Wilmington plc

2018 Wilmington

Wilmington plc

Annual Report and Financial Statements for the year ended 30 June 2018

Stock Code: WIL

Our journey towards One Wilmington

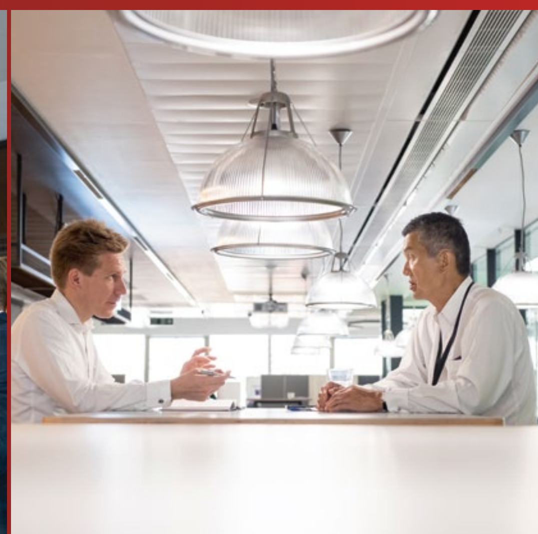
Pedro Ros appointed CEO and initiated a review of the business

Defined our purpose "Turning knowledge into advantage"

Defined our target communities

Accelerated growth through significant acquisitions

2014 ▸ **2015** ▸ **2016** ▸



Why invest?

Clear vision and focus

One
Wilmington

High proportion of subscription and repeatable revenues

76%
of total revenues

Strong positions in well-funded professional markets

23+
years' experience

Good operating margin

20.1%

High conversion of operating profit into cash

105%

Progressive dividend policy

4%
growth in total dividend

Read more on **page 8**

Launched vision 2020

By 2020, Wilmington communities will benefit from personalised knowledge whenever and wherever they need it

Read more on **page 09**

Accelerated integration through Project Sixth Gear

Created the Professional division

Relocated London head office to accelerate collaboration between teams

Integrated UK Healthcare business

Drive organic growth

2017 ▸ **2018** ▸ **2019** ▸

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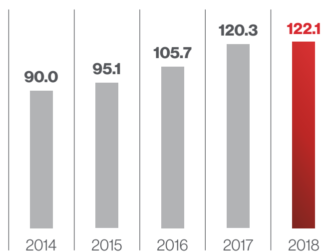
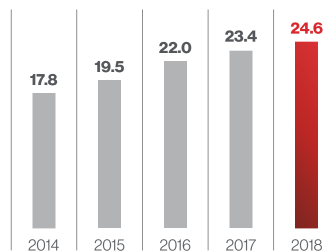
Highlights

Another year of good progress

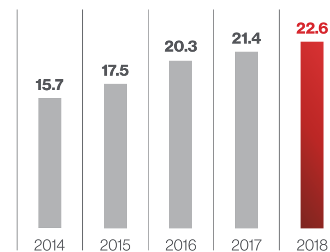
Group revenue £'m
£122.1m
+1%



Adjusted EBITA[2] £'m
£24.6m
+5%



Adjusted profit before tax[3] £'m
£22.6m
+6%

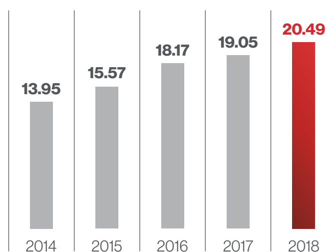


Organic revenue[1] **down**
(3)%
2017: (1)%

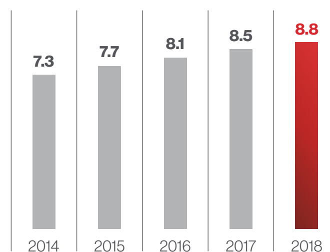
Adjusted EBITA margins
20.1%
2017: 19.4%

Profit before tax £'m
£3.0m
2017: £15.9m

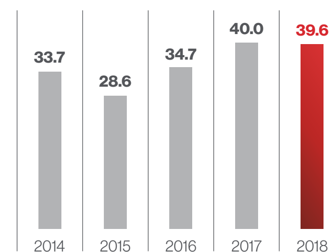
Adjusted earnings per share[4] p
20.49p
+8%



Total dividends
8.8p
+4%



Group net debt £'m
£39.6m



Basic earnings per share p
0.25p
2017: 14.72p

Final dividend
4.8p
2017: 4.6p

Cash conversion[5] **at**
105%
2017: 114%

Operational highlights

- Growth in revenue and adjusted profit before tax achieved despite challenging market conditions
- Risk & Compliance division delivered growth helped by the success of ICA membership scheme
- Healthcare division revenue up in absolute terms due to acquisitions. Underlying performance negatively impacted by GDPR, the focus on integrating the UK Healthcare business and planned rationalisation of the US events programme
- Acquisition of Interactive Medica ('IM') strengthens pharmaceutical data offerings and increases access to European markets
- Professional division performed well in the year although impacted by closure of Ark legal support business
- Digital learning and marketing investments progressing well
- Upgrade of IT infrastructure in year and move to new head office completed

Outlook and current trading

- ICP business sold on 18 July 2018
- Guidance otherwise remains in line with July 2018 trading update
- Revenue growth expected to be in the low single digit percentage range. Growth expected in each division
- Costs expected to increase year on year to support revenue growth
- First two months' trading reflects expectations of seasonally quiet period

1 Organic – eliminating the effects of exchange rate fluctuations and the impact of acquisitions.

2 Adjusted EBITA – see note 2.

3 Adjusted profit before tax – see note 2.

4 Adjusted earnings per share – see note 9.

5 Cash conversion – see note 29.

Against a backdrop of challenging trading conditions we made good progress in the year. Going forward we remain confident of achieving expectations for the year just started. We are focused on delivering sustainable underlying revenue and profit growth which we believe will deliver significant value for shareholders.

Pedro Ros
Chief Executive Officer

At a glance

Turning knowledge into advantage

Trusted knowledge becomes much more valuable as the world becomes less predictable. At Wilmington plc, our mission is to transform knowledge into advantage, keeping our clients at the centre of everything we do.

Our tailored information, education and events are trusted by our clients to maximise opportunities, manage risk and create connections. With the vision to provide personalised knowledge wherever and whenever they need it, we are helping our clients to better understand their challenges.

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

- Barcelona, Spain
- Birmingham
- Boston, US
- Charlotte, US
- Chicago, US
- Dubai, UAE
- Dublin, Ireland
- Essex
- Glasgow
- Hong Kong
- Leicester
- London (head office)
- Madrid, Spain
- New York, US
- Newry, Northern Ireland
- Paris, France
- Plymouth
- Santa Cruz, US
- Singapore
- Stockholm, Sweden
- West Yorkshire

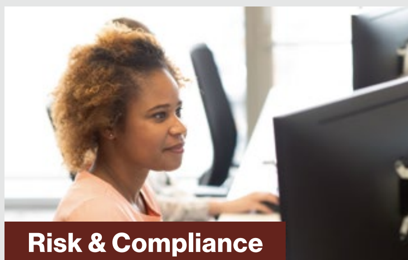
The Group's largest revenue generating countries are:

- UK
- US
- France
- Spain
- Singapore
- Republic of Ireland
- Hong Kong
- Germany
- Switzerland
- Channel Islands
- Malaysia
- United Arab Emirates
- Bermuda
- Saudi Arabia
- Isle of Man
- Sweden
- Denmark
- China
- Canada

Focused on three key knowledge areas

Throughout Wilmington plc, we are fortunate to have highly talented people working in our businesses. Our highly regarded subject matter experts are renowned in their markets – trusted not only for their expertise and knowledge, but also for the way that they convey it.

We are building on our strong reputation for must-have information by enhancing the way it is delivered – developing more personalised digital services using our enhanced infrastructure, cutting-edge facilities and technical expertise. We continue to serve our professional communities worldwide, working hard to ensure they have the trusted information they need to prepare for the future.



Risk & Compliance

This division provides in-depth accredited regulatory and compliance 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 main communities that use our offerings are risk and compliance officers globally.

Risk & Compliance revenue

£42.9m
(2017: £42.3m)

35%
of Group revenue

Read more on **page 12**

Healthcare

The Healthcare division provides analysis and clarity to customer-focused organisations predominantly in the healthcare and life science markets, enabling them to better understand and connect with their markets. This division includes our UK healthcare information businesses, our Paris based European healthcare news agency, our newly acquired cloud based marketing and analytics system, our healthcare networking events and our legacy non-healthcare data suppression and charity information businesses. The main communities that use our offerings are healthcare professionals on an increasingly global basis.

Healthcare revenue

£44.6m
(2017: £42.5m)

37%
of Group revenue

Read more on **page 14**

Professional

This division includes Wilmington's financial training businesses, accountancy CPD and our repositioned legal product lines. The Professional division provides expert and technical training as well as support services to professionals in corporate finance and capital markets and to qualified lawyers and 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 and law firms.

Professional revenue

£34.6m
(2017: £35.5m)

28%
of Group revenue

Read more on **page 16**

Chairman's statement

Martin Morgan

Focused on improving revenue performance

- Acquisitions have been an important part of the growth story of Wilmington over recent years. In the immediate future, our primary focus will be on deploying capital to achieve organic growth from our existing businesses.
- We operate in markets that have good long term growth characteristics and the divisions are well positioned to service those markets with strong brands, content and services.

This is my first Chairman's Statement since taking over from Mark Asplin on 1 May 2018. Mark was a Director for 13 years and Chairman since 2011, and on behalf of the Board I would like to thank him for his significant contribution to the Group.

Strategy

I joined Wilmington at a challenging time for the Group but one which also offers significant opportunities. On the following pages of this report you will read about the progress the Group has made over the last year and how it is preparing to address the challenges it is facing. Specifically our prime goal is to achieve organic revenue and profit growth. It is no secret that the Group has found this hard over recent years but much work has already been done to reposition the business and to upgrade the infrastructure on which it operates.

Over the last four months I have been meeting as many people in the organisation as possible to learn about their businesses, to gain an understanding of the markets in which they operate and to discuss where the growth drivers lie. It is clear to me from these meetings that the Group comprises many businesses which provide highly valuable information and services to their customers. The challenge that we have is determining how best we can accelerate growth and identify where our capital should best be allocated. With this in mind I am working with the management team to review all parts of the business and our plans for growth.

Results and dividend

Overall financial performance was mixed, with strong cost control meaning we achieved good growth in adjusted profit despite revenue declining slightly on an organic basis. Overall profits have been impacted by one-off costs and by the non-cash impairment of the historical goodwill that we were carrying for the Law for Lawyers business, CLT. Cash generation was strong with net debt remaining unchanged year on year despite the significant investment in Group infrastructure and the purchase in February 2018 of Interactive Medica for £2.2m.

In light of this, and in recognition of the confidence it has in the future prospects of the Group, the Board is maintaining the previous progressive dividend policy that has been in place since 2013/14. The final dividend will be increased 4% to 4.8p (2017: 4.6p). Taken in conjunction with the increased interim dividend paid in April this takes the full year dividend to 8.8p, up 4% from the 8.5p paid in 2017. This was covered 2.3 times by adjusted earnings per share. It is the Board's intention to continue the progressive dividend policy whilst maintaining dividend cover of two times adjusted earnings per share.

Acquisitions and disposals

On 12 February 2018 Wilmington acquired the Interactive Medica group of companies ('IM') for initial consideration of €2.5m and further potential deferred consideration of up to €1.6m subject to IM achieving stretching annual revenue targets for the periods to 31 December 2019.

The addition of IM technology to our existing services not only enhances our existing healthcare product offerings in the UK, but will also increase our ability to access other European markets.

Shortly after the year end, on 18 July 2018, Wilmington sold its specialist credit reporting business ICP to its current management team for £3.0m. The transaction price will be paid over the next five years. The sale allows Wilmington to focus its resources on its core client communities and secure for shareholders a good return from historic investments. We wish our former colleagues at ICP well as they embark on the next phase of the development of their business.

Acquisitions have been an important part of the Wilmington growth story over recent years. In the immediate future, as explained above, our primary focus will be on deploying capital to achieve organic growth from our existing businesses. In time, we will continue to use acquisitions where we see clear opportunities which support that strategy.

People

We welcomed our new colleagues from IM into the Group in February. This took our headcount to around 1,000. As a digital information, education and networking business, we are reliant on the quality and professionalism of our people. On behalf of the Board I would like to thank them for their dedication and hard-work over the last twelve months and to wish them every success in the current financial year.

Board changes

In addition to my own appointment on 1 May 2018, the Board was pleased to welcome Richard Amos who joined as an Executive Director on 1 March 2018. Richard subsequently succeeded Anthony Foye as Chief Financial Officer on the latter's departure on 1 April 2018. The Board would like to record its gratitude to Anthony for his considerable contribution in the six years he was in post.

Current trading and outlook

In line with the guidance we issued for the current year in our trading update of 6 July, the Group is clearly focused on improving revenue performance via organic growth. We continue to believe that many of the challenges we experienced in the last year were a result of the significant restructuring that was undertaken during the period. That restructuring is now behind us and at the same time the Group has made significant investments in IT platforms which provide a catalyst for growth.

For the year just started we anticipate achieving underlying revenue growth in each of our divisions albeit at relatively low levels. In total we retain the view, expressed in our trading update on 6 July that revenue growth will be in the low single digit percentage range. We continue to anticipate costs rising year on year to support that revenue growth and reflecting the non-repeatable nature of certain of last year's costs savings.

Overall the Board remains confident of achieving its expectations for the year just started and in the longer term prospects for the Group. Although representing a seasonally quiet period, the start of the year has reflected our expectations, with organic growth reported in Risk & Compliance and Professional. In Healthcare, although revenue is down reflecting the challenges from last year, sales in the UK in the first two months are flat year on year indicating the shift in momentum that we anticipate delivering over the course of the year.

Part of the strength of Wilmington lies in the stability provided by its breadth of businesses and business models. We operate in markets that have good long term growth characteristics and the divisions are well positioned to service those markets with strong brands, content and services. By focusing on the most attractive opportunities and by executing on our plans we believe we can restore the Group to delivering sustainable underlying revenue and profit growth which, in turn, will deliver significant value for shareholders.

Martin Morgan
Chairman
11 September 2018

As a digital information, education and networking business, we are reliant on the quality and professionalism of our people. On behalf of the Board I would like to thank them for their dedication and hard work over the last twelve months.

Chief Executive Officer's review

Group revenue

£122.1m +1%

Adjusted EBITA

£24.6m +5%

Sharpening our focus

- We moved into our new London head office in Whitechapel in December. This office, which consolidates two previous locations is now home to around 30% of our global workforce. It is already providing significant benefits in terms of increased co-operation amongst now co-located teams and generating positive impacts on recruiting.
- Over the last few years much of our growth has come from acquisitions as we have sought to broaden our product and geographic footprint. We see this work as largely complete and the focus of the Group is now on investing in the existing businesses to provide sustainable organic growth.
- Acquisitions will remain a part of the strategy, albeit of a lower priority for the time being than in the past. Any acquisitions that we do undertake will be specifically to help accelerate the organic growth potential of existing assets.

I am pleased to present my report on the year ended 30 June 2018. We have made significant progress over the course of the year with revenue and adjusted operating profit and earnings per share all increasing. We completed the move into our new London head office and upgraded our IT infrastructure, improving both its effectiveness and robustness. We made significant progress on the implementation of our digital platforms. We completed the integration of our UK healthcare assets, including those acquired with HSJ in 2017, into a single UK Healthcare business. And with Interactive Medica we acquired an additional healthcare software platform to strengthen our offering to pharmaceutical clients.

That was all achieved against a backdrop of some difficult trading conditions. With around 50% of Group revenue coming from the provision of information services, the implementation in Europe of the new General Data Protection Regulation ('GDPR') was an important challenge for us. We undertook significant work to prepare for it internally and also faced confusion and nervousness in our external markets as clients, particularly in the healthcare sector, got to grips with what it meant for their business and their ability to use data that we provide. Thankfully, following GDPR's launch on 25 May 2018, although the market is not completely back to historic levels, greater clarity is emerging on the practical implications of the new regulations, with industry best practice becoming established.

Recognising the market related challenges that the Ark business had in serving the legal support market over a number of years, and following an unsuccessful attempt to sell it, we closed the majority of that business at the start of last year. The remaining elements, which are networking events in the US and UK are now managed within the Healthcare division and we have restated our segmental reporting to reflect this.

Results summary

Against this backdrop Group revenue was up 1% to £122.1m (2017: £120.3m) and adjusted operating profit increased 5% to £24.6m (2017: £23.4m). The adjusted operating margin increased slightly to 20.1% (2017: 19.4%). Much of this growth came from acquisitions including the full year impact of the acquisition of HSJ in 2017. Adjusting for this and at constant currencies, on an 'organic' basis, revenue declined by 3% and adjusted operating profit by 2%. As highlighted in the review of operations on pages 12 to 17, much of the organic decline came in the Healthcare division, where difficult market conditions combined with the internal impact of significant restructuring activity resulted in declines in the UK healthcare businesses.

Despite the underlying decline in revenue, the impact on profit was mitigated by some robust cost reduction actions that were taken across the Group. This included reductions in discretionary spending, deferring of certain planned investments and restrictions on recruiting including the replacement of staff leaving the business. As explained in the Financial Review, certain of these actions were one-off in their nature and will not be replicable in the current financial year.

Strategy

Our strategy remains to provide information, education and networking products to our chosen communities. These are risk & compliance, healthcare and professional – lawyers, accountants and investment bankers. We have chosen these markets as we believe that they offer good sustainable growth opportunities and represent markets where we already have strong brands, products and content.

Over the last few years much of our growth has come from acquisitions as we have sought to broaden our product and geographic footprint. We see this work as largely complete and the focus of the Group is now on investing in the existing businesses to provide sustainable organic growth. That process is well underway, with last year seeing a number of key investments that, as set out below, position the Group well for future growth.

Acquisitions will remain a part of the strategy, albeit of a lower priority for the time being than in the past. Any acquisitions that we do undertake will be specifically to help accelerate the organic growth potential of existing assets. We would anticipate them being funded from internally generated cash or from our existing debt facilities, details of which are set out in the Financial Review.

Acquisitions

In the last year we concluded one relatively small acquisition, the purchase of Interactive Medica. This business was acquired to provide us with a software platform that can be used to deploy the various European information assets that we already provide to clients. It offers a cloud-based insight, CRM and key account management software solution. It provides pharmaceutical clients with the ability to collate, analyse and distribute multiple data sources to their sales force, including sources they have acquired from Wilmington Healthcare. It allows them to make much greater use of the information assets that they have within their organisations and enables us to become a more critical and better embedded supplier within their organisation. Already clients such as Bayer UK are seeing the benefit of the integrated nature of this offering and we plan to expand that to other top tier pharmaceutical clients over the next few years.

Vision 2020

Building on the work that we have done over the last three years in integrating the various businesses from across the Group, we have developed a new internal plan to take forward to 2020.

Vision 2020 recognises that personalisation of information is becoming key in the current environment as consumers become ever more bombarded by a plethora of data sources. The vision is that by 2020 Wilmington's chosen communities will benefit from personalised knowledge whenever and wherever they need it. It identifies six key work-streams to make that happen: customer engagement; new product development; information platforms; education platforms; culture and CSR; and communications. Over the next three years these work-streams will be our focus as an organisation to ensure that we develop along a common path. Ultimately we believe that they will allow us to develop unique and indispensable products and services for our chosen customers that will make us key partners to those communities, enabling us to build a sustainable and valuable business for shareholders.

Investments

During the year we made progress with a number of the investments that we had undertaken as a feature of Project Sixth Gear, the project to accelerate the integration of Wilmington. In total we spent £5.0m on capital expenditure in 2018 (2017: £2.9m). In addition £3.5m (2017: £1.8m) was expensed through the Income Statement in adjusting items as one-off costs ('Opex') associated with various restructuring and investment programmes, mainly related to the London office move and IT infrastructure upgrade. We have no plans for similar adjusting items in the current financial year.

New London head office (Capex £2.4m; Opex £3.1m)

We moved into our new London head office in Whitechapel in December. This office, which consolidates two previous locations is now home to around 30% of our global workforce. It is already providing significant benefits in terms of increased co-operation amongst now co-located teams and generating positive impacts on recruiting.

Associated with the office move, at the same time, we restructured our IT department and upgraded the IT infrastructure, outsourcing the provision of hosting and support globally to a third-party provider. This upgrade is taking place progressively and as at the end of August, some 90% of the Group's employees are now benefitting from the improved service.

These investments in infrastructure are not without cost. In total they add around £1.6m per annum to the cost base, of which around 50% was incurred in the last year. However, they were long over-due and without them our ability to operate as a modern digital business was seriously compromised. We are confident that they will deliver significant returns over the medium term.

New product development (Capex £1.0m)

£1.0m was spent on capital investment incurred for new product development. A significant part of this was invested in developing a new information product for the French healthcare market. This product, called APMi, is a French version of a product we acquired with HSJ in 2017. It provides participants in the French pharmaceutical market with information about key developments with local health services and hospitals. It was launched in July 2018 and the initial response from potential customers has been positive.

Chief Executive Officer's review continued

Investments continued

Other new product development largely revolved around supporting the roll out of Totara©, the group wide Learning Management System ('LMS') that we announced in the prior year. We had planned to spend £750k last year rolling this system out. In practice, due to the slower progress on revenue growth we deferred part of this spending, incurring around half of that last year, with the rest now planned for the current financial year. We have however achieved significant progress on the roll-out. There are now 130 courses live on Totara©, with FRA, UK Healthcare, Accountancy and CLT all live with Totara© deployments. Over the next financial year we expect to extend that to other businesses across the Group and also to expand the number and ranges of courses provided.

Providing blended online learning and face-to-face training remains a key element of our strategy. Although the use of online learning is undoubtedly increasing, its adoption is by no means ubiquitous. Many of our chosen communities continue to value face-to-face learning for its intensity and the networking opportunities that it provides. Being able to supplement focused face-to-face sessions with more flexible online learning resources provides best in class solutions and we will continue to invest in this as we develop our offerings.

Organisation

At the start of last year we welcomed Terry Sweeney into the organisation as the Divisional Director for Professional. Terry has a background in the development of online learning through a number of prior roles. Over the last twelve months I have worked with Terry to facilitate the integration of the Professional division from the seven discrete businesses from which it was created. That work has progressed well and the division now has much greater cohesion and consistency. This focus has led to better results in the past year. Going into this financial year, the main focus in Professional is the full integration of the Accountancy business which, whilst under a single management team, still has two separate organisations from its Mercia and SWAT heritage. Plans are well developed for these two organisations to fully integrate over the course of the next twelve months so that Accountancy clients in the UK are offered a single integrated service.

In my review last year, I explained our plan to invest significantly in new staff to drive growth opportunities. Unfortunately, this was not possible, as trading performance required us to take vigorous cost containment actions. We had planned to grow the headcount, mainly in the areas of content development and sales to support the growth plan, but in the event the full time equivalent headcount reduced by 24 to 849 at 30 June 2018 (30 June 2017: 856 plus 17 acquired with Interactive Medica). This was as a result of cost reduction actions taken in recognition of the in-year trading performance. As we go into the current year we anticipate recruiting around 30 new heads across the year to support our growth plans.

Pedro Ros
Chief Executive Officer
11 September 2018

Vision 2020 recognises that personalisation of information is becoming key in the current environment as consumers become ever more bombarded by a plethora of data sources. The vision is that by 2020 Wilmington's chosen communities will benefit from personalised knowledge whenever and wherever they need it.

Case study

International Compliance Association

Helen Langton
Managing Director, ICA

"

We do not promote qualifications – we promote knowledge. We give compliance professionals the tools and the confidence to do difficult, complex jobs, and to tackle their roles head on.

When ICA was founded in 2002, the goal was to create a professional body supporting those responsible for compliance in organisations around the world, at the time when 'compliance professionals' had yet to be given the recognition they rightly receive today given the regulatory regimes that govern society at present.

The ICA was founded by Wilmington as a professional membership association, and an awarding body for financial-crime- and regulatory-compliance professionals. The founders believed that education, recognition and community were key to establishing an active regulatory risk control and by establishing ICA, they provided the opportunity for an effective community of specialists, regulators and practitioners at all stages of their careers to come together to study, to network, to grow. Working closely with Alliance Manchester Business School, the business school of the University of Manchester, the ICA has developed over 40 professional qualifications.

A woman on a mission

In the years that followed, ICA has truly risen to the global stage. It now has members in 130 different countries, offices in the UK, Dubai, Singapore and New York and has awarded more than 120,000 certifications globally.

"Our mission," says Helen Langton, Managing Director of ICA, "is to inspire, educate and enable a global community of compliance specialists to perform to the highest possible standards of professional practice and conduct. While education is vital, we don't promote qualifications – we promote knowledge. We give compliance professionals the tools and the confidence to do difficult, complex jobs, and to tackle their roles head-on.

"The key, as we see it, is to demonstrate to organisations the tangible benefits of investing in their people as part of a joined-up approach to tackling the growing mass of risks they face. We provide knowledge, guidance, information and practical skills as part of an ongoing strategy to constantly improve business performance."

The rise of the compliance professional

The ICA's chosen delivery partner for its ever-expanding portfolio of qualifications is International Compliance Training, a sister Wilmington business. Working with the ICA, ICT has helped tens of thousands of individuals and organisations realise their training ambitions in the area of risk and compliance.

Helen has overseen a massive shift in the general standing of compliance professionals. As she says, "A collaborative learning experience is a must, for our partners, students and in-house clients; equally essential is utilising cutting-edge technology to enable a fully student-centric approach. The growing number of diploma-level compliance qualifications, including post-graduate diplomas, evidences the significance – and, increasingly, the seniority – of the roles our students fulfil."

The accompanying growth in the ICA's membership is no surprise. With more than 12,000 members, the ICA now represents a sizeable and highly credible community of professionals around the world. Despite its explosive rate, growth alone is not sufficient – sustainability is also essential. Consequently, the ICA's proposition undergoes constant review to ensure it remains attractive and relevant, whether that is to someone new to compliance or to someone who has worked in the profession for decades.

What next for the ICA?

Helen is under no illusion as to the task ahead. What makes the ICA what it is today she says, "is a vibrant community of specialists, regulators and practitioners that live, breathe and sleep compliance. They're not 'just' compliance professionals, they are our biggest champions. And we have to keep it that way – which is no mean feat!

"Technology must play its part in the development of the ICA. We recently launched a high quality CPD portal that gives access to more than 7,000 pieces of learning, enabling members to stay current, develop and become better professionals. In today's world, our members expect personalised knowledge, whenever and wherever they want it, and that's exactly what we aim to deliver."

There's no doubt that Helen is up for the task. With a consensus-driven leadership style, she is a forward thinking, enthusiastic, inclusive leader who is dedicated to making the ICA a great place for great people to do great things.

Review of operations

Risk & Compliance

Revenue

£42.9m

Operating profit

£12.9m

Operating margin

30%

Note that variances described below as 'organic' are after adjusting for acquisitions and at constant currency rates.

	2018 £'m	2017 £'m	Absolute variance %	Organic variance %
Revenue				
Compliance	**27.4**	27.2	1%	2%
Risk	**15.5**	15.1	3%	-2%
Total	**42.9**	42.3	1%	1%
Operating profit	**12.9**	12.3	5%	1%
Margin %	**30%**	29%		

Business model

Our major compliance business, which was developed organically within Wilmington, is the International Compliance Association ('ICA'), an industry body that we created in 2002 and which offers professional development and support to compliance officers predominantly in the financial services sector. Revenue earned by the business is primarily training income that we receive for running development courses and associated examinations that allow the applicants to achieve their professional accreditation. We now offer 43 accredited qualifications, ranging from entry level 'affiliates' up to post-graduate diplomas and masters degrees. These accreditations are awarded in association with the University of Manchester's Alliance Manchester Business School and we retain a panel of independent academic professionals who teach, set exams and carry out assessments. Additional revenue comes in the form of subscriptions paid by the professional members for their accreditation. These are either paid individually, or increasingly via corporate subscriptions maintained by their employers. In total, revenue from ICA and associated training accounts for around 55% of the total Compliance revenue.

