Wilmington plc

Turning knowledge into advantage

2016

Wilmington plc

Annual Report and Financial Statements

for the year ended 30 June 2016

Stock Code: WIL

Welcome to Our Annual Report 2016

Wilmington operates in four key knowledge areas, Risk & Compliance, Finance, Legal and Insight.

Wilmington's vision:

To be the recognised knowledge leader and partner of choice for information, education and networking in Risk & Compliance, Finance and Legal; as well as the Insight leader in a number of chosen industries.

Read more in the Chief Executive Officer's Review **page 12**

Wilmington Risk & Compliance | Wilmington Finance | Wilmington Legal | Wilmington Insight

Reasons to invest:

- Clear vision and focus
- Emphasis on organic growth
- Increasing international opportunities
- Strong positions in well-funded professional markets
- High conversion of operating profits into free cash flows[1]
- High proportion of subscription and repeatable revenues

Read more in our Chairman's Statement **page 06**

[1] Free cash flows – See note 28 to the financial statements

Contents

Investor website

Our corporate website at **www.wilmingtonplc.com** contains a wide range of information of interest to institutional and private investors including:

- Latest news and press releases
- Annual reports and investor presentations

Getting around this report

Read more in this report

Read more online

Financial and Operational Highlights

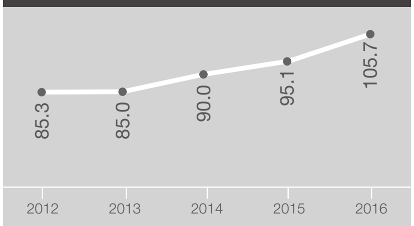
Financial Results for the twelve months ended 30 June 2016

Financial highlights

Group Revenue £m

105.7 +11%

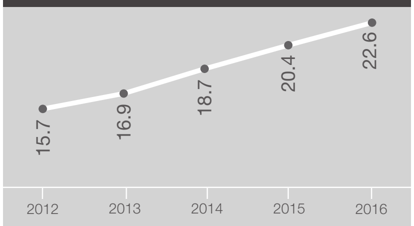
(2015: £95.1m)



Adjusted EBITA[1] £m

22.6 +11%

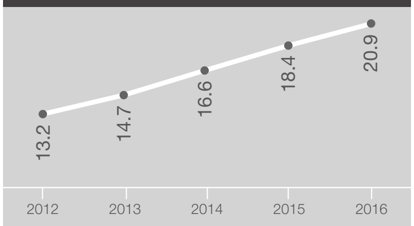
(2015: £20.4m)



Adjusted Profit before Tax[2] £m

20.9 +13%

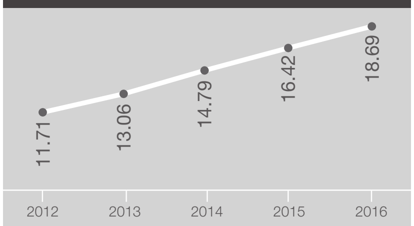
(2015: £18.4m)



Adjusted Earnings per Share[3]

18.69p +14%

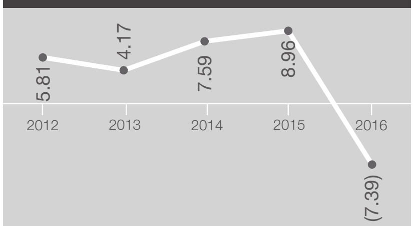
(2015: £16.42p)



Basic (Loss)/Earnings per Share

(7.39)p

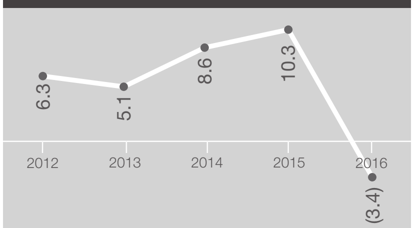
(2015: 8.96p)



Loss before tax £m

(3.4)

(2015: profit £10.3m)



Adjusted EBITA margins[4]

21.4%

(2015: 21.5%)

Final dividend increased

7.5% to 4.3p

(2015: £4.0p)
Total dividends up **5.2% to 8.1p** (2015: 7.7p)

Cash flow conversion[5] **at**

106%

(2015: 107%)

Revenues also up

11%

on a constant currency basis[6]

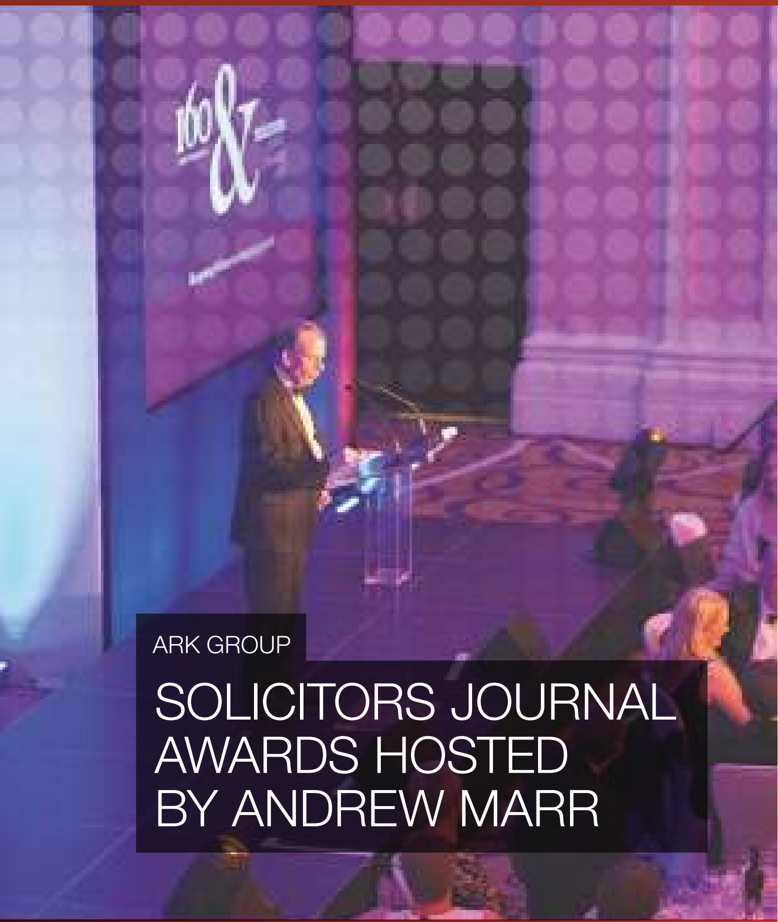
Organic revenue[7] **growth of**

2%

Non cash impairment of

£15.7m

against goodwill in the CLT (acquired 1999) and Ark (acquired 2005) businesses



ARK GROUP

SOLICITORS JOURNAL AWARDS HOSTED BY ANDREW MARR

Read more online at:
www.solicitorsjournal.com/solicitors-journal-awards

“We have continued to successfully align our people, processes and products to our new knowledge-based model. We have made excellent strides reorganising, investing and refocusing the business while strengthening our international presence and focusing on areas where we see high potential. This focus has seen us invest in particular in the Compliance business, as well as expanding our Healthcare offerings within our new organisational structure.”

Pedro Ros
Chief Executive Officer

Operational highlights

- Strong organic growth from Risk & Compliance, up 7%, driven by demand for compliance offerings
- Finance revenue up 13%,supported by organic growth of 2% and £2.1m from Wilmington FRA Inc. (‘FRA’) finance events
- As previously highlighted difficult trading in Q4 for AMT, legal action brought to a conclusion at net £0.1m cost
- As expected Legal revenue down 5% reflecting structurally challenged market conditions
- Strong growth from Insight division driven by healthcare. Overall revenue up 27%, and underlying business recovering from mixed start to year, reporting 1% organic growth
- Three acquisitions made in the year and all performing strongly
- Subscription and repeatable revenue at 75% of total revenue (2015: 76%)
- International revenues increased to 42% of total revenue in 2016 (2015: 39%)
- Acquisition of SWAT Group Limited on 19 July 2016 extends presence in training and technical compliance support market

Outlook and current trading

- Good growth from Risk & Compliance and Insight but a weaker performance from Legal and Finance
- Significant investments in Risk & Compliance
- The outlook for 2016/17 remains unchanged and is on track for the full year
- Acquisition of SWAT Group on 19 July is expected to be earnings enhancing in this financial year

[1] Adjusted EBITA – see note 2 to the financial statements
[2] Adjusted Profit before Tax – see note 2 to the financial statements
[3] Adjusted Earnings per Share – see note 9 to the financial statements
[4] Adjusted EBITA margins – Adjusted EBITA divided by Revenue
[5] Cash flow conversion – see note 28 to the financial statements
[6] Constant currency – eliminating the effects of exchange rate fluctuation
[7] Organic Revenue – Revenue eliminating the impact of any acquisitions or disposals made in the year

At a Glance

Information, education and networking

At Wilmington plc, we transform knowledge into advantage, keeping our clients at the centre of everything we do. In today's knowledge economy, where differentiation using traditional criteria is often difficult, we help our clients to better understand their challenges and to use information to improve their businesses.

We aspire to treat every client as we would treat our only client; we equip our businesses accordingly and provide best-in-class support and infrastructure. We are innovative, adopting new technologies and embracing the digital environment; we understand that today's organisations are as concerned with sustaining the pace of change in business generally as they are with competition.

Throughout Wilmington plc, we are fortunate to have highly talented people working in our businesses. People whose energy and shared commitment to success drives exceptional performance. Wherever in Wilmington plc you look, the power of our people, working towards common objectives, is immense; we set ourselves demanding goals and we achieve them. Consequently, we deliver consistent growth – both personal and financial – and aim to deliver increased stakeholder value for clients, employees and shareholders alike.

Risk & Compliance

Revenue

£38.8m

(2015: £36.4m)

This division provides in depth regulatory and compliance accredited training and information, market intelligence and analysis. It focuses on the international financial services and international insurance markets as well as the UK pensions industry and contains our International Compliance Training ('ICT'), Axco, Pendragon, International Company Profile ('ICP'), Compliance Week and Inese businesses. The main users of our offerings are risk and compliance officers globally. This is an area which has demonstrated strong organic growth which should be enhanced as we invest in and combine the various opportunities into an integrated offering.

Finance

Revenue

£21.2m

(2015: £18.7m)

This division includes Wilmington's technical financial training businesses and contains our Adkins Matchett & Toy ('AMT'), Mercia businesses and FRA financial networking events. The consolidated offerings of its finance areas should drive good revenue growth as well as exploit growing international markets. The Finance division provides expert and technical training and support services to professionals in corporate finance and capital markets and to qualified accountants in the UK and Ireland in both the profession and industry. This division serves primarily tier 1 banks, the international financial services industry and professional accountancy firms.

The group has offices in the following locations (UK unless otherwise stated):

- Barcelona, Spain
- Belfast
- Birmingham
- Boston, US
- Bristol
- Charlotte, US
- Chicago, US
- Dubai, UAE
- Dublin, Ireland
- Glasgow
- Hong Kong
- Leicester
- London (Head Office)
- Madrid, Spain
- New York, US
- Nottingham
- Paris, France
- Santa Cruz, US
- Singapore

The group's largest revenue generating countries are:

- UK
- US
- France
- Singapore
- Spain
- Republic of Ireland
- Germany
- Hong Kong
- Channel Islands
- Switzerland
- United Arab Emirates
- Bermuda
- Poland
- India
- Belgium
- Malaysia
- China
- Australia
- Turkey
- Japan

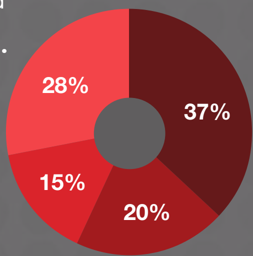
Revenue analysis

Revenue can be analysed by segment as follows:

Total Revenue

% of Group revenue

- Risk & Compliance
- Finance
- Legal
- Insight

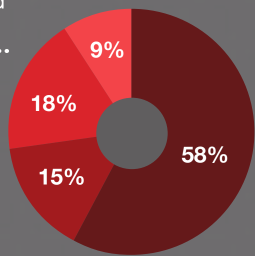


Revenue can be analysed by geography as follows:

Total Revenue

% of Group revenue

- UK
- Europe (excluding the UK)
- North America
- Rest of the World



Legal

Revenue

£15.5m

(2015: £16.3m)

The Law for Lawyers businesses, including Ark & Legal Information and Central Law Training, represents around half of the division's revenue and provides face to face Continuing Legal Education, magazines to legal professionals and conferences. Law for Non-Lawyers, the remaining part of the division containing Bond Solon, provides law services and training to non-lawyers including expert witness training.

Insight

Revenue

£30.2m

(2015: £23.7m)

The Insight division provides analysis and clarity to customer-focused organisations, enabling them to better understand and connect with their markets. This division includes our UK healthcare information businesses, our French language medical news agency, our data suppression and charity information businesses. This division includes our Charities Choice, Caritas, Millennium, Agence de Presse Médicale ('APM'), Binley's, and NHiS businesses as well as our latest acquisitions Wellards and Evantage.

Chairman's Statement

"This year has seen Wilmington deliver a positive financial performance overall. Our strategy and vision have been successfully implemented, creating a more compelling offering through a knowledge-based business structure and customer offering. This offering continues to meet customer demand in products and services and in international territories positioning us well for continued profitable growth."

Mark Asplin
Non-Executive Chairman

I am pleased to present my report on Wilmington's results for the twelve months ended 30 June 2016. It has been a positive financial performance overall building on the vision and strategy laid out last year and enhanced by a return to acquiring strategically relevant businesses in our key markets.

The business delivered a good overall finish to the year with revenue up 11% led by organic growth of 2% from our existing businesses enhanced by excellent contributions from the acquisitions made during the year. In particular we have seen continued strong organic growth from our largest and highest margin division, Risk & Compliance which grew 7% organically, supported by revenue and contribution growth from our Finance and Insight divisions. As has been well documented, we continued to experience challenging trading conditions in our Legal division and we have subsequently recognised a reduction in the value of our historic investment in this business with a £15.7m non-cash impairment. The majority of this provision has been against our investment made in 1999 in Central Law Training a business that over the years has generated significant profits and from which our highly successful compliance business has developed.

During the year Wilmington has continued to successfully navigate challenges and I am pleased with the overall financial outcome with adjusted profit before taxation up 13% to £20.9m in what has been a period of considerable and largely positive change.

Business strategy

Wilmington's strategy is to further develop its business to a knowledge based model and structure focussing on key communities. This structure maximises Wilmington's opportunities to help its clients meet their information, education and networking requirements. As part of this evolution to a knowledge-based model, Wilmington has become more focussed on its core offerings that provide a higher quality of earnings. This focus is reflected in the disposal on 31 July 2015 of certain media assets from its Insight division and in the acquisitions of Financial Research Associates ('FRA') (conference and networking provider of specialist events in healthcare and finance), Wellards (accredited online education for the healthcare industry) and Evantage (healthcare and pharmaceutical analytics solutions) and on 19 July 2016, SWAT Group Limited (training and technical compliance support).

Vision

The vision which acts as our guide and underpins our strategy is:

"To be the recognised knowledge leader and partner of choice for information, education and networking in Risk & Compliance, Finance and Legal; as well as the Insight leader in a number of chosen industries."

Our businesses are organised into four distinct knowledge centres, each with agreed ambitious but achievable objectives. We have also allocated and invested in dedicated shared resources globally to support the implementation of our strategy and to ensure we have the personnel, support and systems we need.

The strategy and vision is focussed on maintaining the fundamental objectives of generating high quality income streams in areas where we excel from a people and products perspective, in markets we understand and with communities that we want to establish and develop long term relationships with. Wilmington is actively investing both organically and through acquisition in the areas we see as providing the greatest potential in terms of profitable long term growth; risk & compliance, finance and healthcare. In particular we are looking at ways to leverage our existing technology, promote our stronger established brands, increase our international footprint and develop markets and communities that we see as offering sustainable growth opportunities.

Creating an increasingly integrated business

This focus, together with the corporate website, the Wilmington hub, associated branding and vision helps Wilmington create an even more compelling offering through a knowledge-based model. The promotion of a stronger unified Wilmington brand brings together our market leading positions, other Wilmington brands and will emphasise Wilmington as an increasingly integrated and international business. We have worked hard with our colleagues across the business on agreeing a set of corporate values that we believe embodies our core behaviours and reflects our way of working. This is an important initiative that further promotes a more unified group with common values and a common vision.

Our people

As a digital information, education and networking business operating in dynamic and competitive markets, we are fundamentally reliant on the quality and professionalism of our people. I would once again like to express my own and my fellow Board members' appreciation of the hard work and dedication of our Wilmington colleagues across the globe.

Financial and operational targets

I am pleased to report further success and good progress in all of our key financial and operational targets. We have seen continued growth in Adjusted Profit before Tax, Adjusted Earnings per Share, and Return on Equity (adjusted for the £15.7m impairment provision) as well as a consistent level of Return on Sales despite significant investment expenditure. We also monitor cash conversion which we expect to exceed 100% on an annual basis, and in 2016 the conversion rate was 106% (2015: 107%). We will continue to maintain a high proportion of our revenue derived from quality and sustainable income streams and in 2016 revenue from subscriptions and repeatable revenue was 75% of Group revenue (2015: 76%). We continue to seek to increase each year our proportion of revenue generated outside the UK where we see good prospects for long term sustainable growth in many of the major professional markets we operate in. Revenue outside the UK has grown again and was 42% of total revenue compared to 39% last year.

This financial and operational performance is reflective of the quality of our portfolio of offerings which benefit from a significant proportion of revenues derived from subscriptions and from products which disseminate content-rich, high-value information digitally along with certificated education and compliance programmes.

Acquisitions

In support of our growth strategy, we will continue to seek selective earning enhancing acquisition opportunities to add additional growth and expertise in our chosen markets. In this context we were delighted to announce three acquisitions during the year all of which were consistent with our strategy of acquiring complementary businesses with high repeat revenues in our chosen knowledge areas and communities. These acquisitions addressed gaps in our offerings by providing networking and education capability in our Insight division as well as extending our international presence.

Cash and borrowings

Net debt, which includes cash and cash equivalents, bank loans (excluding capitalised facility fees) and bank overdrafts, was £34.7m (30 June 2015: £28.6m) an increase of £6.1m on last year during a period of considerable growth and change in which we spent £14.2m (including deferred consideration and net of disposal proceeds) on acquisitions. The Group continues to demonstrate excellent cash generative characteristics with cash conversion of 106% (2015: 107%). These characteristics were recognised by the continued support from our principal bank debt providers who extended the multicurrency £65m debt facility on 1 July 2015 until 1 July 2020. The facility, as well as providing longer term security, flexibility and reduced interest costs is structured so it can be increased to £100m if required with majority lending bank consent.

Our ability to use external debt finance remains a key component of our business development strategy and our debt capacity remains strong. As we increase our profitability given the cash generative ability of our business this combines to provide increase capacity for selective earnings enhancing acquisitions and other capital investments.

Board changes

As previously announced Paul Dollman was appointed as a Non-Executive Director 16 September 2015 and was appointed Chairman of the Audit Committee on 5 November 2015 and Charles Brady resigned as an Executive Director on 31 December 2015. The nominations committee met and decided that this Executive Director position will not be replaced. Daniel Barton was appointed as Company Secretary on 29 April 2016.

Dividend

I am proud of the Group's record of maintaining its dividend over recent years and the resumption in 2013/14 of a progressive dividend reflecting our improving financial performance. The dividend payment policy remains the same and underpins our confidence in the strategy and vision and the resilience of our business models. I am pleased to confirm that the final dividend for this year will be increased again to 4.3p (2015: 4.0p) per share an increase of 7.5% on last year. This together with an increased interim dividend makes a total dividend of 8.1p up 5.2% from 2015 (7.7p) reflective of confidence in our future. It is the Board's intention to maintain its progressive dividend policy whilst ensuring that suitable dividend cover of at least two times adjusted earnings per share is maintained.

The final dividend of 4.3p per share will be paid on 18 November 2016 to shareholders on the share register as at 21 October 2016.

Current trading and outlook

The new financial year has had a mixed start with good growth from Risk & Compliance and Insight but a weaker performance from Legal and Finance. The Risk & Compliance division which represented just under 40% of our revenue and around 50% of our profit contribution in 2015/16 has enjoyed good initial trading with strong growth continuing in particular from our compliance businesses and has already seen significant investment deployed in several new initiatives. Challenging market conditions remain for our Legal division, and AMT (within the Finance division) has had a slow start partly due to the competition issues previously highlighted but the team is focussed and responding to the challenge. Our Insight division has started the new financial year in line with last year and is benefiting from acquisitions made in 2015/16 which continue to perform well. Our latest acquisition SWAT which sits within our Finance division has had a good start, with integration going well, and we expect it to be earnings enhancing in this current financial year.

We continue to see tighter regulatory control and more complex legislation implemented in most of our key markets and we remain confident that these changes will continue to drive the demand for our products and services globally. Our recent acquisitions provide further opportunities for continued profitable growth as does the uncertainty surrounding Brexit which is discussed further on in this report. You will also read in this year's report about many exciting investment initiatives including new systems and products for ICT, ICA and Axco and also new regional offices increasing our geographical footprint, and providing local market intelligence and further opportunities. This blended investment strategy will be underpinned by our strong cash flow and ability to attract the best talent.

Wilmington has articulated its strategy, vision and ambition and is progressing with confidence in the next stage of its development. We continue to widen our geographical presence, strengthen our back office and operational management teams and invest in new strategic systems. The business continues to offer good opportunities for us to generate attractive returns for shareholders over the long term.

The outlook for 2016/17 remains unchanged and we are on track to meet our expectations. The Board, our management team and our staff are excited and energised about the opportunities driving Wilmington in the next stage in its development.

Mark Asplin
Chairman

13 September 2016

Group Strategy

We aim to increase shareholder value by delivering sustainable growth and increasing profit and cash from servicing the information, education and networking needs for professional markets. We set out below our strategic objectives that aim to achieve this and in so doing increased shareholder value.

Strategic Objective	1 To accelerate growth through our knowledge based model
2016 Progress	• Four knowledge centres, Risk & Compliance, Finance, Legal and Insight, created in 2015 have become established both internally and externally. • Completed a restructure of the legal division to help better focus on the two communities: Law for lawyers and Law for non-lawyers. • The recent acquisition of Financial Research Associates ('FRA'). expanded our Insight and Finance knowledge centres with a particular focus on networking. • The recent acquisitions of Wellards and Evantage have expanded our UK Healthcare offering within the Insight knowledge centre. • The acquisition of SWAT Group in July 2016 extends presence in training and technical compliance support market.
Focus 2017-2018	• To further unlock the potential across the knowledge centres. • Connect our Wilmington brands enabling clients to better reach all of our available and appropriate services. • Acquiring new clients by identifying opportunities from greater collaboration and combined product offerings. • Drive our expertise in our information, education and networking. • Selected acquisitions meeting our strategic criteria. • Our people are key to our success; provide an environment for them to achieve. • Leveraging our knowledge to support our client communities.
Successful implementation will achieve	• Increased client satisfaction • Revenue growth • Improved employee engagement
Strategic Objective	**2 To build a truly international business**
2016 Progress	• Further invested in our Asian businesses by recently recruiting an Asia Pacific Managing Director. • Further invested in people both in the UK and overseas by recently hiring an internationally experienced Group HR Director who sits on the Executive Committee. • In July 2015 we acquired the trade and assets of FRA a US based events business increasing our US footprint. • Built strategic partnerships with our global clients to review expansion into Europe and Asia, bringing teams together to create hubs in our focused regions.
Focus 2017-2018	• Continue to invest in the infrastructure of our North American and Asian operations to allow for continued expansion. • Working closely with our clients globally following their expansion and work together across the geographical borders, growing partnerships further to expand in North America, Europe and Asia. • To develop a global culture and attract talent to support these ambitions. • Target acquisitions that meet our strategic criteria and fill strategic gaps. • Cross-pollination of our recently acquired and existing businesses between knowledge centres and geographies. *See our Wilmington North America case study on page 09 for details of our activities in this area.*
Successful implementation will achieve	• Growth in International revenue as a % of total revenue. • Equip divisions with information, education and networking capabilities.
Strategic Objective	**3 To create a fully digital enterprise**
2016 Progress	• The launch of the Wilmington hub at www.wilmingtonplc.com, a central hub to reflect our knowledge based model and to exploit more of our content. • Connecting our websites giving our clients greater visibility of all our services that could assist them to grow their business. • Introducing a social media sharing tool and culture with our people utilising our employee reach in social media. • Appointment of e-learning Director and a new Chief Technology Officer.
Focus 2017-2018	• Keeping our digital delivery at the cutting edge of technology ensuring efficiency and flexibility for our clients. • Develop a blended provision of knowledge which is flexible and meets the needs of our clients. • Continue to develop the Wilmington hub connecting and engaging our clients. • Use technology such as our Client Relationship Management development with Salesforce.com© to understand our client's needs to further assist them to create advantage for their business.
Successful implementation will achieve	• Improving our clients experience • Improve efficiency for Wilmington and our clients • Increase web traffic and an enhanced visitor experience

Case Study

WILMINGTON NORTH AMERICA

One of our key objectives is to increase the proportion of revenue which we generate from outside the UK. In 2015/16 our revenue generated from outside the UK increased to 42% from 39%.

North America is one key area of international growth for Wilmington; with the acquisition of Wilmington FRA, Inc ('FRA') in July 2015, turnover in North America is £19 million and accounts for 18% of our total turnover.

Following the acquisition of FRA, Wilmington has enhanced the networking capability of our Finance and Insight knowledge centres, whilst strengthening our footprint in North America. UK companies such as NHiS (provider of business intelligence and data analysis to the pharmaceutical industry) and AMT (provider of corporate finance and capital markets training) will benefit from FRA's extensive database of contacts as they aim to gain a foothold in North America, assisting organic growth.

Founded in 2001, FRA has a portfolio of over 80 events in Finance and Healthcare run out of offices in Santa Cruz, California and Charlotte, North Carolina.

FRA's flagship event, Resource Initiative and Society for Education ('RISE'), has over 1,000 associated members and is held annually in Nashville. The event is aimed at healthcare professionals and executives and specialises in addressing the issues surrounding healthcare such as the Affordable Care Act ('Obamacare').

With the similarities between the US Obamacare and the UK NHS, Wilmington now has an exciting prospect of emulating the success which it has enjoyed in the UK and projecting this into North America. The size of the US market offers a great opportunity for Wilmington to grow.

FRA now joins Wilmington Compliance Week, Inc as the second significant acquisition in North America as Wilmington aims to strengthen our North American footprint and continue to expand internationally.

See more content at:
www.frallc.com

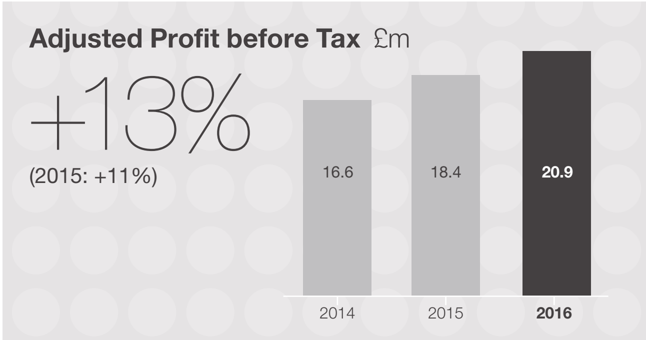
Key Performance Indicators and Operational Measures

At a Group level, we have eight key financial and operational measures.

❶ Adjusted Profit before Tax

This measure indicates the trading profits of the Group, after bank and interest charges, but before amortisation and impairment of intangible assets – publishing rights, titles and benefits and goodwill, adjusting items and share based payments. Amortisation of publishing rights, titles and benefits and impairment are non-cash technical accounting adjustments which do not necessarily reflect the inherent value of assets. This is particularly the case where the value of assets has been enhanced as a consequence of management action. See note 2 for the calculation of Adjusted Profit before Tax.

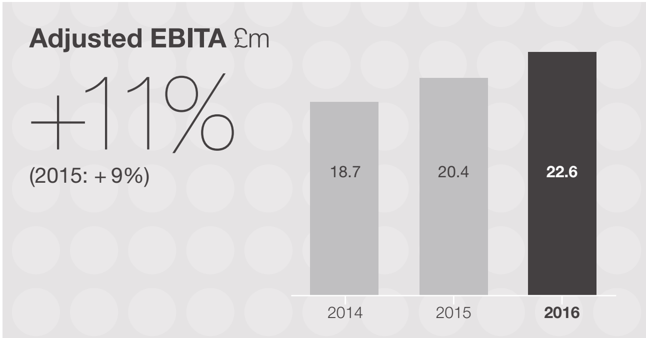
In the year ended 30 June 2016, Adjusted Profit before Tax increased by 13% to £20.9m (2015: £18.4m).



❷ Adjusted EBITA

This measure also indicates the trading profits of the Group. This measure is the same as Adjusted Profit before Tax excluding finance costs. See note 2 for the calculation of Adjusted EBITA.

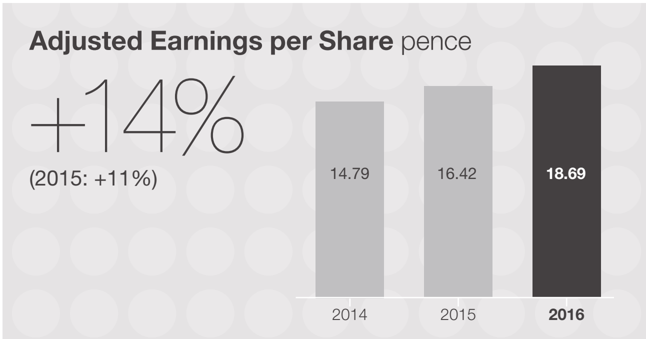
In the year ended 30 June 2016, Adjusted EBITA increased by 11% to £22.6m (2015: £20.4m).



❸ Adjusted Earnings per Share

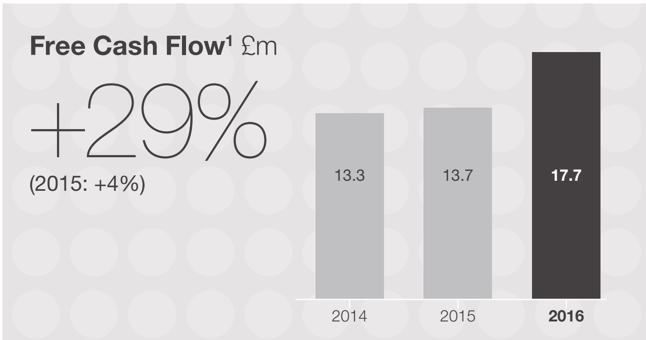
This key measure indicates the underlying profit attributable to individual shareholders. It measures not only trading performance, but also the impact of treasury management, capital structure, bank and interest charges, as well as the efficient structuring of the Group to appropriately manage tax. Our business and financial strategies are directed at delivering consistent adjusted earnings per share growth and our incentive programmes are designed to support this strategy.

For the year ended 30 June 2016, Adjusted Earnings per Share increased by 14% to 18.69p per share (2015: 16.42p). The increase was due to better overall financial performance achieved by the businesses, the efficient use of debt finance and falling UK tax rates.



❹ Free Cash Flow[1]

Free Cash Flow is an important indicator of resources available for payment of the Dividend and for support of our acquisition strategy. Free Cash Flow, which is calculated after deduction from operating cash flow of capital expenditure, payment of corporation tax and payment of interest, increased by 29% to £17.7m (2015: £13.7m). We seek to maintain a cover of at least two times the equity dividend.



[1] Free cash flow – see note 28 to the financial statements

❺ Cash Conversion

The quality of the operating profits is underpinned by the associated cash flow. The Group's business is strongly cash generative; Operating Cash Flow for the year ended 30 June 2016 of £23.9m represented 106% of adjusted operating profit before interest and amortisation (2015: £21.9m, 107%).

Cash Conversion | 106% (2015: 107%)

❻ Adjusted operating margin ('Return on sales')

Adjusted operating margin or return on sales ('ROS') is defined as Adjusted EBITA (see note 2) expressed as a percentage of revenue. During the year ended 30 June 2016 ROS was 21.4% compared to 21.5% in the prior year. This is a measure of efficiency, albeit also a measure reflecting mix. We aim to maintain Adjusted operating margins at over 20.0%.

Adjusted operating margin ('Return on Sales') | 21.4% (2015: 21.5%)

❼ Return on equity ('ROE')

ROE is defined as the Adjusted Profit before Tax (see note 2) divided by the average equity attributable to owners of the parent[1]. ROE was 42.8% for the year to 30 June 2016, compared to 34.4% in the prior year. ROE adjusted to remove any impairments since 30 June 2011 from Equity was 34.2% for the year to 30 June 2016, compared to 31.7% in the prior year. This shows our ability to maintain an efficient equity base. When making investment decisions, we focus on the impact on our equity. One important measure is the ROE which we seek to maintain at over 30.0%.

Return on equity ('ROE') | 42.8% (2015: 34.4%)

❽ Consistent and sustainable revenue streams

The disposal of non-core, predominantly advertising based trade magazines and media brands, over recent years has allowed the Group to focus on a portfolio of assets based in key professional markets, with the emphasis on provision of information, education and networking to these markets. This push towards more robust and sustainable revenue streams has resulted in a strong portfolio of offerings, which includes:

- data, information, intelligence and solution sales;
- professional education, training, events and services;
- professional accreditation and assessment; and
- large, industry leading annual networking events.

The Group has continued to increase the availability and variety of its products and services online and digitally, but remains conscious of the needs of markets, which continue to prefer some products produced in hard copy format or in person. Our businesses are supported by management and delivery systems utilising appropriate technology. We have continued to invest considerable resources in the improvement of our operating systems and online services which will deliver benefits in the current year and beyond. Subscriptions and repeatable revenue represent 75% of Group turnover compared to 76% in the prior year.

Consistent and sustainable revenue streams | 75% (2015: 76%)

At Divisional level we have a number of measures

At Divisional level we maintain a number of Key Performance Indicators ('KPIs') specific to the performance of each business within the division. Each of the operating divisions monitors their own key performance measures. This year we delivered an improved performance against the majority of our Divisional financial and operational targets. By continuing to focus on these benchmarks, we have been able to concentrate on mitigating the adverse effects of the downturn in some global markets and produce good results whilst establishing a more resilient and efficient platform to support future growth.

[1] Average equity attributable to owners of the parent – the sum of opening and closing equity attributable to the parent divided by two

Chief Executive Officer's Review

"Clients and communities remain at the centre of everything we do and we are working ever-more efficiently as a unified business. In the year ahead, as we focus on full implementation of our strategy, we will seek to make selective acquisitions and continue to invest in our back office, technology, content and resources platform as well as strengthen our international hubs with the addition of new talent."

