.3)	(0.5)	(0.2)	(1.0)
Disposals	-	1.4	0.2	1.6
Transferred to non-current assets held for sale	0.4	-	-	0.4
At 30 September 2014	**(2.6)**	**(4.4)**	**(2.1)**	**(9.1)**
Charge for the year	**(0.1)**	**(0.3)**	**(0.1)**	**(0.5)**
Disposals	**1.4**	-	**0.5**	**1.9**
Exchange adjustments	**(0.1)**	**(0.2)**	-	**(0.3)**
At 30 September 2015	**(1.4)**	**(4.9)**	**(1.7)**	**(8.0)**
Net book value at 30 September 2015	**0.2**	**0.3**	**0.1**	**0.6**
Net book value at 30 September 2014	0.3	0.5	0.2	1.0
Net book value at 1 October 2013	1.4	0.7	0.4	2.5

Depreciation is included within administration expenses in the consolidated income statement.

12. Intangible assets

Group	Goodwill £m	Magazine and website £m	Other £m	Total £m
Cost				
At 1 October 2014	285.6	15.2	15.3	316.1
Additions	-	-	1.8	1.8
Disposals	-	(3.1)	(2.8)	(5.9)
Exchange adjustments	1.9	0.3	0.5	2.7
At 30 September 2015	**287.5**	**12.4**	**14.8**	**314.7**
Additions through business combinations	**1.5**	**1.1**	-	**2.6**
Other additions	-	-	**1.7**	**1.7**
Disposals	-	**(0.2)**	**(0.2)**	**(0.4)**
Exchange adjustments	**4.9**	**1.0**	**1.2**	**7.1**
At 30 September 2016	**293.9**	**14.3**	**17.5**	**325.7**
Accumulated amortisation				
At 1 October 2014	(244.7)	(15.1)	(11.9)	(271.7)
Charge for the year	-	(0.1)	(2.2)	(2.3)
Disposals	-	3.1	2.7	5.8
Exchange adjustments	(1.9)	(0.3)	(0.5)	(2.7)
At 30 September 2015	**(246.6)**	**(12.4)**	**(11.9)**	**(270.9)**
Charge for the year	-	-	**(2.0)**	**(2.0)**
Impairment	**(13.0)**	-	-	**(13.0)**

Group	Goodwill £m	Magazine and website £m	Other £m	Total £m
Disposals	-	0.2	0.2	0.4
Exchange adjustments	(4.8)	(1.0)	(1.2)	(7.0)
At 30 September 2016	**(264.4)**	**(13.2)**	**(14.9)**	**(292.5)**
Net book value at 30 September 2016	**29.5**	**1.1**	**2.6**	**33.2**
Net book value at 30 September 2015	40.9	-	2.9	43.8
Net book value at 1 October 2014	40.9	0.1	3.4	44.4

Magazine and website related assets relate mainly to trademarks, advertising relationships, e-commerce technology and customer lists. These assets are amortised over their estimated economic lives, typically ranging between one and fifteen years.

Any residual amount arising as a result of the purchase consideration being in excess of the value of identified magazine related assets is recorded as goodwill. Goodwill is not amortised under IFRS, but is subject to impairment testing either annually or on the occurrence of some triggering event. Goodwill is recorded and tested for impairment on a territory by territory basis.

Further details regarding the intangible assets acquired during the year through business combinations are set out in note 29.

Other intangibles relate to capitalised software costs and website development costs.

Amortisation is included within administration expenses in the consolidated income statement.

Impairment assessments for goodwill and other intangibles
The goodwill balance at 30 September 2016 and 30 September 2015 relates to the UK.

The basis for calculating recoverable amounts is described in the accounting policies.

Trends in the economic and financial environment, competition and regulatory authorities' decisions, or changes in competitor behaviour in response to the economic environment may affect the estimate of recoverable amounts, as will unforeseen changes in the political, economic or legal systems of some countries.

Other assumptions that influence estimated recoverable amounts are set out below:

At 30 September 2016

	UK
Basis of recoverable amount Source used	Value in use Five year plans Discounted cash flow
Growth rate to perpetuity	2.0%
EBITDAE margins assumed	2.4% to 3.7%
Post-tax discount rate	8.2%
Pre-tax discount rate	10.3%

At 30 September 2015

	UK
Basis of recoverable amount Source used	Value in use Five year plans Discounted cash flow
Growth rate to perpetuity	2.0%
EBITDAE margins assumed	5.2% to 12.4%
Post-tax discount rate	9.0%
Pre-tax discount rate	11.3%

Sensitivity of recoverable amounts
At 30 September 2016 the analysis of the recoverable amounts gave rise to the following assessments of sensitivity:

UK
An impairment charge has been recorded in the year as noted below. Therefore the value in use is effectively the same as the carrying value. Any future performance which falls slightly short of that used to determine those values would be liable to result in a further

impairment. A change of plus or minus 50 basis points in the post-tax discount rate would decrease or increase respectively the recoverable amount by £1.6m. Likewise a change of plus or minus 10% in the forecast cash flows over the next five years would increase or decrease respectively the recoverable amount by £0.6m.

Impairment
At 30 September 2016 an impairment charge of £13.0m has been taken against the carrying value of the UK business. This reflects a shift in the underlying forecast profitability and cash flows of the UK and the continued decline of print.

13. Investments in Group undertakings

Company	2016 £m	2015 £m
Shares in Group undertakings		
At 1 October	**131.9**	131.9
Provision for impairment	**(130.9)**	-
At 30 September	**1.0**	131.9

In September 2016 the Directors reviewed their valuations of the Company's investments. Following this review, and the receipt of a dividend of £130.9m, the Company's investment in Rho Holdings Limited was written down to a carrying value of £nil resulting in an impairment charge of £130.9m.

14. Deferred tax assets and liabilities

The following are the major deferred tax assets and liabilities recognised by the Group, and the movements thereon, during the current and prior years.

	Intangible assets £m	Short term timing differences £m	Depreciation vs tax allowances £m	Tax losses £m	Total £m
At 1 October 2014 and 30 September 2015	(0.7)	-	0.4	0.1	(0.2)
Acquisitions	(0.3)	-	-	-	(0.3)
Credited to income statement – Continuing operations	0.1	0.2	0.1	1.4	1.8
Exchange adjustment	-	-	-	0.2	0.2
At 30 September 2016	**(0.9)**	**0.2**	**0.5**	**1.7**	**1.5**

The changes to the main rate of corporation tax for the UK announced in the July 2015 Budget were substantively enacted on 18 November 2015 and the change announced in the March 2016 Budget was substantively enacted on 15 September 2016. The changes reduced the main rate of corporation tax to 19% from 1 April 2017 and to 17% from 1 April 2020. As these changes had been substantively enacted before the year-end, any impact has been included in these financial statements.

Certain deferred tax assets and liabilities have been offset against each other where they relate to the same jurisdiction. The following is the analysis of deferred tax balances after offset for balance sheet purposes:

	2016 £m	2015 £m
Deferred tax assets	**2.4**	0.5
Deferred tax liabilities	**(0.9)**	(0.7)
Net deferred tax asset/(liability)	**1.5**	(0.2)

The deferred tax asset of £2.4m (2015: £0.5m) is disclosed as a non-current asset of which the assets due within one year total £0.1m (2015: £0.1m). The deferred tax liability of £0.9m (2015: £0.7m) is disclosed as a non-current liability of which the liabilities due within one year total £nil (2015: £nil).

As at 30 September 2016 the Group has:
• unprovided deferred tax assets on tax losses totalling £5.9m (2015: £16.1m) of which £5.4m (2015: £15.0m) arose in the US; and
• unprovided deferred tax assets on other temporary differences totalling £1.1m (2015: £1.1m) of which £1.1m (2015: £1.1m) arose in the US.