Additional revenue in Compliance is earned through running face-to-face and online courses for in-house programmes for financial institutions and wealth managers. The material for these courses is developed by our own internal R&D team, and we own the associated intellectual property. Revenue is earned per course attendee. Further revenue is earned from subscription services including provision of detailed information on regulations in the UK pensions industry and subscriptions to Compliance Week, the premium industry journal for US and European compliance professionals. The Compliance Week brand also generates revenue from lead generation to the compliance community and from running industry networking events.

The Risk businesses serve the global insurance industry. Services provided include in-depth regulatory information and market intelligence and analysis. In addition, the division provides networking events and training specifically focused on the Spanish insurance market. Revenue is predominantly earned through subscriptions to the information and analysis services and from attendance fees and sponsorship at the networking events and training courses.

> "The overall market for compliance remains strong, with an increased demand for regulation across the financial services sector.

Market

The overall market for compliance remains strong, with increasing demand for regulation across the financial services sector. This is helping drive increased interest in related professional qualifications. The industry is, however, maturing which is changing how organisations manage their compliance needs. The creation of more internal teams at financial services institutions means that employee-wide training is tending now to be conducted by in-house teams rather than being outsourced as was previously the case. For us, this is resulting in a shift in revenue away from the large multi-attendee programmes that Wilmington has previously provided to more bespoke development and 'train the trainer' programmes. Aside from this, consolidation of the wealth management industry and the maturing of the defined benefit pension industry in the UK have meant that market conditions for the segments addressed by our Compliance business have been largely flat.

The principal feature of the risk market has been consolidation amongst the major insurance industry players which has resulted in some reduction in addressable market. Additionally, traditional insurers have been impacted by the entry into the market of new 'InsurTech' players who in many cases are seeking to disrupt the existing market. Offsetting this, the underlying demand for insurance products continues to grow, with newer threats such as cyber risk gaining increased attention. Overall this is helping to balance the market for the services we provide.

Trading performance

Against this backdrop, the overall Risk & Compliance division performed well, delivering 1% absolute and organic revenue growth.

Revenue in the Compliance businesses grew 2% organically. This growth came primarily from the ICA and related training that grew organically 5% despite the effect of declines in the major in-house programmes. The growth was driven in part by the success of the professional membership scheme that we introduced in the ICA in the prior year. Accredited paid memberships increased by around 50% to over 12,000 and the mix improved as an increasing number of participants progressed to higher level accreditations. Additionally the business benefited from a programme of geographic expansion, particularly in Asia Pacific, where, for example, work with the Malaysian financial services regulator saw an encouraging uptake in local public and in-house training courses.

Other Compliance businesses were overall flat, with growth in Compliance Week offset by a decline in training for wealth managers. Revenue in pensions compliance was essentially flat. In recognition of the market challenges in the wealth management area we have restructured that business, with new management, a closer operational integration with the other Compliance businesses and an ongoing refresh of course materials. This includes the development of more online learning which we believe will open up new markets in what is geographically a very diverse industry.

Our strategy with Compliance Week has been to build up its position at the heart of its community and hence reduce dependence on traditional publishing income. That has been successful over the last year with further revenue from lead generation services developed through its strong position in the industry. Additionally increased revenue came from associated events, including a very successful flagship annual conference held in May in Washington DC and the growing Compliance Week Europe event held in November each year. The appointment of a new editorial team just prior to the year end has been aimed at improving online content for its digital publication and with it the value proposition to subscribers to drive further growth.

The Risk businesses overall reported a 2% organic decline in revenue. This was in part driven by the credit referencing business, ICP, which was affected by trading weakness in its Middle Eastern customer base resulting in a 7% organic decline. We subsequently sold this business shortly after the year end.

Axco, our insurance information business also had a challenging year, as consolidation in its customer base resulted in a 2% reduction in revenue at constant currency, despite 4% growth overall. Going forward we have a new management team running the business which is are seeking to widen the product portfolio and enhance the value generated from the unique database of global information that the business owns.

Inese, our Spanish insurance industry expert, had a good year, recording 2% organic growth. Much of this came from the investment made in the prior year in opening an office in Barcelona where we have run increased numbers of training courses and events targeting the local market.

Divisional operating profit was up 5% in absolute terms to £12.9m (2017: £12.3m). On an organic basis the operating profit increase was 1% as the organic revenue growth fed through to margin. Operating margin was up slightly to 30% (2017: 29%) as the currency benefits and strong cost control offset inflation. In particular, a focus on higher margin products in Compliance Week has resulted in an improved mix that boosted underlying margins.

Review of operations

Healthcare

Revenue
£44.6m

Operating profit
£9.9m

Operating margin
22%

	2018 £'m	2017* £'m	Absolute variance %	Organic variance %
Revenue				
European Healthcare	**27.8**	23.8	17%	-8%
US Healthcare	**8.9**	10.7	-17%	-12%
Other Information businesses	**7.9**	8.0	-1%	-2%
Total	**44.6**	42.5	5%	-8%
Operating profit	**9.9**	9.4	5%	-7%
Margin %	**22%**	22%		

* 2017 comparatives have been restated to include business lines previously managed within Professional.

Business model

Wilmington's businesses which serve the healthcare community offer a range of products predominantly around the provision of market and customer intelligence. Wilmington's Healthcare division combines these information assets with others that provide similar services to a number of other communities including charities and not for profit organisations.

Wilmington's European Healthcare businesses operate predominantly in the UK and France, although with the recent acquisition of Interactive Medica, we now have the ability to serve a wider pan-European market. Services provided include the provision of deep insight information on the UK and French health sector markets that enable participants in those markets to better understand and connect with their customers. Additionally we provide market participants with online education in the workings of the UK healthcare industry and, following its acquisition in 2017, we publish the Health Service Journal ('HSJ'), the leading online publication in the UK for healthcare leaders. Associated to that we organise networking and training events including the flagship HSJ Awards. The majority of revenue in this area is earned through subscription services either for the provision of information or for access to regular publications and training courses. Additionally, revenue from certain information provided on a bespoke basis is recognised when delivered. Events are typically funded by supplier sponsorship although this is occasionally augmented by delegate charges.

The US Healthcare businesses predominantly represent the industry events that were acquired with FRA in July 2015. These serve the US healthcare and to a lesser extent the US financial services communities. The prime brand is the RISE series of events that address the Medicare and Medicaid markets, for which the flagship event is RISE Nashville, which takes place in March each year. Revenue from these events is generated both through sponsorship and delegate sales.

The Other Information businesses represent a portfolio of legacy products including data suppression and charity information. They include services that are increasingly being used by organisations to help prevent identity fraud. Revenue is traditionally earned through subscription to the relevant data feed.

Markets

Generally, spend on healthcare globally is increasing due to well-publicised demographic changes. There is increasing pressure on funding sources, either public or private, which is resulting in significant industry-wide efficiency initiatives. These 'value based' healthcare initiatives rely on perceptive insight into the healthcare market to ensure that investment, treatments, drugs and marketing effort are all tightly focused to be as effective and efficient as possible. The businesses that Wilmington owns in this area provide that insight and hence, we believe, are well positioned to deliver long-term growth.

Over the last twelve months provision of these services has been impacted by the enactment of new European data protection regulations, 'GDPR', which tighten regulation around the management and use of personal data. Ultimately this will be a good thing for our industry, as it will raise the standard required by companies providing such services and provide additional barriers to new entrants. However, in this first year of adoption it has caused some market disruption, as purchasers and users of the data, our customers, defer plans as they seek to understand how the new regulations affect them and their programmes. We saw the impact of this in the first half of the year, and it continued into the second half and up to the launch of GDPR in May. Subsequently, the market is settling down as custom and practice are being recognised, but it continues to have a diminishing effect on year on year comparisons.

Trading performance

Overall revenue for the Healthcare division increased 5% to £44.6m (2017: £42.5m). This comparison is, however, affected by both currency movements and more significantly by the effect of the acquisitions of HSJ and Interactive Medica in January 2017 and February 2018 respectively. Adjusting for these factors, underlying revenue decreased on an organic basis by 8%. Both UK and US Healthcare businesses saw significant organic declines, with the Other Information businesses showing a 2% reduction reflecting a decline in some of its older legacy products offset by good growth from the newer identity fraud prevention products.

The European Healthcare businesses combined saw an 8% organic revenue reduction, with a more significant decline in the UK offsetting 4% growth in France. The UK decline was in part caused by market conditions as we felt the impact of the GDPR related delays noted above. However, in addition to this, levels of business activity were affected by the actions that we took to integrate the various UK healthcare assets that existed within Wilmington into a single UK Healthcare business. Organisationally we restructured the sales organisation to move from a product focus to an account sales model. Operationally we integrated all of the entities and implemented a new CRM system. We transitioned the HSJ operations from the systems and processes of its previous owners onto new Wilmington infrastructure and we relocated significant numbers of staff to new offices, including as part of the London head office move.

This focus on operational integration impacted sales effectiveness which led to a greater than expected effect on growth plans. Combined with the market factors described above, this resulted in the reduction in UK revenue. Actions on the cost base were taken to mitigate the effect on profit including reductions in discretionary spending and hiring restrictions. As discussed in our trading update in July, this will have a consequential effect in terms of growth aspirations for the coming year.

Revenue in the US Healthcare businesses saw a 12% organic reduction although this reflected a deliberate plan. At the time of its acquisition, FRA, which makes up the majority of this business, was consistently adding more events to drive top-line growth. Whilst this was good for revenue, many of the events that were added were proving only marginally profitable. Having run them for a couple of years it became apparent to us that there was not the long-term appetite for many of these events amongst either sponsors or delegates and indeed a number were proving harder to sell to both customer bases. As a result we took the decision in the year to rationalise our portfolio and remove the cost that supported it. The number of events was reduced from 89 to 56 and this resulted in the significant reported reduction in revenue. However, associated cost savings more than offset this such that the operating profit made by the business increased organically by around 30% and brought the margin back to in excess of 20%. Part of that increased margin was also a result of the success of the RISE franchise of events that are at the core of the business' ongoing programme. RISE now comprises six related events across the year, accounting for more than half of the business' revenue and operating profit. Building on the RISE franchise, we launched a RISE Institute, to develop further the community offering. All delegates to the RISE events are invited into the RISE Institute, which uses an online presence to offer industry updates and relevant online education hosted through the Totara© LMS platform. We aim to continue to develop the RISE community in future years.

Operating profit in the Healthcare division increased 5% in absolute terms to £9.9m (2017: £9.4m). On an underlying basis it reduced 7%, in line with revenue. The potential impact of the revenue reduction was mitigated by significant cost reduction actions as described above. Operating margin remained unchanged at 22%.

Review of operations

Professional

Revenue

£34.6m

Operating profit

£6.2m

Operating margin

18%

	2018 £'m	2017* £'m	Absolute variance %	Organic variance %
Revenue				
Ongoing businesses	**34.3**	34.1	1%	1%
Ark business – closed	**0.3**	1.4		
Total	**34.6**	35.5	-3%	-2%
Operating profit	**6.2**	6.1	2%	2%
Margin %	**18%**	17%		

* 2017 comparatives have been restated to exclude business lines now managed within Healthcare.

Business models

The Professional division was created at the end of the prior year through the integration of the previous Legal and Finance divisions. It predominantly provides education and training for professionals employed in three target communities: accountancy firms, law firms and investment bankers. It runs face-to-face courses and provides online learning for these communities. It provides training at various levels including inducting new joiners to the investment banking industry, providing continuing professional development for existing qualified lawyers and accountants and in the case of the legal profession training their clients for interaction with the legal system. It additionally provides technical support to accountancy firms which allows them to keep abreast of technical developments and changes in tax law as well as promoting the services they offer around those activities to their clients.

The Accountancy and Legal businesses are predominantly UK and Ireland based, reflecting the country-specific laws and accounting standards that govern their profession. Investment banking is of course a global industry, and as such Wilmington's business in that area has an international presence, with centres in Europe, North America and Asia Pacific.

Around half the revenue in the Professional division is earned through subscription services for ongoing training support and other related activities, with the rest through one-off course attendance fees.

> Overall across the division, despite the revenue reduction, operating profit was healthier with an absolute and organic growth of 2% to £6.2m.

Markets

The markets within the areas of professional education that Wilmington serves are generally considered to offer the opportunity of low single digit medium-term growth rates.

Over the last twelve months, accountancy markets were reasonably flat. The profession in the UK continues to grow, although consolidation amongst smaller firms had some impact in terms of the wider support services that Wilmington provides. Additionally the low level of new accounting standards in the UK and a relatively stable backdrop in terms of tax legislation resulted in some cyclical decline in terms of demand for training courses.

The markets for the legal community were mixed. The business continues to suffer from the removal of requirement for CPD hours for lawyers in England and Wales which came into full effect in October 2017. This impacted our Law for Lawyers products. In addition, as discussed in last year's Annual Report, at the start of the year, we decided to close the Ark business that had targeted the legal support markets in the UK and the US. The only elements of that business that we retained were certain industry events that the business ran alongside its training products. These, along with other US financial services events, are now being managed within the events businesses in the Healthcare division and the comparative figures have been adjusted to reflect this in both divisions.

The market for investment banking continues to be challenging. Banks and other financial institutions continue to increase the numbers of new recruits into the industry that need training. However balancing that, they continue to focus hard on cost control, resulting in strong competition in the training market. This was particularly apparent in the Asia Pacific region in the year.

Trading performance

Overall revenue for the Professional division was down 3% at £34.6m (2017: £35.5m). On an organic basis the reduction was 2%. All of this reduction can be attributed to the decision to close the Ark business. Adjusting for that the underlying revenue performance across Professional would have been marginally positive, with growth in Accountancy offsetting a smaller decline in Investment Banking. After adjusting for the Ark closure, Legal was flat.

Despite relatively flat market conditions described above, Accountancy achieved steady growth. This came in part from the synergy benefits of the combination of the Mercia and SWAT businesses following the latter's acquisition in 2016.

The Legal businesses had a mixed year. Strong growth was achieved in the La Touche business that serves the Irish legal and compliance community as we continue to make good progress in that area as the local economy grows. Conversely, the Law for Lawyers business in England and Wales continues to be impacted by the changing CPD requirements. In recognition of that we are changing the focus of the business, reducing CPD related networking events and investing in online learning programmes that we believe offer a sustainable growth opportunity. These programmes will be launched in the current year utilising the Totara© LMS that we are rolling out across the Group. The UK Law for Non-Lawyers business, Bond Solon, also had a good year, particularly in the second half as it benefited from courses for training witnesses at tribunals. It also developed a programme to train expert witnesses in the new GDPR requirements which proved highly popular.

Investment Banking, through the AMT business, suffered from difficult trading conditions in Asia Pacific. These were, however, partly offset by better performance in Europe and North America where the business showed a good level of recovery from the challenges of the previous year. The new management team that we have in Asia Pacific has made encouraging progress and we have seen improving trading performance in that region towards the end of the financial year.

Overall across the division, despite the revenue reduction, operating profit was healthier with an absolute and organic growth of 2% to £6.2m (2017: £6.1m). Operating margin was up slightly to 18% (2017: 17%). The improvement in operating profit represents a number of factors including cost savings in Accountancy, where the combination of the Mercia and SWAT accountancy businesses allowed a more efficient use of resources such as training facilities. In addition, savings from closure of the loss-making Ark businesses offset the increased costs of the new divisional management.

Unallocated central overheads

Unallocated central overheads represent board costs and head office salaries as well as other centrally incurred costs not recharged to the businesses. These decreased by £0.1m to £3.8m (2017: £3.9m). The reduction related to lower bonus provisions offset by the higher office space costs incurred by the central team.

Strategy

Maximising Wilmington's opportunities

Our strategy is to further develop our business into a knowledge based model and structure focusing on serving the needs of chosen communities with an overall objective of becoming a single integrated international business. This business structure will maximise Wilmington's opportunities to help its clients and communities meet their information, education and networking requirements as well as drive operational efficiencies.

We set out three strategic objectives that aim to achieve this and in so doing increase shareholder value.

1

To accelerate growth through our knowledge based model

Read more on **page 19**

2

To build a truly international business

Read more on **page 20**

3

To create a fully digital enterprise

Read more on **page 21**

1

Accelerate

To accelerate growth through our knowledge based model

Strategy in action

The relocation of around a third of our workforce to a single office space has provided a platform for more effective and dynamic collaboration between teams, and has created a professional environment for us to engage with our clients.

Progress 2017–2018

- Continued the deployment of common digital platforms across the Group. Five businesses now live on Totara© and twenty one businesses live on Salesforce©.
- Undertook integration of UK healthcare assets including the recently acquired HSJ into a single UK healthcare business.
- Created the Professional division through the integration of the previous legal and financial divisions.
- Closed Ark, the legal practice support business to improve the focus on our core business. Decided to sell ICP credit referencing business for same reason.
- Moved 300 London based staff into a single office to accelerate collaboration between teams.
- Developed Vision 2020 framework to provide 6 key workstreams aimed at accelerating growth.

Focus 2018–2019

- Ensure agreed milestones for all Vision 2020 workstreams are met throughout 2018-2019.
- Progress deployment of Totara© and Salesforce© to enhance the benefits achieved.
- Launch overhauled New Product Development framework to accelerate innovation.
- Launch new APMi product in France.
- Develop new products to enhance offering to risk & compliance communities.
- Complete UK Healthcare integration and deliver benefits.
- Integrate Mercia and SWAT accountancy businesses.
- Launch new leadership development programme to improve management effectiveness and cohesion.
- Create internal communications initiatives to inform and engage workforce on Vision 2020 progress.

Successful implementation will achieve

- Enhanced client satisfaction.
- Stronger and deeper customer relations.
- Improved employee engagement.
- Organic revenue and profit growth.

Strategy continued

2

Build

To build a truly international business

Progress 2017–2018

- Acquisition of Interactive Medica to enhance our pan European healthcare business.
- Launched RISE Academy in North America to enhance our US healthcare community offer.
- Extended geographic footprint of compliance business through new relationships in Malaysia.
- Invested in French healthcare business to develop local version of previous UK focused product.

Focus 2018–2019

- Integrate IM with existing healthcare business to enhance pan-European healthcare offering.
- Develop international relationships in risk & compliance businesses to increase geographic footprint.
- Continue to invest in the infrastructure of our European, North American and Asian operations to allow for continued expansion.
- Through the leadership development programme develop a global culture and attract talent to support these ambitions.

Successful implementation will achieve

- Growth in International revenue as a percentage of total revenue.
- Increased ability to service clients on a global basis.

Strategy in action

We continue to extend our reach to international markets, with the 2018 acquisition of Interactive Medica bolstering our position serving the European pharmaceutical industry.

3

Create

To create a fully digital enterprise

Strategy in action

Our commitment to create an effective digital business is being powered by the continued development of our group wide LMS platform.

Progress 2017–2018

- Bolstered our existing programme of digital training products through dedicated digital learning team.
- Launched Totara© as group-wide LMS. Five business now live on Totara©.
- Continued the deployment of Salesforce© as group-wide CRM solution.
- Deployed Marketo© marketing technology in key online marketing businesses to streamline and enhance the way marketing teams personalise communications, qualify leads and generate revenues.

Focus 2018–2019

- Expand the use of Marketo© to more businesses.
- Deploy Salesforce© within the integrated Accountancy businesses.
- Provide Totara© to more businesses.
- Accelerate the conversion of existing e-learning content onto Totara©.
- Retire legacy LMS platforms.

Successful implementation will achieve

- Improved client experience.
- Enhanced e-commerce opportunities.
- Increased web traffic and an enhanced visitor experience.
- More efficient use of marketing and support resources.

Key performance indicators/operational measures

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

Certain of the measures below are alternative performance measures which are also referred to elsewhere in the Annual Report. Where adjusted measures are used in this Annual Report they are clearly presented and chosen to provide a balanced view of the Group. These measures, in the opinion of the Directors, can be useful to readers when they provide relevant information on our future or past performance and equivalent information cannot be presented by using financial measures defined under IFRS.

Organic revenue growth %

(3)%

Organic revenue growth is calculated by adjusting the revenue change achieved year on year to exclude the impact of changes in foreign currency exchange rates and also to exclude the impact of changes in the portfolio from acquisitions and disposals. This measure is used as it gives a comparable assessment of the underlying growth of the business and its sustainability. It also allows the Board to assess whether action is needed on other aspects of the Group such as the cost base. In the year to 30 June 2018 the organic revenue declined 3% (2017: 1%). This was primarily due to the challenges facing the UK Healthcare business and the decisions to rationalise the event portfolio at FRA and close the legal support business Ark. Neither of the latter decisions were adjusted in calculating the organic revenue performance as, in the opinion of the Directors, they present normal portfolio changes.

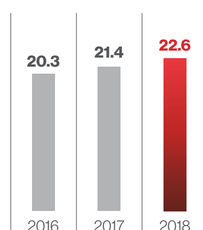
At a divisional level we have a number of measures

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, and is in turn assessed on, its 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.

Adjusted profit before tax £'m

£22.6m

+6%



This measure presents trading profits of the Group before amortisation and impairment of intangible assets – excluding computer software, impairment of goodwill, gains on disposals of property, plant and equipment (when they are material or of a significant nature) and adjusting items (adjusted EBITA), but after finance charges associated with Group net debt. Amortisation of intangible assets excluding computer software, and impairment, are non-cash technical accounting adjustments and therefore do not necessarily reflect the inherent value of assets, which can and often does appreciate. This is particularly the case where the value of assets has been enhanced as a consequence of management action. The Group integrates acquired businesses into existing companies over time, and therefore the Board does not deem it appropriate or practical to identify income relating specifically to acquired intangible assets, so no adjustment is made in this respect.

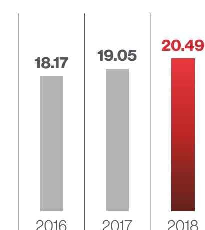
Each business unit in the Group is assessed (and in many cases bonuses are calculated) on adjusted EBITA and margins. These adjusted performances are aggregated to produce the Group adjusted EBITA, from which finance charges are then deducted to give adjusted profit before tax, which is one of the Executive Directors' bonus targets. We do not allocate the impairment of acquired goodwill or intangible assets, aborted or successful acquisition costs, material gains on disposals of fixed assets or the amortisation of acquired intangibles to our business units.

See note 1 for the Group policy on adjusting items and note 2 for the calculation of adjusted PBT. In the year ended 30 June 2018, adjusted PBT increased by 6% to £22.6m (2017: £21.4m).

Adjusted earnings per share p

20.49p

+8%

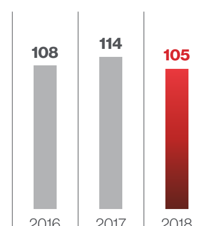


This key measure indicates the underlying profit attributable to individual shareholders. It measures not only trading performance, but also the impact of treasury management, capital structure and bank and interest charges, as well as the efficient structuring of the Group to appropriately manage tax. 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 2018, adjusted earnings per share increased by 8% to 20.49p per share (2017: 19.05p). The increase was due to the overall financial performance achieved by the businesses, the efficient use of debt finance and falling UK and US tax rates.

Cash conversion %

105%

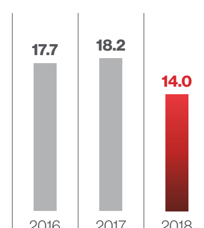


Cash conversion represents the operating cash flow for the year as a percentage of adjusted operating profit before interest and amortisation. This measure is used as an indicator of successful stewardship of cash resources as well as corroboration of the quality of the operating profits compared to the associated cash flow. The Group's business is strongly cash generative; cash conversion for the year ended 30 June 2018 was 105% (2017: 114%).

Free cash flow[1] £'m

£14.0m

-23%



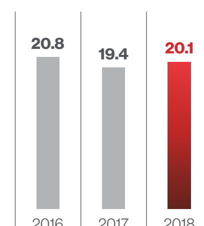
Free cash flow is an important indicator of resources available for payment of the equity dividend and for support of our acquisition strategy. Free cash flow, which is calculated after deduction from operating cash flow of capital expenditure, payment of corporation tax and payment of interest, decreased by 23% to £14.0m (2017: £18.2m). We seek to maintain a cover of at least two times the equity dividend.

1 Free cash flow – see note 29 to the financial statements.

2 Average equity attributable to owners of the parent – the sum of opening and closing equity attributable to the parent divided by two.

Adjusted EBITA margin ('return on sales') %

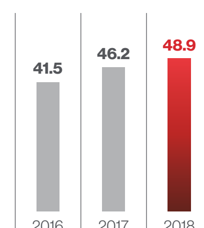
20.1%



Adjusted EBITA 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 2018 ROS was 20.1% compared to 19.4% in the prior year. This is a measure of efficiency, albeit also a measure reflecting the mix of revenue streams and business units. We aim to maintain adjusted EBITA margins at over 20.0% over a medium term basis.

Return on equity ('ROE') %

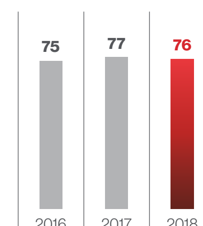
48.9%



ROE is defined as the adjusted profit before tax (see note 2) divided by the average equity attributable to owners of the parent[2]. ROE was 48.9% for the year to 30 June 2018, compared to 46.2% in the prior year. ROE adjusted to remove all impairment of goodwill and intangible assets since 30 June 2012 from equity was 31.0% for the year to 30 June 2018, compared to 31.6% in the prior year. This measure reflects our ability to maintain an efficient equity base and acts as an indicator of our stewardship of shareholder funds. When making investment decisions we seek to maintain the ROE at over 30.0% pre-tax.

Consistent and sustainable revenue streams %

76%



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, often sold on annual subscription, 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 76% of Group revenue compared to 77% in the prior year. Within this, subscription and membership revenue accounts for 38% (2017: 33%) of Group revenue with the balance a mixture of revenue from annual events and revenue from customers who have a history of repeat purchase although not necessarily supported by formal multi-year contracts.

Why apprenticeships work well for Wilmington

As apprenticeships are becoming an increasingly important part of the long-term plan for enhancing skills, improving productivity and stimulating economic growth, at Wilmington we believe that they are a true win-win. Business units acquire stronger and broader skillsets and retain talent, which helps them to deliver on their strategies and work towards achieving our Vision 2020. Employees learn whilst they earn, develop their knowledge and skills, which helps them become valuable contributors and excel in their careers. With a more practical approach to learning, apprentices learn in classrooms as well as on the jobs, gain hands-on experience and typically have an opportunity to apply their skills immediately.

As we are anticipating different and more advanced types of apprenticeships to come out next year, Wilmington as a business wants to ensure that we support this important government initiative and fully benefit from it as a company.

Fiona Miller – Group Events Director

"Whilst I'm proficient in my current role, I am aware of the need to develop if I'm to achieve my career aspirations. An MBA apprenticeship cements existing skills and teaches me new ones; above all it is giving me self-assurance."

Fiona Miller is not your typical apprentice. She's a highly capable senior leader with a well-established career spanning more than two decades." What exactly is her motivation for deciding to enrol in the new UK government apprenticeship scheme?

Looking beyond the current role

Fiona moved to Wilmington with the acquisition of HSJ in February 2017. In her role as Events Director at Wilmington Healthcare (WHC), she leads a successful B2B commercial-events unit and sits on the executive team. Since joining Wilmington, her role has expanded to include three other event portfolios.

WHC Events provide critical healthcare intelligence and access to senior healthcare leaders through high-quality event experiences. WHC events support the UK National Health Service, pharmaceutical companies and the private sector in improving patient outcomes and delivering NHS reform.

"Whilst I'm proficient in my current role, I am aware of the need to develop if I'm to achieve my career aspirations," says Fiona. "I've identified that I need to develop my leadership and team-working style as well as identifying how I can enhance my personal effectiveness."

An apprenticeship as an enabler

"An MBA apprenticeship cements existing skills and teaches me new ones. Above all it is giving me self-assurance. I've started a two-year Executive MBA at Cranfield Business School to develop my leadership and management skills, with a specific focus on business growth and innovation.

In the short term, working towards an MBA will support me and my team, enabling us to drive significant growth within Wilmington Healthcare. In the longer term, I'm targeting a wider Managing Director role; completing a Master's Degree Apprenticeship will equip me with the tools to broaden my skills and thinking."

The Cranfield MBA is the 8th-ranked MBA in the UK, so its value isn't in doubt as an ideal vehicle for ambitious, forward-thinking executives like Fiona.

Balancing challenges and rewards

Combining work and studies can be one of the most challenging aspects of continuing personal development. Fiona recognises the need to maintain an acceptable balance.