Pedro Ros
Chief Executive Officer

Group revenue up
11% to £105.7m

Adjusted EBITA up
11% to £22.6m

Adjusted profit before tax up
13% to £20.9m

[1] Group contribution of £26,153k (2015: £23,829k) – see note 3 to the financial statements

I am pleased to present the annual results for the year ended 30 June 2016 which represents my first full year in charge as Chief Executive Officer. Overall it was a successful year reflected in the strong revenue performance which was up 11% (£10.6m) at £105.7m compared to 2015, with acquisitions in the period contributing £8.4m (net of disposals). Adjusted EBITA was up 11% (£2.2m) to £22.6m and Adjusted Profit before Tax was up 13% (£2.5m) to £20.9m with contribution from acquisitions in the period of £2.0m. The stronger relative growth from our higher margin businesses including acquisitions, combined with good overhead control offset declines in the Law for Lawyers businesses, and significant levels of investment particularly in the compliance businesses. The net result was the Adjusted EBITA Margins being maintained at 21.4% (2015: 21.5%).

Adjusted net finance costs were down £0.3m or 14% compared to 2014/15 despite spending £14.2m on acquisitions (including deferred consideration and net of disposal proceeds) in the period reflecting our strong cash flow and the benefits of the new debt facility in place since 1 July 2015. The growth in Adjusted EBITA combined with a reduced interest charge translated into Adjusted Profit before Tax up a pleasing £2.5m (13%) to £20.9m (2015: £18.4m).

A good profit performance overall was delivered across the Group not just from businesses enjoying strong demand but also from those businesses operating in more challenging markets whose contribution to the overall results is none the less as important and is appreciated.

We have continued to make great strides in reorganising, investing in and refocussing the business. Our vision and strategy builds upon the legacy of Wilmington's strong brands and market positions, creating a more compelling offering through a knowledge-based model underpinned by our evolving portfolio of world class digital products and services. Clients and communities remain at the centre of everything we do and we are focused on working more efficiently and as a more unified business.

Risk & Compliance

% of Group revenue	% of Group contribution[1]
37%	49%

This division provides in depth regulatory and compliance accredited training and information, market intelligence, and analysis. It focuses on the international financial services and international insurance markets as well as the UK pensions industry. The division contains our International Compliance Training ('ICT'), International Compliance Association ('ICA'), Axco, Pendragon, International Company Profile ('ICP'), Compliance Week and Inese businesses. The main community that uses our offerings are risk and compliance officers globally. This is an area which has demonstrated strong underlying organic growth which should be enhanced as we combine the various opportunities into an integrated offering. It also has the highest exposure to International markets of all our divisions.

	2016 £'m	2015 £'m	Movement £'m	%
Revenue	**38.8**	36.4	2.4	7
Contribution	**12.7**	11.9	0.8	7
Margin %	**33**	33		

Divisional revenue increased by 7% (£2.4m) and contribution by 7% (£0.8m) despite investing over £0.8m in additional resources and staff in our compliance business during the year. Margins were maintained at 33%.

Our compliance public courses, aimed at compliance professionals in many industries and geographies, grew by just under 30% and our on line training revenue grew by over 40%. This continued strong performance reflects general demand for accredited compliance training and qualifications supplied globally by ICT and ICA respectively. ICT provides accredited training programmes in anti-money laundering, compliance and financial crime and has developed and continues to develop compliance training programmes in the Banking, Oil & Gas, Pharmaceuticals, Insurance, Healthcare, Betting and Gaming sectors. This increase in public courses and online training demand was to some extent offset by fewer large one off induction assignments which had driven the strong comparator period last year. We also saw very strong growth in demand for accredited compliance training in the Asia Pacific market; serviced through our Singapore and Hong Kong offices.

ICA relaunched its professional membership services and added more content, networking events and other professional support services for compliance professionals. We are now actively building a global networking database of international compliance professionals and are aiming to attract 500,000 unique contact records over the next 18 months. This latter initiative is part of the strategic objective of ICA becoming the global association for compliance professionals and Wilmington becoming the pre-eminent global provider of training, qualifications, information and networking services to the governance, risk and compliance ('GRC') community.

We have invested £0.8m in the period in a number of senior appointments, trainers, sales and administrative support staff together with e-learning capability and compliance programmes to expand our infrastructure. This investment will continue into 2016/17 with the continued expansion of regional representative and training offices, starting with a major step change in North American operations which is expected to cost up to £500,000 during 2016/17 and will involve the recruitment of local staff as well as adapting our technical content and programmes. We are also continuing the expansion of International Compliance Association education and training programmes into new geographies and industry sectors as well as investing in new ICA membership benefits including online content library access. In support of this global initiative, further investment will also be made in Compliance Week to expand its geographical reach in terms of events and information coverage.

ICT and ICA are looking to increase still further their international footprint particularly into the EU and, as mentioned above, the US by opening two to three new overseas offices a year. This will give better local market access and networking opportunities as well as facilitating local strategic partnerships and provide additional resources particularly local based trainers. Another exciting initiative is the launch of our new compliance audit business which will help client financial institutions apply for ISO19600, the international standard for compliance management systems covering companies, associations and authorities across all industries.

Growth in compliance continues to be constrained to some extent by the availability of qualified trainers although we have been consistently investing in our own trainer induction and conversion programmes. We still see many opportunities to launch new compliance products in most regulated markets and are focusing our efforts on an industry by industry basis.

Overall, our compliance training businesses (which represent c.40% of the division's revenue) grew 9% in the year.

Compliance Week, our US GRC events and information business saw revenue up 4%. We are investing in new content and technology to reposition the business as a GRC resource centre and events business collaborating with other parts of Wilmington, in particular ICT and ICA. As part of this globalisation strategy we already hold Compliance Week Annual Conferences co-attended with our ICT and ICA businesses in Washington, Brussels and now in Dubai. The flagship event in Washington held in May 2016 enjoyed continued success and again attracted record delegates and sponsorship. For 2016/17 further investment is being made to strengthen the content offering and more topic areas will be added together with supporting databases.

Axco, the industry leading provider of insurance market intelligence, regulation and compliance information reported 5% revenue growth helped by the continued success of its new digital subscription products and the roll out of new insight products which enhanced our analytical insurance offerings. Axco is evaluating a new statistical data product which will allow Axco to further monetise and leverage the vast quantities of insurance data it holds. Axco is also planning the establishment of local offices and relationship management teams in Asia Pac, the Middle East and in Africa leveraging, in most cases, existing Wilmington offices.

Pendragon which provides compliance information and workflow tools for the UK pensions markets maintained its market leading position. We are completing the beta testing of the new pension legislation platform, 'New Perspective', which continues to generate strong interest from existing and potential new clients. To supplement Pendragon's client offerings we purchased in August 2016 the rights to 'The Guide for Pension Trustees' which will provide further in depth editorial content and resource for Pendragon clients.

ICP which provides company credit reports aimed at credit risk managers had a strong year with revenue up 6% benefitting from the pipeline of orders reported at 30 June 2015 and from continued strong growth in particular in the Middle East and Africa. ICP is proposing to invest £0.3m during 2016 to 2018 in the next generation of client credit reporting and associated website support.

Inese our leading insurance information and events business serving the Spanish Insurance market and, increasingly, clients in South American markets grew revenue by an encouraging 7% in constant currency terms. The Spanish insurance market is showing slow albeit steady recovery which is reflected in increased demand for insurance networking events. In August 2016 we purchased the Inese franchise for the Catalonia region of Spain in order to enhance its revenue growth prospects and help provide uniform insurance offerings across the whole Spanish market.

Overall divisional contribution increased by £0.8m (7%) to £12.7m (2015: £11.9m). Margins were maintained at 33%.

Chief Executive Officer's Review

Finance

% of Group revenue	% of Group contribution
20%	17%

This division includes Wilmington's financial training businesses including AMT and Mercia and the financial networking events of FRA. The consolidated offerings of its finance areas should drive good revenue growth as well as exploit growing international markets. The Finance division provides expert and technical training and support services to professionals in corporate finance and capital markets and to qualified accountants in the UK in both the profession and in industry. This division serves primarily Tier 1 banks, the international financial services industry, US Capital Markets and small to medium sized professional accountancy firms.

	2016 £'m	2015 £'m	Movement £'m	%
Revenue	**21.2**	18.7	2.5	13
Contribution	**4.5**	4.4	0.1	2
Margin %	**21**	23		

The division continued its strong overall revenue growth reported at the half year with an increase of £2.5m (13%) compared to 2015, supported by a maiden revenue contribution of £2.1m from FRA technical financial conferences. Underlying growth was 2% excluding FRA. Growth drivers included demand from Tier 1 banks for face to face graduate induction training, and from face to face training demands from professional accountants, particularly around the recent changes to UK accounting standards and the recent additional UK fiscal budget.

AMT in the last quarter suffered from the impact of actions from a group of former AMT trainers and staff which resulted in the loss of two major accounts. As reported in our Interim results and in the May IMS, Wilmington had commenced legal action to protect its position, including the enforcement of certain non-compete obligations and the recovery of compensation for breaches of contract.

This legal action was brought to a conclusion, resulting in a reduced net cost of £0.1m compared to an estimated cost of £0.8m indicated in the May 2016 IMS. Despite this and a softening of training for Tier 1 banks in the Asia Pacific region, AMT delivered another good year with revenue only marginally down on what was a record year in 2014/15.

The new-year for AMT has started slowly, partially impacted by the loss of those major accounts reported above and the pipeline of new business is consequently weaker than in 2015/16. AMT, which generates most of its revenue and contribution in the summer months is developing products in adjacent market segments as a source for further future growth.

Technical accountancy training, which represents around 60% of the divisions revenue before the FRA acquisition continues to see increased demand for technical and marketing support and had benefitted from the UK Government's additional July 2015 fiscal budget. Revenue grew by 5%. The acquisition of SWAT Group on 19 July 2016 will provide opportunities for further expansion of technical training not just geographically into the South West of England and London but also into new markets including student training.

FRA financial networking events (acquired in July 2015) contributed revenue of £2.1m. The events suffered from reductions in average delegates compared to 2014/15 (the period before acquisition) mirroring the challenges faced by the wider equity and, in particular, hedge fund markets. FRA events were however profitable in the second half of the year, recovering from a loss making first half albeit ending only marginally profitable overall for the year.

Overall divisional contribution was 2% (£0.1m) ahead of last year at £4.5m (2015: £4.4m). Margins were down to 21% from 23% reflecting the marginal profit impact of FRA financial events.

Legal

% of Group revenue	% of Group contribution
15%	6%

The Legal division provides a range of training, professional support services and information including Continuing Legal Education ('CLE'), expert witness training, databases and magazines to legal professionals. The business which offered a wide range of services is now focussing on two basic offerings; providing law services to lawyers in the profession and industry and law services for non-lawyers.

	2016 £'m	2015 £'m	Movement £'m	%
Revenue	**15.5**	16.3	(0.8)	(5)
Contribution	**1.7**	2.2	(0.5)	(23)
Margin %	**11**	14		

The division saw revenue reduce by 5% (£0.8m) continuing the trends reported at the half year. This continued reduction, although disappointing, reflects the challenging market conditions previously reported particularly surrounding reduced demand for face to face training and the proposed change to the Legal profession's CLE rules.

The Law for Lawyers businesses which represent around half of the division's revenue experienced further reduced demand for face to face CLE information, education and conferences. In particular, there has been a larger than expected decline in high margin advertising revenues from some of our annual legal directories and reports which has necessitated further cost reduction measures including the loss of a number of staff positions. During the period, we restructured the publishing arm of the division, reduced the cost base and closed some peripheral legal titles, as well as closing the Waterlow cost drafting service.

Reflecting the continued structural challenges in the Legal market which show no signs of improving and following the Group's decision in February 2016 to restructure the Legal division by reference to the main communities served – Law for lawyers and Law for non-lawyers, we have decided to reduce the carrying value of goodwill in Ark and Central Law Training ('CLT') which make up the bulk of our Law for Lawyers business by £15.7m. This is a non-cash adjustment against investments the bulk of which were made in 1999. CLT and Ark have been good investments for the Group generating over £40m contribution to group profits between them since acquisition. Also our highly successful compliance business ICT and ICA have all originated from the CLT investment.

CLT Scotland, which operates in a different CLE environment to the rest of the UK, has benefited from increased Scottish Legislation and increased paralegal training demand and saw good revenue growth, up 8%.

Law for non-lawyers lead by Bond Solon had another record year with revenue up 10%; an excellent achievement. The business has been very successful in winning bespoke technical training contracts as well as its core offering of expert witness and witness familiarisation training.

Insight

% of Group revenue **28%**

% of Group contribution **28%**

The Insight division increasingly provides analysis and clarity to customer-focused organisations, enabling them to better understand and connect with their markets. This division includes our UK healthcare information businesses, our French language medical news agency, our non-healthcare data suppression, media, and charity information businesses. It also includes the healthcare networking events of FRA.

	2016 £'m	2015 £'m	Movement £'m	%
Revenue	30.2	23.7	6.5	27
Contribution	7.3	5.4	1.9	36
Margin %	24	23		

Revenue was up 27% (£6.5m) and, adjusting for adverse currency movements, the Media business disposal (£1.1m revenue in 2015) and the contribution from the three acquisitions in the year of £7.4m, underlying revenue was up 1% in constant currency terms compared to 2015.

Healthcare which now makes up 73% by revenue of this division including the FRA networking events recovered from a mixed start to the year. The trends continued to some extent with a continued reduction in lower margin marketing data and mailing service sales and a loss of some higher margin pharma sales caused by stronger Pan-European competition. These were offset by good growth from NHiS which had a very strong finish to the year (up 9%) and from bespoke marketing support provided by Onmedica recording revenue growth of 18%. Overall healthcare revenue grew 3% in constant currency and was enhanced by contributions from Wellards (£1.0m) and Evantage (£0.3m) acquired in January and March respectively.

NHiS, the provider of business intelligence and data analysis to the pharmaceutical industry, is still seeing more traction from one-off assignments which focus on offering analyst led insightful information. Its offering is strengthened still further by the addition of Evantage product and consultancy support.

APM, our French language medical news agency, saw good underlying growth of 3% in constant currency terms.

From 1 July 2016 we have formally combined all our various UK healthcare businesses (Binleys, Onmedica, NHiS, Wellards and Evantage) into a single unified operation 'Wilmington Healthcare'. Wilmington Healthcare has been created to enable a client focused portfolio of commercial optimisation solutions for the Life Science Industry as well as enhanced value for other healthcare customers. Wilmington Healthcare is led by a single leadership team which enables deeper customer understanding and better alignment of the company's solutions with client needs. Wilmington Healthcare offers customer intelligence, e-learning, digital communications services and analytics capabilities to deliver end to end solutions for increasingly international assignments.

The data suppression and charities businesses were marginally down as expected in revenue terms compared to last year and the focus continues on delivering higher margins through ongoing reorganisation and the review of marginal business operations.

FRA healthcare networking events had an excellent maiden performance as part of Wilmington; contributing £6.1m to revenue (£2.1m of finance events are shown under Finance out of a total revenue of £8.2m). FRA's flagship conference RISE Nashville saw very strong delegate and sponsorship sales; this together with buoyant demand for its portfolio of healthcare networking events combined for an excellent second half year performance.

Benefiting from a contribution of £2.0m from acquisitions including FRA, overall contribution increased by 36% (£1.9m) to £7.3m (2015: £5.4m). Adjusting for acquisitions, disposals and the adverse impact of currency (which reduced profits by £0.1m) the underlying contribution was flat. Margins benefitted from the higher margin acquisitions in the period to increase to 24%.

Group overheads

Group overheads, which include Board costs, head office salaries as well as unallocated central overheads, increased by £0.1m (3%) to £3.5m (2015: £3.4m).

Relocation of UK back office function

The Group is relocating its back office functions including financial processing, elements of IT and HR administration to existing freehold premises in Basildon during the period to 31 December 2016. The estimated reorganisation costs are £0.3m shown within adjusting items and there will be further investments totalling £0.3m in fixtures and IT infrastructure during 2016/17. The new location will provide a low cost and efficient centre to support the future growth of the business.

Chief Executive Officer's Review

Brexit

Wilmington's business is driven by legislation and regulation changes particularly as they affect our chosen communities. Our biggest and most immediate concern in the run up to the vote on whether the UK will leave the EU was currency volatility. Prior to the vote we sold forward our expected US dollar and Euro surpluses in accordance with our treasury policy for delivery in 2016/17.

At both the plc level and divisional board level we continue to monitor and assess the implications of the United Kingdom leaving the EU and we see the possible impacts in four main areas;

- from the perspective of our international and domestic client base buying our products and services;
- from the perspective of our businesses physically operating or based outside the UK but in the EU;
- from the perspective of attracting and retaining talent from outside the UK and in the EU; and
- from the perspective of currency impacts on revenue and other costs of the business.

The activation of Article 50 and the start of a formal exit negotiation and process will add to existing uncertainty not only for our clients but for our people from the EU working for Wilmington in the UK. The start of the process will inevitably require or result in changes to regulation and legislation for many years to come and we believe on balance this process will be good for demand for our products and services. Our view is that our offerings will continue to be relevant post Brexit for our customers and will evolve to help clients understand and address their own issues and opportunities that Brexit will bring.

Our people are key to the success of our increasingly international business and we employ many citizens from overseas countries including the EU in our UK based businesses. We are committed to retain the services of our colleagues and will continue to recruit and retain the best talent from around the world.

In terms of the pricing of our products our strategy has been to set prices predominantly in the operational currency of our clients i.e. for clients outside the UK we set our prices in Euros, US dollars or in Singapore dollars. As such the Brexit impact on the sterling exchange rate will not directly affect the price of our products to our clients. As our cost base is largely in Sterling we have a natural currency exposure which we typically cover each year by forward sales of currency. For 2016/17 we have sold 10m US dollars at an average rate of $1.46 and 3.5m Euros at €1.26.

We have two businesses based outside the UK in the EU; APM which is our French language medical news agency and Inese our Spanish Insurance information and events business. Both businesses predominantly service their local markets and to a large extent are insulated from the UK's exit from the EU. Currently we see no major operational or financial impacts on these businesses.

Acquisitions

As previously reported Wilmington acquired Financial Research Associates ('FRA') a leading US conference and networking provider of specialist events in healthcare and finance on 6 July 2015 for an initial consideration of £8.5m ($13.0m). FRA enhances our networking capabilities in Finance and in Healthcare.

On 18 January 2016 Wilmington acquired JMH Publishing Limited a leading UK provider of specialist and accredited online education for the healthcare industry which owns the respected trading brand 'Wellards' for cash consideration of £3.4m (net of cash acquired). This acquisition provides education capability to our Healthcare business within our Insight division. Wellards generates 70% of its revenue from subscription with over 90% renewal rates.

On 24 March 2016 Wilmington acquired Evantage a leading UK-based provider of specialist Healthcare and Pharmaceutical Analytics solutions for an initial £1.4m with a working capital adjustment (net of cash acquired) of £0.6m and a deferred cash consideration of up to £4.6m by 2020 based on stretching profit based targets. Evantage enhances Wilmington's analytics capability specifically in healthcare where it has partnered with NHiS for the last five years. The acquisition brings specialist knowledge and experience in the analysis of healthcare admissions, pathway and treatment data as well as industry-leading competence in customer engagement and optimisation solutions for the Life Sciences sector.

The investment in strategically relevant acquisitions continues and after the year end we announced the acquisition of SWAT Group Limited ('SWAT'), a leading provider of training, and technical compliance support to accountancy firms in London and the South West of England. SWAT will form part of the Mercia accountancy training, technical and marketing support business. The consideration was an initial cash payment of £2.4m and a deferred consideration payment of up to £3.0m payable in September 2018 in cash subject to SWAT achieving challenging profit targets over the two financial years ending 30 June 2018.

SWAT which generates 50% of its revenue from subscription based products gives Wilmington a bigger presence in London, and extends the Group's business into the South West of England where Mercia our Accountancy training business has been under-represented. The acquisition also provides Mercia with an opportunity to sell its technical and marketing services to SWAT's clients as well as providing access to the accountancy student training market. The Business will form part of the Finance Division.

Executive team

To support our exciting growth strategy we have made a number of senior appointments during the year including a new CTO and a Group HR Director and, in July 2016, an e-learning Director. In recognition of our international ambitions we have appointed in August 2016 a Managing Director of the Asia Pacific region to mirror the structure we have in North America. This position will provide further support for our growing presence in this key market, in particular helping us identify new opportunities for Axco, AMT and ICP.

Pedro Ros
Chief Executive Officer
13 September 2016

Case Study

PEOPLE AWARDS

Wilmington plc

At the heart of every successful business are its people, and Wilmington is no different. Each year we hold awards to celebrate success and to highlight the best individual and team performances.

See more content at:
www.wilmingtonplc.com/our-knowledge/news/wilmington-awards-watch-video

Nominees are chosen by the staff themselves from all areas of the group, and are given an opportunity to be recognised for qualities or behaviours such as innovation, determination, hard work or financial successes.

This year there were 148 nominations over the 10 nomination categories, highlighting and recognising talent throughout the group. Categories ranged from 'Product Development' and 'Best Content' to 'Marketing' and 'Customer Service' and are chosen to be in line with our values of Enabling, Enhancing, Collaborating and Innovating.

All nominations are reviewed by the Senior Leadership Team made from staff throughout the group, and 45 were chosen for the shortlist to attend the Wilmington Awards Dinner at the 2015 Wilmington International Annual Conference just outside London in October 2015.

A few of the winners at the awards were:

Product Development

Mercia Online Library Team

Providing digital content modules for accounting firms to assist them in understanding new accounting standards.

Innovation

ICA / ICT Open Day Team

Providing an open day for training courses in the Compliance industry where potential delegates can attend to meet the staff and listen to key speakers.

Account Management (joint winners)

Axco & CLT International

The CLT International team finalised a 10 year contract with The Society of Trust and State Practitioners this year, after two years of negotiation.

The Axco management team are constantly negotiating with market leaders in the quick paced and ever changing insurance industry.

A full list of the winners at the 2015 Wilmington Awards are as follows:

Account Management (Joint Winners)
CLT International/ Axco
Unsung Hero
Kayleigh Seagroatt, (Binley's)
Marketing
ICT Marketing Team
Digital
AMT Online Team
Customer Service
AMT Customer Service Management Team
Innovation
ICA/ICT Open Day Team
Best Manager (Joint Winners)
David Baldock, (Wilmington Business Intelligence) Daniel Barton, (Wilmington plc)
Sales (Joint Winners)
James Stock, (Binley's) Bond Solon Solicitors Group Team Kevin Weigel, (FRA, Commended)
Product Development
Mercia Online Library Team
Best Content
Trade and Forfaiting Review

Corporate, Environment and Social Responsibility

Making a positive impact

Wilmington seeks to be socially responsible, having a positive impact on the communities within which it operates.

We seek to employ a workforce that reflects both the diversity of our customers and the communities where we have a presence. We do not discriminate on grounds of age, sex, race, ethnicity, religion, sexual orientation or disability. We strive to provide all our employees opportunities to grow and develop whilst at Wilmington. These opportunities include excellent working conditions, access to the latest technology and appropriate training and development to help and encourage our employees to fulfil their potential.

Our apprentice and intern programmes have also continued to grow over time, across different businesses and key geographical locations, developing still further the Group's community and people investment.

Wilmington plays an important role in supporting the charity community, for example www.charitychoice.co.uk, a website which supports charities and raises awareness of their fundraising activities. The online donation service coordinated donations during the year of £829,000 for various charities.

Environmental policies

The Board recognises that Wilmington's business has an impact on the environment, principally through the use of energy, waste generation, paper use and print and production technologies. We are committed to reducing the impact wherever possible and to utilising sustainable materials and technology. We seek to ensure that Wilmington's divisions are compliant with relevant environmental legislation and require, where possible, our suppliers and contractors to meet the same objectives. Furthermore, our progress towards a digitally based business is reducing our environmental impact. Accordingly, whilst environmental issues are important we do not believe that they constitute a risk for the Group.

The Head of Facilities Management is responsible for managing and monitoring environmental issues across the Group.

Our policies are to:

- Meet or exceed the requirements of current environmental legislation that relates to the Group;
- minimise energy and water usage in our buildings, vehicles and processes and improve the efficient use of those resources;
- apply the principles of continuous improvement in respect of air, water, noise and light pollution from our premises, and reduce any impacts from our operations on the environment and local community;
- minimise our waste and then reuse or recycle as much of it as possible;
- as far as possible, purchase products and services that do the least damage to the environment and encourage others to do the same;
- ensure environmental and energy performance issues are considered in the acquisitions, refurbishment, design, location and use of buildings;
- assess the environmental impact of any new processes of products we intend to introduce in advance;
- ensure understanding of our environmental policy internally and externally and communicate its performance on a regular basis, and encourage feedback;
- set and monitor KPI's for our environmental performance at least annually; and
- update our environmental policy regularly.

Paper

Paper is sourced from a chain of custody certified suppliers to ensure only sustainable raw materials are used within its production. The vast majority of paper is produced at mills with ISO 14001 accreditation and Environmental Management System ('EMAS') registration.

Printers

All our major print suppliers are ISO14001 certified or encouraged to work towards a minimum of this standard. Many now also utilise Forest Stewardship Council or Programme for the Endorsement of Forest Certification. All our printers work in a digital environment, with the resultant reduction in transport, courier and energy utilising activities.

Packaging

For magazines we use recyclable polythene with a thickness of 25 microns. Where possible we are also converting to exo-biodegradable and potato starch forms of polythene.

Offices

The Group's activities are primarily based in office accommodation and, wherever practicable, the Group adopts energy saving policies. Any new or replacement air-conditioning units are being sourced from the energy efficient range and show a 70% saving in energy consumption. With regard to the office environment, the Group encourages the recycling of materials such as paper, cardboard, toners and cartridges wherever possible. The Group also ensures the correct disposal of electrical equipment and fluorescent tubes is compliant with the Waste Electrical and Electronic Equipment Directive.

Over the past few years, we have reduced our property portfolio by 43,000 square feet, representing approximately a third of our previous occupancy space. We have also installed occupancy detection lighting and eco-friendly WCs and basin taps in a number of areas around the Group.

Travel

The introduction of video conferencing technology in the Group's offices has significantly reduced the requirements for travel, particularly when dealing with overseas offices and clients. The success of training webinars has also seen the additional benefit of reducing delegate travel to venues. Wilmington is also continuing its cycle incentive incorporating the Cycle to Work scheme which is within the guidelines of the Government's green travel plan. As part of the scheme Wilmington provides employees with a loan for cycle and safety equipment up to a maximum of £1,000. To further support the cycle scheme, Wilmington has also arranged for free cycle parking facilities for employees based in its London offices.

Greenhouse gas emissions reporting

The release of greenhouse gases ('GHG'), notably carbon dioxide ('CO_2') generated by burning fossil fuels, has an impact on climate change which, either directly or indirectly, presents considerable risks both to the business and the planet. The Group is committed to monitoring and, where practically possible, reducing its GHG emissions.

Global CO_2 emissions data	**30 June 2016 Thousand Tonnes of CO_2e**	30 June 2015 Thousand Tonnes of CO_2e
Emissions from		
Scope 1 – Direct CO_2 emissions	**72**	73
Scope 2 – Indirect CO_2 emissions	**605**	675
Total emissions	**677**	748
CO_2 ratio (thousand tonnes of CO_2 per employee)	**0.83**	0.92

Methodology

Wilmington's GHG emissions were calculated with the assistance of a specialist third party provider using activity data from the Group's management accounting system (verified by third party supplier invoicing), and emission factors from Defra's Conversion Factors for Company Reporting 2014 for converting energy usage to carbon dioxide equivalent (CO_2e) emissions. The group followed the methodology in the GHG Protocol Corporate Accounting and Reporting Standard (revised edition). The analysis has used an operational control approach – this means that certain sites which have a service agreement for utilities have not been included in the footprint.

This assessment takes into account all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Financial Review

"I am pleased to announce that for the twelve months ended 30 June 2016 revenue increased by 11% to £105.7m, while Adjusted EBITA was up 11% at £22.6m"

Anthony M Foye
Chief Financial Officer

Adjusted Earnings per Share up
14% to 18.69p

Total dividend up
5.2% to 8.1p

Free cash flows up
29% to £17.7m

Adjusting items

Reference is made in this financial review to adjusted results. Adjusted results in the opinion of the Directors provide a more comparable indication of the Group's underlying financial performance and exclude adjusting items set out in note 5.

	2016 £'m	2015 £'m	Movement £'m	%
Revenue	**105.7**	95.1	10.6	11
Adjusted EBITA	**22.6**	20.4	2.2	11
EBITA Margin %	**21.4**	21.5		

Revenue

For the twelve months 30 June 2016 revenue increased by £10.6m (11%) to £105.7m (2015: £95.1m). On a constant currency basis underlying revenue was also up 11%.

Net operating expenses

Net operating expenses, excluding adjusting items, were £83.1m (2015: £74.7m) up 11% in line with revenue.

Adjusting items net operating expenses

Adjusting items net operating expenses were £2.4m (2015: £1.1m). Items include £1.7m relating to acquisitions costs and deferred consideration, £0.1m in relation to the net costs of the AMT legal action, £0.6m in relation to the legal reorganisation and the movement of the UK back office finance and HR functions from London to Basildon.

Amortisation

Amortisation of intangible assets (excluding computer software) was £5.5m, compared to £6.1m in the previous year. The reduction reflects acquisitions made in the period offset by the impact of previous acquisitions now fully amortised.

Impairment of goodwill

A non-cash impairment of £15.7m has been made against the goodwill values in CLT and in Ark which form the bulk of the Law for Lawyers business. This impairment reflects the impact of structural changes in the legal training market. CLT was acquired by Wilmington plc in May 1999 and during the time that CLT has been part of Wilmington it has contributed a total of £36.8m profits to the group. Ark was acquired by Wilmington plc in October 2005. During the time that Ark has been part of the Wilmington it has contributed a total of £4.5m profits to the group. Further information is given in note 12.

Share based payments

The share based payment expense in the year was at £0.6m compared to £0.9m in 2014/15. 2014/15 included £0.1m of additional cost in respect of compensation of loss of office due to a former Director.

Operating (loss)/profit (EBITA)

Operating profit was down £13.8m to an operating loss of £1.5m from a profit of £12.3m in 2015 due to the non-cash impairment of £15.7m offset by increased trading contribution. Adjusted EBITA was up £2.2m (11%) at £22.6m (2015: £20.4m). Adjusted EBITA margins were 21.4% (2015: 21.5%).

Net finance costs

Net finance costs before adjusting items which consist of interest payable and bank charges were down 14% to £1.7m from £2.0m despite spending £14.2m on acquisitions (including deferred consideration and net of disposal proceeds) in the period which contributed to net debt increasing by £6.1m to £34.7m. This reduction in interest payable is reflective of lower applicable loan margins associated with the new debt facility put in place on 1 July 2015. Adjusting items included in net finance costs of £0.2m relate to the previous loan facility fees written off when the new loan facility was put in place.

Net debt in the twelve months to 30 June 2016 ended at £34.7m compared to £28.6m at the end of June 2015; a net increase of £6.1m. On 1 July 2015 Wilmington plc extended its loan facility for a further five years until 1 July 2020.

Taxation

Taxation increased by £0.4m (17%) to £2.8m from £2.4m. The increase in the tax expense is due to an increase in profits before tax before the impairment provision of £15.7m of 19% offset by a reduction to UK corporation tax rates. The effective tax rate is 23.2% (adding back the impairment of £15.7m) compared to 23.6% in 2015. The underlying tax rate which ignores the tax effects of adjusting items decreased from 23.1% to 22.4%. These reductions reflect, inter alia, the reduction in UK corporation tax rates during the year.

(Loss)/profit before taxation

The non-cash impairment of £15.7m resulted inter alia in a loss before tax of £3.4m (2015: profit £10.3m) a reduction overall of £13.7m. Adjusted Profit before Tax increased by 13% (£2.5m) to £20.9m from £18.4m.

(Loss)/earnings per share

Adjusted Basic Earnings per Share increased by 14% to 18.69p (2015: 16.42p). Basic loss per share was 7.39p compared to a profit per share of 8.96p and diluted loss per share was 7.39p compared to a profit of 8.83p.

Goodwill

Goodwill decreased by £6.3m from £77.1m to £70.8m due to the impairment of £15.7m, exchange rate movements of £1.4m in the period, offset by additions of £8.0m arising from acquisitions made in the period.

Intangible assets

Intangible assets increased by £5.4m reflecting £10.0m from acquisitions made in the year and other additions, mainly computer software, of £0.9m and exchange rate movements of £1.3m offset by amortisation of £6.8m.

Property, plant and equipment

Property, plant and equipment decreased by £0.2m to £4.6m reflecting additions to tangible fixed assets of £0.7m (2015: £0.8m) offset by depreciation of £0.9m.

Trade and other receivables

Trade and other receivables increased by £4.4m reflecting acquisitions which added £1.2m, higher trading activity particularly in the last three months for Compliance, Axco and NHiS and the £0.6m effect of foreign exchange movements.

Trade and other payables, subscriptions and deferred revenue

Trade and other payables increased by £1.2m to £21.6m (2015: £20.4m) reflecting, inter alia, acquisitions in the period. Subscriptions and deferred revenue increased by £3.1m or 16% to £22.3m (2015: £19.2m). Acquisitions accounted for £2.1m of the increase, foreign exchange was £0.3m and organic growth was £0.7m or 3%. Risk & Compliance grew by £1.1m (12%), this was offset by marginal declines in the Legal, Finance and Insight divisions. Within Risk & Compliance the compliance deferred revenue was up 43% and Axco was up 12%. Within Insight, healthcare, excluding acquisitions was up 10% including a 26% increase in NHiS.

Current tax liabilities

Current tax liabilities increased from £0.8m to £1.6m reflecting acquisitions in the period and higher tax associated with higher overall group profits.

Net debt

Net debt, which includes cash and cash equivalents, bank loans (excluding capitalised facility fees) and bank overdrafts, was £34.7m (30 June 2015: £28.6m) an increase of £6.1m (£1.1m relates to foreign exchange movements). Acquisition costs (including deferred consideration and net of disposal proceeds) of £14.2m were offset by cash conversion of 106% (2015: 107%). Net debt at June 2016 represented 53% of our debt and overdraft facility of £65m. This facility was extended on 1 July 2015 to 1 July 2020. Note 20 to the financial statements provides further details of the amended terms to 1 July 2020. In accordance with accounting standards all of the bank loans and overdrafts ('borrowings') in 2015 were shown under current liabilities as the £65m debt facility at 1 July 2015 was repayable within one year.

Financial risks

The Group is exposed to foreign exchange risks, liquidity and capital risks and credit risks, the foreign exchange loss in the year was £0.2m (2015: £0.3m). The Group has policies that mitigate these risks, see note 20 for further details.

Share capital

During the year 0.5m new ordinary shares of £0.05 were issued in settlement of shares vesting under the Group's Performance Share Plan. This resulted in an increase to share capital of £23,914.

Dividend

It is the Board's intention to pay a progressive dividend whilst ensuring a cover of at least two times the Group's adjusted earnings per share over the dividend per share in respect of the year. A final dividend of 4.3p per share (2015: 4.0p) will be paid on 18 November 2016 to shareholders on the register as at 21 October 2016.

Anthony M Foye
Chief Financial Officer
13 September 2016

Case Study

WELLARDS ACQUISITION

In January 2016 Wilmington announced the acquisition of Wellards, and in doing so added 'education capabilities' to the healthcare business within our Insight division.