Deferred tax assets have been recognised in respect of tax losses and other temporary differences where it is probable that these assets will be recovered.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries as any remitted earnings would not give rise to a tax liability in the foreseeable future.

The Company has no unprovided deferred tax assets or liabilities at 30 September 2016 (2015: £nil).

15. Inventories

	2016 £m	2015 £m
Raw materials	0.1	0.1
Work in progress	0.3	0.3
Finished goods	-	0.1
Total	0.4	0.5

The cost of raw material inventories recognised as an expense and included within cost of sales amounted to £3.5m (2015: £3.5m).

16. Trade and other receivables

	Group 2016 £m	Company 2016 £m	Group 2015 £m	Company 2015 £m
Current assets:				
Trade receivables	9.2	-	11.3	-
Provisions for impairment of trade receivables	(0.6)	-	(0.6)	-
Trade receivables net	8.6	-	10.7	-
Amounts owed by Group undertakings	-	43.4	-	46.7
Other receivables	0.3	-	0.5	-
Prepayments and accrued income	3.3	0.1	4.0	-
	12.2	43.5	15.2	46.7
Non-current assets:				
Other receivables	0.2	-	0.1	-
Total	12.4	43.5	15.3	46.7

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Receivable balances from the two main magazine distributors, one in the UK segment and one in the US segment, represented 26% (2015: 30%) of the Group's trade receivables balance at 30 September 2016.

The Group has provided for estimated irrecoverable amounts in accordance with its accounting policy described on page 52 of these financial statements.

Credit checks are obtained and, if applicable, guarantees put in place before a new customer is accepted and terms and credit limits are agreed. Bookings are not taken before these factors have been fulfilled. In addition, annual credit checks are carried out and fully documented. Final decisions on credit terms are made by an appropriate senior manager within advertising or finance. In the event of a request to increase a customer's credit limit the following factors will be considered: trading history to date, review of credit status and review of the reason for the increase.

Included within the Group's trade receivables balance are receivables with a carrying amount of £3.0m (2015: £2.9m) which are past due at the reporting date but for which the Group has not provided as there has not been a significant change in credit quality and the Group believes that the amounts are still recoverable. These relate to advertising and licensing debtors in the UK and US. The Group does not hold any security over these balances. A breakdown of the ageing is set out below:

Past due	Group 2016 £m	Group 2015 £m
0-30 days	1.6	0.7
31-60 days	0.8	0.5
61-90 days	0.3	0.5
91+ days	0.3	1.2
Total	3.0	2.9

As at 30 September 2016, trade receivables of £0.6m (2015: £0.6m) were impaired and provided for. The individually impaired receivables mainly relate to advertising and licensing customers. It is assessed that a portion of the receivables is expected to be recovered.

The movement in the Group provision for trade receivables during the year is as follows:

	Group 2016 £m	Group 2015 £m
At 1 October	**0.6**	1.1
Provision for receivables impaired	**0.1**	(0.1)
Receivables written off during the year	**(0.1)**	(0.4)
At 30 September	**0.6**	0.6

The creation and release of provisions for impaired receivables have been included in administration expenses in the income statement with the exception of a credit of £0.4m in 2015 relating to a distributor that filed for bankruptcy which was included within exceptional items, as described in note 4. Amounts charged to the provision are written off when there is no realistic expectation of recovering additional cash.

The other asset classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security for trade receivables.

All the Company's receivables are with Group undertakings, with the exception of £0.1m (2015: £nil) relating to prepaid share issue costs, and no additional disclosure in relation to credit risk is required. Interest on £0.3m (2015: £0.3m) of the amounts owed by Group undertakings has been charged at three-month LIBOR + 2.6%. The balance of amounts owed by Group undertakings is interest-free without any terms for repayment.

17. Cash and cash equivalents

	Group 2016 £m	Company 2016 £m	Group 2015 £m	Company 2015 £m
Cash at bank and in hand	**2.9**	**-**	2.5	-
Cash and cash equivalents (excluding bank overdraft)	**2.9**	**-**	2.5	-

Cash and cash equivalents include the following for the purposes of the cash flow statements:

	Group 2016 £m	Company 2016 £m	Group 2015 £m	Company 2015 £m
Cash at bank and in hand	**2.9**	**-**	2.5	-
Bank overdraft (note 19)	**-**	**(1.0)**	(0.9)	(8.8)
Cash and cash equivalents	**2.9**	**(1.0)**	1.6	(8.8)

The Group has a number of authorised counterparties with whom cash balances are held in the countries in which the Group operates. Credit risk is minimised by considering the credit standing of all potential bankers before selecting them by the use of external credit ratings. 98% of the Group's cash is held at counterparties with an S+P credit rating of BBB+.

18. Trade and other payables

	Group 2016 £m	Company 2016 £m	Group 2015 £m	Company 2015 £m
Trade payables	**4.4**	**-**	6.8	-
Amounts owed to Group undertakings	**-**	**0.8**	-	124.0
Other taxation and social security	**0.8**	**-**	0.7	-
Other payables	**0.8**	**-**	1.2	-
Accruals and deferred income	**15.4**	**1.6**	12.0	-
Total	**21.4**	**2.4**	20.7	124.0

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure all payables are paid within the agreed credit terms.

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

Amounts owed to Group undertakings were settled in the year through assignment of amounts owed by other Group undertakings.

Amounts owed to Group undertakings are unsecured and interest-free without any terms for repayment.

21. Financial liabilities – loans, borrowings and overdrafts

Non-current liabilities

	Interest rate at 30 September 2016	Interest rate at 30 September 2015	Group 2016 £m	Company 2016 £m	Group 2015 £m	Company 2015 £m
Obligations under finance leases	**9.6%**	-	**0.1**	**-**	-	-
Total			**0.1**	**-**	-	-

Current liabilities

	Interest rate at 30	Interest rate at 30	Group 2016 £m	Company 2016 £m	Group 2015 £m	Company 2015 £m
Bank overdraft	**-**	3.0%	**-**	**-**	0.9	0.9
Sterling revolving loan	**2.5%**	3.0%	**2.3**	**2.3**	3.4	3.4
Total			**2.3**	**2.3**	4.3	4.3

The interest-bearing loans and overdraft are repayable as follows:

	Group 2016 £m	Company 2016 £m	Group 2015 £m	Company 2015 £m
Within one year	**2.3**	**2.3**	4.3	4.3
Between one and two years	**0.1**	**-**	-	-
Total	**2.4**	**2.3**	4.3	4.3

The total multicurrency revolving and overdraft facility available to the Group at 30 September 2016 amounted to £5.0m. On 21 October 2016, following the acquisition of Imagine, the Group negotiated a new bank facility with HSBC Bank plc to replace its existing facility with Santander plc and now has facilities totalling £14.0m, comprising an £8.5m term loan, a £3.5m revolving credit facility and a £2.0m uncommitted overdraft facility. The new facilities run to 23 June 2021. Repayments are required in respect of the term loan as follows:

Repayment date	**Repayment amount**
30 September 2017	£600,000
30 September 2018	£800,000
30 September 2019	£1,000,000
30 September 2020	£1,250,000
23 June 2021	£4,850,000

The Group has granted security to the banks and the availability of the facility is subject to certain covenants.

Fees relating to the new facility amounted to £0.4m and these will be amortised over the initial term of the facility (capitalised fees relating to the old facility were £0.1m at 30 September 2016). The bank borrowings and interest are guaranteed by Future plc, Future Holdings 2002 Limited, Future Publishing Limited, Future US, Inc, Future Publishing (Overseas) Limited, Future IP Limited, FutureFolio Limited and all of the entities acquired as part of the Imagine acquisition (being Miura (Holdings) Limited, Fascination (Holdings) Limited, Skaro (Holdings) Limited, Imagine Publishing Group Limited and Imagine Publishing Limited).

Interest payable under the current credit facility is calculated as the cost of one-month LIBOR (currently approximately 0.3%) plus an interest margin of between 2.00% and 2.50%, dependent on the level of Bank EBITDAE.