"Undertaking an MBA is very rewarding, I'm enjoying learning new things and being able to apply what I am learning to my work; interacting with bright energized people from different functions and sectors is exciting, and I feel I'm growing as a person. That said, it's by no means easy carving out the time. There is a lot of work to get through, so planning well and saying 'No' to some social engagements is critical!"

For anyone interested in following the same path, Fiona has some key pieces of advice:

- Be clear about what you want to achieve. Given the demands and the length of the course, you really need to want to do it; the commitment should not be underestimated.
- Select the training provider that's best suited for your individual requirements. I strongly recommend meeting with them personally to ensure there is a good fit.
- Take ownership – don't wait for someone else to sort it for you!

Eloise Hardy – HR Assistant

"Wilmington is serious about developing people and helping them be the best they can. Everyone is encouraged to contribute ideas for improvement; it's an important part of the way we work, as it means we all have a say in enhancing our roles.

"I was on a mission," says Eloise Hardy, HR Assistant at Wilmington Shared Services. "I wanted to get into HR, and it took me longer than I expected, but I believe that you should never give up on your dream." Which is why, after four years in the recruitment sector, she was delighted to be offered a job at Wilmington, joining a team of four and working in the company's UK offices in Basildon.

Learning is all part of a day's work

The Shared Services team is responsible for the end-to-end employee cycle of all Wilmington businesses, including creating contracts, on-boarding new starters, processing leavers, administering sickness absence, parental leaves and benefits, among other things.

Since Eloise joined Wilmington in October 2016, she hasn't stopped learning. She's extremely grateful for the opportunities she's had to extend herself; these include learning about new HR legislation that affects Wilmington businesses. She's worked with colleagues in the United States to gain experience of U.S. employment best-practice and to acquire situational management skills.

"I can say without doubt that my workplace learning has helped me in life outside the office," says Eloise. "I work closely with people at all levels in the company, which means finding the right approach for each of them. Learning how to deal with some difficult situations isn't just a work-related skill. It also makes a real difference to my personal life."

What's the appeal of an apprenticeship?

"Since day one, I've been keen to enhance and develop my HR knowledge and skills," she continues, "so when I was offered a chance to enrol in the new government apprenticeship scheme, I took it immediately.

It's definitely the best decision I have made, as I'm now doing a Level-3 HR Business Support Certificate Apprenticeship, applying the best practice and knowledge I'm learning to my role, and becoming a more effective HR Practitioner.

I am studying units that cover various sectors of HR; having an increased knowledge of all of these will help both me and the business as I'll be able to provide a better service to the colleagues who are my customers. I am also becoming confident about managing situations ethically and in accordance with employment law.

In addition I'll also have a greater understanding of the way Wilmington's business works. As a result, I'll be better equipped to assist the business through our HR strategy, and to ensure we're working in alignment with Wilmington's mission and vision."

Fitting everything into a 24-hour day

Eloise is already kept extremely busy in her job as it is, and she admits it's sometimes a struggle to manage her time. She reports that her manager and team members are extremely supportive and provide help when she needs it, either with the apprenticeship or by sharing workload.

What advice would Eloise give other people who are considering becoming apprentices?

"My advice would be to do it! Learning whilst in employment is fantastic; you can apply what you are learning to your job, and you really see how you can make a difference with your newly acquired knowledge! I'm really looking forward to developing my career at Wilmington."

> "Learning whilst in employment is fantastic; you can apply what you are learning to your job, and you really see how you can make a difference with your newly acquired knowledge.

Making a positive impact

Wilmington strives to achieve sustainable business growth underpinned by an ambition to maximise the potential of our people and products, whilst simultaneously fulfilling our responsibility to reduce our environmental impact.

People

We seek to employ a workforce that reflects the diversity of our customers and the communities we engage with. We also seek to echo the ambition of our training businesses within our own workforce, by looking for new and engaging ways to develop individuals and teams within this workforce. Both of these aims are supported by the two key objectives of our equal opportunities policy: eliminating discrimination and providing opportunities for development.

We uphold the commitment in this policy to ensure our workplaces are free from discrimination on the grounds of disability, gender reassignment, marriage and civil partnership, race, religion or belief, gender and sexual orientation. In April 2018 the Group voluntarily published its gender pay gap statistics as a demonstration of its commitment to reducing this gap in the future and to increase the number of women in top and leadership positions. Significant progress has already been made towards implementing the four key initiatives designed to drive improvements in this area:

Initiative	Status at 30 June 2018
Introduce technology that promotes flexible working, enabling more parents to extend their careers	Laptops provided to all employees and increased use of webinars, video calls and meetings. Implementation of cloud based file storage for easy remote access to working documents.
Review and enhance the UK maternity policy	New enhanced policy published and in effect from April 2018.
Launch a Company-wide women's network	Network launched in June 2018, with head of the Remuneration Committee chairing the first event.
Develop a mentorship programme where senior leaders mentor female colleagues	Questionnaire distributed to identify mentors and mentees to participate in the programme.

We strive to provide all our employees with opportunities to grow and develop whilst at Wilmington. During the year we have taken a holistic approach to people development, from providing formal training programmes in management and sales, to broadening employee knowledge of topical issues through lunchtime seminars. Additionally, following a comprehensive review of the UK property portfolio in the prior year, we have put greater emphasis on improving the quality of the working environment in our offices, including a hot desking initiative at the head office, and increasing the number of informal working spaces in a number of locations to encourage activity based working and greater creativity, collaboration and socialising between teams.

Opportunities to develop 2018

Lunch and learn

Throughout the year the learning and development team invited a range of speakers to run training and development lunches at the London head office. These were designed to enhance knowledge of different business areas and to provide key skills training. The lunches were open to all and were attended on average by 38 employees per week.

Apprenticeships

Since the implementation of the Apprenticeship Levy in April 2017, Wilmington has taken on seven apprentices to train in a range of vocations across the business. The positive impact of the scheme on the apprentices and the wider business community is explored in the case studies on pages 24 and 25.

People management programme

With an aim to enhance the management skills of key business managers at a range of levels, 53 managers from across all business units were engaged in a four-module programme, with a further 77 enrolled to start the course in the new year.

Sales masterclass series

55 sales professionals from across all of the Group's businesses completed a suite of five masterclasses focusing on sales skills, with the programme set to launch again in the new financial year.

Read more about our apprenticeships on **page 24**

Environment

The Board recognises that the utilisation of energy, paper, print and production technologies, combined with waste generation, has an environmental impact. It is therefore committed to reducing the magnitude of this impact and to transitioning to sustainable materials and methodologies wherever there is opportunity to do so. It also seeks to provide facilities for all employees that enable them to reduce their own impact on the environment, not only during the working day but also when travelling or communicating between locations.

Environmental policies

- Meet or exceed the requirements of current environmental legislation that relates to the Group.
- Minimise energy and water usage in our buildings and vehicles and minimise waste.
- 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.
- 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 acquisition, refurbishment, design, location and use of buildings.
- Assess the environmental impact of any new processes or products we intend to introduce in advance.
- Ensure understanding of our environmental policy and set and monitor KPIs for our environmental performance annually.

Resource use

Paper

Source: a chain of custody certified suppliers to ensure only sustainable raw materials are used in production.

Production: at mills with ISO 14001 accreditation and environmental management system ('EMAS') registration.

Printers

Supplier standards: major print suppliers are ISO 14001 certified or work to this as minimum. The Forest Stewardship Council is recommended for the endorsement of Forest Certification. All our printers work digitally facilitating reduced transport, courier and energy utilising activities.

Packaging

Magazine packaging: recyclable polythene with a thickness of 25 microns, or exo-biodegradable and potato starch forms of polythene.

Offices

The Group's activities are primarily based in office accommodation, where these policies are endorsed to promote good working practice around environmental issues. For example, there are facilities to encourage recycling of materials and the correct disposal of electrical equipment and printing waste, in compliance with the Waste Electrical and Electronic Equipment Directive.

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, the new head office location offers enhanced cycle storage, maintenance equipment and washroom facilities for cyclists.

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.

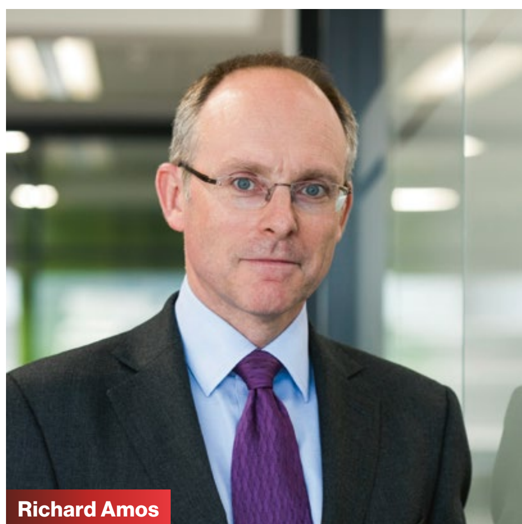
Global CO_2 emissions data	**30 June 2018 Thousand tonnes of CO_2e**	30 June 2017 Thousand tonnes of CO_2e	Improvement in the year
Emissions from:			
Scope 1 – direct CO_2 emissions	**72**	79	9%
Scope 2 – indirect CO_2 emissions	**440**	553	20%
Total emissions	**512**	632	19%
CO_2 ratio (thousand tonnes of CO_2 per employee)	**0.58**	0.73	21%

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



Adjusting items, measures and adjusted results

Reference is made in this Financial Review to adjusted results as well as the equivalent statutory measures. Adjusted results in the opinion of the Directors can provide additional relevant information on our future or past performance where equivalent information cannot be presented using financial measures under IFRS. Adjusted results exclude adjusting items, profit on disposal of property, plant and equipment (to the extent it is material or significant in nature), impairment of goodwill and intangible assets and amortisation of intangible assets (excluding computer software).

	2018 £'m	2017 £'m	Absolute variance £'m	Absolute variance %	Organic variance %
Revenue	**122.1**	120.3	1.8	1%	-3%
Adjusted EBITA	**24.6**	23.4	1.2	5%	-3%
Margin %	**20.1**	19.4			

Revenue

For the twelve months ended 30 June 2018 revenue increased by 1% (£1.8m) to £122.1m (2017: £120.3m) or 2% on a constant currency basis. The Group's major non-Sterling revenues are in US Dollars and Euros and on average over the period both these currencies weakened against Sterling. Reported revenue was also impacted by acquisitions, with £5.4m combined coming from the full year effect of the 2017 acquisition of HSJ and the four and a half months that we owned Interactive Medica. Adjusting for this and for the fluctuations in exchange rates, organic revenue declined 3% overall as explained in the review of operations above.

The Group's strategy is to increase our international footprint. However, in the year, revenue from UK customers increased to £72.0m or 59% of total revenue (2017: £68.6m or 57%). The change primarily reflects the full year impact of HSJ, which serves mainly UK based customers.

Operating expenses before adjusting items, amortisation and impairment

Adjusted operating expenses, i.e. before adjusting items, amortisation of intangible assets (excluding computer software) and impairment, were £97.5m (2017: £97.0m), up 1% or £0.6m. The analysis is, however, significantly affected by acquisitions and closures, which added a net £2.5m, with costs from acquisitions adding £3.9m to the costs, offset by a £1.4m decrease from the closure of Ark.

Within adjusted operating expenses, employee costs (salaries and bonuses, social security and pension costs and share based payments), were down £0.2m overall at £50.0m (2017: £50.2m), whilst non-employee costs increased £0.7m to £47.5m (2017: £46.8m).

After adjusting for acquisitions and closures, employee costs reduced by £1.9m during the year. The reduction included a decrease in bonuses of £1.2m and a £0.7m net decrease in salaries due to headcount reductions (including £0.3m related to the rationalisation of FRA) offset by inflationary increases for existing employees. The headcount reductions reflected planned departures as a result of a number of restructuring programmes including the outsourcing of the IT function. It also reflected the outcome of cost reduction actions that we undertook in the year to reflect the in-year revenue performance which included restrictions on new hires and delayed replacement of vacancies. Of the cost reductions, we anticipate that around half of the bonus reduction and a similar amount of the headcount reduction will not be repeatable in the current financial year.

The entire increase in non-employee costs of £0.7m can be attributed to the impact of acquisitions and closures. The rationalisation of FRA courses resulted in a net saving of non-employee costs of £1.7m with this offset by increases including £0.3m of GDPR compliance costs, £0.8m of operational costs (including IT costs) for the new London office incurred in the second half, and general inflation increases.

Adjusted operating profit ('adjusted EBITA')

As a result of these changes in revenue and adjusted operating expenses, adjusted EBITA was up £1.2m (5%) to £24.6m (2017: £23.4m). Adjusted operating margin (adjusted EBITA expressed as a percentage of revenue) increased to 20.1% (2017: 19.4%).

Amortisation excluding computer software

Amortisation of intangible assets (excluding computer software) was £6.4m, compared to £6.0m in the previous year. The increase reflects the acquisition made in the period and a full year impact of the prior year acquisition of HSJ.

Impairment of goodwill and intangible assets

Following a review of the goodwill being carried in relation to the Law for Lawyers business, CLT, an impairment charge of £8.6m has been made in the year to impair its carrying value to nil. CLT was acquired in May 1999 and the review concluded that, whilst the CLT business retains significant value, that value is no longer attributable to the goodwill from that time.

Adjusting items within operating expenses

Adjusting items within operating expenses were £4.6m (2017: £3.5m). Adjusting items in operating expenses are those items that in the opinion of the Directors are one off in nature and which do not represent the ongoing trading performance of the business. These items are mainly £3.1m (2017: £1.0m) associated with the move into the new London Head Office, including associated IT restructuring costs. They also include £0.7m of acquisition costs (2017: £1.6m) mainly related to the acquisition of Interactive Medica, a £0.3m increase in deferred consideration (2017: £0.1m) and £0.4m in respect of restructuring and rationalisation costs which have been identified as meeting the Group's criteria for adjusting items. In the period a further £1.1m (2017: £0.6m) of restructuring and rationalisation costs have been incurred which are considered to be in the ordinary course of business and have been included in adjusted operating expenses.

Operating profit ('EBITA')

After the various adjusting items detailed above, operating profit was £5.0m. This was down £12.8m from £17.8m in 2017. In addition to the reasons described above, the reduction was also due in part to the one-off gain on sale of a leasehold property in 2017 of £6.3m not being repeated in 2018.

Finance costs

Finance costs remained constant at £2.0m. The impact of an increase in interest rates affecting the portion of the loan not subject to an interest rate hedge was offset by a £10m reduction in the debt facility which resulted in lower non-utilisation fees.

Profit before taxation

After finance costs, profit before tax was £3.0m (2017: £15.8m). Adjusted profit before tax was up 6% to £22.6m (2017: £21.4m).

Taxation

The tax charge was £2.8m (2017: £3.0m). The tax charge was essentially flat year on year despite the significant fall in profit before tax as many of the items that resulted in the profit reduction are not deductible for tax purposes and hence impacts the effective tax rate. The overall effective tax rate[1] is 23.8% (2017: 16.4%). This rate increase is also due to the relatively low effective tax rate associated with the leasehold property disposal in 2017. These impacts have offset a natural reduction due to lower corporation tax rates in the UK and US. The underlying tax rate[2] which ignores the tax effects of adjusting items decreased to 20.8% from 22.4% in 2017 due to the fall in UK and US tax rates. It is expected that this rate will decrease further in the near future as the impact of lower corporation tax rates in the US continues to benefit profit generated in that country.

Earnings per share

Adjusted basic earnings per share increased by 8% to 20.49p (2017: 19.05p), owing to the increase in adjusted profit before tax and a lower underlying tax rate on an essentially unchanged number of issued ordinary shares. Basic earnings per share was 0.25p compared to 14.72p in 2017 due to the fall in profit after tax.

Balance Sheet

Non-current assets

Goodwill decreased by £8.9m from £86.0m to £77.1m primarily due to the CLT impairment of £8.6m in the year that is described above.

Intangible assets decreased by £4.6m from £31.9m to £27.3m due to amortisation of £7.7m offset by £1.5m arising from the acquisition of Interactive Medica and other additions of computer software of £1.9m. These additions included £0.6m of internally generated assets and £0.4m associated with the investment in digital platforms, with the balance a mixture of off-the shelf software and upgrades to existing technology platforms.

Property, plant and equipment increased by £2.1m to £6.5m (2017: £4.4m) reflecting additions of £3.4m, of which £2.7m related to the fit out of the new London head office, offset by depreciation of £1.4m.

Trade and other receivables

Trade and other receivables were down £0.2m at £28.2m (2017: £28.4m). Acquisitions added £0.2m but this was offset by more efficient cash collection following the relocation of the Group's credit control function to Basildon in the prior financial year, and the consolidation of local credit control functions into this new location during the current financial year.

Trade and other payables

Total balances decreased from £52.3m to £51.1m. Within this subscriptions and deferred revenue decreased by £2.3m or 8% to £24.7m (2017: £27.0m). This was largely due to a £1.4m reduction in the Healthcare business, caused by the lower level of business activity combined with reductions due to the rationalisation at FRA and a change in the contracting model for certain digital data products. The closure of Ark resulted in a further £0.3m reduction, with invoicing timing differences in Axco accounting for the remainder. The remaining trade and other payables increased by £1.0m to £26.4m (2017: £25.4m) due to acquisitions and the timing of supplier payments.

Current tax liabilities

Current tax liabilities decreased from £1.9m to £0.7m reflecting the corporation tax owed on the sale of the leasehold property at the previous year end which was settled during the year.

1 The effective tax rate is calculated as the total tax charge divided by profit before tax after adding back impairment charges.

2 The underlying tax rate is calculated as one minus the adjusted profit after tax divided by the adjusted profit before tax.

Financial review continued

Balance Sheet continued

Deferred consideration

The liability for deferred consideration in total was £0.1m up on the 2017 total liability to £2.6m. Movements during the year included an increase of £0.3m relating to the provisions for SWAT and Evantage offset by payments of £0.2m in the year in respect of Evantage.

Deferred consideration of up to €1,600,000 is potentially payable in relation to the acquisition of Interactive Medica over the next two years. This is subject to the continued employment of a key member of the management team and IM achieving a challenging revenue target over the two year period ending 31 December 2018 and 31 December 2019. As this consideration is linked to employment any liability will be built up through the income statement in adjusting items in the period it relates to. At year end there is no liability recognised in relation to Interactive Medica.

Net debt and cash flow

Net debt, which includes cash and cash equivalents, bank loans (excluding capitalised loan arrangement fees) and bank overdrafts, was £39.6m (30 June 2017: £40.0m). Cash conversion of 105% (2017: 114%) was offset by acquisition costs of £2.2m and by one-off cash outflows related to the new London head office of £2.4m of capex and £3.1m of adjusting items included in the income statement.

In support of the acquisition of HSJ the Group had increased its debt facility to £85.0m from £65.0m on 17 January 2017 under the accordion provision of the loan agreement. On 24 November 2017 this facility was reduced by £10.0m to £75.0m. Net debt at 30 June 2018 represented 53% of our debt and overdraft facility of £75m. The loan facility is repayable on 1 July 2020.

Derivative financial instruments

The Group is exposed to foreign exchange risks, liquidity and capital risks and credit risks. The Group has policies that mitigate these risks which include the use of derivative products such as forwards and swaps subject to Board approval. The Group uses interest rate swap contracts to mitigate part of the interest rate volatility risk. These swaps have resulted in an asset of £0.1m and a liability of £0.4m at 30 June 2018 (2017: £0.7m liability).

On 2 July 2018 the Group entered into a number of foreign currency transactions to mitigate possible exchange rate fluctuations on its current year financial results. $13.0m USD were sold forward to mature during the 2018/19 financial year at an average rate of $1.33 and €3.0m EUR were sold forward at an average rate of €1.12 with similar maturities.

Share capital

During the year 166,099 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 the number of ordinary shares outstanding at 30 June 2018 to 87,414,073 (2017: 87,247,974).

Dividend

A final dividend of 4.8p per share (2017: 4.6p) will be proposed at the AGM. If approved, it will be paid on 16 November 2018 to shareholders on the register as at 19 October 2018, with an associated ex-dividend date of 18 October 2018. This will give a full year dividend of 8.8p (2017: 8.5p) and dividend cover of 2.3 times (2017: 2.2 times).

Richard Amos
Chief Financial Officer
11 September 2018

Case study

US Healthcare events – FRA

"There was a gaping hole in the healthcare-conference space, and our RISE events grew rapidly to fill it. When Wilmington came calling in 2015, the timing was perfect for FRA.

Ellen Wofford
Managing Director, FRA

Not many businesses are poised to take advantage of a market-defining opportunity; even fewer make the step successfully. Wilmington FRA is one of those that recognised and exploited just such an opening. Since 2001, FRA has redefined the financial- and healthcare-conference spaces across the US. Its eagerly anticipated events clearly meet an unsatisfied need among professionals looking to stay ahead and advance their careers.

Keeping up in times of rapid change

"In FRA's early years", says its Managing Director Ellen Wofford, "we were driven by a realisation that busy finance professionals had no practical way of keeping in touch with emerging trends and the hot topics of the day. The rapidly changing nature of financial markets and the complexities of regulation had people struggling to keep up; we aimed to fill that gap."

Since then Ellen and her team have proven their ability to produce the highest quality live-event experience, differentiating FRA by maintaining a deep, relationship-driven dialogue with key customers. Given the complex nature of healthcare markets in North America, FRA's leadership team was quick to draw parallels with the financial sector, and in 2005, the RISE conference was born. One year later, FRA established the RISE Association, which now boasts more than 2,500 engaged members; RISE is now recognized industry-wide as the number one source for information on risk adjustment and quality improvement within healthcare.

Traditional peer-to-peer networking

The value of FRA's conferences lies not only in the subject matter on offer, but also in the opportunity for delegates to share knowledge and experience with other professionals, often operating in identical circumstances and under common constraints. Ellen learned early on that FRA's RISE Nashville conference was the only place that professionals in government healthcare reform could go to learn from like-minded people.

"We capitalised on this situation through content, marketing reach and the creation of unprecedented networking opportunities" says Ellen.

FRA's success in doing just that is evidenced by the rapid growth of RISE Nashville, which has evolved into a five-track conference with over 1,300 delegates and more than 100 sponsors. Healthcare events now account for the bulk of FRA's schedule and in 2018, the company announced an extension of its RISE product line; RISE now offers fresh content and buzzworthy networking opportunities in alternative formats that include a suite of e-learning courses and certifications, customized in-house training, webinars and special-interest user groups.

Where next for FRA?

Ellen has a clear vision: "Our mission is to provide a community for professionals looking to stay ahead and advance their careers; today, our primary focus is on the healthcare sector. RISE is acknowledged as the premier community for healthcare professionals in the US who aspire to meet the extraordinary challenges posed by the emerging landscape of accountable care and government healthcare reform.

FRA's acquisition in 2015 by Wilmington has given us access to the resources we need to sustain rapid growth, and my vision for FRA is to create a 24/7/365 engaged community."

RISE Nashville, now in its 12th year, is Wilmington's largest live event by revenue. Sponsorship revenue saw fantastic growth in 2018 as Ellen and her team found innovative ways to attract new sponsors, including opportunities linked to FRA's new mobile app. Last year's event was completely paperless, providing a first-time opportunity to sell app sponsorship – a great move, as the app attracted an 89% adoption rate by delegates.

Meeting leadership challenges head-on

FRA's success is no accident. It requires strong leadership and determination.

"I like to lead by example," agrees Ellen. "I lead from the front by taking action, demonstrating what needs to be done, and keeping my team organised to make sure we're all on the same page and all contributing equally. The most telling feedback we get is from our sponsors and customers; I'll leave them with the final word."

"People are always pumped at the end of these conferences. The premier thing that makes RISE conferences better than any others is the customer service, friendliness and flexibility of staff. Well done again this year." – Mike Madden, Chief Strategy Officer, Datafied (Sponsor)

"The ability to collaborate and learn from seasoned professionals is unique and well suited to the needs of attendees like me who are new to risk adjustment." – Brett Goff, Project Manager, Sunflower Health Plan (Delegate)

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') and Modern Slavery 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.

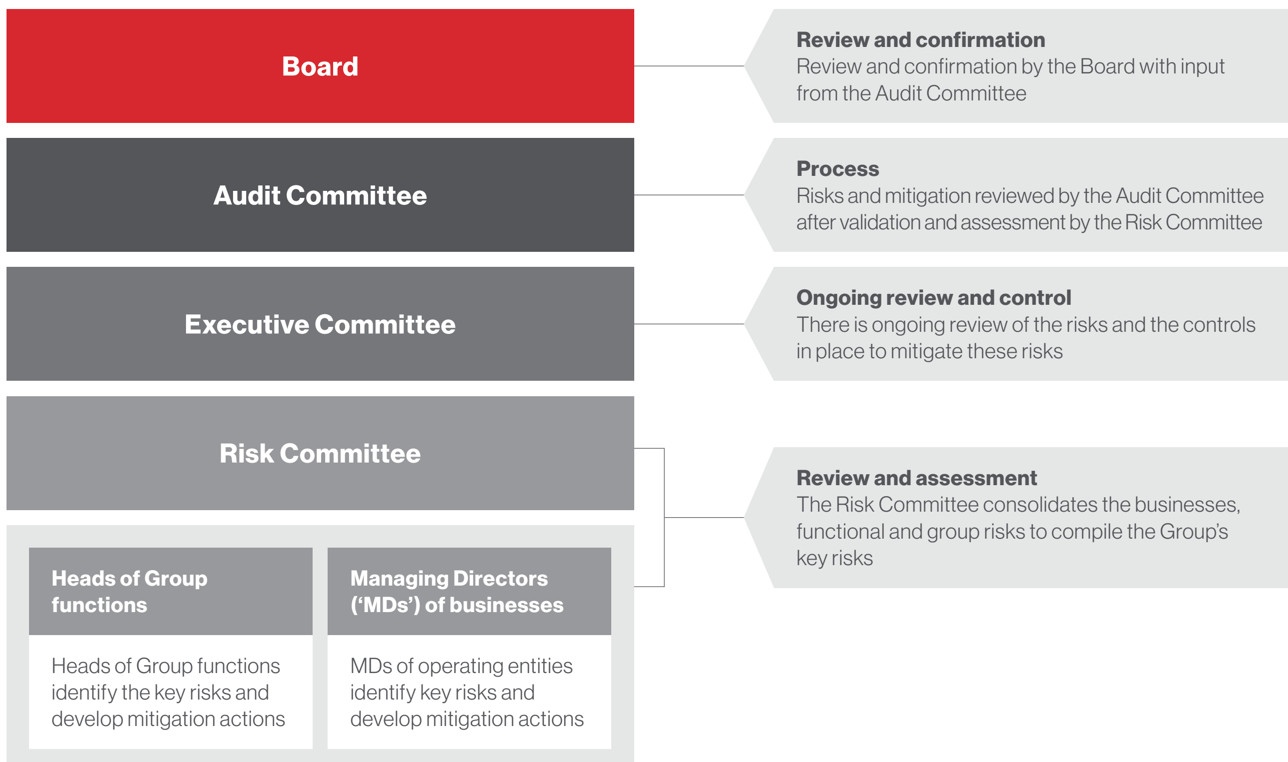
Risk is assessed across the Group by the Wilmington Risk Committee (comprising members of the Executive Committee and the Group Company Secretary) which reports directly to the Board using a combination of structured formal interviews, monthly operational updates, site visits, 'bottom up' reporting and 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 an 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 Risk Committee co-ordinates 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.