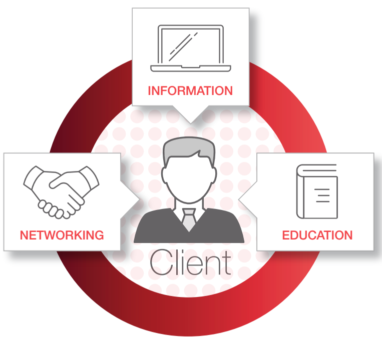
See more content at:
www.wilmingtonplc.com

Wilmington
Insight

Wilmington can now provide knowledge via Information, Education and Networking across all of our four knowledge areas.

Founded in 1998, with the production of the very first 'Wellards Guide to the NHS' with a team of 18 employees based in East Sussex Wellards is widely recognised as the industry standard for NHS Training.

Wellards is expert at deploying blended e-learning techniques using face-to face training and events and online training to become the leading provider of specialist, accredited online education for the UK healthcare industry. In addition to training, Wellards administer the Medical Industry Accreditation ('MIA'). Supported by the Association of British Healthcare Industries, MIA gives healthcare establishments assurance that those in the industry are properly trained for acute-care environments.



	Information	Education	Networking
Risk & Compliance	✓	✓	✓
Finance	✓	✓	✓
Legal	✓	✓	✓
Insight	✓	✓	✓

Wellards
Wilmington Insight

Wellards qualifications appeal to clients in both the pharmaceutical and medical-technology ('Med-Tech') industries. Wellards currently have over 9,500 MIA-accredited representatives, and over 52,000 users completed examinations in 2015.

Training is accessed via the online Wellards Academy portal which offers over 80 online courses written by the highly experienced in house editorial team. The Academy portal accounts for over 70% of revenue for Wellards and enjoys 90%+ renewal rate.

Risks and Uncertainties Facing the Business

Identifying and managing our risks

The Board is responsible for the Group's system of risk management and internal controls. Risk identification, assessment and management is one part of the Group's internal control environment and risk management is recognised as an integral part of the Group's activities.

The Board determines the Group's appetite for risk when considering strategic objectives, and the acceptable level of risk that can be taken on by the Group and its individual operating entities ('Wilmington risk appetite'). Wilmington's businesses worldwide are responsible for executing their activities in accordance with the local risk appetite set by the Board, complemented by the Wilmington Code of Conduct, Anti Bribery and Corruption ('ABC') guidelines, other Group policies, and values within delegated authority limits. The Risk Assessment covers a three year period consistent with the period of assessment used in the viability statement review.

Risk is assessed across the Group by the Wilmington Risk Committee, comprising members of the Executive Committee and the Group Company Secretary that report directly to the Board using a combination of structured formal interviews, monthly operational updates, site visits, 'bottom up' reporting and registers (the 'Risk Assessment'). The Risk Assessment covers both external and internal factors and the potential impact and likelihood of those risks occurring. Twice per annum the Audit Committee discusses the report received from the external auditors regarding their audit; which includes comments on their findings on internal control and risks.

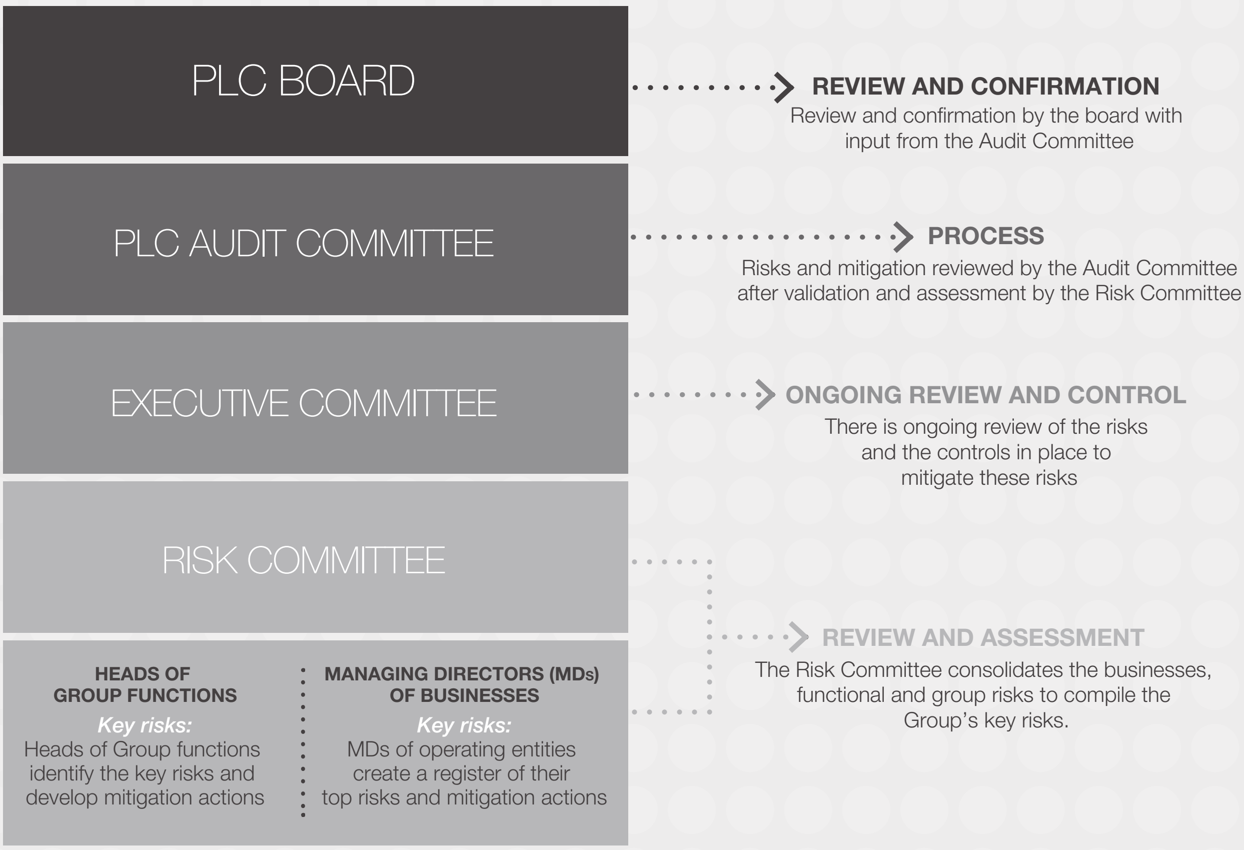
Risks once identified are reviewed and then incorporated into formal risk registers held at both a Group and at entity level, which evolve to reflect any reduction/increase in identified risks and the emergence of any new risks. Where it is considered that a risk can be mitigated further to the benefit of the business, responsibilities are assigned and action plans are agreed.

The Wilmington Risk Committee coordinates and facilitates the risk assessment process on behalf of the Board. Group policies and delegated authority levels which are set by the Board provide the means by which risks are reviewed and escalated to the appropriate level within the Group, up to and including the Board, for review and confirmation.

We have a clear framework for identifying and managing risk, both at an operational and strategic level. Our risk identification and mitigation processes have been designed to be appropriate to the ever-changing environments in which we operate.

The following chart summarises our business risk management structure.

Business risk management structure



Risks and Uncertainties Facing the Business

Roles and responsibilities

The Board regularly reviews the Group's key risks and is supported in the discharge of this responsibility by various committees, specifically the Audit Committee. The risk management roles and responsibilities of the Board, its Committees, and business management are set out below, and all of these responsibilities have been met during the year.

1 BOARD

Responsibilities

- Approve the Group's strategy and objectives
- Determine Group appetite for risk in achieving its strategic objectives
- Establish the Group's systems of risk management and internal control

2 AUDIT COMMITTEE

Responsibilities

The Audit Committee supports the Board by monitoring risk and reviewing the effectiveness of Group internal controls, including systems to identify, assess, manage and monitor risks

Actions

- Receive regular reports on internal and external audit and other assurance activities
- Receive regular risk updates from the businesses
- Determine the nature and extent of the principal Group risks and assess the effectiveness of mitigating actions
- At least annually review the effectiveness of risk management and internal control systems
- Review the adequacy of the Group's whistleblowing and ABC policy
- Sets the internal audit plan and reviews internal audit reports

3 EXECUTIVE COMMITTEE AND RISK COMMITTEE

Responsibilities

- Strategic leadership of the Group's operations
- Ensure that the Group's risk management and other policies are implemented and embedded
- Monitor that appropriate actions are taken to manage strategic risks and key risks arising within the risk appetite of the Board
- Consider emerging risks in the context of the Group's strategic objectives
- Monitor the application of risk appetite and the effectiveness of risk management processes. The Risk Committee and Board also considers the Group's overall risk appetite in the context of the negative impact that the Group can sustain before it risks the Group's continued ability to trade
- Responsible for risk identification and management within their divisions/area of business responsibility
- Monitoring the discharge of their responsibilities by operating entities

Actions

- Review of risk management and assurance activities and processes
- Monthly/quarterly finance and performance reviews
- Review key risks and mitigation plans
- Review results of assurance activities
- Escalate key risks to Group management or PLC Boards

4 HEADS OF THE GROUP FUNCTIONS AND MDS OF BUSINESSES

Responsibilities

- Maintain an effective system of risk management and internal control within their function/operating company

Actions

- Regularly review operational, project, functional and strategic risks
- Review mitigation plans
- Plan, execute and report on assurance activities as required by entity, region or Group

Wilmington risk appetite

The Group's approach is to minimise exposure to reputational, financial and operational risk, whilst accepting and recognising a risk/reward trade off in the pursuit of its strategic and commercial objectives.

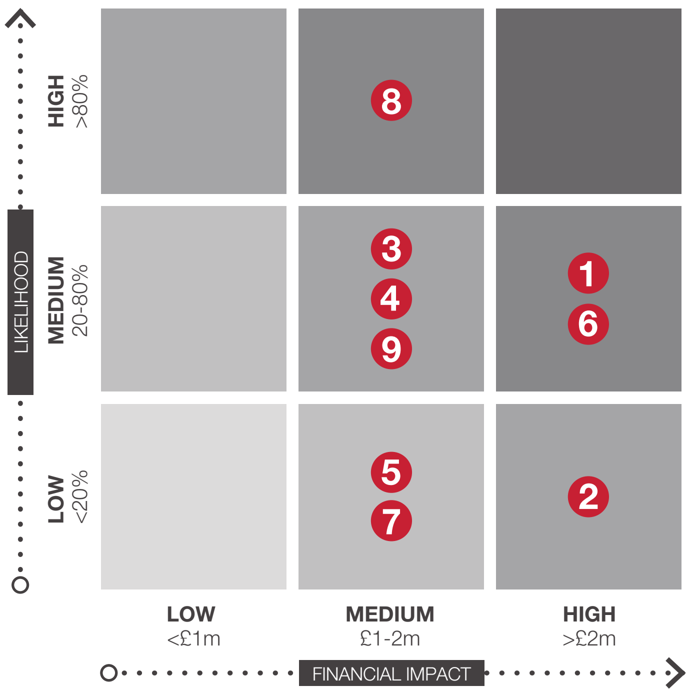
As an information, education and networking provider to certain professional and regulated markets the integrity of the business and its brands is crucial and cannot be put at risk. Consequently it has a zero tolerance for risks relating to non-adherence to laws and regulations ('unacceptable risk'). The business, however, operates in a challenging and highly competitive market place that is constantly changing not just in regulation and legislation but also for new technology and process innovation.

It is therefore part of day to day planning to make certain financial and operational investments in pursuit of growth objectives, accepting the risk that the anticipated benefits from these investments may not always be fully realised. Its acceptance of risk is subject to ensuring that potential benefits and risks are fully understood and sensible measures to mitigate risk are established.

Principal risks

The PLC Directors have carried out an assessment of the principal risks facing the Group – including in particular in the year to 30 June 2016 those that would threaten its business model, future performance, solvency or reputation. The nine key risks and uncertainties relating to the Group's operations, along with their potential impact and the mitigations in place, are set out below. There may be other risks and uncertainties besides those listed below which may also adversely affect the Group and its performance. More detail can be found in the Audit Committee Report on pages 40 and 41.

In summary, our principal risks in the context of the strategic goals and viability review are mapped over a three year period as follows:



1. Lack of organic growth
2. Lack of changes to regulations and legislation
3. Recruitment and retention of high-calibre staff
4. Intellectual property rights infringement
5. Poorly evaluated and integrated acquisitions
6. Failure or significant interruption to IT systems causing disruption to client service
7. Competition across the business
8. Technology and speed of change
9. Remoteness of operations and globalisation

Risks and Uncertainties Facing the Business

Summary of principal risk

Risk description	Trend	Mitigation
KEY RISK 1 **Lack of organic growth** *Strategic objective: 1 & 2* New products are critical to our organic growth and underpin our ability to maintain acceptable margins and best in class returns over the long term. Failure to invest in our businesses or for investments to not deliver an acceptable rate of return jeopardises the ability for the group to grow.	Increased risk	• New product development 'best practice' is shared between the entities in the Group and return on investment of past and future innovation projects is tracked. This ensures that the collective experience and expertise of the Group can be utilised to maximum effect. • Large R&D projects, especially those which are capitalised, require Head Office approval, ensuring that the Group's significant projects are aligned to overall strategy. Such projects are overseen by the Chief Technology Officer. • Workforce quality and retention is a central objective. This focus ensures that intangible resources stay and grow within the business. • Operating businesses are actively encouraged to develop and protect know-how in local jurisdictions. • Innovation is encouraged and fostered throughout the Group via the Senior Leadership Team and the Wilmington Awards. • Wilmington's emphasis on efficient internal controls, high ethical standards, the deployment of high-quality management resources and the strong focus on quality control over products and processes in each operating business help protect us from product failure, litigation and contractual issues.
KEY RISK 2 **Lack of changes to regulations and legislation** *Strategic objective: 1 & 2* Wilmington's clients and customers operations are subject to wide-ranging laws, regulations and legislation Changes to the regulatory landscape (i.e. Brexit) offer opportunities for Wilmington to leverage its knowledge and expertise to assist clients and customers with the change. A lack of regulatory change would reduce new opportunities for growth and demand for existing products and services. This risk impacts on key risk 1.	Same risk	• We actively monitor government regulatory bodies and relevant committees to ensure that we understand the future landscape. This enables us to position both our existing and new products and services to help better deliver to our clients and customers. • Local plans are updated as part of the internal strategic planning process to enable us to respond quickly to market information and economic trends. Continual monitoring of market conditions and market changes against our Group strategy, supported by the reforecasting and reporting in all of our businesses, are key to our ability to respond rapidly to changes in our operating environment. • The strength of Wilmington's business and brands and the focus on client service. Our businesses enable professionals and their organisations to perform better by providing quality, relevant and reliable information, education and networking. • Regulatory change following Brexit should increase demand for our product and service offerings.
KEY RISK 3 **Recruitment and retention of high calibre staff** *Strategic objective: 1, 2 & 3* As a people business we recognise that the future success of our business is dependent on attracting, developing, motivating, improving and retaining talent.	Same risk	• The Group operates a competitive remuneration package that has recently been enhanced by the introduction of a share option plan for certain Senior Management. • Just as importantly, the Group operates a meritocratic culture where each individual can maximise his or her potential. Management Development Programmes, enhance the skills of executives and managers needed in their current and future roles. • The Group has recently appointed a Group HR Director who is a member of the Executive Committee and will provide leadership on succession planning and talent management. • The establishment of the Senior Leadership Team in 2015 to encourage motivation and engagement with the business.

KEY:

Reduced risk Increased risk Same risk

Risk description	Trend	Mitigation
KEY RISK 4 **Intellectual property rights infringement** *Strategic objective: 1, 2 & 3* Protection of our intellectual property builds competitive advantage by strengthening barriers-to-entry. Our intangible resources include data, processes, technological know-how, branding and our workforce. Intellectual property rights are integral to the group's success.	⌃	• We take a zero tolerance approach to any intellectual property infringement and will take all necessary action to enforce our rights. • Wilmington policy is to litigate against any infringement of our intellectual property rights.
KEY RISK 5 **Poorly evaluated and integrated acquisitions** *Strategic objective: 1 & 2* The identification and purchase of businesses which meet our demanding financial and growth criteria are an important part of our strategy for developing the Group, as is ensuring the new businesses are rapidly integrated into the Group.	⌃	• We acquire businesses whose technology and markets we know well. The Executive Committee together with individual Managing Directors are responsible for identifying acquisitions in their business sectors, subject to Board approval. We deploy detailed post-acquisition integration plans. • Thorough due diligence is performed by a combination of in-house and, where needed, external experts to ensure that a comprehensive appraisal of the commercial, legal and financial position of every target is obtained. • Incentives are aligned to encourage acquisitions which are value-enhancing from day one. • The Chief Financial Officer, Tony Foye, has concluded over 75 successful acquisitions in the UK and overseas. • The Board receives a full investment plan and a post-acquisition integration plan well in advance of any transaction. • The recent appointments of Sam Thayer (North America MD) and Quin Thong (Asia MD) helps with international acquisitions.
KEY RISK 6 **Failure or significant interruption to IT systems causing disruption to client service** *Strategic objective: 1, 2 & 3* Major failures in our IT systems may result in client service being interrupted or data being lost/ corrupted causing damage to our reputation and consequential client and/or revenue loss. There is a risk that a cyber attack on our infrastructure by a malicious individual or group could be successful and impact the availability of critical systems.	⌃	• Specific back-up and resilience requirements are built into our systems and we are increasingly becoming more cloud based. Our critical infrastructure is set up so far as is reasonably practical to prevent unauthorised access and reduce the likelihood and impact of a successful attack. • Business continuity and disaster recovery plans are in place and are assessed continually to ensure that they cover the residual risks that cannot be mitigated. • We are constantly reviewing our resilience to cyber security attacks due to the increasing threat. • During recent years the Group has outsourced the hosting of all websites improving resiliency, efficiency and scalability. • We have a central team, Wilmington Group Support, to provide day to day IT & Systems support for users. • We provide and assist operating entities with strategic IT needs and to ensure adequate IT security policies are used across the Group. • We carry out regular IT audits and we have comprehensive IT systems monitoring in place. • We have a comprehensive IT induction for employees to ensure they are aware of security risks and how to combat them.

Risks and Uncertainties Facing the Business

Summary of principal risk

Risk description	Trend	Mitigation
KEY RISK 7 **Competition across the business** *Strategic objective: 1 & 2* The markets in which we operate are highly competitive. The competition constantly challenges the boundaries of technological advances, regulation and legislation in seeking to gain an advantage. Competition could lead to a reduction in market share and/or a decline in revenue.		• Our focus is on retaining existing clients as well as engaging with new clients. Our service offering continuously evolves and improves to meet the changing needs of our clients. • To remain competitive in all markets, we continue to promote and differentiate our strengths whilst focusing on providing the quality of service that our clients require. • We continue to invest in the development of client relationships globally and associated systems to support our client service offering. By empowering and resourcing innovation in local operations to respond to changing market needs, the potential adverse effects of competition can be mitigated and growth can be maintained. • The Group operates in specialised global niche markets offering high barriers to entry.
KEY RISK 8 **Technology and speed of change** *Strategic objective: 1, 2 & 3* Digital and technological transformation is gathering pace across the globe, disrupting value chains and transcending the traditional ways of conducting business. Digitalisation is compelling our clients and customers to revisit their business models increasingly shaped by the digital world. Although digital and technological transformation offers Wilmington boundless possibilities for growth and value creation, it comes with its own set of challenges and risks.		• The introduction of the digital hub in 2015 has helped bring together the services and products offered by Wilmington so that clients can increasingly access our products and services in a 'one-stop-shop'. • Development of new products is key to our growth and investment is given in areas that promote high growth (i.e. compliance). • A Head of Online Learning as recently been appointed.
KEY RISK 9 **Remoteness of operations and globalisation** *Strategic objective: 3* A key operational risk emanates from remoteness of operations from Head Office and the increasing global spread of our businesses. Recent overseas acquisitions in the US increase this risk. There is a currency risk from operating in a large number of countries.		• Control is exercised locally in accordance with the Group's policy of autonomous management. We seek to employ local high quality experts. • The Group's acquisition model ensures retention of management and staff in acquired businesses meaning that local expertise is maintained. • Divisional Directors ensure that overall Group strategy is fulfilled through an on-going review of the businesses. The right balance between autonomy and adherence to the overall objectives of the Group is a key function of the Divisional Directors. • Regular visits by senior management, finance staff and internal audit support local control • Working with established local partners • Our strategy of diversifying our service offering, focusing on our client communities and geographic spread mitigates the impact on the business of economic downturns and weak market conditions in specific geographies, but these factors cannot entirely mitigate the overall risk to earnings. To manage these risks, we continually focus on our cost base and seek to improve operational efficiencies. • Appointment of a full time North America Managing Director in 2015 and an Asia Pacific Managing Director in 2016 who both report directly to Pedro Ros. • We manage currency risk in local operations through natural hedging, forward currency contracts and by matching revenue and costs in the same currency.

Viability statement

In accordance with C2.2. of the 2014 revision of the Corporate Governance Code, the Directors have assessed the viability of the Group. The Directors' assessment was over a three period, taking account of the Group's current position and the potential impact of the principal risks documented in the Strategic Report on pages 23 to 28.

Each risk and associated risks have been quantified in terms of their potential cost impact and evaluated against three year financial forecasts. In all scenarios (including an aggregation of scenarios) the review indicates no breach of covenants or the need to re-finance the existing revolving credit facility.

The Directors have determined that the three year period is an appropriate period over which to provide its viability statement, being consistent with the period covered by the Group's strategic planning process.

In making this statement the Directors have considered the resilience of the Group, taking account of its current position, the principal risks facing the business, the potential financial impact on market conditions and the effectiveness of any mitigating actions. The assessment considered the potential impacts of these identified principal risks on the business model, future performance, solvency and liquidity over the period.

The Board's assessment has been made with reference to the Group's current position and prospects, the Group's strategic plan, the Board's risk appetite and the Group's principal risks and how these are managed, as detailed in the Strategic Report on pages 23 to 28. The strategy and associated principal risks underpin the Group's three-year plan, which the Directors review at least twice annually. The three-year plan, including financing projections, is subject to sensitivity analysis which involves applying different assumptions to the underlying forecast both individually and in aggregate.

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three years.

The Directors also considered it appropriate to prepare the financial statements on the going concern basis.

Internal control

The Board is responsible for the Group's system of internal control and risk management, and for reviewing the effectiveness of these systems. These systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, but not absolute, assurance against material misstatement or loss.

In line with the Turnbull Report recommendations, the Board regularly reviews the effectiveness of the Group's systems of internal control. The Board's monitoring covers all controls, including financial, operational and compliance controls and risk management. It is based principally on reviewing reports from management to consider whether significant risks are identified, evaluated, managed and controlled.

Further details of principal risks are given on pages 23 to 28 and details of financial risks such as interest rate risk, liquidity risk and foreign currency risk are given in the financial statements in note 20.

The key features of the internal financial control system that operated throughout the period under review are as follows:

i) Financial reporting

The Board reviewed the Annual Report, together with the annual and half-year results announcements. The Board also reviews and approves the Interim Management Statements (as applicable).

The Board considered the appropriateness of the Group's accounting policies, critical accounting estimates and key judgments. It reviewed accounting papers prepared by management on areas of financial reporting judgment. This included a consideration of the carrying value of goodwill based on executive management's expectations of future performance.

The Board considered and is satisfied that, taken as a whole, the Annual Report is fair, balanced and understandable, and that it provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

ii) Management information systems

Effective planning, annual budgeting and monthly forecasting systems are in place, as well as a monthly review of actual results compared with budget and the prior year. The annual budget and monthly forecasts are reviewed by the Board. Risk assessment and evaluation takes place as an integral part of this process. Monthly reports on performance are provided to the Board and the Group reports results to shareholders twice a year.

Insurance cover for the Group, as well as individual operating companies, has been procured where it is considered appropriate.

iii) Internal audit

The Group continues to operate a limited internal audit process which performs relevant reviews as part of a programme approved by the Audit Committee. The Committee considers any issues or risks arising from internal audit in order that appropriate actions can be undertaken for their satisfactory resolution. The Internal Audit Manager has a direct reporting line to the Chairman of the Audit Committee.

iv) Acquisitions, disposals and treasury

The Board also discusses in detail the projected financial impact of proposed acquisitions and disposals, including their financing. All such proposed investments are considered by all Directors. The Board is also responsible for reviewing and approving the Group's treasury strategy, including mitigation against changes in interest rates and foreign exchange rates.

Organisations

There are well-structured financial and administrative functions at both the Group and at the operating company level staffed by appropriately qualified staff. The key functions at Group level include: Group accounting, corporate planning, Group treasury, human resources, Company secretarial, internal audit and Group taxation.

Other matters

The Group has no known issues relating to human rights matters. The welfare of all the Group's stakeholders, including the community, is carefully considered to ensure that such parties are not adversely affected by the Group's actions in the course of its day to day business.

The information forming the strategic report on pages 2 to 29 was approved and authorised for issue by the Board and signed on their behalf on 13 September 2016.

Anthony M Foye
Chief Financial Officer

Board of Directors

Ensuring we remain a great place to work

Mark Asplin

Non-Executive Chairman

Appointment to the Board:
April 2005

Committee membership:
Audit Committee, Nomination Committee and Remuneration Committee

Key areas of prior experience:
Mark Asplin is a Chartered Accountant and joined the Board in April 2005. Mark was appointed Chairman in November 2011. He was until 2002 a partner at KPMG. During his time at KPMG he helped build its Corporate Finance practice, undertaking roles which included Head of M&A and Head of Valuations, both for the central region of the UK. He left KPMG to set up Jasper Corporate Finance, an independent corporate finance practice.

Pedro Ros

Chief Executive Officer

Appointment to the Board:
July 2014

Committee membership:
Nomination Committee

Key areas of prior experience:
Pedro Ros joined the board of Wilmington on 14 July 2014 and assumed the role of Chief Executive Officer on 1 October 2014, succeeding Charles J Brady. Pedro joined Wilmington from Creston plc, where he was Head of Strategic Insight. Until June 2012 he was Chief Executive Officer and then Chairman of TNS, a world leader in market information and business analysis and a global subsidiary of WPP plc. Pedro has a degree in Economics from the Universidad Autonoma de Barcelona, and has completed Management Programmes at Michigan University/IESE and Stanford University.

Anthony M Foye

Chief Financial Officer

Appointment to the Board:
September 2012

Committee membership:
None

Key areas of prior experience:
Anthony M Foye is a Chartered Accountant. Between 1987 and 2004 Tony was Finance Director of Taylor & Francis Group plc. On a merger in May 2004 with Informa plc, Tony became Group Finance Director of the enlarged Group, a position he held until December 2007. From January 2008, Tony worked on a number of projects with various private equity Groups. Between May 2009 and March 2011 Tony was Chief Finance Officer and Chief Operating Officer of Critical Information Group plc. He was also a Non-Executive Director of YouGov plc from March 2005 to June 2009.

Board composition at 30 June 2016

Executive	Non-executive
33%	67%

Paul Dollman

Non-Executive Director

Appointment to the Board:
September 2015

Committee membership:
Audit Committee (Chairman) Nomination Committee and Remuneration Committee

Key areas of prior experience:
Paul Dollman is a Chartered Accountant and enjoyed a successful career in finance as the Group Finance Director of John Menzies plc, a FTSE 250 company. Current roles include Non-Executive Director of Scottish Amicable, part of Prudential plc, Audit Committee Chairman of Verastar a Private Equity owned business which provides essential business services (telecoms, water and energy and insurance) to the small business market and a Member of the Audit Committee of The National Library of Scotland.
Paul joined the board on 16 September 2015 and was appointed Chairman of the Audit Committee on 5 November 2015.

Derek Carter

Non-Executive Director

Appointment to the Board:
December 2011

Committee membership:
Audit Committee, Nomination Committee (Chairman) and Remuneration Committee.

Key areas of prior experience:
Derek Carter was previously Chief Executive of Emap Communications for 11 years, where he led Emap's growth into a market leading mixed media business built on powerful information, events and magazine brands and its subsequent sale to Apax/Guardian Media Group in 2008. Derek, who was previously Chairman of DocuGroup, a leading European information business serving the construction sector, is the Senior Independent Director ('SID').

Nathalie Schwarz

Non-Executive Director

Appointment to the Board:
December 2011

Committee membership:
Audit Committee, Nomination Committee and Remuneration Committee (Chairman).

Key areas of prior experience:
Nathalie Schwarz was formally the Commercial and Corporate Development Director on the Board at Channel 4 Television and was Strategy and Development Director on the Board of Capital Radio plc. Nathalie qualified as a solicitor with Clifford Chance.

Daniel Barton

Company Secretary

Appointment to the Board:
April 2016

Committee membership:
None

Key areas of prior experience:
Daniel Barton qualified as a Chartered Accountant in 2010, having worked at PwC in Manchester and London since 2005. He joined Wilmington in 2014 as Head of Corporate Reporting. Daniel was appointed as the Company Secretary on 29 April 2016, succeeding Linda Wake.

Board Tenure at 30 June 2016

0–4 years
50%

4+ years
50%

Directors' Report

Communicating our plans and objectives

The Directors present their report together with the audited consolidated financial statements for the year ended 30 June 2016. The Directors report comprises pages 32 to 59 and the sections of the annual report incorporated by reference are set out below which, taken together, contain the information to be included in the annual report, where applicable, under Listing Rule 9.8.4.

General information

The Company is public limited and is incorporated and domiciled in the UK. The Company is premium listed on the London Stock Exchange. The Company's registered address is 6–14 Underwood Street, London, N1 7JQ.

Branches outside the UK

The Group operates one branch outside the UK in Singapore.

Future developments

Future developments have been incorporated in the Strategic Report on pages 2 to 29.

Dividends

The Directors recommend that a final dividend for the year of 4.3p per ordinary share be paid on 18 November 2016 to Shareholders on the register on 21 October 2016, which together with the interim dividend of 3.8p per ordinary share already paid makes a total dividend for the year of 8.1p (2015: 7.7p) an overall increase of 5.2% per ordinary share.

Research and development activities

The Group has designed and developed a range of information, education and networking services to professionals and businesses. The Group has successfully transitioned the vast majority of its traditional print business publications to feature rich, online digital information and analysis services. This transition has been facilitated through the novel use of technology. The Group looks to continue to research and develop in technological areas that support the Group's strategy. Initiatives included a cross divisional Massive Online Open Course system for a global client covering fundamental and advanced banking skills.

Political donations

No political donations were made during the year (2015: nil).

Events after the reporting period

On 19 July 2016 the Group acquired the trading assets and certain liabilities of SWAT Group Limited ('SWAT'), a provider of trading and technical compliance support to accountancy firms in London and the South West of England, for a maximum consideration of up to £5.4m. More details can be found in note 29 to the financial statements.

Directors and Directors' interests

The Directors who have served during the year and up to the date of this report are set out on pages 30 and 31 which include brief biographical details. Their remuneration and interests in the share capital of the Company are set out in the Report on Directors' Remuneration on pages 43 to 58.

Executive and Non-Executive Directors will offer themselves for re-election at each Annual General Meeting as a result of the Company deciding to adopt best practice guidelines and the 2012 UK Corporate Governance Code.

None of the Directors had any material interest in any contract, other than an employment contract, that was significant in relation to the Group's business at any time during the year.

Details of the Directors' service contracts, letters of appointment and interests in the shares of the company are shown in the Directors' Remuneration Report on pages 43 to 58.

Directors' third-party indemnity provisions

To preclude the possibility of the Company incurring expenses which might arise from the need to indemnify a Director or Officer from claims made against him or her or the cost associated with their defence, the Group has effected Directors' and Officers' qualifying third party liability insurance as permitted by the Companies Act 2006, which has been in force throughout the financial year and up to the date of approval of these financial statements.

Wilmington's people

The Group's policy is to consider all job applications on a fair basis free from discrimination in relation to age, sex, race, ethnicity, religion, sexual orientation or disability not related to job performance. Every consideration is given to applications for employment from disabled persons, where the requirements of the job may be adequately covered by a disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development wherever appropriate.

The Group places a great deal of importance on communicating its plans and objectives to its entire staff and, where appropriate, consulting with them. Each of the Divisions is led by a Divisional Director, some of who are shareholders in the Company and whose remuneration is linked to revenue and profit targets.

Financial instruments

An explanation of the Group's treasury policies and existing financial instruments are set in note 20 of the financial statements.

Purchase of own shares and sale of treasury shares

The Group has, in previous years, purchased its own shares and holds such shares in treasury. No shares have been purchased during the year to 30 June 2016. If a purchase of own shares is proposed by the Directors, the Company seeks authority from its shareholders at the Annual General Meeting to purchase its own shares.

On 19 October 2015 478,270 ordinary shares were issued in respect of the vesting of the 2012 PSP Share Awards to employees (including Executive Directors).

At 30 June 2016, 46,584 shares were held in Treasury (2015: 46,584), which represents 0.1% (2015: 0.1%) of the Called up Share Capital of the Company.

Contracts of significance with shareholders

The Company and its subsidiary undertakings do not have any contractual or other arrangements with any continuing shareholders which are essential to the business of the Company.

Takeover directive disclosures

As at 30 June 2016, the Company had only one authorised class of share, namely ordinary shares of 5p each, of which there were in issue 86,985,731 (2015: 86,507,461). There are no special arrangements or restrictions relating to any of these shares, whether in terms of transfers, voting rights, or relating to changes in control of the Company. The Company does not have any special rules in place regarding the appointment and replacement of Directors, or regarding amendments to the Company's articles of association.

Under the terms of the Company's banking arrangements, in the event that a person or group of persons acting in concert gains control of the Company, the lending banks may require, by giving not less than 30 days' notice, the repayment and cancellation of the facilities.

Except for share awards and options, there are no special conditions or agreements in place which would take effect, alter or terminate in the event of a takeover. Subject to various conditions, if the Company is taken over, all share awards and options will vest and may be exercised. Apart from the interests of the Directors disclosed in the Report on Directors' Remuneration and the substantial interests listed on page 39, there are no individuals or entities with significant holdings, either direct or indirect, in the Company.

Annual General Meeting

A separate notice convening the Annual General Meeting of the Company to be held at the offices of Canaccord Genuity, 88 Wood Street, London, EC2V 7QR on 3 November 2016 will be sent out with this Annual Report and financial statements.

Corporate governance

The Company's statement on corporate governance can be found in the Corporate Governance Report on pages 34 to 39 of these financial statements. The Corporate Governance Report forms part of this Directors' Report and is incorporated into it by cross-reference.

Going concern

As highlighted in note 20 to the financial statements, the Group meets its day-to-day working capital requirements through an overdraft facility and a revolving credit facility which were extended on 1 July 2015 and are next due for renewal on 1 July 2020.

The current economic conditions create uncertainty, in particular, over:

- the level of demand for the Group's products; and
- the exchange rate between Sterling and the US Dollar and the Euro.

The Group's budgets and forecasts, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its current facility and covenants.

After reviewing the Group's budget, forecasts and three year plans for the next three years, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. Therefore, they have adopted the going concern basis in preparing these financial statements.

