ITE Group plc Annual Report and Accounts 2018

Market-leading, content-driven, must-attend events

Our Vision

TO CREATE THE WORLD'S LEADING PORTFOLIO OF CONTENT-DRIVEN, MUST-ATTEND EVENTS DELIVERING AN OUTSTANDING EXPERIENCE AND ROI FOR OUR CUSTOMERS

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2018: A Year in Review

TRANSFORMING OUR BUSINESS

£175.7m

£35.4m

4.9p

Like-for-like[3] revenue growth

+11%

(2017: +5%)

Statutory loss before tax

£3.7m

(2017: £3.2m)

Diluted earnings per share

(1.6)p

(2017: (1.9)p*)

Top 10 event like-for-like[3] revenue growth

+14%

(2017: +15%)

Cash conversion[4]

113%

(2017: 134%)

Proposed full-year dividend per share

2.5p

(2017: 2.5p*)

* restated for bonus element of rights issue

OUR NEW HQ

In October, we moved all of our UK business to our new headquarters in Paddington. The space was inherited during the acquisition of Ascential Events Limited (Ascential Events), with long-term attractive rates. It is modern, open and bright and reflects our ambitions.

Volume sales

766,300m²

(2017: 679,900m²)

Net debt[6]

£82.7m

(2017: £49.7m)

£147m

11% like-for-like[3] increase

Definitions

1. Headline profit before tax is defined as profit before tax and adjusting items which include amortisation of acquired intangibles, impairment of goodwill, intangible assets and investments, profits or losses arising on disposal of Group undertakings, restructuring costs, transaction and integration costs on completed and pending acquisitions and disposals, tax on income from associates and joint ventures, gains or losses on the revaluation of deferred/contingent consideration and on equity option liabilities over non-controlling interests, and imputed interest charges on discounted equity option liabilities – see note 6 to the consolidated financial statements for details.
2. Headline diluted EPS is calculated using profit attributable to shareholders before adjusting items – see notes 6 and 12 to the consolidated financial statements for details.
3. Like-for-like results are stated on a constant currency basis, after excluding events which took place in the current period, but did not take place under our ownership in the comparative period and after excluding events which took place in the comparative period, but did not take place under our ownership in the current period. For clarity, this excludes all:
   - Biennial events;
   - Timing differences (i.e. events that ran in only one of the current or comparative periods, due to changes in the event dates);
   - Launches;
   - Cancelled or disposed of events that did not take place under our ownership in the current year;
   - Acquired events in the current period; and
   - Acquired events in the comparative period that didn't take place under our ownership in the comparative period (i.e. they took place pre-acquisition).
4. Cash conversion is defined as cash generated from operations before net venue utilisation and the cash impact of the adjusting items included in the definition of headline profit before tax, expressed as a percentage of headline profit before tax adjusted for net finance costs and non-cash profits, including foreign exchange gains/losses, depreciation and amortisation.
5. Forward bookings are contracted revenues for the year ending 30 September 2019. These are the bookings as at 30 November 2018, unless otherwise stated.
6. Net debt is defined as cash and cash equivalents after deducting bank loans.

Strategic report
Company Overview

OUR PORTFOLIO TRANSFORMATION

Two key elements of our strategy are to manage our portfolio of events, and to make product-led acquisitions. This will allow us to focus on those events which are, or have the potential to be, industry-leading. It means our 10 largest event portfolios by revenue have transformed throughout 2018.

June 2018
Our top 10 event portfolios by revenue

1 MOSBUILD
RUSSIA

Showcasing the latest products, services and technologies for the architecture, building and interiors industries at Russia's largest building and interiors trade show.

2 BREAKBULK EUROPE
BRANDS

The continent's largest project cargo exhibition, offering networking, industry workshops, leading experts and bringing together international and European companies.

3 WORLDFOOD MOSCOW
RUSSIA

Connecting thousands of food and beverage businesses from around the world with Russia's key buyers, including leading supermarkets, wholesalers and manufacturers.

4 MITT
RUSSIA

Bringing together the industry's most influential travel and tourism professionals, to explore Russia's fast-growing outbound tourism market as well as Russian domestic travel.

5 AQUATHERM MOSCOW
RUSSIA

Drawing the biggest global brands and demonstrating the latest innovations in Russia's heating, plumbing, air-conditioning, ventilation and pool equipment industries.

6 ACETECH MUMBAI
ASIA

Showcasing the latest products, technologies and services available in India's architecture, building materials, design and décor markets.

7 MODA
UK

Bringing together leading womenswear, footwear and accessory brands, twice a year at the NEC in Birmingham, to experience key trends, retail content, inspiring catwalk shows, social events and more.

8 ROSUPACK
RUSSIA

An international exhibition for the packaging industry, providing an integrated approach to showcasing packaging, labelling, logistics and warehousing.

9 TURKEYBUILD
EUROPE

Providing a world-class exhibition for the international building materials and technologies industries, spanning Turkey, the Balkans, former CIS countries, North Africa and the Middle East.

10 YUGAGRO
RUSSIA

Providing a platform for companies to promote their products at Russia's leading exhibition dedicated to agricultural machinery, crop farming and associated products.

December 2018

Our top 10 event portfolios by revenue

Dark grey shaded events were acquired during calendar year 2018.

1 SPRING FAIR
UK

Facilitating connections between retailers, exhibitors and marketers, as the UK's all-encompassing sourcing marketplace consisting of 14 carefully edited show sectors.

2 BETT
BRANDS

Bringing together leading companies, start-ups and other influential attendees from the global education community, to celebrate, find inspiration and discuss the future of education.

3 MOSBUILD
RUSSIA

Showcasing the latest products, services and technologies for the architecture, building and interiors industries at Russia's largest building and interiors trade show.

4 AUTUMN FAIR
UK

With its sister event, Spring Fair, it is the season's number one UK gift and home marketplace, providing the UK's most diverse selection of products and brands, retail insight and inspiration.

5 CWIEME
BRANDS

Connecting highly-specialised engineers and procurement professionals at the leading exhibition series for coil winding, electric motor and transformer manufacturing technologies.

6 PURE
UK

The UK's largest fashion trade show for premium womenswear, accessories and footwear. Now including Pure Conscious, a sector dedicated to ethical and sustainable fashion, and Pure Man.

7 BREAKBULK EUROPE
BRANDS

The continent's largest project cargo exhibition, offering networking, industry workshops, leading experts and bringing together international and European companies.

8 WORLDFOOD MOSCOW
RUSSIA

Connecting thousands of food and beverage businesses from around the world with Russia's key buyers, including leading supermarkets, wholesalers and manufacturers.

9 MINING INDABA
BRANDS

The world's largest mining investment conference, dedicated to the capitalisation and development of mining in Africa, uniting investors, mining companies, governments and other global stakeholders.

10 MITT
RUSSIA

Bringing together the industry's most influential travel and tourism professionals, to explore Russia's fast-growing outbound tourism market as well as Russian domestic travel.

Strategic report
Company Overview continued

OUR DIVISIONAL TRANSFORMATION

Due to the changes we have made to our event portfolio, our geographical exhibition presence is evolving. The sale of 56 non-core, regional Russian events, the acquisition of Mining Indaba in October 2018, and the acquisition of two global brands and five UK industry-leading brands from Ascential plc in July 2018, will result in a more geographically balanced portfolio and increase our presence in the UK.

Division	Key Sectors	Revenue 2017	Revenue 2018	m² sold (000's)
BRANDS	- Oil & Gas, Project Cargo, Education Technology, Mining, Electrical Manufacturing	£8.8m	**£11.5m**	**18** (2017: 12)
RUSSIA	- Build & Interiors, Food & Packaging, Manufacturing, Industrial Technology, Advanced Technologies	£71.4m	**£73.3m**	**293** (2017: 274)
ASIA	- Build & Interiors, Manufacturing Industrial Technology	£23.8m	**£25.7m**	**176** (2017: 160)
UK	- Fashion, Home & Gift, Garden, Media & Telecoms	£9.9m	**£25.5m**	**92** (2017: 35)
CENTRAL ASIA	- Build & Interiors, Energy, Food & Packaging	£21.7m	**£24.5m**	**67** (2017: 64)
EUROPE EASTERN AND SOUTHERN	- Build & Interiors, Travel & Tourism, Food & Packaging	£17.0m	**£15.2m**	**120** (2017: 135)

Strategic report

Chairman's Statement

DELIVERING ON THE BOARD'S EXPECTATIONS

Richard Last
Chairman

I am pleased to introduce to shareholders the ITE Group plc (the Group) Annual Report for the year ended 30 September 2018. These results demonstrate a second year of growth and the continuing and successful implementation of the Transformation and Growth (TAG) programme, which has resulted in revisions to our TAG targets, most of which we now expect to achieve earlier than originally planned.

Revenue for the year was £175.7m (2017: £152.6m), growing by 11% on a like-for-like basis. This is the second consecutive year of like-for-like revenue growth and the first year of yield and volume growth since 2014. This signifies the positive impact the TAG programme is having by enabling us to grow our key events organically. Headline profit before tax increased to £35.4m (2017: £31.6m), even after an incremental £4.4m in ongoing TAG costs in the year. Loss before tax increased to £3.7m (2017: £3.2m). Headline diluted EPS for financial year 2018 were 4.9p (2017: 5.0p, restated for the impact of the bonus element of the rights issue during 2018).

In July 2018 the Group acquired the Ascential Events business for total consideration of £300.3m, of which £255.9m was financed by a share rights issue and the remainder was financed by increasing our bank debt. At the year end, the Group's net debt amounted to £82.7m (2017: £49.7m). The integration of the Ascential Events business is progressing well and to plan.

Delivering our vision

The Group's vision is being realised through the TAG programme, which we launched in 2017 and has already started to have a positive impact on trading performance in 2018, which we expect to continue. Of the £20m earmarked for the TAG programme that was reported last year, we have already committed £12m, which is in line with our guidance at this stage in the programme.

Proposed full-year dividend per share

2.5p

Revenue

£175.7m

Like-for-like revenue growth

11%

At the beginning of the year there was significant progress in creating a scalable platform – adding the final members to the best practice regional teams, planning for the system changes and introducing lead generation, content and customer success initiatives into our leading shows. We have also focused on actively managing our portfolio, which is a critical element of re-shaping our business through the disposal of two businesses in Malaysia, the closure of 28 events during the year and the sale of the 56 non-core regional Russian events shortly after the year end. We have also been successful in making product-led acquisitions. As noted above, in July we completed the acquisition of the Ascential Events business, a portfolio of seven market-leading brands and a major accelerator of our TAG programme. We also completed the acquisition of Mining Indaba in October 2018, a world leading mining investment conference, which will be highly complementary to Africa Oil Week.

We have now re-shaped our business to become more balanced in terms of regional exposure, through the acquisition of two global event brands, Bett and CWIEME, as well as other market leading shows in the UK. Management time and investment continues to focus on our leading events; our vision remains the same – to build world-class, market-leading events.

You will find more details in the Chief Executive Officer's Statement.

The year has been one of considerable activity and progress on the TAG programme

Dividends

Full year dividend cover has been maintained at two times headline EPS. The full year dividend per share is proposed at 2.5p (2017: 2.5p, restated for the impact of the bonus element of the rights issue). The total dividend declared for 2018 is expected to amount to £11.4m (2017: £10.7m), representing an increase of 7%. The Board believes this to be appropriate and in the long-term interests of the shareholders. The proposed final dividend of 1.0p is due for payment on 4 February 2019 to shareholders on the register on 4 January 2019.

Board changes

The Board recognises the importance of strong corporate governance, which is key to a good business. We remain dedicated to implementing and maintaining robust processes to identify and mitigate risk and to follow best practices, ensuring we deliver on our commitment to shareholders.

I joined the Board on 12 February 2018 and have greatly enjoyed my first ten months as Chairman.

After ten years on the Board, Neil England will be stepping down and will not be offering himself for re-election at the Group's 2019 AGM. I would like to thank Neil for his dedication and in particular for his guidance to the Group during his tenure as Chairman.

Linda Jensen, having served as Non-Executive Director for six years, stepped down from the Board at the end of April and left with the Board's thanks and good wishes.

Our people

This year has been truly transformative for the Group, not just due to the acquisitions and disposals, but also because of the re-shaping of our teams to drive the Group towards its vision. We have welcomed many new joiners and successfully integrated over 220 colleagues from the acquisitions we have made. Our business and its success depend on the hard work and dedication of employees, who have worked tirelessly to deliver another year of excellent results. On behalf of the Board I would like to take this opportunity to thank all our 1,559 employees for their loyalty and service.

Outlook

The year has been one of considerable activity and progress on the TAG programme. The Group has taken a number of important steps towards realising its vision for the business and embracing the dynamic change needed to deliver on its potential. This has been despite an increase in sanctions in Russia, instability in Turkey and economic uncertainty in a number of the Group's key markets. It is likely that this uncertainty and volatility will continue into the future; where possible we will take measures to mitigate these effects.

The impact of building the scalable platform, as part of the TAG programme, can already be seen from the higher Net Promoter Score (NPS), visitor numbers and operational improvements at our events. These benefits are illustrated most clearly by our forward bookings, with revenues 11% ahead of this time last year on a like-for-like basis. Given the goals achieved in the last year, the Board remains positive on the Group's future growth prospects and current trading is in line with the Board's expectations.

Richard Last.

Strategic report

Chief Executive Officer's Statement

A YEAR OF TRANSFORMATION AND GROWTH

Mark Shashoua
Chief Executive Officer

2018 has been a year of significant transformation and implementation of the Transformation and Growth (TAG) programme within the Group. The early benefits of TAG are clearly being seen in our results for 2018.

In 2018 we have delivered double-digit revenue and headline profit growth on both an actual and a like-for-like basis. This reflects the significant progress made to date on implementing the TAG programme, which is now delivering returns ahead of schedule, while remaining on track to stay within the original budget.

This is the first year that we have seen like-for-like growth in both yield and volume since 2014. Our top 10 events grew revenues by 14% on a like-for-like basis in 2018 and forward revenue bookings into 2019 are up 11% on a like-for-like basis. Revenues for the year were £175.7m (2017: £152.6m), up 11% on a like-for-like basis. The reported loss before tax of £3.7m (2017: £3.2m), was after £39.1m of adjusting items, including transaction and integration costs of £10.8m (2017: £0.4m), primarily in relation to the Ascential Events acquisition. Headline profit before tax was £35.4m (2017: £31.6m) and headline diluted EPS was 4.9p (2017 restated: 5.0p).

When I joined two years ago, ITE was a de-centralised business that had experienced four years of decline, largely due to the financial crisis in Russia, and the Group had initiated a margin protection strategy. Whilst it was an understandable response at the time, the thorough strategic review we undertook in early 2017 showed the cost reduction process had led to an underperformance versus the market. Also as a consequence, the events were not in a position to recover once the markets recovered. In addition, customer behaviours had shifted towards attending only market-leading events, ones that also provided experience and content that drove higher quality visitors, in turn giving the best return on investment (ROI) and return on time (ROT) for the customers.

Since then we have worked hard to ensure that our events are focused on customer experience, particularly by providing enhanced content and tailored customer service. By also improving our systems and increasing our operational rigour we have been able to drive organic growth across our core shows that is significantly ahead of GDP growth in the markets in which we run our events.

In 2017, we set three main priorities for the year ended 30 September 2018. These were to:

1. Continue the focus on trading;
2. Deliver the TAG programme, with a particular emphasis on introducing lead generation, content and customer success, so that all our core invested shows run at the same high level of quality, wherever they are in the world; and
3. Implement one global ITE way of working and further develop our sales-led, high performing culture, ensuring everyone is working together as one team towards the common goal of each event, to maximise our potential and service to our customers.

By putting exhibitors and visitors at the heart of everything we do, we strive to run the best shows and offer the best service to our customers worldwide

Volume sales
766,300m²

Headline diluted earnings per share
4.9p

Top 10 events
14%
growth on a like-for-like basis

I am pleased to report that clear progress has been made against all three priorities, despite some challenging market headwinds, which has enabled us to move quickly from the successful implementation phase in 2018 onto the execution phase in 2019.

Progress on our strategy

We continue to drive forward towards our vision, which is to create the world's leading portfolio of content-driven, must-attend events delivering an outstanding experience and ROI for our customers. This vision now informs every decision we make.

The TAG programme is our means of delivering that vision, which continues to be executed across the Group and comprises three pillars:

1. Creating a scalable platform
2. Actively managing our portfolio
3. Making selective product-led acquisitions

By putting exhibitors and visitors at the heart of everything we do, we strive to run the best shows and offer the best service to our customers worldwide. This in turn is driving improvements in customer retention rates and spend per customer, as well as giving us the ability to attract both new and lapsed customers. We have refined our portfolio and our continuing emphasis on a product-led strategy has seen the acquisition of eight market-leading events in the year and one subsequent to the year end.

The TAG programme, and the impact of its investment into our events, have driven significant revenue growth at a number of our events including Breakbulk Europe, WorldFood Istanbul, TransRussia, YugAgro, RosUpack, Emitt, and MosBuild.

2018 was our second year of implementing the three-year TAG programme and significant progress has been made to date:

We are creating a scalable platform

It is our belief that a more efficient model can be used across the world by standardising the operational running of an event. We believe that sales rigour, marketing, operations and workflows can be standardised and rolled out across the world to create a more efficient approach and ensure a higher level of quality across all events, regardless of geography.

This year we have rolled out our best practice blueprints globally, illustrating the best practice method for specific business areas including marketing, customer success and operations.

We have now recruited all the senior team of 'heads of best practice' globally and it is their responsibility to ensure global adoption, and continuous review, of the blueprints. They are supported by newly-appointed regional excellence teams, responsible for maintaining the implementation of TAG initiatives throughout our divisions.

We have established a global technology team who have rolled out a number of new systems that are streamlining our business. Our new CRM system has recently gone live in several markets. We also launched several back-office systems to improve efficiency and reporting.

The focus in 2019 will be on the design and implementation of a new finance system, which will give greater transparency of financial performance globally and provide enhanced financial information instantly to allow the business to make more informed decisions. We will also continue to roll out training of the new systems implemented throughout 2018.

The scalable platform is delivering some impressive initial results. A focus on lead generation resulted in new business on core Russian events increasing by an average of 15% over the past two years. Over 21,000 visitors alone interacted with our content and we featured over 1,400 professional speakers at our events in 2018. In customer success, over 5,000 calls were made to understand our customers better and we have introduced multi-language portals to be more accessible to our customers. This element will in turn drive higher retention rates, particularly from first-time customers.

These improvements into our products and operational focus have already improved customer retention from 72% to 81% by value and 70% to 79% by volume.

We are on track with all of our TAG workstreams for creating a scalable platform, bar one – value-based pricing. We are on track to trial this in four, but due to commercial reasons we have had to postpone the trials on two further shows.

Chief Executive Officer's Statement continued

The portfolio of seven market-leading brands was the perfect fit for our business

We are proactively managing our portfolio

Having a portfolio of market-leading events is the key to achieving sustainable growth. At the beginning of the TAG programme, we defined which events were market-leading or had the potential to become market-leading – our core events. These events now receive the full suite of our TAG initiatives. We also recognised that there were a certain number of events that did not fit into this profile and should receive only partial elements of our TAG programme. Lastly, there were a number of events that we believed would have greater prospects elsewhere, so we have looked for an opportunity to sell or close those events.

In 2018, we made significant headway in managing our portfolio. In April we sold TradeLink, the owner of Metaltech, the metalworking exhibition in Malaysia. In July we sold our 75% stake in ECMI ITE Asia (ECMI), a Malaysian-based events business responsible for the Cosmobeauté series of beauty trade exhibitions in Malaysia, Indonesia and Vietnam, and the biennial Lab series of Scientific Instrument and Laboratory Equipment trade exhibitions in Malaysia and Indonesia.

We reached the decision, for both businesses, that we would never achieve the scale required in these markets to justify the TAG investment needed to bring them to an international standard, and take them to the next level.

Finally, just after the year end, we completed the sale of ITE Expo LLC, which operates 56 non-core regional events in Russia (see pages 20–21). These events had been yield-driven for many years and the cost to improve and bring them up to an international standard would have diminished profitability. This sale has considerably changed the geographic shape of our business in 2019.

We have completed significant, product-led acquisitions

The success of the first two pillars of the TAG programme has enabled us to achieve some significant milestones with regards to the third pillar, and the events we acquired throughout 2018 will benefit from the scalable platform that we have created. In July, we completed the acquisition of the Ascential Events business. The portfolio of seven market-leading brands was the perfect fit for our business and aspirations. It trebled the number of global brands in our portfolio and five of the events were of such significant size and success, that they will enter straight into our top 10 events by revenue in 2019.

The portfolio includes events such as Bett, the global education technology series of shows, CWIEME, the leading global event for coil winding, electric motor and transformer manufacturing technologies, plus Spring and Autumn Fair, the UK's largest seasonal home and gift shows. The seven brands will each now benefit from the scalable platform that we have created in order to drive organic growth.

Another benefit of this acquisition was the opportunity to move our headquarters into the new office in Paddington under the favourable lease held by the Ascential Events business. This office and location better suit the ambitions of our transforming organisation, as well as being a means to attract and keep top talent within the Company.

In October 2018 we also acquired Mining Indaba, which is the world's largest mining investment conference dedicated to the development of mining in Africa. We are delighted to be the owners of this iconic event, which is highly complementary to our Africa Oil Week event.

The integration of the Ascential Events business is progressing in line with expectations and we are on track to deliver between £4m and £5m of synergies, in line with our guidance at the time of the acquisition.

We announced that 50% of these synergies would be re-invested into driving growth within the acquired events and we are pleased with the progress of the rollout of our investment plans so far. As many of these shows are in the first half of FY 2019, these investment plans are critical to driving growth in FY 2020. The team has worked incredibly hard to make this happen and it is a great illustration of the commitment and performance-led culture that we are building.