Roles and responsibilities

The Board regularly reviews the Group's key risks and is supported in the discharge of this responsibility by the Audit Committee, the Executive Committee, the Risk Committee and by the management of individual business units. The risk management roles and responsibilities of these individuals are set out below, and all 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 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, modern slavery and Anti-Bribery and Corruption policies

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 consider 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 the Board

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
- Ensure sufficient resource is in place to manage the risks
- Review mitigation plans
- Plan, execute and report on assurance activities as required by entity, region or division

Risks and uncertainties facing the business continued

Wilmington risk appetite

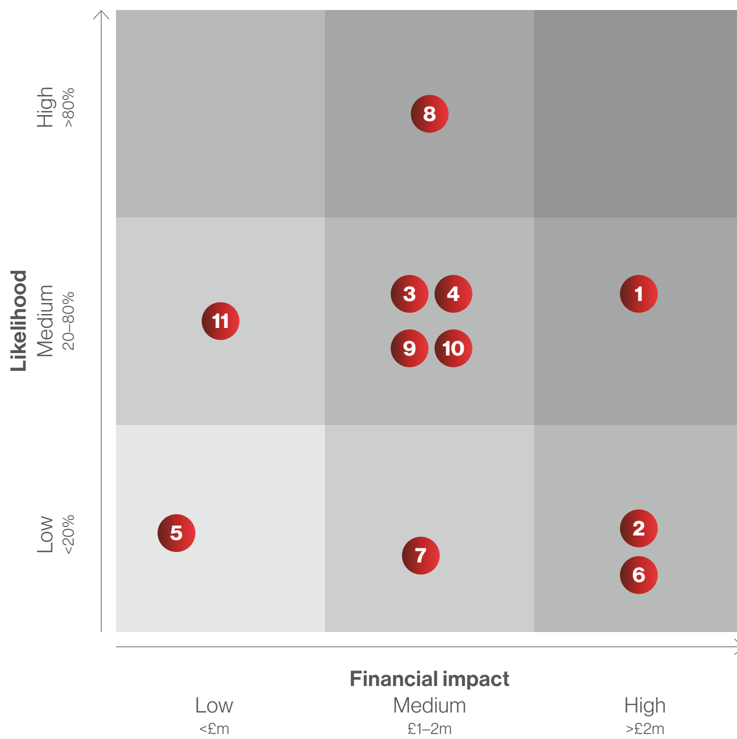
The Group's approach is to minimise exposure to reputational, financial and operational risk, whilst accepting and recognising a risk/reward trade-off in the pursuit of its strategic and commercial objectives.

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 marketplace that is constantly changing not just in regulation and legislation but also in terms of 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 Directors have carried out an assessment of the principal risks facing the Group – including, in the year to 30 June 2018, those that would threaten its business model, future performance, solvency or reputation. The eleven 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. 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
10. Impact of General Data Protection Regulation ('GDPR')
11. Disruption to the Accountancy business on the integration of Mercia and SWAT

1. Lack of organic growth

Strategic objective 1 2

Description
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 those investments to not deliver an acceptable rate of return, jeopardises the ability of the Group to grow.

Mitigation
New product development (NPD) 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.

A new NPD framework is in the process of being implemented. The framework is designed to i) encourage more innovation ii) improve the design and likelihood of success of NPD and iii) to formalise the governance over NPD and other revenue generating initiatives.

Depending on the size of the initiatives, Board approval is required, ensuring that the Group's significant projects are aligned to the overall strategy.

Workforce quality and retention is a central objective. This focus ensures that intangible resources stay and grow within the business.

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.

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 product development and pipeline.

Change since 2017
Same risk

2. Lack of changes to regulations and legislation

Strategic objective 1 2

Description
Wilmington's client and customer operations are subject to wide-ranging laws, regulations and legislation, increasing operational complexity and heightening risk.

Changes to the regulatory landscape (i.e. Brexit and GDPR) 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.

Mitigation
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 implications of Brexit have been specifically considered on page 38.

Change since 2017
Same risk

3. Recruitment and retention of high-calibre staff

Strategic objective 1 2 3

Description
As a people business we recognise that the future success of our business is dependent on attracting, developing, motivating, improving and retaining talent.

Mitigation
The Group HR Director is a member of the Executive Committee and provides leadership on succession planning and talent management.

The continual development of the Senior Leadership Team to encourage motivation and engagement with the business. Management Development Programmes, enhance the skills of executives and managers needed in their current and future roles.

Just as importantly, the Group operates a meritocratic culture where everyone can maximise his or her potential.

The recent move to our new head office in Central London and other initiatives being undertaken to our premises across the Group has markedly improved the environment in which our employees work.

The Group operates a competitive remuneration package that is enhanced by share plans for certain Senior Management. The Executive Committee, together with the Board, is exploring the potential to introduce an SAYE scheme for UK employees to further align the interests of employees and shareholders.

Change since 2017
Same risk

Strategic objectives 1 To accelerate growth through our knowledge based model 2 To build a truly international business 3 To create a fully digital enterprise

Risks and uncertainties facing the business continued

4. Intellectual property rights infringement

Strategic objective 1 2 3

Description

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.

Mitigation

We take a zero tolerance approach to any intellectual property infringement and will take all necessary action to enforce our rights.

Wilmington's policy is to litigate against any infringement of our intellectual property rights.

Operating businesses are actively encouraged to develop and protect the know-how in local jurisdictions.

Change since 2017

Same risk

5. Poorly evaluated and integrated acquisitions

Strategic objective 1 2

Description

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.

Mitigation

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 and monitor the execution of integration as it develops.

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 Board receives a full investment plan and a post-acquisition integration plan well in advance of any transaction for approval.

Change since 2017

Reduced risk

6. Failure or significant interruption to IT systems causing disruption to client service

Strategic objective 1 2 3

Description

Major failures in our IT systems may result in client service being interrupted or data being lost/corrupted causing damage to our reputation and/or a decline in revenue.

There is a risk that a cyber attack on our infrastructure by a malicious individual or group could be successful and impact critical systems used across the Group.

Mitigation

During the year we initiated the migration of all our UK IT infrastructure to a UK based third-party specialist. In doing this we have transformed our IT Services to improve the experience for our global workforce in 21 offices. We have consolidated four IT support functions into one, introduced 24/7 support for all staff, and standardised our approach to business continuity. A shared hosting facility for our internal systems, giving us Tier 3 and ISO 27001 data centres for extra security and a common disaster recovery position, has also been introduced. Over 90% of our workforce is now benefiting from the new services. This initiative to outsource IT has not only strengthened our systems and increased efficiency but has enabled improved communication, work station flexibility and remote working as well as reducing our office property requirements. The new structure, whilst improving business continuity protection, also offers flexible working for our people which in turn helps with talent attraction and retention.

Separately, and as appropriate, 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.

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 resilience, efficiency and scalability.

Change since 2017

Reduced risk

Strategic objectives 1 To accelerate growth through our knowledge based model 2 To build a truly international business 3 To create a fully digital enterprise

7. Competition across the business

Strategic objective 1 2

Description

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.

Mitigation

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.

Change since 2017

Same risk

8. Technology and speed of change

Strategic objective 1 2 3

Description

Digital and technological transformation is now moving at a fast 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.

Mitigation

Development of new products is key to our growth and investment is given in areas that promote high growth (i.e. compliance).

We have made further progress in developing products for the evolving digital learning market. Wilmington, like its larger competitors is positioning itself to take advantage of rapidly changing client demands and is investing, as well as in its existing digital areas, into blended digital learning solutions, courses and packages.

In our operational decision-making process, we are increasingly taking a 'digital first' approach to new training product launches and in support we have invested significant resource in setting up and developing the next generation of digital training products and learning support systems.

During 2017/18 we have continued to invest in Totara©, the group wide Learning Management System ('LMS'), that we started implementing in the previous year. Totara© integrates with other key systems such as SalesForce© and our new automated marketing system Marketo© and provides the end to end platform for all our products facilitating an ambitious and ultimately seamless roll out of new digital training product.

We have launched Totara© to five business units (as well as internally for our own employees) and now have 130 courses live with over 10,000 users. Over the next financial year we expect to complete the rollout of Totara© to the remaining business units and hence retire all of our legacy LMS platforms. We expect to extend Totara© to other businesses across the Group and also to expand the number and ranges of courses provided. Providing blended online learning and face-to-face training remains a key element of our strategy.

Change since 2017

Same risk

9. Remoteness of operations and globalisation

Strategic objective 2 3

Description

A key operational risk emanates from the remoteness of operations from head office and the increasing global spread of our businesses.

There is a currency risk from operating in a large number of countries.

Mitigation

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 Managing Directors ensure that overall Group strategy is fulfilled through an ongoing 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 Managing Directors.

We manage currency risk in local operations through natural hedging, forward currency contracts (held in the centre) and by matching revenue and costs in the same currency.

Change since 2017

Same risk

Risks and uncertainties facing the business continued

10. Impact of General Data Protection Regulation

Strategic objective 3

Description

The General Data Protection Regulation ('GDPR') is the most significant revision of data privacy legislation ever seen in Europe providing a much more rigorous framework for the management of personal data. There are significant penalties for failing to comply.

In an increasingly data-driven world, it places the individual at the heart of controlling their information and has a far-reaching effect on how we and our suppliers and customers manage and document our personal or contact data.

Mitigation

Wilmington's Data Protection Officer has run an extensive GDPR readiness programme in the two years running up to the implementation of GDPR, working with Wilmington's Group Head of Marketing as well as external legal and technology specialists.

We continue to embed GDPR throughout the business, led by a Steering Group with representation from all divisions and functions, reporting to the Board on a regular basis.

Change since 2017

Reduced risk

11. Disruption to the Accountancy business on the integration of Mercia and SWAT

Strategic objective 1 2 3

Description

A key strategic objective during the forthcoming year is the full integration of the Accountancy businesses.

Accountancy, whilst under a single management team, still has two separate organisations inherited from its Mercia and SWAT heritage.

The integration is heavily dependent on the effective and timely integration of business systems.

Mitigation

Plans are well developed for these two organisations to fully integrate over the course of the next twelve months so that accountancy clients in the UK can be provided with a single integrated service.

This plan has been carefully developed using both in-house and external expertise so as to minimise any disruption to clients.

The Executive Committee and management in the business monitor the progress of the integration through updates provided during regular meetings.

Contingency plans are established in the event of any issues or delays during the integration.

Change since 2017

New risk

Removal of a risk

In the June 2017 Annual Report, a key risk relating to 'Disruption around the London Office move' was included. On 2 January 2018 the new centralised London office officially opened. This office houses 300 of our London based staff and consolidates our London office requirements. This investment represents an important step in improving collaboration and moving to the objective of a 'One Wilmington' culture. The move went well and the business is now firmly established in the new office. Consequently, this risk has been removed.

Brexit implications

As a predominantly UK based business, we will naturally be impacted by Brexit in whatever form that takes. The majority of our business is conducted within the country of origin, and this does protect us against some of the major uncertainties around future cross-border trade. The Board is assessing the potential impacts and considering the implications in event of a 'no deal' position. The main impacts are expected to be changes in regulatory and tax frameworks, currency fluctuations and potential impacts on demand for business in certain areas. In respect of the last of these, our current assessment is that the risk is balanced. There is the potential that Brexit will have a negative impact on overall customer budgets in both the short and medium terms due to the economic challenges that the changes will present. However, we anticipate that changes in the regulatory and tax regimes will offer increased demand for training in the professional and compliance areas. The potential impact on the healthcare sector at this stage is harder to gauge and will only become clearer when the path of exit is known. But as the majority of our business serves UK customers who are addressing the UK healthcare sector we believe at this stage that any impact is likely to be short term and modest.

Strategic objectives 1 To accelerate growth through our knowledge based model 2 To build a truly international business 3 To create a fully digital enterprise

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 year period to 30 June 2021, taking account of the Group's current position and the potential impact of the principal risks documented in the Strategic Report on pages 35 to 38.

Each risk and associated risks have been considered, and where relevant 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 potential breach of banking covenants or the need to refinance the existing revolving credit facility. The facility is due for renewal on 1 July 2020 and in assessing viability it is assumed this renewal will be successfully completed.

The two banking covenants that we are required to adhere to are 'Senior Interest Cover' and 'Leverage Cover'. Senior Interest Cover is defined as the ratio of consolidated EBITDA to consolidated finance charges and must not, at any time, be less than 4.0 to 1. Leverage Cover is defined as the ratio of consolidated borrowings to adjusted consolidated EBITDA and must not, at any time, be greater than 3.0 to 1. The definitions included in the revolving credit facility agreement for consolidated EBITDA, finance charges, borrowings and adjusted consolidated EBITDA differ from those presented in the rest of the Annual Report although not in material respects.

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 35 to 38. The strategy and associated principal risks underpin the Group's three year plan, which the Directors review at least 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.

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 35 to 38 and details of financial risks such as interest rate risk, liquidity risk and foreign currency risk are given in the financial statements in note 21.

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 interim results announcements. The Board also reviews and approves the Interim Management Statements and Trading Announcements (as appropriate).

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 acquisition accounting relating to Interactive Medica, the impact of new accounting standards and the accounting treatment of the office move.

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) 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 and Group taxation.

Other matters

The Group has no known issues relating to human rights or modern slavery 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 39 was approved and authorised for issue by the Board and signed on their behalf by:

Richard Amos
Chief Financial Officer
11 September 2018

Board of Directors

A diverse range of skills and experience

Martin Morgan
Non-Executive Chairman

Appointment to the Board
May 2018

Committee membership

Key areas of prior experience
Martin Morgan has over 30 years of media and B2B experience, having spent a large proportion of his career at Daily Mail and General Trust Plc ('DMGT'). Martin was Chief Executive of DMG Information and subsequently held the position of Chief Executive of DMGT from 2008 to 2016. Prior to that, he held a number of senior positions at RELX Plc from 1975 to 1989. Martin is currently Chairman of Signal Media Limited, a Non-Executive Director at City of London Investment Trust, a Non-Executive Director of Ansor Limited and was a Director of Euromoney Institutional Investor plc between 2008 and 2016.

Pedro Ros
Chief Executive Officer

Appointment to the Board
July 2014

Committee membership

Key areas of prior experience
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.

Richard Amos
Chief Financial Officer

Appointment to the Board
March 2018

Committee membership
None

Key areas of prior experience
Richard Amos joined the Board on 1 March 2018, becoming CFO on 1 April. Prior to that, over the last 18 years, Richard has been CFO at a number of listed and private companies operating primarily in the technology sector. Most recently he was CFO at AIM-listed Plant Impact plc and prior to that was Group Finance Director of Anite plc from 2009 until its sale in 2015. He qualified as a Chartered Accountant in 1991 having graduated with an MA in Management Studies and Engineering from Cambridge University in 1988.

Paul Dollman
Independent Non-Executive Director

Appointment to the Board
September 2015

Committee membership

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 and 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. Paul joined the Board on 16 September 2015 and was appointed Chairman of the Audit Committee on 5 November 2015.

Derek Carter
Independent Non-Executive Director

Appointment to the Board
December 2011

Committee membership

Key areas of prior experience
Derek Carter was previously Chief Executive of Emap Communications for eleven 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
Independent Non-Executive Director

Appointment to the Board
December 2011

Committee membership

Key areas of prior experience
Nathalie Schwarz was formerly the Commercial and Corporate Development Director on the Board at Channel 4 Television between 2007 and 2010 and was Strategy and Development Director on the Board of Capital Radio plc where she worked for seven years between 1998 and 2005. Nathalie qualified as a solicitor with Clifford Chance where she worked until 1998.

Daniel Barton
Company Secretary

Appointment
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 April 2014 as Head of Corporate Reporting and was promoted to Deputy CFO in August 2017. Daniel was appointed as the Company Secretary in April 2016.

Committee key

- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- Committee Chair

Read more on **page 45**

Directors' report

The Directors present their report together with the audited consolidated financial statements for the year ended 30 June 2018. The Directors' report comprises pages 42 and 43 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.

Board membership	pg 40
Dividends	pg 42
Directors' long term incentives	pg 52
Corporate governance report	pg 44
Future developments of the business of the Group	pg 07
Employee equality, diversity and involvement	pg 44
Events after the reporting period	pg 42
Subsidiaries of the Group	pg 95
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Notice concerning forward-looking statements

This Annual Report contains forward-looking statements. Although the Group believes that the expectations reflected in such forward-looking statements are reasonable, these statements are not guarantees of future performance and are subject to a number of risks and uncertainties and actual results and events could differ materially from those currently being anticipated as reflected in such forward-looking statements. The terms 'expect', 'estimate', 'forecast', 'target', 'believe', 'should be', 'will be' and similar expressions are intended to identify forward-looking statements. Factors which may cause future outcomes to differ from those foreseen in forward-looking statements include, but are not limited to, those identified under 'Principal Risks and Uncertainties' on pages 32 to 38 of this Annual Report. The forward-looking statements contained in this Annual Report speak only as of the date of publication of this Annual Report and the Group therefore cautions readers not to place undue reliance on any forward-looking statements. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in the Group's expectations or any change in events, conditions or circumstances on which any such statement is based.

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 10 Whitechapel High Street, London, E1 8QS.

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 39.

Dividends

The Directors recommend that a final dividend for the year of 4.8p per ordinary share be paid on 16 November 2018 to shareholders on the register on 19 October 2018, which together with the interim dividend of 4.0p per ordinary share already paid makes a total dividend for the year of 8.8p (2017: 8.5p) an overall increase of 4% per ordinary share.

Research and development activities

The Group invests in research and development to support the development of its businesses which can rely on technology to deliver their information, education and networking services. The implementation of a group-wide Learning Management System ('LMS') was an example of a significant development undertaken in the year. The roll out of that system will continue during the forthcoming twelve months.

Political donations

No political donations were made during the year (2017: nil).

Events after the reporting period

Forward contracts

On 2 July 2018 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 2 July 2018, the Group sold $3.0m to 19 October 2018 at a rate of 1.3192
- On 2 July 2018, the Group sold €1.0m to 16 November 2018 at a rate of 1.1242
- On 2 July 2018, the Group sold €1.0m to 18 January 2019 at a rate of 1.1222
- On 2 July 2018, the Group sold $5.0m to 15 March 2019 at a rate of 1.3292
- On 2 July 2018, the Group sold €1.0m to 18 April 2019 at a rate of 1.1190
- On 2 July 2018, the Group sold $5.0m to 17 May 2019 at a rate of 1.3336

Sale of International Company Profile FZ LLC

On 18 July 2018 Wilmington Publishing and Information Limited (a wholly owned subsidiary of Wilmington plc) sold the trade and assets of its ICP credit reporting business, including the 100% shareholding in International Company Profile FZ LLC, the statutory entity incorporated in Dubai, to its management team. The £3.0m consideration (excluding £0.9m of potential early repayment discounts) in respect of the sale will be paid in instalments over the next five years. At 30 June 2018 all assets disposed of as part of the transaction have been reclassified to held for sale.

Directors and Directors' interests

Details of the remuneration, service contracts, letters of appointment and interests in the share capital of the Company of the Directors who have served during the year are set out in the Report on Directors' Remuneration on pages 52 to 65.

Executive and Non-Executive Directors offer themselves for election or 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.

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 them or the cost associated with their defence, the Group has in place 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 employees and, where appropriate, consulting with them.

Financial instruments

An explanation of the Group's treasury policies and existing financial instruments are set out in note 21 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. At 30 June 2018, 46,584 shares were held in Treasury (2017: 46,584), which represents 0.1% (2017: 0.1%) of the share capital of the Company.

No shares have been purchased during the year to 30 June 2018. The Company seeks authority from its shareholders at each Annual General Meeting to purchase its own shares.

On 20 September 2017 166,099 ordinary shares were issued in respect of the vesting of the 2014 PSP Share Awards to employees (including Executive Directors).

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 2018, the Company had only one authorised class of share, namely ordinary shares of 5p each, of which there were in issue 87,414,073 (2017: 87,247,974). 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, and the banking arrangements described above 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 48 there are no individuals or entities with significant holdings, either direct or indirect, in the Company.

Corporate governance

The Company's statement on corporate governance can be found in the Corporate Governance Report on pages 44 to 48 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 21 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;
- the outcome of Brexit as highlighted on page 38; 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. Further details of the banking covenants can be found on page 39.

After reviewing the Group's budget, forecasts and 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.

Annual General Meeting

A separate notice convening the Annual General Meeting of the Company to be held at the head office, 10 Whitechapel High Street, London, E1 8QS on 1 November 2018 will be sent out with this Annual Report and financial statements.

By order of the Board and signed by

Daniel Barton
Company Secretary
11 September 2018

Corporate governance report

Martin Morgan

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 pages 18 to 21.

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 have continued to promote a culture guided by four core values – 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.

We have a Code of Conduct which 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 July 2018, the Financial Reporting Council ('FRC') published the latest edition of the Corporate Governance Code (the 'Code') which included a number of changes. These changes impact the guidance on the independence of Directors, the tenure of the Chair of the Board, Board and Committee composition, workforce and other stakeholder engagement and remuneration. The Code applies for periods beginning on or after 1 January 2019. The Board intends to assess the impact of the latest edition of the Code and will ensure that appropriate action is taken to comply with it before it applies to the Group on 1 July 2019.

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 45 to 46; Effectiveness is described on page 46; Risk management and internal controls is described on page 47; Remuneration is described on page 47 and Relations with shareholders is described on page 47.

Wilmington has complied, for the year ended 30 June 2018, with all relevant provisions of the Code (except as outlined below), as published by the Financial Reporting Council ('FRC') in April 2016, and has continued to comply from the year end up to the date of publication of this Annual Report and Accounts except as outlined on page 47 with regard to its performance evaluation.

Composition and independence

The board reviews Non-Executive Director independence on an annual basis and takes into account the individual's professional experience, their behaviour at board meetings and their contribution to unbiased and independent debate. Apart from the Chairman who was considered independent on appointment, 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 40 to 41.

Diversity

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

As at 30 June 2018, the Wilmington Board had one female Non-Executive Director, Nathalie Schwarz, representing 17% of board membership. The Executive Committee Members (excluding those that sit on the Board) and the Senior Leadership Team ('SLT') is split between 9 or 38% (2017: 32%) female and 15 or 62% (2017: 68%) male. The Group's employees are split between 63% (2017: 62%) female and 37% (2017: 38%) male.

Board evaluation and election

Ordinarily the Board undertakes a formal annual evaluation of its own performance and that of each individual Director. However, in light of the change in Chairman and Chief Financial Officer during the year the Board decided to defer its annual evaluation of its own performance and that of each individual Director. The Board intends to perform this evaluation in the second half of the 2018/19 financial year and will, in accordance with the prevailing recommendations of the Code, consider an external facilitation of the Board as part of this process. As in previous years, and in accordance with the recommendations of the Code, the Directors will be offering themselves for election or re-election at the AGM in November 2018.

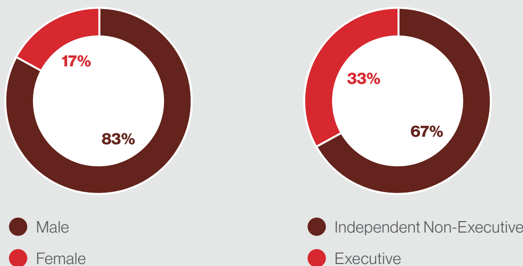
Shareholder engagement

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 page 47.

Governance framework
30 June 2018

Length of tenure of Directors (years)
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
Martin Morgan

Executive Directors
Pedro Ros
Richard Amos

Independent Non-Executive Directors
Derek Carter (Senior Independent Director)
Nathalie Schwarz
Paul Dollman

Leadership
The Board
The Company is controlled through the Board of Directors which, at 30 June 2018, comprised two Executive and four Non-Executive Directors. Short biographies of each Director are set out on pages 40 and 41. The Board focuses on the formulation of strategy, governance and the establishment of policies, stewardship of resources and review of business performance.

The Board may exercise all the powers of the Company, subject to the Company's Articles of Association (the 'Articles'), the Companies Act 2006 and any directions given by the shareholders by special resolution. The Articles may be amended by a special resolution of the Company's shareholders.

The Board meets as often as necessary to discharge its duties effectively. In the financial year ended 30 June 2018, nine main Board meetings were scheduled and the Directors' attendance record is set out on page 46.

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, the Remuneration Committee and the Nomination Committee all met three times 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 the three Divisional Managing Directors.

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, including 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.

Corporate governance report continued

Leadership continued

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 Chairman was considered independent on appointment. 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 27 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. Directors, in accordance with the Articles of Association are required to submit themselves for re-election by shareholders at least once every three years. However, in line with the Code, the Directors submit themselves 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 (all requests by shareholders to meet during the year were fulfilled); and
- Meeting with the other Non-Executive Directors on the Board once a year to assess the Chairman's performance, taking into account the views of the Executive Directors.

Effectiveness

Meetings

There were nine main 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, disposals and items of 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 and Chief Financial Officer provide a review of the business and its performance, 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 developments including the integration of the UK Healthcare businesses;
- The identification and appointment of the new Chairman and Chief Financial Officer;
- Review of the performance and succession plan for the Executive Committee and Senior Leadership Team;
- The identification, execution and integration of acquisitions (including HSJ and Interactive Medica);
- Progress of the move of the London head office;
- The Group's debt and capital structure;
- 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 nine main meetings described above, the Board has two 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.

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.

Attendance table

	Main Board meetings attended	Main Board meetings eligible to attend
Martin Morgan (Non-Executive chairman)	1	1
Mark Asplin (former Non-Executive chairman)	8	8
Pedro Ros (Chief Executive Officer)	9	9
Richard Amos (Chief Financial Officer)	2	2
Anthony Foye (former Chief Financial Officer)	7	7
Derek Carter (Non-Executive)	9	9
Nathalie Schwarz (Non-Executive)	9	9
Paul Dollman (Non-Executive)	9	9

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. The Chairman's training and induction on joining the Company was arranged by the Chief Executive Officer.

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, external presentations 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.

Performance evaluation

In light of the change in Chairman and Chief Financial Officer during the year the Board decided to defer its annual evaluation of its own performance and that of each individual Director. The Board intends to perform this evaluation in the second half of the 2018/19 financial year and will, in accordance with the prevailing recommendations of the Code, consider an external facilitation of the Board as part of this process.

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.

Further details of Nomination Committee's activities can be found in the Nomination Committee Report on page 51.

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.

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 the Audit Committee's policies and activities can be found in the Audit Committee Report on pages 49 and 50.

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 at least twice a year, and takes advice from the Chief Executive Officer and external advisors 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 52 to 65.

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 32 to 39.

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 presentations are 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. Since his appointment on 1 May 2018, the Chairman attended a number of such meetings. The Board regularly receives updates on investor relations matters.

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 1 November 2018 and an explanation of the items of special business can be found in the circular that contains the notice convening the Annual General Meeting.

Corporate governance report continued

Relations with shareholders continued

Substantial shareholdings

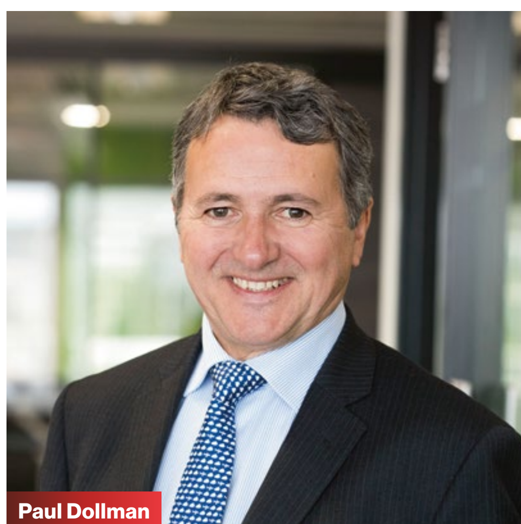
As at 31 August 2018, the Company is aware of the following interests amounting to 3.0% or more in the Company's issued ordinary share capital:

	Number of ordinary shares	%
Artemis Investment Management	9,017,845	10.32%
Aberforth Partners LLP	8,798,504	10.07%
Strategic Equity Capital plc	6,143,863	7.03%
Premier Fund Managers Limited	5,365,000	6.14%
Chelverton Asset Management Limited	4,400,000	5.03%
Ameriprise Financial, Inc.	4,135,755	4.73%
M&G Investment Management	3,851,950	4.41%
NFU Mutual Insurance Society Limited	3,682,512	4.21%
Schroders plc	3,600,000	4.12%
Standard Life Aberdeen plc	3,244,936	3.71%
Brian D Gilbert	2,735,000	3.13%

By order of the Board and signed on its behalf by:

Martin Morgan
Chairman
11 September 2018

Audit Committee report


Paul Dollman

Dear Shareholder

It is my pleasure to present the Audit Committee report for the year ended 30 June 2018.