Anthony M Foye
Chief Financial Officer
13 September 2016

Corporate Governance Report

"The Directors and I see good governance as fundamental to effective management of the business and delivery of long-term shareholder value."

Mark Asplin
Non-Executive Chairman

Chairman's introduction

Responsibility for good governance lies with the Board. As a Board we are committed to maintaining the highest standards of corporate governance and understand that an effective, challenging and diverse Board is essential to enable the Group to deliver its strategy and long-term shareholder value. Further information on our strategy and business model can be found on page 08.

The Board recognises the importance of setting the right tone at the top in order to guide our people's behaviour and ensure that we live by and demonstrate the right values which in turn enable entrepreneurial and prudent management to deliver long-term success for the Group and its stakeholders. During the year we adopted four core values as guides to the culture we promote within Wilmington, these values are – enabling, enhancing, collaborating and innovating. We fully recognise that at the heart of every successful organisation is a strong and healthy culture supported by a robust governance structure. As the custodian of Wilmington's culture, the Board demands openness and transparency to maintain an environment in which our core values are practised by our people every day.

Our Code of Conduct is readily accessible to all staff to support their day to day decision making. We demand the highest professional standards from all of our people all of the time and we have a zero tolerance approach to breaches of the Code of Conduct.

Compliance with the UK Corporate Governance Code

In September 2014, the Financial Reporting Council ('FRC') published the latest addition of the Corporate Governance Code (the 'Code') which included a number of changes relating to risk management, internal controls and the longer term viability of companies. A viability statement is therefore included in this Annual Report and can be found within the Strategic Report on page 29.

The Main Principles of the Code provide the framework for the reporting model which we have used for the last two years. Our approach to: Leadership is described on pages 35 and 36; Effectiveness is described on pages 37 and 38; Risk management and internal controls is described on page 38 ; Remuneration is described on page 38 and Relations with shareholders is described on pages 38 and 39.

Wilmington Plc has complied with all relevant provisions of the Code for the year ended 30 June 2016 and from that date up to the date of publication of this Annual Report and Accounts.

Composition and independence

The board reviews Non-Executive Director independence on an annual basis and takes into account the individual's professional characteristics, their behaviour at board meetings and their contribution to unbiased and independent debate. All of the non-executive Directors are considered by the board to be independent.

The board consisted of a majority of independent non-executive Directors throughout the year.

Biographical details of all the current Directors are set out on pages 30 and 31.

In accordance with the UK Corporate Governance Code, the Directors will stand for re-election at the AGM in November 2016.

Diversity

Wilmington believes that a diverse culture is a key factor in driving its success.

As at 30 June 2016, the Wilmington Board had one female Non-Executive Director, Nathalie Schwarz, representing 17% of board membership. The Senior Leadership Team (which comprises of Executive Committee Members and Senior Management) is split between 37% female and 63% male. The Group's employees are split between 64% female and 36% male.

Board evaluation and re-election

The board undertakes a formal annual evaluation of its own performance and that of each individual Director. As in previous years, and in accordance with the recommendations of the Code, the Directors will be offering themselves for re-election at the AGM in November 2016.

Shareholder engagement

The board regards it as important to maintain an active dialogue with our shareholders. Further details regarding this engagement with our shareholders are set out on pages 38 and 39.

Leadership

The Board

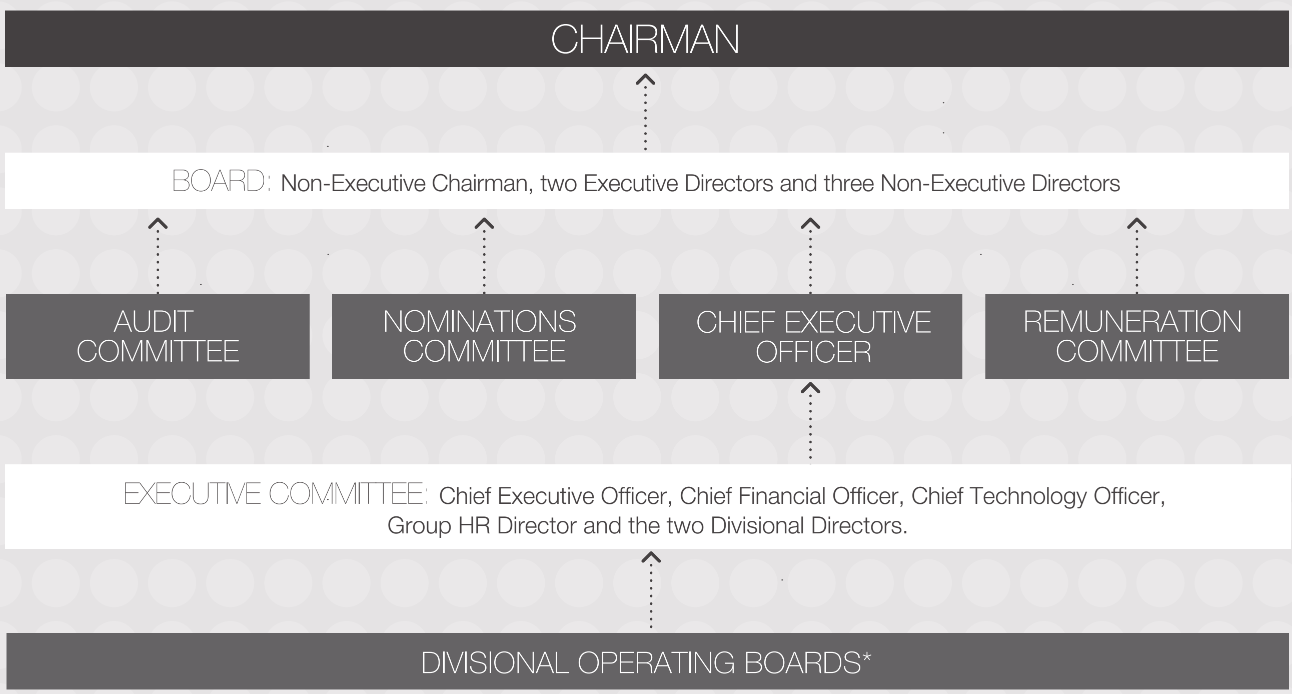
The company is controlled through the board of Directors which, at 30 June 2016, comprised two executive and four Non-Executive Directors. Short biographies of each Director are set out on pages 30 and 31. The board focuses on formulation of strategy, management of effective business controls and review of business performance.

The Board meets as often as necessary to discharge its duties effectively. In the financial year ended 30 June 2016, eleven main Board meetings were scheduled and the Directors' attendance record is set out on page 37.

The Board has three formally constituted Committees, the Audit Committee, the Remuneration Committee and the Nomination Committee, each of which operates with defined terms of reference. The terms of reference of the three Committees are available on the Company's website www.wilmingtonplc.com. The Audit Committee met twice during the year, the Remuneration Committee met four times during the year and the Nomination Committee met one time during the year.

There is an Executive Committee that is responsible for the day-to-day management of the Company's business within a framework of delegated responsibilities. It is chaired by the Chief Executive Officer and includes the Chief Financial Officer, Chief Technology Officer, Group HR Director and two Divisional Directors.

Governance framework 30 June 2016

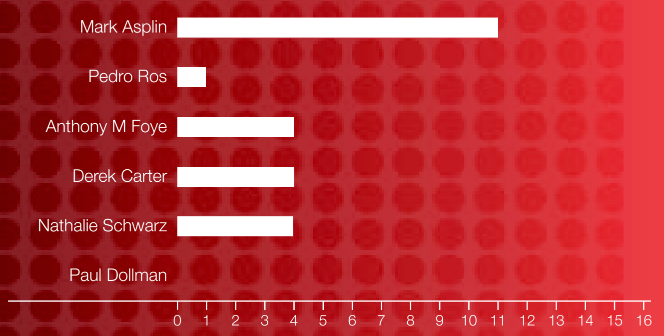


* Each division has a divisional operating board

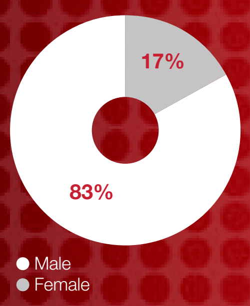
Corporate Governance Report

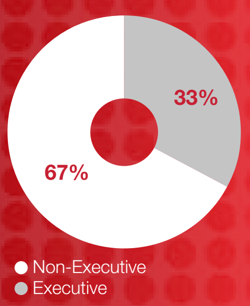
Length of tenure of Directors

Number of complete years of service as a Director:



Balance of Directors





The Directors

As at the date of this report the Directors of the company are:

Non-Executive Chairman

Mark Asplin

Executive Directors

Pedro Ros
Anthony M Foye

Non-Executive Directors

Derek Carter (Senior Independent Director)
Nathalie Schwarz
Paul Dollman

Chairman and Chief Executive Officer

The roles of the Chairman and that of the Chief Executive Officer are held by separate individuals and the Board has clearly defined their responsibilities. The Chairman is primarily responsible for the effective working of the Board, ensuring that each Director, particularly the Non-Executive Directors, is able to make an effective contribution and provide constructive comments on the business. The Chief Executive Officer has responsibility for all operational matters which includes the implementation of Group strategy and policies approved by the Board.

Non-Executive Directors

All the Non-Executive Directors are independent of the Company's executive management and free from any business or other relationship that could materially interfere with the exercise of their independent judgment. The Non-Executive Directors are responsible for bringing independent and objective judgment and scrutiny of all matters before the Board and its Committees, using their substantial and wide-ranging experience.

The terms and conditions of appointment of Non-Executive Directors are available for inspection at the Company's registered office during normal business hours and at the Annual General Meeting.

Except as disclosed in note 26 in the financial statements, no Director has, or had at any time during the year, any interest in any contract with any Group company, except for their service arrangements.

All Directors are equally accountable for the proper stewardship of the Company's affairs, and all Directors, in accordance with the Articles of Association, submit themselves for re-election at least once every three years. At Wilmington, Directors are submitted for re-election every year.

Senior Independent Director

Derek Carter is the Senior Independent Director ('SID'). His role as SID includes:

- Being available to shareholders if they have concerns which contact through the Chairman, Chief Executive Officer or Chief Financial Officer has failed to resolve (no such requests were received from shareholders during the year); and
- Meeting with the other Non-Executive Directors on the Board once a year to assess the Chairman's performance as Chairman, taking into account the views of the Executive Directors.

Effectiveness

Meetings

There were eleven meetings of the Board in the year. The Board has a formal schedule of matters specifically reserved to it for decision which it reviews periodically. This schedule includes approval of acquisitions and disposals and major capital expenditure. The Board also reviews the Group's Risk Register, wider Risk Assessment and Viability review. At each Board meeting the Chief Executive Officer provided a review of the business and how it was performing together with strategic issues arising. The Non-Executive Directors often meet separately from the Executive Directors, usually, either before or after Board meetings to discuss relevant matters. In the year the range of subjects discussed by the Board included:

- The strategy of the Group in response to changing economic conditions;
- Key business areas, including the challenging market conditions in the legal division;
- The identification, execution and integration of acquisitions;
- The Group's debt and capital structure, including the extension of the debt facility;
- The Group's financial results;
- Dividend policy;
- Regulatory and governance issues;
- The development of the Group's people;
- The Group's Risk Register; and
- Insurance Policy and Cover.

In addition to the eleven meetings described above, the Board has two off site strategy meetings each year at which the Group's strategic direction, viability plan and significant projects are discussed.

Where meetings are required between Board meetings and a full complement of Directors cannot be achieved, a Committee of Directors considers the necessary formalities.

Attendance table

	Main Board meetings attended	Main Board meetings eligible to attend
Mark Asplin (Non-Executive chairman)	10	11
Pedro Ros (Chief Executive Officer)	11	11
Anthony M Foye (Chief Financial Officer)	11	11
Charles J Brady*	6	6
Terence B Garthwaite** (Non-Executive)	3	3
Derek Carter (Non-Executive)	11	11
Nathalie Schwarz (Non-Executive)	11	11
Paul Dollman*** (Non-Executive)	8	9

* Charles J Brady retired from the board on 31 December 2015.
** Terence B Garthwaite resigned from the board on 5 November 2016.
*** Paul Dollman was appointed to the board on 16 September 2015.

Information flow

The Chairman, together with the Company Secretary, ensures that the Directors receive clear information on all relevant matters in a timely manner. Board papers are circulated sufficiently in advance of meetings for them to be thoroughly digested to ensure clarity of informed debate. The Board papers contain the Chief Executive Officer's and the Chief Financial Officer's written reports, high level papers on each business area, key metrics and specific papers relating to agenda items. The Board papers are accompanied by a management information pack containing detailed financial and other supporting information. The Board receives updates throughout the year and occasional ad hoc papers on matters of particular relevance or importance.

Time commitment

The Board is satisfied that the Chairman and each of the Non-Executive Directors committed sufficient time during the year to enable them to fulfil their duties as Directors of the Company. None of the Non-Executive Directors has any conflict of interest.

Induction and professional development

The Chairman is responsible for ensuring that induction and training are provided to each Director and for organising the induction process and regular updating and training of Board members.

Training and updating in relation to the business of the Group and the legal and regulatory responsibilities of Directors was provided throughout the year by a variety of means to Board members including presentations by executives, visits to business operations and circulation of briefing material. Individual Directors are also expected to take responsibility for identifying their training needs and to ensure they are adequately informed about the Group and their responsibilities as a Director. The Board is confident that all its members have the knowledge, ability and experience to perform the functions required of a Director of a listed company.

Access to independent advice

All Directors have access to the advice and services of the Company Secretary who ensures that Board processes are followed and good corporate governance standards are maintained. Any Director who considers it necessary or appropriate may take independent, professional advice at the company's expense. None of the Directors sought such advice in the year.

Corporate Governance Report

Performance evaluation

The Board undertakes a formal annual evaluation of its own performance and that of each individual Director. As part of its evaluation, a questionnaire was approved by the Board. Directors submitted their completed questionnaires to the Company Secretary who reviewed their responses. These were subsequently discussed in an open session. The exercise, which is undertaken on a regular basis, was viewed positively by the Board. No major areas were highlighted within this review process but the Board intend to continue to develop themes arising from previous reviews, specifically on:

- strategic messaging;
- board information; and
- succession.

The Chairman has carried out a review of the performance of individual members of the Board. In all cases the performance of the Directors was considered to have reached a high standard.

The Board and its Committees will monitor progress and continue their critical review of its effectiveness during the year ahead. In accordance with the prevailing recommendations of the Code, it is the current intention of the Board that an external facilitation of the Board evaluation will be carried out in 2017.

Re-election of Directors

Notwithstanding that the Company's articles of association require the Directors to offer themselves for re-election at least once every three years, in accordance with the recommendations of the Code the Directors will be offering themselves for re-election at the AGM in November 2016. In light of the performance evaluations summarised above and the provisions of the Company's articles of association, the Board recommends that all of the Directors be re-elected.

Nomination Committee

The Nomination Committee and the Board seek to maintain an appropriate balance between the Executive and Non-Executive Directors. The Committee is chaired by Derek Carter as SID and comprises all the Non-Executive Directors, including the Chairman, and the Chief Executive Officer. It has full responsibility for reviewing the Board structure and for interviewing and nominating candidates to serve on the Board as well as reviewing senior executive development. Suitable candidates, once nominated, meet with the Chairman and the Chief Executive Officer. The candidates are then put forward for consideration and appointment by the Board as a whole. The Committee has access to external professional advice at the Company's expense as and when required.

The Nomination Committee reviews on a continuing basis the composition of both the Board and the Executive Committee making, recommendations where appropriate. Further details of Nomination Committee's activities can be found in the Nomination Committee Report on page 42.

The terms and conditions of the appointment of Non-Executive Directors is made available at the Company's registered office during normal business hours and at the Annual General Meeting.

Audit Committee

The Audit Committee is composed of all the Non-Executive Directors including the Chairman. The Audit Committee Chairman is Paul Dollman who was appointed on 16 September 2015.

The main roles and responsibilities of the Audit Committee are set out in written terms of reference and are available on the Company's website www.wilmingtonplc.com/investors/corporate-governance/roles-board.

Details of Audit Committee's policies and activities can be found in the Audit Committee Report on pages 40 and 41.

Risk management and internal controls

In line with the Turnbull Report recommendations, the Board maintains an ongoing process for identifying, evaluating and managing significant risks faced by the Group. The Board regularly reviews this process, which has been in operation from the start of the year to the date of approval of this report. Further details on the key features of the risk management and internal controls can be found in the Risks and uncertainties facing the business on pages 23 to 28.

Remuneration

Remuneration Committee

The Remuneration Committee is chaired by Nathalie Schwarz and consists of all the Non-Executives and the Chairman. It is responsible for recommending to the Board the framework and policy for Executive Directors' remuneration. Given the small size of the Board, the Committee recognises the potential for conflicts of interest, and has taken appropriate measures to minimise the risk. The Committee meets not less than once a year, and takes advice from the Chief Executive Officer as appropriate. In carrying out its work, the Board itself determines the remuneration of the Non-Executive Directors. The Committee has the power to seek external advice, and to appoint consultants as and when required in respect of the remuneration of Executive Directors. Further details of the Group's policies on remuneration and service contracts can be found in the Directors' Remuneration Report on pages 43 to 58.

Relations with shareholders

Dialogue with institutional shareholders

The Directors seek to build on a mutual understanding of objectives between the Company and its institutional shareholders by means of a programme of meetings with major shareholders, fund managers and analysts each year. The company also makes presentations to analysts and fund managers following publication of its half-year and full-year results. A copy of the presentation slide show is available on the Company's website www.wilmingtonplc.com/investors/reports-and-presentations. As referred to earlier, the 'SID' is available to shareholders if they have concerns which other contacts have failed to resolve.

The Chairman or one of the other Non-Executive Directors is available on request to attend meetings with major shareholders. In the past year, the Chairman attended no such meetings. The Board regularly receives copies of analysts' and brokers' briefings.

The Group's website includes a specific and comprehensive investor relations section containing all RNS announcements, share price information, annual documents available for download and similar materials.

Constructive use of the Annual General Meeting

A separate notice convening the Annual General Meeting is being sent out with this Report and financial statements. Separate votes are held for each proposed resolution. At the Annual General Meeting, after the formal business has been concluded, the Chairman will welcome questions from shareholders. All Directors attend the meeting at which they have the opportunity to meet with shareholders. Details of resolutions to be proposed at the Annual General Meeting on 3 November 2016 and an explanation of the items of special business can be found in the circular that contains the notice convening the Annual General Meeting.

Substantial shareholdings

As at 31 August 2016, the Company is aware of the following interests amounting to 3.0% or more in the Company's issued ordinary share capital:

	Number of ordinary shares	%
Liontrust Asset Management	13,560,330	15.60
Aberdeen Asset Management	8,738,500	10.05
GVQ Investment Management	4,645,179	5.34
Schroder Investment Management	4,375,000	5.03
Baillie Gifford	4,213,213	4.85
Herald Investment Management	4,086,501	4.70
Standard Life Investments	3,690,079	4.24
GMO	3,480,176	4.00
NFU Mutual	3,404,215	3.92
M&G Investment Management	3,362,054	3.87
Columbia Threadneedle Investments	3,197,295	3.68
Mr Brian David Gilbert	2,950,000	3.39
BlackRock	2,735,783	3.15

Approved by order of the Board

Mark Asplin
Chairman
13 September 2016

Audit Committee Report

"It is my pleasure to present the Audit Committee report for the year ended 30 June 2016."

Paul Dollman
Chairman of the Audit Committee

Committee meetings

The Committee met twice during the year. The meetings are attended by Committee members and, by invitation, the Chief Financial Officer, Senior Management and representatives from the external auditors. Once a year, the Committee meets separately with the external auditors and with management without the other being present.

Roles and responsibilities

- Monitoring the integrity of the annual and interim financial statements, the accompanying reports to shareholders and corporate governance statements;
- Reporting to the Board on the appropriateness of our accounting policies and practices;
- In conjunction with the Board reviewing and monitoring the effectiveness of the Group's internal control and risk-management systems, including reviewing the process for identifying, assessing and reporting all key risks, see the risks and uncertainties facing the business on pages 23 to 28;
- Managing the limited internal audit process and approving their forward audit plan;
- To make recommendations to the Board in relation to the appointment and removal of the external auditors and to approve their remuneration and terms of engagement;
- To review and monitor the external auditor's independence, objectivity and the effectiveness of the audit process, taking into consideration, relevant UK professional and regulatory requirements;
- To develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm, and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as the steps to be taken;
- To report to the Board on how it has discharged its responsibilities; and
- To oversee the whistle blowing provisions of the Group to ensure that they are operating effectively.

Activities of the Committee

- Reviewed and discussed with the external auditors the key accounting considerations and judgments reflected in the Group's results for the six month period ended 31 December 2015;
- Reviewed and agreed the external auditors' audit plan in advance of their audit for the year ended 30 June 2016;
- Discussed the report received from the external auditors regarding their audit in respect of the year ended 30 June 2016; which included comments on their findings on internal control and a statement on their independence and objectivity;
- Reviewed the Group's whistle blowing policy and satisfy themselves that this met FCA rules and good standards of corporate governance;
- Received reports from internal audit covering various aspects of the Group's operations, controls and processes;
- Reviewed and approved the non-audit assignments undertaken by the external auditors in the year ended 30 June 2016; and
- Reviewed, together with the Board, the Risk Assessment and Viability Review.

Significant areas

The significant areas considered by the Committee and discussed with the external auditors during the year were:

i) Goodwill impairment:

The Committee received reports from management on the carrying value of the Group's businesses, including goodwill. The Committee reviewed management's recommendations, which were also considered by the external auditors, including evaluation of the appropriateness of the assumptions applied in determining asset carrying values and the appropriateness of the identification of cash generating units. After review, the Committee was satisfied with the assumptions and judgments applied by management and concluded that the impairment recorded for both CLT and the Ark was required and that the remaining carrying value was appropriate. The Committee was satisfied that no other impairment of carrying values was required.

ii) Revenue recognition:

The Committee considered the inherent risk of fraud in revenue recognition as defined by auditing standards and was satisfied that there were no issues arising.

iii) Acquisition Accounting:

The committee reviewed the accounting regarding the acquisitions in the year and were satisfied there were no issues arising.

External audit

The Group's external auditors are PricewaterhouseCoopers LLP. The Audit Committee is responsible for reviewing the independence and objectivity of the external auditors, and ensuring this is safeguarded notwithstanding any provision of any other services to the Group.

The Board recognises the importance of safeguarding auditor objectivity and has taken the following steps to ensure that auditor independence is not compromised:

- The Audit Committee carries out each year a full evaluation of the external auditor as to its complete independence from the Group and relevant officers of the Group in all material respects and that it is adequately resourced and technically capable to deliver an objective audit to shareholders. Based on this review the Audit Committee recommends to the Board each year the continuation, or removal and replacement, of the external auditor;
- The external auditors provided audit related services such as regulatory and statutory reporting as well as formalities relating to shareholders and other circulars;
- The external auditors may undertake due diligence reviews and provide assistance on tax matters given its knowledge of the Group's businesses (prior to 30 June 2016). Such provision will however be assessed on a case-by-case basis so that the best placed adviser is retained. The Audit Committee monitors the application of policy in this regard and keeps the policy under review;
- The Audit Committee reviews on a regular basis all fees paid for audit, and all consultancy fees, with a view to assessing the reasonableness of fees, value of delivery, and any independence issues that may have arisen or may potentially arise in the future;
- The external auditors' report to the Directors and the Audit Committee confirming their independence in accordance with Auditing Standards. In addition to the steps taken by the Board to safeguard auditor objectivity, the Audit Practice Board Ethical Standard 3 requires audit partner rotation every five years for listed companies; and
- Different teams are utilised on all other assignments undertaken by the auditors. Before any such assignments can commence, teams must obtain approval of the Audit Committee. This approval confirms that sufficient and appropriate safeguards are put in place to ensure that auditor independence is retained.

The Audit Committee give careful consideration before appointing the auditors to provide other services. The Group regularly use other providers to ensure that independence and full value for money are achieved. Other services are generally limited to work that is closely related to the annual audit or where the work is of such a nature that a detailed understanding of the business is necessary.

Following the adoption by the UK Financial Reporting Council of certain parts of the EU Regulation and Directive on Audit Reform, that govern permissible non-audit services provided by the auditor, the Audit Committee took the decision to discontinue using PwC to provide taxation advisory and compliance services for any work commencing after 1 July 2016 (including the tax services for the year to 30 June 2016). Following careful consideration by the Audit Committee it was agreed that these services shall be provided by Deloitte LLP.

PricewaterhouseCoopers LLP have remained in place as auditors for 8 years following a tender process in 2009. As part of its review the Committee notes that the Group Audit Partner was rotated in 2013 and the current audit partner's five year term will end in 2017. The Committee will continue to monitor the appropriateness of the need to tender for audit services currently provided by PricewaterhouseCoopers LLP. During this year, £154,000 and £41,000 was paid by the Group to PricewaterhouseCoopers LLP for taxation services and other assurance services respectively.

Attendance table

	Committee meetings attended	Committee meetings eligible to attend
Mark Asplin (Non-Executive chairman)	2	2
Paul Dollman (Non-Executive)	1	1
Derek Carter (Non-Executive)	2	2
Nathalie Schwarz (Non-Executive)	2	2
Terence B Garthwaite (Non-Executive)	1	1

Approved on behalf of the board by:

Paul Dollman
Chairman of the Audit Committee
13 September 2016

Nomination Committee Report

"On behalf of the Board it is my pleasure to present the Nomination Committee report for the year ended 30 June 2016."

Derek Carter
Chairman of the Nomination Committee

Key responsibilities

The key responsibilities of the Committee are to:

- Review the size, balance and constitution of the Board including the diversity and balance of skills, knowledge and experience of the Non-Executive Directors;
- Consider succession planning for Directors and other senior executives;
- Identify and nominate for the approval of the Board candidates to fill Board vacancies;
- Review annually the time commitment required of Non-Executive Directors; and
- Make recommendations for the Board, in consultation with the respective Committee chairman regarding membership of the Audit and Remuneration Committees.

Main activities of the Committee during the year and subsequent to the year end

The Committee met one time during the year to 30 June 2016. The key matters considered at these meetings were:

i) Board composition

The Committee reviewed the composition of the Board including the range of skills, level of experience and balance between executive and Non-Executive Directors. The Committee also reviewed the membership of the various Board Committees. The Committee concluded that the current membership of the Board and the Board Committees was appropriate for the needs of the business.

Executive Director

As announced on 17 December 2015, Charles Brady retired from the Board of Wilmington plc on 31 December 2015 after 16 years as a Director of the Company.

ii) Succession planning

The Committee kept under review the succession plans for both the Executive and Non-Executive Directors and the level of Senior Management immediately below Board level.

Audit Committee Chairman

As reported in September 2015, Paul Dollman joined the Board as a Non-Executive Director on 16 September 2015 and succeeded Terry Garthwaite as Chairman of the Audit Committee on 6 November 2015.

Group Company Secretary

Linda Wake retired as Group Company Secretary on 29 April 2016. Daniel Barton replaced Linda as the Group Company Secretary on the same day.

Attendance table

	Committee meetings attended	Committee meetings eligible to attend
Mark Asplin (Non-Executive chairman)	1	1
Pedro Ros (Chief Executive Officer)	1	1
Paul Dollman (Non-Executive)	1	1
Derek Carter (Non-Executive)	1	1
Nathalie Schwarz (Non-Executive)	1	1
Terence B Garthwaite (Non-Executive)	1	1

Approved on behalf of the board by:

Derek Carter
Chairman of the Nomination Committee
13 September 2016

Directors' Remuneration Report

Remuneration Committee Chairman's Annual Statement

"On behalf of the Board I am pleased to present the Remuneration report for the period ended 30 June 2016."

Nathalie Schwarz
Chairman of the Remuneration Committee

To reflect the requirements of the remuneration reporting regulations, this report is presented in two sections: the Annual Report on Remuneration and the Directors' Remuneration Policy.

The Annual Report on Remuneration provides details on the amounts earned in respect of the year ended 30 June 2016 and how the Directors' Remuneration Policy will be operated for the year commencing 1 July 2016. The Annual Report on Remuneration is subject to an advisory vote at the next Annual General Meeting due to be held on 3 November 2016.

The Directors' Remuneration Policy sets out the forward-looking remuneration policy. The Directors' Remuneration Policy was approved by the shareholders at the Annual General Meeting held on 6 November 2014. No changes are proposed to the policy for 2017 and, accordingly, shareholders will not be asked to vote on the policy at the 2016 AGM. Shareholder approval for a new policy will be sought at the AGM in 2017 and during 2017 we will review the current policy and consider what changes, if any, are required to ensure the new policy is appropriate for the company. We will consult with shareholders as appropriate in relation to the development of that new policy.

Review of 2016

As described in the Strategic Report section of this Annual Report, Wilmington has performed well across all key financial and operational measures. The Group has made progress as evidenced by the continued positive financial performance in 2016 and consequently an annual bonus to Executive Directors of 73.1% of base salary is due for performance against targets set by the Committee for the 2016 financial year. Further information in relation to the assessment of the annual bonus performance measures is included on page 45. In addition given the financial performance in last three years; 100% of the 2013 PSP has vested based on performance to 30 June 2016.

Outlook for 2017

For the current financial year:

- An increase of 2.0% in annual salary is being awarded to the Executive Directors for the new financial year, in line with base salary increases for the wider employee population.
- The annual bonus potential for Executive Directors remains unchanged at up to a maximum of 100% of base salary dependent on key financial performance indicators. There are clear financial targets based on the achievement of adjusted profit, return on equity and return on sales. The Committee is satisfied that these are challenging and, in order for the maximum bonus to be earned, will demonstrate significant further improvement in the profit performance of the business;
- The Committee will continue to monitor the performance conditions for any future PSP awards to ensure that the conditions continue to be appropriate for the Company and the prevailing market and reflect the application of a 'pay for performance' philosophy in the best interests of the Company and shareholders. The performance conditions and targets will be the same as for the 2016 awards, as described later in this report;
- It is intended that PSP awards in 2016/17 will be made on a similar basis to the 2015/16 awards with Pedro Ros receiving the equivalent of 75% of his salary and Anthony Foye receiving the equivalent of 50% of his salary; and
- We are committed to providing appropriate incentivisation for senior management. During the year, as reported in September 2015, we widened participation in the long term incentive plans by introducing a share options plan for certain senior management.

Approved on behalf of the board by:

Nathalie Schwarz
Chairman of the Remuneration Committee
13 September 2016

Directors' Remuneration Report

Annual Report on Remuneration

Certain details set out on pages 43 to 58 of this report have been audited by PricewaterhouseCoopers LLP.

Introduction (unaudited information)

The Committee has an established policy on the remuneration of Executive and Non-Executive Directors. The key principles are as follows:

- Remuneration is directly aligned with the performance of the Group and the interests of shareholders. It is designed to reward, motivate, incentivise and retain Executives of the highest calibre, without paying more than is necessary.
- A significant proportion of Executives' potential remuneration is structured so as to link rewards to annual and long-term Group performance targets, which are reviewed annually. Targets are calibrated appropriately so as to ensure that they cannot encourage excessive risk.

Single total figure of remuneration for each Director (audited information)

The tables below report the total remuneration receivable in respect of qualifying services by each Director during the year.

2016	Total salary and fees[1] £'000	Taxable benefits[2] £'000	Annual bonus[3] £'000	Compensation for loss of office[4] £'000	PSP[5] £'000	Pensions related benefits £'000	Total £'000
Executive Directors							
Pedro Ros	353	30	259	—	—	35	677
Anthony M Foye	261	27	176	—	176	—	640
Charles J Brady	56	4	—	—	260	—	320
Non-Executive Directors							
Mark Asplin	110	—	—	—	—	—	110
Terence B Garthwaite	18	—	—	—	—	—	18
Derek Carter	45	—	—	—	—	—	45
Nathalie Schwarz	45	—	—	—	—	—	45
Paul Dollman	30	—	—	—	—	—	30

2015	Total salary and fees[1] £'000	Taxable benefits[2] £'000	Annual bonus[3] £'000	Compensation for loss of office[4] £'000	PSP[5] £'000	Pensions related benefits £'000	Total £'000
Executive Directors							
Pedro Ros	336	28	273	—	—	34	671
Anthony M Foye	256	25	185	—	539	—	1,005
Neil E Smith	143	13	—	899	—	—	1,055
Charles J Brady	243	17	—	—	360	—	620
Non-Executive Directors							
Mark Asplin	100	—	—	—	—	—	100
Terence B Garthwaite	41	—	—	—	—	—	41
Derek Carter	41	—	—	—	—	—	41
Nathalie Schwarz	41	—	—	—	—	—	41

[1] Total salary and fees – the amount of salary/fees received in the year.

[2] Taxable benefits – the taxable value of benefits received in the year (i.e. car allowance and private medical insurance).

[3] Annual bonus – the cash value of the bonus earned in respect of the year. A description of performance against the objectives which applied for the financial year is provided on page 45.

[4] Compensation for loss of office – the cash value of the compensation for the loss of office.

[5] PSP – the value of performance related incentives vesting in respect of the financial year – further information as to the basis of the calculations is set out below.

For the year ended 30 June 2016:

- EPS growth in excess of RPI was 12.6%, ROE (for PSP)[1] was 29.1% and the Company's TSR was positioned 32nd out of 128 comparator companies for the three year performance period ending 30 June 2016 and 100.0% of maximum LTIP award will vest (these amounts represent the Group's best estimates and are subject to final confirmation from the Committee's adviser Aon Hewitt Limited due to be finalised shortly after the finalisation of these financial statements);
- The value shown for PSP includes the value of dividends that would have accrued on vested shares during the performance period that will subsequently be paid to the participants; and
- The PSP awards will vest on the third anniversary of the date of grant (vesting date), the estimated value of the vested shares shown above is based on the three month average share price to 30 June 2016 (£2.54).

For the year ended 30 June 2015 comparative figures:

- EPS growth in excess of RPI was 11.1%, ROE (for PSP) was 32.4% the Company's TSR was positioned 17th out of 139 comparator companies for the three year performance period ending 30 June 2015 and 100.0% of maximum LTIP award vested;
- The value shown for PSP includes the value of dividends that would have accrued on vested shares during the performance period that were subsequently paid to the participants; and
- The PSP awards vested on 19 October 2015 (the third anniversary of the date of grant). The value of the vested shares shown above is based on the share price on 19 October 2015 of £2.73, in the 2015 directors' remuneration report the value included was an estimated value based on the three month average share price to 30 June 2015 (£2.49).

Total salary and fees

For the year ended 30 June 2016 (audited information)

Total salary and fees are based on the need to retain the skills and knowledge that the Executive and Non-Executive Directors bring to the Company. Charles J Brady's salary is included up to the date of his retirement on 31 December 2016. Paul Dollman's salary is included from the date of his appointment, 16 September 2015, to the end of the year. Terence Garthwaite's salary is included up to the date of his departure on 6 November 2015. The salaries and fees are set at a level that is consistent in businesses of the Company's size and nature. Executive Directors' salaries increased by 2% in 2015/16 compared to 2014/15. This increase was in line with base salary increases for the wider employee population. The fees for the Non-Executive Directors increased by £5,000 per annum, except for Mark Asplin, the Non-Executive Chairman, whose fees increased by £12,500 per annum. These increases reflect the increased workloads and also align with those with similar roles across the market. These changes were effective from 1 September 2015.