Trading

There have been clear benefits to our trading from implementing the scalable platform. By ensuring we have the right systems in place, we have increased our output considerably. We have tightened our operations, ensured consistent blueprints and introduced the initiatives of standardised sales processes, content, customer success and lead generation, which are all having a major impact on the revenue growth of our core shows. Onsite re-bookings have increased significantly and visitor NPS rose to +20 from +16. The impact of these initiatives can also be seen in the like-for-like revenue growth, and the growth in volume, since 2014.

Geographic exposure

We recognise that a number of our events take place in emerging markets which continue to have volatility such as increased sanctions in Russia, heightened tensions in Ukraine and political disruption in Turkey, as well as uncertainty surrounding Brexit in the UK. However, the majority of our shows have continued to perform well due to the increased focus we place on improving the quality of our events, operational rigour and management experience in these regions.

There were two exceptions during the year. Firstly, Moscow International Oil & Gas Exhibition (MIOGE), suffered from low exhibitor interest due to running the event annually, coupled with the effect of the sanctions on international energy companies being able to trade in Russia, resulting in a fall in volumes.

In the UK we have seen the continued decline of Moda, a trade fashion event in Birmingham, due to the historic lack of investment having caused Moda to be seen as second in the market. UK performance was also impacted by the cancellation of Bubble, a niche, high-end childrenswear event which made low margins and low profits.

Headline profit before tax

£35.4m

Profit growth

20%

on a like-for-like basis

We are driving a culture of performance

One of the main drivers of our strategy is a relentless focus on performance, and we believe that a strong sales and marketing performance culture drives organic growth. Every member of the sales team has personal monthly targets which are tracked on a daily and weekly basis and we reward those who have the best performance and behaviours. We incentivise our sales teams to ensure early bookings and differentiate commissions to drive new and lapsed sales early in the sales cycle. This in turn achieves increased retention as our customers can plan their participation earlier in the cycle.

Last year we expanded Club Elite, our global reward and recognition programme, from our sales teams to the marketing and support teams to motivate and reward the whole business.

We have also invested heavily in training programmes, ensuring that the sales and marketing teams understand the principles contained in the event blueprints, and that they are all working as one team, wherever they are in the world.

Accelerating into the curve

In 2017 we completed a comprehensive planning exercise and throughout 2018 we implemented those plans. In 2019, we will focus on the execution of our plans, to continue to realise the benefits that we are already seeing.

We have three priorities for 2019:

- **Focus on trading:** We will build on the solid performance achieved in 2018 and continue to grow. We will continue to invest in our shows, continue to exceed our objectives and deliver better performance.
- **Embed operational rigour:** We will take the best practice blueprints we developed last year and implement them consistently across all our shows to ensure continuing organic growth.
- **Create a culture of success:** We will continue to employ and reward the very best people and continue to nurture a culture of high performance. We will invest in training and development programmes, so that our people can service our customers in a more rigorous and efficient way.

We are passionate about the quality of our shows. Our business is no longer just about the square metres that we sell, it's also about creating the highest quality event, curating world-class content and giving our customers an experience that they won't forget. This in turn drives greater retention and an ability to attract new and lapsed customers to our shows.

Outlook

We will continue to focus on trading, whilst we embed our newly-acquired events using the scalable platform that we are building. The uncertain geopolitical situation continues across some of our markets and therefore is a potential headwind, along with adverse currency movements. However, we are confident that our experience in operating in these challenging markets will allow us to overcome these headwinds.

The Board is confident in the Group's future growth prospects as it enters a new financial year. 2018 has been a year of considerable activity, progress and portfolio management, with the Group taking a number of important steps towards realising its vision of creating "the world's leading portfolio of content-driven, must-attend events delivering an outstanding experience and ROI for our customers". We have achieved a major element of our TAG programme this year and look forward to a continued fast pace into 2019.

DELIVERING OUR VISION

OUR TRANSFORMATION AND GROWTH (TAG) PROGRAMME

In 2017, we undertook a comprehensive strategic review, identified a clear vision for the Group and launched the TAG programme to allow us to realise this vision. The TAG programme is designed to help us achieve our strategic goals of becoming more product-led and focusing on exhibitions which are market-leading, with the highest return on investment.

The aim of the programme is to instil a new focus and energy within the Group which will help us achieve our vision – to create the world's leading portfolio of content-driven, must-attend events delivering an outstanding experience and return on investment for our customers.

The TAG programme is predicated on three key pillars: creating a scalable platform, proactively managing our portfolio and making product-led acquisitions.

Creating a scalable platform

We are becoming a more globally-consistent business, with the highest standards of operating across the world. Creating a scalable platform is comprised of the following five workstreams:

Develop best practice functions and teams

By defining global best practice blueprints for each business function, we have improved global consistency, by creating a more structured and accountable leadership team (see pages 18-19) and by developing one approach: the 'ITE Way'.

Invest in show operations

With the ultimate goal of increasing return on investment, we have defined, recruited and embedded effective event teams. We committed to design best practice blueprints for our key business areas and have rolled them out on a global scale. Finally, we have improved show content to create must-attend events.

Build capability and talent

In order to secure the very best team and help our colleagues reach their potential, we are committed to recruiting key organisational roles and to invest continuously in quality training and development programmes.

Drive a performance culture

To nurture a culture which will ensure our success, we have created a sales-led excellence culture that centres around performance, develops sales leadership capability and rewards the best performers.

Build and maintain fit-for-purpose IT infrastructure and systems

By implementing effective, appropriate and scalable technologies we are in the process of creating global consistency. In time, this will provide greater business insight to allow us to make the most informed business decisions, enable collaboration worldwide and improve transparency and consistency of reporting across all our products.

Proactively managing our portfolio

It is our ambition to create the world's leading portfolio of events. Our events, which have high growth potential and an international audience, require a different level of focus and investment to the smaller, regional shows in our portfolio. We believe that sustainable growth will only be achieved through a focus on our industry-leading events and therefore we will continue to proactively review and tailor the support we give to the events within our portfolio, depending on their strategic fit.

Making product-led acquisitions

To accelerate our growth, we continue to consider selective product-led acquisitions. Opportunities will not be limited to any particular geography, as we aim to run the best shows, in the best industries, wherever they are located in the world. We will consider the following criteria when assessing any potential new acquisition:

- High growth potential
- A distinct customer value proposition
- Current market position
- Evidence of strong organic revenue growth and profit margins
- Potential to roll out internationally
- Good return on invested capital

Turn the page for an update on how we are progressing against each TAG objective.

Strategic report
Strategy continued

TAG PROGRESS

We are halfway into our three-year TAG programme and we have made great progress so far. TAG puts exhibitors and visitors at the heart of everything we do and every decision we make; it drives sustainable growth and helps us to operate the very best shows in the world. The transformation we are experiencing will not only change how the Group operates, but will influence the wider industry as a whole.

Creating a scalable platform

Transformational lever	2018 progress	2019 milestones
Create best practice functions and teams	- Recruited Heads of Best Practice - Implemented the 'ITE Way' across all core events, globally	- Continue implementation of the one 'ITE Way'
Invest in show operations	- Embedded regional customer success teams to grow local relationships - Set up dedicated regional content teams to improve event content further - Started introducing value-based pricing methods - Rolled-out our show best practice blueprint - Installed multi-language portals for customers, making us more accessible	- Continue to test and introduce value-based pricing - Continue to evolve our best practice blueprints and roll them out on a global scale - Continue to deploy new show content
Build capability and talent	- Provided training on working within the best practice model - Provided training on new IT systems - Recruited regional excellence teams responsible for embedding best practice in their region	- Offer training as new systems are embedded into the business
Drive a performance culture	- Standardised our performance management process	- Continue to celebrate success - Explore additional ways of rewarding and incentivising great performance to build on our performance culture
Build and maintain fit-for-purpose IT infrastructure and systems	- Launched an integrated sales and marketing system (CRM) in multiple regions - Deployed new collaboration tools in multiple regions to increase productivity - Launched a new self-service HR system which enables global consistency	The majority of our 2019 priorities for creating a scalable platform relate to IT and systems: - We will continue to embed the new systems we implemented in 2018, including the new customer sales and marketing CRM tool and the new collaboration, productivity and self-service tools These will also be rolled out to our newly acquired events. There are also a number of new systems we are planning to implement: - Firstly, a new finance system will deliver global transparency - Secondly a new floor-planning tool will greatly improve the efficiency of our event planning and will improve the level of service we can offer to our exhibitors

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For more information on our strategy in action

Proactively managing our portfolio

2018 progress

- Completed the divestment of TradeLink, our Malaysian subsidiary
- Sold our 75% stake in ECMI
- Announced the sale of ITE Expo LLC, which operates 56 non-core events in Russia, completing the disposal in early October 2018

2019 milestones

- We will continue to manage our portfolio based on the size, growth potential and strategic fit of our events
- We will continue to analyse our portfolio against a set of criteria which assesses scalability, geographical diversification, synergies with existing events, ease of execution and their potential to accelerate our transformation

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For more information on our strategy in action

Making product-led acquisitions

2018 progress

- Acquired the Ascential Events business, adding seven market-leading brands to our portfolio and trebling our number of global brands
- Since our financial year end, we acquired Mining Indaba, the world's largest mining investment conference dedicated to the development of mining in Africa

2019 milestones

- Work is ongoing to integrate the seven brands that we acquired through the Ascential Events acquisition in 2018 and the Mining Indaba acquisition completed post-year end
- We will apply our TAG principles and best practice blueprints to these events
- We will look to identify any learnings from the new events which can be applied to a future iteration of our best practice blue prints, which are working documents and continue to evolve.
- We will also continue to look for, and analyse, future strategic product-led acquisitions.

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Case study

HEADS OF BEST PRACTICE

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For more information on our strategy

A key deliverable of the first pillar of our TAG programme for 2018, creating a scalable platform, has been defining and implementing our 'ITE Way'. This year we have finished recruiting the heads of best practice team, who are ultimately responsible for defining what best practice means in their business area and ensuring global adoption.

The implementation of our best practice way is having a staggering effect on our business, as the heads of best practice explain.

MEET SOME OF OUR HEADS OF BEST PRACTICE...

We put the customer at the centre of everything we do. We invested significantly in recruitment and training to ensure our team is the best it can be. Our sales leaders deliver coaching to further nurture our people, who are measured on effort (activity), skill (conversion) and confidence (order value). New incentives and reward programmes have developed a performance-led culture and the vibrancy and energy of our sales teams is the best it's ever been.

MARTIN BECK | HEAD OF SALES

Great content can make an event memorable and that's why it's key to our strategy, whether it's an awe-inspiring speaker, interactive workshop, breathtaking technology or a way to meet industry people. We now have one global approach to designing and sourcing the best content, ensuring each of our core events has a market-leading agenda that further raises their credibility, and gives customers a reason to keep coming back to us.

LYDIA MATTHEWS | HEAD OF CONTENT

Lead generation sits within marketing and supports sales in growing events organically, by providing sales leads. We have commercial marketing KPIs, are fully aligned with the sales team and their plans for growth, create lead generation strategies for each event, track and report on performance and share this back to the business. With the added rigour of best practice, our efforts in 2018 led to 10,000 hot leads, generating £4m of new business. For 2019, our aim is to further improve efficiency by increasing the quality and quantity of leads.

KARIN HAUSMANN | HEAD OF LEAD GENERATION

We strive to make it easy for exhibitors to achieve their goals and have a great exhibition experience. If they succeed, and achieve return on investment, they're more likely to re-book. We personalise our support and work hard to build genuine relationships, which our customers love. We mainly work with smaller independents who need more support, ensuring they're well prepared with things like social media, trip planning and budgeting, so that they get maximum return on their significant investment.

IAIN SCOTLAND | HEAD OF CUSTOMER SUCCESS

I'm immensely proud of our transformation in event health and safety. Our aim is to ensure an international standard of health and safety across all our shows. In 2018 we overhauled our policies and they are now being rolled out globally. We also improved the consistency of reporting and developed a true view, which is now the benchmark as we enter 2019.

CORINA HEDLEY | HEAD OF EVENT OPERATIONS

Strategic report

Strategy in Action

Case study

MANAGING OUR PORTFOLIO

Pages 14-17
For more information on our strategy

We committed, under the second pillar of our TAG programme, to manage our portfolio in order to focus our business around must-attend, international events. The first phase of this, which we completed in 2017, was to confirm which events within our portfolio were either market-leading or had the potential to be market-leading and would therefore deliver sustainable growth.

Throughout 2018 we made significant progress towards this objective, having completed on a number of divestments and closures including the sale of TradeLink, our Malaysian subsidiary responsible for MetalTech, and selling our 75% stake in Malaysia-based ECMI, which managed the Cosmobeauté and LAB series of events.

The most significant milestone in managing our portfolio came in September 2018, when we gained shareholder approval to sell ITE Expo LLC, which operates 56 non-core, regional events in Russia. These events did not meet the product-led strategy criteria we had outlined in 2017. Whilst some of them had reasonable levels of performance, the likely investment required to improve the quality of these events and bring them up to an international standard would have diminished their future profitability.

As a comparison, the like-for-like growth of the 56 non-core events was approximately one third of that of the 17 core Russian events.

The sale also created a more balanced geographical spread across our whole portfolio and reduced our reliance on the regional Russian exhibition market. It enabled us to bring renewed focus and investment to the leading shows in the market, including key brands like MosBuild, WorldFood Moscow, MITT and YugAgro.

Actively managing our events portfolio allows us to focus our time and resources on larger, global events which are either must-attend events, or we believe have the potential to become must-attend events, and will deliver sustainable growth to the Group.

We have reduced the size of our portfolio whilst still delivering double digit revenue and profit growth.

56
Non-Core Russian events sold

28
A further 28 less profitable shows closed in the year taking total closures under the TAG programme to 65

Case study

ACQUIRING ASCENTIAL EVENTS

Pages 14-17
For more information on our strategy

By making product-led acquisitions, we will accelerate our strategy of building a portfolio of content-driven, must-attend events.

This makes up the third pillar of our TAG programme and is enabled by the progress made in the first two pillars – creating a scalable platform allows us to smoothly integrate new events into our one 'ITE Way' and managing our portfolio helps us to focus on the market-leading events that suit our ambitions.

7
Market-leading brands acquired

In July this year, we completed the acquisition of the Ascential Events business, which has the potential to accelerate our transformation.

This portfolio was strategically attractive as it included seven market-leading brands, two of which are truly global, making it a rare opportunity. Both Bett and CWIEME are global brands with the potential for further geo-cloning, and five of the acquired shows will enter straight into our top 10 events by revenue in 2019 (see pages 4–5).

Each of the brands supports our ambition to focus on product-led, industry-leading shows and is in line with the acquisition criteria outlined in the TAG programme – the events are all scalable, have a distinct customer proposition and report strong financials. The brands have even further growth potential under our management, with investment.

The acquisition has diversified our event offerings into new industries, such as education technology and coil winding. We believe these new industries have high growth potential and add new strength to our enlarged Group. The acquisition also expanded our UK presence and further balanced our geographical footprint (see pages 6–7).

Integration of the portfolio

Creating a scalable platform and developing best practice processes has paved the way for smooth integration of the seven brands. A dedicated integration team was appointed, and the integration plan incorporated organisational design, property, IT and systems, communication and best practice.

TAG principles and best practice models are already being rolled out to the seven acquired brands and investment plans for 2020 are well under way. The acquired brands will benefit from our network of international sales offices, which will support their growth.

3
the number of global brands following the acquisition

Strategic report

Key Performance Indicators for 2019

The TAG programme, announced in May 2017, is being implemented to transform the Group and position us to achieve our vision. The ultimate success of the Group will come through realising the vision, which is underpinned by five strategic priorities, set out below. Each of these has been identified with our vision in mind.

Key performance indicators (KPIs) have been identified, linked to the strategic priorities. Data is not currently available to report performance against all KPIs – this will come with the full implementation of TAG and the full roll out of the new global CRM and finance systems – but a number of these measures are already being reported against internally. The KPIs are expected to evolve over time as TAG becomes fully implemented and the Group focuses on its longer term strategic aims.

Strategic priorities	Indicative KPIs
Drive sustainable revenue growth	– Revenue – Forward bookings – Retention rate[1]
Focus on profitability to increase shareholder value	– Headline profit before tax – Headline diluted earnings per share – Pro forma return on capital employed (ROCE)[2]
Create a leading portfolio of must-attend events	– Visitor density[3] – Customer satisfaction[4]
Manage cash flows to ensure the long-term viability of the Group	– Cash conversion – Pro forma net debt: EBITDA[5]
Develop an engaged, talented and high performing workforce	– Employee engagement

1 Retention rate is measured based on revenue generated from returning customers as a percentage of the total revenue from the previous event edition. Data is currently available only for our core Moscow and Krasnodar events, all Turkey events and the Breakbulk and Moda portfolios.

2 ROCE is calculated as headline operating profit (i.e. before adjusting items such as amortisation and impairment) divided by net assets excluding all balances relating to any provisions, financial instruments, interest-bearing liabilities and cash or cash equivalents. Pro forma ROCE includes the full year impact of the Ascential Events acquisition. ROCE adjusted to also include the full year impact of the Mining Indaba acquisition and ITE Expo disposal completed in October 2018 is 12.7%.

Performance	Link to principal risks and uncertainties (see pages 58-63)
£175.7m (2017: £152.6m) **£147m** (2017: £98m) **81%** (2017: 72%)	- Breach of anti-bribery laws or similar - Breach of sanctions or sanction extensions - Inadequate BCP or risk management - Political instability - Economic instability
£35.4m (2017: £31.6m) **4.9p** (2017 restated: 5.0p) **13.1%**	- Breach of anti-bribery laws or similar - Breach of sanctions or sanction extensions - Inadequate BCP or risk management - Share dealing with price- sensitive information - Acquisition integration - Economic instability
1.3 visitors per square metre **1** Exhibitor NPS	- Breach of H&S regulations - Cyber-attack causing systems to fail or leading to data loss - Acquisition integration - Effective control over non-wholly owned entities - Venue unavailability - Natural disaster or terrorist incident - Breach of GDPR regulations
113% (2017: 134%) **1.4x** (2017: 1.4x)	- Repatriation of profits from subsidiaries - Inadequate BCP or risk management - Liquidity risk - Inadequate insurance
	- Performance metrics out of alignment - Share dealing with price- sensitive information

3 Visitor density is assessed based on the number of visitors attending exhibitors per square metre sold to exhibitors. Data is currently available only for our core Moscow and Krasnodar events, all Turkey events, the Breakbulk portfolio and Africa Oil Week.
4 Customer satisfaction is assessed based on our exhibitor net promoter score (NPS), which is based on a survey of customers attending our events. The NPS score can be between -100 and +100. Data is currently available only for our core Moscow and Krasnodar events, all Turkey events, the Breakbulk portfolio and Africa Oil Week.
5 Pro forma EBITDA adjusted for the full year impact of the Ascential Events acquisition.

Strategic report
Our Market

OUR VIEW OF THE EXHIBITION INDUSTRY

Geographical markets

The US accounts for more than 50% of all global exhibitions, making it the world's largest market. China is the second largest market and together, they are the main drivers of growth of the global exhibitions industry.

After a very strong year in 2016 due to several biennial and triennial shows, the German market declined by circa 10% in 2017 due to show timing and frequency, however this was still a comparatively high performance for a low-show year. The UK is the fourth largest exhibitions market in the world. Due to the uncertainty of Brexit this market experienced low growth, however the long-term market prospects look more promising. 2017 saw Russia break a three-year decline, achieving strong growth.

Towards the end of 2018, ITE's geographical presence has become more evenly spread. The divestment of ITE Expo LLC in October 2018 has reduced the Group's footprint in Russia, however we remain the market leader in this strengthening market. The acquisition of the Ascential Events business increased our presence in China, Germany and Brazil and catapulted us forward to become one of the leading event organisers in the UK.

Competition

Over the last five years, we have seen the shape of the industry change, with traditional event organisers having consolidated through mergers and acquisitions. New market entrants are disrupting the sector using technology, with online business communities and DIY meet-up platforms challenging the traditional exhibitions model. This provides opportunities such as increased sophistication of exhibition products and market growth driven by new entrants.

New technologies such as augmented reality, facial recognition and improved analytics tools provide event organisers with opportunities to increase engagement, create better products and drive better returns on investment and time for customers.

Sectors

The largest sectors in the global exhibitions market, when measured by exhibition space, are automotive, building and construction, machinery and manufacturing plus processing. The Group has a strong global presence and market-leading brands in a number of these sectors, particularly the building and construction sector which makes up 16% of our portfolio.

Market forecast

The exhibitions market is forecast to grow steadily at 5% by 2022, providing the global economic and political environment stabilises. Growth will be driven by stable underlying economies and consistent demand for face-to-face business interactions.

AMR Global predicts that face-to-face interactions enabled by exhibitions will retain importance as a critical channel for interaction between buyers and sellers. It is also predicted that the alternative online channels will remain complementary, and in some cases become sources of enhanced visitor and exhibitor experience pre, during and post-show.

Source: AMR Global, Globex 2018 report

The global exhibitions market grew by

3.5%

in 2017

The total exhibitions market value now stands at

$31.3bn

ITE Group remains the

9th

largest exhibition organiser by revenue in the world

Strategic report
Business Model

CONNECTING PEOPLE

We have two types of customer – exhibitors and visitors. Whilst the majority of our revenue is generated through paying exhibitors, our proposition is dependant on our ability to attract high-quality visitors. This provides high return on investment to our exhibitors and increases the likelihood of them returning to our events in the future.

To enable us to offer the highest possible customer value proposition to both parties, we do things the 'ITE way', which ensures that our events are market-leading, content-driven and must-attend.

EXHIBITORS

use our events to satisfy all of their marketing needs: to transact, market their brand, launch a product, educate the sector, deploy thought leadership or steer their industry.

VISITORS

Come to our events to learn, experience, develop their skills, find inspiration, meet new contacts or buy products.

ITE GROUP PROVIDES MARKET-LEADING, FACE-TO-FACE PLATFORMS WHERE COMMUNITIES CAN COME TOGETHER TO ACHIEVE ALL OF THIS WITHIN A HIGH-QUALITY EXHIBITION EXPERIENCE.