Committee meetings

The Committee met three times 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 adopted accounting policies and operational practices;
- Reporting to the Board the Company's assessment of any new accounting standards;
- 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 32 to 39;
- 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 2017;
- Reviewed and agreed the external auditors' audit plan in advance of their audit for the year ended 30 June 2018;
- Discussed the report received from the external auditors regarding their audit in respect of the year ended 30 June 2018; which included comments on their findings on internal control and a statement on their independence and objectivity;
- Reviewed the Group's whistle blowing policy, ensuring that it met FCA rules and good standards of corporate governance;
- Reviewed and approved the non-audit assignments undertaken by the external auditors in the year ended 30 June 2018;
- 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 and intangible asset impairment:

The Committee received reports from management on the carrying value of goodwill and intangible assets. 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 CLT was required. The Committee was satisfied that no other impairment of carrying values was required.

ii) Impairment of investment in subsidiary carrying values and recoverability of amounts due from intercompany receivables

In light of the impairment noted above the Committee considered the investment in subsidiary carrying values and recoverability of amounts due from intercompany receivables recognised in the parent company balance sheet and was satisfied that there were no issues arising.

iii) 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.

iv) Acquisition accounting:

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

Audit Committee report continued

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 as well as formalities relating to shareholders and other circulars;
- The external auditors may undertake due diligence reviews for prospective acquisitions given its knowledge of the Group's businesses. 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;
- 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; and
- 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.

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. During this year, £79,000 (2017: £197,000) was paid by the Group to PricewaterhouseCoopers LLP for other assurance services.

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).

PricewaterhouseCoopers LLP have remained in place as auditors for ten years following a tender process in 2009. As part of its review the Committee notes that the Group Audit Partner was rotated in 2014 and the current audit partner's five year term will end in 2018. In accordance with EU audit legislation a tendering process will be organised for the provision of the external statutory audit of the Group for the year ending 30 June 2019. The tendering process is expected to be concluded in December 2018.

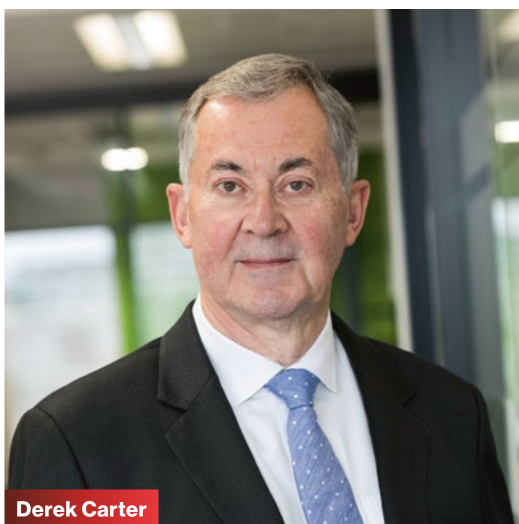
Attendance table

	Committee meetings attended	Committee meetings eligible to attend
Martin Morgan (Non-Executive Chairman)	—	—
Mark Asplin (former Non-Executive Chairman)	3	3
Paul Dollman (Non-Executive)	3	3
Derek Carter (Non-Executive)	3	3
Nathalie Schwarz (Non-Executive)	3	3

Approved on behalf of the Audit Committee by:

Paul Dollman
Chairman of the Audit Committee
11 September 2018

Nomination Committee report


Derek Carter

Dear shareholder

On behalf of the Board it is my pleasure to present the Nomination Committee report for the year ended 30 June 2018.

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 three times during the year to 30 June 2018. The key matters considered at these meetings were:

i) Board composition

Chief Financial Officer

Anthony Foye announced his intention to stand down as Chief Financial Officer in September 2017. Anthony performed an orderly hand over with his successor, Richard Amos, who joined the Board as an Executive Director and Chief Financial Officer Designate on 1 March 2018. Anthony stood down as Chief Financial Officer and as a Director of the Board on 31 March 2018. Richard Amos, succeeded Anthony Foye as Chief Financial Officer on 1 April 2018.

Chairman

Mark Asplin announced his intention to retire as Chairman in September 2017. Having assisted the Nomination Committee with the appointment of his successor and the appointment of the new Chief Financial Officer, Mark retired as Chairman and stood down from the Board on 30 April 2018. Mark was succeeded by Martin Morgan on 1 May 2018.

The Committee used Independent Search Partnership and Inzito Partnership, external search consultancies, in assisting with the search for a successor for the Chief Financial Officer and Chairman respectively.

In addition, 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.

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.

Attendance table

	Committee meetings attended	Committee meetings eligible to attend
Martin Morgan (Non-Executive Chairman)	—	—
Mark Asplin (former Non-Executive Chairman)	3	3
Pedro Ros (Chief Executive Officer)	3	3
Paul Dollman (Non-Executive)	3	3
Derek Carter (Non-Executive)	3	3
Nathalie Schwarz (Non-Executive)	3	3

Approved on behalf of the Nomination Committee by:

Derek Carter
Chairman of the Nomination Committee
11 September 2018

Directors' remuneration report

Nathalie Schwarz

Remuneration Committee Chairman's annual statement

Dear shareholder

On behalf of the Board I am pleased to present the Remuneration report for the period ended 30 June 2018. 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 2018 and how the Directors' Remuneration Policy will be operated for the year commencing 1 July 2018. The Annual Report on Remuneration is subject to an advisory vote at the next Annual General Meeting due to be held on 1 November 2018.

The Directors' Remuneration Policy sets out the forward-looking remuneration policy. The Company's most recent Directors' Remuneration Policy was approved at the 2017 AGM, with over 99% of votes in favour of it, and took effect following the close of that meeting. No changes are proposed to the policy and, accordingly, shareholders will not be asked to vote on the policy at the 2018 Annual General Meeting.

Review of 2018

As described in the Strategic Report section of this Annual Report, Wilmington's revenue has declined by 3% on an organic basis, largely because of a challenging year for the Healthcare division. The implementation of strong cost control across the Group during the year resulted in the annual bonus targets being achieved in part so that Executive Directors would have earned bonuses by reference to the adjusted profit and return on sales ('ROS') (for Annual bonus) targets set. However, taking into account overall performance in the year, the Remuneration Committee exercised its discretion to determine that no bonuses would be paid.

The financial performance in the last three years results in an estimated 60.93% of the 2015 Performance Share Plan ('PSP') vesting, as described below, based on the performance to 30 June 2018. While recognising the challenges in the year to 30 June 2018, the Remuneration Committee considered it appropriate to approve this level of vesting taking into account the performance over the whole three year performance period and recognising that all participants (including Pedro Ros) will be required to retain at least 50% of the shares they acquire (after sales to cover any tax liabilities) until at least the second anniversary of the vesting date, ensuring alignment with shareholders' interests over a longer period.

As outlined in the Nomination Committee Report on page 51 the Board welcomes Richard Amos and Martin Morgan who have joined as Directors during the year as replacements for Anthony Foye and Mark Asplin as Chief Financial Officer and Chairman respectively. The new Directors have been hired on reward packages consistent with those in place previously for Anthony and Mark.

The remuneration arrangements in relation to Anthony and Mark leaving the business were determined in line with the Directors' Remuneration Policy. Details of the remuneration earned by Anthony and Mark prior to their departure is included in the single total figure of remuneration table on page 53. Information in relation to other elements is included on page 58.

Outlook for 2019

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 targets. There are clear financial targets based on the achievement of adjusted profit, return on equity ('ROE') and return on sales. The Committee is satisfied that these are challenging and, for the maximum bonus to be earned, will demonstrate significant improvement in the profit performance of the business. While the Remuneration Committee has discretion to amend the bonus outcome if any formulaic output does not reflect its assessment of overall business performance, a specific profit underpin will also be applied to the bonus for 2019. No amount will be payable in respect of any element of the bonus unless the underpin is achieved, regardless of achievement of any other metric. The bonus underpin is set at a level that takes into account both external guidance and the Company's budget.
- The quantum of PSP awards to be granted in respect of 2018/19 will be confirmed by the Remuneration Committee in advance of the grant date, taking into account the prevailing share price and other relevant factors. The maximum award under permitted under the directors' remuneration policy is 150% of salary, but awards will not be granted above the level of 100% of salary as regards the CEO and 75% of salary as regards the CFO.
- 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 for the awards in respect of 2018/19 will be the same as those for the awards granted in respect of 2017/18.

During 2019 we will also consider our approach to the requirements of the Companies (Miscellaneous Reporting) Regulations, which introduce new requirements relevant to the work of the Remuneration Committee, and to the revised UK Corporate Governance Code.

The Remuneration Committee recognises the benefits of encouraging wider employee share ownership and of incentivising and rewarding employees in shares to provide alignment with shareholders and supports the proposal to seek shareholder approval at the 2018 Annual General Meeting for an all employee share plan, details of which are included in the Notice of Annual General Meeting.

Approved on behalf of the Remuneration Committee by:

Nathalie Schwarz
Chairman of the Remuneration Committee
11 September 2018

Annual report on remuneration

Certain details set out on pages 52 to 65 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 Directors of the highest calibre, without paying more than is necessary.
- A significant proportion of Executive Directors' potential remuneration is structured to link rewards to annual and long-term Group performance targets, which are reviewed annually. Targets are calibrated appropriately 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.

2018	Total salary and fees[(a)] £'000	Taxable benefits[(b)] £'000	Annual bonus[(c)] £'000	PSP[(d)] £'000	Pensions related benefits £'000	Total £'000
Executive Directors						
Pedro Ros	367	35	—	170	37	609
Anthony Foye[1]	203	22	—	65	—	290
Richard Amos[2]	91	10	—	—	—	101
Non-Executive Directors						
Mark Asplin[3]	102	—	—	—	—	102
Derek Carter	48	—	—	—	—	48
Nathalie Schwarz	48	—	—	—	—	48
Paul Dollman	48	—	—	—	—	48
Martin Morgan[4]	21	—	—	—	—	21

2017	Total salary and fees[(a)] £'000	Taxable benefits[(b)] £'000	Annual bonus[(c)] £'000	PSP[(d)] £'000	Pensions related benefits £'000	Total £'000
Executive Directors						
Pedro Ros	360	33	223	162	36	814
Anthony Foye	266	29	152	110	—	557
Non-Executive Directors						
Mark Asplin	113	—	—	—	—	113
Derek Carter	46	—	—	—	—	46
Nathalie Schwarz	46	—	—	—	—	46
Paul Dollman	46	—	—	—	—	46

(a) Total salary and fees – the amount of salary/fees received in the year.

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

(c) 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 54.

(d) 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. A description of performance against the targets which applied for the awards vesting in respect of performance in the financial year is provided on page 56. The PSP awards vesting in respect of the year ended 30 June 2018 will vest on the third anniversary of the date of grant, the estimated value of the vested shares shown above is based on the three month average share price to 30 June 2018 (£2.49). The PSP awards vesting in respect of the year ended 30 June 2017 vested on 19 September 2017 (the third anniversary of the date of grant). The value of the vested shares shown above is based on the share price on 19 September 2017 of £2.18; in the 2017 directors' remuneration report the value included was an estimated value based on the three month average share price to 30 June 2017 (£2.54). In each case, the value includes the value of dividends that would have accrued on vested shares during the performance period which are paid to the participants.

1 Anthony Foye stood down as a Director on 31 March 2018. Details of his pay for loss of office can be found on page 57.

2 Richard Amos joined as a Director on 1 March 2018 and assumed the role of Chief Financial Officer on 1 April 2018 following Anthony Foye's departure.

3 Mark Asplin stood down as a Director on 30 April 2018. Details of his pay for loss of office can be found on page 57.

4 Martin Morgan joined as a Director on 1 May 2018 following Mark's Asplin's departure.

Directors' remuneration report continued

Annual report on remuneration continued

Total salary and fees

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.

For the year ended 30 June 2018 (audited information)

Executive Directors' salaries increased by 2.0% in 2017/18 compared to 2016/17. This increase was in line with the average base salary increases for the wider employee population.

For the year ended 30 June 2019 (unaudited information)

It is intended that the Executive Director salaries will be increased by 2.0% for 2018/19. This increase is in line with base salary increases for the wider employee population.

Annual bonus

For the year ended 30 June 2018 (audited information)

Bonuses were subject to the Company's performance against targets based on linear ranges of adjusted profit (excluding share based payment expense), ROE (for Annual bonus) and ROS, set at the start of the year, as follows:

- 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 intangible assets excluding computer software, provision for the Executive Directors' 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 as described above; and
- The profit element of ROS is based on Adjusted EBITA excluding share based payment expense.

The following provides the adjusted profit, ROE (for Annual Bonus) and ROS target reference points together with the outturns for 2017/18:

	Minimum target set	Maximum target set	Performance outturn	Bonus that would have been earned as a % of base salary
Adjusted profit (for Annual bonus)	£21,660,000	£24,909,000	£23,154,000	27.6%
ROE (for Annual bonus)	25.0%	27.0%	21.7%	0.0%
ROS (for Annual bonus)	17.5%	19.5%	20.6%	20.0%
Total				47.6%

Although bonuses would have been earned based on the achievements against the targets, taking into account overall performance in the year, the Remuneration Committee exercised its discretion to determine that no bonuses would be paid.

For the year ended 30 June 2019 (unaudited remuneration)

The Committee has agreed that the metrics used to determine the annual bonus for 2018/19 remain unchanged and the maximum bonus opportunity will remain at 100% of base salary. The bonus will be subject to stretching targets. As referred to in the Remuneration Committee Chairman's statement on page 52, an additional and specific profit underpin will also apply to the bonus for 2018/19. No amount will be payable in respect of any element of the bonus unless the underpin is achieved, regardless of achievement of any other metric. 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 2018 (audited information)

The PSP awards granted on 16 September 2015 that are due to vest on 16 September 2018 were subject to EPS growth, ROE (for PSP) and relative TSR performance against the FTSE SmallCap index over a three year period to 30 June 2018. 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)[1]	**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 outturn	Shares vested as a % of maximum
EPS growth	3.0% – 9.0%	7.6%	27.60%
ROE (for PSP)	25.0% – 29.0%	30.9%	33.33%
TSR	Median or above	91 out 157[2]	0.00%
Total			60.93%

Pedro Ros will, therefore, be entitled to 60.93% of the shares over which his award was granted. Anthony Foye will be entitled to 60.93% of the shares over which his award was granted, as reduced to reflect his time served during the performance period as set out on page 57. Each participant will be entitled to a payment in respect of dividends that would have accrued on vested shares during the performance period. As noted in the statement from the Chairman of the Remuneration Committee, all participants (including Pedro Ros) will be required to retain at least 50% of the shares they acquire (after sales to cover any tax liabilities) until at least the second anniversary of the vesting date.

Awards granted during the year

In respect of the year ended 30 June 2018 the following PSP awards were granted on 13 September 2017:

Name	Type of award	Number of shares	Face value at grant £	% of award vesting at minimum threshold
Pedro Ros	PSP	171,374	394,057	25.0%

The face value is based on a price of 229.94p, being the average share price from the five business days immediately preceding the award being granted on 13 September 2017. The performance conditions for these awards are the same as the performance conditions detailed in the table above. The number of shares awarded represented 100% of Pedro Ros' salary at the time of the grant. Following the intention of Anthony Foye to step down from his position as Chief Financial Officer, the Committee decided not to award Anthony Foye any share awards in September 2017.

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 post vesting.

1 Three year adjusted EBITA less impairment and adjusting items included in operating expenses divided by the average Equity attributable to the owners of the parent.

2 The performance out-turn for the TSR is based on 'all companies' data.

Directors' remuneration report continued

Annual report on remuneration continued

PSP continued

For the year ended 30 June 2019 (unaudited remuneration)
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 for the awards in respect of 2018/19 will be the same as those for the awards granted in respect of 2017/18.

The quantum of PSP awards to be granted in respect of 2018/19 will be confirmed by the Remuneration Committee in advance of the grant date, taking into account the prevailing share price and other relevant factors. The maximum award permitted under the directors' remuneration policy is 150% of salary, but awards will not be granted above the level of 100% of salary as regards the CEO and 75% of salary as regards the CFO.

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), Executive Directors 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 Executive Directors.

It should be noted that as at 30 June 2018 Pedro Ros held approximately 88.3% of his pre-tax base salary in shares, which have 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 those persons who served as Directors during the year, and of their families, as at the earlier of the date of retirement from the board and 30 June 2018 are as follows:

	Beneficial/ non-beneficial	At 30 June 2017	Movement in year	**At 30 June 2018 (or, if earlier, date of retirement from Board)**	**At 30 June 2018 (or, if earlier, date of retirement from Board) Percentage**
Pedro Ros	Beneficial	40,000	95,000	**135,000**	**0.15%**
Derek Carter	Beneficial	10,000	15,000	**25,000**	**0.03%**
Paul Dollman	Beneficial	10,000	15,000	**25,000**	**0.03%**
Anthony M Foye	Beneficial	766,805	162,885	**929,690**	**1.06%**
Mark Asplin	Beneficial	41,390	30,000	**71,390**	**0.08%**

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

As at 30 June 2018 the Company's share price was 241.00p and its highest and lowest share prices during the year ended 30 June 2018 were 264.00p and 209.25p respectively. Interests are shown as a percentage of shares in issue at 30 June 2018 (or, if earlier, date of retirement from the Board).

Executive Directors' interests under share schemes (audited information)
Awards held under the PSP by each person who served as a Director during the year ended 30 June 2018 are as follows:

	Award date	Number of shares at 1 July 2017	Granted during the year	Lapsed during the year	Exercised during the year	**Number of shares at 30 June 2018 (or, if earlier, date of retirement from the Board)***	**Date which awards vest**
Pedro Ros	19 Sept 2014	79,542	—	(12,618)	(66,924)	**—**	**19 Sept 2017**
Pedro Ros	16 Sept 2015	100,136	—	—	—	**100,136**	**16 Sept 2018**
Pedro Ros	15 Sept 2016	110,355	—	—	—	**110,355**	**15 Sept 2019**
Pedro Ros	13 Sept 2017	—	171,374	—	—	**171,374**	**13 Sept 2020**
Anthony Foye	19 Sept 2014	54,089	—	(8,580)	(45,509)	**—**	**19 Sept 2017**
Anthony Foye	16 Sept 2015	45,395	—	(6,809)	—	**38,586**	**16 Sept 2018**
Anthony Foye	15 Sept 2016	50,028	—	(24,514)	—	**25,514**	**15 Sept 2019**

* Unvested and subject to performance conditions.

Dilution (unaudited information)
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 ten 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 ten year period.

At 30 June 2018, the headroom under the Company's 5.0% and 10.0% limits was 2,862,626 and 3,837,125 shares respectively, out of an issued share capital of 87,414,073 shares.

Pensions related benefits

For the year ended 30 June 2018 (audited information)

The Company made pension contributions totalling £36,725 (2017: £36,005) on behalf of Pedro Ros, reflective of 10% of his annual salary. Richard Amos did not participate in a pension scheme.

For the year ending 30 June 2019 (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 Richard Amos will continue to not participate in a pension scheme.

Payments for loss of office (audited information)

Payments for loss of office made to Anthony Foye and Mark Asplin, who left the Company on 31 March 2018 and 30 April 2018 respectively, were determined in accordance with the shareholder approved directors' remuneration policy. Further information is set out below.

Anthony Foye

Anthony Foye retired from the Board and left the business on 31 March 2018. His remuneration earned to that date is included in the single total figure of remuneration table on page 53. Mr Foye received a payment in lieu of the salary, contractual benefits and salary supplement in lieu of pension contribution that would have been paid for the balance of his notice period; this amounted to £75,000 in total and was paid in monthly instalments to the end of the notice period that would otherwise have applied.

Anthony Foye's outstanding PSP awards were treated in line with the shareholder approved directors' remuneration policy and in recognition of Mr Foye's contribution to the group. In line with the policy and best practice, Mr Foye's outstanding awards will continue and vest subject to satisfaction of the applicable performance conditions and a reduction to reflect the proportion of the vesting period for which Mr Foye was in service, as follows:

Award	Shares subject to award	Performance Period	Vesting date	Shares subject to award following time-based reduction
September 2015	45,395	Three financial years ending 30 June 2018	16 September 2018	38,586*
September 2016	50,028	Three financial years ending 30 June 2019	15 September 2019	25,514

* This award is estimated to vest at 60.93% as referred to on page 55.

Mark Asplin

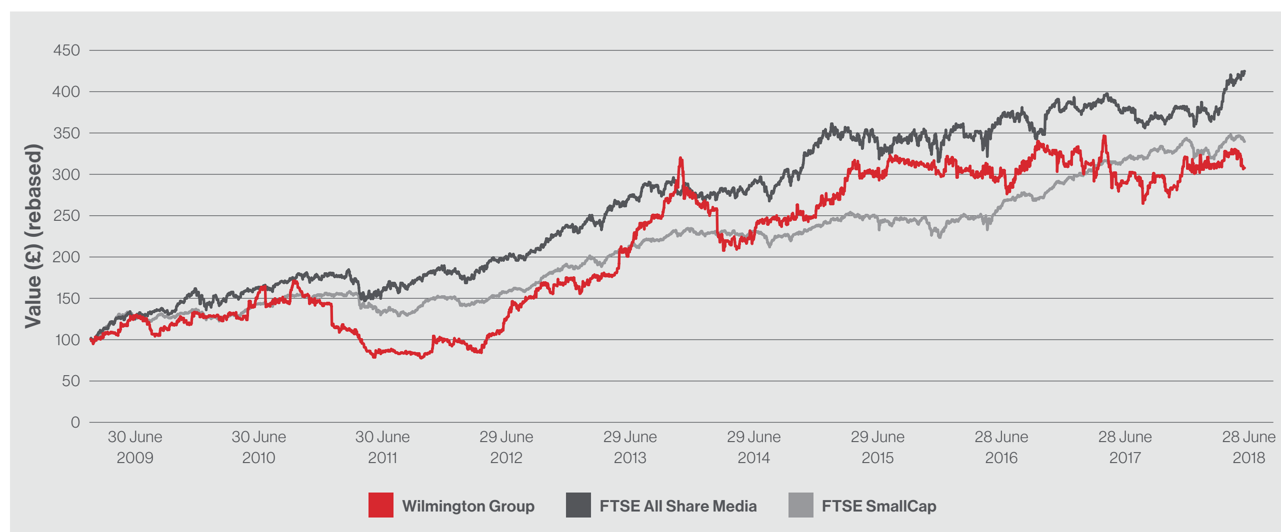
Mark Asplin retired from the Board on 30 April 2018. His remuneration earned to that date is included in the single total figure of remuneration table on page 53. Mr Asplin received a payment in lieu of his fees for the balance of his notice period in the amount of £38,000.

Performance graph and table (unaudited information)

The following graph shows, for the year ended 30 June 2018 and for each of the previous eight years, the total shareholder return (calculated in accordance with the Large and Medium-sized Company and Groups (Accounts and Reports) Regulations 2008, as amended) 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 the Committee believe they contain the most comparable companies against which to appraise the Company's share performance.

Total shareholder return

This graph shows the value, by 30 June 2018, of £100 invested in Wilmington Group on 30 June 2009, compared with the value of £100 invested in the FTSE All Share Media and FTSE SmallCap Indices on a daily basis.



Directors' remuneration report continued

Annual report on remuneration continued

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 %
2017/18 Pedro Ros	609	—	60.93%
2016/17 Pedro Ros	814*	61.7%	84.13%
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%	—

* Restated to reflect the value of the relevant PSP award at the date of vesting as referred to on page 55.

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

The percentage change in salary, taxable benefits and annual bonus between 2016/17 and 2017/18 for the Chief Executive Officer and for all employees in the Group was:

	Salary	Taxable benefits	Annual bonus
Chief Executive Officer	2.0%	6.0%	(100.0%)
Employee population	2.0%	—	(30.9%)

Relative importance of spend on pay (unaudited information)

The difference in actual expenditure between 2016/17 and 2017/18 on remuneration for all employees in comparison to distributions to shareholders by way of dividend are set out in the table below:

	2016/17 £›000	2017/18 £›000	Change %
Expenditure on remuneration for all employees	43,779	44,130	0.80%
Distributions to shareholders by way of a dividend	7,150	7,514	5.09%

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 40 and 41. 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 advisers	2017/18 £›000
Aon Hewitt Limited provided advice to the Committee on performance analysis.	10
Deloitte LLP provided advice to the Committee on executive remuneration, including annual bonus performance measures and the preparation of the Directors' Remuneration Report.	12

Deloitte LLP was appointed by the Committee in 2013; the Group also engages Deloitte LLP to provide tax advisory services and advice in relation to the Company's share plans. Deloitte is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. 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.

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	3	3
Derek Carter	December 2011	3	3
Martin Morgan	May 2018	—	—
Mark Asplin	April 2005	3	3
Paul Dollman	September 2015	3	3

Statement of voting at general meeting (unaudited information)

At the AGM held on 2 November 2017 the Annual Report on Remuneration received the following votes from shareholders:

Annual Report on Remuneration	Total number of votes	% of votes cast
For	69,681,554	99.99%
Against	8,300	0.01%
Total votes cast (for and against)	69,689,854	
Votes withheld	—	
Total votes (including withheld votes)	69,689,854	

At the AGM held on 2 November 2017 the Directors' Remuneration Policy received the following votes from shareholders:

Directors' Remuneration Policy	Total number of votes	% of votes cast
For	69,681,554	99.99%
Against	8,300	0.01%
Total votes cast (for and against)	69,689,854	
Votes withheld	—	
Total votes (including withheld votes)	69,689,854	

At the AGM held on 2 November 2017 the company's Performance Share Plan received the following votes from shareholders:

Performance Share Plan	Total number of votes	% of votes cast
For	69,681,554	99.99%
Against	5,000	0.01%
Total votes cast (for and against)	69,686,554	
Votes withheld	3,300	
Total votes (including withheld votes)	69,689,854	

Directors' remuneration report continued

Annual report on remuneration continued

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
Richard Amos	March 2018	12 months

Non-Executive Directors	Date of initial appointment	Notice period
Martin Morgan	May 2018	6 months
Derek Carter	Dec 2011	3 months
Nathalie Schwarz	Dec 2011	3 months
Paul Dollman	Sept 2015	3 months

Directors' remuneration policy

The table below sets out the Company's Directors' remuneration policy which was approved at the last AGM on 2 November 2017, except that date specific references have been amended and the illustrations of the application of the remuneration policy in 2017/2018 have not been included. No changes have been made to the policy since it was approved. The policy as approved is included in the Company's annual report and accounts for the year ended 30 June 2017 which is available on the Company's website at: https://www.wilmingtonplc.com/investors/reports-and-presentations.

<table>
<tr><th colspan="2">Base salary</th></tr>
<tr><td>Purpose and link to strategy</td><td>Core element of fixed remuneration set at a market competitive level to reflect the individual's role, experience and performance.</td></tr>
<tr><td>Operation</td><td>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.</td></tr>
<tr><td>Opportunity</td><td>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.</td></tr>
<tr><td>Performance metric</td><td>Although base salary is not subject to any formal performance condition, the individual's performance in role and overall Group performance is taken into account in determining any salary increase.</td></tr>
</table>

Pension	
Purpose and link to strategy	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 some or all pension contributions in appropriate circumstances. Executive Directors are entitled to elect to sacrifice part of their salary and bonus into a personal pension scheme.
Opportunity	The Company contributes an amount equal 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.
Performance metric	Not applicable.
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 Directors and his or her family), and health assessment 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 financial and strategic targets aligned with the Group strategy.
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 Committee has discretion to amend the bonus outturn if any formulaic output does not reflect its assessment of overall business performance. Any bonus opportunity may be reduced or cancelled before payment (i.e. a malus provision) in the event of a material misstatement of results, serious reputational damage to the Group or gross misconduct on the part of the Executive Director. 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 which may include one or more of 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.

Directors' remuneration report continued

Directors' remuneration policy continued

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 or nominal 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 period of three financial years. The Committee will determine performance conditions prior to each award, with no provision to re-test. At any time prior to its vesting, an award may be reduced or cancelled in the event of a material misstatement of results, serious reputational damage to the Company or gross misconduct on the part of the Executive Director. 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 accounts following such vesting, there has been a material misstatement of the Company's financial accounts, 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 up to the date of vesting. 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. 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.

Operation of the PSP

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 relevant event. The Committee may operate the PSP (including that it may amend the rules of the PSP and awards granted under the PSP) in accordance with the PSP's 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.

Shareholding guidelines

To further align the interests of Executive Directors with those of shareholders, we have adopted formal shareholding guidelines, in accordance with which Executive Directors must retain 50% of the after tax shares they acquire on the vesting of PSP awards until such time as a total personal shareholding equal to 100% of base salary has been achieved.

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.

Directors’ remuneration report continued

Directors’ remuneration policy continued

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.
- Retirement benefits and other 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 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	Twelve 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-rata 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.

Legacy matters

The Committee reserves the right to make any remuneration payment or payment for loss of office (including exercising discretions in respect of any such payment) notwithstanding that it is not in line with the Policy set out above where the terms of the payment were agreed:

- before the Policy came into effect (provided that in the case of any payments agreed on or after 6 November 2014 they are in line with the Policy approved at the Company's 2014 AGM); or
- at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee the payment was not in consideration of the individual becoming a director of the Company.