The key covenants are set out in the following table where net debt is exclusive of non-current tax and Bank EBITDAE is not materially different to statutory EBITDAE on a total Group basis.

Net debt/Bank EBITDAE	Periods from 31 March 2017 – less than 2.25 times
Bank EBITDAE/Interest	Periods from 31 March 2017 – more than 4.00 times

The covenants are tested quarterly on the basis of rolling figures for the preceding 12 months. Due to the change of bankers no covenant testing was required at year-end, however the Group was in full compliance with all covenants at all testing dates during the year ended 30 September 2016.

The Company also has a non-interest-bearing overdraft of £1.0m (2015: £7.9m) which forms part of the Group cash pooling account and can be offset against cash balances in other Group companies.

20. Provisions

Group	Property £m
At 1 October 2015	2.1
Charged in the year	0.2
Released in the year	(0.5)
Utilised in the year	(0.3)
At 30 September 2016	**1.5**

The provision for property relates to dilapidations and obligations under short leasehold agreements on vacant property. The vacant property provision is expected to be utilised over the next five years.

Provisions for the Company were £nil (2015: £nil).

21. Other non-current liabilities

Group	2016 £m	2015 £m
Other payables	**0.5**	0.8

Other payables consist mainly of deferred property lease liabilities and, in 2015, deferred subscription revenue.

22. Financial instruments

Financial instruments by category

The Group's financial assets and financial liabilities are set out below:

		Amortised cost		2016	
Group	Note	Loans and receivables £m	Other liabilities £m	Total carrying value £m	Total fair value £m
Trade receivables net	16	**8.6**	-	**8.6**	**8.6**
Other receivables		**1.7**	-	**1.7**	**1.7**
Cash and cash equivalents	17	**2.9**	-	**2.9**	**2.9**
Total financial assets		**13.2**	-	**13.2**	**13.2**
Trade payables	18	-	**(4.4)**	**(4.4)**	**(4.4)**
Other liabilities		-	**(10.3)**	**(10.3)**	**(10.3)**
Overdraft	19	-	-	-	-
Current borrowings	19	-	**(2.3)**	**(2.3)**	**(2.3)**
Non-current borrowings	19	-	**(0.1)**	**(0.1)**	**(0.1)**
Total financial liabilities		-	**(17.1)**	**(17.1)**	**(17.1)**

Group	Note	Amortised cost Loans and receivables £m	 Other liabilities £m	2015 Total carrying value £m	 Total fair value £m
Trade receivables net	16	10.7	-	10.7	10.7
Other receivables		2.4	-	2.4	2.4
Cash and cash equivalents	17	2.5	-	2.5	2.5
Total financial assets		15.6	-	15.6	15.6
Trade payables	18	-	(6.8)	(6.8)	(6.8)
Other liabilities		-	(10.5)	(10.5)	(10.5)
Overdraft	19	-	(0.9)	(0.9)	(0.9)
Current borrowings	19	-	(3.4)	(3.4)	(3.4)
Total financial liabilities		-	(21.6)	(21.6)	(21.6)

Total financial liabilities are shown net of unamortised costs which amounted to £0.1m (2015: £0.1m).

The fair value is the amount for which a financial instrument could be exchanged between knowledgeable, willing parties. If an active market exists, the market price is applied. If an active market does not exist a discounted cash flow or generally accepted estimation and valuation technique based on market conditions at the balance sheet date is used to calculate an estimated value.

The market value of financial instruments is determined by the use of valuation techniques including estimated discounted cash flows.

Treasury overview

The Group uses financial instruments to raise funding for its operations and to manage the financial risks arising from those operations. The agreements governing the principal instruments entered into were approved by the Board.

The principal financing and treasury exposures faced by the Group arise from foreign currencies, working capital management, the financing of capital expenditure and acquisitions, the management of interest rates on the Group's debt, the investment of surplus cash and the management of the Group's debt facilities. The Group manages all of these exposures with an objective of remaining within covenant ratios agreed with the Group's banks, and the Group has been in compliance with its covenants during the year. These ratios are disclosed in note 19.

The capital structure of the Group is reviewed regularly by the Board to ensure that the debt/equity ratio of funding remains appropriate for the Group.

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt.

Currency and interest rate profile

The currency and interest rate profile of the Group's financial assets and liabilities is shown below:

	Financial assets Floating rate £m	 Non-interest bearing £m	 Total £m	Financial liabilities Floating rate £m	 Fixed rate £m	 Non-interest bearing £m	 Total £m	Net financial (liabilities)/ assets £m
At 30 September 2016								
Currency:								
Sterling	-	**4.1**	**4.1**	**(2.3)**	**(0.1)**	**(10.2)**	**(12.6)**	**(8.5)**
US Dollar	-	**7.5**	**7.5**	-	-	**(3.2)**	**(3.2)**	**4.3**
Euro	-	**0.4**	**0.4**	-	-	**(0.2)**	**(0.2)**	**0.2**
Other	-	**1.2**	**1.2**	-	-	**(1.1)**	**(1.1)**	**0.1**
Total	-	**13.2**	**13.2**	**(2.3)**	**(0.1)**	**(14.7)**	**(17.1)**	**(3.9)**
At 30 September 2015								
Currency:								
Sterling	-	9.6	9.6	(4.3)	-	(13.4)	(17.7)	(8.1)
US Dollar	-	4.7	4.7	-	-	(3.5)	(3.5)	1.2
Euro	-	0.6	0.6	-	-	(0.1)	(0.1)	0.5
Other	-	0.7	0.7	-	-	(0.3)	(0.3)	0.4
Total	-	15.6	15.6	(4.3)	-	(17.3)	(21.6)	(6.0)

Interest rate risk

Details of the interest rates on borrowings as at 30 September 2016 are set out in note 19.

The Group's overall policy on hedging interest rate risk is as follows:
• To the extent that net debt is below £10m there is no requirement to hedge against interest rate fluctuations on the balance of the gross debt.
• To the extent that net debt is above £10m a minimum of 25% of the balance of the gross debt greater than £10m should be hedged.

In applying the above policy, management takes full consideration of cash flow projections to fix the period for which any hedging arrangements are entered into.

For 2016, if interest rates on net borrowings had been on average 0.5% higher/lower with all other variables held constant, the post-tax loss for the year would have decreased/increased by £nil (2015: £nil).

There would be no impact on equity excluding retained earnings.

Foreign exchange risk
Some of the Group's activities are carried out in countries outside the United Kingdom where transactions are carried out in that country's own functional currency. Movements in exchange rates can therefore have a significant impact on the Group's total cash flows, whilst the translation of the results, assets and liabilities of foreign operations into sterling can have a significant effect on the Group's reported profits and balance sheet. The main exposures are to movements in the US Dollar and Australian Dollar against sterling.

The Group's policy for managing exchange rate risk is summarised as follows:

- Transaction exposure - the Group manages this by ensuring that transactions are denominated in the local functional currency of the operating units wherever possible. Where this is not possible the use of forward contracts to hedge exposure is considered. The use of forward contracts (or any other derivative financial instrument) is subject to authorisation by the Chief Financial Officer.

- Translation exposure – the Group matches currency assets with currency liabilities wherever possible.