OUR REVENUE IS GENERATED THROUGH MULTIPLE STREAMS

80.8%

of our revenue is generated from exhibitors, with each exhibitor paying for floor space at an event.

Usually, visitors attend for free (with a few exceptions). Some events benefit from sponsorship revenue and we also provide technical services, such as stand construction, to some of our customers.

WE DO THINGS THE ITE WAY

To make sure exhibitors, visitors and sponsors choose our events, we do things our way.

MARKET-LEADING:
We focus on market-leading events, so that we have the highest value proposition for exhibitors and visitors

CONTENT-DRIVEN:
We supply thought-provoking content that attracts high quality visitors and raises the profile of our events

MUST-ATTEND:
We offer the best of everything to ensure we are the one event that our customers choose to put in their calendars

OUTSTANDING CUSTOMER EXPERIENCE:
We have a relentless focus on improving every part of the customer experience and tailoring our communication with them

RETURN ON INVESTMENT:
Our customer success team makes sure exhibitors achieve their event goals so that they come back next time

Strategic report

Chief Financial Officer's Statement

STRONG OVERALL TRADING PERFORMANCE

Andrew Beach
Chief Financial Officer

Overview

Revenues for the year were £175.7m (2017: £152.6m), up 11% on a like-for-like basis following like-for-like volume and yield growth for the first time since 2014. This growth demonstrates the positive impact our TAG programme initiatives are having and the benefit of focusing on our core events. Looking ahead, TAG continues to have a positive impact. Deferred income has increased to £100.6m (2017: £82.6m), a significant element of which is as a result of the acquisition of Ascential Events, but on a like-for-like basis, therefore excluding the impact of Ascential Events, forward bookings at 30 September 2018 were up 14%.

The Group reported a loss before tax of £3.7m (2017: £3.2m loss), after including adjusting items of £39.1m (2017: 34.8m) and the first full year of TAG costs not presented as adjusting items of £7.3m (2017: £2.8m). Refer to pages 96 and 114 respectively for further details. Share of results of associates and joint ventures have increased to £5.9m (2017: £5.0m), following strong performance from the Chinacoat event in Shanghai, operated by our joint venture, Sinostar. Headline profit before tax is an alternative performance measure used by the Group to measure underlying trading performance. After excluding adjusting items, headline profit before tax was £35.4m (2017: £31.6m). Included within headline profits were an additional £4.4m of costs associated with the TAG programme, which includes the cost of our heads of best practice responsible for designing, establishing and evolving the 'ITE Way' and investment in content programmes to improve the event experience for visitors and exhibitors to create must-attend events. On a like-for-like basis headline profit before tax has grown by 20%, considerably ahead of the 2% growth in 2017 and the declines seen in the preceding few years, and ahead of the rate of like-for-like revenue growth.

Basic and diluted EPS were (1.6)p (2017 restated: (1.9)p). The Group achieved headline diluted EPS of 4.9p (2017 restated: 5.0p). The 2017 EPS comparatives have been restated to take into account the bonus issue of shares following the rights issue in July 2018. The decrease in headline diluted EPS is due primarily to the impact of the rights issue which has increased the number of shares in issue, partially offset by the Group's increased profitability in 2018, even after the increased TAG costs.

Headline operating cash conversion for the year was 113% (2017: 134%). In 2017 cash conversion increased significantly as a result of the onsite rebooking initiatives launched in the year, which brought cash inflows forward, particularly across our core events. Onsite rebooking has continued to improve throughout 2018, but has a less pronounced effect on cash conversion as our booking profiles have normalised and aligned to the earlier sales cycle. The cash conversion in excess of 100% in 2018 reflects the Group's growth trajectory, demonstrating the positive impact of the TAG programme in accelerating organic growth.

Net debt at the year end has increased to £82.7m from £49.7m at 30 September 2017 primarily as a result of £50.0m of additional drawn debt to part fund the acquisition of the Ascential Events business (total upfront consideration of £297.8m), offset by strong cash conversion. In the net debt bridge, the acquisitions and disposals cash outflow is presented net of the £255.9m net proceeds received following the rights issue in July 2018. Excluding the net impact of acquisitions and disposals, cash flow from operations was sufficient

Chief Financial Officer's Statement continued

to cover the Group's dividends, tax paid and the TAG costs incurred in the period. Statutory net debt at the year end of £82.7m excludes £2.2m of cash held by the Group within ITE Expo LLC, which was held for sale at the year end ahead of the completion of the disposal in October 2018.

On 22 November 2017 the Group refinanced its external debt facility, giving the Group access to a new £100.0m facility from a syndicate of four banks: HSBC, Barclays, Citibank and Commerzbank. In July 2018 the facility was amended and restated on the same terms, giving the Group access to a £170.0m facility, which was used to part-fund the Ascential Events acquisition in July 2018 and the Mining Indaba acquisition in October 2018. The facility amortises by £10.0m in December 2018 and £17.5m each December thereafter until the facility expires in November 2021. At 30 September 2018, £134.3m is drawn on the facility. Bank loans presented in the Statement of Financial Position are £132.3m, net of £2.0m of capitalised borrowing costs.

The facility has more favourable pricing and more appropriate covenants, including a leverage ratio which is now assessed on a net debt to EBITDA basis, replacing the gross debt covenant in place under the previous facility. The facility is also structured to allow the flexibility we require to achieve our plans, including acquisitions and more flexible use of disposal proceeds.

Trading summary

In 2018 the Group ran 205 events (2017: 234). The decrease is primarily attributable to cancellations of smaller, less profitable events. A detailed analysis of volumes and revenues is presented below:

		m^2 sold (000)	Revenue £m	Average yield £ per m^2
2017	**All events**	**680**	**152.6**	**224**
	Biennial	(10)	(2.0)	
	Timing	(3)	(1.1)	
	Non-recurring	(26)	(4.2)	
	Disposals	(12)	(2.7)	
2017	Annually recurring	629	142.6	**227**
	Acquisitions	71	18.3	
	Launches	13	1.4	
	FX translation	–	(11.8)	
	Like-for-like growth	**17**	**16.3**	
2018	Annually recurring	730	166.8	**228**
	Timing	10	4.1	
	Biennial	26	4.8	
2018	**All events**	**766**	**175.7**	**229**

Segmental results

£m	Revenue 2018	Revenue 2017 (restated)	Headline profit before tax 2018	Headline profit before tax 2017 (restated)
Brands	**11.5**	8.8	**2.1**	2.7
Russia	**73.3**	71.4	**24.3**	26.3
Asia	**25.7**	23.8	**10.2**	6.9
UK	**25.5**	9.9	**6.9**	2.7
Central Asia	**24.5**	21.7	**7.2**	6.5
Eastern & Southern Europe	**15.2**	17.0	**4.4**	4.8
Other income	**-**	-	**0.9**	0.7
Central costs	**-**	-	**(19.5)**	(16.1)
Foreign exchange gain	**-**	-	**2.2**	0.3
Net finance costs	**-**	-	**(3.3)**	(3.1)
Total	**175.7**	152.6	**35.4**	31.6

Following the acquisition of the Ascential Events business a new UK operating segment has been established. This includes the Spring Fair, Autumn Fair, Glee, Pure and BVE events acquired from Ascential plc and also includes the Moda portfolio that was previously reported within the Brands operating segment. The Bett and CWIEME portfolios have been added to the Brands operating segment, joining the Breakbulk and Africa Oil Week events, and in 2019 will also include the Mining Indaba event that was acquired post year end. As a result of these changes, the reported segmental results for Brands and UK have been restated to reflect the Group's new operating structure. No restatement was required for the other operating segments.

Refer to the Divisional Trading Summary on page 38–43 for commentary on the performance of each operating segment.

Other income relates primarily to rental income from sub-leasing unused office space.

Central costs include all costs that are not allocated to the Group's operating segments when headline profit before tax is reported to the Senior Operating Board for the purposes of allocating resource and making strategic decisions. These include the Group's corporate overheads and other central costs that are included within cost of sales. The corporate overheads are the costs of running the head office in London and are primarily comprised of staff costs, which include the Group's Executive and Non-Executive directors, depreciation of the Group's centrally held assets, office rent and professional fees. The other central costs included within cost of sales include costs that are not event-specific, but span the Group's portfolio of events.

The increase in central costs in 2018 is due to increased ongoing TAG costs which have risen by £4.4m. Of the £7.3m of costs associated with the TAG programme that have been included within headline results, £5.9m has been recognised within central costs (2017: £1.3m), as they do not directly relate to the reportable segments.

The foreign exchange gain represents the retranslation of monetary assets and liabilities held in our subsidiary companies that are denominated in currencies other than the functional currencies of the subsidiaries. See the 'Foreign exchange' section on page 34 for further details.

Net finance costs relate to the interest payable on our external banking facility and bank fees, net of interest income for the period.

Headline results

In addition to the statutory results, headline results are presented, which are the statutory results after excluding a number of adjusting items, as the Board consider this to be the most appropriate way to measure the Group's performance. In addition to providing a more comparable set of results year-on-year, this is also in line with similar adjusted measures used by our peer companies and therefore facilitates comparison across the industry.

With the exception of the derecognition of goodwill on cessation of trading and integration costs, the adjusting items presented are consistent with those presented in the previous year. The adjusting items have been presented separately in order to report what the Board considers to be the most appropriate measure of underlying performance of the Group and to provide additional information to users of the Annual Report. The derecognition of goodwill on cessation of trading removes the non-cash impact of actively managing our portfolio that is allowing management to focus on the core portfolio of events. The integration costs allow users of the Annual Report to track the financial cost of the integration of the Ascential Events business and assess the performance of the business excluding this investment.

Reconciliation of loss before tax to headline profit before tax:

£m	**2018**	2017
Loss before tax	**(3.7)**	(3.2)
Operating items		
Amortisation of acquired intangible assets	**13.6**	14.1
Impairment of assets	**7.5**	14.3
Derecognition of goodwill on cessation of trading	**2.2**	–
(Gain)/loss on disposal	**(2.9)**	3.7
Transaction costs on completed and pending acquisitions and disposals	**8.0**	0.4
Integration costs		
– Integration costs	**1.9**	–
– Costs to realise synergies	**0.8**	–
Restructuring costs		
– TAG	**5.4**	4.7
– Other	**2.2**	0.3
Tax on income from associates and joint ventures	**1.6**	1.5
Financing items		
Revaluation of liabilities on completed acquisitions	**(1.2)**	(4.2)
Headline profit before tax	**35.4**	31.6

Amortisation of acquired intangible assets

Amortisation of acquired intangible assets relates to the amortisation charge in respect of intangible assets acquired through business combinations. The charge has declined in the year as a result of a number of our historical intangible assets reaching the end of their estimated useful lives, and the disposal of TradeLink, offset in part by the acquisition of the Ascential Events business for the final two and a half months of the year.

Strategic report
Chief Financial Officer's Statement continued

Impairment of assets
In the year, an impairment charge of £5.6m was recognised in respect of our Turkey cash generating unit (CGU). Despite the like-for-like revenue growth of £1.8m reported in Turkey in 2018, the impairment charge has largely arisen due to the IMF downgrading their forecasts of GDP growth and inflation for the country due to the adverse macro economic and geopolitical climate in the country. These revised forecasts, which we use in our impairment calculations, affect our long-term outlook for the region. Our short-term trading forecasts have also been impacted by the economic uncertainty in Turkey, particularly in relation to a slowdown of new business sales to customers in the construction sector. The reduced headroom in Turkey prior to these changes is as a result of the write down of the assets to the value in use of the CGU in the prior year.

A rental deposit of £1.5m paid in advance in respect of future years' rent of a non-core venue, and the associated VAT of £0.3m, have been written off in the year. This follows the termination notice served by the Group to the venue owner in June 2018 which renders the prepayment irrecoverable.

As well as the impairment charge recognised at our Turkey CGU last year, the prior year charge also included impairments of our India and Africa Oil Week CGUs (£12.6m), and our Indonesian joint venture (£1.7m).

Derecognition of goodwill on cessation of trading
Following the cessation of trading at RAS Publishing during the year, the full carrying value of the goodwill in the UK segment relating to RAS Publishing was derecognised.

(Gain)/loss on disposal
During the year the Group disposed of its investment in TradeLink, the owner of MetalTech, the metalworking exhibition in Malaysia for £4.9m, and a gain on disposal of £3.1m was recognised in relation to this. The Group also disposed of its 75% stake in ECMI for £2.7m, resulting in a £0.1m loss on disposal. The Group had previously acquired an additional 25% in ECMI in June 2018, before the disposal of its entire holding, resulting in a loss on disposal being recognised following the write down of the investment. The loss in the previous year related to the disposal of the Group's investment in Gima International Exhibition Group GmbH & Co KG, a sales agency business based in Germany.

Transaction costs on completed and pending acquisitions
Transaction costs on completed and pending acquisitions and disposals relate principally to costs incurred on the acquisition of the Ascential Events business. The most significant of these costs are professional and consultancy fees incurred in relation to the stamp duty, due diligence and legal procedures necessary for the acquisition. Transaction costs have also been incurred in relation to the disposals of ITE Expo LLC, and TradeLink as part of the active management of the Group's portfolio of events, and in relation to the acquisition of Mining Indaba.

Integration costs, including synergy realisation
Costs of £1.9m have been incurred in steering and executing the integration of the Ascential Events business, primarily in relation to HR, IT and communications. Costs of £0.8m have also been incurred in order to realise the synergy opportunities presented by the acquisition, and primarily relate to provisions for redundancy payments communicated to affected staff before year end.

Restructuring costs, including TAG
Restructuring costs include £5.4m of costs incurred in transforming the business, as a result of TAG. The costs presented in respect of TAG primarily relate to implementing the Group's new strategy, developing and rolling out best practice blueprints and establishing the ITE way to increase the scalability of our platform, and launching our event best practice initiatives.

Costs of £7.3m (2017: £2.8m) that have been incurred as a result of the TAG programme that are expected to remain as part of the Group's new operating model post-transformation are therefore not presented as adjusting items and are included within underlying results.

Other restructuring costs of £2.2m have been presented as adjusting items and primarily relate to redundancy and severance costs that have been incurred in relation to the active management of the Group's portfolio of events and the focus on our core events. Also included is the accelerated non-cash amortisation charge on the refinancing of our external debt during the year to part-fund the elements of the TAG programme.

Tax on income from associates and joint ventures
Statutory reported profits from associates and joint ventures are presented post-tax. In order to present a measure of profit before tax for the Group that is purely pre-tax, the tax on associate and joint venture profits is added back. Instead it is included in the headline post-tax measure of profit and therefore is applied consistently with the statutory measure of post-tax profit.

Revaluation of liabilities on completed acquisitions
A number of the Group's acquisitions completed in recent years have future earn-out commitments, either through deferred or contingent consideration payments or through equity option liabilities to increase our current shareholdings. These are held on balance sheet at fair value and therefore change based on the latest foreign exchange rates, the proximity of the settlement date and the latest expectation of the settlement value. All such revaluations are presented within adjusted results as they do not relate to the pure performance of the Group. Revaluation of liabilities on completed acquisitions include the revaluation of the equity option liabilities in respect of the acquisition of ABEC and Fasteners completed in previous years, and the revaluation of deferred consideration in respect of ABEC.

Foreign exchange
As a result of the territories in which we operate, we are exposed to changes in foreign exchange rates and significant movements, particularly in the Russian Ruble and these can have a significant impact on our results.

Translational FX
Each month our subsidiary company results are translated into Sterling, from the functional currencies of the subsidiary companies, on consolidation, using the prevailing foreign exchange rates for the month. Changes in foreign exchange rates result in fluctuations of the level of profits reported for the Group. The impact of the changes in foreign exchange rates is included within both the statutory and adjusted reported results, within the relevant lines in the Consolidated Income Statement. To aid comparability of trading results, when presenting like-for-like performance we adjust for the impact of changes in foreign exchange rates on translation. Largely as a result of the weakening of the Russian Ruble and Turkish Lira against Sterling, the

reported results were lower than in the comparative period by £11.8m for revenue and £4.0m for headline profit before tax.

Transactional FX
As well as translational foreign exchange movements arising on consolidation, the Group results are impacted by changes in foreign exchange rates within our subsidiary company results. Where monetary transactions are entered into in different currencies than the functional currency of the entity this gives rise to revaluation gains and losses following changes in exchange rates between the transaction date, month end and the settlement date. Each revaluation of the monetary assets and liabilities held on the balance sheet results in gains and losses, which are reported within the Consolidated Income Statement within the 'Foreign exchange gain on operating activities' line.

The devaluation of the Russian Ruble and Turkish Lira in 2018, particularly from July through to September has contributed to the gain of £2.2m (2017: £0.3m) recognised in the year, which has arisen on the revaluation of foreign currency monetary assets and liabilities held in our subsidiary companies in Russia and Turkey.

In order to minimise our exposure to changes in foreign exchange rates, particularly on Euro denominated cash inflows held in Sterling subsidiary companies, which accounts for approximately 15–20% of total revenues, the Group holds foreign exchange forward contracts to provide certainty over the future Euro cash inflows. The gains and losses on the forward contracts are deferred and recognised within revenue at the point at which the revenue is recognised.

In the year, a loss of £1.7m (2017: loss of £0.7m) was recognised within revenue in respect of our forward contracts, reflecting the strengthening of the Euro against Sterling relative to the contracted rate on entering into the forward contracts, naturally offsetting the benefit received from this strengthening within our reported revenues.

Foreign currency translation reserve
Finally, our results are impacted by the translation of the subsidiary company balance sheets each month on consolidation into Sterling. A change in foreign exchange rates gives rise to a movement which is recognised within reserves in the foreign currency translation reserve. This is on translation of the company balance sheets of our subsidiary companies, which are reported in their functional currencies before being translated into Sterling on consolidation, at the prevailing period end rates.

The foreign currency translation reserve increased by £7.8m, largely due to the weakening of the Russian Ruble, Turkish Lira and the Indian Rupee against Sterling between the beginning and the end of the financial year. Due to the considerable goodwill and intangible assets held in these countries the value of the net assets within the consolidated statement of financial position has reduced.

Share of results of associates and joint ventures

Profits after taxation for the financial year arising from investments in joint ventures and associates increased by £0.9m to £5.9m (2017: £5.0m) primarily as a result of Sinostar, our 50%-owned Chinese joint venture, continuing to perform well.

Finance costs

Statutory net finance costs are £2.1m (2017: net finance income of £1.0m). On a headline basis, after excluding the revaluations relating to liabilities on completed acquisitions, net finance costs are £3.3m (2017: £3.1m). These represent the interest cost on the Group's borrowings of £2.8m (2017: £2.5m) and bank charges of £1.1m (2017: £1.3m), net of interest income of £0.6m (2017: £0.7m). The higher interest costs reflect the increased level of debt since July 2018, to part-fund the Ascential Events acquisition.

Tax charge

A tax charge of £3.0m (2017: £3.3m) was recognised in the year. Tax on associate and joint venture profits, which is presented within the share of profit from associates and joint ventures, was £1.6m (2017: £1.5m), reflecting the higher level of joint venture profits discussed above. The total tax charge was therefore £4.7m (2017: £4.8m). The headline tax charge for the period was £9.7m (2017: £8.3m), equating to a headline effective tax rate of 27.5% (2017: 26.3%).

Profits attributable to non-controlling interests (NCI)

NCI profits for the year were £1.4m (2017: £1.8m), down £0.4m. In May 2017 we increased our interest in Africa Oil Week to 100%, reducing the proportion of profits attributable to NCI for the event that runs each October. This was offset by the first-time impact of the 30% of the pre-acquisition profits from the prior period acquisition of Gehua.

Consolidated Statement of Financial Position

The Group's Consolidated Statement of Financial Position at 30 September 2018 is summarised in the table below:

	30 September 2018 Net assets £m	30 September 2017 Net assets £m
Goodwill and other intangible assets	**469.1**	154.4
Interests in associates and joint ventures	**43.3**	45.5
Other non-current assets	**17.6**	11.7
Total non-current assets	**530.0**	211.6
Trade debtors	**57.7**	44.1
Cash	**49.6**	23.3
Other current assets	**21.4**	20.2
Assets classified as held for sale	**10.5**	-
Total current assets	**139.2**	87.6
Deferred income	**100.6**	82.6
Bank loan	**132.3**	73.0
Other liabilities	**103.1**	53.3
Liabilities classified as held for sale	**8.3**	-
Total liabilities	**344.3**	208.9
Share capital and share premium	**287.2**	31.3
Translation reserve	**(53.1)**	(45.3)
Other reserves	**67.0**	81.6
NCI	**23.8**	22.7
Total equity	**324.9**	90.3

Strategic report

Chief Financial Officer's Statement continued

Total non-current assets

Goodwill and intangible assets increased during the year due primarily to the acquisition of the Ascential Events business which added £347.6m to the balance. This was partially offset by the £5.6m impairment recognised in the Turkey CGU, the disposal of TradeLink goodwill and intangible assets of £0.9m, the annual amortisation charge in respect of the intangible assets of £13.6m and the retranslation of overseas balances to Sterling at year-end exchange rates. The intangible assets balance represents acquired customer relationships, trademarks and licences, visitor databases and computer software.

Interests in associates and joint ventures has declined by £2.2m, due to the disposal of ECMI and the receipt of dividends from our joint ventures, offset in part by strong profitability in the larger joint ventures, particularly Sinostar and ITE MF.

Other non-current assets have increased as a result of capital expenditure as part of the TAG programme, primarily in relation to building fit-for-purpose IT infrastructure and systems to help create a scalable platform for growth as well as due to other long-term assets acquired from Ascential Events, primarily in respect of property, plant and equipment.

Total current assets

Trade debtors increased compared to the prior year as a result of the addition of Ascential Events' trade debtors and the increased forward bookings for 2019 events as the Group's revenues continue to grow as a result of the TAG initiatives introduced since May 2017. This contributed to trade debtors increasing by over 10% year-on-year. Trade debtor recoverability remains strong and cash flow from operations and cash collection have continued to be areas of focus over the past year.