For the year ended 30 June 2017 (unaudited information)

It is intended that the Executive Director salaries will be increased by 2.0% for 2016/17. This increase is in line with base salary increases for the wider employee population. The fees for the Non-Executive Directors are expected to remain at the same level as 2015/16.

Annual bonus

For the year ended 30 June 2016 (audited information)

Annual bonus payments were based on the Company's performance against targets based on linear ranges of adjusted profit, ROE (for Annual bonus) and ROS, set at the start of the year. In relation to the bonuses payable, these were based on the following level of achievement against each of the three metrics:

- Up to 60% of salary for the adjusted profit measure;
- Up to 20% of salary for the ROE (for Annual bonus) measure;
- Up to 20% of salary for the ROS measure;
- Linear scales of bonus for each metric were set at the start of the financial year;
- Adjusted profit is profit before adjusting items, impairment of goodwill, amortisation of publishing rights, title and benefits, unwinding of the discount on the provisions for the future purchase of non-controlling interests, unwinding of the discount on deferred consideration, provision for the Executives' bonuses, share based payments and after deducting the interest of non-controlling shareholders in such profits;
- The profit element of ROE (for Annual bonus) is based on Adjusted Profit before Tax after adjusting items; and
- The profit element of ROS is based on Adjusted EBITA[2].

[1] ROE (for PSP) – The Three year average Adjusted EBITA less impairment divided by the average Equity attributable to the owners of the parent.

[2] In the 2015 Directors' Remuneration Report, we referred to the profit element of ROS being on Adjusted EBITDA after impairment. This is a typographical error. We have assessed ROS in respect of 2016 on a before impairment basis, in line with the terms of the award documents and previous awards.

In assessing the 2016 annual bonus outturn, the Committee has:

- assessed ROE on a before impairment basis, recognising that the impairment in 2016 in CLT (£14.6m) and Ark (£1.0m) (referred to in note 12) relates to a one-off adjustment in respect of legacy businesses acquired more than 20 and 11 years ago respectively and which is not reflective of the current executive directors' contribution to the underlying performance in 2016; and
- concluded that any one-off gains which do not reflect the executive directors' contribution to the underlying business performance (for example, an exceptional gain on a future property disposal) will be excluded from the assessment of ROE for the purposes of determining bonus outturns.

The Committee believes that the above approach ensures that the bonus outturn reflects the executive directors' contribution to the underlying performance of the business. The Committee's approach to the assessment of the ROE (for Annual bonus) on a before impairment basis for 2016 reflects the specific circumstances in 2016; the Committee's approach to the treatment of any impairment in a future year in assessing the ROE measure for that year would depend upon the particular circumstances, and the Committee's starting point would be to assess ROE on an after impairment basis.

The following provides the adjusted profit, ROE (for Annual Bonus) (assessed as referred to above) and ROS target reference points together with the bonus pay-outs to the Executive Directors for 2015/16:

	Minimum target set	Maximum target set	Performance out-turn	Resulting pay out as a % of base salary
Adjusted profit (for Annual bonus)	£18,974,000	£21,820,000	£20,544,000	33.1%
ROE (for Annual bonus)	25.0%	27.0%	36.6%	20.0%
ROS	17.5%	19.5%	21.4%	20.0%
Total				73.1%

For the year ending 30 June 2017 (unaudited information)

The Committee has agreed that the metrics used to determine the annual bonus for 2015/16 remain unchanged and the maximum bonus opportunity will remain at 100% of base salary. The bonus will be subject to stretching targets. The Committee believes that the targets for the financial measures for the forthcoming financial year are commercially sensitive and that to disclose them may damage the Company's competitive position. Targets will be published retrospectively in next year's Directors' Remuneration Report or at such point that the Remuneration Committee considers that the performance targets are no longer commercially sensitive.

PSP

Awards vesting in respect of the year ended 30 June 2016 (audited information)

The PSP awards granted on 19 September 2013 that are due to vest on 19 September 2016 were subject to EPS growth, ROE (for PSP) and relative TSR performance against the FTSE SmallCap over a three year period to 30 June 2016. The performance conditions for these awards were as shown in the table below:

One-third of award — Average annual EPS growth in excess of RPI	**Percentage of Award Vesting**
Less than 3% per annum	0.0%
3% per annum	25.0%
Between 3% per annum and 9% per annum	On a straight line basis between 25.0% and 100.0%
9% per annum or more	100.0%
One-third of award — ROE (for PSP)	**Percentage of Award Vesting**
Less than 25.0%	0.0%
25.0%	25.0%
Between 25.0% and 29.0%	On a straight line basis between 25.0% and 100.0%
29.0% or above	100.0%
One-third of award — TSR versus FTSE SmallCap	**Percentage of Award Vesting**
Below median	0.0%
Median	25.0%
Between median and upper quartile	On a straight line basis between 25.0% and 100.0%
Upper quartile or above	100.0%

The table below details the Company's performance against these objectives for the three year performance period:

Element	Target Range	Performance out-turn	Shares vested as a % of maximum
EPS Growth	3.0% – 9.0%	12.6%	33.33%
ROE (for PSP)	25.0% – 29.0%	29.1%	33.33%
TSR	Median or above	32 out 128	33.33%
Total			100.00%

Awards granted during the year

In respect of the year ended 30 June 2016 the following PSP awards were granted on 16 September 2015:

Name	Type of award	Number of shares	Face value at grant	% of award vesting at minimum threshold
Pedro Ros	PSP	100,136	261,505	25.0%
Anthony M Foye	PSP	45,395	118,549	25.0%

The face value is based on a price of 261.15 pence being the average share price from the five business days immediately preceding the award which. The awards vest on 16 September 2018. The performance conditions for these awards are the same as the performance conditions detailed in the table above. The number of shares awarded represents 75% of Pedro Ros' salary and 50% of Anthony M Foye's salary.

The Committee determined that, all participants (including Executives) will be required to hold no less than 50% of any vested shares (net of taxes) for a minimum of two years.

For the year ending 30 June 2017 (unaudited information)

It is intended that awards in 2016/17 will be made on a similar basis to the 2015/16 awards. No changes are proposed to the performance conditions detailed in the table above.

Shareholding guidelines and statement of Directors' share awards (audited information)

Shareholding guidelines for Executives have been adopted, linked to the outturn from the PSP. At the time Awards vest under the PSP (or any other Executive plan established in the future), Executives will be expected to retain no fewer than 50% of vested shares (net of taxes) until such time as a total personal shareholding equivalent to 100% of pre-tax base salary has been achieved. This requirement will not apply to participants to the scheme other than the Executives.

It should be noted that at 30 June 2016 Anthony M Foye held shares worth significantly more than the shareholding guideline level. As at 30 June 2016 Pedro Ros held approximately the equivalent of 16% of his pre-tax base salary in shares, which has been acquired since his appointment in July 2014. In addition to his own acquisition of shares, 50% of any vested PSP shares (net of tax) will be retained in line with the policy above.

The holdings of the Directors and their families as at 30 June 2016 are as follows:

	Beneficial/ Non-Beneficial	At 1 July 2015 (or date of appointment)	Movement in year	**At 30 June 2016**	**At 30 June 2016 Percentage**
Pedro Ros	Beneficial	22,425	—	**22,425**	**0.03%**
Anthony M Foye	Beneficial	500,000	197,532	**697,532**	**0.80%**
Mark Asplin	Beneficial	41,390	—	**41,390**	**0.05%**
Derek Carter	Beneficial	10,000	—	**10,000**	**0.01%**

When Charles J Brady retired on 31 December 2015 he had 4,493,819 beneficial holdings representing 5.17% of the total holdings at that time.

No changes have occurred between the shareholdings as described above and the date of sign off of this report.

As at 30 June 2016 the Company's share price was 252.25p and its highest and lowest share prices during the year ended 30 June 2016 were 279.00p and 245.25p respectively. Interests are shown as a percentage of shares in issue at 30 June 2016.

Directors' Remuneration Report

Annual Report on Remuneration

Executive Directors interests under share schemes (audited information)

Awards held under the PSP by each person who was a Director at 30 June 2016 are as follows:

	Award date	Number of shares at 1 July 2015	Granted during the year	Lapsed during the year	Exercised during the year	**Number of shares at 30 June 2016***	Date which awards vest
Pedro Ros	19 Sep 2014	79,542	—	—	—	**79,542**	19 Sep 2017
Pedro Ros	16 Sep 2015	—	100,136	—	—	**100,136**	16 Sep 2018
Anthony M Foye	17 Oct 2012	183,111	—	—	(183,111)	**—**	17 Oct 2015
Anthony M Foye	19 Sep 2013	63,722	—	—	—	**63,722**	19 Sep 2016
Anthony M Foye	19 Sep 2014	54,089	—	—	—	**54,089**	19 Sep 2017
Anthony M Foye	16 Sep 2015	—	45,395	—	—	**45,395**	16 Sep 2018

*unvested and subject to performance conditions

Charles J Brady retired with 94,165 share awards outstanding. These awards are due to vest on 19 September 2016.

Dilution (unaudited information)

Under the rules of the PSP, awards under the unvested Company's discretionary schemes which may be satisfied by a new issue of shares must not exceed 5.0% of the Company's issued share capital in any rolling 10 year period and the total of all awards satisfied via new issue shares under all plans (both discretionary and all-employee) over a ten year period must not exceed 10.0% of the Company's issued share capital in any rolling 10 year period.

At 30 June 2016, the headroom under the Company's 5.0% and 10.0% limits was 3,482,642 and 4,507,992 shares respectively, out of an issued share capital of 86,985,731 shares.

Pensions related benefits

For the year ended 30 June 2016 (audited information)

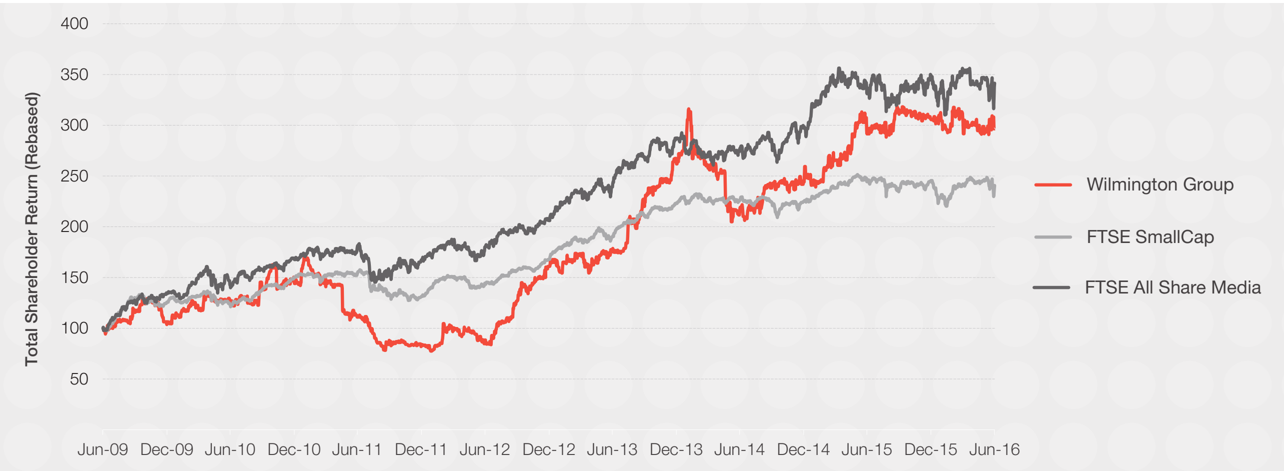
The Company made pension contributions totalling £35,299 (2015: £33,603) on behalf of Pedro Ros, reflective of 10% of his annual salary. The other Executive Directors did not participate in a contribution scheme.

For the year ending 30 June 2017 (unaudited)

The Company expects to continue making pension contributions on behalf of Pedro Ros. These contributions are expected to remain at 10% of his annual salary. It is expected that the other Executive Director will continue to not participate in a contribution scheme.

Performance graph and table (unaudited information)

The following graph shows, for the year ended 30 June 2016 and for each of the previous six years, the total shareholder return (calculated in accordance with the Large and Medium-sized Company and Groups (Accounts and Reports) Regulations 2013) on a holding of the Company's ordinary shares compared with a hypothetical holding of shares of the same kind and number as those by reference to which the FTSE All — Share Media Index and the FTSE Small Cap Index are calculated. These indices have been chosen as the appropriate comparators because it is these indices within which the Company's shares are quoted.



Chief Executive Officer single figure (unaudited information)

	Total remuneration £'000	Annual Bonus as a % of maximum opportunity %	PSP as a % of maximum number of shares %
2015/16 Pedro Ros	677	73.1%	—
2014/15 Pedro Ros	671	78.5%	—
2013/14 Charles J Brady	943	88.6%	91.84%
2012/13 Charles J Brady	935	80.0%	55.00%
2011/12 Charles J Brady	580	55.2%	—
2010/11 Charles J Brady	535	46.3%	—
2009/10 Charles J Brady	393	2.8%	—

Pedro Ros did not have any awards which were capable of vesting in respect of 2014/15 and 2015/16.

Percentage change in remuneration of Chief Executive Officer and employees (unaudited information)

The percentage change in salary, taxable benefits and annual bonus between 2014/15 and 2015/16 for the Chief Executive Officer and for all employees in the Group was:

	Salary	Taxable benefits	Annual bonus
Chief Executive Officer	2.0%	2.0%	(5.1%)
Employee population	2.0%	0.0%	7.0%

Relative importance of spend on pay (unaudited information)

The difference in actual expenditure between 2014/15 and 2015/16 on remuneration for all employees in comparison to distributions to shareholders by way of dividend are set out in the table below:

	2014/15 £'000	2015/16 £'000	Change (%)
Expenditure on remuneration for all employees	35,582	38,200	7.4%
Distributions to shareholders by way of a dividend	6,370	6,782	6.5%

Details of the Remuneration Committee, advisers to the Committee and their fees (unaudited information)

Details of the Directors who were members of the Committee during the year are disclosed on pages 30 and 31. The Committee has also received assistance from the Chief Executive Officer with respect to the remuneration of the other Executive Director and on the Company's remuneration policy more generally. He is not in attendance when his own remuneration is discussed.

During the year, the Committee received independent advice from the following external consultants:

Committees advisors	2015/16 £'000
Aon Hewitt Limited provided advice to the Committee on market practice, governance and performance analysis.	5
Deloitte LLP provided advice to the Committee on executive remuneration, including annual bonus performance measures and the preparation of the Directors' Remuneration Report.	7

Deloitte LLP was appointed by the Committee in 2013. Aon Hewitt Limited was appointed by the Committee in previous years. The Committee took into account the Remuneration Consultants Group's Code of Conduct when reviewing the appointment of Aon Hewitt Limited and Deloitte LLP.

The Committee is satisfied that all advice received was objective and independent.

Directors' Remuneration Report

Annual Report on Remuneration

Details of the attendance of the Committee are set out in the table below:

Committee member	Member since	Committee Meetings attended	Committee Meetings eligible to attend
Nathalie Schwarz (Committee chairman)	December 2011	5	5
Derek Carter	December 2011	5	5
Mark Asplin	April 2005	5	5
Terence B Garthwaite	June 2005	4	4
Paul Dollman	September 2015	1	1

Statement of voting at general meeting (unaudited information)

At the AGM held on 5 November 2015 the Annual Report on Remuneration received the following votes from shareholders:

Annual Report on Remuneration	Total number of votes	% of votes cast
For	69,651,012	99.99%
Against	8,200	0.01%
Total votes cast (for and against)	69,659,212	
Votes withheld	251	
Total votes (including withheld votes)	69,659,463	

At the AGM held on 6 November 2014 the Directors' Remuneration Policy received the following votes from shareholders.

Directors' Remuneration Policy	Total number of votes	% of votes cast
For	69,286,584	99.99%
Against	5,340	0.01%
Total votes cast (for and against)	69,291,924	
Votes withheld	2,000	
Total votes (including withheld votes)	69,293,924	

Directors' Remuneration Report

Directors' Remuneration Policy

Remuneration policy

The table below sets out the Company's Directors' remuneration policy which was approved at the AGM on 6 November 2014. No changes have been made to the policy since this approval.

	Base Salary
Purpose and link to strategy	Core element of fixed remuneration set at a market competitive level with the aim to recruit, motivate and retain Directors of the calibre required.
Operation	The Committee ordinarily reviews base salaries annually taking into account: ● Performance of the Group and pay conditions elsewhere in the workforce; ● Performance of the individual; ● Changes in position or responsibility; and ● Market competitiveness. The Committee periodically takes external advice to benchmark salaries by reference to Executives with similar positions in comparator organisations. In considering relevant benchmarking the Committee is also aware of the risk of an upward pay ratchet through placing undue emphasis on comparator pay surveys. Base salary is the only pensionable element of remuneration.
Opportunity	While there is no maximum salary, increases will normally be in line with the typical level of salary increase awarded (in percentage of salary terms) to other employees in the Group. Salary increases above this level may be awarded in certain circumstances, such as: ● where an Executive Director has been promoted or has had a change in scope or responsibility; ● a new Executive Director being moved to market positioning over time; ● where there has been a significant change in market practice; ● where there has been a significant change in the size and/or complexity of the business. Such increases may be implemented over such time period as the Committee deems appropriate.
Performance metric	Not applicable.
	Pension
Purpose and link to strategy	Helps recruit and retain executives. Rewards sustained contribution and commitment to the Group. Provides market competitive post-employment benefits.
Operation	Executive Directors are eligible to participate in the defined contribution pension scheme. The Committee has the discretion to pay cash supplements in lieu of pension contributions in certain circumstances.
Opportunity	The Company contributes up to 10% of salary to a pension scheme on behalf of the Executive Directors, and/or as a salary supplement in lieu of pension contributions where appropriate. Executive Directors are entitled to elect to sacrifice part of their salary and bonus into a personal pension scheme.
Performance metric	Not applicable.

Directors' Remuneration Report

Directors' Remuneration Policy

	Taxable benefits
Purpose and link to strategy	Fixed element of remuneration set at a market competitive level with the aim to recruit, motivate and retain Directors of the calibre required.
Operation	Executive Directors receive benefits in line with market practice and principally include a fully expensed car or car allowance and private medical cover (for the Executive Director and his or her family), and permanent health insurance. Other benefits may be provided based on individual circumstances and response to market pressures.
Opportunity	Whilst the Committee has not set an absolute maximum on the level of benefits Executive Directors may receive, the value of the benefit is set at a level which the Committee considers to be appropriately positioned taking into account relevant market levels based on the nature and location of the role and individual circumstances.
Performance metric	Not applicable.
	Annual Bonus
Purpose and link to strategy	Rewards the achievement of the Group strategy of sustainable growth.
Operation	Targets are reviewed annually and any pay-out is determined by the Committee after the year-end based on targets set for the financial period. The bonus plan rules contain provisions such that appropriate means of redress may be sought (i.e. claw back) if it transpires that a bonus was paid for performance in a year which later proves to have been materially misstated. There is no scope to make discretionary bonus payments outside of the scope of the bonus plan.
Opportunity	The maximum bonus is 100% of base salary.
Performance metric	Stretching targets are set each year reflecting the business priorities which underpin Group strategy and align to key performance indicators. The annual bonus is determined based on performance against a mix of targets. The majority will be determined by financial measures and may include adjusted profit, return on equity ('ROE') and Return on Sale ('ROS') targets. Vesting of financial metrics will apply on a sliding scale up to 100% of maximum potential for this element of the bonus based on the satisfaction of performance conditions. Vesting of non-financial or individual metrics (where applicable) will apply on a scale between 0% and 100% based on the Committee's assessment of the extent to which non-financial or individual performance metrics has been met.

	Performance share plan ('PSP')
Purpose and link to strategy	Incentivises Executive Directors to achieve returns for shareholders over a longer timeframe.
Operation	Executive Directors may receive awards in the form of conditional awards of shares, options to acquire shares for nil cost or as cash settled equivalents. Share awards may be settled in cash at the election of the Committee. Vesting is dependent on the achievement of performance conditions normally over a three year measurement period. The Committee will determine performance conditions prior to each Award, with performance measured over a single period of three years with no provision to re-test. The Committee may operate claw back if, at any time before the later of (i) the second anniversary of the vesting of an award and (ii) the publication of the Company's second set of audited financial statements following such vesting, there has been a material misstatement of the Company's financial statements, an error occurred when assessing the number of shares over which a PSP award vests, or the participant has been guilty of gross misconduct. In these circumstances, there may be a proportionate reduction of future bonuses and/or share awards made under the PSP to reflect the overpayment of shares, or the participant may be required to repay the overpaid amounts from personal funds. An additional payment (in the form of cash or shares) may be made in respect of shares which vest under the PSP to reflect the value of dividends which would have been paid on those shares in respect of record dates during the vesting period. The Committee shall determine the basis on which the value of such dividends shall be calculated, and may assume the reinvestment of dividends in the Company's shares on a cumulative basis.
Opportunity	The maximum award limit under the PSP scheme will be 150% of base salary.
Performance metric	The awards under the PSP will be based on a mix of key longer term metrics for the Group. These will be metrics which the Committee considers to be the most appropriate measures of longer term performance and could include TSR, EPS and ROE. Where more than one performance condition applies, these will normally apply with an equal weighting. The threshold pay-out level under the PSP is 25% of the maximum award. There will usually be straight line vesting between threshold and maximum performance.

The Committee may amend the terms of awards under the PSP in accordance with the PSP rules in the event of a variation of the Company's share capital, demerger, special dividend or other similar event. The Committee may amend the rules of the PSP and awards granted under it within the scope defined in the PSP rules as approved by shareholders.

Explanation of performance metrics chosen

Performance measures for the annual bonus and PSP are reviewed annually to ensure they continue to reflect the business strategy and remain sufficiently stretching.

The Committee considers that adjusted profit, Return on Equity ('ROE') and Return on Sale ('ROS') targets are closely aligned to the Group's key performance metrics and in application to the annual bonus alone provide a balanced measure of performance that encourages sustainable growth. The application of TSR, EPS and ROE targets to the PSP align management's objectives with those of shareholders for the following reasons:

- The EPS target will reward significant and sustained increase in earnings that would be expected to flow through into shareholder value. For the participants, this will also deliver a strong 'line of sight' as it will be straightforward to evaluate and communicate;
- The ROE performance condition will reward Executives for delivery of returns to shareholders but adding a further discipline of ensuring the most efficient use of shareholders' funds; and
- The TSR performance condition will provide a balance to the financial performance conditions by rewarding relative share price performance against the companies comprising the FTSE Small Cap Index and ensures that a share price-based discipline in the package (in the absence of options) is retained. This will ensure that management can be rewarded for delivering superior market returns.

The Committee considers that this blend of measures provides a link to the Company's strategy, which is to create a sustained improvement in underlying performance and maximise returns to shareholders.

When setting the performance targets, the Committee will take into account a number of different reference points, which may include the Company's business plans and strategy and market environment. Full vesting will only occur for what the Committee considers to be stretching performance.

The Committee may vary any performance measure if an event occurs which causes it to determine that it would be appropriate to vary the measure, provided that any such variation is fair and reasonable and (in the opinion of the Committee) the altered performance measure would be not materially less difficult to satisfy than the unaltered performance measure would have been but for the event in question. If the Committee were to make such a variation, a full explanation would be given in the next Directors' Remuneration Report.

Legacy matters

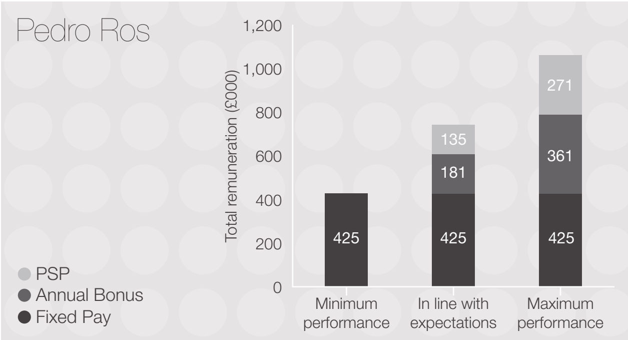
The Committee also retains discretion to make payments outside of this Policy:

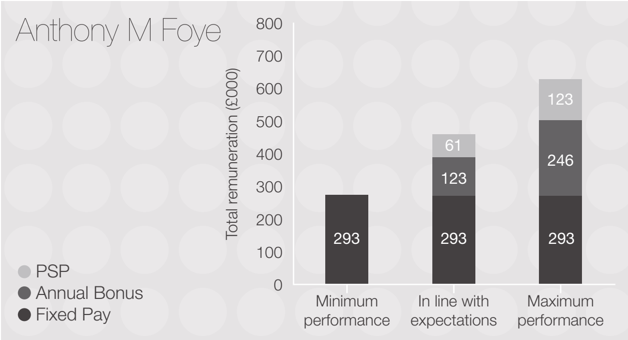
- to satisfy payments to Executive Directors made under contractual commitments made prior to (and not in contemplation of) the individual becoming an Executive Director; and
- to satisfy contractual commitments under legacy remuneration arrangements.

Illustration of the application of the remuneration policy

The charts included in the annual report on the company website set out for each of the Executive Directors an illustration of the application for 2016/17 of the remuneration policy set out above. The charts show the split of remuneration between fixed pay and variable pay in the Policy for:

- minimum remuneration receivable — salary, fees, taxable benefits and pension;
- the remuneration receivable if the Director was, in respect of any performance measures or targets, performing in line with the Company's expectation; and
- maximum remuneration receivable (not allowing for any share price appreciation).





The Committee believes an appropriate proportion of the Executive Directors' remuneration links reward to corporate and individual performance and is aligned to the Group's strategic priorities.

In illustrating the potential reward the following assumptions have been made:

	Basic Performance	In line with expectations	Maximum performance
Fixed pay	Based on fixed pay effective as at 1 July 2016		
Annual bonus	No bonus	50% of salary	100% of salary
PSP	No PSP vesting	37.5% of salary for Pedro Ros and 25% for Anthony M Foye	75% of salary for Pedro Ros and 50% of salary for Anthony M Foye

Non-Executive Directors

	Purpose and link to strategy	Operation	Opportunity	Performance metrics
Non-Executive Director Fees	Sole element of Non-Executive Director remuneration set at a level that reflects market conditions and is sufficient to attract individuals with appropriate knowledge and experience.	Fees are reviewed periodically and amended to reflect any change in responsibilities and time commitments. Where appropriate external advice is taken on setting market competitive fees. The Non-Executive Directors do not participate in any of the Group's share incentive plans nor do they receive any benefits or pension contributions. Non-Executive Directors may be eligible to receive benefits such as the use of secretarial support, travel costs or other benefits that may be appropriate.	Fees are based on the time commitment and responsibilities of the role. Fees are subject to an overall cap as set out in the Company's Articles of Association.	Not applicable

Differences in policy from the wider employee population

The Company values its wider workforce and aims to provide a remuneration package that is market competitive, complies with any statutory requirements and is applied fairly and equitably across the wider employee population. Where remuneration is not determined by statutory regulation, the Company operates the same core principles as it does for Executive Directors namely;

- We remunerate people in a manner that allows for stability of the business and the opportunity for sustainable long term growth; and
- We seek to remunerate fairly and consistently for each role with due regard to the market place, internal consistency and the Company's ability to pay.

Recruitment remuneration policy

The objective of this policy is to allow the Committee to offer remuneration packages which facilitate the recruitment of individuals of sufficient calibre to lead the business and effectively execute the strategy for shareholders. When appointing a new Executive Director, the Committee seeks to ensure that arrangements are in the best interests of the Company and not to pay more than is appropriate.

The Committee will take into consideration all relevant factors including the calibre of the individual, the candidate's existing remuneration package, and the specific circumstances of the individual including the jurisdiction from which the candidate was recruited.

When hiring a new Executive Director, the Committee will typically align the remuneration package with the above Policy. The Committee may include other elements of pay which it considers are appropriate, however, this discretion is capped and is subject to the principles and the limits referred to below.

- Base salary will be set at a level appropriate to the role and the experience of the Director being appointed. This may include agreement on future increases up to a market rate, in line with increased experience and/or responsibilities, subject to good performance, where it is considered appropriate.
- Pension and benefits will only be provided in line with the above Policy; and
- The Committee will not offer non-performance related incentive payments (for example a 'guaranteed sign-on bonus').
- Other elements may be included in the following circumstances:
  - an interim appointment being made to fill an Executive Director role on a short-term basis;
  - if exceptional circumstances require that the Chairman or a Non-Executive Director takes on an executive function on a short-term basis;
  - if an Executive Director is recruited at a time in the year when it would be inappropriate to provide a bonus or long-term incentive award for that year as there would not be sufficient time to assess performance. Subject to the limit on variable remuneration set out below, the quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis; and
  - if the Director will be required to relocate in order to take up the position, it is the Company's policy to allow reasonable relocation, travel and subsistence payments. Any such payments will be at the discretion of the Committee.
- The Committee may also alter the performance measures, performance period and vesting period of the annual bonus or PSP, subject to the rules of the PSP, if the Committee determines that the circumstances of the recruitment merit such alteration. The rationale will be clearly explained in the following Directors' Remuneration Report.
- The maximum level of variable remuneration which may be granted (excluding 'buyout' awards as referred to below) is 250% of salary.

The Committee may make payments or awards in respect of hiring an employee to 'buy out' remuneration arrangements forfeited on leaving a previous employer. In doing so the Committee will take account of relevant factors including any performance conditions attached to the forfeited arrangements and the time over which they would have vested. The Committee will generally seek to structure buy out awards or payments on a comparable basis to the remuneration arrangements forfeited. Any such payments or awards are excluded from the maximum level of variable remuneration referred to above. Where considered appropriate, such special recruitment awards will be liable to forfeiture or 'claw back' on early departure.

Any share awards referred to in this section will be granted as far as possible under the Company's existing share plans. If necessary and subject to the limits referred to above, recruitment awards may be granted outside of these plans as permitted under the Listing Rules which allow for the grant of awards to facilitate, in unusual circumstances, the recruitment of an Executive Director. Where a position is filled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue in accordance with their terms.

Fees payable to a newly appointed Chairman or Non-Executive Director will be in line with the policy in place at the time of appointment.

Payments for loss of office

The Company has adopted the following policy on Executives' service contracts:

Notice period	12 months' notice period or less shall apply.
Termination payments and mitigation	Termination payments are limited to payment of 12 months' salary, contractual pension amounts and benefits. The policy is that, as is considered appropriate at the time, the departing Director may work, or be placed on garden leave, for all or part of his notice period, or receive a payment in lieu of notice in accordance with the service agreement. The Committee will consider mitigation to reduce the termination payment to a leaving Director when appropriate to do so, having regard to the circumstances.
Annual bonus	The decision whether or not to award a bonus in full or in part will be dependent upon a number of factors including the circumstances of their departure and their contribution to the business during the bonus period in question. Any bonus payment would typically be pro-rated for time in service to termination and paid at the usual time (although the Committee retains discretion to pay the bonus earlier in appropriate circumstances).
PSP	Unvested awards held by the Director under the company's PSP will lapse or vest in accordance with the rules of the plan, which have been approved by shareholders. In summary, the plan rules provide that awards can vest if employment ends by reason of redundancy, retirement, ill health or disability, death, sale of the Director's employer out of the Group or any other reason determined by the Committee. The Committee shall determine whether the award will vest at cessation or the normal vesting date. In either case, the extent of vesting will be determined by the Committee taking into account the satisfaction of the relevant performance conditions and, unless the Committee determines otherwise, applying a pro-rate reduction based on the period from the date of grant to the date of cessation relative to a three year period.
Change of control	Awards under the PSP will generally vest early on a takeover or other relevant corporate event. The Committee will determine the level of vesting taking into account the satisfaction of the relevant performance conditions and, unless the Committee determines otherwise, a pro-rate reduction based on the period from the date of grant to the date of the relevant event relative to a three year period.
Other payments	In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement and legal fees. Where a 'buyout' or other award is made outside the Company's PSP in connection with the recruitment of an Executive Director, as permitted under the Listing Rules, the leaver provisions would be determined at the time of the award.

The Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment.

Non-Executive Directors

Non-Executive Directors have letters of appointment with the notice periods referred to below, with compensation limited to fees for the duration of the notice period.

Directors' service agreements and letters of appointment

The existing executive Directors' contracts are on a rolling basis and may be terminated on 12 months' notice by the Company or the Executive. All Non-Executive Directors have initial fixed term agreements with the Company of no more than three years.

Details of the Directors' service contracts and notice periods are set out below:

Executive Directors	Contract commencement date	Notice period
Pedro Ros	July 2014	12 months
Anthony M Foye	Sep 2012	12 months
Non-Executive Directors	**Date of initial appointment**	**Notice period**
Mark Asplin	Apr 2005	6 months
Derek Carter	Dec 2011	3 months
Nathalie Schwarz	Dec 2011	3 months
Paul Dollman	Sep 2015	3 months

Statement of consideration of employment conditions elsewhere in the Company

The Committee generally considers pay and employment conditions elsewhere in the Company when considering the Executive Directors' remuneration. When considering base salary increases, the Committee reviews overall levels of base pay increases offered to other employees. Employees are not actively consulted on Directors' remuneration.

Non-Executive appointments at other companies

The Committee's policy is that Executive Directors may, by agreement with the Board, serve as Non-Executives of other companies and retain any fees payable for their services.

Statement of consideration of shareholder views

The Company is committed to open and transparent dialogue with shareholders and welcomes feedback on Executive and Non-Executive Directors.

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 company and 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.

The directors consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess a company's performance, business model and strategy.

Each of the directors, whose names and functions are listed on pages 30 and 31 confirm that, to the best of their knowledge:

- 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 profit of the group; and
- the directors' report contained on pages 32 to 59 includes 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.

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved on behalf of the board by:

Anthony M Foye
Chief Financial Officer
13 September 2016

Independent Auditors' Report

Report on the financial statements

Our opinion

In our opinion:

- Wilmington 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 June 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 Financial Statements (the 'Annual Report'), comprise:

- the Group and Company Balance Sheets as at 30 June 2016;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the year then ended;
- the Group and Company Cash Flow Statements for the year then ended;
- the Group and Company Statements of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

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

Our audit approach

Overview

Materiality:

- Overall group materiality: £1,000,000 which represents 5% of Group adjusted profit before tax

Audit scope:

- Each business segment comprises a number of legal entities or components. PwC UK performed audits of complete information for each of the Group's significant components, with specified and analytical procedures being performed over remaining material and immaterial financial statement line items, respectively.
- The full scope reporting units and group functions we conducted our work at accounted for 89% of the Group Adjusted Profit before Tax, and 87% of Group revenue.

Areas of focus:

- Goodwill and intangible assets impairment assessment.
- Revenue recognition.
- Acquisition accounting for Financial Research Associates ('FRA').

The scope of our audit and areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)').