For these purposes, 'payment' includes the satisfaction of any award of variable remuneration and in relation to an award over shares the terms of the payment are 'agreed' when the award is granted.

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' remuneration.

Statement of Directors' responsibilities in respect of the financial statements

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

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

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

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

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

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

Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and parent company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed on pages 40 and 41, confirm that, to the best of their knowledge:

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

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

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

Approved on behalf of the Board by:

Richard Amos
Chief Financial Officer
11 September 2018

Independent auditors' report

to the members of Wilmington plc

Report on the audit of the financial statements

Opinion

In our opinion, Wilmington plc's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2018 and of the group's profit and the group's and the parent company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the group and parent company Balance Sheets as at 30 June 2018; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the group and parent company Cash Flow Statements, and the group and parent company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

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

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

Other than those disclosed in note 4 to the financial statements, we have provided no non-audit services to the group or the parent company in the period from 1 July 2017 to 30 June 2018.

Our audit approach – Overview

Materiality

- Overall group materiality: £1.1 million (2017: £1.1 million), based on 5% of Group adjusted profit before tax.
- Overall parent company materiality: £0.9 million (2017: £0.9 million), based on 1% of total gross assets reduced to a level that is below our group materiality.

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 83% of the Group Adjusted Profit before Tax, and 84% of the Group Revenue.

Key audit matters

- Goodwill and intangible assets impairment assessment (Group).
- Revenue recognition (Group).
- Acquisition Accounting for Interactive Medica (Group).
- Impairment of investments in subsidiaries and recoverability of amounts due from subsidiaries (Parent Company).

The scope of our audit

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

We gained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates, and considered the risk of acts by the group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at group and significant component level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the group and parent company financial statements, including, but not limited to, Companies Act 2006, the Listing Rules, Pensions legislation, UK tax legislation. Our tests included, but were not limited to, agreeing the financial statement disclosures to underlying supporting documentation and enquiries of management. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Independent auditors' report continued

to the members of Wilmington plc

Our audit approach – Overview continued

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Goodwill and intangible assets impairment assessment Refer to pages 49 and 50 (Audit Committee Report), page 78 (Critical accounting judgements, estimates and assumptions) and pages 91 to 93 (notes 12 and 13). The Group's goodwill and intangible assets (excluding computer software) had a combined carrying value of £115 million at the beginning of the year. These are allocated across multiple cash-generating units ('CGUs') and are subject to an annual impairment review. Management 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. 'CLT' (a CGU), continued to suffer from the removal of requirement for CPD hours for lawyers in England and Wales which came into full effect in October 2017. In recognition of these challenging market conditions management are changing the focus of the business, reducing CPD related networking events and investing in on-line learning programmes that they believe offer a sustainable growth opportunity. As a result of this decision the future economic benefit in the business will not derive from the historic assets purchased in 1999 which the acquired goodwill was attributable to. On this basis the goodwill relating to 'CLT' has been fully impaired resulting in a £8.6 million non-cash impairment expense included in operating expenses as an adjusting item in the Income Statement. As recorded in the 2015, 2016 and 2017 Annual reports, the 'Compliance Week' CGU continues to remain sensitive to changes in key assumptions. Further, the 'HSJ' CGU that was acquired in January 2017 underwent significant integration activities within the Healthcare division in 2017 and in 2018. These included transitioning of the 'HSJ' operations from the systems and processes of its previous owners onto new Wilmington infrastructure and relocation of the significant numbers of staff to new offices. 'HSJ's value in use remains sensitive to changes in key assumptions. In light of the above we focused on the "CLT', 'Compliance Week' and 'HSJ' CGUs and the judgements applied by Management. We also focused on the related disclosures and checked that appropriate sensitivity analysis arising from reasonably possible changes to the model's key assumptions, was provided in the financial statements to draw attention to the significant areas of judgement.	We evaluated Management's future cash flow projections for all relevant CGUs and the process by which they were drawn up, including comparing them to the latest Board approved budgets and forecasts, and tested the underlying calculations in the model. We found no material misstatements in the model calculations and found the cash-flow projections to be consistent with the approved budgets. For Management's 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 as well as using our own experts. We found Management's assumptions to be in line with our expectations. 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 level of historical budgeting inaccuracies and how the assumptions compared to the actual values achieved in prior years. Having ascertained the extent of change in those assumptions that 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. We determined that the sensitivities highlighted by Management in note 12 regarding the related assumptions in relation to the 'Compliance Week' CGU appropriately draw attention to the significant areas of judgement. As the carrying value of the 'CLT' CGU's goodwill was fully impaired there are no further sensitivities to be disclosed.
Revenue recognition Refer to pages 49 and 50 (Audit Committee Report), pages 78 to 83 (note 1 Statement of accounting policies) and page 85 (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 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 the revenue was recognised in the appropriate period. 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 deferred revenue worksheets and revenue transactions to check that the amount of deferred revenue was accurately calculated and appropriately recognised. This involved agreeing revenue to contractual information 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.

Our audit approach – Overview continued

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Acquisition Accounting for Interactive Medica Refer to pages 49 and 50 (Audit Committee Report) and page 90 (note 11.b). During the year the Group acquired the entire issued share capital of Interactive Medica S.L. ('IM') group of companies for a total consideration of £2.2 million. Deferred consideration of up to £1.4 million is potentially payable in cash subject to the continued employment of a key member of the management team and 'IM' achieving a challenging revenue targets over the two year periods ending 31 December 2018 and 31 December 2019. Accounting for the 'IM' acquisition required Management to separately identify and fair value the acquired assets and liabilities, including intangible assets and goodwill. Management identified £1.5 million of intangible assets in respect of 'IM's databases, customer relationships, brand and computer software. The valuation of intangibles can be a particularly subjective and judgemental process as it requires Management assumptions including acquisition specific risk adjusted discount rates, customer attrition and growth rates as well as notional royalty rates used to value brands. We also focused on the related disclosures made by Management for consistency with applicable accounting standards.	We assessed the completeness and value of intangible assets identified by Management against our own expectations, formed from review of the reports 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 in order 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 compared the ratio of goodwill to other separately identified intangibles arising in the acquisition against information publicly available from transactions in related markets; • we challenged Management on the completeness of separately identified intangibles and whether these existed in other areas of the business not included in the determined fair value; and • we sensitised the key inputs and assumptions used by Management to ascertain the extent of change that would be required for the fair value to be materially misstated. We discussed the results of this analysis with Management and the Audit Committee and ensured appropriate disclosure was included within the annual report which describes the nature of the arising goodwill. With regards to the potential earn-out payments of up to £1.4 million, we have verified that it is deemed to be remuneration rather than consideration and Management have correctly excluded this from the goodwill and intangible assets calculation. Based on the work performed in this area, we have determined that the relevant material intangible assets and goodwill had been identified and valued appropriately.
Impairment of investments in subsidiaries and recoverability of amounts due from subsidiaries Refer to pages 49 and 50 (Audit Committee Report), page 95 (note 16) and page 98 (note 17). The parent company holds investments in a number of UK and overseas subsidiaries with a total carrying amount of £49.4 million at 30 June 2018. Amounts due to the parent company from subsidiaries have a total carrying amount of £91.6 million at 30 June 2018. As at 30 June 2018 the parent company net assets were £86.7 million compared to Group net assets of £42.5 million. In light of this, together with goodwill impairment in the year and a fall in market capitalisation of the Group, we considered whether there was a need for any impairment in the carrying value of investments and/or provision against the amounts due from subsidiaries in the parent company. We focused on this area due to the materiality of both investments in and amounts due from subsidiaries and as management estimates are required in performing their impairment assessments. Management's impairment assessments showed no impairment of the parent company's investment in subsidiaries and supported recoverability in full of amounts due from subsidiaries.	We obtained management's impairment of investments in subsidiaries assessment with supporting computations and: • Verified that inputs to the model were reasonable, including estimates of future profitability and that these were in line with approved budgets. • Checked the mathematical accuracy of the model. From these procedures we concluded the model inputs were reasonable and the calculation methodology was accurate. The inputs which required Management judgement and our procedures to verify these were similar to those described in "Goodwill and intangible assets impairment assessment" Key audit matter above. For the recoverability of amounts due from subsidiaries, we reviewed Management's analysis for reasonableness and completeness. We verified the nature and the repayment terms for each material class of the receivable balances. We verified Management's assumptions regarding the liquidity sources, including future profitability forecasts, available to each subsidiary owing a material balance to the parent company. Based on the work done, we concur with Management's assessment of the recoverability of the amounts due from subsidiaries.

Independent auditors' report continued

to the members of Wilmington plc

Our audit approach – Overview continued

How we tailored the audit scope

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

The Group is structured into three business segments being Risk & Compliance, Professional and Healthcare. The Group financial statements are a consolidation of reporting units that make up the three 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 83% of the Group Adjusted Profit before Tax, and 84% of the 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 in aggregate on the financial statements as a whole.

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

	Group financial statements	Parent company financial statements
Overall materiality	£1.1 million (2017: £1.1 million).	£0.9 million (2017: £0.9 million).
How we determined it	5% of Group adjusted profit before tax.	1% of total gross assets reduced to a level that is below our group materiality.
Rationale for benchmark applied	In arriving at this judgement we have had regard to the adjusted profit before tax, because, in our view, this represents the most appropriate measure of underlying performance.	As the parent company does not have trading activities in our view a Balance Sheet benchmark represents the most appropriate measure.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £0.1 million and £0.9 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £55,000 (Group audit) (2017: £50,000) and £45,000 (Parent company audit) (2017: £45,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

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

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group's and the parent company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

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

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

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

- The directors' confirmation on pages 32 to 39 of the Annual Report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 39 of the Annual Report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

Other Code Provisions

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

- The statement given by the directors, on page 39, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the group's and parent company's position and performance, business model and strategy is materially inconsistent with our knowledge of the group and parent company obtained in the course of performing our audit.
- The section of the Annual Report on pages 49 and 50 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

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

Independent auditors' report continued

to the members of Wilmington plc

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 66, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the members on 30 June 2009 to audit the financial statements for the year ended 30 June 2009 and subsequent financial periods. The period of total uninterrupted engagement is 10 years, covering the years ended 30 June 2009 to 30 June 2018.

David Snell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 September 2018

Consolidated income statement

for the year ended 30 June 2018

	Notes	**Year ended 30 June 2018 £'000**	Year ended 30 June 2017 £'000
Continuing operations			
Revenue	3	**122,092**	120,329
Operating expenses before amortisation of intangibles excluding computer software, impairment of goodwill and intangible assets and adjusting items		**(97,532)**	(96,977)
Amortisation of intangible assets excluding computer software	4b	**(6,432)**	(6,028)
Impairment of goodwill and intangible assets	4b	**(8,561)**	(2,366)
Adjusting items	4b	**(4,573)**	(3,468)
Operating expenses	5	**(117,098)**	(108,839)
Other income – gain on sale of leasehold property	4a	**—**	6,333
Operating profit		**4,994**	17,823
Finance costs	6	**(1,969)**	(1,961)
Profit before tax		**3,025**	15,862
Taxation	7	**(2,763)**	(2,988)
Profit for the year		**262**	12,874
Attributable to:			
Owners of the parent		**215**	12,836
Non-controlling interests	25	**47**	38
		262	12,874
Earnings per share attributable to the owners of the parent:			
Basic (p)	9	**0.25**	14.72
Diluted (p)	9	**0.24**	14.62
Adjusted earnings per share attributable to the owners of the parent:			
Basic (p)	9	**20.49**	19.05
Diluted (p)	9	**20.34**	18.91

The notes on pages 78 to 109 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 30 June 2018

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Profit for the year	**262**	12,874
Other comprehensive income/(expense):		
Items that may be reclassified subsequently to the income statement		
Fair value movements on interest rate swaps, net of tax	**339**	431
Currency translation differences	**(896)**	939
Net investment hedges, net of tax	**177**	(395)
Other comprehensive (expense)/income for the year, net of tax	**(380)**	975
Total comprehensive (expense)/income for the year	**(118)**	13,849
Attributable to:		
– Owners of the parent	**(165)**	13,811
– Non-controlling interests	**47**	38
	(118)	13,849

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 78 to 109 are an integral part of these financial statements.

Balance sheets

as at 30 June 2018

	Notes	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Non-current assets					
Goodwill	12	**77,103**	86,028	**—**	—
Intangible assets	13	**27,305**	31,911	**—**	—
Property, plant and equipment	14	**6,463**	4,444	**—**	—
Investments in subsidiaries	16	**—**	—	**49,420**	49,420
Deferred tax assets	22	**458**	820	**224**	285
Derivative financial instruments	18	**113**	—	**113**	—
		111,442	123,203	**49,757**	49,705
Current assets					
Trade and other receivables	17	**28,233**	28,444	**91,727**	84,863
Cash and cash equivalents		**10,789**	10,687	**265**	70
		39,022	39,131	**91,992**	84,933
Assets held for sale	15	**317**	—	**—**	—
		39,339	39,131	**91,992**	84,933
Total assets		**150,781**	162,334	**141,749**	134,638
Current liabilities					
Trade and other payables	19	**(51,114)**	(52,330)	**(36,860)**	(28,337)
Current tax liabilities		**(722)**	(1,932)	**—**	—
Deferred consideration – cash settled		**(1,320)**	(177)	**—**	—
Borrowings	20	**—**	(925)	**(1,992)**	(4,761)
		(53,156)	(55,364)	**(38,852)**	(33,098)
Non-current liabilities					
Borrowings	20	**(50,380)**	(49,353)	**(15,837)**	(14,572)
Deferred consideration – cash settled		**(1,286)**	(2,305)	**—**	—
Derivative financial instruments	18	**(356)**	(662)	**(356)**	(662)
Deferred tax liabilities	22	**(3,087)**	(4,585)	**—**	—
Provisions for future purchase of non-controlling interests		**—**	(100)	**—**	—
		(55,109)	(57,005)	**(16,193)**	(15,234)
Total liabilities		**(108,265)**	(112,369)	**(55,045)**	(48,332)
Net assets		**42,516**	49,965	**86,704**	86,306
Equity					
Share capital	23	**4,371**	4,362	**4,371**	4,362
Share premium	23	**45,225**	45,225	**45,225**	45,225
Treasury shares	23	**(96)**	(96)	**(96)**	(96)
Share based payments reserve		**1,108**	898	**1,108**	898
Translation reserve		**2,645**	3,541	**—**	—
(Accumulated losses)/retained earnings		**(10,819)**	(4,051)	**36,096**	35,917
Equity attributable to owners of the parent		**42,434**	49,879	**86,704**	86,306
Non-controlling interests	25	**82**	86	**—**	—
Total equity		**42,516**	49,965	**86,704**	86,306

The notes on pages 78 to 109 are an integral part of these consolidated financial statements. The financial statements on pages 73 to 109 were approved and authorised for issue by the Board and signed on their behalf on 11 September 2018.

Richard Amos
Chief Financial Officer

Pedro Ros
Chief Executive Officer

Registered number: 3015847

Statements of changes in equity

for the year ended 30 June 2018

	Share capital, share premium and treasury shares (note 23) £'000	Share based payments reserve £'000	Translation reserve £'000	(Accumulated losses)/retained earnings £'000	Total £'000	Non-controlling interests (note 25) £'000	Total equity £'000
Group							
At 30 June 2016	49,478	886	2,602	(10,116)	42,850	153	43,003
Profit for the year	—	—	—	12,836	12,836	38	12,874
Other comprehensive income for the year	—	—	939	36	975	—	975
	49,478	886	3,541	2,756	56,661	191	56,852
Dividends	—	—	—	(7,150)	(7,150)	(105)	(7,255)
Issue of share capital	13	(466)	—	453	—	—	—
Share based payments	—	478	—	—	478	—	478
Tax on share based payments	—	—	—	(110)	(110)	—	(110)
At 30 June 2017	49,491	898	3,541	(4,051)	49,879	86	49,965
Profit for the year	—	—	—	215	215	47	262
Other comprehensive (expense)/income for the year	—	—	(896)	516	(380)	—	(380)
	49,491	898	2,645	(3,320)	49,714	133	49,847
Dividends	—	—	—	(7,514)	(7,514)	(62)	(7,576)
Issue of share capital	9	(384)	—	375	—	—	—
Share based payments	—	594	—	—	594	—	594
Tax on share based payments	—	—	—	(15)	(15)	—	(15)
Movements in non-controlling interest	—	—	—	(345)	(345)	11	(334)
At 30 June 2018	**49,500**	**1,108**	**2,645**	**(10,819)**	**42,434**	**82**	**42,516**

	Share capital, share premium and treasury shares (note 23) £'000	Share based payments reserve £'000	Retained earnings £'000	Total £'000
Company				
At 30 June 2016	49,478	886	34,235	84,599
Profit for the year	—	—	8,058	8,058
Other comprehensive income for the year	—	—	431	431
	49,478	886	42,724	93,088
Dividends to shareholders	—	—	(7,150)	(7,150)
Issue of share capital	13	(466)	453	—
Share based payments	—	478	—	478
Tax on share based payments	—	—	(110)	(110)
At 30 June 2017	49,491	898	35,917	86,306
Profit for the year	—	—	7,001	7,001
Other comprehensive income for the year	—	—	332	332
	49,491	898	43,250	93,639
Dividends to shareholders	—	—	(7,514)	(7,514)
Issue of share capital	9	(384)	375	—
Share based payments	—	594	—	594
Tax on share based payments	—	—	(15)	(15)
At 30 June 2018	**49,500**	**1,108**	**36,096**	**86,704**

The notes on pages 78 to 109 are an integral part of these consolidated financial statements.

Cash flow statements

for the year ended 30 June 2018

	Notes	Group Year ended 30 June 2018 £'000	Group Year ended 30 June 2017 £'000	Company Year ended 30 June 2018 £'000	Company Year ended 30 June 2017 £'000
Cash flows from operating activities					
Cash generated from/(used in) operations before adjusting items	29	**25,665**	26,653	**15,161**	(2,610)
Cash flows for adjusting items – operating activities		**(2,951)**	(1,510)	**(1,220)**	(1,253)
Cash flows from share based payments		**(50)**	(87)	**(50)**	(87)
Cash generated from/(used in) operations		**22,664**	25,056	**13,891**	(3,950)
Interest paid		**(1,934)**	(1,656)	**(904)**	(914)
Tax paid		**(4,738)**	(3,905)	**(3,333)**	(2,034)
Net cash generated from/(used in) operating activities		**15,992**	19,495	**9,654**	(6,898)
Cash flows from investing activities					
Purchase of businesses net of cash acquired		**(1,595)**	(19,005)	**—**	—
Deferred consideration paid		**(205)**	(1,295)	**—**	—
Purchase of non-controlling interests		**(335)**	—	**—**	—
Cash flows for adjusting items – investing activities		**(1,118)**	(1,327)	**(272)**	(942)
Purchase of property, plant and equipment		**(3,089)**	(1,300)	**—**	—
Cash flows from sale of leasehold property		**—**	7,300	**—**	7,300
Proceeds from disposal of property, plant and equipment		**55**	43	**—**	—
Purchase of intangible assets		**(1,934)**	(1,599)	**—**	—
Net cash (used in)/generated from investing activities		**(8,221)**	(17,183)	**(272)**	6,358
Cash flows from financing activities					
Dividends paid to owners of the parent		**(7,514)**	(7,150)	**(7,514)**	(7,150)
Dividends paid to non-controlling interests		**(62)**	(105)	**—**	—
Share issuance costs		**(8)**	(5)	**(8)**	(5)
Fees relating to new and extended loan facility		**(22)**	(146)	**(22)**	(146)
Decrease in bank loans		**(8,012)**	(25,593)	**(10,000)**	(25,854)
Increase in bank loans		**9,127**	27,702	**11,126**	27,984
Net cash used in financing activities		**(6,491)**	(5,297)	**(6,418)**	(5,171)
Net increase/(decrease) in cash and cash equivalents, net of bank overdrafts		**1,280**	(2,985)	**2,964**	(5,711)
Cash and cash equivalents, net of bank overdrafts at beginning of the year		**9,762**	12,438	**(4,691)**	1,020
Exchange (loss)/gain on cash and cash equivalents		**(9)**	309	**—**	—
Cash and cash equivalents, net of bank overdrafts at end of the year		**11,033**	9,762	**(1,727)**	(4,691)
Reconciliation of net debt					
Cash and cash equivalents at beginning of the year		**10,687**	14,642	**70**	1,603
Bank overdrafts at beginning of the year		**(925)**	(2,204)	**(4,761)**	(583)
Bank loans at beginning of the year	20	**(49,781)**	(47,126)	**(15,000)**	(12,828)
Net debt at beginning of the year		**(40,019)**	(34,688)	**(19,691)**	(11,808)
Net (decrease)/increase in cash and cash equivalents, net of bank overdrafts		**1,271**	(2,676)	**2,964**	(5,711)
Net drawdown in bank loans		**(1,115)**	(2,109)	**(1,126)**	(2,130)
Exchange gains/(loss) on bank loans		**231**	(546)	**4**	(42)
Cash and cash equivalents at end of the year		**10,789**	10,687	**265**	70
Bank overdrafts at end of the year		**—**	(925)	**(1,992)**	(4,761)
Cash classified as held for sale	15	**244**	—	**—**	—
Bank loans at end of the year	20	**(50,665)**	(49,781)	**(16,122)**	(15,000)
Net debt at end of the year		**(39,632)**	(40,019)	**(17,849)**	(19,691)

The notes on pages 78 to 109 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. As of 15 December 2017 the address of its registered office is 10 Whitechapel High Street, London E1 8QS. Prior to this date, the registered office address was 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 issued by the IFRS Interpretations Committee ('IFRS IC') applicable to companies reporting under IFRS, 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 historical 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 (£'000) 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 judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, 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, 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 assesses the fair value of that contingent consideration based on their reasonable expectations of future performance. The sensitivity of the carrying amounts to the judgements, estimates and assumptions will vary depending on the nature and size of the acquisition.

Goodwill and intangible assets

Management makes, estimates and assumptions in measuring the carrying amount of goodwill and intangible assets. In considering whether goodwill and intangible assets have 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.

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 within adjusted items – investing activities.

Where a business combination agreement provides for an adjustment to the cost of a business acquired contingent on future events, the Group accrues the fair value of the additional consideration payable as a liability at acquisition date. This amount is reassessed at each subsequent reporting date with any adjustments recognised in the Income Statement.

1. Statement of accounting policies continued

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.

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, training revenue is recognised over the period in which the training is delivered, 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 dispatched the goods to the customer, the customer has accepted the goods, and collectability of the related receivables is reasonably assured.

h) Operating expenses

In accordance with IAS 1 paragraph 102, expenses are presented in the accounts based on their nature. Operating expenses comprise of cost of sales and administrative costs. Distribution costs are not separately identified due to the digital nature of our products as they are considered immaterial. Costs of sales are all direct costs, including third-party costs and staff costs, associated directly with the production of a product, event or service, and are charged to the Income Statement as incurred. At each reporting date a prepayment is recognised for any third-party costs which are paid for, in advance of the relevant event being run except in relation to marketing costs. Administrative costs are additional operational costs that are not directly associated with the production of a product, event or service. This includes expenses relating central administrative and management functions and are expensed to the Income Statement as incurred.

i) 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.

Notes to the financial statements continued

1. Statement of accounting policies continued

j) Adjusting items

The Group's Income Statement separately identifies adjusting items. Such items are those that in the Directors' judgement 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 focus on quantitative and qualitative factors may result in the classification of an item as adjusting, where one of apparently similar nature is not. The Group distinguishes between restructuring costs that are recurring and those that relate to one off or transformational Group programmes that impact many operations. Recurring restructuring costs that are incurred in the normal course of business are recorded as part of the Group's underlying trading results within profit before tax. Restructuring costs that are one off and individually material or relate to programmes linked to the Group's wider transformation and require approval at executive level are disclosed separately in the Consolidated Income Statement. When these adjusting items relate to a transformational programme to the business, the cost may apply to multiple years.

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.

k) Current and deferred income tax

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

The tax effect of adjusting items is calculated by applying the relevant prevailing rate of taxation to the adjusting expense or income to the extent it is taxable or tax deductible.

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 evaluates 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 substantively 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.

l) 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.

m) Intangible assets

Intangible assets are stated at historical cost less accumulated amortisation.

Intangible assets are recorded at cost and are amortised through the Income Statement on a straight line basis over their estimated useful lives. Their estimated useful lives depend on the classification of the assets as follows:

Computer software	20–33% per annum
Databases	8–20% per annum
Customer relationships	10–33% per annum
Brands	5–20% per annum
Publishing rights and titles	5–10% per annum

Computer software that is integral to a related item of hardware is classified as computer equipment within 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 up to five 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.

1. Statement of accounting policies continued

n) 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 annum
Fixtures and fittings	10–33% per annum
Computer equipment	25–33% per annum
Motor vehicles	25% per annum

Leasehold improvements are included in land, freehold and leasehold buildings.

Gains and losses arising on disposal are determined by comparing the proceeds with the carrying amount and are recognised within the Income Statement. When the gain or loss arising on disposal is significant or material, it is disclosed separately on the Income Statement within other income or expenses.

o) Investments in subsidiaries

Investments in subsidiaries are stated at cost less provision for any impairment in value.

p) 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 twelve months of the reporting 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.

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. A 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 twelve months or less, the trade or other payable is classified as a current liability. It is otherwise classified as a non-current liability.

Notes to the financial statements continued

1. Statement of accounting policies continued

Financial liabilities continued

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 twelve 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 remeasurement 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.

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 remeasurement 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.

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 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.

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:

International Financial Reporting Standards (IFRS/IAS)		Effective for accounting periods starting after
IAS 7	Disclosure Initiative – Amendments to IAS 7	1 January 2017
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12	1 January 2017
IFRS 12	Annual improvements 2014–2016 cycle	1 January 2017

The adoption of these new standards, amendments and interpretations 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 starting 1 July 2017 have no impact on the Group.

w) New standards and interpretations not applied

The International Accounting Standards Board ('IASB') and International Financial Reporting Interpretations Committee ('IFRIC') have issued new standards and interpretations with an effective date after the year starting 1 July 2017.

International Financial Reporting Standards (IFRS/IAS)		Effective for accounting periods starting after
IFRS 2	Classification and Measurement of Share Based Payment Transactions – Amendments to IFRS 2	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IAS 28	Investments in Associates and Joint Ventures	1 January 2019

Management is currently assessing the impact of the above new standards. During the year to 30 June 2019 the Group will put in place necessary processes to capture all of the adjustments and additional disclosures required for those standards taking effect before this date. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

IFRS 9 – Financial Instruments replaces *IAS 39 – Financial Instruments: Recognition and Measurement*. The new standard introduces new requirements for classifying and measuring financial assets and liabilities in the Consolidated and Company Financial Statements. The Group has conducted an assessment of the impact of this standard and concluded there is not expected to be any significant adjustment required on the measurement, presentation or disclosure of financial assets and liabilities in the Consolidated and Company Financial Statements when the standard is adopted.

IFRS 15 – Revenue from Contracts with Customers is a new standard providing a single point of reference for revenue recognition, based on a five-step model framework, which replaces all existing revenue accounting standards, interpretations and guidance. The major change is the requirement to identify and assess the satisfaction of delivery of each performance obligation in contracts in order to recognise revenue. Following an assessment of the financial impact of the changes required from the forthcoming adoption of this new standard, the Group does not expect there to be any material change to the Consolidated Income Statement of the Group. The Consolidated Balance Sheet will be adjusted by the requirement to net-down deferred income against trade receivables for amounts that have been invoiced and where services have not yet been provided and amounts are not yet due. This balance sheet adjustment will not affect the net assets of the Group and will involve the reduction of both the accounts receivable balance and deferred income.

IFRS 16 – Leases replaces *IAS 17 – Leases* and prescribes a single lessee accounting model that requires the recognition of a right of use asset and corresponding liability for all leases with terms over 12 months unless the underlying asset is of low value. The liability is initially measured at the present value of future lease payments for the lease term. Depreciation of right of use assets, and interest on the corresponding lease liabilities are recognised in the income statement over the lease term. In the cash flow statement, the total amount of cash paid is separated into a principal portion (within financing activities) and an interest portion (within operating activities) in the cash flow statement. The Group's most significant leases relate to property. The undiscounted commitments from non-cancellable operating leases accounted for in accordance with *IAS 17* are disclosed in note 26. The Group is in the process of assessing the impact of this standard and will provide details of the expected impact in the results for year ended 30 June 2019.