The following table summarises the Group's sensitivity to translational currency exposures at 30 September:

2016 currency risks expressed in Currency 1/Currency 2 £m	**GBP/USD**	**GBP/AUD**
Reasonable shift	**10%**	**10%**
Impact on loss after tax if Currency 1 strengthens against Currency 2	**(0.5)**	-
Impact on loss after tax if Currency 1 weakens against Currency 2		-
Impact on equity excluding retained earnings if Currency 1 strengthens against Currency 2		-
Impact on equity excluding retained earnings if Currency 1 weakens against Currency 2	**(0.5)**	-

2015 currency risks expressed in Currency 1/Currency 2 £m	GBP/USD	GBP/AUD
Reasonable shift	10%	10%
Impact on loss after tax if Currency 1 strengthens against Currency 2	-	0.1
Impact on loss after tax if Currency 1 weakens against Currency 2	-	(0.1)
Impact on equity excluding retained earnings if Currency 1 strengthens against Currency 2	-	(0.1)
Impact on equity excluding retained earnings if Currency 1 weakens against Currency 2	-	0.1

Liquidity risk
The Group funds the business largely from cash flows generated from operations and long-term debt. Details of the Group's borrowings are disclosed in note 19.

The Group monitors and manages the cash for the Group and has maintained committed banking facilities as noted above to mitigate any liquidity risk it may face. If necessary, inter-company loans within the Group meet short-term cash needs. The following table shows the Group's remaining contractual maturity for financial liabilities and derivative financial instruments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is obliged to pay:

30 September 2016	Less than one year £m	Between one and two years	Between two and five years £m	Over five years £m	Total £m
Trade payables	(4.4)	-	-	-	(4.4)
Other liabilities	(9.2)	(0.1)	(1.0)	-	(10.3)
Overdraft	-	-	-	-	-
Borrowings	(2.3)	(0.1)	-	-	(2.4)
Total financial liabilities	(15.9)	(0.2)	(1.0)	-	(17.1)

30 September 2015	Less than one year £m	Between one and two years £m	Between two and five years £m	Over five years £m	Total £m
Trade payables	(6.8)	-	-	-	(6.8)
Other liabilities	(9.3)	(0.1)	(0.9)	(0.2)	(10.5)
Overdraft	(0.9)	-	-	-	(0.9)
Borrowings	(3.4)	-	-	-	(3.4)
Total financial liabilities	(20.4)	(0.1)	(0.9)	(0.2)	(21.6)

23. Issued share capital

	2016 £m	2015 £m
Authorised share capital **600,000,000 Ordinary shares of 1p each**	6.0	6.0

	2016		2015	
	Number of shares	£m	Number of shares	£m
Allotted, issued and fully paid Ordinary shares of 1p each				
At beginning of year	334,441,2	3.3	333,781,4	3.3
Placing of Ordinary shares	33,440,00	0.4	-	-
Share scheme exercises	861,894	-	653,725	-
Share Incentive Plan matching shares	15,446	-	6,049	-
At end of year	368,758,5	3.7	334,441,2	3.3

On 27 November 2015 the Company completed a placing of 33,440,000 Ordinary shares with a nominal value of £334,400 for a total cash commitment of £3,344,000. During the year 861,894 Ordinary shares with a nominal value of £8,619 were issued by the Company pursuant to share scheme exercises and a further 15,446 Ordinary shares were issued under the Share Incentive Plan for a total cash commitment of £nil, as detailed in note 24.

In 2015 653,725 Ordinary shares with a nominal value of £6,537 were issued by the Company for a total cash commitment of £nil pursuant to share scheme exercises as detailed in note 24.

26. Share-based payments

The income statement charge for the year for share-based payments was £0.5m (2015: £0.1m). This charge has been included within administration expenses.

These charges arise when employees are granted awards under the Group's share option schemes, performance share plan (PSP), deferred annual bonus scheme (DABS) or Share Incentive Plan (SIP) and when employees are granted awards by the trustees of The Future Network plc 1999 Employee Benefit Trust (EBT). The charge equates to the fair value of the award and has been calculated using the Monte Carlo and Black-Scholes models, using the most appropriate model for each scheme. Assumptions have been made in these models for expected volatility, risk-free rates and dividend yields.

A reconciliation of movements in share options and other share incentive schemes is shown below:

	2016 Number of options/awa	2016 Weighted average	2015 Number of options/awar	2015 Weighted average
Outstanding at the beginning of the year	**16,182,21**	**£0.012**	12,885,93	£0.027
Granted	**11,806,73**	**£0.000**	12,293,44	£0.000
Share awards exercised – new share issues	**(861,894)**	**£0.000**	(653,725)	£0.000
Lapsed	**(6,282,269**	**£0.021**	(8,343,432	£0.017
Outstanding at 30 September	**20,844,78**	**£0.003**	16,182,21	£0.012
Exercisable at 30 September	**349,304**	**£0.000**	57,052	£0.000

The weighted average share price at the date of exercise of share options and other share incentive awards during the year was £0.088 (2015: £0.104).

For options and other share incentive schemes outstanding at 30 September the weighted average exercise prices and remaining contractual lives are as follows:

	Number of options/awards		Weighted average exercise price		Weighted average remaining contractual life in years	
	2016	2015	**2016**	2015	**2016**	2015
Sharesave Plan						
December 2012	**-**	691,958	**£0.140**	£0.140	**-**	1
December 2013	**520,606**	805,833	**£0.130**	£0.130	**1**	2
PSP						
December 2012	**-**	678,159	**-**	-	**-**	-
December 2013	**2,156,022**	2,156,022	**-**	-	**-**	1
July 2014	**2,500,000**	2,500,000	**-**	-	**1**	2
February 2015	**3,717,353**	6,336,415	**-**	-	**1**	2
May 2015	**1,046,979**	1,046,979	**-**	-	**2**	3
August 2015	**1,647,834**	1,647,834	**-**	-	**2**	3
November 2015	**6,388,860**	-	**-**	-	**2**	-
September 2016	**2,415,730**	-	**-**	-	**3**	-
DABS						
November 2009	**1,043**	1,043	**-**	-	**-**	-
December 2010	**5,924**	5,924	**-**	-	**-**	-
January 2012	**25,304**	50,085	**-**	-	**-**	-
December 2012	**7,050**	159,869	**-**	-	**-**	-
December 2013	**102,093**	102,093	**-**	-	**-**	1
November 2015	**309,983**	-	**-**	-	**-**	-
Total outstanding at 30 September	**20,844,78**	16,182,21	**£0.003**	£0.012	**2**	2

The fair value per share for grants made during the year and the assumptions used in the calculation are as follows:

		2016			2015	
	DABS	**PSP**	**PSP**	PSP	PSP	PSP
Grant date	**30/11/15**	**30/11/15**	**01/09/16**	04/02/15	18/05/15	03/08/15
Share price at grant date	**£0.1088**	**£0.1088**	**£0.088**	£0.109	£0.105	£0.106
Exercise price	**-**	**-**	**-**	-	-	-
Vesting period (years)	**1**	**3**	**3**	3	3	3
Expected volatility	**50%**	**50%**	**49%**	55%	54%	54%
Option life (years)	**1**	**3**	**3**	3	3	3
Expected life (years)	**1**	**3**	**3**	3	3	3
Risk-free rate	**0%**	**1%**	**0%**	1%	1%	1%
Dividend yield	**-**	**-**	**-**	-	-	-
Fair value	**£0.1088**	**£0.1088**	**£0.088**	£0.101	£0.099	£0.100
Fair value – EPS element	**-**	**£0.1088**	**£0.088**	£0.109	£0.105	£0.106
Fair value – cash element	**-**	**£0.1088**	**£0.088**	£0.093	£0.093	£0.093

Notes:

1. The expected volatility is based on Future's historical volatility, averaged over a period equal to the expected life, where possible.
2. The Group has used the Black-Scholes model to value instruments with non-market-based performance criteria such as earnings per share. For instruments with market-based performance criteria, notably total shareholder return, the Group has used a Monte Carlo model to determine the fair value The Black-Scholes model has been used to value all options with the exception of 50% of certain PSP grants which have market-based performance criteria; the Monte Carlo model has been used to value these awards.
3. In February 2016, the performance criteria in respect of 50% of awards granted in February 2015, May 2015 and August 2015 was changed from TSR performance to net cash flow. The fair value of these awards has been recalculated as at the date of the change.