Cash balances increased to £49.6m (2017: £23.3m) as a result of the Ascential Events acquisition which has increased the Group's working capital requirements and increased debt drawn down to fund the £20.0m upfront payment for the Mining Indaba acquisition that was completed shortly after the year end, in October 2018.

Other current assets, comprising other debtors, prepayments and tax prepayments, have remained broadly consistent year-on-year, with the movement coming largely from increased prepaid event costs following the Ascential Events acquisition.

Assets of £10.5m have been classified as held for sale at the year end, representing the assets of ITE Expo LLC, the subsidiary company that operated 56 of our non-core events in Russia, that was disposed of on 3 October 2018. In accordance with IFRS 5, the assets and liabilities at 30 September 2018 have been classified as held for sale and presented separately in the Statement of Financial Position.

Total liabilities

As with trade debtors, deferred income has increased considerably as a result of the Ascential Events acquisition, with the balance as at 30 September 2018 being £100.6m (2017: £82.6m), up by over 20% year-on-year. The increase is offset by the deferred income recognised within ITE Expo LLC being presented separately as held for sale, the impact of the biennial event cycle where Q1 in even years is our strongest quarter in the 48-month biennial cycle, and the negative impact of FX, particularly in Russia and Turkey when translating the deferred income into Sterling on consolidation.

The bank loan balance of £132.3m (2017: £73.0m) has increased largely as a result of the increased debt drawn down to finance the Ascential Events acquisition, £47.6m of which was financed through debt with the remaining £265.2m funded through the rights issue. The £2.6m deferred consideration was settled through debt in November 2018. Refer to page 31 for a full bridge of the changes in net debt since 30 September 2017.

Other liabilities increased to £103.1m (2017: £53.3m). The increase is primarily in respect of deferred tax liabilities recognised on the intangible assets acquired as part of the Ascential Events business which totalled £37.4m. Other increases within liabilities have also come about through the acquisition of the Ascential Events business, including deferred consideration of £2.6m in respect of consideration that was paid in November 2018.

Liabilities of £8.3m relating to the disposal of ITE Expo LLC have been classified as held for sale at 30 September 2018.

Total equity

During the year the Company issued 472,338,182 (2017: 7,140,601) ordinary shares of 1p. 471,938,893 of the total new issues were part of the rights issue to raise funds for the acquisition of the Ascential Events business, which raised £265.2m. The remaining shares issued were to shareholders who elected to receive their 2017 final dividend in shares.

As at 30 September 2018 the Employee Share Ownership Trust (ESOT) held 2,506,133 (0.3%) of the Company's issued share capital (2017: 2,783,585 (1.0%)).

The movement in the translation reserve from a debit balance of £45.3m to £53.1m represents the loss on the year-end retranslation of the Group's overseas assets denominated in foreign currencies, as discussed on page 35. This is driven primarily by movements in the Sterling/Ruble, Sterling/Lira and Sterling/Rupee exchange rates. The Group's ability to pay dividends is secure, with distributable reserves in the Parent Company accounts of £18.6m.

Venue arrangements

The Group has long-term arrangements with its principal venues in its main markets setting out ITE's rights over future venue use and pricing.

The arrangements can take the form of a prepayment of future venue fees ('advance payment'), or a loan which can be repaid in cash or be offset against future venue fees ('venue loan'). Generally, the arrangements bring rights over future venue use and advantageous pricing arrangements through long-term agreements. Venue advances and prepayments are included in the Consolidated Statement of Financial Position under non-current and current assets.

Acquisitions and disposals

On 17 July 2018, the Group acquired a 100% holding in Ascential Events, a company incorporated in the UK, for total consideration of £300.3m. The acquired business has contributed £17.1m to Group revenue and £3.5m to headline profit before tax since acquisition.

On 24 April 2018 the Group disposed of TradeLink ITE Sdn. Bhd., the owner of MetalTech, the metalworking exhibition in Malaysia, to UBMMG Holdings Sdn. Bhd., a subsidiary of UBM plc, for total cash consideration of £4.9m.

On 3 October 2018 the Group announced that it had entered an agreement to acquire the business and assets relating to Mining Indaba from Euromoney Institutional Investor Plc for £30.1m. Mining Indaba is the leading event dedicated to bringing together mining and investment experts in order to develop mining interests in Africa.

On 3 October 2018 the Group completed the disposal of ITE Expo LLC, the operating company for 56 of the Group's non-core, regionally-focused, smaller events in Russia, to Shtab-Expo LLC for approximately £7.5m.

As part of the acquisition of Ascential Events, £2.6m of deferred consideration was outstanding at 30 September 2018, which has subsequently been paid in November 2018. On acquisition of Ascential Events we also recognised the obligation to pay £0.2m of contingent consideration to a third party based upon the results of Spring Fair over a multi-year period ending with the event in 2019. At 30 September 2018 there remains an outstanding obligation of £0.9m in respect of the acquisition of ABEC, completed in October 2015.

At 30 September 2018, equity options are held over further interests in our subsidiary companies, ABEC, Fasteners and Scoop, and our joint venture company Debindo. The equity option over ECMI was ended upon sale of the joint venture in June 2018.

Portfolio management

As part of our ongoing focus on core events, 28 events were cancelled in 2018 which had in 2017 contributed £4.3m to Group revenue and £0.5m to headline profit.

TAG overview

In May 2017, we announced our intention to invest up to £20.0m in the TAG programme over the three-year transformation period. In 2018 we invested £7.0m, comprised of £5.3m of one-off restructuring costs, which are presented within adjusting items, and £1.7m of capital expenditure. The restructuring costs were principally in relation to developing and rolling out best practice blueprints, launching the best practice initiatives and establishing the one 'ITE Way' to operate our events. Having invested £12.0m since May 2017, we anticipate investing up to £8.0m in the current financial year, focusing on creating a scalable platform, embedding our new CRM system, designing and implementing a new global finance system and developing floor planning tools to be used across all of our events. We remain confident of delivering the overall TAG programme within the £20.0m one-off investment indicated.

During 2018, £7.3m (2017: £2.8m) of costs were included within our statutory and headline results in relation to the TAG programme. These represent costs that are associated with the TAG programme, in relation to the delivery of the Group's new strategy, rather than the costs of designing and implementing the strategy. These are costs that have arisen following changes to the way we operate as a result of the TAG programme and are expected to continue to be incurred as the Group's new operating model becomes fully embedded. Of the £7.3m incurred in the year, £3.3m was included within cost of sales (£2.3m of which was included within central costs) and £4.0m is included within overheads (£3.6m within central costs). The cost of sales represents costs incurred to date that are direct costs incurred to drive future revenue growth. Overhead costs are ongoing costs largely incurred in relation to maintaining best practice functions and teams and building capability and talent.

In May 2017 we said that we expected the ongoing costs of TAG to exceed the incremental revenue it delivers during the three years ending 30 September 2019, with positive net operating profit after tax from the year ended 30 September 2020. We are now projecting that we will meet this target a year early, in the year ended 30 September 2019. We also expect to deliver ROI from the TAG programme greater than our cost of capital a year ahead of plan, in the year ended 30 September 2020. This gives us confidence that we will meet all our TAG targets within the expected timeframe.

Strategic report
Divisional Trading Summary

BRANDS

	2018 £m	2017 (restated) £m	% change	% change Like-for-like
Revenue	**11.5**	8.8	**+31%**	+15%
Headline profit before tax	**2.1**	2.7	**-22%**	-16%

The Group's Brands business contains the results of the Africa Oil Week event and the Breakbulk portfolio of events. From next year the division will also include the BETT and CWIEME portfolios of events, acquired as part of the Ascential Events acquisition, and the Mining Indaba event acquired in October 2018. Brands previously included the results of our Moda fashion events which are now included in the new UK division. 2017 results for Brands therefore have been restated.

Overall the portfolio reports a 31% increase in revenues and a 22% decrease in profits. The decline in profits is due to increased investment within both Breakbulk and Africa Oil Week as part of the TAG programme to drive future growth and increased divisional costs, reflecting the first full year of Brands being managed as a separate division.

On a like-for-like basis, revenues increased by 15% and headline profits before tax decreased by 16%.

Africa Oil Week ran in October 2017 and considerably exceeded expectations with revenues flat year-on-year, despite structural challenges due to the low oil price at the time.

The Breakbulk portfolio saw an overall increase in volumes and revenues compared with the previous year as Breakbulk America did not run in the 2017 financial year, having run twice in the previous financial year due to event timing. However, on a like-for-like basis the portfolio grew volumes by 14% and revenues by 24%.

RUSSIA

	2018 £m	2017 £m	% change	% change Like-for-like
Revenue	**73.3**	71.4	**+3%**	+8%
Headline profit before tax	**24.3**	26.3	**-8%**	+4%

During the year the Group held 89 events in Russia (2017: 96), with total volume sales of 293,400m² (2017: 274,400m²). Revenue of £73.3m was 3% higher than the previous year and headline profit before tax of £24.3m was 8% lower than the previous year, reflecting the weakening of the Russian Ruble, which had a negative impact of £5.8m on revenues and £2.4m on headline profit before tax. Headline profit before tax was also impacted by this being the weaker biennial year for ITE MF, the Russian joint venture, which reduced to a pre-tax share of profits of £0.8m (2017: £1.4m). These factors were mitigated by TAG benefits and stabilisation of the trading environment – particularly in Moscow. On a like-for-like basis volume sales in Russia increased by 4%, revenues increased by 8% and headline profits before tax increased by 4% from the prior year.

Moscow is the Company's largest office in Russia with events accounting for around 80% of the region's revenues. Volume sales for the year on Moscow events were 194,700m² (2017: 182,300m²); an increase of 4% on a like-for-like basis.

The Group's leading events in Moscow responded well to the stabilisation of the trading environment and benefited from management's increased focus on these events. MITT, the annual international tourism and travel event in Moscow delivered volume sales of 14,200m² (2017: 13,700m²) as the Russian international tourism sector recovered confidence, TAG initiatives delivered and relations between Turkey and Russia improved. In April, MosBuild saw volumes increase by 5% to 36,100m² (2017: 34,500m²) with the growth being led by domestic exhibitors. The packaging event, RosUpack, also performed strongly with volume growth of 15% from 13,400m² to 15,400m². The heating event AquaTherm Moscow and the security event Securika also reported growth in volumes at 13,300m² (2017: 12,800m²) and 10,900m² (2017: 10,400m²) respectively. The now annual Moscow International Oil & Gas Exhibition (MIOGE) was in its second year at a new venue, but suffered from low exhibitor interest from running the event annually, coupled with the effects of the sanctions on energy companies operating in Russia, which meant volumes fell to 8,800m² (2017: 12,000m²). WorldFood Moscow in September grew volumes, by 2%, to 21,600m² (2017: 21,300m²), as both domestic exhibitors and international suppliers increased their space requirements.

The single largest event in Krasnodar is the leading agriculture event, YugAgro, which grew by 11% to 35,300m² (2017: 31,700m²).

The non-core events, divested on 3 October 2018, experienced a volume decline of 1%.

Strategic report
Divisional Trading Summary continued

ASIA

	2018 £m	2017 £m	% change	% change Like-for-like
Revenue	**25.7**	23.8	**+8%**	+10%
Headline profit before tax	**10.2**	6.9	**+48%**	+54%

The Group's operations in this region are based primarily in India and China, with a small presence in South East Asia. In April 2018, prior to the event taking place, we disposed of TradeLink ITE Sdn. Bhd., the South East Asian business responsible for the MetalTech event. During the year, the Group ran 29 (2017: 35) events in Asia. Overall the Group's majority owned businesses in the region sold 176,400m² in 2018 (2017: 160,100m²), reflecting acquisitions in China taking place for the first time in the current year, the stronger biennial pattern and three new launches, offsetting the TradeLink disposal. The Group benefited from another strong performance by its Sinostar joint venture, which is not included in consolidated revenues, but is included in consolidated headline profits before tax for the region.

On a like-for-like basis the region reports an increase of 2% in volumes and 10% in revenues and a 54% increase in headline profits before tax.

The Group operates two businesses in India: one through a wholly-owned subsidiary, ITE India, which has its stronger biennial year in even years, and the other through ABEC, one of India's largest exhibition organisers in which the Group has a 60% stake. ABEC's portfolio of over 20 exhibitions across different industry sectors includes ACETECH – India's leading construction event. ACETECH Mumbai in November 2017 delivered 29,100m² (2017: 27,800m²) although the positive impact of this was offset by challenges faced at the smaller ACETECH Bangalore event and the smaller, more consumer based property and lifestyle events. The Indian business as a whole delivered a like-for-like volume decline of 1%, but a like-for-like revenue increase of 7%, reflecting increased yields despite challenges faced in the market.

In China the Group has offices in Beijing, Shanghai and Guangzhou and operates (through its Hong Kong headquartered 50% joint venture partner Sinostar) the Chinacoat event. The November 2017 Chinacoat event in Shanghai recorded 20% growth on the equivalent previous edition reporting record sales of over 48,100m². The 70% owned Gehua business performed well with the major food event which ran in August 2018 delivering 24,900m² (2017: 20,000m²). The Group's Fasteners event declined by 34% to 10,700m² (2017: 16,300m²) in the face of increased competition.

In South East Asia, after the disposals of ECMI, the Malaysian joint venture, and TradeLink, the Group now operates through one organisation based in Indonesia. In Jakarta, Indonesia, the Group owns 50% of PT Debindo which runs the IndoBuildTech series of construction exhibitions, the largest of which takes place annually in Jakarta. Volumes increased to 20,600m² (2017: 18,700m²) although the revenues decreased by 8% due to currency weakness, with the like-for-like increase being 1%.

UK

	2018 £m	2017 £m	% change	% change Like-for-like
Revenue	**25.5**	9.9	**+158%**	-10%
Headline profit before tax	**6.9**	2.6	**+165%**	-33%

The new UK business contains the results of our Moda fashion events, (previously included in Brands), Moda, Scoop, Jacket Required and Bubble, as well as the majority of the acquired Ascential Events portfolio including Spring Fair, Autumn Fair, Pure, Glee and BVE. The only events included in the like-for-like results therefore are those from the Moda portfolio.

With the Ascential Events portfolio having only been acquired on 17 July 2018, only three of the newly acquired events ran in the current financial year. These were Autumn Fair, Pure and Glee. On a combined basis these three events delivered revenues of £17.1m.

Moda is a trade fashion event in Birmingham, UK which was previously part of the Brands portfolio but is now part of the UK portfolio. The Group made the decision to cancel the second edition of Bubble, a niche high-end childrenswear event which made low margins and low profits.

Overall the Moda portfolio achieved volume sales of 29,500m² (2017: 34,800m²), a 13% like-for-like volume decline and a 10% revenue decline on the prior year. This was due to the closure of the lingerie section of the Moda event during 2017 and the decline in the menswear section throughout 2018, reflecting the challenges facing non-market leading events in the UK mid-market fashion industry.

Strategic report

Divisional Trading Summary continued

CENTRAL ASIA

	2018 £m	2017 £m	% change	% change Like-for-like
Revenue	**24.5**	21.7	**+13%**	+27%
Headline profit before tax	**7.2**	6.5	**+11%**	+13%

The Group's principal offices in Central Asia are in Kazakhstan, Azerbaijan and Uzbekistan. All the economies in this region are heavily dependent on oil and gas for their overseas earnings and economic wealth and in the case of Kazakhstan a significant level of trade with Russia as well. The gradually improving oil price and the Russian economic stabilisation are beginning to have a positive impact on trading conditions within the region.

This year the Group organised a total of 56 events (2017: 66) across these territories delivering total volume sales of 66,700m² (2017: 64,000m²), revenues of £24.5m (2017: £21.7m) and headline profits before tax of £7.2m (2017: £6.5m). Overall, on a like-for-like basis, volumes in Central Asia increased by 7% over the previous year. Revenues increased by 27% and headline profit before tax increased by 13% as US Dollar pricing partially protected revenues from significant currency fluctuations.

Kazakhstan is the Group's largest office in the region selling 33,000m² (2017: 32,200m²). The largest event in the region, Kazakhstan Oil & Gas Exhibition (KIOGE), took place in Almaty in October 2017 and again in September 2018. The October 2017 event volumes were flat compared to the prior edition at 3,700m² (2017: 3,700m²). However, reflecting the improvement in the environment during the year, WorldFood Kazakhstan held in November 2017 grew volumes by over 40% from 2,300m² to 3,200m².

Azerbaijan achieved volume sales of 11,500m² (2017: 14,200m²) – a decrease of 5% on the prior year on a like-for-like basis with all sectors suffering reduced volumes.

The Group's Uzbekistan business is slightly more insulated from the oil price due to the nature of the local economy, and it performed strongly in 2018 selling 22,200m² (2017: 17,600m²). On a like-for-like basis volumes have increased by 34% while revenues are up 60%. This is due in part to the devaluation of the Uzbekistan Som which has resulted in considerably cheaper prices for overseas exhibitors.

EASTERN AND SOUTHERN EUROPE

	2018 £m	2017 £m	% change	% change Like-for-like
Revenue	**15.2**	17.0	**-11%**	+19%
Headline profit before tax	**4.4**	4.8	**-8%**	+34%

The Eastern and Southern Europe region is represented by the Group's offices in Turkey and Ukraine. Overall the region sold 120,200m² in 2018 (2017: 134,500m²), with a small amount of growth in Ukraine, offset by 2018 being the weaker biennial year in Turkey, due to the railway industry exhibition, Eurasia Rail, running only in odd years, and the cancellation of a number of high volume, but low profit events in Turkey after the 2017 editions. On a like-for-like basis, volumes increased by 3%, revenues by 19% – reflecting the success of the yield strategy pursued in 2018 – and headline profit before tax by 34%.

Overall total volumes in Turkey were down, reflecting the weaker biennial pattern and the impact of cancelling the high volume, but low yield events in 2017, which were flat on a like-for-like basis. On a like-for-like basis revenues were up 20% due to pricing power following the introduction of TAG initiatives and Euro pricing at several events.

Trading in Ukraine has continued on the path to recovery. Overall volume sales were up, with an 18% increase in revenue on a like-for-like basis.

Strategic report
Corporate Social Responsibility Report

WE ARE COMMITTED TO BEING A GREAT EMPLOYER

and using our events as opportunities to make a positive impact on the world around us.

On being a great employer

We are passionate about doing things right, whether that is offering competitive pay and rewards, ensuring equal opportunities for everyone, laying a clear path for development and, above all, guaranteeing a safe working environment.

Gender diversity

The senior team recognises the importance of diversity amongst employees and is committed to ensuring that employees are selected and promoted on the basis of ability and attitude, regardless of age, gender, race, religion, sexual orientation or disability. The gender split across ITE as at 30 September 2018 is illustrated below:

	Female	Male
Board	1	5
Senior management[1]	22	35
All colleagues	979	580

1 Senior management refers to anyone with responsibility for planning, directing or controlling the activities of the Group, or a strategically significant part of the company.

We are pleased that this shows an increase of 2.5% in women at the senior manager level on last year, reflecting the ongoing commitment by the Board to ensure women are represented at this influential level. Our intent is to continue to grow the already established International Womens' Group, bringing together a community of women from our global network.

Reward and recognition

In addition to offering competitive salaries and rewards, we also operate a number of performance schemes and a global recognition programme. Club Elite rewarded 68 people throughout 2018, based on their performance and behaviours, giving them a once-in-a-lifetime experience, as well as valuable time with the senior team.

Training and development

We are committed to helping our people learn and grow throughout their career with ITE. 2018 was an important year for training at ITE and saw the start of one of our largest ever training programmes. Training was linked to our TAG programme and covered new systems, ways of working and our best practice model.

Health and safety

The health and safety of our teams is of the highest importance to us. In 2018, we developed a brand new approach to health and safety, making it part of our best practice model. This blueprint will continue to be rolled out on a global scale throughout 2019, to enhance the health and safety focus for our people.

On being socially responsible

The nature of our business is that our work contributes to trade in cities across the world. Our events also have the potential to influence some significant industries and tackle important topics such as agriculture, oil and gas and, more recently, education technology.

Case study

Africa Oil Week supports the next generation of oil and gas professionals

To build on the success of the 2017 show, the Africa Oil Week team wanted to turn their attention to how they could support the next 20 years of the oil and gas sector. They decided to launch the Future Leaders Initiative, to engage and develop young people in this important industry. Event partners including speakers, sponsors, exhibitors and advisory board members were encouraged to bring their protégés to Africa Oil Week 2018, to expose them to the current trends facing this complex market and help develop them into the next generation of leaders.

Next generation's leaders at Africa Oil Week

Case study

Giving young designers a head start at Scoop

At Scoop 2018, we teamed up with VILLOID, an online fashion platform co-founded by famous face Alexa Chung, to support new design talent. A handpicked selection of emerging designers was offered a highly coveted exhibition space at the show, to give them a head start on their career in the industry.

Scoop is a contemporary womenswear trade show held at the iconic Saatchi Gallery in Chelsea, London

On being ethical

Integrity is core to our values and we actively promote this in our dealings with colleagues, shareholders, customers and suppliers and with the authorities of the countries in which we operate. We regularly review our policies on bribery and human rights.

We value ethics in terms of giving a quality product to our customers and ensuring the highest quality of service in all events and locations. This is highlighted by the investment we have made throughout 2018, and will continue to make in 2019, into show operations including health and safety and event content.

On being environmentally conscious

Due to the industries we are involved in through our events, we have the power to contribute to positive change throughout the world and some of its largest industries.