Notes to the financial statements continued

2. Measures of profit

a) Reconciliation to profit on continuing activities before tax

To provide shareholders with additional understanding of the trading performance of the Group, adjusted EBITA has been calculated as profit before tax after adding back:

- amortisation of intangible assets excluding computer software;
- impairment of goodwill and intangible assets;
- adjusting items (included in operating expenses);
- other income – gain on sale of leasehold property; and
- finance costs.

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

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Profit before tax	**3,025**	15,862
Amortisation of intangible assets excluding computer software	**6,432**	6,028
Impairment of goodwill and intangibles	**8,561**	2,366
Adjusting items (included in operating expenses)	**4,573**	3,468
Other income – gain on sale of leasehold property	**—**	(6,333)
Adjusted profit before tax	**22,591**	21,391
Finance costs	**1,969**	1,961
Adjusted operating profit ('adjusted EBITA')	**24,560**	23,352
Depreciation of property, plant and equipment included in operating expenses	**917**	1,071
Amortisation of intangible assets – computer software	**1,302**	1,165
Adjusted EBITA before depreciation ('adjusted EBITDA')	**26,779**	25,588

b) Reconciliation to adjusted profit before tax

	Adjusted results June 2018 £'000	Adjusting items June 2018 £'000	Statutory results June 2018 £'000	Adjusted results June 2017 £'000	Adjusting items June 2017 £'000	Statutory results June 2017 £'000
Revenue	**122,092**	**—**	**122,092**	120,329	—	120,329
Operating expenses before share based payments, amortisation of intangible assets excluding computer software and impairment	**(96,891)**	**(4,573)**	**(101,464)**	(96,425)	(3,468)	(99,893)
Share based payments	**(641)**	**—**	**(641)**	(552)	—	(552)
Operating expenses before amortisation of intangible assets excluding computer software and impairment	**(97,532)**	**(4,573)**	**(102,105)**	(96,977)	(3,468)	(100,445)
Amortisation of intangible assets excluding computer software	**—**	**(6,432)**	**(6,432)**	—	(6,028)	(6,028)
Impairment of goodwill and intangible assets	**—**	**(8,561)**	**(8,561)**	—	(2,366)	(2,366)
Gain on sale of leasehold property	**—**	**—**	**—**	—	6,333	6,333
Operating profit	**24,560**	**(19,566)**	**4,994**	23,352	(5,529)	17,823
Finance costs	**(1,969)**	**—**	**(1,969)**	(1,961)	—	(1,961)
Profit before tax	**22,591**	**(19,566)**	**3,025**	21,391	(5,529)	15,862

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's organisational structure reflects the main communities to which it provides information, education and networking. The three divisions (Risk & Compliance, Professional and Healthcare) 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.

The reported segmental revenue and contribution in the year ended 30 June 2017 have been restated to reflect a reallocation between the Professional and Healthcare divisions. This reallocation is in respect of events now managed by the Healthcare division that were previously reported in the Professional division.

a) Business segments

	Revenue Year ended 30 June 2018 £'000	**Profit Year ended 30 June 2018 £'000**	Revenue Year ended 30 June 2017 Restated £'000	Profit Year ended 30 June 2017 Restated £'000
Risk & Compliance	**42,860**	**12,899**	42,272	12,265
Healthcare	**44,681**	**9,899**	42,523	9,425
Professional	**34,551**	**6,230**	35,534	6,144
Group total	**122,092**	**29,028**	120,329	27,834
Unallocated central overheads	**—**	**(3,827)**	—	(3,930)
Share based payments	**—**	**(641)**	—	(552)
	122,092	**24,560**	120,329	23,352
Amortisation of intangible assets excluding computer software		**(6,432)**		(6,028)
Impairment of goodwill and intangibles		**(8,561)**		(2,366)
Adjusting items (included in operating expenses)		**(4,573)**		(3,468)
Other income – gain on sale of leasehold property		**—**		6,333
Finance costs		**(1,969)**		(1,961)
Profit before tax		**3,025**		15,862
Taxation		**(2,763)**		(2,988)
Profit for the financial year		**262**		12,874

There are no intra-segmental revenues which are material for disclosure. Unallocated central overheads represent central 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.

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 2018 £'000	Year ended 30 June 2017 £'000
UK	**72,034**	68,588
Europe (excluding the UK)	**20,756**	18,049
North America	**18,314**	22,863
Rest of the World	**10,988**	10,829
Total revenue	**122,092**	120,329

Notes to the financial statements continued

4. Profit from continuing operations

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

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Depreciation of property, plant and equipment – included in operating expenses	**917**	1,071
Amortisation of intangible assets – computer software	**1,302**	1,165
Profit on disposal of property, plant and equipment	**(11)**	(20)
Rentals under operating leases	**2,942**	1,568
Share based payments (including social security costs)	**641**	552
Amortisation of intangible assets excluding computer software	**6,432**	6,028
Impairment of goodwill and intangibles	**8,561**	2,366
Adjusting items (included in operating expenses)	**4,573**	3,468
Gain on sale of leasehold property	**—**	(6,333)
Foreign exchange (gain)/loss (including forward currency contracts)	**(229)**	50
Fees payable to the auditors for the audit of the Company and consolidated financial statements	**117**	110
Fees payable to the auditors and their associates for other services:		
– The audit of the Company's subsidiaries pursuant to legislation	**183**	173
– Audit related and other assurance services	**74**	142
– Tax compliance services	**5**	8
– Other services	**—**	47

b) Adjusting items

The following items have been charged to the Income Statement during the year but are considered to be adjusting so are shown separately:

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Costs relating to successful and aborted acquisitions, disposals and integration	**721**	1,569
Increase in liability for deferred consideration	**330**	54
	1,051	1,623
Adjusting items relating to property portfolio review and IT infrastructure transformation	**3,090**	1,027
Restructuring and rationalisation costs	**432**	818
Other adjusting items (included in operating expenses)	**4,573**	3,468
Amortisation of intangible assets excluding computer software	**6,432**	6,028
Impairment of goodwill and intangible assets (note 12)	**8,561**	2,366
Total adjusting items (classified in profit before tax)	**19,566**	11,862

Successful and aborted acquisitions relate to the acquisition of Interactive Medica and other aborted acquisitions. The increase in the liability for deferred consideration relates to adjustments to deferred consideration in respect of SWAT Group Limited ('SWAT') and Evantage Consulting Limited.

Costs associated with property portfolio review and IT infrastructure transformation relate to a review of the London property portfolio; see note 4c for further details.

Restructuring and rationalisation costs include the remaining implementation costs of Project Sixth Gear and one-off costs associated with the recruitment of new Board members.

Onerous lease and related exit costs relate to the relocation of the Practice Track business from its Bristol office to existing premises occupied by businesses held in the Professional division.

c) Property portfolio review

During the year ended 30 June 2017 Wilmington performed a review of its London property portfolio; on the back of this it sold the leasehold interest in its Underwood Street London premises for a £7.3m cash consideration. This resulted in a gain on sale of £6.3m. At the same time as disposing of its leasehold interest, Wilmington entered into a new ten year market rate lease for London Head Office premises near Aldgate. The Aldgate premises became the address of its registered office on 15 December 2017.

4. Profit from continuing operations continued

c) Property portfolio review continued

The items which have been charged to profit or loss during the year in relation to this review are as follows:

Operating expenses – adjusting items relating to the property portfolio review:

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Rent, rates and legal and professional fees relating to new Aldgate lease	**1,317**	514
Relocation and fit-out costs incurred on occupation of Aldgate premises	**315**	—
Redundancy and implementation costs relating to IT infrastructure transformation	**1,026**	—
Accelerated depreciation of property, plant and equipment on sale of Underwood Street leasehold property	**322**	85
Accelerated depreciation of computer equipment relating to IT infrastructure transformation	**110**	—
Cost to surrender Old Broad Street lease	**—**	231
Onerous lease on property in Kent	**—**	197
Total adjusting items relating to property portfolio review	**3,090**	1,027

Note 26 Commitments includes the minimum lease commitments associated with the London property portfolio review.

5. Operating expenses

	Year ended 30 June 2018			Year ended 30 June 2017		
	Cost of sales £'000	Administration £'000	Total £'000	Cost of sales £'000	Administration £'000	Total £'000
Operating expenses before depreciation, amortisation and impairment	**90,845**	**4,468**	**95,313**	90,906	3,835	94,741
Depreciation of property, plant and equipment	**917**	**—**	**917**	976	95	1,071
Amortisation of intangible assets – computer software	**1,302**	**—**	**1,302**	1,165	—	1,165
Operating expenses before amortisation of intangible assets excluding computer software and impairment	**93,064**	**4,468**	**97,532**	93,047	3,930	96,977
Amortisation of intangible assets – databases	**1,933**	**—**	**1,933**	1,897	—	1,897
Amortisation of intangible assets – customer relationships	**2,038**	**—**	**2,038**	1,947	—	1,947
Amortisation of intangible assets – brands	**1,272**	**—**	**1,272**	893	—	893
Amortisation of intangible assets – publishing rights and titles	**1,189**	**—**	**1,189**	1,291	—	1,291
Goodwill and intangibles impairment charge (note 12)	**—**	**8,561**	**8,561**	830	1,536	2,366
Other adjusting items (note 4)	**—**	**4,573**	**4,573**	—	3,468	3,468
Operating expenses	**99,496**	**17,602**	**117,098**	99,905	8,934	108,839

6. Finance costs

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Finance costs comprise:		
Interest payable on bank loans and overdrafts	**1,804**	1,814
Amortisation of capitalised loan arrangement fees	**165**	147
	1,969	1,961

Notes to the financial statements continued

7. Taxation

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Current tax:		
UK corporation tax at current rates on UK profits for the year	**2,351**	3,225
Adjustments in respect of previous years	**63**	103
	2,414	3,328
Foreign tax	**1,114**	1,067
Adjustment in respect of previous years	**(41)**	(43)
Total current tax	**3,487**	4,352
Deferred tax credit	**(765)**	(1,247)
Effect on deferred tax of change in corporation tax rate	**41**	(117)
Total deferred tax	**(724)**	(1,364)
Taxation	**2,763**	2,988

Factors affecting the tax charge for the year:

The effective tax rate is higher (2017: lower) than the average rate of corporation tax in the UK of 19.00% (2017: 19.75%). The differences are explained below:

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Profit before tax	**3,025**	15,862
Profit before tax multiplied by the average rate of corporation tax in the year of 19.00% (2017: 19.75%)	**575**	3,133
Tax effects of:		
Impairment of goodwill not deductible for tax purposes	**1,627**	303
Foreign tax rate differences	**384**	312
Adjustment in respect of previous years	**22**	59
Reduced effective rate on gain on sale of leasehold property	**—**	(817)
Other items not subject to tax	**114**	115
Effect on deferred tax of change of corporation tax rate	**41**	(117)
Taxation	**2,763**	2,988

On 26 October 2015, the UK corporation tax rate was reduced from 20% to 19% from 1 April 2017 and a further change was announced on 23 November 2016 to reduce the rate from 19% to 17% from 1 April 2020. On 1 January 2018 the US corporate tax rate was reduced from 35% to 21%. These changes have been substantively enacted at the Balance Sheet date and are reflected in the 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 2018 have been calculated using the above rates giving rise to a reduction in the net deferred tax liability of £41,000 (2017: £117,000).

The Company's profits for this accounting year are taxed at an effective rate of 23.8% (2017: 16.4%).

Included in other comprehensive income are a tax credit of £80,000 (2017: charge £106,000) and a tax charge of £42,000 (2017: credit £97,000) relating to the interest rate swaps and net investment hedges respectively.

The tax effect of adjusting items as disclosed in note 9 is a credit of £1,876,000 (2017: £1,757,000).

8. Dividends

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

	Year ended 30 June 2018 pence per share	Year ended 30 June 2017 pence per share	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Final dividends recognised as distributions in the year	**4.6**	4.3	**4,019**	3,749
Interim dividends recognised as distributions in the year	**4.0**	3.9	**3,495**	3,401
Total dividends paid			**7,514**	7,150
Final dividend proposed	**4.8**	4.6	**4,194**	4,011

9. Earnings per share

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

- amortisation of intangible assets excluding computer software;
- impairment of goodwill and intangible assets;
- adjusting items (included in operating expenses); and
- other income – gain on sale of leasehold property.

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

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Earnings from continuing operations for the purpose of basic earnings per share	**215**	12,836
Add/(remove):		
Amortisation of intangible assets excluding computer software	**6,432**	6,028
Impairment of goodwill and intangibles	**8,561**	2,366
Adjusting items (included in operating expenses)	**4,573**	3,468
Other income – gain on sale of leasehold property	**—**	(6,333)
Tax effect of adjustments above	**(1,876)**	(1,757)
Adjusted earnings for the purposes of adjusted earnings per share	**17,905**	16,608

	Number	Number
Weighted average number of ordinary shares for the purposes of basic and adjusted earnings per share	**87,379,469**	87,193,340
Effect of dilutive potential ordinary shares:		
Future exercise of share awards and options	**645,240**	611,052
Weighted average number of ordinary shares for the purposes of diluted and adjusted diluted earnings per share	**88,024,709**	87,804,393
Basic earnings per share	**0.25p**	14.72p
Diluted earnings per share	**0.24p**	14.62p
Adjusted basic earnings per share ('Adjusted Earnings Per Share')	**20.49p**	19.05p
Adjusted diluted earnings per share	**20.34p**	18.91p

10. Results of Wilmington plc

Wilmington plc, the parent company, recorded a profit of £7,001,000 (2017: £8,058,000) during the year.

Notes to the financial statements continued

11. Acquisitions and disposals

The below acquisitions have been financed out of the £75.0m multi-currency revolving credit facility.

a) Non-controlling interest acquired – July 2017

In July 2017 the Group purchased the remaining 20% shareholding in Central Law Training (Scotland) Limited for £335,000 making it a wholly owned subsidiary.

b) Acquisition – Interactive Medica S.L. group of companies – 12 February 2018

On 12 February 2018 Wilmington Insight Limited, 'the buyer', acquired the entire issued share capital of Interactive Medica S.L. group of companies ('IM'), a pan-European provider of cloud based software solutions to life sciences companies, designed to support their commercial effectiveness specifically in key account management ('KAM'), multichannel marketing ('MCM') and analytics. Interactive Medica was acquired for an initial consideration of €2,822,986 (£2,486,387) with a subsequent adjustment for working capital of €282,082 (£248,448) payable to Wilmington Insight Limited.

Deferred consideration of up to €1,600,000 is potentially payable in cash subject to the continued employment of a key member of the management team and IM achieving a challenging revenue target over the two year period ended 31 December 2018 and 31 December 2019.

Acquisition related costs of £497,302 have been expensed as an adjusting item in the Income Statement (see note 4b).

IM is a complementary addition to the Wilmington Healthcare offering, providing robust technology that will strengthen their existing solutions and giving greater competitive advantage through a single platform with enhanced data and insights.

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 consideration	2,486
Final working capital adjustment	(248)
Total consideration	**2,238**

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

	£'000
Intangible assets – customer relationships – subscribers	514
Intangible assets – databases	611
Intangible assets – brand	348
Intangible assets – computer software	55
Total intangible assets (see note 13)	**1,528**
Property, plant and equipment	12
Current tax asset	11
Trade and other receivables (net of allowances)	164
Cash and cash equivalents	643
Trade and other payables	(281)
Subscriptions and deferred revenue	(168)
Deferred tax liabilities	(259)
Net identifiable assets acquired	**1,650**
Goodwill (see note 12)	588
Net assets acquired	**2,238**

The goodwill is attributable to the expected cost and revenue synergies that will be achieved by integrating the bespoke IM software, established client base, and the solid client relationships held by the experienced and stable workforce. These synergies will enable the Wilmington Healthcare businesses to enhance their existing product offerings in the UK as well as increase its ability to access other European markets.

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

Intangible assets – customer relationships – subscribers	6 years
Intangible assets – databases	5 years
Intangible assets – brand	5 years
Intangible assets – computer software	3 years

The acquired business contributed revenues of £554,863 and a loss of £46,409 to the Group for the period from the date of acquisition to 30 June 2018; this equates to a four and a half months' revenue and contribution.

12. Goodwill

	£'000
Cost	
At 1 July 2016	93,387
Additions	14,931
Reallocation	1,281
Exchange translation differences	589
At 30 June 2017	110,188
Additions	588
Fair value adjustment	(762)
Exchange translation differences	(190)
At 30 June 2018	**109,824**
Accumulated impairment	
At 30 June 2016	22,624
Impairment	1,536
At 30 June 2017	24,160
Impairment	8,561
At 30 June 2018	**32,721**
Net book amount	
At 30 June 2018	**77,103**
At 30 June 2017	86,028
At 30 June 2016	70,763

The fair value adjustment relates to a change in the provisional value of the deferred tax liability arising on the acquisition of Health Services Journal in the year ended 30 June 2017.

Goodwill arising on business combinations is not amortised but reviewed for impairment on an annual basis, or more frequently if there are indications that goodwill may be impaired. Impairment reviews were performed by comparing the carrying value of goodwill with the recoverable amount of the cash generating units ('CGU') to which goodwill has been allocated. Recoverable amounts for cash generating units are the higher of fair value less costs of disposal, and value in use.

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% (2017: 12.3%) across all CGUs in the UK except for the CLT CGU which had a pre-tax discount rate of 13.3% (2017: 13.3%) to reflect the greater market challenges and risks. A pre-tax discount rate of 13.5% (2016: 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, 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% (2016: 2.0%).

Management's impairment calculations based upon the above assumptions show ample headroom with the exception of CLT, Compliance Week and HSJ.

CGU	**30 June 2018 £'000**	30 June 2017 £'000
HSJ	**12,105**	12,867
Axco and Pendragon	**11,150**	11,150
CLT	**—**	8,563
ICT	**7,972**	7,972
Others	**45,876**	45,476
	77,103	86,028

Notes to the financial statements continued

12. Goodwill continued

Impairment of CLT

CLT continues to be impacted by the removal of requirement for CPD hours for lawyers in England and Wales which came into full effect in October 2017. In recognition of these market conditions we are changing the focus of the business, reducing CPD related networking events and investing in online learning programmes that we believe offer a sustainable growth opportunity. Recognising these changes, which have occurred during the year, it was concluded that the future economic benefit in the business and hence the value that we still believe exists in CLT do not derive from the historical assets purchased in 1999 which the acquired goodwill was attributable to. On this basis the goodwill relating to CLT has been fully impaired resulting in a £8.6m non-cash impairment expense included in operating expenses as an adjusting item in the Income Statement.

Compliance Week

For Compliance Week, the value in use exceeds the carrying value by 17% (2017: 27%). The reduction in headroom is largely as a result of changes in the assumptions of ongoing investment requirements in the business. The impairment review of Compliance Week is sensitive to a reasonably possible change in the key assumptions used, most notably the projected cash flows 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 17.0% in each of the next three years; or
- an increase in the pre-tax discount from 13.5% to 15.5%.

HSJ

Given the lower than expected performance of HSJ in the year, consideration was given as to whether this was an indication of a permanent diminution in value. This was despite the value in use calculation exceeding the carrying value by 50%. Having reviewed the matter, management has concluded that there is no indication of permanent diminution as there is acceptable headroom and the lower than expected performance was driven by specific in-year circumstances that are temporary and expected to reverse. As such it has concluded that no impairment is required at this time.

Significant restructuring and integration has already been undertaken in the year to bring the UK healthcare assets, including HSJ, into a single UK Healthcare business. As these integration activities are expected to complete in early FY19 we will be unable to identify the cash flows generated by HSJ independently from the other UK Healthcare businesses. On this basis going forward HSJ will be included in a single UK Healthcare CGU.

Management performed sensitivities and there were no reasonable possible changes in assumptions that could lead to an impairment.

13. Intangible assets

Group	Computer software £'000	Databases £'000	Customer relationships £'000	Brands £'000	Publishing rights and titles £'000	Total £'000
Cost						
At 1 July 2016	8,202	16,116	18,023	10,715	29,919	82,975
Additions	1,599	—	—	—	—	1,599
Acquisitions	128	—	5,839	4,240	—	10,207
Reallocation	—	—	391	(1,672)	—	(1,281)
Disposals	(15)	—	—	—	—	(15)
Exchange translation differences	32	27	102	58	370	589
At 30 June 2017	9,946	16,143	24,355	13,341	30,289	94,074
Additions	1,934	—	—	—	—	1,934
Acquisitions	583	611	514	348	—	2,056
Disposals	(2,161)	—	—	—	—	(2,161)
Reclassification to held for sale	(111)	—	—	—	—	(111)
Exchange translation differences	2	(13)	(67)	(56)	—	(134)
At 30 June 2018	**10,193**	**16,741**	**24,802**	**13,633**	**30,289**	**95,658**
Accumulated amortisation						
At 1 July 2016	5,636	8,197	12,935	3,142	24,027	53,937
Charge for the year	1,165	1,897	1,947	893	1,291	7,193
Acquisitions	115	—	—	—	—	115
Impairment	86	—	—	—	744	830
Disposals	(14)	—	—	—	—	(14)
Exchange translation differences	16	16	105	153	(188)	102
At 30 June 2017	7,004	10,110	14,987	4,188	25,874	62,163
Charge for the year	1,302	1,933	2,038	1,272	1,189	7,734
Acquisitions	528	—	—	—	—	528
Disposals	(2,161)	—	—	—	—	(2,161)
Reclassification to held for sale	(53)	—	—	—	—	(53)
Exchange translation differences	22	5	71	36	8	142
At 30 June 2018	**6,642**	**12,048**	**17,096**	**5,496**	**27,071**	**68,353**
Net book amount						
At 30 June 2018	**3,551**	**4,693**	**7,706**	**8,137**	**3,218**	**27,305**
At 30 June 2017	2,942	6,033	9,368	9,153	4,415	31,911
At 30 June 2016	2,566	7,919	5,088	7,573	5,892	29,038

Included within computer software are assets under construction that have not yet been amortised with a net book amount of £223,000 (2017: £142,000).

Notes to the financial statements continued

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 2016	5,950	4,117	4,032	487	14,586
Additions	—	775	416	109	1,300
Acquisitions	—	341	340	87	768
Disposals	(2,789)	(10)	(520)	(149)	(3,468)
Exchange translation differences	—	16	24	—	40
At 30 June 2017	3,161	5,239	4,292	534	13,226
Additions	2,122	436	787	68	3,413
Acquisitions	—	119	123	—	242
Disposals	—	(1,760)	(1,289)	(142)	(3,191)
Reclassification to held for sale	—	—	(11)	—	(11)
Exchange translation differences	—	(1)	(2)	—	(3)
At 30 June 2018	**5,283**	**4,033**	**3,900**	**460**	**13,676**
Accumulated depreciation					
At 1 July 2016	2,879	3,187	3,675	217	9,958
Charge for the year	151	540	275	105	1,071
Disposals	(2,210)	(10)	(520)	(126)	(2,866)
Acquisitions	—	227	315	43	585
Exchange translation differences	—	12	22	—	34
At 30 June 2017	820	3,956	3,767	239	8,782
Charge for the year	142	649	468	90	1,349
Acquisitions	—	116	114	—	230
Disposals	(3)	(1,760)	(1,289)	(95)	(3,147)
Reclassification to held for sale	—	—	(2)	—	(2)
Exchange translation differences	—	—	1	—	1
At 30 June 2018	**959**	**2,961**	**3,059**	**234**	**7,213**
Net book amount					
At 30 June 2018	**4,324**	**1,072**	**841**	**226**	**6,463**
At 30 June 2017	2,341	1,283	525	295	4,444
At 30 June 2016	3,071	930	357	270	4,628

Included in land, freehold and leasehold buildings is £970,000 (2017: £970,000) of non-depreciated land.

Included within additions to property, plant and equipment is £2,371,000 of leasehold improvements, furniture and computer equipment relating to the London Head Office move to premises near Aldgate. Also included in additions to land, freehold and leasehold buildings is £324,000 relating to a provision for asset retirement costs in relation to the leasehold improvements on the London Head Office premises.

Depreciation of property, plant and equipment includes £432,000 of accelerated depreciation on assets disposed of on the exit of the Underwood Street leasehold property in December 2017 and in relation to the IT infrastructure outsourcing. The decision to exit the leasehold property triggered a review, and subsequent reduction, of the useful economic lives of assets held at the property. On disposal, the net book value of these assets was £nil, and the portion of depreciation arising on the reduction in useful economic lives of these assets is shown within other adjusting items (included in operating expenses) within the Income Statement. The remaining £917,000 depreciation is included in operating expenses within the Income Statement.

14. Property, plant and equipment continued

Company	Leasehold buildings £'000
Cost	
At 30 June 2016	2,789
Disposals	(2,789)
At 30 June 2017 and 30 June 2018	**—**
Accumulated depreciation	
At 30 June 2016	2,115
Charge for the year	95
Disposals	(2,210)
At 30 June 2017 and 30 June 2018	**—**
Net book amount	
At 30 June 2017 and 30 June 2018	**—**
At 30 June 2016	674

15. Assets held for sale

	30 June 2018 £'000	30 June 2017 £'000
Intangible assets – computer software	**58**	—
Property, plant and equipment	**9**	—
Prepayments and accrued income	**6**	—
Cash and cash equivalents	**244**	—
Total assets held for sale	**317**	—

Assets presented as held for sale relate to International Company Profile, the credit reporting business held within the Risk & Compliance division. On 18 July 2018 Wilmington Publishing and Information Limited (a wholly owned subsidiary of Wilmington plc) sold the trade and assets of International Company Profile, including its 100% shareholding in International Company Profile FZ LLC, the statutory entity incorporated in Dubai, to its management team. The £3.0m consideration in respect of the sale will be paid in instalments over the next five years.

16. Investments in subsidiaries

Company	Shares in subsidiary undertakings £'000
Cost less provision at 1 July 2017 and 30 June 2018	**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 2018. 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. Subsidiaries marked + have claimed audit exemptions for the year to 30 June 2018 under Section 479A of the Companies Act 2006.