Future plc operates one share option scheme being the Future plc 2010 Approved Sharesave Plan (2010 Sharesave Plan) and at 30 September 2016 options had been granted under this scheme.

The 2010 Sharesave Plan (the Sharesave Plan)
Under the Sharesave Plan the option entitlement granted to participating employees is linked to the monthly contributions which such employees have agreed to pay into the Sharesave Plan (up to a maximum amount of £250 per month). The options granted under the Sharesave Plan vest on the third anniversary of the grant of such options. Where legal and regulatory constraints permit, the Company uses its discretion to offer options granted under the Sharesave Plan at a discount to the market price in force at the date of the invitation being made.

Other share-based payments
No further share options are to be granted. Instead, the Group has put into place a number of alternative share incentive schemes.

Performance Share Plan (PSP)
The PSP is a share-based incentive scheme open to the executive Directors and certain other key senior managers, usually based on a percentage of the participant's salary. Awards under this scheme are subject to stretching performance criteria measured against both earnings per share (EPS) and either total shareholder return (TSR) or net cash flow, depending on the date of grant. Subject to the participant's continued employment within the Group, awards will vest three years after the date of grant assuming that the following performance criteria are achieved:

Performance criteria in respect of awards granted prior to 4 February 2015

- A maximum of 50% of an award will vest if the Group's growth in adjusted EPS is equal to RPI plus 8%, 0% will vest if the Group's growth in adjusted EPS is equal to RPI plus 3%, and vesting will be on a pro rata straight-line basis between the two. If growth in the Group's adjusted EPS is less than RPI plus 3%, none of that 50% of the award will vest.

- The remaining 50% of the award will vest if the Company's TSR performance, compared to a group of similar companies, places it in the top quintile as against the comparator companies. If the Company's TSR performance is median, 12.5% of the award will vest, and vesting will be on a pro rata straight-line basis between the two points. If the Company's performance is below median, none of that 50% of the award will vest. The comparator group of companies is as disclosed on page 32 of this Annual Report.

Performance criteria in respect of awards granted between 4 February 2015 and 29 November 2015

In February 2016, the Remuneration Committee exercised its discretion to change the performance criteria in respect of 50% of awards granted between 4 February 2015 and 29 November 2015 from TSR performance to net cash flow in order to better align the interests of participants and shareholders. There was no change to the EPS performance criteria in respect of the remaining 50% of these awards. The revised performance criteria are as follows:

- A maximum of 50% of an award will vest if the Group's adjusted EPS for the year ended 30 September 2017 (the last financial year of the performance period) is 1.4p, 12.5% will vest if the Group's EPS is 1.0p, and vesting will be on a pro rata straight-line basis between the two. If the Group's adjusted EPS is below 1.0p, none of that 50% of the award will vest.

- The remaining 50% of the award will vest if the Group's net cash flow for the year ended 30 September 2017 (the last financial year of the performance period) is £1.25m, 12.5% will vest if the Group's net cash flow is £0.25m, and vesting will be on a pro rata straight-line basis between the two. If the Group's net cash flow is below £0.25m, none of that 50% of the award will vest.

Performance criteria in respect of awards granted between 30 November 2015 and 30 September 2016

- A maximum of 50% of an award will vest if the Group's adjusted EPS for the year ended 30 September 2018 (the last financial year of the performance period) is 1.5p, 12.5% will vest if the Group's EPS is 1.2p, and vesting will be on a pro rata straight-line basis between the two. If the Group's adjusted EPS is below 1.2p, none of that 50% of the award will vest.

- The remaining 50% of the award will vest if the Group's net cash flow for the year ended 30 September 2018 (the last financial year of the performance period) is £0.75m, 12.5% will vest if the Group's net cash flow is £(0.25)m, and vesting will be on a pro rata straight-line basis between the two. If the Group's net cash flow is below £(0.25)m, none of that 50% of the award will vest.

Grants were made under the PSP in February 2015, May 2015, August 2015, November 2015 and September 2016.

Deferred Annual Bonus Scheme (DABS)
The DABS is a share-based incentive scheme open to certain managers across the Group. The maximum value of any shares granted under the DABS to any one participant will be an amount which is equal to a fixed percentage of that eligible participant's annual bonus for the previous financial year. The number of shares over which an award is to be granted to each participant will be calculated by reference to the market value of an Ordinary share in the Company on the date of the award. Unless the Remuneration Committee decides otherwise at the date of grant, the shares awarded under the DABS will vest six months after the date of the award, subject only to the employee remaining in the employment of the Group throughout the vesting period.

A grant was made under the DABS in November 2015.

Share Incentive Plan (SIP)
In April 2015 the Group adopted a SIP which is open to all UK employees including the executive Directors. The scheme is a tax efficient incentive plan pursuant to which employees are eligible to acquire up to £150 (or 10% of salary, if less) worth of Ordinary shares in the Company per month or £1,800 per annum. Under the SIP employees are invited to subscribe for Partnership shares via salary deductions. If an employee agrees to buy Partnership shares the Company currently matches the number of Partnership shares bought with an award of Matching shares on the basis of one Matching share for every four Partnership shares. Matching share awards to date have been met by the issue of Ordinary shares to Yorkshire Building Society as Trustee of the SIP.

25. Other reserves

Treasury reserve
The treasury reserve represents the cost of shares in Future plc purchased in the market and held by the EBT to satisfy awards made by the trustees.

	Group 2016 £m	Group 2015 £m
At beginning and end of year	**(0.3)**	(0.3)

The 1,426,848 (2015: 1,426,848) shares held by the EBT represent 0.4% (2015: 0.4%) of the Company's issued share capital. The treasury reserve is non-distributable.

Merger reserve
The merger reserve of £109.0m (2015: £109.0m) arose following the 1999 Group reorganisation and is non-distributable.

26. Pensions

The Group operates a defined contribution scheme for employees resident in the United Kingdom.

In the US, the Group operates a section 401(K) profit sharing defined contribution plan in respect of pensions, which covers substantially all Future US employees. The section 401(K) plan allows employees to invest in 29 funds run by T. Rowe Price, but the employees, not the employer, have complete control over which funds they invest in, although they have no control over the stocks owned by the funds.

During the year, £0.7m (2015: £0.8m) contributions were made to these plans and at 30 September 2016 the outstanding balance due to be paid over to the plans was £0.1m (2015: £0.1m).

27. Commitments and contingent liabilities

(a) Operating lease commitments
At 30 September 2016, the Group had the following total future lease payments under non-cancellable operating leases:

	Land and buildings £m	**Other £m**	**Total 2016 £m**	Land and buildings £m	Other £m	Total 2015 £m
Within one year	**2.2**	**-**	**2.2**	2.5	0.1	2.6
Between one and five years	**6.4**	**-**	**6.4**	5.8	-	5.8
After five years	**7.0**	**-**	**7.0**	5.8	-	5.8
Total	**15.6**	**-**	**15.6**	14.1	0.1	14.2

Future minimum sub-lease receipts expected under non-cancellable subleases at 30 September 2016 total £1.8m (2015: £1.5m).

During the year, £1.6m (2015: £1.9m) was recognised in the income statement in respect of operating lease rental payments and £0.4m (2015: £0.2m) was recognised in respect of sub-lease receipts.

The Group leases various offices under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights. The Group also leases other equipment under non-cancellable operating lease agreements.

(b) Contingent liabilities
There are no contingent liabilities expected to result in a material loss for the Group.

(c) Capital commitments
There were no material capital commitments as at 30 September 2016 (2015: £nil)

28. Related party transactions

The Group had no material transactions with related parties in 2016 or 2015 which might reasonably be expected to influence decisions made by users of these financial statements.

During the year, the Company had management charges payable of £0.5m (2015: £0.2m) to subsidiary undertakings. The outstanding balance owed at 30 September 2016 was £0.5m (2015: £0.2m).