Case study

The Power of One

The theme of Pure London SS18 was 'The Power of One', raising awareness of how individuals can contribute to improving sustainability in fashion. Working alongside the United Nations Global Goal, the team also introduced *Pure Conscious*, an event line dedicated to ethical and sustainable fashion. Together, they promoted some practical pledges, which attendees were encouraged to engage with and use in their own brands:

- **Turn it down:** wash clothes on a lower setting
- **Get dirty:** wear more and wash less
- **Pass it on:** donate, recycle and upcycle
- **Ethicool:** create a more ethically and environmentally friendly world
- **Actually, I can:** make a stand and take ownership

Pure London's new Conscious sector supports the future of sustainable fashion

Case study

TurkeyBuild plant seeds in honour of its exhibitors

TurkeyBuild Istanbul has an environmentally conscious way of thanking its exhibitors for their contribution to the show, by planting seeds on their behalf. Since 2009, over 10,000 seeds have been planted in association with TEMA, a foundation dedicated to combating soil erosion, reforestation and the protection of natural habitats.

Governance

Board of Directors

Richard Last

Non-Executive Chairman

Richard joined ITE Group as Chairman and Non-Executive Director in February 2018. Richard is an experienced Chairman, with over 30 years of public company board expertise and is a fellow of the Institute of Chartered Accountants in England and Wales. He is also currently the Chairman of Gamma Communications Plc, which has revenues of over £200m and provides voice and data communications solutions in the UK, and Tribal Group Plc, an international provider of technology solutions for the higher and further education sector with revenues of over £90m. He is also a Non-Executive Director of Corero Network Solutions plc, and Chairman of Arcontech Group plc; both are listed on AIM. He is also Chairman of two financial service businesses, Lighthouse Group plc and The British Smaller Companies VCT 2 Plc, both of which he is standing down from at their respective AGMs in early 2019.

Mark Shashoua

Chief Executive Officer

Mark Shashoua was appointed as ITE's Chief Executive Officer in September 2016. He was previously the CEO of i2i Events Group, the event arm of Ascential Plc, where he spent five years and led the internationalisation and diversification of the business. Mark is a prominent figure in the international events industry and was one of the founding members of the ITE Group in 1991, where he served in Senior Director roles and as a Board Director until August 1999. From 2001, he was a co-founder and Chief Executive Officer of Expomedia Group Plc and from 2009–11, Mark was the operating partner of Advent International, a leading private equity fund.

Andrew Beach

Chief Financial Officer

Andrew Beach was appointed as ITE's Chief Financial Officer in October 2016. He is Chairman of ITE Group's Risk Committee. He was previously the Chief Financial and Operating Officer of Ebiquity Plc, the AIM listed marketing analytics specialists, where he spent nine years overseeing the rapid expansion of the business to 20 offices in 14 markets, employing over 900 staff. Prior to joining Ebiquity, Andrew spent nine years at PwC as part of the Entertainment and Media assurance practice where he qualified as a Chartered Accountant (ICAEW) in 2000. Andrew headed up the UK Publishing sector knowledge network and managed a portfolio of large media clients.

Neil England

Non-Executive Director
Neil England was appointed a Non-Executive Director of the Group in March 2008. He held the position of Chairman from July 2017 to February 2018 and is currently the Senior Independent Director. He has a breadth of sales and marketing experience and an extensive knowledge of ITE Group's key geographic markets. Neil was formerly Vice President for Mars Incorporated with responsibility for all the CIS and Group Commercial Director on the main Board of Gallaher Group Plc. More recently, Neil was Non-Executive Chairman of BlackRock Emerging Europe Plc, an emerging market investment company focused on Eastern Europe. Neil is Chairman of Augmentum Fintech Plc and a Fellow of the Chartered Institute of Marketing.

Sharon Baylay

Non-Executive Director
Sharon Baylay was appointed a Non-Executive Director of the Group in April 2014 and became Chair of the Remuneration Committee in October 2017. She is Senior Independent Director at Restore plc and Non-Executive Director at Ted Baker plc. From 2009 to 2011 Sharon was Marketing Director and a main Board Director of the BBC, responsible for all aspects of Marketing, Communications and Audiences. She was also on the Board of BBC Worldwide, Freesat and Digital UK. Prior to the BBC, Sharon held a number of senior roles at Microsoft Corporation over a period of 15 years, including General Manager of the UK Online and Advertising business. Sharon is an Advanced Coach & Mentor, accredited by the Chartered Institute of Personnel and Development (CIPD) and a Member of Women in Advertising and Communications, London (WACL).

Stephen Puckett

Non-Executive Director
Stephen Puckett was appointed a Non-Executive Director of the Group in July 2013 and Chairman of the Audit Committee in January 2014. Stephen is also Chairman of Hydrogen Group plc and a Non-Executive Director of Redcentric plc and chairs its Audit Committee. He is a Chartered Accountant with over 20 years' experience as Finance Director of quoted companies. In 2012 Stephen retired from the Board of Page Group plc (formerly Michael Page International plc) after more than eleven years as Group Finance Director, during which time he oversaw a period of significant overseas expansion and growth.

Board Changes that occurred during the year:

- Richard Last was appointed as a Non-Executive Chairman on 12 February 2018
- Marco Sodi resigned as a Non-Executive Director on 11 October 2017
- Linda Jensen resigned as a Non-Executive Director on 30 April 2018
- Neil England will not stand for re-election at the 2019 AGM
- The Group is in the process of recruiting a new Non-Executive Director

Corporate Governance Report

UK Corporate Governance Code compliance

The Group is committed to high standards of corporate governance and supports the principles laid down in the UK Corporate Governance Code issued by the Financial Reporting Council in September 2016 (the Code). This statement describes how the principles of the Code are applied and reports on the Company's compliance with the Code's provisions.

The Board considers that the Group has been in compliance with all the principles and provisions of the Code throughout the year ended 30 September 2018 and to the date of this report.

The Board

The Board of Directors (the Board) currently has six members, comprising of the Non-Executive Chairman, the Chief Executive Officer, the Chief Financial Officer and three independent Non-Executive Directors. There were three changes to the membership of the Board during the financial year. Firstly, Marco Sodi retired from the Board in October 2017. Secondly, Richard Last joined the Board as Non-Executive Chairman on 12 February 2018. Thirdly, Linda Jensen resigned as Non-Executive Director on 30 April 2018. Neil England stepped down as Chairman following the appointment of Richard Last and as he has served for more than nine years on the Board, he will not be offering himself for re-election at the Group's 2019 Annual General Meeting (AGM).

All of the Directors bring strong judgement to the Board's deliberations. During the year the Board has been of sufficient size and diversity that the balance of skills and experience was considered to be appropriate for the requirements of the business.

The Non-Executive Directors, including the Chairman, are all independent of management and free from any business or other relationship, including those relationships and circumstances referred to in provision B.1.1 of the Code that could materially interfere with the exercise of independent and objective judgement. The Group considered that Richard Last was independent on his appointment as Chairman.

Role of the Board

The Board has overall responsibility to shareholders for the proper management of the Group. It met 11 times during the financial year. It has a formal schedule of matters reserved to it for decision making, including responsibility for the overall management and performance of the Group. This includes development and approval of its strategy; long-term objectives and commercial initiatives; approval of annual and interim results; annual budgets; material acquisitions and disposals; material agreements and major capital commitments; approval of treasury policies and assessment of its going concern position. Board discussions are held in an open and collaborative atmosphere with sufficient time allowed for debate and challenge.

Board members receive appropriate documentation in advance of each Board or Committee meeting which normally includes a formal agenda, a detailed report on current trading and full papers on matters where the Board will be required to make a decision or give approval. Updates from the Board Committees are also received at Board meetings. Board papers are delivered through an electronic platform, improving the efficiency of its communications and reducing paper usage.

There is an established procedure for the preparation and review, at least annually, by the Board of medium-term plans and the annual budget. Management accounts are circulated to the Board on a monthly basis and business performance and any significant variances to budget or re-forecast are formally reviewed at scheduled Board meetings. All major investment decisions are subject to post-completion reviews.

During the year the Chairman met with the Non-Executive Directors without the Executive Directors present. The Non-Executive Directors also met without the Chairman or Executive Directors present.

The Directors

The biographical details of the Board members are set out on pages 46 to 47.

All of the Directors have occupied, or occupy, senior positions in UK and/or international listed companies and have substantial experience in business. At all times at least half the Board, excluding the Chairman, has comprised independent Non-Executive Directors.

The Non-Executive Directors were all appointed for an initial three-year term and (in common with the Executive Directors) are subject to re-election each year by shareholders at the Company's AGM, and, as set out in the Code, and the Board continuing to be satisfied that they remain independent. At the AGM on 24 January 2019, all of the Directors except Neil England will once again offer themselves for re-election in compliance with Code provision B.7.1. The Board believes that the five Directors continue to be appropriate and effective in their role and believes that the Group and its shareholders should support their re-election at the AGM.

The Non-Executive Directors do not participate in any of the Group's pension schemes or in any of the Group's bonus, share option or other incentive schemes.

The Chairman and Chief Executive Officer

The different roles of the Chairman and Chief Executive Officer are acknowledged. A responsibility statement for each of those roles has been agreed and adopted by the Board.

Senior Independent Non-Executive Director

Linda Jensen served as the Group's Senior Independent Non-Executive Director (SID) since 2014. Neil England took over the role following Linda's resignation from the Board on 30 April 2018. At Neil's retirement as a Director of the Group at the AGM on 24 January 2019, the position of SID will be taken over by Stephen Puckett.

The SID's responsibilities include being available to liaise with shareholders who have concerns, which are not able to be resolved through the normal channels and being a sounding board for the Chairman.

Board effectiveness review

The formal annual review of the performance of the Board, its Committees and the Directors was carried out during the year. This year the process consisted of an internally run exercise led by the Chairman and assisted by the Company Secretary. The appraisal questionnaire used as part of the process was wide ranging and included questions covering both Board and Committee performance.

The appraisal confirmed that the Board and its Committees were operating effectively. The feedback was discussed with the Board and the Chairman. It was agreed that steps would be taken to strengthen the Non-Executive team, to ensure a correct balance of skills and abilities is maintained on the Board.

Support and advice

The Board has access to the advice and services of the Company Secretary, who is responsible for ensuring that all Board procedures have been complied with. The Board has approved a procedure for all Directors to take independent legal and financial professional advice at the Company's expense, if required to support the performance of their duties as Directors of the Group. No such advice was sought by any Director during the year.

Training and development

An induction programme is arranged for newly-appointed Directors which includes presentations on the business, current strategy and shareholder expectations. Guidance is also given on the duties, responsibilities and liabilities of a Director of a listed company and key Board policies and procedures. Business familiarisation involves Directors visiting exhibitions in markets in which the Group operates to gain a greater understanding of the Group's activities and to meet senior managers throughout the business.

Every Director has access to training as required and is encouraged to continue his or her own professional development through attendance at seminars and briefings.

Conflicts of interest

The Company's Articles of Association, in line with the Companies Act 2006, allow the Board to authorise potential conflicts of interest that may arise and impose limits or conditions, as appropriate. The Group has established a procedure whereby any decision of the Board to authorise a conflict of interest is only effective if it is agreed without the conflicted Director(s) voting or without their votes being counted. In making such a decision, as always, the Directors must act in a way they consider in good faith will be most likely to promote the success of the Group.

Board Committees

There are a number of standing Committees of the Board to which various matters are delegated. They all have formal Terms of Reference approved by the Board which are available on the Group's website (www.ite-exhibitions.com). The Committee reports are set out on pages 53 to 67.

Attendance by Directors at Board and Committee meetings in the financial year ended 30 September 2018

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Sharon Baylay	10/11	5/5	8/8	4/4
Andrew Beach	10/11	–	–	–
Neil England	9/11	5/5	–	4/4
Linda Jensen[1]	3/5	2/2	3/3	2/2
Richard Last[2]	7/7	3/3	–	3/3
Mark Shashoua	11/11	–	–	–
Marco Sodi[3]	1/1	–	–	–
Stephen Puckett	9/11	5/5	8/8	4/4
Total number of meetings	**11**	**5**	**8**	**4**

1 Linda Jensen resigned from the Board on 30 April 2018
2 Richard Last was appointed on 12 February 2018 and stepped down from the Audit Committee on 20 September 2018, in accordance with best practice
3 Marco Sodi resigned on the 11 October 2017

Shareholder relations

The Group is committed to ongoing engagement with shareholders and has an established cycle of communication based on the Group's financial reporting calendar. The Chief Executive Officer and Chief Financial Officer have dialogue with institutional shareholders and general presentations are given to analysts and investors covering the annual and interim results. The Board also received institutional and analysts' feedback following both the interim and annual results roadshows. All shareholders will have the opportunity to ask questions at the Company's AGM on 24 January 2019. At the AGM, the Chairman will give a statement on current trading conditions. The Chairmen of the Nomination, Remuneration, Audit and Risk Committees will be available to answer questions at the AGM. In addition, the Group's website containing published information and press releases can be found at www.ite-exhibitions.com.

The Strategic Report set out on pages 2 to 45 details the financial performance of the Group. The key risks and uncertainties the Group identifies and monitors are laid out in the Risk Committee Report on page 57.

Whistleblowing arrangements

The Group has a policy which enables and encourages employees to report in confidence any possible improprieties in either financial reporting or other matters.

ASB guidance on narrative reporting

The Group considers that it is in compliance with the additional guidance on narrative reporting for UK companies published by the Accounting Standards Board (ASB) in January 2008.

Anti-corruption policy & Modern Slavery Act 2015

As part of ITE's commitment to preventing bribery and establishing a culture that does not tolerate corruption wherever and in whatever form it may be encountered, a formal anti-corruption policy was approved by the Board in 2011 (and updated in 2017) and appropriate procedures put in place, in line with guidance provided by the Ministry of Justice to ensure compliance with current legislation and the Group's policy and related procedures. The Group has approved a statement in compliance with the Modern Slavery Act 2015. The statement can be found on the Group's website.

Governance
Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements for the year ended 30 September 2018.

Principal activities and review of the business

The principal activities of the Group comprise the organisation of trade exhibitions and conferences.

The main subsidiary and associate undertakings which affect the profits or net assets of the Group in the year are listed in note 5 to the financial statements of the Company and note 19 to the financial statements of the Group.

Details of the Group's performance during the year and expected future developments are contained in the Chief Executive Officer's statement on pages 10 to 13, the Chief Financial Officer's statement on pages 30 to 37, and in the Divisional Trading Summaries on pages 38 to 43. Details of the Group's Risk Committee Report and principal risks and uncertainties are contained on pages 57 to 63.

Results and dividends

The audited accounts for the year ended 30 September 2018 are set out on pages 96 to 146. The Group loss for the year, after taxation, was £6.7m (2017: loss of £6.4m).

The Directors recommend a final dividend of 1.0p (2017: 2.5p). The total dividend for the year, including the proposed final dividend, is 2.5p (2017: 4.0p).

Capital structure

Details of the Company's issued share capital and movements during the year are shown in note 9 to the financial statements of the Company. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding or on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all shares are fully paid.

Details of employee share schemes are set out in note 29 to the financial statements of the Group. The Trustee of the ITE Group Share Trust is not permitted to vote on any unvested shares held in the Trust unless expressly directed to do so by the Company. A dividend waiver is in place in respect of the Trustee's holding, apart from the shares which are held in the Trust as part of the Directors' Deferred Bonus Plan.

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company such as commercial contracts, bank facility agreements, property lease arrangements and employee share plans. None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole. Furthermore, the Directors are not aware of any agreements between the Company and its Directors or employees that provide compensation for loss of office or employment that occurs because of a takeover bid.

Articles of Association

The Company's Articles of Association may be amended by a special resolution at a general meeting of the shareholders.

The Company Directors

The Directors who served throughout the year and up to the date of signing this report are as follows:

Executive Directors
Mark Shashoua
Andrew Beach

Non-Executive Directors
Richard Last – Chairman – appointed 12 February 2018
Neil England
Sharon Baylay
Stephen Puckett
Marco Sodi – Resigned with effect from 11 October 2017
Linda Jensen – Resigned with effect from 30 April 2018

Their biographical details are set out on pages 46 and 47.

Directors' and Officers' insurance cover is provided by the Company, in line with normal market practice, for the benefit of Directors in respect of claims arising in the performance of their duties.

Company Directors' shareholdings

The Directors who held office at 30 September 2018 had the following interests (including family interests) in the ordinary shares of the Company:

Name of Director	**30 September 2018**	30 September 2017
Executive Directors		
Mark Shashoua	**1,066,521**	55,535
Andrew Beach	**41,250**	15,000
Non-Executive Directors		
Richard Last	**250,000**	N/A
Neil England	**137,500**	50,000
Sharon Baylay	**28,325**	10,300
Stephen Puckett	**27,500**	10,000

The Directors, as employees and potential beneficiaries, have an interest in 1,888,170 shares held by the ITE Group Employees' Share Trust at 30 September 2018. The ITE Group Employees' Share Trust held 2,506,133 ordinary shares at 14 November 2018.

Between 30 September 2018 and 2 November 2018, Mark Shashoua and Andrew Beach purchased additional 160,000 and 33,500 shares respectively.

In line with the Company's Remuneration Policy, a third of the value received under the Group's Bonus Plan by Mark Shashoua and Andrew Beach for the year ended 30 September 2018 will be deferred into shares, held in the ITE Group Employees' Share Trust.

Company's shareholders

At 30 November 2018, the Company had been notified under Rule 5 of the Financial Conduct Authority's Disclosure and Transparency Rules of the following interests in its ordinary shares:

Name of holder	Number of shares	Percentage held
RWC Partners	107,000,243	14.43
Brandes Investment Partners	105,817,745	14.27
Fidelity Management & Research	62,271,459	8.40
Invesco	35,767,081	4.82
Bestinver Asset Management	31,819,098	4.29
Amiral Gestion	30,901,464	4.17
Mawer Investment Management	29,873,684	4.03
Legal & General Investment Management	29,730,131	4.01
BlackRock	27,625,263	3.72
JO Hambro Capital Management	24,809,833	3.35
Neptune Investment Management	24,547,624	3.31
MN Services	22,588,882	3.05

Authority to purchase the Company's shares

At the Annual General Meeting (AGM) on 25 January 2018, shareholders authorised the Company to make one or more market purchases of up to 26,982,027 of the Company's ordinary shares to be held in treasury at a price between 1.0p (exclusive of expenses) and 105% of the average closing middle market price of a share for the five business days immediately preceding the date on which the share is purchased.

No purchases were made during the year and the Directors propose to renew this authority at the 2019 AGM.

Charitable and political donations

The Group made £8,553 of charitable donations (2017: £25,292) during the year. No political donations were made (2017: Nil).

Employees

The Group's human resources strategy is to attract and retain talented, high-calibre employees focused on achieving excellent results. The Remuneration Policy is designed to help achieve this aim.

The Group places great importance on the development of its people to support the business in meeting its objectives. This is reflected in the training initiatives in place, both internally and externally. The Group keeps employees informed on matters affecting them and on matters affecting the Group's performance through the emails, announcements, intranet, and regular newsletters and through meetings, both formal and informal. Employees are able and are encouraged to move around the Group in order to experience the business environment in other offices and the Group actively encourages the participation of employees in activities of other offices. As a result, the Group's employees identify strongly with ITE's overall objectives.

It is the Group's policy to consider fully applications for employment from anyone qualified to apply, regardless of their status, disability, age, gender, sexual orientation or belief. Subsequently, opportunities for advancement and development will be offered on merit and regardless of the factors noted above. The Group has family-friendly policies for those with children and in the event of a member of staff becoming disabled, every effort would be made to ensure their continued employment and progression in the Group. It is Group policy that training, career development and promotion of disabled employees match that of other employees as far as possible.

The Group cascades the key priorities and business objectives throughout the organisation and links incentives to delivering on these.

Supplier payment policy

The Company's policy, which is also applied to the Group, is to agree payment terms with suppliers when entering into each transaction to ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. ITE Group plc has no trade creditors. Trade creditors of the Group (consolidated) at 30 September 2018 were equivalent to 25.2 days (2017: 9.8 days) purchases, based on the average daily amount invoiced by suppliers during the year.

Greenhouse gas emissions

The Group's GHG emissions for the 2017-18 period were 1,043 tonnes of CO_2e, broken down into Scope 1 (direct) and 2 (indirect) activities in the table below. At a global level, the Group's 2017-18 emissions have increased by 2% on 2016-17.

ITE Group GHG emissions breakdown for the period 1 May to 30 April (tCO_2e)

Emission sources	**2017-18**	2016-17	2015-16	2014-15	2013-14	2012-13
Total Scope 1 (direct) emissions	**215**	201	207	205	232	443
Total Scope 2 (indirect) emissions	**828**	791	833	898	936	854
Estimated emissions for offices who have not reported data (electricity only)	**0**	29	30	41	21	21
Total GHG emissions (tCO_2e)	**1,043**	1,021	1,070	1,144	1,188	1,317
Performance indicators						
Full-time employee (FTE)	**1,382**	1,357	1,241	1,369	1,362	1,361
Tonnes CO_2e/FTE	**0.75**	0.75	0.86	0.84	0.87	0.97

Directors' Report continued

Annual General Meeting

The notice convening the AGM to be held at 09:00am on 24 January 2019 is contained in a circular sent to shareholders at the same time as this report.

Auditors

For the year ending 30 September 2019, the Audit Committee has recommended to the Board that a tender process be conducted. Since the tender process will not have concluded by the time of the AGM, the Board is recommending that the shareholders reappoint Deloitte LLP as the Group's auditors.

Post balance sheet events

Details of post balance sheet events are set out in Note 33 to the Consolidated Financial Statements.

Fair, balanced and understandable statement

Each of the Directors considers that the Annual Report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Directors' statement as to disclosure of information to auditors

Each Director of the Company at the date when this report was approved confirms:

- so far as he/she is aware, there is no relevant audit information (as defined by the Companies Act 2006) of which the Company's auditors are unaware; and
- he/she has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given in accordance with section 418 of the Companies Act 2006.

Going concern and viability statement

In accordance with provision C.2.2 of the 2014 revision of the Corporate Governance Code, the Directors have assessed the prospect of the Group over both a one and a three-year period. The one-year period has a greater level of certainty and is, therefore, used to set detailed budgetary targets at all levels across the Group. The three-year period offers less certainty but is aligned with the Board's periodic strategic review, as well as the long-term incentives offered to management.