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus' in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Goodwill and intangible assets impairment assessment Refer to pages 40 and 41 (Audit Committee Report), page 72 (Critical accounting judgements, estimates and assumptions) and pages 87 to 89 (notes 12 and 13). The goodwill and intangible assets (excluding computer software) balances of £97 million, allocated across multiple cash-generating units ('CGUs'), are subject to an annual impairment review. Directors used a 'Value in Use' model to compute the present value of forecast future cash flows for each CGU which was then compared to the carrying value of the net assets of each CGU (including Goodwill and Intangible assets) to determine if there was an impairment. These assessments involve significant judgement about the future results of the business as well as determining the discount and long term growth rates applied to future cash flow forecasts. During the year and as announced in the Group's interim statement on 24 February 2016, Management have restructured the Legal segment into two sub-divisions providing services for non-lawyers ('Law for non-lawyers') and services to lawyers in the profession and industry ('Law for lawyers'), each containing a number of separate CGUs. Market conditions have remained challenging in the 'Law for lawyers' sub-division resulting from reduced demand for face to face training, strong price competition and the proposed change to the legal profession's Continual Professional Development (CPD) rules. Management's impairment assessment showed a £15.7million impairment of Goodwill in two CGUs within the 'Law for lawyers' sub-division which has been recognised in the financial statements. Similar to the prior year assessment, Management also determined that headroom in the Compliance Week CGU was sensitive to movements in the key assumptions. In light of the above we focused on the Legal and Compliance Week CGUs and the judgements applied by Management. We also focused on the amount of the impairment charge recognised and checked that appropriate sensitivity disclosures were provided in the financial statements to explain any additional impairment amounts which would arise from reasonably possible changes to the model's key assumptions.	We evaluated the Directors' future cash flow projections for all four business segments and the process by which they were drawn up, including comparing them to the latest Board approved budgets, and testing the underlying calculations. We found the cash-flow projections were consistent with the approved budgets and no material misstatements in the calculations performed. For the Directors' key assumptions: • we compared the growth rates in the forecasts to historical results and economic forecasts; and • we assessed the discount rate by comparing the cost of capital for the Group with comparable organisations. We found the Directors' assumptions to be in line with our expectations. In addition, we verified Management's allocation of goodwill and intangibles to the two newly created CGUs in the Legal segment CGU against historical accounting records and internal management reporting. We also assessed management's internal documentation and divisional reporting lines to ascertain whether these support the creation of two new CGUs in the Legal Segment. We found the allocation exercise was carried out satisfactorily and that the separation of the CGUs is justified. We performed sensitivity analysis around the key drivers of the cash flow projections including assumed profits, short and longer term growth rates and discount rates. In performing these sensitivities we considered the historical budgeting accuracy and how the assumptions compared to the actual values achieved in prior years. Having ascertained the extent of change in those assumptions that either individually or collectively would be required for the goodwill or intangible assets to be impaired, we considered the likelihood of such a movement in those key assumptions arising. As the carrying value of the 'Law for lawyers' CGU was impaired down to the Value in Use there was no further headroom, and any unfavourable change in assumptions used in the additional sensitivities showed further impairments to Goodwill. We also determined that headroom in the Compliance Week CGU was sensitive to movements in the key assumptions. We determined the results of these sensitivities are appropriately disclosed and the sensitivities present a fair reflection of reasonably possible changes to assumptions used in the Value in Use model as well as appropriately drawing attention to the significant areas of judgement. For the other segments, the sensitivities showed remaining headroom in all scenarios.

Independent Auditors' Report

to the members of Wilmington plc

Area of focus	How our audit addressed the area of focus
Revenue recognition Refer to pages 40 and 41 (Audit Committee Report), pages 72 and 78 (note 1 Statement of accounting policies) and pages 79 and 80 (note 3). We focused on this area because the timing of revenue recognition and its presentation in the income statement has inherent complexities for Wilmington, some of which are industry related, in particular: • Significant or one-off contracts entered into near the year end which could contain multiple elements (such as the sale of publications accompanied by training) or for which revenue should be spread over the term of the contract rather than incorrectly recognised immediately; and • Subscription revenues are partly managed in electronic worksheets and/or other legacy customer management systems, meaning that there is a higher risk of error or manipulation of the calculation of deferred revenue.	For revenue transactions close to the year-end we tested that revenue cut-off was appropriately determined. We selected a sample of transactions, including larger transactions near the year end and agreed the details of these transactions to underlying contractual information or other supporting documents which demonstrated when obligations had been fulfilled by the parties to the transaction. No material exceptions were noted from our testing. We also tested a sample of transactions to check that the amount of revenue deferred was accurately calculated and appropriately recognised. This involved agreeing revenue to contractual and invoice terms as well as supporting calculations. No material exceptions were noted from our testing. Further, as part of our other evidence obtained over the revenue recognised during the year, we also tested journal entries posted to revenue accounts to identify unusual or irregular items. In order to identify unexpected transaction flows we also used computer assisted auditing techniques on the accounting records held within the Group's principal accounting system. Our work did not identify any items that could not be substantiated.
Acquisition Accounting Refer to pages 40 and 41 (Audit Committee Report) and pages 84 and 85 (note 11.a). The Group acquired certain of the trade and assets of Financial Research Associates LLC ('FRA') in the US during the year. Accounting for acquisitions required a fair value exercise to assess the assets and liabilities acquired, including valuing any separately identifiable intangible assets and goodwill. The valuation of intangibles can be a particularly subjective process and judgemental as it requires management assumptions including on customer attrition and growth rates as well as notional royalty rates used to value potential Brands. The determination of the discount rate applied to the fair value models was also judgemental as it required the calculation of a risk adjusted weighted average cost of capital ('WACC'). We focused on the accounting for these acquisitions and the related disclosures made by management for consistency with applicable accounting standards.	We assessed the completeness and amount of intangible assets identified by management against our own expectations, formed from review of the due diligence report prepared by management during the acquisition, and disclosures surrounding the rationale for the transaction. Further, we assessed the analysis prepared by management from these reports utilising our in-house expertise to evaluate the purchase price allocation. In doing so we performed the following: • we compared assumptions made on renewal rates with historical patterns in the business to verify that assumptions were reasonable and we also tested these historical patterns; • we challenged management on the completeness of customer relationships and whether these existed in other areas of the business not included in the determined fair value; and • we sensitised the discount rate and other key inputs and assumptions to ascertain the extent of change that would be required for the fair value to be materially misstated. From our procedures, we concluded that the identified intangibles were complete and the arising values were within a materially reasonable range. We discussed the results of this analysis with management and ensured appropriate disclosure was included within the annual report which describes the nature of the arising goodwill. Based on the work performed in this area, we have determined that the relevant intangible assets and goodwill had been identified and valued appropriately.

How we tailored our audit scope

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

The Group is structured into four business segments being Risk & Compliance, Finance, Legal and Insight. The Group financial statements are a consolidation of reporting units that make up the four business segments, spread across four geographic regions, being the United Kingdom, Europe (excluding the UK), North America and the Rest of the World, and the centralised functions.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the reporting units by us as the Group engagement team. Each business segment comprises a number of legal entities or components. PwC UK performed audits of complete information for each of the Group's significant components, with specified and analytical procedures being performed over remaining material and immaterial financial statement line items, respectively.

The full scope reporting units and group functions we conducted our work at accounted for 89% of the Group Adjusted Profit before Tax, and 87% of Group revenue.

Materiality

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

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

Overall group materiality:	£1,000,000 (2015: £900,000).
How we determined it:	5% of Group Adjusted Profit before Tax
Rationale for benchmark applied:	We believe that adjusted profit before tax and net finance costs provides us with a consistent year on year basis for determining materiality by eliminating the impact of non-recurring transactions.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £50,000 (2015: £45,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the directors' statement, set out on page 59, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the group and company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the group's and company's ability to continue as a going concern.

Independent Auditors' Report

to the members of Wilmington plc

Other required reporting

Consistency of other information

Companies Act 2006 opinion

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.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

• information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group and company acquired in the course of performing our audit; or otherwise misleading.	We have no exceptions to report
• the statement given by the directors on page 59, in accordance with provision C.1.1 of the UK Corporate Governance Code (the 'Code'), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the group's and company's position and performance, business model and strategy is materially inconsistent with our knowledge of the group and company acquired in the course of performing our audit.	We have no exceptions to report
• the section of the Annual Report on page 40, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report

The directors' assessment of the prospects of the group and of the principal risks that would threaten the solvency or liquidity of the group

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

• the directors' confirmation on pages 23 to 29 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
• the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
• the directors' explanation on page 29 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the directors' statement that they have carried out a robust assessment of the principal risks facing the group and the directors' statement in relation to the longer-term viability of the group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

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

Directors' remuneration report - Companies Act 2006 opinion

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

Other Companies Act 2006 reporting

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.

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

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 59, 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 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

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.

David Snell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 September 2016

Consolidated Income Statement

for the year ended 30 June 2016

	Notes	Adjusted results June 2016 £'000	Adjusting items (note 5) June 2016 £'000	Statutory results June 2016 £'000	Adjusted results June 2015 £'000	Adjusting items (note 5) June 2015 £'000	Statutory results June 2015 £'000
Continuing operations							
Revenue	3	**105,724**	**—**	**105,724**	95,087	—	95,087
Net operating expenses	4	**(83,119)**	**(2,352)**	**(85,471)**	(74,669)	(1,112)	(75,781)
Amortisation	5	**—**	**(5,545)**	**(5,545)**	—	(6,118)	(6,118)
Share based payments	5	**—**	**(563)**	**(563)**	—	(918)	(918)
Impairment of goodwill	12	**—**	**(15,659)**	**(15,659)**	—	—	—
Operating profit/(loss)		**22,605**	**(24,119)**	**(1,514)**	20,418	(8,148)	12,270
Net finance costs	6	**(1,695)**	**(225)**	**(1,920)**	(1,974)	—	(1,974)
Profit/(loss) before tax		**20,910**	**(24,344)**	**(3,434)**	18,444	(8,148)	10,296
Taxation	7			**(2,841)**			(2,429)
Profit/(loss) for the year				**(6,275)**			7,867
Attributable to:							
Owners of the parent				**(6,418)**			7,737
Non-controlling interests	24			**143**			130
				(6,275)			7,867
Earnings per share attributable to the owners of the parent:							
Basic (p)	9			**(7.39p)**			8.96p
Diluted (p)	9			**(7.39p)**			8.83p
Adjusted earnings per share attributable to the owners of the parent:							
Basic (p)	9	**18.69p**			16.42p		
Diluted (p)	9	**18.53p**			16.19p		

The notes on pages 72 to 105 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2016

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
(Loss)/profit for the year	**(6,275)**	7,867
Other comprehensive income:		
Items that may be reclassified subsequently to the income statement		
Fair value movements on interest rate swaps (net of tax)	**(622)**	116
Currency translation differences	**2,966**	578
Net investment hedges (net of tax)	**(1,474)**	(265)
Other comprehensive income for the year, net of tax	**870**	429
Total comprehensive (expense)/income for the year	**(5,405)**	8,296
Attributable to:		
– Owners of the parent	**(5,548)**	8,166
– Non-controlling interests	**143**	130
	(5,405)	8,296

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 7. The notes on pages 72 to 105 are an integral part of these financial statements.

Balance Sheets

as at 30 June 2016

		Group		Company	
	Notes	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Non-current assets					
Goodwill	12	**70,763**	77,063	**—**	—
Intangible assets	13	**29,038**	23,636	**—**	—
Property, plant and equipment	14	**4,628**	4,841	**674**	776
Investments in subsidiaries	15	**—**	—	**49,420**	49,420
Deferred tax assets	21	**942**	562	**384**	400
		105,371	106,102	**50,478**	50,596
Current assets					
Trade and other receivables	16	**26,121**	21,696	**65,972**	64,059
Cash and cash equivalents		**14,642**	9,194	**1,603**	62
Derivative financial instruments	17	**—**	338	**—**	338
		40,763	31,228	**67,575**	64,459
Assets of disposal group held for sale	11	**—**	895	**—**	—
		40,763	32,123	**67,575**	64,459
Total assets		**146,134**	138,225	**118,053**	115,055
Current liabilities					
Trade and other payables	18	**(43,896)**	(39,575)	**(18,422)**	(11,555)
Current tax liabilities		**(1,553)**	(793)	**—**	—
Deferred consideration – cash settled		**(1,272)**	—	**—**	—
Derivative financial instruments	17	**(1,013)**	—	**(1,013)**	—
Borrowings	19	**(2,204)**	(37,655)	**(583)**	(20,705)
		(49,938)	(78,023)	**(20,018)**	(32,260)
Liabilities of disposal group held for sale	11	**—**	(445)	**—**	—
		(49,938)	(78,468)	**(20,018)**	(32,260)
Non-current liabilities					
Borrowings	19	**(46,697)**	—	**(12,399)**	—
Deferred consideration – cash settled		**(1,370)**	(273)	**—**	(273)
Derivative financial instruments	17	**(1,037)**	(423)	**(1,037)**	(423)
Deferred tax liabilities	21	**(3,989)**	(3,762)	**—**	—
Provisions for future purchase of non-controlling interests		**(100)**	(100)	**—**	—
		(53,193)	(4,558)	**(13,436)**	(696)
Total liabilities		**(103,131)**	(83,026)	**(33,454)**	(32,956)
Net assets		**43,003**	55,199	**84,599**	82,099
Equity					
Share capital	22	**4,349**	4,325	**4,349**	4,325
Share premium	22	**45,225**	45,225	**45,225**	45,225
Treasury shares	22	**(96)**	(96)	**(96)**	(96)
Share based payments reserve		**886**	1,052	**886**	1,052
Translation reserve		**2,602**	(364)	**—**	—
Retained earnings		**(10,116)**	4,780	**34,235**	31,593
Equity attributable to owners of the parent		**42,850**	54,922	**84,599**	82,099
Non-controlling interests	24	**153**	277	**—**	—
Total equity		**43,003**	55,199	**84,599**	82,099

The notes on pages 72 to 105 are an integral part of these consolidated financial statements. The financial statements on pages 66 to 105 were approved and authorised for issue by the Board and signed on their behalf on 13 September 2016.

Anthony M Foye
Chief Financial Officer

Pedro Ros
Chief Executive Officer

Registered number: 3015847

Statements of Changes in Equity

for the year ended 30 June 2016

	Share capital, share premium and treasury shares (note 22) £'000	Share based payments reserve £'000	Translation reserve £'000	Accumulated (losses)/ retained earnings £'000	Total £'000	Non-controlling interests (note 24) £'000	Total equity £'000
Group							
At 1 July 2014	48,658	911	(942)	3,782	52,409	235	52,644
Profit for the year	—	—	—	7,737	7,737	130	7,867
Other comprehensive income for the year	—	—	578	(149)	429	—	429
	48,658	911	(364)	11,370	60,575	365	60,940
Dividends	—	—	—	(6,370)	(6,370)	(88)	(6,458)
Issue of share capital	14	—	—	(20)	(6)	—	(6)
Share based payments	—	752	—	—	752	—	752
Tax on share based payments	—	—	—	(27)	(27)	—	(27)
Reissue of treasury shares	782	(611)	—	(173)	(2)	—	(2)
At 30 June 2015	49,454	1,052	(364)	4,780	54,922	277	55,199
Loss for the year	—	—	—	(6,418)	(6,418)	143	(6,275)
Other comprehensive income for the year	—	—	2,966	(2,096)	870	—	870
	49,454	1,052	2,602	(3,734)	49,374	420	49,794
Dividends	—	—	—	(6,782)	(6,782)	(141)	(6,923)
Issue of share capital	24	(636)	—	612	—	—	—
Share based payments	—	470	—	—	470	—	470
Tax on share based payments	—	—	—	(4)	(4)	—	(4)
Movements in non-controlling interests	—	—	—	(208)	(208)	(126)	(334)
At 30 June 2016	**49,478**	**886**	**2,602**	**(10,116)**	**42,850**	**153**	**43,003**

The notes on pages 72 to 105 are an integral part of these consolidated financial statements.

Statements of Changes in Equity

for the year ended 30 June 2016

	Share capital, share premium and treasury shares (note 22) £'000	Share based payments reserve £'000	Retained earnings £'000	Total £'000
Company				
At 1 July 2014	48,658	911	35,781	85,350
Profit for the year	—	—	2,119	2,119
Other comprehensive income	—	—	116	116
	48,658	911	38,016	87,585
Dividends to shareholders	—	—	(6,370)	(6,370)
Issue of share capital	14	—	(20)	(6)
Share based payments	—	752	—	752
Tax on share based payments	—	—	140	140
Reissue of treasury shares	782	(611)	(173)	(2)
At 1 July 2015	49,454	1,052	31,593	82,099
Profit for the year	—	—	9,438	9,438
Other comprehensive income for the year	—	—	(622)	(622)
	49,454	1,052	40,409	90,915
Dividends to shareholders	—	—	(6,782)	(6,782)
Issue of share capital	24	(636)	612	—
Share based payments	—	470	—	470
Tax on share based payments	—	—	(4)	(4)
At 30 June 2016	**49,478**	**886**	**34,235**	**84,599**

The notes on pages 72 to 105 are an integral part of these consolidated financial statements.

Cash Flow Statements

for the year ended 30 June 2016

	Notes	Group Year ended 30 June 2016 £'000	Group Year ended 30 June 2015 £'000	Company Year ended 30 June 2016 £'000	Company Year ended 30 June 2015 £'000
Cash flows from operating activities					
Cash generated from operations before adjusting items	28	**23,872**	21,880	**20,454**	12,014
Cash flows for adjusting items - operating activities		**(186)**	(1,363)	**(130)**	(1,129)
Cash flows for adjusting items - share based payments		**(180)**	(230)	**(180)**	(39)
Cash generated from operations		**23,506**	20,287	**20,144**	10,846
Interest paid		**(1,502)**	(1,883)	**(853)**	(1,129)
Tax paid		**(3,197)**	(3,680)	**(2,180)**	(2,315)
Net cash generated from operating activities		**18,807**	14,724	**17,111**	7,402
Cash flows from investing activities					
Purchase of businesses net of cash acquired		**(13,912)**	(173)	**—**	—
Proceeds from disposal group held for sale		**343**	—	**—**	—
Deferred consideration paid		**(330)**	(343)	**(330)**	—
Purchase of non-controlling interests		**(334)**	—	**—**	—
Cash flows for adjusting items - investing activities		**(540)**	—	**(274)**	—
Purchase of property, plant and equipment		**(641)**	(829)	**—**	—
Proceeds from disposal of property, plant and equipment		**11**	65	**—**	—
Purchase of intangible assets		**(870)**	(1,738)	**—**	—
Net cash used in investing activities		**(16,273)**	(3,018)	**(604)**	—
Cash flows from financing activities					
Dividends paid to owners of the parent		**(6,782)**	(6,370)	**(6,782)**	(6,370)
Dividends paid to non-controlling interests		**(141)**	(88)	**—**	—
Share issuance costs		**(5)**	(6)	**(5)**	(6)
Cash flows for adjusting items - financing activities		**(631)**	—	**(631)**	—
Increase/(decrease) in bank loans		**7,696**	(1,000)	**(1,279)**	(1,000)
Net cash generated/(used) in financing activities		**137**	(7,464)	**(8,697)**	(7,376)
Net increase in cash and cash equivalents, net of bank overdrafts		**2,671**	4,242	**7,810**	26
Cash and cash equivalents, net of bank overdrafts at beginning of the year		**8,698**	4,378	**(6,790)**	(6,816)
Exchange gains on cash and cash equivalents		**1,069**	78	**—**	—
Cash and cash equivalents, net of bank overdrafts at end of the year		**12,438**	8,698	**1,020**	(6,790)
Reconciliation of net debt					
Cash and cash equivalents at beginning of the year		**9,194**	5,020	**62**	19
Bank overdrafts at beginning of the year		**(496)**	(642)	**(6,852)**	(6,835)
Bank loans at beginning of the year	19	**(37,306)**	(38,041)	**(14,000)**	(15,000)
Net debt at beginning of the year		**(28,608)**	(33,663)	**(20,790)**	(21,816)
Net increase/(decrease) in cash and cash equivalents (net of bank overdrafts)		**3,740**	4,320	**7,810**	26
Net (drawdown)/repayment in bank loans		**(7,696)**	1,000	**1,279**	1,000
Exchange loss on bank loans		**(2,124)**	(265)	**(107)**	—
Cash and cash equivalents at end of the year		**14,642**	9,194	**1,603**	62
Bank overdrafts at end of the year		**(2,204)**	(496)	**(583)**	(6,852)
Bank loans at end of the year	19	**(47,126)**	(37,306)	**(12,828)**	(14,000)
Net debt at end of the year		**(34,688)**	(28,608)	**(11,808)**	(20,790)

The notes on pages 72 to 105 are an integral part of these consolidated financial statements.

Notes to the Financial Statements

General information

The Company is a public limited company incorporated and domiciled in the UK. The address of its registered office is 6–14 Underwood Street, London, N1 7JQ.

The Company is listed on the main market on the London Stock Exchange. The company is the provider of information, education and networking to the professional markets.

1. Statement of accounting policies

The significant accounting policies applied in preparing the financial statements are outlined below. These policies have been consistently applied for all the years presented, unless otherwise stated.

a) Basis of preparation

The Consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), including International Accounting Standards ('IAS') and interpretations ('IFRS ICs') issued by the International Accounting Standards Board ('IASB') and its Committees, and as adopted in the EU, and in accordance with the Companies Act 2006 as applicable to Companies using IFRS.

The Consolidated financial statements have been prepared under the historic cost convention, except for certain financial instruments that have been measured at fair value. The Consolidated financial statements are presented in Sterling, the functional currency of Wilmington plc, the Parent Company. All values are rounded to the nearest thousand pounds (£'000s) except where otherwise indicated.

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty, particularly over the level of demand for the Group's products. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. Further information on the Group's borrowings is given in note 20.

Pursuant to Section 408 of the Companies Act 2006 the company's own income statement and statement of other comprehensive income are not presented separately in the Company financial statements, but they have been approved by the Board.

b) Critical accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for income and expenses during the year and that affect the amounts reported for assets and liabilities at the reporting date.

Business combinations

Management make judgments, estimates and assumptions in assessing the fair value of the net assets acquired on a business combination, in identifying and measuring intangible assets arising on a business combination, and in determining the fair value of the consideration. If the consideration includes an element of contingent consideration, the final amount of which is dependent on the future performance of the business, management assess the fair value of that contingent consideration based on their reasonable expectations of future performance. The sensitivity of the carrying amounts to the judgments, estimates and assumptions will vary depending on the nature and size of the acquisition.

Goodwill

Management make judgments, estimates and assumptions in measuring the carrying amount of goodwill. In considering whether goodwill has been impaired, the recoverable amount of cash generating units has been determined based on value in use calculations. These calculations require management to estimate future cash flows, a long-term growth rate and an appropriate discount rate. The sensitivity of the carrying amount of goodwill to these variables is considered in note 12.

Share based payments

Management make judgments, estimates and assumptions in calculating share based payment costs. Vesting conditions, other than market conditions, are not taken into account when estimating the grant date fair value, so are instead taken into account each period in revising the estimate of the number of shares expected to vest and thus in determining the charge to the Income Statement for the period. The share based payment charge can also be significantly impacted by share awards and options that do not vest. The sensitivity of the charge to the judgments, estimates and assumptions made is best ascertained by understanding the nature of the share based payment arrangements concerned, which is set out in note 23.

1. Statement of accounting policies continued

c) Basis of consolidation

The group's consolidated financial statements incorporate the results and net assets of Wilmington plc and all its subsidiary undertakings made up to 30 June each year. Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the 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. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All inter-group transactions, balances, income and expenses are eliminated on consolidation; however for the purposes of segmental reporting, internal arm's-length recharges are included within the appropriate segments.

d) Business combinations

The acquisition method of accounting is applied in accounting for the acquisition of subsidiaries. The acquiree's identifiable assets and liabilities are recognised at their fair value at the acquisition date. Goodwill arising on acquisition is recognised as an asset and measured at cost, representing the excess of the aggregate of the consideration, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the fair values of the identifiable assets and liabilities at the date of acquisition. The consideration is measured at fair value, which is the aggregate of the fair values of the assets transferred, liabilities incurred or assumed and the equity instruments issued in exchange for control of the acquiree. Acquisition-related costs are expensed as incurred adjusted items.

e) Impairment of non-financial assets

Intangible assets with finite useful lives and property, plant and equipment are tested for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When an impairment test is performed, the recoverable amount of the asset is assessed and its carrying amount is reduced to that amount if lower, and any impairment losses are recognised in the Income Statement. The recoverable amount is the higher of the value in use and of the fair value less costs to sell, where the value in use is the present value of the future cash flows expected to be derived from the asset.

If, in a subsequent period, the amount of the impairment loss decreases due to a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. The reversal of an impairment loss is recognised in the Income Statement.

Goodwill is not amortised, but it is reviewed for impairment at least annually. Goodwill is allocated to cash generating units ('CGUs') for the purpose of impairment testing, so that the value in use is determined by reference to the discounted cash flows of the CGU. The cash flows considered are the expected pre-tax cash flows of the CGU, for projections over a three year period extrapolated using estimated long-term growth rates. The recoverable amount of the CGU, as for any asset, is the higher of the value in use and the fair value less costs to sell. If a CGU is impaired, the impairment losses are allocated firstly against goodwill, and then on a pro-rata basis against intangible and other assets. An impairment of goodwill cannot be reversed.

f) Foreign currencies

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 Company's functional and the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of transactions and the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are recognised in the Income Statement.

On consolidation, assets and liabilities of foreign undertakings are translated into Sterling at year end exchange rates. The results of foreign undertakings are translated into Sterling at average rates of exchange for the year (unless this average is not a reasonable approximation of the cumulative effects of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions). Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity, the translation reserve.

In the event of the disposal of an undertaking with assets and liabilities denominated in a foreign currency, the cumulative translation difference in the translation reserve that is associated with the undertaking is charged or credited to the gain or loss on disposal recognised in the Income Statement.

Further information is provided in the financial instruments accounting policy in relation to loans and borrowings in foreign currencies that are designated as a hedge of a net investment in a foreign operation.

Notes to the Financial Statements

1. Statement of accounting policies continued

g) Revenue

Revenue represents the fair value of the consideration received or receivable for the sale of goods or services, net of discounts and sales taxes. Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue and associated costs can be measured reliably. Subscription revenue is allocated to the relevant accounting periods covered by the subscription on a straight line basis or weighted in accordance with the timing of the service provided. Event revenue is recognised in the month that the event takes place, hard copy advertising revenue is recognised on publication, and online Directory advertising revenue is recognised over the period that the advertisement remains online. Subscriptions and fees in advance are carried forward in trade and other payables as 'subscriptions and deferred revenue' and are recognised over the period the service is provided.

Sales of goods are recognised when the Group has despatched the goods to the customer, the customer has accepted the goods, and collectability of the related receivables is reasonably assured.

h) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's Board of Directors ('The Board') which is considered as the Group's chief operating decision maker and is responsible for allocating resources and assessing performance of the operating segments. The Board considers the business from both a geographic and product perspective. Geographically, management considers the performance of the Group between the UK, Europe (excluding the UK), North America and the Rest of the World.

i) Adjusting items

The Group's Income Statement separately identifies adjusting items. Such items are those that in the Directors' judgment are one-off in nature and need to be disclosed separately by virtue of their size and incidence. In determining whether an item or transaction should be classified as an adjusting item, the Directors' consider quantitative as well as qualitative factors such as the frequency, predictability of occurrence and significance. This is consistent with the way that financial performance is measured by management and reported to the Board. Adjusting items may not be comparable to similarly titled measures used by other companies. Disclosing adjusted items separately provides additional understanding of the performance of the Group.

j) Current and deferred income tax

Current and deferred income tax is recognised as income or an expense and included in profit or loss for the period, except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, 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, the deferred income 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 nor loss. Deferred income tax is determined using tax rates (and law) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

k) Dividends

Dividend distributions are recognised in the consolidated financial statements when the shareholders right to receive payment is established. Final dividend distributions are recognised in the period in which they are approved by the shareholders, whilst interim dividend distributions are recognised in the period in which they are declared and paid.

1. Statement of accounting policies continued

l) Intangible assets

Intangible assets are stated at historical cost less accumulated amortisation.

Publishing rights, titles and benefits are classified as intangible assets. They are initially recorded at cost and are amortised through the Income Statement on a straight line basis over their estimated useful lives not exceeding twenty years.

Computer software that is integral to a related item of hardware is classified as property, plant and equipment. All other computer software and also the cost of internally developed software and databases are classified as intangible assets. Computer software licences purchased from third parties are initially recorded at cost. Costs associated with the production of internally developed software are capitalised once it is probable that they will generate future economic benefits and satisfy the other criteria set out in IAS 38. Computer software intangible assets (including the cost of internally developed software and databases) are amortised through the Income Statement on a straight line basis over their estimated useful lives not exceeding three years. Assets that are not in use at the reporting date (assets under construction) are recognised at cost and amortisation commences when those assets begin to generate economic benefit.

m) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Cost includes the original purchase price of the asset plus any costs of bringing the asset to its working condition for its intended use. Depreciation is not provided on freehold land. On other assets it is provided at the following annual rates, on a straight-line basis, in order to write down each asset to its residual value over its estimated useful life.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Land, freehold and leasehold buildings (excluding freehold land)	2–10 per cent per annum
Fixtures and fittings	10–33 per cent per annum
Computer equipment	25–33 per cent per annum
Motor vehicles	25 per cent per annum

Leasehold improvements are included in Land and buildings.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised, as adjusted items if significant, within the Income Statement.

n) Investments in subsidiaries

Fixed asset investments, which all relate to investments in subsidiaries, are stated at cost less provision for any impairment in value.

o) Financial instruments

Financial assets

The Group classifies its non-derivative financial assets as ‘loans and receivables’ for the purposes of IAS 39 ‘Financial Instruments: Recognition and Measurement’. Management determines the classification at initial recognition and re-evaluates this designation at each reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value plus transaction costs. They are subsequently carried at amortised cost using the effective interest method, with changes in carrying value recognised in the Income Statement.

Loans and receivables are classified as current assets if they mature within 12 months of the balance sheet date, but are otherwise classified as non-current assets. The Group’s ‘loans and receivables’ comprise ‘trade and other receivables’ and ‘cash and cash equivalents’, for which further information is provided below.

Trade and other receivables

Financial assets within trade and other receivables are initially recognised at fair value, which is usually the invoiced amount. They are subsequently carried at amortised cost using the effective interest method (if the time value of money is significant), less provisions made for doubtful receivables. Provisions are made specifically, where there is evidence of a risk of non-payment taking into account ageing, previous losses experienced and general economic conditions.

If collection is expected in 12 months or less (or in the normal operating cycle of the particular business if longer), the trade or other receivable is classified as a current asset. It is otherwise classified as a non-current asset.

1. Statement of accounting policies continued

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions, and other short-term highly liquid investments which are subject to insignificant risk of changes in value and have original maturities of three months or less. Cash and cash equivalents are offset against bank overdrafts and the net amount is reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts. Bank overdrafts are otherwise shown as borrowings within current liabilities on the Balance Sheet.

Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or Group of financial assets is impaired. Where there is objective evidence that an impairment loss has arisen on an asset carried at amortised cost, the carrying amount is reduced and the impairment loss is recognised in the Income Statement. The impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The reversal of an impairment loss is recognised in the Income Statement.

Financial liabilities

Trade and other payables

Financial liabilities within trade and other payables are initially recognised at fair value, which is usually the invoiced amount. They are subsequently carried at amortised cost using the effective interest method (if the time value of money is significant).

If due within 12 months or less, the trade or other payable is classified as a current liability. It is otherwise classified as a non-current liability.

Loans and other borrowings

Loans and other borrowings are initially recognised at the fair value of the amounts received net of transaction costs. They are subsequently carried at amortised cost using the effective interest method, with changes in carrying value recognised in the Income Statement.

Further information is provided below in relation to loans and borrowings in foreign currencies that are designated as a hedge of a net investment in a foreign operation.

Loans and other borrowings are classified as current liabilities if they mature within 12 months of the balance sheet date, but are otherwise classified as non-current liabilities.

Financial instruments and hedge accounting

The Group uses derivative financial instruments to reduce its exposure to interest rate risk and foreign currency risk, and it also has loans and borrowings in foreign currencies that correspond to investments in foreign operations.

Financial instruments that do not qualify for hedge accounting:

The Group does not hold or issue derivative financial instruments for financial trading purposes. However, derivative financial instruments that do not qualify for hedge accounting (e.g. certain forward currency contracts held by the Group) are classified as 'held for trading' for the purposes of IAS 39 'Financial Instruments: Recognition and Measurement', so are initially recognised and subsequently measured at fair value. The gain or loss on re-measurement to fair value is recognised in the Income Statement.

Financial instruments that do qualify for hedge accounting:

To qualify for hedge accounting, a financial instrument must be designated as a hedging instrument at inception, hedge documentation must be prepared and the hedge must be expected to be highly effective. The effectiveness of the hedge is then tested at each reporting date, both prospectively and retrospectively, and hedge accounting may be continued only if the hedge remains highly effective. Hedge accounting is discontinued when the hedging instrument expires, or is sold, terminated or no longer qualifies for hedge accounting, or if the Group chooses to end the hedge relationship.

1. Statement of accounting policies continued

A financial instrument designated for hedge accounting is initially recognised at fair value. For cash flow hedges (e.g. interest rate swaps), the gains or losses on re-measurement to fair value that correspond to the effective part of the hedge are recognised directly in equity; those that correspond to the ineffective part, if any, are recognised in the Income Statement. For net investment hedges (loans and borrowings in foreign currencies that are designated as a hedge of a net investment in a foreign operation), the translation differences that correspond to the effective part of the hedge are recognised directly in equity; those that correspond to the ineffective part, if any, are recognised in the Income Statement.

p) Provisions for future purchase of non-controlling interests

On the acquisition of less than 100% of certain subsidiary undertakings, the Group may enter into put and call options with the holders of the shares not owned by the Group, to purchase their interests at a later date.

These written put options are gross-settled (i.e. the entity pays cash in return for the counterparty delivering shares), and hence are recognised as a financial liability. The liability recognised may be subject to a cap based on the individual agreements with the counterparties.

Where the put option is ultimately exercised, the amount recognised as the financial liability at that date will be extinguished by the payment of the exercise price. Where the put option expires unexercised, the liability is reversed.

q) Retirement benefits

The Group does not operate a defined benefit pension scheme.

The Group contributes to defined contribution pension schemes for a number of employees. Contributions to these arrangements are charged in the Income Statement in the period in which they are incurred. The Group has no further payment obligation once the contributions have been paid.

r) Share based payments

The Group operates an equity-settled, share based compensation plan, under which the entity receives services from employees as consideration for equity instruments (share awards and options) of the Group. The fair value of the employee services received in exchange for the grant of share awards and options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the share awards and options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability and remaining as an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of share awards and options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified existing conditions are to be satisfied. At each balance sheet date, the entity revises its estimates of the number of share awards and options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Income Statement, with a corresponding adjustment to the share based payments reserve within equity.

The grant by the Company of share awards and options over its equity instruments to the employees of subsidiaries in the Group 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 parent entity financial statements.