29. Acquisitions

Acquisition of Blaze Publishing
On 12 May 2016, Future Publishing Limited acquired certain assets from Blaze Publishing Limited for cash consideration of £0.4m. In addition, deferred consideration of up to £0.3m is payable by 12 May 2017 based on gross contribution targets.

The impact of the acquisition on the consolidated balance sheet was:

	Book value £m	Fair value adjustment £m	Provisional fair value £m
Intangible assets: - Advertising relationships	-		
Trade and other payables	(0.2)		
Deferred tax liabilities	-		(0.1)
Net assets acquired	**(0.2)**	**0.3**	0.1
Goodwill			0.6
			0.7
Consideration			
Consideration satisfied by:			
Cash - initial consideration			0.4
Cash - deferred consideration			0.3
Total consideration			**0.7**

The goodwill is attributable to the synergies expected to arise in integrating the magazines and events into the wider Future group. The advertising relationships will be amortised over a period of fifteen years.

Included within the Group's results for the year are revenues of £0.9m and profit for the year of £nil from the Blaze assets.

If the acquisition had been completed on the first day of the financial year, it would have contributed £2.8m of revenue and profit of £0.1m during the year.

Acquisition of Next Commerce Pty Ltd
On 15 August 2016, Future Publishing (Overseas) Limited acquired 100% of the share capital of Next Commerce Pty Ltd for cash consideration of £0.3m. In addition, deferred consideration of up to £0.6m, in the form of shares in Future plc, is payable by 24 January 2017 based on revenue performance.

The impact of the acquisition on the consolidated balance sheet was:

	Book value £m	Fair value adjustment £m	Provisional fair value £m
Intangible assets: - E-commerce technology	-	0.6	0.6

	Book value £m	Fair value adjustment £m	Provisional fair value £m
Trade and other receivables	0.2	-	0.2
Cash	0.1	-	0.1
Trade and other payables	(0.3)	(0.1)	(0.4)
Deferred tax liabilities	-	(0.2)	(0.2)
Net assets acquired	-	**0.3**	**0.3**
Goodwill			0.6
			0.9
Consideration			
Consideration satisfied by:			
Cash - initial consideration			0.3
Deferred consideration due in future years			0.6
Total consideration			**0.9**

The goodwill is attributable to the synergies expected to arise in leveraging the technology acquired across Future's existing portfolio. The e-commerce technology will be amortised over a period of ten years.

Included within the Group's results for the year are revenues of £0.2m and profit for the year of £nil from Next Commerce Pty Ltd.

If the acquisition had been completed on the first day of the financial year, it would have contributed £2.0m of revenue and profit of £0.2m during the year.

Acquisition of Noble House Media Limited
On 5 April 2016, Future Publishing Limited acquired 100% of the share capital of Noble House Media Limited for cash consideration of £0.1m.

The impact of the acquisition on the consolidated balance sheet was:

	Book value £m	Fair value adjustment £m	Provisional fair value £m
Intangible assets: - Events acquired	-	0.1	0.1
Trade and other receivables	0.1	-	0.1
Trade and other payables	(0.4)	-	(0.4)
Net liabilities acquired	**(0.3)**	**0.1**	**(0.2)**
Goodwill			0.3
			0.1
Consideration			
Consideration satisfied by:			
Cash			0.1
Total consideration			**0.1**

The goodwill is attributable to the synergies expected to arise in integrating the events into the wider Future group.

Included within the Group's results for the year are revenues of £0.3m and loss for the year of £(0.1)m from Noble House Media Limited.

If the acquisition had been completed on the first day of the financial year, it would have contributed £0.8m of revenue and profit of £nil during the year.

30. Subsidiary undertakings

Details of the Company's subsidiaries at 30 September 2016 are set out below. All subsidiaries are included in the consolidation. Shares of those companies marked with an * are indirectly owned by Future plc through an intermediate holding company.

Company name and registered number	Country of incorporation	Nature of business	Holding %	Class of shares

Company name and registered number	Country of incorporation	Nature of business	Holding %	Class of shares
A&S Publishing Company Limited*	England and Wales	Non-trading	100	£1 Ordinary shares
ECV Price Malaysia Sdn. Bhd.*	Malaysia	Dormant	100	RM1 Ordinary shares
Future Holdings (2002) Limited 04387886	England and Wales	Holding company	100	£1 Ordinary shares
Future IP Limited 08207186	England and Wales	Intellectual property	100	£1 Ordinary shares
Future Publishing Limited*	England and Wales	Publishing	100	£1 Ordinary shares
Future Publishing (Overseas) Limited*	England and Wales	Publishing	100	£1 Ordinary shares
Future Publishing Holdings Limited	England and Wales	Holding company	87.5	1 pence Ordinary shares
Future US, Inc* 0513070	USA (State of California)	Publishing	100	Not applicable
Future Verlag GmbH* HRB125675	Germany	Non-trading	87.5	€1 Ordinary shares
FutureFolio Limited* 07956484	England and Wales	Digital publishing solutions	100	£1 Ordinary shares
FXM International Limited	England and Wales	Non-trading	100	£1 Ordinary shares
Rho Holdings Limited 00040056	Guernsey	Investment company	100	£1 Ordinary shares
Next Commerce Philippines Inc*	Philippines	Dormant	100	₱1 Ordinary shares
Next Commerce Pty Ltd*	Australia	Comparison shopping search engine	100	$1 Ordinary shares
Noble House Media Limited*	England and Wales	Publishing	100	£1 Ordinary shares
Pricepanda Group GmbH*	Germany	Dormant	100	€1 Ordinary shares
Pricepanda Singapore Pte Ltd*	Singapore	Dormant	100	€1 Ordinary shares
Sarracenia Limited* 04582851	England and Wales	Dormant	100	£1 Ordinary shares

A&S Publishing Company Limited, Future Holdings (2002) Limited, Future IP Limited, Future Publishing Limited, FutureFolio Limited, FXM International Limited and Noble House Media Limited are exempt from the requirement to file audited accounts by virtue of Section 479A of the Companies Act 2006. Sarracenia Limited is exempt from the requirement to file audited accounts by virtue of Section 480 of the Companies Act 2006.

31. Post balance sheet event

On 21 October 2016 the Company completed the acquisition of 100% of the share capital of Miura (Holdings) Limited, the holding company and ultimate parent company of Imagine Publishing Limited, for total consideration of 179,567,841 new Ordinary shares in the Company which, at the closing price of 8.5p on 20 October 2016, represents consideration of £15.3m. As part of this transaction the Group refinanced, entering into new bank facilities totalling £14.0m. Further details of these new facilities are included within note 19.

Fair value information on the assets and liabilities acquired is not yet available.

Notice of Annual General Meeting

This Notice of Meeting is important and requires your immediate attention.

If you are in any doubt as to what action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your shares in Future plc, please forward this notice, together with the accompanying documents, as soon as possible either to the purchaser or transferee, or to the person who arranged the sale or transfer so that they can pass these documents to the purchaser or transferee.

Notice of Annual General Meeting

Notice is hereby given that the eighteenth Annual General Meeting of Future plc will be held on Wednesday 1 February 2017 at Future's London office, 1-10 Praed Mews, London W2 1QY at 10:30am at which the following resolutions numbered 1 to 14 will be proposed as *ordinary resolutions, and resolutions numbered 15 to 18 will be proposed as special resolutions.*

Ordinary Business

Ordinary resolutions

1. To receive and adopt the audited financial statements of the Company for the financial year ended 30 September 2016 and the reports of the Directors and the auditors (the "Annual Report").

2. To approve the Directors' remuneration implementation report as set out in pages 30 to 35 of the Annual Report of the Company for the financial year ended 30 September 2016.

3. To approve the Remuneration policy report as set out in pages 36 to 39 of the Annual Report of the Company for the three year period commencing on 1 October 2016.