The Directors' assessment considered a range of factors, including the Group's expected trading performance based on approved budgets, risk adjusted where appropriate, and the resulting cash flows, covenant compliance and other key ratios over the period. These metrics are subject to sensitivity analysis which evaluates the potential impact of the Group's principal risks, as disclosed in the Risk Committee Report. The Group operates in territories that can be susceptible to unexpected geopolitical and economic events, such as acts of terrorism, sanctions, currency controls and exchange rate movements, all of which can have an impact on the Group's reported trading performance. Given the Group's reliance on its relationships with venue owners to continue to operate its events, the unavailability of a venue at short notice, damage to a venue or a dispute with a venue owner could negatively affect the Group. A significant deterioration in trading from the major markets (notably Russia, the UK and Turkey) could adversely impact the Group's results but following the refinancing completed during the year, headroom on the Group's banking covenants has significantly increased. The Directors also have a range of mitigating actions available and within their control.

On the basis of this and other matters considered and reviewed by the Board during the year, the Board has reasonable expectations that the Group will be able to continue in operation and meet its liabilities as they fall due over the periods used for the assessment. For this reason, they continue to adopt the going concern basis in preparing the financial statements. In doing so, it is recognised that such future assessments are subject to a level of uncertainty that increases with time and, therefore, future outcomes cannot be guaranteed or predicted with certainty.

Authorised for issue by the Board of Directors

Andrew Beach
Chief Financial Officer
4 December 2018

Audit Committee Report

Committee members	Chair of the Committee	Meeting attendance
Stephen Puckett		5/5
Sharon Baylay		5/5
Neil England		5/5
Linda Jensen[1]		2/2
Richard Last[2]		3/3

1 Linda Jensen resigned on 30 April 2018.
2 Richard Last joined the Company on 12 February 2018 and stepped down from the Audit Committee on 20 September 2018, in accordance with best practice.

Stephen Puckett
Chair of the Audit Committee

The Audit Committee (the Committee) was in place throughout the financial year and is chaired by Stephen Puckett. The Board considers that Stephen has the appropriate financial expertise, as required by Principle C3.1 of the UK Corporate Governance Code (the Code), as he is a Chartered Accountant, has held executive roles in financial positions in other companies, and chairs other listed companies' Audit Committees. All members of the Committee are independent Non-Executive Directors and they are considered to provide a wide range of international, financial and commercial expertise necessary to fulfil the Committee's duties. Members of the Committee are appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Audit Committee, for an initial period of three years, which can then be followed by an additional two further three-year periods. All Committee members played an active role in all Committee meetings held throughout the year. During the year Richard Last joined the Committee and Linda Jensen resigned from her position as Non-Executive director. There were no other changes during the year to membership of the Committee.

The Chief Financial Officer is invited to attend meetings, unless he has a conflict of interest. The External Audit Partner, the Group Financial Controller, and the Company Secretary are also invited to attend the Committee's meetings, providing there is no conflict of interest. Other relevant people from the business were also invited to attend certain meetings or parts of meetings to provide a deeper level of insight into certain key issues and developments. To maximise effectiveness, meetings of the Committee generally take place just prior to a Company Board meeting. The Chairman of the Committee reports to the Board, as part of a separate agenda item, on the activity of the Committee and matters of particular relevance to the Board in the conduct of their work.

The Chairman of the Committee has also held individual meetings with the Chief Financial Officer and the External Audit Partner.

Terms of Reference

The Audit Committee's Terms of Reference are available on the Group's website (www.ite-exhibitions.com) or can be obtained from the Company Secretary. The Terms of Reference are reviewed annually and presented to the Board for approval.

The role and responsibilities of the Committee

The Board Committee meets at least three times a year and as and when required. The Committee is responsible for monitoring the integrity of the financial statements of the Company, and for providing effective corporate governance over the appropriateness of the Group's financial reporting. The Committee works closely with the Risk Committee and this ensures effective and sufficient coverage of financial reporting risks within the Group's risk management processes.

Individual members of the Committee have visited a range of the Group's offices and shows, and held meetings with local staff and, where appropriate, followed up on matters previously identified by external and internal audits.

Specific Committee responsibilities include:
- reviewing the financial results announcements and financial statements and monitoring compliance with relevant statutory and listing requirements;
- reporting to the Board on the appropriateness of the accounting policies and practices including critical accounting policies and practices;
- advising the Board on whether the Committee believes 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's performance, business model and strategy;
- overseeing the relationship with the external auditor, advising the Board on the appointment of the external auditor, agreeing their audit scope and audit fees and assessing the effectiveness of the external audit process;
- considering and making recommendations to the Board on the nature and extent of the significant risks to which the Group is exposed and monitoring management's mitigation plans;
- reviewing the effectiveness of the Group's internal controls and assessing the effectiveness of the Group's internal audit provider and process; and
- monitoring the Group's whistleblowing, bribery prevention and fraud detection policies and processes.

Audit Committee Report continued

Activities during the financial year

Each of the Committee meetings held during the year has a particular area of focus. This year's meetings focused on:

- the review of the Group's full year results for the year ended 30 September 2017 prior to the Board's approval, significant financial judgements made during the year and the external auditor's year-end report;
- the review of the effectiveness of the external auditor and the 2017 Annual Report process;
- the review of the Group's interim results for the period ended 31 March 2018 and the external auditor's interim review report;
- the external auditor's scope and plan for the audit of the year ending 30 September 2018; and
- the key areas of focus in advance of the commencement of the year-end audit;

One Committee meeting was held subsequent to the period end and focused on:

- the review of the Group's full year results for the year ended 30 September 2018 prior to the Board's approval, significant financial judgements made during the year and the external auditor's year-end report;

During the year, the Committee focused on the following:

- alternative performance measures, ensuring an appropriate balance between the prominence given to statutory and adjusted results;
- adjusting items and the inclusion of integration costs following the Ascential Events acquisition;
- acquisition accounting in respect of the Ascential Events acquisition;
- accounting treatment for disposals completed during the year and post-year end;
- the impairment review of goodwill and acquired intangible assets;
- tax provisions, the recoverability of deferred tax assets and the appointment of advisors to conduct a transfer pricing review following the implementation of the TAG programme;
- the impact of adopting new accounting standards, in particular IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases, which will come into effect for the Group in financial years 2019 and 2020 respectively; and
- an assessment of the appropriateness of the going concern and long-term viability statements.

In addition, every meeting reviews summaries of the latest internal audit reports, the update of the risk assessment, and any correspondence received by the Board which falls within the Committee's remit.

In assessing the appropriateness of the financial statements, the Committee concentrated on the following key audit matters, which were agreed with Deloitte in advance of the audit and were the focus of their audit and on which the Committee received written reports from management and Deloitte as part of the audit process:

Impairment of goodwill, intangible assets and investments which involves measuring the carrying value of goodwill, intangible assets and investments against the value in use of each of the cash generating units (CGUs) and investments. There are a number of judgements and estimates to consider in the valuation in use calculations, principally regarding the forecast cash flows, the discount rates used, and the growth rates applied. Forecast cash flows are based on Board-approved budgets and plans. Discount rates are selected to reflect the risk adjusted cost of capital for the respective territory. Growth rates reflect management's view of the long-term forecast rates of growth using third-party sources such as the International Monetary Fund. In the year an impairment charge was recognised in respect of the Turkey CGU following recent changes in the IMF forecasts of GDP growth and inflation rates for the country, due to the adverse macro-economic and geopolitical climate, which has also caused forecast operating profits to be downgraded. The Committee agreed on the level of impairment recognised in respect of the Turkey CGU and are satisfied that each of the Group's other CGUs has a value in use in excess of the carrying value of its assets.

Taxation which involves ensuring that there is appropriate support for the key assumptions in the tax provisions, that deferred tax assets are deemed recoverable, and that provisions for international tax exposures are appropriate. As the Group operates and derives profits from a range of international markets, it is subject to tax in a number of territories. Developments in international tax legislation in the period have been considered and management's assessment of the impact of those developments on the Group presented to the Committee. Consideration has been given to the provisions held in respect of potential challenge to historical arrangements, in light of changes to tax rules and recent challenges made by tax authorities in the markets in which the Group operates. Where unused tax losses are available for offset against future profits, the appropriateness of future profit projections has been considered. The Committee agreed on the appropriateness of the tax provisions and deferred tax assets recognised.

Acquisition accounting as there is exercise of judgement involved in identifying and valuing the assets acquired in a business combination. The Committee assesses the processes used in the identification and valuation of acquired assets and liabilities including the reasonableness of any assumptions used. The Committee also assesses the purchase price allocation of consideration and the allocation between goodwill and identified intangible assets. The Committee reviewed the acquisition accounting calculations and underlying estimates and assumptions for the Ascential Events acquisition and considered reports provided by third-party valuations specialists as well as management's papers and reports from the external auditors, as well as management report, covering the acquisition. The Committee agreed that the assets and liabilities were recognised at their fair value at acquisition.

Internal control and risk management

The Internal Audit function is outsourced to PricewaterhouseCoopers (PwC), who provide independent assurance through planned audit activities on a rotational basis, assessing whether the controls in place are adequately designed and implemented and making recommendations for improvement.

The Committee approves the schedule and scope of upcoming internal audit reviews on a rolling three-year basis at each Committee meeting, ensuring that the planned work covers the Group's key risk areas, primary markets and certain key financial controls.

The reports, findings and recommendations are presented for the Committee's review at the meetings held throughout the year. The Committee reviews the reports and considers progress against the recommendations. The Group operates across a number of territories and the role of internal audit and the follow-up process on the findings in internal reports are important parts of the Group's overall control environment.

The effectiveness of the internal control process is assessed throughout the year through discussions with local management teams and others involved in the process. The Committee believes that the current internal audit process is operating effectively.

The Group's risk management process is covered in detail in the report of the Risk Committee on page 57.

External audit

The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. A detailed audit plan is received from Deloitte LLP, which sets out the key risks identified. For the financial year ended 30 September 2018, the primary risks were as set out on page 54.

Deloitte LLP provided the Committee with their views on these issues at the Committee meeting held to consider the financial statements. In addition, they provided the Committee with details of any identified misstatements greater than £55,000 and any other adjustments that were qualitatively significant which management had not corrected on the basis that the misstatements were not, individually or in aggregate, material.

Private meetings were held with Deloitte LLP at both of the Audit Committee meetings which considered the financial statements (in November and May) to provide additional opportunity for open dialogue and feedback from the Committee and the auditor without management being present. Matters discussed were the preparedness and efficiency of management with respect to the audit, the strengths and any perceived weaknesses of the financial management team, confirmation that no restriction on scope had been placed on them by management and how they had exercised professional judgement. The Chairman of the Committee also meets with the external audit partner outside the formal committee process through the year.

The effectiveness of the 2017 external audit process was formally assessed by the Committee at the beginning of 2018. Feedback was sought from various participants in the process (Audit Committee members, Executive Directors, members of the finance team and management of subsidiary units). The effectiveness of the audit partner, the audit team, their approach to audits, including planning and execution, communication, support and value were assessed and discussed.

Overall, the effectiveness of the external audit process was assessed to be performing as expected.

Appointment and independence of the external auditors

The Committee considers the reappointment of the external auditor, including the rotation of the audit partner, each year and also assesses their independence on an ongoing basis. The external auditor is required to rotate the audit partner responsible for the Group audit every five years. With 2017 being Mark Lee-Amies' fifth and final year, Rob Knight was appointed for 2018. He was selected from a shortlist of three suitable and available partner candidates provided by Deloitte LLP, following interviews conducted separately by the Chief Financial Officer and the Chairman of the Audit Committee. The Committee reviewed and endorsed their recommendation.

Deloitte LLP were first appointed by the Company in 2002. Whilst the Group has not formally tendered for the audit since then, the Committee has undertaken a review of the objectivity and effectiveness of the audit process each year. When considering the suitability of the external auditor, the Committee takes account of the ability of the auditor to deliver an audit across the geographies in which the Group operates. In addition, considerable importance is placed on the findings set out in the Public Report on the most recent inspections of Deloitte LLP carried out by the Financial Reporting Council's Audit Quality Review Team and their reports on all other auditors in its sample. When considering suitable external auditors, the Committee also takes account of the ability of the auditor to add value through observations from the audit process and their interactions with management.

The Committee is cognisant of its responsibility under the revised Code to tender the audit every ten years and notes that this period can be extended to coincide with the period ending the current engagement partner's rotation if longer. Under transition rules set out in the Competition & Markets Authority (CMA) final order in response to recent EU regulations, the Group has to mandatorily tender the audit by the Annual General Meeting (AGM) held after 17 June 2023. The Committee has, nevertheless, continued to review on an annual basis whether a tender process should be conducted sooner. For the year ending 30 September 2019, the Committee has recommended to the Board that a tender process be conducted. Since the tender process will not have concluded by the time of the AGM, the Board will recommend that the shareholders reappoint Deloitte LLP as the Group's auditors.

During the year, Deloitte LLP and member firms of Deloitte LLP charged the Group £530,000 (2017: £358,500) for audit and audit-related services.

Governance

Audit Committee Report continued

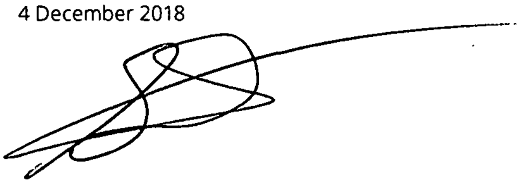
Non-audit services

To safeguard the objectivity and independence of the external auditor from becoming compromised, the Committee has a formal policy governing the engagement of the external auditor to provide non-audit services. No material changes have been made to this policy during the year. In addition, non-audit fees on any specific project cannot exceed £50,000 without the express approval of the Committee Chairman, who must report to the Committee on the use of this delegated authority at the next Committee meeting.

Our policy ensures that the Committee challenges the decision to use Deloitte LLP where suitable, practical and reasonably priced alternatives exist. In addition, the Committee considers the overall level of non-audit fees and would not expect these fees to be in aggregate greater than the audit fee. Full details of the split between audit and non-audit fees can be found in note 5 to the financial statements of the Group.

On behalf of the Audit Committee

Stephen Puckett
Chairman of the Audit Committee
4 December 2018



Risk Committee Report

Committee members	Chair of the Committee	Meeting attendance
Chief Financial Officer		6/6
General Counsel		5/6
Company Secretary		6/6
Chief Operating Officer		6/6
Chief People Officer[1]		6/6
Head of Process, Control and Change		5/6
IT Director		6/6

1 The Chief People officer was appointed by the Group on 16 July 2018 and took the place of the Group HR Director on the Committee.

The Non-Executive Directors are also invited to attend, and during the year two Non-Executive Directors attended at least one meeting each.

Andrew Beach
Chair of the Risk Committee

Membership

The Risk Committee was in place throughout the year. The Chief Financial Officer (Andrew Beach) chairs the Committee.

Terms of Reference

The Risk Committee's Terms of Reference are available on the Group's website (www.ite-exhibitions.com) or can be obtained from the Company Secretary. The Terms of Reference are reviewed annually and presented to the Board for approval.

The role and responsibilities of the Committee

The Company Board is ultimately responsible for the Group's risk management framework. The Board regularly reviews the Group's key risks and to support the discharge of this responsibility, in addition to the Audit Committee, the Board established the Risk Committee in 2014.

The purpose of the Risk Committee (the Committee) is to identify, measure, track, mitigate, and manage risks faced by the Group over time with the intention of exposing threats to be mitigated and opportunities to be exploited. The Committee works closely with the Audit Committee which remains responsible for risks arising in financial reporting. The Group's Key Risk Matrix is regularly shared with the Board and discussed.

The Committee's work is primarily driven by the assessment of its principal risks and uncertainties. These risks and uncertainties are the output of a series of risk registers, which are developed across the Group, and then are accumulated and reviewed by the Committee. After the accumulation of the main risk register it is shared with the Board twice a year. The Committee reviews these assessments and makes adjustments to the overall risk plan as appropriate.

Activities during the financial year

The Committee met six times during the year and covered the following areas:

- Creation of new risk registers for the different departments within the Group
- A review of business continuity/disaster recovery plans where available
- Identification and reporting of key risks to the Board, and responding to feedback from the Board
- Discussing existing mitigation and planned mitigations and reviewing and amending risk scores as appropriate
- Reviewing risks in relation to the Ascential Events acquisition
- An initial conversation regarding the risk appetite for the Group
- A review of the Committee's Terms of Reference

Assessment of the Group's risk profile

As noted in the last Risk Committee report, during the year a new approach to risk was adopted, and this resulted in a brand new risk register being compiled and monitored. The key risks identified and monitored by the Group, as identified by the Risk Committee, are set out in the following section. Wherever possible, action plans are in place to provide future mitigation against these key risks. As these are implemented, they will be reported upon in future reports.

On behalf of the Risk Committee

Andrew Beach
Chairman of the Risk Committee
4 December 2018

Governance
Principal Risks and Uncertainties

The Group has established risk management processes for identifying and monitoring risks and uncertainties affecting the Group. The principal risks facing ITE are reviewed regularly by both the Risk Committee and the Board, who confirm that they have carried out a robust assessment of the principal risks facing the Group, including those that could threaten its business model, future performance, solvency and liquidity.

The risks described below represent those that we consider have the potential to have the greatest impact on our ability to meet our strategic objectives.

Risk title	Potential impact
Repatriation of profits from subsidiaries	The Group operates in a number of countries with complex local requirements surrounding overseas payments. There is a risk of cash being 'trapped' in subsidiaries, resulting in liquidity problems within the Group. This would also expose us to the risk of jurisdictions materially increasing the withholding tax rate on the payment of dividends.
Breach of anti-bribery laws or similar	Should an employee or other associated party commit a bribery offence or contravene other similar laws, the Group could potentially be exposed to financial sanctions, reputational damage, exclusion from bidding for public sector contracts in the EU and a reduction in share price. High profile offences could be considered a breach of facilities agreements, entitling lenders to call for early repayment of loans.
Breach of sanctions or sanctions extensions	Should an individual representing the Group trade with a restricted party or sector in a country to which sanctions apply, and in contravention of these sanctions, this could expose the Group to risks including financial fines, reputational damage and a reduction in share price. It could potentially be considered a breach of a facilities agreement, entitling lenders to call for early repayment of loans. Any extension of international sanctions regimes could reduce the volume of business the Group is able to transact.
Inadequate BCP or risk management	Ineffective disaster recovery or business continuity management provision could make the Group vulnerable to business interruption, brand damage, loss of sales and reduced customer engagement.
Breach of health and safety regulations	A breach of regulations or policy during build-up or while an event is running could lead to personal injury. This could result in financial loss due to sanctions such as fines and damages, lost revenue through customer attrition and reputational damage from negative press coverage. There could also be damaging effects on staff morale, together with the risk of personal liability for Directors. Our risk exposure may be greater when such a breach involves a joint venture or subsidiary that is not wholly-owned by us as we may not be able to exercise full operational control.
Cyber attack causing systems to fail or leading to data loss	The inability to protect our IT systems or infrastructure against a targeted cyber attack could reduce our ability to make sales, damage our reputation and harm customer relationships. A complete loss of connectivity would potentially halt business operations. Any data loss could expose the Group to fines, while a systems breach could make us vulnerable to a ransomware attack.

Mitigation

The Group has well-established payment mechanisms to repatriate cash from its subsidiaries.

Overseas cash balances are monitored on a weekly basis by Group management and cash transferred whenever an opportunity arises.

Staff are instructed to adhere to the Group's unambiguous policies on business ethics that are freely available on the intranet. These cover subjects such as anti-bribery and gifts and entertainment. Additionally, individual business units are required to record and obtain approval for certain expenditure.

The Group's Internal Audit function is outsourced to PwC which performs periodic checks of compliance with record-keeping obligations and general awareness among staff of these policies.

Our most exposed market is Russia, which is subject in particular to wider sanctions from the US. Accordingly, we take measures to ensure that our dealings with Russian counterparts do not breach these sanctions.

Additionally, our local management team in Moscow has knowledge of key aspects of the sanctions currently in place against Russia, for example, that events must not be staged in Crimea or involve Crimean exhibitors.

During the year, we have implemented thorough business continuity plans covering our major offices including Moscow and Istanbul.

Databases are replicated in near real-time to a separate standby facility.

We recognise our reliance on the venues and contractors we use and we seek to ensure such third parties adhere to our own health and safety policies, where practical, and to local regulations.

In January 2018, we appointed a Group H&S Manager and a number of new policies and practices have been implemented since then. We will report on these more fully in the next report.

We have implemented a programme of defensive measures to reduce the risk of cyber attack.

This includes regular system penetration testing across the organisation, firewalls to protect computer networks, advanced endpoint protection for email-based links and data backups for our major offices.

Governance
Principal Risks and Uncertainties continued

Risk title	Potential impact
Share dealing with price-sensitive information	If an employee deals in ITE shares while in possession of confidential or price-sensitive information, this could expose the Group to investigation by the FCA for violating the Market Abuse Regulation (MAR), or other legislation. Such a breach could lead to reputational damage and potential fines for ITE and the possibility of imprisonment for the employee.
Political instability	Political volatility that makes it difficult for ITE to continue operating in a country could have a damaging financial effect in terms of lost revenue and lead to reputational damage and dissatisfied customers.
Inadequate insurance	Lack of adequate cover at Group and local level may result in uninsured losses for ITE.
Liquidity risk	Cash may be held in low rated banks and there is a risk of potential misappropriation of funds.
Acquisition integration	Integration issues and a failure to realise planned operational and synergistic benefits are a risk to delivering the expected returns on our investments.
Effective control over non-wholly-owned entities	Day to day, management and control of non-wholly-owned entities is often in the hands of local management, who may also be shareholders. The venture may not be run in a manner fully consistent with ITE's policies.
Economic instability	An economic downturn or period of uncertainty could reduce demand for exhibition space, which would, in turn, reduce the profitability of our exhibitions. Following the EU referendum on 23 June 2016, there continues to be some uncertainty in the UK regarding the nature of Brexit and what this will mean for business and the economy.

Mitigation

The Group makes efforts to ensure all Directors and employees understand share dealing rules.