The social security contributions and payment in lieu of dividend payable in connection with the grant of the share awards is considered an integral part of the grant itself, and the charge will be treated as an equity-settled transaction. The cumulative share based payment charge held in reserves is recycled into retained earnings when the share awards or options lapse or are exercised.

s) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals incurred in respect of 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.

t) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company’s equity share capital (‘Treasury Shares’), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company’s equity holders until the shares are cancelled or reissued.

Notes to the Financial Statements

1. Statement of accounting policies continued

u) Assets held for sale or disposal groups

Non-current assets (or disposal Groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

v) New standards and interpretations applied

The following new standards, amendments and interpretations have been adopted in the current year:

- EU Account Directive (SI 2015/980)

The adoption of this interpretation has not led to any changes to the Group's accounting policies or had any other material impact on the financial position or performance of the Group. Other amendments to IFRSs effective for the year ending 30 June 2016 have no impact on the Group.

w) New standards and interpretations not applied

The following new standards, amendments to standards and interpretations have been issued, but are not effective (or not effective in the EU) for the financial year beginning 1 July 2015 and have not been early adopted:

- FRS 9: Financial Instruments – not yet EU endorsed
- IFRS 15: Revenue from Contracts with Customers – not yet EU endorsed
- IFRS 16: Leases – not yet EU endorsed
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception – not yet EU endorsed
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – not yet EU endorsed
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations – endorsed by EU
- Amendments to IAS 1: Disclosure Initiative – endorsed by EU
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation – endorsed by EU
- Amendments to IAS 27: Equity Method in Separate Financial Statements – endorsed by EU
- Annual improvements to IFRSs 2012–2014 cycle – endorsed by EU

Management will assess the impact on the Group of these standards prior to the effective date of implementation. There are no other IFRSs or IFRS IC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2. Measures of profit

To provide shareholders with a better understanding of the trading performance of the Group, Adjusted EBITA has been calculated as Profit before Tax after adding back:

- amortisation of intangible assets – publishing rights, titles and benefits;
- impairment of goodwill;
- share based payments;
- adjusting items; and
- net finance costs.

2. Measures of profit continued

Adjusted EBITA and Adjusted EBITDA reconcile to profit on continuing activities before tax as follows:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
(Loss)/profit before tax	**(3,434)**	10,296
Amortisation of intangible assets – publishing rights, titles and benefits	**5,545**	6,118
Impairment of goodwill	**15,659**	—
Share based payments (including social security costs)	**563**	918
Adjusting items (included in operating expenses)	**2,352**	1,112
Net finance costs	**1,920**	1,974
Adjusted operating profit ('Adjusted EBITA')	**22,605**	20,418
Depreciation of property, plant and equipment	**911**	918
Amortisation of intangible assets – computer software	**1,050**	1,005
Adjusted EBITA before depreciation ('Adjusted EBITDA')	**24,566**	22,341

Adjusted profit before tax reconciles to profit on continuing activities before tax as follows:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
(Loss)/profit before tax	**(3,434)**	10,296
Amortisation of intangible assets – publishing rights, titles and benefits	**5,545**	6,118
Impairment of goodwill	**15,659**	—
Share based payments	**563**	918
Adjusting items (included in operating expenses)	**2,352**	1,112
Adjusting items (included in net finance costs)	**225**	—
Adjusted profit before tax	**20,910**	18,444

3. Segmental information

In accordance with IFRS 8 the Group's operating segments are based on the operating results reviewed by the Board, which represents the chief operating decision maker. The Group reports its results in four segments as this accurately reflects the way the Group is managed.

The Group's organisational structure reflects the main communities to which it provides information, education and networking. The four divisions (Risk & Compliance, Finance, Legal and Insight) are the Group's segments and generate all of the Group's revenue.

The Board considers the business from both a geographic and product perspective. Geographically, management considers the performance of the Group between the UK, North America, Europe (excluding the UK) and the rest of the World.

Notes to the Financial Statements

3. Segmental information continued

(a) Business segments

	Revenue Year ended 30 June 2016 £'000	Contribution Year ended 30 June 2016 £'000	Revenue Year ended 30 June 2015 £'000	Contribution Year ended 30 June 2015 £'000
Risk & Compliance	**38,802**	**12,678**	36,416	11,856
Finance	**21,219**	**4,473**	18,711	4,382
Legal	**15,524**	**1,686**	16,250	2,201
Insight	**30,179**	**7,316**	23,710	5,390
	105,724	**26,153**	95,087	23,829
Unallocated central overheads	**—**	**(3,548)**	—	(3,411)
	105,724	**22,605**	95,087	20,418
Amortisation of intangible assets – publishing rights, titles and benefits		**(5,545)**		(6,118)
Impairment of goodwill		**(15,659)**		—
Share based payments		**(563)**		(918)
Adjusting items (included in operating expenses)		**(2,352)**		(1,112)
Net finance costs		**(1,920)**		(1,974)
(Loss)/profit before tax		**(3,434)**		10,296
Taxation		**(2,841)**		(2,429)
(Loss)/profit for the financial year		**(6,275)**		7,867

There are no intra-segmental revenues which are material for disclosure.

Unallocated central overheads represent head office costs that are not specifically allocated to segments.

Total assets and liabilities for each reportable segment are not presented, as such information is not provided to the Board.

Contribution is defined as Adjusted EBITA excluding unallocated central overheads.

(b) Segmental information by geography

The UK is the Group's country of domicile and the Group generates the majority of its revenue from external customers in the UK. The geographical analysis of revenue is on the basis of the country of origin in which the customer is invoiced:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
UK	**61,321**	57,797
Europe (excluding the UK)	**15,859**	16,248
North America	**19,030**	10,683
Rest of the World	**9,514**	10,359
Total revenue	**105,724**	95,087

4. Net operating expenses

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Cost of sales	**30,455**	27,992
Distribution and selling costs	**19,623**	17,679
Administrative expenses	**31,991**	27,993
Amortisation of intangible assets - computer software	**1,050**	1,005
Net operating expenses before adjusting items	**83,119**	74,669
Adjusting items (included in operating expenses)	**2,352**	1,112
Net operating expenses	**85,471**	75,781

5. Profit from continuing operations

a) Profit for the year from continuing operations is stated after charging/(crediting):

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Depreciation of property, plant and equipment	**911**	918
Amortisation of intangible assets - publishing rights, titles and benefits	**5,545**	6,118
Amortisation of intangible assets - computer software	**1,050**	1,005
Profit on disposal of property, plant and equipment	**(4)**	(21)
Rentals under operating leases	**1,110**	959
Adjusting items (included in operating expenses)	**2,352**	1,112
Impairment of goodwill	**15,659**	—
Share based payments (including social security costs)	**563**	918
Foreign exchange loss (including forward currency contracts)	**202**	282
Fees payable to the Auditors for the audit of the Company and consolidated financial statements	**110**	65
Fees payable to the Auditors and its associates for other services:		
– The audit of the Company's subsidiaries pursuant to legislation	**280**	211
– Audit-related assurance services	**41**	24
– Tax compliance services	**54**	23
– Tax advisory services	**100**	116

b) Adjusting items:

The following items have been charged/(credited) to profit or loss during the year but are of an unusual nature, size or incidence and so are shown separately:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Increase in liability for deferred consideration relating to the purchase of FRA	**1,019**	—
Increase/(decrease) in liability for deferred consideration relating to the purchase of NHiS	**63**	(402)
Costs written off relating to both successful and aborted acquisitions	**585**	22
	1,667	(380)
Legal claim costs (net of settlement received)	**73**	—
Restructuring and rationalisation costs	**612**	992
Compensation for loss of office	**—**	500
Other adjusting items (included in operating expenses)	**2,352**	1,112
Costs relating to the extension of the loan facility	**225**	—
Amortisation of intangible assets - publishing rights, titles and benefits	**5,545**	6,118
Share based payments	**563**	918
Impairment of goodwill	**15,659**	—
Total adjusting items (classified in profit before tax)	**24,344**	8,148

The increase in the liability for deferred consideration relate to Financial Research Associates ('FRA') and NHiS. Successful and aborted acquisitions relate to the acquisition of FRA, JMH Publishing (trading as Wellards), Evantage Consulting and other aborted acquisitions.

Legal claim costs represent the net cost of legal expenses incurred, inter alia, to enforce certain non-compete obligations net of an agreed repayment from the third party being pursued. Restructuring and rationalisation costs comprise primarily of redundancy and property costs following the Group's decision to relocate part of the finance function from its head offices in central London to our existing freehold premises in Basildon, Essex.

Notes to the Financial Statements

6. Net finance costs

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Finance costs comprise:		
Interest payable on bank loans and overdrafts	**1,564**	1,754
Amortisation of capitalised loan arrangement fees	**131**	220
	1,695	1,974
Adjusting items – extension of loan facility costs	**225**	—
	1,920	1,974

The extension of loan facility costs (note 20) of £225,000 comprises £147,000 of old capitalised loan arrangement fees written off and £78,000 of legal and professional costs connected to the extension.

7. Taxation

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Current tax:		
UK corporation tax at current rates on UK profits for the year	**2,520**	2,392
Adjustments in respect of previous years	**125**	16
	2,645	2,408
Foreign tax	**1,272**	895
Adjustment in respect of previous years	**73**	36
Total current tax	**3,990**	3,339
Deferred tax credit	**(971)**	(715)
Effect on deferred tax of change in corporation tax rate	**(178)**	(195)
Total deferred tax	**(1,149)**	(910)
Taxation	**2,841**	2,429

Factors affecting the tax charge for the year:

The effective tax rate is higher (2015: higher) than the average rate of corporation tax in the UK of 20.00% (2015: 20.75%). The differences are explained below:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
(Loss)/profit before tax	**(3,434)**	10,296
Profit multiplied by the average rate of corporation tax in the year of 20.00% (2015: 20.75%)	**(687)**	2,136
Tax effects of:		
Depreciation and amortisation in excess of capital allowances	**234**	192
Impairment of goodwill not deductible for tax purposes	**3,132**	—
Foreign tax rate differences	**233**	242
Adjustment in respect of previous years	**198**	52
Other items not subject to tax	**(91)**	2
Effect on deferred tax of change of corporation tax rate	**(178)**	(195)
Taxation	**2,841**	2,429

7. Taxation continued

On 26 October 2015, the UK corporation tax rate was reduced from 20% to 19% from 1 April 2017 and from 19% to 18% from 1 April 2020. This change has been substantively enacted at the balance sheet date and, therefore, is included in these financial statements. Deferred tax assets and liabilities are measured at the rates that are expected to apply in the periods of the reversal, deferred tax balances at 30 June 2016 have been calculated using the above rates giving rise to a reduction in the net deferred tax liability of £178,000 (2015: £195,000). The Company's profits for this accounting year are taxed at an effective rate of 20.00%.

Included in other comprehensive income are tax credits of £155,000 and £369,000 relating to the interest rate swaps and net investment hedges respectively.

8. Dividends

Amounts recognised as distributions to owners of the parent in the year:

	Year ended 30 June 2016 pence per share	Year ended 30 June 2015 pence per share	**Year ended 30 June 2016 £'000**	Year ended 30 June 2015 £'000
Final dividends recognised as distributions in the year	**4.0**	3.7	**3,478**	3,082
Interim dividends recognised as distributions in the year	**3.8**	3.7	**3,304**	3,288
Total dividends paid			**6,782**	6,370
Final dividend proposed	**4.3**	4.0	**3,738**	3,458

9. Earnings per share

Adjusted earnings per share has been calculated using adjusted earnings calculated as (loss)/profit after taxation and non-controlling interests but before:

- amortisation of intangible assets – publishing rights, titles and benefits;
- impairment of goodwill;
- share based payments;
- adjusting items included in operating expenses; and
- adjusting items included in net finance costs.

The calculation of the basic and diluted earnings per share is based on the following data:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
(Loss)/earnings from continuing operations for the purpose of basic earnings per share	**(6,418)**	7,737
Add/(remove):		
Amortisation of intangible assets – publishing rights, titles and benefits	**5,545**	6,118
Impairment of goodwill	**15,659**	—
Adjusting items (included in operating expenses)	**2,352**	1,112
Adjusting items (included in net finance costs)	**225**	—
Share based payments	**563**	918
Tax effect of adjustments above	**(1,691)**	(1,698)
Adjusted earnings for the purposes of adjusted earnings per share	**16,235**	14,187

9. Earnings per share continued

	Number	Number
Weighted average number of ordinary shares for the purposes of basic and adjusted earnings per share	**86,846,236**	86,389,533
Effect of dilutive potential ordinary shares:		
Future exercise of share awards and options	**772,980**	1,154,643
Deferred consideration to be settled by equity	**–**	107,059
Weighted average number of ordinary shares for the purposes of diluted and adjusted diluted earnings per share	**87,619,216**	87,651,235
Basic (loss)/earnings per share	**(7.39p)**	8.96p
Diluted (loss)/earnings per share	**(7.39p)**	8.83p
Adjusted basic earnings per share ('Adjusted Earnings Per Share')	**18.69p**	16.42p
Adjusted diluted earnings per share	**18.53p**	16.19p

On 8 January 2016, Wilmington settled the final deferred consideration owing to certain of the Sellers of NHiS. The settlement was made in cash in full and no further obligation exists.

10. Results of Wilmington plc

Wilmington plc, the parent company, recorded a profit of £9,438,000 (2015: £2,119,000) during the year.

11. Acquisitions and disposals

All below acquisitions have been financed out of the extended £65.0m multi-currency revolving credit facility.

a) Acquisition – FRA – July 2015

On 6 July 2015 Wilmington FRA Inc. acquired the trading assets and the assumption of certain liabilities of Financial Research Associates ('FRA') a leading US conference and networking provider of specialist events in healthcare and finance from Financial Research Associates LLC (the 'Seller'). FRA was acquired for initial consideration of $13,034,683 (£8,376,938) in cash. Subsequently, a further payment of $142,923 (£91,852) was made to the Sellers in respect of a final working capital adjustment.

Initially, deferred consideration totalling up to a maximum of $3,000,000 was payable in cash to the Seller in equal instalments on 1 July 2016 and 1 July 2017 conditional upon the continued employment of the management team. Following the resignation of the FRA Chief Executive Officer in May 2016 Wilmington have agreed with the Sellers that only $1,500,000 will be payable in cash to the Seller on 1 July 2016. An expense of $1,500,000 (£1,019,000) has been recognised in the income statement as an adjusting item – deferred consideration (note 5b).

Further contingent consideration of up to $4,600,000 is potentially payable in cash subject to FRA achieving challenging revenue and profit targets over the two financial years ending 30 June 2016 and 30 June 2017.

Acquisition related costs of £166,000 have been expensed as an adjusting item in the income statement (see note 5b).

The acquisition of FRA is consistent with Wilmington's strategy of acquiring complementary businesses with high repeat revenues and strong, cash generative income streams in the Group's key markets. FRA's business provides Wilmington with additional networking expertise and will support the Insight and Finance divisions.

Details of the fair value of the purchase consideration, the net assets acquired and goodwill for the acquisition are as follows:

	£'000
Purchase consideration:	
Initial cash paid	8,377
Final working capital adjustment	92
Total consideration	**8,469**

11. Acquisitions and disposals continued

The provisional fair values of assets and liabilities recognised as a result of this acquisition are as follows:

	£'000
Intangible assets – Customer relationships - Delegates	672
Intangible assets – Customer relationships - Sponsors	1,336
Intangible assets – Brand	862
Intangible assets – Tax amortisation benefit	1,848
Total intangible assets (see note 13)	**4,718**
Trade and other receivables (net of allowances)	353
Trade and other payables	(193)
Subscriptions and deferred revenue	(1,127)
Net identifiable assets acquired	**3,751**
Goodwill (see note 12)	4,718
Net assets acquired	**8,469**

The goodwill is attributable to FRA's strong position and profitability in trading in specialist events in the US healthcare and finance sectors and synergies to arise with other Wilmington businesses in the US and in the Insight and Finance divisions after the acquisition. The estimated useful economic life of the intangibles is as follows:

Intangible assets – Customer relationships – Delegates	5 years
Intangible assets – Customer relationships – Sponsors	10 years
Intangible assets – Brand	5 years
Intangible assets – Tax amortisation benefit	15 years

The acquired business contributed revenues of $11,941,357 (£8,168,822) and contribution of $2,180,219 (£1,556,807) to the Group for the period from the date of acquisition to 30 June 2016 which equates to a full years revenue and contribution had it been acquired on 1 July 2015.

b) Disposal – Media Brands – July 2015

The assets and liabilities relating to the Knowledge, KFTV and Production Intelligence (Media Brands that formed part of the Insight division) were disposed of on 31 July 2015 for sale proceeds of £343,000 (net of a working capital adjustment). The assets and liabilities of the Media Brands were held for sale at 30 June 2015.

c) Non-controlling interests acquired – October 2015 and December 2015

In October 2015 the Group purchased the remaining 20% shareholding in Mercia Ireland Limited and Mercia NI Limited for £75,000, making them wholly owned subsidiaries. In December 2015 the Group purchased an additional 8.75% shareholding in Wilmington Millennium Limited for £259,000 taking the Group's holding to 91.25%.

d) Deferred consideration settlement – NHiS – January 2016

On 8 January 2016, Wilmington settled the final deferred consideration owing of £330,000 paid in cash.

e) Acquisition – JMH Publishing (trading as 'Wellards') – January 2016

On 18 January 2016 Wilmington Healthcare Limited acquired the entire issued share capital of JMH Publishing Limited ('JMH'), a leading UK provider of specialist and accredited online education for the healthcare industry, which owns the respected trading brand 'Wellards' from Assetbond Limited and certain individuals (the 'Sellers'). JMH was acquired for initial consideration of £4,200,000 paid in cash. Subsequently, a further payment of £658,534 was made to the Sellers in respect of a final working capital adjustment.

Acquisition related costs of £170,719 have been expensed as an adjusting item in the income statement (see note 5b).

JMH will provide education capability to our Insight division and the acquisition is consistent with Wilmington's strategy of acquiring complementary businesses with high repeat revenues (70% of its revenue is subscription based with over 90% renewal rates) and strong, cash generative income streams in Wilmington's key communities.

11. Acquisitions and disposals continued

Details of the fair value of the purchase consideration, the net assets acquired and goodwill for the acquisition are as follows:

	£'000
Purchase consideration:	
Initial cash paid	4,200
Final working capital adjustment	659
Total consideration	**4,859**

The provisional fair values of assets and liabilities recognised as a result of this acquisition are as follows:

	£'000
Intangible assets – Customer relationships and brand	3,094
Intangible assets – Accreditation	275
Total intangible assets (see note 13)	**3,369**
Property, plant & equipment	35
Trade and other receivables (net of allowances)	590
Cash and cash equivalents	1,436
Trade and other payables	(200)
Current tax liabilities	(178)
Subscriptions and deferred revenue	(984)
Deferred tax liabilities	(674)
Net identifiable assets acquired	**3,394**
Goodwill (see note 12)	1,465
Net assets acquired	**4,859**

The estimated useful economic life of the intangibles is as follows:

Intangible assets – Customer relationships and brand	10 years
Intangible assets – Accreditation	10 years

The acquired business contributed revenues of £975,203 and contribution of £341,611 to the Group for the period from the date of acquisition to 30 June 2016. Had Wellards been consolidated from 1 June 2015 the consolidated Income Statement would include pro-forma revenue of £1,457,124 and contribution of £514,117.

f) Acquisition – Evantage Consulting – March 2016

On 24 March 2016 NHiS Limited acquired the entire issued share capital of Evantage Consulting Limited ('Evantage'), a leading UK based provider of specialist Healthcare and Pharmaceutical Analytics solutions. Evantage was acquired for initial consideration of £1,400,000 paid in cash. Subsequently, a further payment of £1,296,746 was made to the Sellers in respect of a final working capital adjustment.

Deferred consideration of up to £4,600,000 is payable contingent on Evantage's future performance for the years ended 31 October 2016, 2017, 2018 and 2019 and will be paid in cash in four annual instalments. Management has calculated the expected value of these future payments to be £1,524,000 which has been recognised in the total consideration. Any future movements of this contingent consideration will be charged to the income statement as an adjusting item.

Acquisition related costs of £55,000 have been expensed as an adjusting item in the income statement (see note 5b).

Wilmington, through its healthcare analytics subsidiary NHiS, the provider of business intelligence and data analysis to the pharmaceutical industry has partnered with Evantage for over five years. The acquisition will sit within Wilmington's Insight division and will enhance its healthcare analytics offer to UK and overseas clients, areas in which Wilmington has been seeing strong growth. Evantage brings specialist knowledge and experience in the analysis of healthcare admissions, pathway and treatment data as well as industry-leading competence in customer engagement and optimisation solutions for the Life Sciences sector.

11. Acquisitions and disposals continued

Details of the fair value of the purchase consideration, the net assets acquired and goodwill for the acquisition are as follows:

	£'000
Purchase consideration:	
Initial cash paid	1,400
Final working capital adjustment	1,297
Deferred consideration – cash settled	1,524
Total consideration	**4,221**

The provisional fair values of assets and liabilities recognised as a result of this acquisition are as follows:

	£'000
Intangible assets – Database	1,695
Total intangible assets (see note 13)	**1,695**
Property, plant & equipment	28
Trade and other receivables (net of allowances)	820
Cash and cash equivalents	677
Trade and other payables	(165)
Current tax liabilities	(270)
Deferred tax liabilities	(339)
Net identifiable assets acquired	**2,446**
Goodwill (see note 12)	1,775
Net assets acquired	**4,221**

The estimated useful economic life of the intangibles is as follows:

Intangible assets – Database	5 years

The acquired business contributed revenues of £277,901 and contribution of £164,067 to the Group for the period from the date of acquisition to 30 June 2016. Had Evantage been consolidated from 1 June 2015 the consolidated Income Statement would show pro-forma revenue of £1,069,151 and contribution of £685,288.

12. Goodwill

Cost	£'000
At 1 July 2014	84,105
Assets held for sale	(385)
Exchange translation differences	308
At 1 July 2015	84,028
Additions	7,958
Exchange translation differences	1,401
At 30 June 2016	**93,387**
Accumulated impairment	
At 1 July 2014	7,250
Asset held for sale	(285)
At 1 July 2015	6,965
Impairment	15,659
At 30 June 2016	**22,624**
Net book amount	
At 30 June 2016	**70,763**
At 30 June 2015	77,063
At 1 July 2014	76,855

Notes to the Financial Statements

12. Goodwill continued

The Group tests goodwill annually for impairment. The recoverable amount of the goodwill is determined as the higher of the value in use calculation or fair value less cost of disposal for each cash generating unit ('CGU'). The value in use calculations use pre-tax cash flow projections based on financial budgets and forecasts approved by the Board covering a three year period. These pre-tax cash flows beyond the three year period are extrapolated using estimated long-term growth rates.

Key assumptions for the value in use calculations are those regarding discount rates, cash flow forecasts and long-term growth rates. Management has used a pre-tax discount rate of 12.3% (2015: 12.3%) across all CGUs in the UK except for the CLT and Ark CGU which had a pre-tax discount rate of 13.3% (2015: 13.3%) to reflect the greater market challenges and risks. A pre-tax discount rate of 13.5% (2015: 13.5%) has been used for Compliance Week and FRA that both operate in North America. These pre-tax discount rates reflect current market assessments for the time value of money and the risks associated with the CGUs as the Group manages its treasury function on a Group-wide basis.

The same discount rate has been used for all CGUs except CLT and Ark, Compliance Week and FRA as the Directors believe that the risks are the same for each other CGU. The long-term growth rates used are based on management's expectations of future changes in the markets for each CGU and are 2.0% (2015: 2.0%).

Managements impairment calculations based upon the above assumptions show significant headroom with the exception of Ark, CLT and Compliance Week.

Goodwill is allocated to significant CGUs as follows. A CGU is considered to be significant if the goodwill allocated to it is greater than 10% of the total goodwill net book value.

CGU	**30 June 2016 £'000**	30 June 2015 £'000
Axco and Pendragon	**11,150**	11,150
CLT	**8,563**	23,195
ICT	**7,972**	7,972
Others	**43,078**	34,746
	70,763	77,063

Impairment of Ark and CLT

An impairment provision of £15,659k was recognised in the year relating to goodwill allocated to the Ark (£1,025k) and CLT (£14,634k) CGUs following the Group's decision in February 2016 to restructure the Legal division by reference to the main communities served – Law for lawyers and Law for non-lawyers. As a result of this decision the Group has been required to assess the carrying value of Ark and CLT as standalone CGUs and, consequently, the Group has recognised an impairment of goodwill. Despite this non-cash charge, the Group considers that both the Ark and CLT business presents many opportunities for growth.

The carrying value of CLT and Ark was determined by reference to a value in use calculation. Due to the fact that the CLT and Ark goodwill was written off to its carrying value there is no headroom and the carrying value of the CGUs are sensitive to changes in the key assumptions used to calculate its value in use. An illustration of the sensitivity to reasonably possible changes in key assumptions is as follows:

	Reasonably possible change in assumption	Impact on value in use
Revenue	Increase/decrease by 10.0%	Increase/decrease by £0.3m/£0.3m
Operating cash flows	Increase/decrease by 3.0%	Increase/decrease by £0.2m/£0.2m
Long-term growth rate	Increase/decrease by 50 basis points	Increase/decrease by £0.3m/£0.3m
Pre-tax discount rate	Decrease/increase by 50 basis points	Increase/decrease by £0.4m/£0.3m

Compliance week

For Compliance Week, the value in use exceeds the carrying value by 15.0% (2015: 10.0%). The impairment review of Compliance Week is sensitive to a reasonably possible change in the key assumptions used; most notably the projected cash flows, the long-term growth rate and the pre-tax discount rate. The value in use exceeds the carrying value unless any of the assumptions are changed as follows:

- A decrease in the projected operating cash flows of 20.0% in each of the next three years; or
- An increase in the pre-tax discount from 13.5% to 15.0%.

13. Intangible assets

	Group		
	Publishing rights, titles and benefits £'000	Computer software £'000	Total £'000
Cost			
At 1 July 2014	65,882	5,862	71,744
Asset held for sale	(2,492)	(205)	(2,697)
Reclassification between categories	—	(329)	(329)
Additions	—	1,738	1,738
Acquisitions	380	—	380
Exchange translation differences	(62)	(3)	(65)
At 1 July 2015	63,708	7,063	70,771
Additions	—	870	870
Acquisitions	9,782	191	9,973
Disposals	(304)	—	(304)
Exchange translation differences	1,587	78	1,665
At 30 June 2016	**74,773**	**8,202**	**82,975**
Accumulated amortisation			
At 1 July 2014	38,542	4,456	42,998
Asset held for sale	(2,030)	(195)	(2,225)
Reclassification between categories	—	(871)	(871)
Charge for year	6,118	1,005	7,123
Exchange translation differences	124	(14)	110
At 1 July 2015	42,754	4,381	47,135
Charge for year	5,545	1,050	6,595
Acquisitions	—	167	167
Disposals	(304)	—	(304)
Exchange translation differences	306	38	344
At 30 June 2016	**48,301**	**5,636**	**53,937**
Net book amount			
At 30 June 2016	**26,472**	**2,566**	**29,038**
At 30 June 2015	20,954	2,682	23,636
At 1 July 2014	27,340	1,406	28,746

Included within computer software are assets under construction with a net book amount of £44,000 (2015: £572,000).

14. Property, plant and equipment

Group	Land, freehold and leasehold buildings £'000	Fixtures and fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 July 2014	6,111	2,817	3,771	482	13,181
Reclassification between categories	(161)	729	(236)	(3)	329
Additions	—	392	243	194	829
Disposals	—	(10)	(3)	(178)	(191)
Exchange translation differences	—	(19)	(32)	—	(51)
At 1 July 2015	5,950	3,909	3,743	495	14,097
Additions	—	312	230	99	641
Acquisitions	—	40	28	—	68
Disposals	—	(189)	(42)	(107)	(338)
Exchange translation differences	—	45	73	—	118
At 30 June 2016	**5,950**	**4,117**	**4,032**	**487**	**14,586**
Accumulated depreciation					
At 1 July 2014	2,550	1,944	2,707	253	7,454
Reclassification between categories	(58)	459	472	(2)	871
Charge for the year	229	339	246	104	918
Disposals	—	(10)	(1)	(136)	(147)
Exchange translation differences	—	190	(30)	—	160
At 1 July 2015	2,721	2,922	3,394	219	9,256
Charge for the year	158	394	270	89	911
Disposals	—	(189)	(42)	(91)	(322)
Acquisitions	—	26	—	—	26
Exchange translation differences	—	34	53	—	87
At 30 June 2016	**2,879**	**3,187**	**3,675**	**217**	**9,958**
Net book amount					
At 30 June 2016	**3,071**	**930**	**357**	**270**	**4,628**
At 30 June 2015	3,229	987	349	276	4,841
At 30 June 2014	3,561	873	1,064	229	5,727

Included in land, freehold and leasehold buildings is £970,000 (2015: £970,000) of non-depreciated land.

Depreciation of property, plant and equipment is charged to net operating expenses within the income statement.

Company	Leasehold buildings £'000
Cost	
At 1 July 2014, 1 July 2015 and 1 July 2016	**2,789**
Accumulated depreciation	
At 1 July 2014	1,838
Charge for the year	175
At 30 June 2015	2,013
Charge for the year	102
At 30 June 2016	**2,115**
Net book amount	
At 30 June 2016	**674**
At 30 June 2015	776
At 30 June 2014	951

15. Investments in subsidiaries

Company	Shares in subsidiary undertakings £'000
Cost less provision at 1 July 2014	49,193
Share based payments made on behalf of subsidiaries	227
Cost less provision at 1 July 2015 and 30 June 2016	**49,420**

The following table gives brief details of the entities controlled and included in the consolidated financial statements of the Group at 30 June 2016. Except where indicated, all of the entities are incorporated in and principally operated in the UK. Subsidiaries marked (*) are directly owned by Wilmington plc, all other subsidiaries are indirectly owned. Subsidiaries marked (**) are companies limited by guarantee, have no ordinary shares and are controlled indirectly by Wilmington plc.

Name of company	Business	Percentage owned
Adkins, Matchett & Toy (Hong Kong) Limited (incorporated and operates in Hong Kong)	Provision of professional training	100
Adkins & Matchett (UK) Limited	Provision of professional training	100
Adkins, Matchett & Toy Limited (incorporated and operates in the US)	Provision of professional training	100
APM International SAS (incorporated and operates in France)	News information services to the healthcare industry	100
APM Media SARL (incorporated and operates in France)	News information services to the healthcare industry	100
Ark Conferences Limited	Provision of information and events for professional practice management	100
Ark Group Inc (incorporated and operates in the US)	Provision of information and events for professional practice management	100
Ark Group Limited	Holding company	100
Applied Research & Knowledge (ARK) PTE Limited (incorporated and operates in Singapore)	Provision of information and events for professional practice management	100
Axco Insurance Information Services Limited	Provision of international compliance and regulatory information for the global insurance industry	100
Bond Solon Training Limited	Witness training and conferences	100
CLT International Limited	Certified professional training	100
Central Law Training Limited	Professional education, post qualification training and legal conferences	100
Central Law Training (Scotland) Limited	Professional education, post qualification training and legal conferences	80
Evantage Consulting Limited	Consultancy to the pharmaceutical industry	100
International Company Profile FZ LLC (Middle East) (incorporated and operates in Dubai)	Provision of financial information	100
International Compliance Training Limited	Training courses in international compliance and money laundering	100
International Compliance Training Academy PTE Limited (incorporated and operates in Singapore)	Training courses in international compliance and money laundering	100
JMH Publishing Limited	Provider of specialist and accredited online education for the healthcare industry	100
International Compliance Training (Middle East) LLC (incorporated and operates in UAE)	Training courses in international compliance and money laundering	100
La Touche Bond Solon Training Limited (incorporated and operates in Ireland)	Witness and post qualification legal training	100
Mercia Group Limited	Training and support services to the accountancy profession	100
Mercia Ireland Limited (incorporated and operates in Ireland)	Training and support services to the accountancy profession	100
Mercia NI Limited	Training and support services to the accountancy profession	100

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15. Investments in subsidiaries continued

Name of company	Business	Percentage owned
NHIS Limited*	Provision of business intelligence, data analysis, workflow tools and other services to the healthcare industry	100
Practice Track Limited	Marketing support services for the accountancy profession	100
Smee and Ford Limited	Provision of legacy information	100
The Matchett Group Limited	Holding Company	100
Wilmington Finance Limited	Holding company	100
Wilmington FRA Inc. (incorporated and operates in the US)	Conference and networking provider of specialist events in healthcare and finance	100
Wilmington Insight Limited	Holding company	100
Wilmington Compliance Week Inc. (incorporated and operates in the US)	Provision of international compliance and regulatory information in the US	100
Wilmington Healthcare Limited	Provision of reference information to the healthcare industry	100
Wilmington Holdings US Inc. (incorporated and operates in the US)	Holding company	100
Wilmington Holdings No 1 Limited*	Holding company	100
Wilmington Inese SL (incorporated and operates in Spain)	Provision of Spanish language subscription based publications	100
Wilmington Millennium Limited	Provision of legacy information	91.25
Wilmington Publishing & Information Limited	Provision of information and events for professional markets	100
Wilmington Shared Services Limited	Provision of shared services	100
Wilmington Legal Limited	Holding company	100
International Compliance Association**	Professional association; a not for profit organisation	100
WCLTS**	Professional association; a not for profit organisation	100
A.P. Information Services Limited	Dormant	100
Adline Publishing Limited	Dormant	100
Aspire Publications Limited	Dormant	100
CLT Professional Training Limited	Dormant	100
Ark Publishing Limited	Dormant	100
Caritas Data Limited	Dormant	100
Central Law Management Limited	Dormant	100
CLT Legal Link Limited	Dormant	100
HCP Consulting Limited	Dormant	100
Hollis Directories Limited	Dormant	100
Hollis Publishing Limited	Dormant	100
Incisive Training Limited	Dormant	100
Medical Practice Management Limited	Dormant	100
Pendragon Professional Information Limited	Dormant	100
Production and Casting Report Limited	Dormant	100
Quorum Courses Limited	Dormant	100
Quorum International Limited	Dormant	100
Quorum Training Limited	Dormant	100
The Central Law Training Paralegal Centre Limited	Dormant	100
Waterlow Information Services Limited	Dormant	100
Wilmington Business Information Limited	Dormant	100
Wilmington Group Limited	Dormant	100
Wilmington Risk & Compliance Limited	Dormant	100
Wilmington Training & Events Limited	Dormant	100
Wilmington plc Employee Share Ownership Trust	Trust	n/a

Wilmington Legal owns 80% of Central Law Training (Scotland) Limited. Wilmington Publishing & Information Limited owns 91.25% of Wilmington Millennium Limited.

The Wilmington plc Employee Share Option Trust is controlled by Wilmington plc.

16. Trade and other receivables

	Group		Company	
	30 June 2016 £'000	30 June 2015 £'000	**30 June 2016 £'000**	30 June 2015 £'000
Current				
Trade receivables	**21,993**	18,518	**—**	—
Prepayments and other receivables	**4,128**	3,178	**45**	46
Amounts due from subsidiaries	**—**	—	**65,927**	64,013
	26,121	21,696	**65,972**	64,059

Amounts due from all subsidiaries are interest free, unsecured and are repayable on demand.