4. To elect as a Director James Hanbury.

5. To re-elect as a Director Peter Allen.

6. To re-elect as a Director Zillah Byng-Thorne.

7. To re-elect as a Director Penny Ladkin-Brand.

8. To re-elect as a Director Manjit Wolstenholme.

9. To re-elect as a Director Hugo Drayton.

10. To reappoint PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors, as auditors of the Company to hold office until the conclusion of the next General Meeting at which accounts are laid before the Company.

11. To authorise the Directors to determine the remuneration of the auditors of the Company.

12. That, in substitution for any existing authority, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:

12.1 in connection with an offer by way of a rights issue (comprising equity securities as defined by section 560 of the Act), up to an aggregate nominal amount of £3,656,200 (such amount to be reduced by the nominal amount of any relevant securities allotted under paragraph 12.2 below):

(a) to holders of Ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their respective holdings of Ordinary shares in the capital of the Company; and

(b) to holders of any other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

12.2 in any other case, up to an aggregate nominal amount of £1,828,100 (such amount to be reduced by the nominal amount of any equity securities allotted under paragraph 12.1 above in excess of £1,828,100), at any time or times during the period beginning on the date of the passing of this resolution and ending following the conclusion of the Company's next Annual General Meeting or, if earlier, on 31 March 2018 (unless previously revoked or varied by the Company in General Meeting) save that the Company may before expiry of this authority make an offer or agreement which would or might require relevant securities to be allotted after its expiry and the Directors may allot relevant securities pursuant to such an offer or agreement as if the authority hereby conferred had not expired.

13. That, following the broader definitions introduced by sections 363 to 365 of the Act of the terms used in (i), (ii) and (iii) below (which for the purposes of this resolution have the meanings given by the Act), the Company and its subsidiaries at any time during the period for which the resolution is effective be authorised together to:

(i) make political donations to political parties and/or independent election candidates not exceeding £50,000 in total;

(ii) make political donations to political organisations other than political parties not exceeding £50,000 in total; and

(iii) incur political expenditure not exceeding £50,000 in total, during the period beginning with the date of the passing of this resolution and ending following the conclusion of the Company's next Annual General Meeting or, if earlier, on 31 March 2018.

14. That, subject to and conditional upon admission of the New Ordinary Shares (as defined below) to the standard listing segment of the Official List and to trading on London Stock Exchange plc's main market for listed securities becoming effective, every 15 Ordinary shares of 1 pence each in the capital of the Company in issue and outstanding or held in treasury as at 6.00 p.m. on Wednesday, 1 February 2017 (or such other time and date as the Directors may determine) be consolidated into 1 Ordinary share of 15 pence in the capital of the Company (each a "New Ordinary Share"), provided that, where such consolidation results in any member being entitled to a fraction of a New Ordinary Share, such fraction shall, so far as possible, be aggregated with the fractions of New Ordinary Shares to which other members of the Company may be entitled and the Directors be and are hereby authorised to sell (or appoint any other person to sell to any person), on behalf of the relevant members, all the New Ordinary Shares representing such fractions at the best price reasonably obtainable to any person, and to pay the proceeds of sale (net of expenses) in due proportion to the relevant members entitled thereto (save that any fraction of a penny which would otherwise be payable shall be rounded up or down in accordance with the usual practice of the registrar of the Company and, subject to resolution 17 being passed, if the proceeds are less than £3.00 in the case of any one shareholder, they will be donated to charities chosen by the Company) and that any Director (or any person appointed by the Directors) shall be and is hereby authorised to execute an instrument of transfer in respect of such shares on behalf of the relevant members and to do all acts and things the Directors consider necessary or expedient to effect the transfer of such shares to, or in accordance with the directions of, any buyer of any such shares.

Special resolutions

15. That, subject to the passing of resolution 12, the Directors be and are hereby authorised pursuant to Article 3.2 and section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred upon it for the purposes of section 551 of the Act by resolution 12 provided that such authority shall be limited to:

(a) the allotment of equity securities in connection with an offer by way of a rights issue, open offer or pre-emptive offer to holders of Ordinary shares on the register of members of the Company on a date fixed by the Directors where the equity securities to be allotted to existing shareholders shall be in proportion (as nearly as may be) to their respective holdings and, if the rights attaching to any other equity securities so provide, in favour of the holders of those equity securities in accordance with such rights, but subject to such exclusions or other arrangements as the Directors consider necessary or expedient in connection with Ordinary shares representing fractional entitlements or on account of either legal or practical problems arising in connection with the laws of any territory, or of the requirements of any generally recognised regulatory body or stock exchange in any territory; and

(b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £548,430 (representing just under 10% of the issued share capital of the Company as at 13 December 2016) and such authority shall expire at the conclusion of the Company's next Annual General Meeting or, if earlier, on 31 March 2018 (save that the Company may before the expiry of such authority make an offer or agreement which would or might require equity securities to be allotted after its expiry and the Directors may allot equity securities pursuant to such an offer or agreement as if the power hereby conferred had not expired).

16. That a general meeting, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

17. That the articles of association of the Company (the "Articles") be amended so as to add the following paragraph at the end of Article 2.5: "Where any member's entitlement to a portion of the proceeds of sale amounts to less than a minimum figure determined by the Directors from time to time (and if not so determined £3.00), that member's portion may, at the Directors' discretion, be distributed to an institution which is a charity for the purposes of the law of England and Wales."

18. That the Articles be amended so as to add the following Article 27: "Power to change the name of the Company The Board may change the name of the Company."

On behalf of the Board

Penny Ladkin-Brand
Chief Financial Officer
and Company Secretary
13 December 2016

Notes

Further information about the AGM

1. Information regarding the meeting, including the information required by section 311A of the Act, is available from: www.futureplc.com/invest-in-future.

Attendance at the AGM

2. If you wish to attend the meeting in person, please bring the attendance card attached to your form of proxy and arrive at Future's London office, 1-10 Praed Mews, London W2 1QY, in sufficient time for registration. Appointment of a proxy does not preclude a member from attending the meeting and voting in person. If a member has appointed a proxy and attends the meeting in person, the proxy appointment will automatically be terminated.

Appointment of proxies

3. Any member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and vote in their place. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. If you appoint multiple proxies for a number of shares in excess of your holding, the proxy appointments may be treated as invalid. A proxy need not be a member of the Company. A proxy card is enclosed. To be effective, proxy cards should be completed in accordance with these notes and the notes to the proxy form, signed and returned so as to be received by the Company's Registrars:

Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY

not later than 10:30am on Monday 30 January 2017 being two business days before the time appointed for the holding of the meeting. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Electronic appointment of proxies

4. As an alternative to completing the printed proxy form, you may appoint a proxy electronically by visiting the following website: www.investorcentre.co.uk/eproxy.

You will be asked to enter the Control Number, the Shareholder Reference Number (SRN) and PIN as printed on your proxy form and to agree to certain terms and conditions. To be effective, electronic appointments must have been received by the Company's Registrars not later than 10:30am on Monday 30 January 2017.

Number of shares in issue

5. As at the close of business on 13 December 2016 (being the last business day prior to the publication of this notice) the Company's issued share capital consisted of 548,430,719 Ordinary shares of one penny each. Each Ordinary share carries one vote. There are no shares held in treasury. The total number of voting rights in the Company is therefore 548,430,719.

Documents available for inspection

6. Printed copies of the service contracts of the Company's Directors and the letters of appointment for the non-executive Directors will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) at the Company's London office at

1-10 Praed Mews,
London,
W2 1QY

and at the Company's registered office at

Quay House,
The Ambury,
Bath,
BA1 1UA

including on the day of the meeting from 10:15am until its completion.