We use MAR compliant software for price-sensitive projects to reduce this risk.

Over recent years, we have diversified our business geographically through expansion into new regions and markets to reduce the portion of our business that is exposed to a single country or region's instability.

Aon is appointed as our insurance broker to evaluate the risks and ensure the Group has adequate levels of cover in place.

We have basic cash management controls in most markets. We are in the process of transferring local banking relationships to our Group debt providers.

The Group has established formal investment decision criteria to identify suitable earnings-enhancing acquisition targets and we employ experienced professionals to drive the acquisition process and perform financial, tax, legal and commercial due diligence.

Post-acquisition plans are prepared to ensure businesses are effectively integrated into the Group and the planned synergies are realised.

We incorporate controls in the shareholders' agreement or equivalent governing documents and have in place a Group authority matrix.

We operate across a wide range of sectors and countries to minimise our exposure to any single market.

The nature of our business cycle is such that with revenues largely generated in advance of the costs we incur, we can react to periods of economic instability to protect the profitability of our exhibitions. Through strong relationships with venues and staff, we have a relatively flexible cost structure, allowing us to manage our event margins in the short and medium term.

The Group remains agile and well positioned to deal with any short-term uncertainty in the UK.

Governance
Principal Risks and Uncertainties continued

Risk title	Potential impact
Performance metrics out of alignment	If performance metrics for either bonus schemes or long-term incentive plans are considered unachievable, they will not act as an incentive, but will instead potentially demotivate employees. Conversely, performance metrics deemed by investors as being too easily achievable may result in shareholders voting against the Directors' Remuneration Report. Both these outcomes could result in negative publicity.
Venue unavailability	Damage to or unavailability of a venue could lead to event cancellation, impacting the Group's short-term trading position.
Compliance with GDPR regulations	The need to comply with data protection legislation could affect the Group in a number of ways, including making it more difficult to grow and maintain marketing data and also through potential litigation relating to any misuse of personal data. A breach arising from inadequate controls over customer, visitor or employee data could result in sizeable fines and reputational damage arising from negative press coverage.
Natural disaster or terrorist incident	Extreme weather conditions, an earthquake, storm damage, gas/oil explosion or terrorist incident could affect employees and events. Should a venue become unavailable, the Group would be forced to source a new location, which would likely affect visitor numbers. Event cancellation would result in reduced customer engagement and affect trading results in the short-term.

Mitigation

An annual review by the Remuneration Committee ensures that targets are stretching, but achievable. This is supplemented by ad hoc reviews as necessary.

The Chair of the Remuneration Committee has also been consulting with major shareholders to ensure the Remuneration Policy is aligned with investor expectations.

We carry business interruption insurance policies that protect profits on our largest fully-owned events.

The Group prepared for GDPR by completing a data processing register and producing GDPR compliance policies, FAQs and recommendations for the business in Europe.

The Group has made contingency plans to ensure the safety of staff and contractors.

Business interruption and event cancellation insurance is in place and the level of cover is reviewed regularly to ensure it remains adequate.

Governance

Nomination Committee Report

Committee members	Chair of the Committee	Meeting attendance
Richard Last		3/3
Neil England		4/4
Linda Jensen[1]		2/2
Stephen Puckett		4/4
Sharon Baylay		4/4

1 Linda Jensen stepped down from the Committee and the Board on 30 April 2018.

Richard Last
Chair of the Nomination Committee

The Nomination Committee (the Committee) was in place throughout the financial year and is chaired by the Chairman of the Group. Neil England served as Chair of the Committee until 9 of July 2018, when Richard Last took over as Chair. All of the members of the Committee who served during the year were independent Non-Executive Directors, as required under section B2.1 of the UK Corporate Governance Code.

The Chief Executive Officer and Chief Financial Officer may also be invited to attend meetings, unless they have a conflict of interest. During the year, the Chief Executive Officer and Chief Financial Officer either attended partially or fully some of the Committee meetings. The Company Secretary and Chief People Officer may be invited, but only as appropriate and only if they do not have a conflict of interest. The Committee is also assisted by executive search consultants as and when required.

Terms of Reference

The Nomination Committee's Terms of Reference are available on the Group's website (www.ite-exhibitions.com) or can be obtained from the Company Secretary. The Terms of Reference are reviewed annually and presented to the Board for approval.

The role and responsibilities of the Committee

The Nomination Committee meets a minimum of twice a year and as required. The Committee is responsible for considering and recommending to the Board suitable candidates for appointment as Executive and Non-Executive Directors.

When the need to appoint either an Executive or a Non-Executive Director arises, the Committee reviews what skills and experience are required for the position, whilst taking into account the Board's existing composition. Appointments to the Board follow a formal, rigorous and transparent process, which involves the Committee interviewing candidates proposed by either existing Board members or by external search consultants. Careful consideration is given to ensure appointees have sufficient time available to devote to the role and that the balance of skills, knowledge and experience on the Board is maintained or improved.

ITE has adopted a Board Diversity Policy which recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an important element in maintaining a competitive advantage. A truly diverse Board in its broadest sense will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other qualities of Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments are made on merit, in the context of the skills and experience the Board as a whole requires to be effective.

Activities during the financial year

The Committee met four times during the financial year to review and discuss:

- the balance of skills and experience on the Board and considered if any changes were necessary;
- the annual Board evaluation responses;
- Membership and Chairmanship of the PLC committees;
- appointment of the Chief People Officer;
- the Committee's Terms of Reference;
- the Company's succession plans for the Company's Board, its Executive Team and other key roles across the Group;
- the commencement of a search for an additional Non-Executive Director; and
- talent identification, development and management across the Group.

On behalf of the Nomination Committee

Richard Last
Chair of the Nomination Committee
4 December 2018

Remuneration Committee Report

Committee members	Chair of the Committee	Meeting attendance
Sharon Baylay		8/8
Stephen Puckett		8/8
Linda Jensen[1]		3/3

1 Linda Jensen stepped down from the Committee and the Board on 30 April 2018.

Sharon Baylay
Chair of the Remuneration Committee

This report includes details of the payments made to our Executive and Non-Executive Directors for the year ended 30 September 2018. It also includes details of a revised Remuneration Policy and information on how this Policy will be implemented during the financial year ending 30 September 2019.

This Annual Statement and the Annual Report on Remuneration (set out on pages 68 to 85) will be subject to an advisory vote at this year's AGM to be held on 24 January 2019. The revised Remuneration Policy will be subject to a binding vote at the AGM. We will also be seeking shareholder approval to amend the rules of the Performance Share Plan (PSP), as explained below.

Alignment of remuneration with strategy

As detailed in the Strategic Report, the Group's key strategic objective is to create the world's leading portfolio of content-driven, must-attend events that deliver an outstanding experience and return on investment to our customers at the same time as generating strong returns for our shareholders. Implementation of our Transformation and Growth (TAG) programme strategy is key to achieving our objective and requires transformational change over the three-year period that commenced in May 2017.

2018 performance and reward

During the 2018 financial year, and continuing into 2019, ITE has accelerated the delivery of the strategic vision through a series of planned acquisitions and divestments. The strong financial performance over the course of 2018 also provides further evidence of progress that is being made on delivering against the ambitious strategy for the business.

The focus at the start of 2018 was on implementing the TAG strategy which included delivering a number of key strategic milestones at the same time as continuing to deliver profitable growth from continuing operations, strong cash conversion from profits and instilling a high-performance culture. As detailed in the Strategic Report, management has made strong progress against this broad range of objectives during the year.

Key financial highlights included achieving growth in like-for-like revenues of 11.4% (52% ahead of budgeted performance after adjusting for the acquisitions and divestments that took place during the year), growth in headline profit before tax of 12.0% (11% ahead of adjusted budgeted performance) and cash conversion of 113% (13 percentage points ahead of adjusted budget performance). This strong financial performance, allied to achieving their strategic targets in full, resulted in bonuses paid at 97.8% of the maximum level to the Chief Executive Officer and Chief Financial Officer.

Full disclosure of the bonus targets set, and performance against them, is included on pages 78 to 79. In approving bonus awards, the Remuneration Committee considered the financial performance achieved during the year and was comfortable with the overall remuneration awarded.

Long-term incentive awards granted in 2016 were based on a three-year performance period ending 30 September 2018 with a challenging cumulative EPS target. Despite the strong performance in 2018 the deterioration in the market environments in which the Company operated during this three-year period meant that the required threshold level of cumulative headline diluted EPS was not achieved. Consequently, no awards will vest.

Overall, the Committee is comfortable that there has been a robust relationship between performance and reward, but has concluded that the alignment of Executive Directors' and shareholders' interests could be better moving forward, whilst the Company continues through this significant period of transformation and growth.

Implementation of policy for 2019

The Remuneration Committee has undertaken a review of the remuneration structure and concluded that while it remains generally fit for purpose, we wish to place extra emphasis on the next three-year period, to recognise that delivery of TAG will be most keenly felt from 2020 onwards. We are also very keen to incentivise management to deliver the maximum benefits from the transformational acquisition of Ascential Events.

As a result, the Committee has recently consulted with our largest shareholders on a proposal to amend the Remuneration Policy by enhancing the size of PSP awards to be granted in 2019. I am very grateful for the time taken by these shareholders to consider and discuss this proposal, and for the constructive feedback they provided. Following this exercise, and to allow us to make this enhanced award, we have decided to present a revised Remuneration Policy and a related amendment to the PSP rules for shareholder approval at the forthcoming AGM.

Governance

Remuneration Committee Report continued

Details of the 2019 PSP award

Subject to shareholder approval of the Remuneration Policy and the amendment to the PSP rules, we intend to make a PSP award in 2019 at an enhanced level of 500% of salary for the Chief Executive Officer and 250% of salary for the Chief Financial Officer. We fully appreciate that these grant levels are significantly higher than the awards made in previous years, and that increases in quantum are the subject of close scrutiny. In determining the appropriate grant levels, the Remuneration Committee took into account a number of key factors:

- As noted above, the next three-year period is critical for the delivery of TAG in the context of recent M&A activity. We wish to provide a material incentive to management to focus on driving exceptional performance over this crucially important period.
- The award will only vest in the event of extremely challenging performance targets being met. As set out below and in the Annual Report on Remuneration, we intend to assess performance against three measures: EPS, relative Total Shareholder Return (TSR) and ROCE. We have structured the targets on the basis that only 50% of the award will vest for delivering performance in line with the typical maximum performance requirements for long-term incentives. Full vesting of the award will only occur in the event of material outperformance beyond these levels.
- In addition to the headline performance measures, a demanding share price underpin will also be applied to ensure that a minimum level of share price must be achieved before the vesting of awards in excess of the 'normal' award levels included within our policy.
- The Chief Executive Officer has demonstrated his commitment to ITE by making a personal investment in shares with an acquisition cost of over £1.0m since his appointment on 1 September 2016.
- We are conscious that current total target remuneration is conservative versus comparable companies of a similar size.

Our proposal to make an enhanced PSP award applies to 2019 only. For 2020 and 2021, PSP grants to the Executive Directors will revert to the levels under the current policy, namely 100% of salary for the Chief Executive Officer and 80% for the Chief Financial Officer.

The 2019 award will use three separate metrics, weighted equally, to assess performance over the three-year period to 30 September 2021. We have sought to provide a keen balance between:
(a) rewarding the executive team for delivering returns to shareholders through a TSR metric,
(b) incentivising value creation and capital discipline through a ROCE element (with the range of targets set so that the post-tax returns are well above the weighted average cost of capital), and
(c) rewarding the delivery of growth in the revised portfolio through the use of EPS.

As a result, the proposal is considered to directly align with the objectives in the TAG strategy and shareholder interests.

The details of the specific performance targets for each of these metrics are set out on pages 84 to 85 of the Annual Report on Remuneration. In summary:

- A performance range has been set for each of the three measures whereby only a small portion of each award vests for threshold performance (5% for the Chief Executive Officer and 10% for the Chief Financial Officer), rising to 50% of the award for performance equivalent to the typical maximum for PSPs. Full vesting will only occur in the event of exceptional performance against extremely challenging targets.
- EPS targets have been set having regard to internal planning expectations, current market consensus expectations, the Board's growth expectations from a successful execution of our TAG strategy and the wider environment. EPS will be assessed on a headline (adjusted) basis in line with the standard definition used by the Company. The 2018 EPS number used as the 'base' number from which to measure growth will be a pro forma number which includes a full year's earnings from Ascential Events and Mining Indaba and excludes a full year's earnings of businesses which have been divested prior to the grant of the awards. Full vesting under this measure will require compound annual growth in EPS of at least 16.75% by 2021.
- Relative TSR will be measured against the constituents of the FTSE 250 and FTSE Small Cap Indices (excluding investment trusts). Full vesting under this element requires upper decile performance against this group over the three-year performance period.
- The ROCE performance measure involves an assessment of average ROCE over the next three financial years (2019, 2020 and 2021). Full vesting under the ROCE element will require average ROCE of 15.25% over the performance period, which on a post-tax basis is well in excess of our weighted average cost of capital.
- The share price underpin has been designed so that any vesting above the 'normal' award levels (100% of salary for the Chief Executive Officer and 80% of salary for the Chief Financial Officer) will only occur if the average share price over the three months to 30 September 2021 is at least 93.6p, which is the average price between the announcement of the Chief Executive Officer's appointment in May 2016 and the commencement of his employment in September 2016. The purpose of this is to ensure that the superior returns available to management under this enhanced PSP award can only be earned if shareholders benefit from a positive absolute total return since the new management team was appointed.
- The Committee retains the ability to override the vesting results having had regard to wider financial performance.

Any shares which vest will be subject to a two-year holding period and include standard recovery and withholding provisions.

The Committee believes that this enhanced 2019 PSP award best supports the execution of the TAG programme over the next three-year period. I hope you will agree, and that you will support the new Remuneration Policy and the PSP rules amendment at the AGM. Other than the increase in award level under the PSP, and including a two-year holding period on vested shares in the policy (previously this feature operated outside of policy), there are no material changes to the policy as approved by shareholders at the 2017 AGM. This is because the previous policy was compliant with current 'best practice' recommendations (e.g. it included Committee discretion to override incentive plan outcomes if it considered the quantum to be inconsistent with the Company's overall performance along with recovery and withholding provisions).

Details of the 2019 annual bonus

The annual bonus for 2019 will continue to operate based on a combination of challenging headline profit before tax, revenue growth and cash conversion targets with a small but significant proportion of the total bonus opportunity reserved for the delivery of tailored strategic objectives. One-third of any bonus earned will be deferred into the Company's shares to provide a bridge between the attainment of short-term objectives and longer-term performance. In addition, robust recovery and withholding provisions will also continue to apply to any bonus earned in relation to 2019.

Details of 2019 base salary levels

The base salaries of the Executive Directors will be increased with effect from 1 October 2018. The increase in salary for Mark Shashoua, at 3%, was in line with the UK salary increase budget. The increase in salary for Andrew Beach, at 5%, is in line with the Committee's previously stated intention of raising his salary over a number of years to a level that properly reflects his contribution to the Company and value in the wider market for companies of comparable size and complexity to ITE. While the increase was above the average increase across the UK population, it was consistent with awards to high performing employees within this population.

Subject to shareholder approval at the AGM, we will make an enhanced PSP award in 2019, as explained above.

Corporate Governance developments

The Committee has considered the impact of the new secondary legislation and the 2018 UK Corporate Governance Code (the Code) on Directors' remuneration reporting.

In relation to the new secondary legislation, we are reviewing the most appropriate approach to compliance and will comply with its provisions when reporting on the 2019 financial year, which will be a year earlier than strictly required for ITE.

In relation to the Code, we already comply with the new recommendations in many regards and intend to consider the additional elements over the course of the next year. As part of a broader Board exercise as to how to best consider stakeholder views, the Committee will be reviewing the most appropriate approach to take and will conclude this process well before the 2018 Code is effective for ITE.

Shareholder engagement

As demonstrated by our recent consultation exercise, where we made a number of amendments to the terms of the proposed awards based on our shareholders' feedback, we are committed to maintaining an ongoing dialogue with shareholders on the issue of executive remuneration and we welcome any feedback you may have.

We look forward to your support on all of the resolutions relating to remuneration at the AGM on 24 January 2019.

Finally, I would like to thank my fellow Committee members and our advisors for their contributions to our discussions.

Sharon Baylay
Chair of Remuneration Committee
4 December 2018

Governance
Remuneration Policy Report

Proposed new Remuneration Policy (not subject to audit)

As explained in the Chair of the Remuneration Committee's Statement, during 2018 the Committee gave extensive consideration to the appropriate long-term incentive framework to cover the next three-year period.

The Group's principal Remuneration Policy aim is to ensure that the compensation offered is competitive and align Executive Directors' interests with those of the shareholders to attract, retain and motivate Executive Directors with the ability and experience to deliver the Group's strategy and grow the business.

Accordingly, the Committee intends to make an exceptional Performance Share Plan (PSP) award in 2019 which will require a change to the existing Remuneration Policy as well as an amendment to the PSP rules. Set out below is the three-year Remuneration Policy for the Company that will be effective from 24 January 2019 (the Effective Date), subject to shareholder approval at the Annual General Meeting (AGM) to be held on that day. All the proposed changes are summarised in the policy table below.

The changes to the policy that are being proposed are that, for 2019 only, PSP awards will be made at a level of up to 500% of basic salary. This will allow the Committee to make awards to the Chief Executive Officer and Chief Financial Officer of 500% and 250% of salary respectively. For the remainder of the policy period (i.e. 2020 and 2021), PSP awards will revert to the prior level, namely 100% of salary for the Chief Executive Officer and 80% of salary for the Chief Financial Officer. We are also including a two-year holding period on vested long-term incentive plan awards in the policy whereas in prior years this practice was adopted outside of our policy.

The following table summarises the main elements of the Executive and Non-Executive Directors' Remuneration Policy for 2019 onwards, the key features of each element, their purpose and linkage to strategy.

Element	Purpose and link to strategy	Operation	Opportunity	Performance metrics
Base salary/ fees	Set at competitive levels in the markets in which the Group operates, in order to attract and retain executives, capable of delivering the Group strategy.	Reviewed annually with changes normally effective from 1 October of each year. Decisions influenced by: - scope of the role and the markets in which the Group operates; - performance and experience of the individual; - pay levels at organisations of a similar size and complexity; and - pay and conditions elsewhere in the Group.	Salaries will be eligible for increases during the three-year period that the Remuneration Policy operates from the Effective Date. During this time, salaries may be increased each year (in percentage of salary terms) in line with increases granted to the wider workforce. Increases beyond those granted to the wider workforce (in percentage of salary terms) may be awarded in certain circumstances such as where there is a change in responsibility, experience or a significant increase in the scale of the role and/or size, value and/or complexity of the Group.	Not applicable.
Benefits	Designed to be competitive in the market in which the individual is employed.	Benefits include life insurance, private medical insurance and income protection insurance. Where appropriate, other benefits may be offered including, but not limited to, allowances for car, accommodation, relocation, other expatriate benefits and participation in all-employee share schemes. Benefits vary by role and individual circumstance and eligibility is reviewed periodically. Benefits are not pensionable.	The value of benefits may vary from year to year depending on the cost to the Company from third-party providers.	Not applicable.

Element	Purpose and link to strategy	Operation	Opportunity	Performance metrics
Pension	To provide cost-effective retirement benefits.	Participation in defined contribution plan or cash allowance in lieu.	Up to 10% of base salary.	Not applicable.
Annual performance bonus	Designed to reinforce individual performance and contribution to the achievement of sustainable profit growth and strategic objectives.	Compulsory deferral of one-third of any bonus paid into shares for three years with the balance of the bonus paid in cash. Deferred shares typically vest after three years and are normally subject to continued employment. Dividend equivalent payments may be made (in cash or shares) on deferred shares at the time of vesting and may assume the reinvestment of dividends. Annual bonus awards are not pensionable. Payments made under the annual bonus are subject to recovery and withholding provisions which enable value over paid to be recouped to the later of one year following the date of payment or the completion of the next audit of the Group's accounts, in the event of a fraud or material misstatement of results being identified in relation to the year in which the bonus was earned.	Maximum potential opportunity of up to 150% of base salary. For the current Executive Directors, the annual bonus will be limited to the following levels during the three-year policy period: - 150% of salary (Chief Executive); and - 120% of salary (Chief Financial Officer).	Details of the performance measures used for the current year and targets set for the year under review and performance against them will be provided in the Annual Report on Remuneration. Bonus will be predominantly based on a challenging range of financial targets set in line with the Group's KPIs (for example, revenue growth, cash conversion and profit). For a minority of the bonus, targets relating to the Group's other KPIs will operate (for example, strategic targets). For financial targets, and where practicable strategic targets, bonus starts to accrue once the threshold target is met (0% payable) rising on a graduated scale to 100% for out-performance. The Committee may adjust bonus outcomes, based on the application of the bonus formula set at the start of the relevant year, if it considers the quantum to be inconsistent with the Company's overall performance during the year. For the avoidance of doubt this can be to zero and bonuses may not exceed the maximum levels detailed above. Any use of such discretion would be detailed in the Annual Report on Remuneration.