17. Derivative financial investments

	Group and Company	
Current assets	**30 June 2016 £'000**	30 June 2015 £'000
Forward currency contracts	**—**	338
Current liabilities		
Interest rate swap – maturing in November 2016	**(162)**	—
Forward currency contracts	**(851)**	—
	(1,013)	—
Non-current liabilities		
Interest rate swaps - maturing in November 2020	**(1,037)**	(423)

Details of these derivative financial assets and liabilities are set out in note 20.

18. Trade and other payables

	Group		Company	
	30 June 2016 £'000	30 June 2015 £'000	**30 June 2016 £'000**	30 June 2015 £'000
Trade and other payables	**21,591**	20,410	**2,060**	2,095
Subscriptions and deferred revenue	**22,305**	19,165	**—**	—
Amounts due to subsidiaries	**—**	—	**16,362**	9,460
	43,896	39,575	**18,422**	11,555

Amounts due to subsidiaries are interest free, unsecured and repayable on demand.

19. Borrowings

	Group		Company	
Current liability	**30 June 2016 £'000**	30 June 2015 £'000	**30 June 2016 £'000**	30 June 2015 £'000
Bank overdrafts	**2,204**	496	**583**	6,852
Bank loans	**—**	37,306	**—**	14,000
Capitalised loan arrangement fees	**—**	(147)	**—**	(147)
	2,204	37,655	**583**	20,705
Non-current liability				
Bank loans	**47,126**	—	**12,828**	—
Capitalised loan arrangement fees	**(429)**	—	**(429)**	—
Bank loans net of loan arrangement fees	**46,697**	—	**12,399**	—

On 1 July 2015 the Group extended its £65m revolving credit facility with Barclays Bank PLC, HSBC Bank plc and The Royal Bank of Scotland plc through to 1 July 2020.

Bank overdrafts comprise of the net of gross overdraft balances of £10.3m (2015: £11.8m) and cash positions of £8.1m (2015: £11.3m) held at Barclays Bank PLC in certain UK companies included in the offsetting agreement.

Notes to the Financial Statements

20. Financial instruments and risk management

The Group's financial instruments arise from its operations (for example, trade receivables and trade payables) from the financing of its operations (for example, loans and borrowings and equity) and from its risk management activities (for example, interest rate swaps and forward currency contracts). The risks to which the Group is exposed include interest rate risk, foreign currency risk, liquidity and capital risk, and credit risk.

Interest rate risk

Risk

The Group financing arrangements include external debt that is subject to a variable interest rate. The Group is consequently exposed to cash flow volatility arising from fluctuations in market interest rates applicable to that external finance. In particular, interest is charged on the £47m (2015: £37m) amount drawn down on the revolving credit facility at a rate of between 1.50 and 2.25 per cent above LIBOR depending upon leverage. Cash flow volatility therefore arises from movements in the LIBOR interest rates. Any undrawn amounts are charged a commitment fee at a rate of 0.9% (2015: 0.9%).

Group policy

The Group policy is to enter into interest rate swap contracts to maintain the ratio of fixed to variable rate debt at a level that achieves a reasonable cost of debt whilst reducing the exposure to cash flow volatility arising from fluctuations in market interest rates.

Risk management arrangements

The Group's interest rate swap contracts offset part of its variable interest payments and replace them with fixed payments. In particular, the Group has hedged its exposure to the LIBOR part of the interest rate for a £21m (2015: £15m) portion of the loan facility via an interest rate swap, as follows:

- A five year £15m interest rate swap commencing on 21 November 2011, whereby the Group receives interest on £15m based on the LIBOR rate and pays interest on £15m at a fixed rate of 2.68%.
- A $7.5m interest rate swap commencing on 13 July 2015 and ending on 1 July 2020, whereby the Group receives interest on $7.5m based on the USD LIBOR rate and pays interest on $7.5m at a fixed rate of 1.79%.
- A £15.0m interest rate swap commencing on 22 November 2016 and ending on 1 July 2020, whereby the Group receives interest on £15m based on LIBOR rate and pays interest on £15m at a fixed rate of 2.00%.

These derivatives have been designated as a cash flow hedge for accounting purposes. The net settlement of interest on the interest rate swap, which comprises a variable rate interest receipt and a fixed rate interest payment, is recorded in net finance costs in the income statement and so is matched against the corresponding variable rate interest payment on the revolving credit facility. The derivatives are re-measured at fair value at each reporting date. This gives rise to a gain or loss, the entire amount of which is recognised in Other Comprehensive Income ('OCI') following the Directors' assessment of hedge effectiveness.

Sensitivity analysis

The Group has performed a sensitivity analysis that measures the estimated charge to the Income Statement and Other Comprehensive Income arising from a 100 basis points ('bps') increase in market interest rates applicable at 30 June 2016, with all other variables remaining constant. The sensitivity analysis makes the following assumptions:

- Changes in market interest rates only affect interest income or expense of variable financial instruments;
- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if they are recognised at fair value; and
- Changes in market interest rates do not affect the fair value of derivative financial instruments designated as hedging instruments and all interest rate hedges are expected to be highly effective.

	Income Statement 100 bps Increase £'000	OCI 100 bps Increase £'000
Variable rate debt	(230)	—
Interest rate swap	—	206
	(230)	206

20. Financial instruments and risk management continued

Foreign currency risk

Risk

The currency of the primary economic environment in which the Group operates is Sterling, and this is also the currency in which the Group presents its financial statements. However, the Group has significant Euro and US dollar cash flows arising from international trading and overseas operations. The Group is consequently exposed to cash flow volatility arising from fluctuations in the applicable exchange rates for converting Euros and US dollars to Sterling.

Group policy

The Group policy is to fix the exchange rate in relation to a periodically reassessed set percentage of expected Euro and US dollar net cash inflows arising from international trading, by entering into foreign currency contracts to sell a specified amount of Euros or US dollars on a specified future date at a specified exchange rate. This set percentage is approved by the Board as part of the budgeting process and upon the acquisition of foreign operations.

The Group policy is to finance investment in overseas operations from borrowings in the local currency of the relevant operation, so as to achieve a natural hedge of the foreign currency translation risk. This natural hedge is designated as a net investment hedge for accounting purposes. Debt of $18.2m (2015: $5.2m) has been designated as a net investment hedge relating to the Group's interest in Compliance Week and FRA.

Risk management arrangements

The following forward contracts were entered into in order to provide certainty in Sterling terms of 80% of the Group's expected net US dollar and Euro income:

- On 23 January 2015, the Group sold $2.5m to 29 January 2016 at a rate of 1.4995
- On 23 January 2015, the Group sold $2.5m to 22 January 2016 at a rate of 1.4977
- On 5 June 2015, the Group sold €1.34m to 14 December 2015 at a rate of 1.3569
- On 5 June 2015, the Group sold €1.34m to 15 December 2015 at a rate of 1.3569
- On 5 June 2015, the Group sold €1.32m to 16 December 2015 at a rate of 1.3569
- On 8 June 2015, the Group sold $2.0m to 27 May 2016 at a rate of 1.5221
- On 8 June 2015, the Group sold $2.0m to 29 April 2016 at a rate of 1.5220
- On 13 May 2016, the Group sold €1.2m to 24 February 2017 at a rate of 1.2609
- On 13 May 2016, the Group sold €1.2m to 3 March 2017 at a rate of 1.2606
- On 13 May 2016, the Group sold €1.1m to 10 March 2017 at a rate of 1.2601
- On 20 May 2016, the Group sold $3.5m to 28 April 2017 at a rate of 1.4622
- On 20 May 2016, the Group sold $3.5m to 26 May 2017 at a rate of 1.4637
- On 20 May 2016, the Group sold $3.0m to 28 June 2017 at a rate of 1.4657

The above derivatives are re-measured at fair value at each reporting date. This gives rise to a gain or loss, the entire amount of which is recognised in the Income Statement.

The Group has performed a sensitivity analysis that measures the estimated credit/(charge) to the Income Statement and Other Comprehensive Income arising from a 10% difference in the US Dollar to Sterling and Euro to Sterling exchange rates applicable at 30 June 2016, with all other variables remaining constant. The sensitivity analysis makes the assumption that changes in foreign currency rates only affect income, expense, assets and liabilities that are denominated in the relevant currencies.

	Income statement		OCI	
	+10%* £'000	-10%* £'000	**+10%* £'000**	-10%* £'000
Cash and cash equivalents	**(562)**	689	**—**	—
Trade receivables (including the effect of forward currency contracts)	**(37)**	45	**—**	—
Currency translation differences	**—**	—	**(221)**	270
Net investment hedges	**—**	—	**1,234**	(1,509)
Profit before tax arising overseas	**(580)**	709	**—**	—
	(1,179)	1,443	**1,013**	(1,239)

* +10% represents Sterling value appreciating compared with other currencies. -10% represents Sterling value depreciating compared with other currencies.

20. Financial instruments and risk management continued

Liquidity and capital risk

Risk

The Group has historically expanded its operations both organically and via acquisition, financed partly by retained profits but also via external finance. As well as financing cash outflows, the Group's activities give rise to working capital obligations and other operational cash outflows. The Group is consequently exposed to the risk that it cannot meet its obligations as they fall due, or can only meet them at an uneconomic price.

Group policy

The Group policy is to preserve a strong capital base in order to maintain investor, creditor and market confidence and to safeguard the future development of the business, but also to balance these objectives with the efficient use of capital by using medium and short term debt. The Group has, in previous years, made purchases of its own shares whilst taking into account the availability of credit.

Risk management arrangements

The Group ensures its liquidity is maintained by entering into short, medium and long-term financial instruments to support operational and other funding requirements. The Group determines its liquidity requirements by the use of short and long-term cash forecasts.

On 1 July 2015 the Group extended its £65m revolving credit facility with Barclays Bank PLC, HSBC Bank plc and The Royal Bank of Scotland plc through to 1 July 2020. The terms of the old and the extended facility are included below:

Old facility that expired on 1 July 2015:

The Group had an unsecured committed bank facility of £65.0m to February 2016. The facility comprised of a revolving credit facility of £60.0m and an overdraft facility across the Group of £5.0m. At 30 June 2015, £37.3m of the revolving credit facility was drawn down. Interest was charged on the amount drawn down at between 2.00 and 2.75 per cent above LIBOR depending upon leverage, and drawdowns were made for periods of up to six months in duration. Interest was charged on the drawn element of the overdraft facility at 2.00 and 2.55 per cent (the 'Margin') above the Barclays bank base rate depending upon leverage. The Group also paid a fee of 40 per cent of the applicable Margin on the undrawn element of the credit facility and the undrawn overdraft. The Group has complied at all times with the covenant requirements of the bank facility arrangement.

Extended facility that is effective from 1 July 2015 and expires on 1 July 2020:

The Group has an unsecured committed bank facility of £65.0m to 1 July 2020. The facility comprised of a revolving credit facility of £60.0m and an overdraft facility across the Group of £5.0m. In addition, the extended facility also provides for an accordion option whereby the unsecured committed bank facility may be increased by up to £35m to a total commitment of £100m if required subject to majority lending bank consent. Interest is charged on the amount drawn down at between 1.50 and 2.25 (the 'Margin') per cent above LIBOR depending upon leverage, and drawdowns are made for periods of up to six months in duration. Interest is charged on the drawn element of the overdraft facility at 1.50% and 2.25% per cent above the Barclays bank base rate depending upon leverage. The Group also pays a fee of 40% of the applicable Margin on the undrawn element of the credit facility and the undrawn overdraft.

The Group had available an undrawn revolving credit facility as follows:

	30 June 2016 £'000	30 June 2015 £'000
Expiring within one year	**—**	22,694
Expiring after more than one year	**12,874**	—

20. Financial instruments and risk management continued

The following tables provide a maturity analysis of the remaining contractually agreed cash flows for the Group's non-derivative financial liabilities on an undiscounted basis, which therefore differ from the carrying value and fair value:

Group

At 30 June 2016	Within 1 Year £'000	1 – 2 Years £'000	2 – 5 Years £'000	More than 5 Years £'000	Total £'000
Bank overdrafts	2,204	—	18	—	2,222
Bank loans including interest	—	—	49,286	—	49,286
Trade payables and accruals	23,141	—	—	—	23,141
Provisions for future purchase of non-controlling interests	—	100	—	—	100
	25,345	100	49,304	—	74,749

At 30 June 2015	Within 1 Year £'000	1 – 2 Years £'000	2 – 5 Years £'000	More than 5 Years £'000	Total £'000
Bank overdrafts	496	—	—	—	496
Bank loans including interest	37,669	—	—	—	37,669
Trade payables and accruals	21,204	—	—	—	21,204
Provisions for future purchase of non-controlling interests	—	100	—	—	100
	59,369	100	—	—	59,469

Company

At 30 June 2016	Within 1 Year £'000	1 – 2 Years £'000	2 – 5 Years £'000	More than 5 Years £'000	Total £'000
Bank overdrafts	583	—	—	—	583
Bank loans including interest	—	—	15,006	—	15,006
Trade payables, accruals and amounts due to subsidiary undertakings	18,422	—	—	—	18,422
	19,005	—	15,006	—	34,011

At 30 June 2015	Within 1 Year £'000	1 – 2 Years £'000	2 – 5 Years £'000	More than 5 Years £'000	Total £'000
Bank overdrafts	6,852	—	—	—	6,852
Bank loans including interest	14,363	—	—	—	14,363
Trade payables, accruals and amounts due to subsidiary undertakings	11,555	—	—	—	11,555
	32,770	—	—	—	32,770

The Company has entered into an unlimited cross guarantee with the Group's credit facility providers.

Credit Risk

Risk

The Group's principal financial assets are receivables and bank balances. The Group is consequently exposed to the risk that its customers or the credit facility providers cannot meet their obligations as they fall due.

Group policy

The Group policy is that the lines of business assess the creditworthiness and financial strength of customers at inception and on an ongoing basis. The Group also reviews the credit rating of the bank. Cash is held in banks with a credit rating between AA- and BB+ per Fitch at 1 September 2016.

20. Financial instruments and risk management continued

Risk management arrangements

The Group's credit risk is primarily attributable to its trade receivables. However, the Group has no significant exposure to credit risk because its trading is spread over a large number of customers. The payment terms offered to customers take into account the assessment of their creditworthiness and financial strength, and they are set in accordance with industry standards. The creditworthiness of customers is considered before trading commences. Most of the Group's customers are large and well established institutions that pay on time and in accordance with the Group's standard terms of business.

The amounts presented in the Balance Sheet are net of allowances for bad and doubtful receivables estimated by management based on prior experience and their assessment of the current economic value.

Set out below is an analysis of the Group's trade receivables by due date prior to any impairment.

	Not due £'000	0 – 30 days £'000	30 – 60 days £'000	Over 60 days £'000	Total £'000	Allowances £'000	Net £'000
At 30 June 2016	**12,889**	**3,844**	**2,261**	**3,619**	**22,613**	**(620)**	**21,993**
At 30 June 2015	10,397	3,081	2,118	3,658	19,254	(736)	18,518

Receivables within the 0-30 day's category or above are past due, but the Group considers them to be collectable and not impaired except where specifically provided for.

Set out below is the movement for the year in the allowance for bad and doubtful debts relating to trade receivables.

	30 June 2016 £'000	30 June 2015 £'000
Allowances at 1 July 2015	**736**	629
Additions charged to income statement	**527**	421
Allowances used	**(47)**	(40)
Allowances reversed	**(596)**	(274)
Allowances at 30 June 2016	**620**	736

Fair value of financial assets and financial liabilities

The table below sets out the accounting classification and the carrying and fair values of all of the Group's financial assets and financial liabilities. The carrying value and fair value are equal in all cases. None of the financial instruments have been reclassified during the year. All items classified as fair value through profit and loss are held for trading.

Group

At 30 June 2016	**Fair value through profit and loss £'000**	**Loans and receivables £'000**	**Financial instruments designated for hedging £'000**	**Amortised cost £'000**	**Other £'000**	**Total £'000**
Financial assets						
Cash and cash equivalents	**–**	**14,642**	**–**	**–**	**–**	**14,642**
Trade and other receivables	**–**	**24,234**	**–**	**–**	**–**	**24,234**
	–	**38,876**	**–**	**–**	**–**	**38,876**
Financial liabilities						
Trade and other payables	**–**	**–**	**–**	**(23,141)**	**–**	**(23,141)**
Bank overdrafts	**–**	**–**	**–**	**(2,204)**	**–**	**(2,204)**
Bank loans	**–**	**–**	**–**	**(47,126)**	**–**	**(47,126)**
Interest rate swaps	**–**	**–**	**(1,199)**	**–**	**–**	**(1,199)**
Forward currency contracts	**(851)**	**–**	**–**	**–**	**–**	**(851)**
Put options for non-controlling interests	**–**	**–**	**–**	**–**	**(100)**	**(100)**
	(851)	**–**	**(1,199)**	**(72,471)**	**(100)**	**(74,621)**

20. Financial instruments and risk management continued

At 30 June 2015	Fair value through profit and loss £'000	Loans and receivables £'000	Financial instruments designated for hedging £'000	Amortised cost £'000	Other £'000	Total £'000
Financial assets						
Cash and cash equivalents	—	9,194	—	—	—	9,194
Trade and other receivables	—	20,200	—	—	—	20,200
Forward currency contracts	338	—	—	—	—	338
	338	29,394	—	—	—	29,732
Financial liabilities						
Trade and other payables	—	—	—	(21,477)	—	(21,477)
Bank overdrafts	—	—	—	(496)	—	(496)
Bank loans	—	—	—	(37,306)	—	(37,306)
Interest rate swaps	—	—	(423)	—	—	(423)
Put options for non-controlling interests	—	—	—	—	(100)	(100)
	—	—	(423)	(59,279)	(100)	(59,802)

Company

At 30 June 2016	**Fair value through profit and loss £'000**	**Loans and receivables £'000**	**Financial instruments designated for hedging £'000**	**Amortised cost £'000**	**Total £'000**
Financial assets					
Cash and cash equivalents	**—**	**1,603**	**—**	**—**	**1,603**
Trade and other receivables	**—**	**65,927**	**—**	**—**	**65,927**
Forward currency contracts	**—**	**—**	**—**	**—**	**—**
	—	**67,530**	**—**	**—**	**67,530**
Financial liabilities					
Trade and other payables	**—**	**—**	**—**	**(18,422)**	**(18,422)**
Bank overdrafts	**—**	**—**	**—**	**(583)**	**(583)**
Bank loans	**—**	**—**	**—**	**(12,828)**	**(12,828)**
Interest rate swaps	**—**	**—**	**(1,199)**	**—**	**(1,199)**
Forward currency contracts	**(851)**	**—**	**—**	**—**	**(851)**
	(851)	**—**	**(1,199)**	**(31,833)**	**(33,883)**

At 30 June 2015	Fair value through profit and loss £'000	Loans and receivables £'000	Financial instruments designated for hedging £'000	Amortised cost £'000	Total £'000
Financial assets					
Cash and cash equivalents	—	62	—	—	62
Trade and other receivables	—	64,013	—	—	64,013
Forward currency contracts	338	—	—	—	338
	338	64,075	—	—	64,413
Financial liabilities					
Trade and other payables	—	—	—	(11,551)	(11,551)
Bank overdrafts	—	—	—	(6,852)	(6,852)
Bank loans	—	—	—	(13,653)	(13,653)
Interest rate swaps	—	—	(423)	—	(423)
	—	—	(423)	(32,056)	(32,479)

Notes to the Financial Statements

20. Financial instruments and risk management continued

Fair value measurement

The methods and assumptions used to estimate the fair values of financial assets and liabilities are as follows:

- The carrying amount of trade receivables and payables approximates to fair value due to the short maturity of the amounts receivable and payable;
- The fair value of the Group's borrowings are estimated on the basis of the discounted value of future cash flows using approximate discount rates in effect at the balance sheet date; and
- The fair value of the Group's outstanding interest rate swaps, foreign exchange contracts and put options for non-controlling interest are estimated using discounted cash flow models and market rates of interest and foreign exchange at the balance sheet date.

The table below analyses financial instruments measured at fair value via a valuation method. The different levels have been defined as:

Level 1

Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Group and Company

At 30 June 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Liabilities				
Financial liabilities at fair value through income or expense				
– Trading derivatives at fair value through the income statement	**—**	**(851)**	**—**	**(851)**
Financial liabilities at fair value through equity				
– Derivative financial instruments designated for hedging	**—**	**(1,199)**	**—**	**(1,199)**
Total liabilities	**—**	**(2,050)**	**—**	**(2,050)**

At 30 June 2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Liabilities				
Financial liabilities at fair value through income or expense				
– Trading derivatives at fair value through the income statement	—	(338)	—	(338)
Financial liabilities at fair value through equity				
– Derivative financial instruments designated for hedging	—	423	—	423
Total liabilities	—	85	—	85

21. Deferred tax

Movements on deferred tax assets are as follows:

	Group £'000	Company £'000
Non-current assets		
Asset at 30 June 2014	562	106
Prior year adjustment	—	93
Deferred tax credit in the income statement for the year	29	99
Deferred tax charge in other comprehensive income for the year	(29)	(29)
Effect on deferred tax of change in corporation tax rate	(27)	(9)
Deferred tax charge included directly in equity for the year	27	140
Asset at 30 June 2015	562	400
Deferred tax credit/(charge) in the income statement for the year	363	(33)
Deferred tax credit in other comprehensive income for the year	155	155
Deferred tax charge included directly in equity for the year	(138)	(138)
Asset at 30 June 2016	**942**	**384**

The Group deferred tax asset arises as a result of tax on share based payments: £306,000 (2015: £478,000), future deductions available on US deferred consideration: £396,000 (2015: nil) and fair value interest rate swap losses: £240,000 (2015: £84,000). It is anticipated that the Group and Company will make sufficient taxable profit to allow the benefit of the deferred tax asset to be utilised.

Movements on deferred tax liabilities are as follows:

	Group £'000	Company £'000
Non-current liabilities		
Liability at 30 June 2014	4,670	—
Deferred tax credit in the income statement for the year	(686)	—
Effect on deferred tax of change in corporation tax rate	(222)	—
Liability at 30 June 2015	3,762	—
Deferred tax credit in the income statement for the year	(607)	—
Acquisition of subsidiaries	1,012	—
Effect on deferred tax of change in corporation tax rate	(178)	—
Liability at 30 June 2016	**3,989**	**—**

The deferred tax liability arises as a result of accelerated tax on depreciation and amortisation.

22. Share capital

	Number of ordinary shares of 5p each	Ordinary shares £'000	Share premium account £'000	Treasury shares £'000	Total £'000
Authorised					
At 1 July 2015 and 30 June 2016	**110,000,000**	**5,500**			
Issued and fully paid ordinary shares					
At 1 July 2014	86,103,137	4,305	45,231	(878)	48,658
Shares issued	404,324	20	(6)	—	14
Treasury shares reissued during the year	—	—	—	782	782
At 1 July 2015	86,507,461	4,325	45,225	(96)	49,454
Shares issued	478,270	24	—	—	24
At 30 June 2016	**86,985,731**	**4,349**	**45,225**	**(96)**	**49,478**

On 19 October 2015 478,270 ordinary shares were issued in respect of the vesting of the 2012 PSP Share Awards to employees (including Directors).

At 30 June 2016 46,584 shares (2015: 46,584) were held in Treasury, which represents 0.1% (2015: 0.1%) of the called up share capital of the Company.

Notes to the Financial Statements

23. Share based payments

a) Share Awards

Details of Directors' share awards are set out in the Directors' Remuneration Report. In addition to the Directors a limited number of the senior management team are also granted share awards.

Under the Wilmington Group plc 2007 Performance Share Plan:

Year of grant	Exercise price per Award	Date of vesting	Number of shares for which awards outstanding 1 July 2015	Awards granted during year	Awards vested during year	Awards lapsed during year	**Number of shares for which awards outstanding at 30 June 2016**
2012	Nil	Oct 2015	444,198	—	(444,198)	—	**—**
2013	Nil	Sep 2016	262,142	—	—	(20,916)	**241,226**
2014	Nil	Sep 2017	230,293	—	—	(51,985)	**178,308**
2015	Nil	Sep 2018	—	210,797	—	(22,460)	**188,337**

444,198 awards vested on 19 October 2015 at a share price of £2.73. The fair value of the awards granted during the year was £2.67 per award.

Details of the Performance Share Plan are set out in the Directors' Remuneration Report on pages 43 to 58.

These awards were valued using the Monte Carlo method with the following assumptions:

- Expected volatility (%) 26 to 36
- Expected life (years) 3
- Expected dividends (%) Nil
- Expected volatility was determined by reference to the historical volatility of the Group's share price. The expected life used in the model is the mid-point of the exercise period.

b) Company Share Option Plan ('CSOP')

On 16 September 2015 the company awarded share options to selected key management under a CSOP. This is a discretionary scheme consisting of an HMRC approved schedule and an unapproved schedule which enables a company to grant share options to selected employees over shares with a maximum cumulative value per individual of £30,000 at the date of the grant. The exercise price of the granted options is equal to the market price of the shares on the date of the grant. Options are conditional on the employee completing three years' service (the vesting period) so act as a lock-in incentive, the options have a contractual option term of ten years. The options are exercisable starting three years from the grant date, subject to the group achieving its target growth in earnings per share over the period of inflation plus 3%. The group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise price are as follows:

Year of grant	Average exercise price per option	Date of vesting	Number of shares for which options outstanding 1 July 2015	Options granted during year	Options vested during year	Options lapsed during year	Number of shares for which options outstanding at 30 June 2016
2015	2.625	Sep 2018	—	249,865	—	(14,404)	235,461

The fair value of the options granted during the year was £0.58 per option.

These awards were valued using the Monte Carlo method with the following assumptions:

- Expected volatility (%) 28.8
- Expected life (years) 3
- Expected dividends (%) Nil
- Expected volatility was determined by reference to the historical volatility of the Group's share price. The expected life used in the model is the mid-point of the exercise period.

An expense of £563,000 (2015: £918,000) was recognised in the income statement of the group for share based payments. Of this expense £563,000 (2015: £691,000) was recognised in the parent company income statement.

24. Non-controlling interests

	Net Non-controlling interests £'000
At 1 July 2014	235
Profit for the year	130
Dividends paid	(88)
At 30 June 2015	277
Profit for the year	143
Dividends paid	(141)
Movements in non-controlling interests	(126)
At 30 June 2016	**153**

See note 11 for details of the non-controlling interest purchases during the year.

25. Commitments

a) The Group had, in relation to property, plant and equipment, capital commitments contracted but not provided for at 30 June 2016 of £nil (2015: £nil).

b) Total future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	Property		Property	
	30 June 2016 £'000	30 June 2015 £'000	**30 June 2016 £'000**	30 June 2015 £'000
One year	**1,388**	989	**111**	111
Between two and five years	**3,003**	2,254	**445**	445
After five years	**3,975**	3,727	**3,838**	3,727
	8,366	6,970	**4,394**	4,283

26. Related party transactions

The Company and its wholly owned subsidiary undertakings offer certain Group-wide purchasing facilities to the Company's other subsidiary undertakings whereby the actual costs are recharged.

The Company has made recharges totalling £1,686,228 (2015: £1,872,699) to its fellow group undertakings in respect of management services.

Amounts due from and to subsidiary undertakings by the Company are set out in notes 16 and 18 respectively.

During the year, the Company received dividends of £14,522,323 from subsidiaries (2015: £6,552,397).

The Chief Executive Officer, Pedro Ros, owns a minority shareholding in SMARP OY (a company incorporated in Finland), which provides social media services to the Group, the subsidiary paid £29,016 (2015: £3,720) during the year to SMARP UK Limited, a subsidiary of SMARP OY.

Close family members of key management personnel provided services for the group during the year for lecturing, writing production, exam marking services and photography. The total invoiced for these services was £100,310 (2015: £71,404).

Notes to the Financial Statements

27. Staff and their pay and benefits

a) Employee costs (including Directors) were as follows:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Wages and salaries	**38,200**	35,582
Social security costs	**4,466**	3,811
Other pension costs	**709**	639
Share based payments (including social security costs)	**563**	918
	43,938	40,950

b) Remuneration of key management personnel that held office for part or all of the year (2016: 16 people; 2015: 14 people), which includes the Directors and other key management personnel, is shown in the table below:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Short-term employee benefits	**3,515**	3,713
Compensation for loss of office	**—**	500
Post-employment benefits	**76**	73
Share based payments	**514**	893
	4,105	5,179

More detailed information concerning Director's remuneration, shareholdings, pension entitlement, share options and other long-term incentive plans is shown in the audited part of the Directors' Remuneration Report on pages 43 to 58, which forms part of the consolidated financial statements.

c) The average monthly number of employees (including Directors) employed by the Group was as follows:

	Year ended 30 June 2016 Number	Year ended 30 June 2015 Number
Selling and distribution	**291**	276
Production	**226**	214
Administration	**423**	402
	940	892

Total full time equivalents at 30 June 2016 were 774 (2015: 762).

d) Retirement benefits

The Group contributes to defined contribution pension schemes. Total contributions to the schemes during the year were £709,000 (2015: £639,000).

28. Cash generated from operations

	Group		Company	
	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000	**Year ended 30 June 2016 £'000**	Year ended 30 June 2015 £'000
(Loss)/profit from continuing operations before income tax	**(3,434)**	10,296	**8,769**	1,936
Other adjusting items (included in operating expenses)	**2,352**	1,112	**887**	878
Depreciation of property, plant and equipment	**911**	918	**102**	175
Amortisation of intangible assets	**6,595**	7,123	**–**	–
Impairment of goodwill	**15,659**	–	**–**	–
Profit on disposal of property, plant and equipment	**(4)**	(21)	**–**	–
Share based payments (including social security costs)	**563**	918	**563**	690
Net finance costs	**1,920**	1,974	**1,186**	1,147
Operating cash flows before movements in working capital	**24,562**	22,320	**11,507**	4,826
(Increase)/decrease in trade and other receivables	**(2,434)**	371	**1,102**	1
Increase/(decrease) in trade and other payables	**1,744**	(811)	**7,845**	7,187
Cash generated from operations before adjusting items	**23,872**	21,880	**20,454**	12,014

Cash conversion is calculated as a percentage of cash generated by operations to Adjusted EBITA as follows:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Funds from operations before adjusting items:		
Adjusted EBITA	**22,605**	20,418
Amortisation of intangible assets - computer software	**1,050**	1,005
Depreciation of property, plant and equipment	**911**	918
Profit on disposal of property, plant and equipment	**(4)**	(21)
Operating cash flows before movement in working capital	**24,562**	22,320
Net working capital movement	**(690)**	(440)
Funds from operations before adjusting items	**23,872**	21,880
Cash conversion	**106%**	107%
Free cash flows:		
Operating cash flows before movement in working capital	**24,562**	22,320
Profit on disposal of property, plant and equipment	**(4)**	(22)
Net working capital movement	**(690)**	(440)
Interest paid	**(1,502)**	(1,883)
Tax paid	**(3,197)**	(3,680)
Purchase of property, plant and equipment	**(641)**	(829)
Purchase of intangible assets	**(870)**	(1,739)
Free cash flows	**17,658**	13,727

29. Events after the reporting period

On 19 July 2016 the Group acquired the entire share capital of SWAT Group Limited ('SWAT') a provider of training and technical compliance support to accountancy firms in London and the South West of England. The consideration will be settled by an initial cash payment of £2.4m and a deferred consideration payment of up to £3.0m payable in September 2018 in cash subject to SWAT achieving challenging profit targets over the two financial years ending 30 June 2018.

On acquisition SWAT had £0.4m in cash. The Group acquired SWAT from its founding management team, who will continue in the business. The initial cash payment of £2.4m has been financed out of the £65m revolving credit facility. The process of fair valuing SWAT has not been completed at the date of these financial statements. Subject to this process to fair value, the group acquired approximately £0.4m of net liabilities and £0.6m of deferred revenue. The excess consideration above the fair value of these acquired net liabilities and deferred revenue will be recognised as goodwill and intangible asset following completion of the exercise to fair value. All amounts are disclosed as provisional.

Pro Forma Five Year Financial Summary (Unaudited)

	2012 £'m	2013 £'m	2014 £'m	2015 £'m	**2016 £'m**
Revenue	85.3	85.0	90.0	95.1	**105.7**
Net operating expenses (before adjusting items)	(69.6)	(68.1)	(71.3)	(74.7)	**(83.1)**
Adjusted EBITA	15.7	16.9	18.7	20.4	**22.6**
Other adjusting items	(0.9)	(1.3)	(0.8)	(1.1)	**(2.4)**
Gain on disposal of property	—	3.3	—	—	**—**
Amortisation	(5.3)	(6.1)	(6.3)	(6.1)	**(5.4)**
Impairment of goodwill	—	(4.5)	—	—	**(15.7)**
Share based payments	(0.5)	(0.9)	(0.9)	(0.9)	**(0.6)**
Operating (loss)/profit	9.0	7.4	10.7	12.3	**(1.5)**
Net finance costs	(2.7)	(2.3)	(2.1)	(2.0)	**(1.9)**
(Loss)/profit on ordinary activities before tax	6.3	5.1	8.6	10.3	**(3.4)**
Taxation	(1.2)	(1.5)	(2.0)	(2.4)	**(2.9)**
(Loss)/profit on ordinary activities after tax	5.1	3.6	6.6	7.9	**(6.3)**
Adjusted Profit before Tax	13.2	14.7	16.6	18.4	**20.9**
Cash generated from operations before adjusting items	17.4	19.4	20.2	21.9	**23.9**
Basic earnings per ordinary share from continuing operations (pence)	5.81	4.17	7.59	8.96	**(7.39)**
Diluted earnings per ordinary share from continuing operations (pence)	5.63	4.07	7.39	8.83	**(7.39)**
Adjusted earnings per ordinary share from continuing operations (pence)	11.71	13.06	14.79	16.42	**18.69**
Interim and proposed final dividend per share (pence)	7.0	7.0	7.3	7.7	**8.1**
Dividend cover[1]	1.7	1.9	2.0	2.1	**2.3**
Return on equity[2] (%)	26.84	28.50	31.94	34.37	**42.77**
Return on equity excluding impairment[3]	26.84	27.31	29.40	31.71	**34.16**
Return on sales[4] (%)	18.38	19.83	20.78	21.47	**21.38**

[1] Dividend cover – Adjusted earnings per ordinary share from continuing operations divided by the interim and proposed final dividend per share

[2] Return on equity – Adjusted Profit Before Tax divided by the average equity attributable to owners of the parent

[3] Return on equity excluding impairment – Adjusted Profit Before Tax divided by the average equity attributable to owners of the parent excluding the effects of the following impairments on equity: £4.5m, year ended 30 June 2013 and £15.7m, year ended 30 June 2016

[4] Return on sales – Adjusted EBITA divided by Revenue

Advisers and Corporate Calendar

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Corporate calendar

Annual General Meeting
3 November 2016

Announcement of Final Results
13 September 2016

Announcement of Interim Results
February 2017

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