Eligible shareholders

7. The Company, pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, specifies that only those members on the register of the Company as at 6pm on Monday 30 January 2017 or, if this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register after 6pm on Monday 30 January 2017 or, if this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Indirect investors

8. Any person to whom this notice is sent who is a person that has been nominated under section 146 of the Act to enjoy information rights (a 'Nominated Person') does not have a right to appoint a proxy. However, a Nominated Person may, under an agreement with the registered shareholder by whom they were nominated (a 'Relevant Member'), have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. Alternatively, if a Nominated Person does not have such a right, or does not wish to exercise it, they may have a right under any such agreement to give instructions to the Relevant Member as to the exercise of voting rights.

A Nominated Person's main point of contact in terms of their investment in the Company remains the Relevant Member (or, perhaps, the Nominated Person's custodian or broker) and the Nominated Person should continue to contact them (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and their interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from the Nominated Person.

Appointment of proxies through CREST

9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by 10:30am on Monday 30 January 2017 or, if the meeting is adjourned, not less than 48 hours before the time fixed for the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Amending a proxy

10. To change a proxy instruction, a member needs to submit a new proxy appointment using the methods set out above. Note that

the deadlines for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant deadline will be disregarded. Where a member has appointed a proxy using the paper proxy form and would like to change the instructions using another such form, that member should contact the Registrars on +44 (0)370 707 1443.

If more than one valid proxy appointment is submitted, the appointment received last before the deadline for the receipt of proxies will take precedence.

Revoking a proxy

11. In order to revoke a proxy instruction, a signed letter clearly stating a member's intention to revoke a proxy appointment must be sent by post or by hand to the Company's Registrars:

Computershare Investor Services PLC,
The Pavilions, Bridgwater Road,
Bristol BS99 6ZY.

Note that the deadlines for receipt of proxy appointments (see above) also apply in relation to revocations; any revocation received after the relevant deadline will be disregarded.

Corporate members

12. In the case of a member which is a company, any proxy form, amendment or revocation must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the documents are signed (or a duly certified copy of such power of authority) must be included. A corporate member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share. Members considering the appointment of a corporate representative should check their own legal position, the Company's articles of association and the relevant provision of the Companies Act 2006.

Joint holders

13. Where more than one of the joint holders purports to vote or appoint a proxy, only the vote or appointment submitted by the member whose name appears first on the register will be accepted.

Questions at the AGM

14. Under section 319A of the Act, the Company must answer any question you ask relating to the business being dealt with at the meeting unless:

(a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;

(b) the answer has already been given on a website in the form of an answer to a question; or

(c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Members' right to require circulation of a resolution to be proposed at the AGM

15. Under section 338 of the Act, a member or members meeting the qualification criteria set out at note 18 below, may, subject to conditions set out at note 19, require the Company to give to members notice of a resolution which may properly be moved and is intended to be moved at that meeting.

Members' right to have a matter of business dealt with at the AGM

16. Under section 338A of the Act, a member or members meeting the qualification criteria set out at note 18 below, may, subject to the conditions set out at note 19, require the Company to include in the business to be dealt with at the AGM a matter (other than a proposed resolution) which may properly be included in the business (a matter of business).

Website publication of any audit concerns

17. Pursuant to Chapter 5 of Part 16 of the Act, where requested by a member or members meeting the qualification criteria set out at

note 18 below, the Company must publish on its website a statement setting out any matter that such members propose to raise at the AGM relating to the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the AGM.

Where the Company is required to publish such a statement on its website:

(a) it may not require the members making the request to pay any expenses incurred by the Company in complying with the request;

(b) it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website; and

(c) the statement may be dealt with as part of the business of the AGM.

The request:

(d) may be in hard copy form or in electronic form and must be authenticated by the person or persons making it (see note 19(d) and (e) below);

(e) should either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported; and

(f) must be received by the Company at least one week before the AGM.

Members' qualification criteria

18. In order to be able to exercise the members' rights set out in notes 15 to 17 above the relevant request must be made by:

(a) a member or members having a right to vote at the AGM and holding at least 5% of total voting rights of the Company; or

(b) at least 100 members having a right to vote at the AGM and holding, on average, at least £100 of paid up share capital.

Conditions

19. The conditions are that:

(a) any resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);

(b) the resolution or matter of business must not be defamatory of any person, frivolous or vexatious;

(c) the request:

(i) may be in hard copy form or in electronic form;

(ii) must identify the resolution or the matter of business of which notice is to be given by either setting it out in full or, if supporting a resolution/matter of business sent by another member, clearly identifying the resolution/matter of business which is being supported;

(iii) in the case of a resolution, must be accompanied by a statement setting out the grounds for the request;

(iv) must be authenticated by the person or persons making it; and

(v) must be received by the Company not later than six weeks before the date of the AGM;

(d) in the case of a request made in hard copy form, such request must be:

(i) signed by you and state your full name and address; and

(ii) sent either: by post to

Company Secretary,
Future plc,
Quay House,
The Ambury,
Bath BA1 1UA;

or by fax to +44(0)1225 732266

marked for the attention of the Company Secretary; and

(e) in the case of a request made in electronic form, such request must:

(i) state your full name and address; and

(ii) be sent to cosec@futurenet.com.

Please state 'AGM' in the subject line of the email. You may not use this electronic address to communicate with the Company for any other purpose.

Investor information

For enquiries of a general nature regarding the Company and for investor relations enquiries please contact Penny Ladkin-Brand at the Company's Registered Office, or visit www.futureplc.com and select the investor relations section.

Registrar and transfer office

The Company's share register is maintained by:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE
Tel: +44 (0)370 707 1443

Shareholders should contact the Registrar, Computershare, in connection with changes of address, lost share certificates, transfers of shares and bank mandate forms to enable automated payment of dividends.

Online information – www.investorcentre.co.uk

Our Registrar, Computershare, has a service to provide shareholders with online internet access to details of their shareholdings.

The service is free, secure and easy to use. To register for the service, go to www.investorcentre.co.uk.

Unsolicited mail

The share register is by law a public document. To limit the receipt of mail from other organisations, please register with the Mailing Preference Service, by visiting www.mpsonline.org.uk/mpsr/.

Warning to shareholders – 'boiler room' scams

In recent years, many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas-based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high-risk shares in US or UK investments. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive.

It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation
- Check that they are properly authorised by the FCA before getting involved by visiting **www.fca.org.uk/register**
- Report the matter to the FCA either by calling **0800 111 6768** or by completing the fraud reporting form on the FCA website at: **www.fca.org.uk/consumers/scams/investment-scams/share-fraud-and-boiler-room-scams/reporting-form**
- If the calls persist, hang up.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme.

Details of any share dealing facilities that the Company endorses will be included in company mailings.

More detailed information on this or similar activity can be found at **www.moneyadviceservice.org.uk.**

Directors and advisers

Directors

Peter Allen
Chairman

James Hanbury
Deputy Chairman

Zillah Byng-Thorne
Chief Executive

Penny Ladkin-Brand
Chief Financial Officer
and Company Secretary

Manjit Wolstenholme
Senior independent non-executive Director

Hugo Drayton
Independent non-executive Director

Offices

Registered office
Future plc
Quay House
The Ambury
Bath BA1 1UA
Tel +44 (0)1225 442244

London office
1-10 Praed Mews
London W2 1QY
Tel +44 (0)20 7042 4000

Leamington office
First floor
Unit 4, Jephson Court
Tancred Close
Leamington Spa CV31 3RZ
Tel +44 (0)1225 442244

www.futureplc.com

Company registration number 3757874
Registered in England and Wales

Advisers

Independent auditors
PricewaterhouseCoopers LLP
Chartered accountants and statutory auditors
2 Glass Wharf
Bristol BS2 0FR

Broker
Numis Securities Ltd
10 Paternoster Square
London EC4M 7LT

Principal bankers
HSBC Bank plc
8 Canada Square
London
E14 5HQ

Registrar
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE

Financial calendar

Announcement of annual results
23 November 2016

Annual General Meeting
1 February 2017

Half-year end
31 March 2017

Announcement of interim results
May 2017

Financial year-end
30 September 2017