Name of company	UK company number	Registered address	Business	Percentage owned
Adkins, Matchett & Toy (Hong Kong) Limited (incorporated and operates in Hong Kong)	n/a	HAL	Provision of professional training	100
Adkins & Matchett (UK) Limited+	3402949	WCH	Provision of professional training	100
Adkins, Matchett & Toy Limited (incorporated and operates in the US)	n/a	WES	Provision of professional training	100
APM International SAS (incorporated and operates in France)	n/a	AVE	News information services to the healthcare industry	100
APM Media SARL (incorporated and operates in France)	n/a	AVE	News information services to the healthcare industry	100
Applied Research & Knowledge ('ARK') PTE Limited (incorporated and operates in Singapore)	n/a	ROB	Dormant	100
Ark Conferences Limited+	2931372	WCH	Provision of information and events for professional practice management	100

Notes to the financial statements continued

16. Investments in subsidiaries continued

Name of company	UK company number	Registered address	Business	Percentage owned
Ark Group Inc. (incorporated and operates in the US)	n/a	WNA	Provision of information and events for professional practice management	100
Ark Group Limited+	3023875	WCH	Holding company	100
Ark Publishing Limited	3795674	WCH	Dormant	100
Axco Insurance Information Services Limited+	3073807	WCH	Provision of international compliance and regulatory information for the global insurance industry	100
Bond Solon Training Limited+	2271977	WCH	Witness training and conferences	100
Central Law Management Limited	2437276	WCH	Dormant	100
Central Law Training Limited+	2158821	WCH	Professional education, post-qualification training and legal conferences	100
Central Law Training (Scotland) Limited+	SC187504	TON	Professional education, post-qualification training and legal conferences	100
CLT International Limited+	6309789	WCH	Certified professional training	100
Evantage Consulting Limited	4297858	WCH	Consultancy to the pharmaceutical industry	100
HCP Consulting Limited	04160769	WCH	Dormant	100
ICA Audit Limited+	04519229	WCH	Facilitation of ISO certification for businesses	100
Interactive Medica AB	n/a	GRV	Pan-European provider of cloud based insight, CRM and KAM offerings to the pharmaceutical industry	100
Interactive Medica Limited	05947851	WCH	Pan-European provider of cloud based insight, CRM and KAM offerings to the pharmaceutical industry	100
Interactive Medica SL	n/a	ALC	Pan-European provider of cloud based insight, CRM and KAM offerings to the pharmaceutical industry	100
International Company Profile FZ LLC (Middle East) (incorporated and operates in Dubai)	n/a	ATT	Provision of financial information	100
International Compliance Association**+	4429302	WCH	Professional association; a not-for-profit organisation	100
International Compliance Training (Middle East) LLC (incorporated and operates in UAE)	n/a	IND	Training courses in international compliance and money laundering	100
International Compliance Training Academy PTE Limited (incorporated and operates in Singapore)	n/a	ROB	Training courses in international compliance and money laundering	100
International Compliance Training Limited+	4363296	WCH	Training courses in international compliance and money laundering	100
JMH Publishing Limited+	4097904	WCH	Provider of specialist and accredited online education for the healthcare industry	100
La Touche Bond Solon Training Limited (incorporated and operates in Ireland)	n/a	CAP	Witness and post-qualification legal training	100
Mercia Group Limited+	1464141	WCH	Training and support services to the accountancy profession	100
Mercia Ireland Limited (incorporated and operates in Ireland)	n/a	CAP	Training and support services to the accountancy profession	100
Mercia NI Limited+	NI038498	CLO	Training and support services to the accountancy profession	100
NHIS Limited*+	5997573	WCH	Provision of business intelligence, data analysis, workflow tools and other services to the healthcare industry	100
Pendragon Professional Information Limited	3612096	WCH	Dormant	100
Practice Track Limited+	2290840	WCH	Marketing support services for the accountancy profession	100
Quorum Courses Limited	2623737	WCH	Dormant	100

16. Investments in subsidiaries continued

Name of company	UK company number	Registered address	Business	Percentage owned
Quorum International Limited	4110814	WCH	Dormant	100
Quorum Training Limited	2096887	WCH	Dormant	100
Smee and Ford Limited+	1964639	WCH	Provision of legacy information	100
SWAT Group Limited	9572812	WCH	Holding company	100
SWAT Holdings Limited+	6276353	WCH	Holding company	100
SWAT UK Limited	3041771	WCH	Training and support services to the accountancy profession	100
The Matchett Group Limited+	1221570	WCH	Holding company	100
Waterlow Information Services Limited	2779805	WCH	Dormant	100
WCLTS**	SC263368	WCH	Professional association; a not-for-profit organisation	100
Wilmington Compliance Week Inc. (incorporated and operates in the US)	n/a	ORA	Provision of international compliance and regulatory information in the US	100
Wilmington Finance Limited+	4461497	WCH	Holding company	100
Wilmington FRA Inc. (incorporated and operates in the US)	n/a	ORA	Conference and networking provider of specialist events in healthcare and finance	100
Wilmington Group Limited	2942046	WCH	Dormant	100
Wilmington Healthcare Limited+	2530185	WCH	Provision of reference information to the healthcare industry	100
Wilmington Holdings No 1 Limited*	8313253	WCH	Holding company	100
Wilmington Holdings US Inc. (incorporated and operates in the US)	n/a	ORA	Holding company	100
Wilmington Inese SL (incorporated and operates in Spain)	n/a	AGP	Provision of Spanish language subscription based publications	100
Wilmington Insight Limited+	2691102	WCH	Holding company	100
Wilmington Legal Limited+	2522603	WCH	Holding company	100
Wilmington Millennium Limited+	8069752	WCH	Provision of legacy information	91.25
Wilmington plc Employee Share Ownership Trust	n/a	WCH	Trust	n/a
Wilmington Publishing & Information Limited	3368442	WCH	Provision of information and events for professional markets	100
Wilmington Risk & Compliance Limited	2787083	WCH	Dormant	100
Wilmington Shared Services Limited	8314442	WCH	Provision of shared services	100

Wilmington Publishing & Information Limited owns 91.25% of Wilmington Millennium Limited. In July 2017 the Group purchased the remaining 20% shareholding in Central Law Training (Scotland) Limited for £335,000, making it a wholly owned subsidiary. The Wilmington plc Employee Share Option Trust is controlled by Wilmington plc.

The registered company addresses for each subsidiary undertaking are abbreviated as shown below.

Registered address	Abbreviation
10 Whitechapel High Street, London E1 8QS	WCH
Tontine House, 8 Gordon Street, Glasgow, Scotland G1 3PL	TON
1209 Orange Street, Delaware 19801	ORA
Haleson Building, 1 Jubilee Street, Central Hong Kong	HAL
33 Avenue de la republique, 75011 Paris	AVE
146 Robinson Road, #08-01, Singapore 068909	ROB
Al Thuraya Tower 2, Shekh Zayed Road, Dubai	ATT
Indigo Tower, Jumeirah Lakes Towers, PO Box 75873, Dubai	IND
The Capel Building, Mary's Abbey, Dublin 7, Ireland	CAP
Cloughoge Business Park, Newry, Countydown, Northern Ireland	CLO
147 West 35th Street, Suite 1802, New York	WES
333 West North Avenue, Suite 373, Chicago	WNA
Avda.del General Peron, 27 – 10 Plta, Madrid	AGP
Calle Alcalá 87, 3º Izda, Madrid, 28009	ALC
Grev Magnigatan 5, 11455 Stockholm	GRV

Notes to the financial statements continued

17. Trade and other receivables

	Group		Company	
	30 June 2018 £'000	30 June 2017 £'000	**30 June 2018 £'000**	30 June 2017 £'000
Current				
Trade receivables	**22,869**	23,207	**—**	—
Prepayments and other receivables	**5,364**	5,237	**149**	49
Amounts due from subsidiaries	**—**	—	**91,578**	84,814
	28,233	28,444	**91,727**	84,863

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

18. Derivative financial investments

	Group and Company	
	30 June 2018 £'000	30 June 2017 £'000
Non-current assets		
Interest rate swaps – maturing in November 2020	**113**	—
Non-current liabilities		
Interest rate swaps – maturing in November 2020	**(356)**	(662)

Details of these derivative financial assets and liabilities are set out in note 21.

19. Trade and other payables

	Group		Company	
	30 June 2018 £'000	30 June 2017 £'000	**30 June 2018 £'000**	30 June 2017 £'000
Trade and other payables	**26,368**	25,357	**716**	2,395
Subscriptions and deferred revenue	**24,746**	26,973	**—**	—
Amounts due to subsidiaries	**—**	—	**36,144**	25,942
	51,114	52,330	**36,860**	28,337

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

20. Borrowings

	Group		Company	
	30 June 2018 £'000	30 June 2017 £'000	**30 June 2018 £'000**	30 June 2017 £'000
Current liability				
Bank overdrafts	**—**	925	**1,992**	4,761
	—	925	**1,992**	4,761
Non-current liability				
Bank loans	**50,665**	49,781	**16,122**	15,000
Capitalised loan arrangement fees	**(285)**	(428)	**(285)**	(428)
Bank loans net of loan arrangement fees	**50,380**	49,353	**15,837**	14,572

At 30 June 2018 the Group was in a net credit position in respect of its bank overdrafts. This position comprised of the net of gross overdraft balances of £9.0m (2017: £13.2m) and cash positions of £10.1m (2017: £12.3m) held at Barclays Bank PLC in certain UK companies included in the offsetting agreement.

The £143,000 decrease in capitalised loan arrangement fees reflects an amortisation charge of £165,000 (2017: £147,000) and additions of £22,000 (2017: nil).

21. 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 £51m (2017: £50m) amount drawn down on the revolving credit facility at a rate of between 1.50 and 2.25% 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% (2017: 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 (2017: £21m) portion of the loan facility via an interest rate swap, as follows:

- 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%; and
- 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 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 remeasured 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 2018, 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	(315)	—
Interest rate swap	—	207
	(315)	207

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 linked 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 $19.2m (2017: $18.2m) and €2.3m (2017: nil) has been designated as a net investment hedge relating to the Group's interest in Compliance Week, FRA and Interactive Medica.

Notes to the financial statements continued

21. Financial instruments and risk management continued

Foreign currency risk continued

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 3 July 2017, the Group sold €1.0m to 15 November 2017 at a rate of 1.1379
- On 3 July 2017, the Group sold €1.5m to 15 January 2018 at a rate of 1.1360
- On 3 July 2017, the Group sold €2.5m to 16 April 2018 at a rate of 1.1333
- On 3 July 2017, the Group sold $3.0m to 16 October 2017 at a rate of 1.3027
- On 3 July 2017, the Group sold $3.0m to 15 March 2018 at a rate of 1.3085
- On 3 July 2017, the Group sold $4.0m to 16 April 2018 at a rate of 1.3100

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 2018, 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	(224)	274	—	—
Trade receivables (including the effect of forward currency contracts)	(38)	46	—	—
Currency translation differences	—	—	(213)	260
Net investment hedges	—	—	1,503	(1,836)
Profit before tax arising overseas	(771)	942	—	—
	(1,033)	1,262	1,290	(1,576)

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

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. On 17 January 2017 £20m of the accordion facility was triggered, increasing the total unsecured bank facility to £85m. This extension was made to fund the acquisition of HSJ. The extended facility comprised a revolving credit facility of £80.0m and an overdraft facility across the Group of £5.0m. On 24 November 2017 the revolving credit facility was reduced by £10.0m to £75.0m, to decrease the non-utilised portion and the associated non-utilisation fee.

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

	30 June 2018 £'000	30 June 2017 £'000
Expiring within one year	**—**	—
Expiring after more than one year	**19,335**	30,219

21. Financial instruments and risk management continued

Liquidity and capital risk continued

Risk management arrangements 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 2018	Within 1 year £'000	1–2 years £'000	2–5 years £'000	More than 5 years £'000	Total £'000
Bank overdrafts	—	—	14	—	14
Bank loans including interest	—	—	52,555	—	52,555
Trade payables and accruals	27,026	—	—	—	27,026
Provisions for future purchase of non-controlling interests	—	—	—	—	—
	27,026	—	52,569	—	79,595

At 30 June 2017	Within 1 year £'000	1–2 years £'000	2–5 years £'000	More than 5 years £'000	Total £'000
Bank overdrafts	925	—	14	—	939
Bank loans including interest	—	—	51,941	—	51,941
Trade payables and accruals	27,289	—	—	—	27,289
Provisions for future purchase of non-controlling interests	100	—	—	—	100
	28,314	—	51,955	—	80,269

Company

At 30 June 2018	Within 1 year £'000	1–2 years £'000	2–5 years £'000	More than 5 years £'000	Total £'000
Bank overdrafts	1,992	—	—	—	1,992
Bank loans including interest	—	—	17,984	—	17,984
Trade payables, accruals and amounts due to subsidiary undertakings	36,860	—	—	—	38,860
	38,852	—	17,984	—	56,836

At 30 June 2017	Within 1 year £'000	1–2 years £'000	2–5 years £'000	More than 5 years £'000	Total £'000
Bank overdrafts	4,761	—	—	—	4,761
Bank loans including interest	—	—	16,732	—	16,732
Trade payables, accruals and amounts due to subsidiary undertakings	28,337	—	—	—	28,337
	33,098	—	16,732	—	49,830

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 B- per Fitch at 11 September 2018.

Notes to the financial statements continued

21. Financial instruments and risk management continued

Credit risk 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 2018	**12,363**	**4,204**	**1,865**	**5,206**	**23,638**	**(769)**	**22,869**
At 30 June 2017	14,616	3,316	1,640	4,157	23,730	(522)	23,207

Receivables within the 0–30 days 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 2018 £'000	30 June 2017 £'000
Allowances at 1 July 2017	**522**	620
Additions charged to Income Statement	**537**	385
Allowances used	**(140)**	(162)
Allowances reversed	**(150)**	(321)
Allowances at 30 June 2018	**769**	522

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 2018	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	—	10,789	—	—	—	10,789
Trade and other receivables	—	26,262	—	—	—	26,262
	—	37,051	—	—	—	37,051
Financial liabilities						
Trade and other payables	—	—	—	(27,293)	—	(27,293)
Bank overdrafts	—	—	—	—	—	—
Bank loans	—	—	—	(50,665)	—	(50,665)
Interest rate swaps	—	—	(243)	—	—	(243)
Forward currency contracts	—	—	—	—	—	—
Put options for non-controlling interests	—	—	—	—	—	—
	—	—	(243)	(77,958)	—	(78,201)

21. Financial instruments and risk management continued

Credit risk continued

Fair value of financial assets and financial liabilities continued

Group continued

At 30 June 2017	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	—	10,687	—	—	—	10,687
Trade and other receivables	—	26,350	—	—	—	26,350
	—	37,037	—	—	—	37,037
Financial liabilities						
Trade and other payables	—	—	—	(27,289)	—	(27,289)
Bank overdrafts	—	—	—	(925)	—	(925)
Bank loans	—	—	—	(49,781)	—	(49,781)
Interest rate swaps	—	—	(662)	—	—	(662)
Forward currency contracts	—	—	—	—	—	—
Put options for non-controlling interests	—	—	—	—	(100)	(100)
	—	—	(662)	(77,995)	(100)	(78,757)

Company

At 30 June 2018	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	**—**	**265**	**—**	**—**	**265**
Trade and other receivables	**—**	**91,727**	**—**	**—**	**91,727**
Forward currency contracts	**—**	**—**	**—**	**—**	**—**
	—	**91,992**	**—**	**—**	**91,992**
Financial liabilities					
Trade and other payables	**—**	**—**	**—**	**(36,860)**	**(36,860)**
Bank overdrafts	**—**	**—**	**—**	**(1,992)**	**(1,992)**
Bank loans	**—**	**—**	**—**	**(15,837)**	**(15,837)**
Interest rate swaps	**—**	**—**	**(243)**	**—**	**(243)**
	—	**—**	**(243)**	**(54,689)**	**(54,932)**

At 30 June 2017	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	—	70	—	—	70
Trade and other receivables	—	84,863	—	—	84,863
Forward currency contracts	—	—	—	—	—
	—	84,933	—	—	84,933
Financial liabilities					
Trade and other payables	—	—	—	(28,337)	(28,337)
Bank overdrafts	—	—	—	(4,761)	(4,761)
Bank loans	—	—	—	(14,572)	(14,572)
Interest rate swaps	—	—	(662)	—	(662)
	—	—	(662)	(47,670)	(48,332)

Notes to the financial statements continued

21. Financial instruments and risk management continued

Credit risk continued

Fair value of financial assets and financial liabilities 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.
- 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).

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 2018	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	—	—	—	—
Financial liabilities at fair value through equity				
– Derivative financial instruments designated for hedging	—	(243)	—	(243)
Total liabilities	—	(243)	—	(243)

At 30 June 2017	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	—	—	—	—
Financial liabilities at fair value through equity				
– Derivative financial instruments designated for hedging	—	(662)	—	(662)
Total liabilities	—	(662)	—	(662)

22. Deferred tax

Movements on deferred tax assets are as follows:

	Group £'000	Company £'000
Non-current assets		
Asset at 30 June 2016	942	384
Deferred tax credit in the Income Statement for the year	134	165
Deferred tax credit in other comprehensive income for the year	(106)	(106)
Deferred tax charge included directly in equity for the year	(151)	(151)
Effect on deferred tax of change in corporation tax rate	(7)	(7)
Exchange translation difference	8	—
Asset at 30 June 2017	820	285
Deferred tax credit/(charge) in the Income Statement for the year	(77)	41
Deferred tax charge in other comprehensive income for the year	(80)	(80)
Deferred tax charge included directly in equity for the year	(11)	(11)
Effect on deferred tax of change in corporation tax rate	(120)	(11)
Exchange translation difference	(74)	—
Asset at 30 June 2018	**458**	**224**

The Group deferred tax asset arises as a result of tax on share based payments: £177,000 (2017: £154,000), future deductions available on US deferred consideration: £201,000 (2017: £375,000), fair value interest rate swap losses: £46,000 (2017: £131,000) and future deductions available on overseas losses carried forward: £119,000, (2017: £160,000). 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 2016	3,989	—
Deferred tax credit in the Income Statement for the year	(1,113)	—
Acquisition of subsidiaries	1,833	—
Effect on deferred tax of change in corporation tax rate	(124)	—
Liability at 30 June 2017	4,585	—
Deferred tax credit in the Income Statement for the year	(921)	—
Acquisition of subsidiaries	(503)	—
Effect on deferred tax of change in corporation tax rate	(79)	—
Exchange translation difference	5	—
Liability at 30 June 2018	**3,087**	**—**

The deferred tax liability arises as a result of accelerated tax on amortisation of intangible assets excluding computer software and on the depreciation of property plant and equipment.

23. Share capital

	Number of ordinary shares of 5p each	Ordinary shares £'000	Share premium account £'000	Treasury shares £'000	Total £'000
Issued and fully paid ordinary shares					
At 30 June 2016	86,985,731	4,349	45,225	(96)	49,478
Shares issued	262,243	13	—	—	13
At 30 June 2017	87,247,974	4,362	45,225	(96)	49,491
Shares issued	166,099	9	—	—	9
At 30 June 2018	**87,414,073**	**4,371**	**45,225**	**(96)**	**49,500**

Notes to the financial statements continued

23. Share capital continued

On 20 September 2017, 166,099 ordinary shares were issued in respect of the vesting of the 2014 PSP share awards to employees (including Directors).

At 30 June 2018, 46,584 shares (2017: 46,584) were held in Treasury, which represents 0.1% (2017: 0.1%) of the share capital of the Company.

24. 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 at 1 July 2017	Awards granted during year	Awards vested during year	Awards lapsed during year	Number of shares for which awards outstanding at 30 June 2018
2014	Nil	Sept 2017	178,308	—	(166,099)	(12,209)	**—**
2015	Nil	Sept 2018	188,337	—	—	(38,585)	**149,752**
2016	Nil	Sept 2019	233,092	—	—	(25,514)	**207,578**
2017	Nil	Sept 2020	—	280,677	—	—	**280,677**

166,099 awards vested on 13 September 2017 at a share price of £2.18. The fair value of the awards granted during the year was £2.15 per award.

Details of the Performance Share Plan are set out in the Directors' Remuneration Report on pages 52 to 65.

These awards were valued using the Black Scholes method with the following assumptions:

- Expected volatility (%) 18.41
- 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 15 September 2017 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 2017	Options granted during year	Options vested during year	Options lapsed during year	Number of shares for which options outstanding at 30 June 2018
2015	2.625	Sept 2018	215,665	—	—	(54,939)	**160,726**
2016	2.455	Sept 2019	324,774	—	—	(48,824)	**275,950**
2017	2.150	Sept 2020	—	418,818	—	(54,057)	**364,761**

The fair value of the options granted during the year was £0.28 per option.

These awards were valued using the Black Scholes method with the following assumptions:

- Expected volatility (%) 24.19
- Expected life (years) 6.5
- Expected dividends (%) 3.95
- 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 £641,000 (2017: £552,000) was recognised in the Income Statement of the Group for share based payments. Of this expense £641,000 (2017: £552,000) was recognised in the parent company Income Statement.

25. Non-controlling interests

	Net non-controlling interests £'000
At 30 June 2016	153
Profit for the year	38
Dividends paid	(105)
At 30 June 2017	86
Profit for the year	47
Dividends paid	(62)
Movements in non-controlling interest	11
At 30 June 2018	**82**

Movements in non-controlling interests relate to the purchase of the remaining 20% shareholding in Central Law Training (Scotland) Limited for £335,000 in July 2017.

26. Commitments

a) The Group had, in relation to property, plant and equipment, capital commitments contracted but not provided for at 30 June 2018 of £nil (2017: £nil).

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

	Group		Company	
	30 June 2018 £'000	30 June 2017 £'000	**30 June 2018 £'000**	30 June 2017 £'000
Not later than one year	**2,486**	2,297	**1,062**	575
Later than one year and not later than five years	**8,152**	9,418	**6,823**	5,939
Later than five years	**6,779**	8,357	**6,779**	8,327
	17,417	20,072	**14,664**	14,841

27. 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 £1,358,120 (2017: £1,405,927) 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 17 and 19 respectively.

During the year, the Company received dividends of £10,699,710 from subsidiaries (2017: £8,758,300).

The Chief Executive Officer, Pedro Ros, owns a minority shareholding in SMARP OY (a company incorporated in Finland), which provides ongoing social media services to the Group. During the year SMARP UK Limited, a subsidiary of SMARP OY, invoiced £17,856 (£17,856).

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 £95,333 (2017: £63,171).

28. Staff and their pay and benefits

a) Employee costs (including Directors) were as follows:

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Wages and salaries*	**43,790**	43,779
Social security costs	**4,548**	4,882
Other pension costs	**1,035**	940
Share based payments (including social security costs)	**641**	552
	50,014	50,153

* Excluded from wages and salaries are redundancy costs in the year of £1,061,000 (2017: £625,000).

Notes to the financial statements continued

28. Staff and their pay and benefits continued

b) Remuneration of key management personnel that held office for part or all of the year (2018: 14 people; 2017: 11 people), which includes the Directors and other key management personnel, is shown in the table below:

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Short-term employee benefits	**2,997**	3,166
Compensation for loss of office	**113**	—
Post-employment benefits	**67**	86
Share based payments	**527**	424
	3,704	3,676

More detailed information concerning Directors' 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 52 to 65, 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 2018 Number	Year ended 30 June 2017 Number
Cost of sales	**539**	547
Administration	**441**	448
	980	995

Total full time equivalents at 30 June 2018 were 849 (2017: 856).

d) Retirement benefits

The Group contributes to defined contribution pension schemes. Total contributions to the schemes during the year were £1,035,000 (2017: £940,000).

29. Cash generated from operations

	Group		Company	
	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Profit from continuing operations before income tax	**3,025**	15,862	**6,964**	9,131
Gain on sale of leasehold property	**—**	(6,333)	**—**	(6,333)
Adjusting items – excluding depreciation of property, plant and equipment	**4,141**	3,468	**727**	1,943
Adjusting items – depreciation of property, plant and equipment	**432**	—	**—**	—
Depreciation of property, plant and equipment included in operating expenses	**917**	1,071	**—**	95
Amortisation of intangible assets	**7,734**	7,193	**—**	—
Impairment of goodwill and intangible assets	**8,561**	2,366	**—**	—
Profit on disposal of property, plant and equipment	**(11)**	(20)	**—**	—
Share based payments (including social security costs)	**641**	552	**641**	552
Finance costs	**1,969**	1,961	**1,027**	1,102
Operating cash flows before movements in working capital	**27,409**	26,120	**9,359**	6,490
Decrease/(increase) in trade and other receivables	**160**	(1,997)	**(3,534)**	(18,048)
(Decrease)/increase in trade and other payables	**(1,904)**	2,530	**9,336**	8,948
Cash generated from/(used in) operations before adjusting items	**25,665**	26,653	**15,161**	(2,610)

29. Cash generated from operations continued

Cash conversion is calculated as a percentage of cash generated by operations to adjusted EBITA as follows:

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Funds from operations before adjusting items:		
Adjusted EBITA (note 2a)	**24,560**	23,352
Share based payments (including social security costs)	**641**	552
Amortisation of intangible assets – computer software	**1,302**	1,165
Depreciation of property, plant and equipment included in operating expenses	**917**	1,071
Profit on disposal of property, plant and equipment	**(11)**	(20)
Operating cash flows before movement in working capital	**27,409**	26,120
Net working capital movement	**(1,744)**	533
Funds from operations before adjusting items	**25,665**	26,653
Cash conversion	**105%**	114%

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Free cash flow:		
Operating cash flows before movement in working capital	**27,409**	26,120
Proceeds on disposal of property, plant and equipment	**55**	43
Net working capital movement	**(1,744)**	533
Interest paid	**(1,934)**	(1,656)
Tax paid	**(4,738)**	(3,905)
Purchase of property, plant and equipment	**(3,089)**	(1,300)
Purchase of intangible assets	**(1,934)**	(1,599)
Free cash flow	**14,025**	18,236

30. Events after the reporting period

Forward contracts

On 2 July 2018 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 2 July 2018, the Group sold $3.0m to 19 October 2018 at a rate of 1.3192
- On 2 July 2018, the Group sold €1.0m to 16 November 2018 at a rate of 1.1242
- On 2 July 2018, the Group sold €1.0m to 18 January 2019 at a rate of 1.1222
- On 2 July 2018, the Group sold $5.0m to 15 March 2019 at a rate of 1.3292
- On 2 July 2018, the Group sold €1.0m to 18 April 2019 at a rate of 1.1190
- On 2 July 2018, the Group sold $5.0m to 17 May 2019 at a rate of 1.3336

Sale of International Company Profile FZ LLC

On 18 July 2018 Wilmington Publishing and Information Limited (a wholly owned subsidiary of Wilmington plc) sold the trade and assets of its ICP credit reporting business, including the 100% shareholding in International Company Profile FZ LLC, the statutory entity incorporated in Dubai, to its management team. The £3.0m consideration (excluding £0.9m of potential early repayment discounts) in respect of the sale will be paid in instalments over the next five years. At 30 June 2018 all assets disposed of as part of the transaction have been reclassified to held for sale.

Pro forma five year financial summary (unaudited)

	2014 £'m	2015 £'m	2016 £'m	2017 £'m	**2018 £'m**
Revenue	90.0	95.1	105.7	120.3	**122.1**
Operating expenses (before adjusting items)	(71.3)	(74.7)	(83.1)	(97.0)	**(97.5)**
Adjusted EBITA	17.8	19.5	22.0	23.4	**24.6**
Other adjusting items	(0.8)	(1.1)	(2.4)	(3.5)	**(4.6)**
Gain on disposal of property	—	—	—	6.3	**—**
Amortisation of intangible assets excluding computer software	(6.3)	(6.1)	(5.4)	(6.0)	**(6.4)**
Impairment of goodwill and intangible assets	—	—	(15.7)	(2.4)	**(8.6)**
Operating profit/(loss)	10.7	12.3	(1.5)	17.8	**5.0**
Finance costs	(2.1)	(2.0)	(1.9)	(2.0)	**(2.0)**
(Loss)/profit on ordinary activities before tax	8.6	10.3	(3.4)	15.9	**3.0**
Taxation	(2.0)	(2.4)	(2.9)	(3.0)	**(2.8)**
(Loss)/profit on ordinary activities after tax	6.6	7.9	(6.3)	12.9	**0.2**
Adjusted profit before tax	15.7	17.5	20.3	21.4	**22.6**
Cash generated from operations before adjusting items	20.2	21.9	23.9	26.7	**25.7**
Basic earnings per ordinary share from continuing operations (pence)	7.59	8.96	(7.39)	14.72	**0.25**
Diluted earnings per ordinary share from continuing operations (pence)	7.39	8.83	(7.39)	14.62	**0.24**
Adjusted earnings per ordinary share from continuing operations (pence)	13.95	15.57	18.17	19.05	**20.49**
Interim and proposed final dividend per share (pence)	7.3	7.7	8.1	8.5	**8.8**
Dividend cover[1]	1.9	2.0	2.2	2.2	**2.3**
Return on equity (%)[2]	30.2	32.6	41.5	46.2	**48.9**
Return on equity excluding impairment[3]	27.8	30.1	33.2	31.6	**31.0**
Return on sales (%)[4]	19.8	20.5	20.8	19.4	**20.1**

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 – 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; £15.7m, year ended 30 June 2016; £2.4m, year ended 30 June 2017; and £8,561, year ended 30 June 2018.

4 Return on sales – adjusted EBITA divided by revenue.

Prior year restatement (unaudited)

Wilmington plc 30 June 2018

The reported segmental revenue and contribution in the year ended 30 June 2017 have been restated to reflect a reallocation between the Professional and Healthcare divisions. This reallocation is in respect of events now managed by the Healthcare division that were previously reported in the Professional division.

Restatement June 2017

	Reported	Restatement	Restated
Risk and Compliance	42,272	—	42,272
Healthcare	38,585	3,938	42,523
Professional	39,472	(3,938)	35,534
Revenue	**120,329**	**—**	**120,329**

	Reported	Restatement	Restated
Risk and Compliance	12,265	—	12,265
Healthcare	9,705	(280)	9,425
Professional	5,864	280	6,144
	27,834	**—**	**27,834**
Unallocated central overheads	(3,930)	—	(3,930)
Share based payments	(552)	—	(552)
Adjusted EBITA	**23,352**	**—**	**23,352**

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Corporate calendar

Announcement of final results
12 September 2018

Annual General Meeting
1 November 2018

Announcement of interim results
February 2019

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