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Remuneration Policy Report continued

Element	Purpose and link to strategy	Operation	Opportunity	Performance metrics
Performance Share Plan	Ensures that the Executive Directors' interests are aligned with those of shareholders through providing share-based awards linked to sustained improvements in long-term targeted performance metrics.	Awards of nominal cost (or nil cost) options may be granted annually as a percentage of base salary. Vesting is based on performance measured over a minimum of three years. The performance period normally starts at the beginning of the financial year in which the date of grant falls. Any shares which vest following the end of the three-year performance period must be held for a further two years (other than in respect of shares sold to pay tax). Dividend equivalent payments may be made (in cash or shares) on PSP shares at the time of vesting on vested shares and may assume the reinvestment of dividends. Payments made under the PSP are subject to recovery and withholding provisions which enable recoupment of the value over paid for the later of one year following the date of vesting or the completion of the next audit of the Group's accounts in the event of fraud or material misstatement of results being identified in relation to the years in which the PSP is earned.	In normal circumstances, the maximum award limit is capped at 150% of salary other than in exceptional circumstances (e.g. recruitment 'buy-out' to compensate for value forfeit from a previous employer) when awards may be granted up to 200% of salary. Awards above this level, up to 500% of salary, may be granted in 2019 only (see below). For the current Executive Directors, the annual PSP award limit for the three-year Remuneration Policy period (excluding any buy-out awards) will be limited to: For 2019: - 500% of salary (Chief Executive); and - 250% of salary (Chief Financial Officer). For 2020 and 2021: - 100% of salary (Chief Executive); and - 80% of salary (Chief Financial Officer).	Granted subject to challenging financial (e.g. EPS and ROCE) and/or total shareholder return performance targets tested over three years. For awards granted in 2019, 5% of maximum vests for threshold performance for the Chief Executive Officer (10% of maximum for other Executive Directors), rising on a graduated basis to full vesting for equalling, or exceeding, the maximum performance targets (no awards vest for performance below threshold). For awards granted in 2020 and 2021, 20% of maximum vests for threshold performance for the Chief Executive Officer (30% of maximum for other Executive Directors), rising on a graduated basis to full vesting for equalling, or exceeding, the maximum performance targets (no awards vest for performance below threshold). The Committee may adjust PSP vesting outcomes, based on the result of testing the performance condition, if it considers the quantum to be inconsistent with the Company's overall performance during the three-year performance period. For the avoidance of doubt this can be to zero. Any use of such discretion would be detailed in the Annual Report on Remuneration.

Element	Purpose and link to strategy	Operation	Opportunity	Performance metrics
Non-Executive Directors' fees	To reflect the time commitment in preparing for and attending meetings, the duties and responsibilities of the role, and the contribution expected from the Non-Executive Directors.	Annual fee for Chairman. Annual base fee for Non-Executive Directors. Additional fees are paid to the Senior Independent Director and the Chairmen of the Audit and Remuneration Committees to reflect additional responsibilities. Fees are reviewed annually, taking into account, time commitment, responsibilities and fees paid by comparable companies. All Non-Executive Directors are reimbursed for travel and related business expenses reasonably incurred in performing their duties such that they are no worse off on a post-tax basis.	There is no prescribed maximum. Non-Executive Director fee increases are applied in line with the outcome of periodic reviews and taking into account wider factors, for example, inflation.	Not applicable.

Notes to policy table

In addition to the above elements of remuneration, any commitment made prior to, but due to be fulfilled after, the approval and implementation of the Remuneration Policy detailed in this report will be honoured.

Performance measure selection and approach to target setting

Performance targets are set at such a level as to be stretching and achievable, with regard to the particular strategic priorities and economic environment.

Annual bonus

The Committee will review and may refine the choice of metrics and weightings at the start of each financial year in light of developments in the Company's strategy. The targets will be based on the annual budget approved by the Board, together with an appropriate performance zone (threshold to maximum) around the target, which the Committee considers provides an appropriate degree of 'stretch' challenge and an incentive to outperform. Adjustments may be made to targets to reflect any material events during the year (e.g. acquisitions and/or divestments). However, any adjustments would be made with a view to ensuring the targets fulfilled their original purpose.

The intention is to provide full retrospective disclosure of annual bonus performance targets and actual performance against them in the relevant remuneration report (subject to any commercial sensitivities in relation to disclosure of the strategic targets).

Annual bonuses for 2019 are based 50% on profit, 20% on revenue growth, 15% on cash conversion and 15% on individually tailored strategic targets. These metrics provide a keen balance between incentivising operational success and delivering growth.

It is expected that profit will be measured on a reported basis (i.e. using actual exchange rates) with revenue growth and cash conversion measured using budgeted exchange rates to provide a balance between shareholder alignment and incentivising management to deliver against internal plans.

Performance Share Plan

PSP awards for 2019 are to be granted one-third based on adjusted (headline) EPS, one-third on relative Total Shareholder Return (TSR) versus a combination of the FTSE 250 and FTSE Small Cap Index constituents (excluding investment trusts) and one-third on three-year average ROCE.

The Committee considers that EPS (adjusted on such basis as the Committee considers necessary to ensure consistent testing of the condition across the performance period) is an appropriate financial measure of long-term performance of the Group as it is well aligned with shareholder interests and provides good line of sight. Relative TSR provides clear alignment between executives and shareholders, with vesting only taking place if the Group delivers at, or above, median market returns for shareholders. ROCE incentivises value creation, operational efficiency and capital discipline.

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Remuneration Policy Report continued

The Committee will review the performance conditions (choice of metrics, weightings and TSR comparator group) to apply to PSP awards annually, prior to the start of the performance period, taking into account a number of internal and external reference points to help ensure they are appropriately stretching. The choice of metrics and their weightings may be refined each year for future awards to better reflect any changes in strategy. The Committee will also retain discretion, as defined in the relevant incentive plan rules, to make adjustments in certain circumstances (e.g. in the event of a rights issue, corporate restructuring, special dividend, change of control etc.) to ensure that incentives fulfil their original purpose. Any adjustments to performance conditions (e.g. arising as a result of a substantial acquisition or divestment) must result in any revised performance targets being similarly challenging to the condition prior to the relevant event.

Differences in Remuneration Policy operated for other employees

The Group's approach to annual salary reviews is consistent across the Group. All employees are eligible to participate in an annual bonus scheme or a commission-based incentive package. Opportunities and specific performance conditions vary by organisational level with Group and business area specific metrics incorporated where appropriate.

Senior managers and other employees are eligible for consideration of awards of performance shares (under the PSP) or discretionary share options (not offered to Executive Directors) to further support alignment with shareholder interests (see note 29 in the notes to the consolidated accounts for more information on all-employee share plans).

Executive Director shareholding guidelines

The Committee recognises the importance of aligning the interests of Executive Directors with shareholders through the building up of a significant shareholding in the Group. Executive Directors are required to retain shares of a value equal to at least 25% of any gain made after tax on the vesting of awards under the plans, until they have built up a minimum shareholding of a value equivalent to at least 200% of annual base salary.

Remuneration Policy for new Executive Directors

When appointing a new Executive Director, including by way of internal promotion, the Committee may make use of all the existing components of remuneration as follows:

Component	Approach	Maximum value
Base salary	Determined in line with the stated policy, and taking into account their previous salary. Initial salaries may be set below market and consideration given to phasing any increases over two or three years subject to development in the role.	Not applicable.
Benefits	In line with the stated policy.	
Pension	In line with the stated policy.	
Annual bonus	In line with stated policy, with the relevant maximum pro rata to reflect the proportion of the year served. Tailored bonus targets may apply in the year of appointment to a new Executive Director (e.g. if the appointment took place towards the end of a financial year).	150% of base salary.
PSP	In line with the stated policy.	100% of base salary. (200% in exceptional circumstances as detailed in the previous table).

In determining appropriate remuneration for a new Executive Director, the Committee will take into consideration all relevant factors (including quantum, nature of remuneration and the jurisdiction from which the candidate was recruited) to ensure that arrangements are in the best interests of both the Group and its shareholders. The Committee may consider it appropriate to grant an award under a structure not included in the policy, for example to 'buy out' incentive arrangements forfeited on leaving a previous employer, and will exercise the discretion available under Listing Rule 9.4.2R where necessary. In doing so, the Committee will consider relevant factors including the expected value of all outstanding equity awards using a Black-Scholes or equivalent valuation and, where applicable, taking into account the toughness of performance conditions attached to these awards, the likelihood of those conditions being met and the time period to vesting. The use of Listing Rule 9.4.2R will be limited to the 'buy out' of incentive arrangements forfeited on leaving a previous employer and such buy out awards will have a fair value no higher than the awards forfeited.

In cases of appointing a new Executive Director by way of internal promotion, the Group will honour any contractual commitments made prior to their promotion to Executive Director.

In cases of appointing a new Non-Executive Director, the approach will be consistent with the policy.

Service contracts and exit payments policy

In line with the Provision B.7.1 of the 2016 UK Corporate Governance Code Provision, all Directors are subject to re-election annually at the Company's AGM. The Chairman and Non-Executive Directors have a one-month notice period. Each Non-Executive Director is engaged on the basis of a letter of appointment, which are available to view at the Group's registered office and at the AGM.

The effective dates of their letters of appointment are as follows:

Director	Date of letter of appointment	Notice period
Richard Last	12 February 2018	One month
Neil England	18 March 2008	One month
Stephen Puckett	16 May 2013	One month
Sharon Baylay	24 March 2014	One month
Marco Sodi[1]	1 February 2012	Six months
Linda Jensen[2]	7 July 2011	One month

1 Resigned as Chairman on 13 July 2017, but remained on the Board as a Non-Executive Director until 11 October 2017.
2 Resigned as a Director and stepped down from the Board on 30 April 2018.

Executive Director service contracts have no fixed term and have a notice period of up to 12 months from either the Executive Director or the Group. The Executive Director service contracts are available to view at the Group's registered office and at the AGM. The dates of the Executive Director service contracts and the relevant notice period are as follows:

Director	Effective date of contract	Notice period
Mark Shashoua	1 September 2016	12 months
Andrew Beach	17 October 2016	12 months

The Committee's policy is to limit severance payments on termination to pre-established contractual arrangements and the rules of the relevant incentive plans. In doing so, the Committee's objective is to avoid rewarding poor performance. Furthermore, the Committee will take account of the Executive Director's duty to mitigate his loss.

Termination payments are limited to base salary, benefits and pension during the notice period and the Company may elect to make a payment in lieu of notice. If an Executive Director's contract is terminated, he may be eligible for a pro rata annual bonus over the period to the date of cessation of employment, subject to performance.

In addition to the contractual provisions regarding payment on termination set out above, the Group's incentive plans and share schemes contain provisions for termination of employment.

Component	Bad leaver	Good leaver	Change of control
Annual bonus	No annual bonus payable.	Eligible for an award to the extent that performance conditions have been satisfied and pro rata for the proportion of the financial year served (or such lower period as the Committee determines), with Committee discretion to treat otherwise.	Eligible for an award to the extent that performance conditions have been satisfied up to the change of control and pro rata for the proportion of the financial year served, with Committee discretion to treat otherwise.
Deferred Bonus Plan	Outstanding awards are forfeited.	Outstanding awards will normally vest on the original vesting date or such other earlier date as the Committee may determine.	Outstanding awards will normally vest in full.
PSP	Outstanding awards are forfeited.	Outstanding awards will normally continue and be tested for performance over the full period, and reduced pro rata for time based on the proportion of the period served, with Committee discretion to treat otherwise.	Outstanding awards will normally vest and be tested for performance over the period to change of control, and reduced pro rata for time based on the proportion of the period served, with Committee discretion to treat otherwise.

An individual would normally be considered a good leaver if they leave for reasons of death, injury, ill-health, disability, redundancy, a cessation of part of the business in which the individual is employed or engaged, circumstances that are considered by the Committee to be retirement, or any other reason as the Committee decides. Bad leaver provisions apply under other circumstances, normally including, but not limited to, resignation.

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Remuneration Policy Report continued

In addition, the Committee may also make payments in relation to any statutory entitlements, to settle any claim against the Company (e.g. in relation to breach of statutory employment rights or wrongful dismissal) or make a modest provision in respect of legal costs or outplacement fees.

External appointments

The Executive Directors may accept external appointments with the prior approval of the Board. Whether any related fees are retained by the individual or remitted to the Group will be considered on a case-by-case basis.

Illustration of the application of the Remuneration Policy

The charts below show how the remuneration of the Executive Directors varies in three different performance scenarios.

Two sets of charts are provided: one which illustrates the application of the Remuneration Policy for 2019, i.e. incorporating the enhanced PSP award; and the other illustrating the policy for 2020 and 2021, i.e. with PSP awards at the current policy level.

2019 policy

2020 and 2021 policy

PSP values exclude the impact of share price growth and dividend accrual for simplicity. Actual pay delivered, however, will be influenced by these factors.

Assumptions underlying each element of pay are provided in the tables below:

Fixed

Component	Basis
Base salary	Current salary (see page 83)
Pension	Contribution rate applied to latest known salary
Other benefits	*Estimated at a value of £1,000*

Variable

Component	Minimum	Target	Maximum
Annual bonus	No bonus payable	Target bonus 50% of maximum	Maximum bonus payable as % of salary 150% – Chief Executive Officer 120% – Chief Financial Officer
PSP (2019 charts)	No PSP vesting	Intermediate vesting schedule 50% of maximum	Maximum PSP vesting as % of salary 500% – Chief Executive Officer 250% – Chief Financial Officer
PSP (2020/2021 charts)	No PSP vesting	Midpoint of the vesting schedule 60% of the award – Chief Executive Officer 65% of the award – Chief Financial Officer	Maximum PSP vesting as % of salary 100% – Chief Executive Officer 80% – Chief Financial Officer

Consideration of conditions elsewhere in the Group and employee views

When reviewing and setting remuneration levels for the Executive Directors, the Committee takes into account the pay and employment conditions of all employees of the Group. The Group-wide pay review budget is one of the key factors when reviewing the salaries of the Executive Directors. Although the Group has not carried out a formal employee consultation regarding Board remuneration, it does comply with local regulations and practices regarding employee consultation more broadly. The Chief People Officer periodically feeds back employees' views on the Group's remuneration structure.

Consideration of shareholder views

It is the Committee's policy to consult with major shareholders prior to any changes to its Executive Director remuneration structure. During the autumn of 2018, the Committee consulted with major shareholders, the Investment Association (IA), Institutional Shareholder Services (ISS) and Glass Lewis on the proposed Remuneration Policy to operate from the 2019 AGM.

Governance

Annual Report on Remuneration

In line with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended in 2013) the following parts of the Annual Report on Directors' Remuneration are audited: the single total figure of remuneration for each Director, including annual bonus and PSP outcomes for the financial year ending 30 September 2018; scheme interests awarded during the year; pension entitlements; payments to past Directors and payments for loss of office; and Directors' shareholdings and share interests. All other parts of the Directors' Remuneration Report are unaudited.

The Remuneration Committee was chaired by Sharon Baylay who, along with Stephen Puckett, served throughout the year. Members of the Committee are appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Remuneration Committee, for an initial period of three years, which can then be followed by an additional two further three-year periods. During the financial year all Committee members played an active role in all Remuneration Committee meetings held.

Where there is no conflict of interest, the Chief Executive Officer, Chief Financial Officer, the Chief People Officer and the Company Secretary may be invited to attend the Committee's meetings to assist the Committee in making informed decisions. To maximise effectiveness, meetings of the Committee generally take place just prior to a Company Board meeting. The Chairman of the Committee reports to the Board, as part of a separate agenda item, on the activity of the Committee and matters of particular relevance to the Board in the conduct of its work. No individual is present when their own remuneration is being discussed. The Chairman of the Committee also meets separately with the Chief Executive Officer, the Chief Financial Officer, the Chairman of the Audit Committee, the Chief People Officer, and the Committee's external advisor.

Advisors

Korn Ferry are the appointed Committee Remuneration Advisers and were appointed by the Committee in 2016. Total fees paid to Korn Ferry in respect of providing their services to the Committee during the 2018 financial year were £78,004 (excluding VAT) with the fees charged on a time spent and materials provided basis. Korn Ferry are signatories to the Remuneration Consultants' Group Code of Conduct and any advice provided is governed by that Code. Advisers attend Committee meetings as appropriate, and provide advice on remuneration policy, best practice and market updates. The Committee evaluates the support provided by its advisers annually and is comfortable that the individual advisers detailed did not have any connections with the ITE Group that may have, or continue to, impair their independence.

Terms of Reference

The Remuneration Committee's Terms of Reference are available on the Group's website (www.ite-exhibitions.com) or can be obtained from the Company Secretary. The Terms of Reference are reviewed annually and presented to the Board for approval.

The role and responsibilities of the Committee

The Remuneration Committee meets at least three times a year and on other occasions, as required. The Committee has delegated responsibility from the Board to set the Remuneration Policy for all Executive Directors and the Company Chairman. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company. For clarification, the Company Chairman and the Executive Directors are responsible for setting the remuneration of the Non-Executive Directors.

Committee responsibilities include:

- determining and agreeing with the Board the policy for the remuneration of the Executive Directors and members of the executive management (including pensions);
- reviewing the ongoing appropriateness and relevance of the Remuneration Policy;
- approving the design of, and determining targets for, any performance-related pay schemes operated by the Company and approving the total annual payments made under the schemes;
- overseeing any major changes in employee benefits structures throughout the Group;
- measuring subsequent performance as a prelude to determining the Executive Directors' and Executive Management total remuneration on behalf of the Board;
- determining the structure and quantum of short-term remuneration; and
- granting awards under long-term incentive plans and options under the various ITE Group share option schemes.

Activities during the financial year

The main issues discussed and/or approved during the financial year under review included:

- approval of the prior year Directors' Remuneration Report, review of shareholder comments and Annual General Meeting (AGM) voting on the Report;
- annual review of the Company Chairman and Executive Directors' salaries or fee arrangements and benefits;
- review of the Executive Directors' and Executive Management performance against the targets set under the 2017 Annual Bonus Scheme and approval of the corresponding payments;
- interim review of the Executive Directors' and Executive Management performance against the targets set under the 2018 Annual Bonus Scheme;
- review of the personal objectives of the Chief Executive Officer proposed by the Company Chairman, and of the Chief Financial Officer as proposed by the Chief Executive Officer;
- review and approval of grants made during the year under the PSP and Discretionary Share Option Scheme;
- approval of the vesting level for PSP awards vesting on performance to 30 September 2017;
- review of the performance targets to be applied for the awards to be made under the PSP;
- review of Remuneration Policy, including the design of incentives and targets for the 2019 Annual Bonus and PSP Schemes and considering shareholder feedback in finalising the policy;
- consideration of the impact of the acquisition of Ascential Events and the rights issue on PSP awards; and
- review and approval of leaving and appointment terms of the Non-Executive Chairmen during the year.

Statement of shareholder voting at the 2018 AGM

The following tables shows the results of shareholder voting at the AGM held on 25 January 2018.

Resolution to approve the Directors' Remuneration Report	Total number of votes	% of votes cast
For (including discretionary)	196,522,920	95.3%
Against	9,779,023	4.7%
Total votes cast (excluding withheld votes)	206,301,943	100%
Votes withheld	9,838,791	
Total votes cast (including withheld votes)	216,140,734	

Remuneration paid to Directors for the year ended 30 September 2018 (audited information)

The table below sets out a single figure for the total remuneration received by each Director for the year ended 30 September 2018 and the prior year.

	1. Base salary/Fees[1]		2. Benefits[2]		3. Pension		4. Annual bonus[3]		5. Long-term incentives[4]		Total remuneration	
Executive Directors	**2018 £000**	2017 £000	**2018 £000**	2017 £000	**2018 £000**	2017 £000	**2018 £000**	2017 £000	**2018 £000**	2017 £000	**2018 £000**	2017 £000
Mark Shashoua	**464**	450	**1**	1	**46**	45	**680**	539	**0**	0	**1,191**	1,035
Andrew Beach	**270**	247[5]	**1**	1	**27**	25	**317**	247	**0**	0	**615**	520
Non-Executive Directors												
Richard Last	**107**	–	**–**	–	**–**	–	**–**	–	**–**	–	**107**	–
Sharon Baylay	**54**	46	**–**	–	**–**	–	**–**	–	**–**	–	**54**	46
Neil England	**100**	76	**–**	–	**–**	–	**–**	–	**–**	–	**100**	76
Stephen Puckett	**54**	53	**–**	–	**–**	–	**–**	–	**–**	–	**54**	53
Former Directors[6]												
Marco Sodi	**46**	163	**–**	–	**–**	–	**–**	–	**–**	–	**46**	163
Linda Jensen	**32**	58	**–**	–	**–**	–	**–**	–	**–**	–	**32**	58

1. See the Annual Report on Remuneration on page 80 for further details of Non-Executive Director fees.
2. Taxable benefits include private medical insurance contributions.
3. Annual bonus payable for performance over the relevant financial year. Details are set out on page 78 of the performance targets set and actual performance against them. Consistent with the terms of the 2017 Remuneration Policy one-third of the bonus earned in relation to 2018 is deferred into the Company's shares for a period of three years with the balance payable in cash. These shares will be held in the ITE Group Employees' Share Trust. Annual bonus awards are subject to recovery and withholding provisions in line with the Company's Remuneration Policy.
4. There was no vesting of long-term incentive awards in relation to the current Executive Directors for performance periods concluding 30 September 2018 or 2017.
5. This is a pro rated amount of Andrew Beach's annual salary as he was appointed to the Board on 17 October 2016.
6. Marco Sodi resigned as Chairman on 13 July 2017, but remained on the Board as a Non-Executive Director until 11 October 2017. Linda Jensen stepped down from the Board on 30 April 2018.

Executive Directors' base salaries

As disclosed in last year's Directors' Remuneration Report, the Chief Executive Officer received an increase of 3% to his base salary (to £463,500), and the Chief Financial Officer received an increase of 5% to his base salary (to £270,375) with effect from 1 October 2017. Executive Directors' current salaries are set out on page 83.

Governance

Annual Report on Remuneration continued

Pension and other benefits

During the year, the Group made pension contributions or payments in lieu of contributions equal to 10% of each Executive Directors' salary for the relevant pro rata period of their employment.

Annual bonus

Framework and outcomes for the financial year ended 30 September 2018
For the 2018 financial year, the Executive Directors participated in the Executive Bonus Plan, designed to reinforce delivery of sustainable profit growth and the achievement of strategic objectives.

The maximum annual bonus opportunity was 150% of salary for Mark Shashoua and 120% for Andrew Beach. The annual bonus was based 85% on financial targets and 15% on personal targets.

The range of financial targets set and actual performance against the targets is detailed below:

Financial measure	Weighting as a % of total bonus opportunity	Performance targets: Threshold	Performance targets: Target	Performance targets: Stretch	Actual performance	Actual bonus payable as a % of total bonus opportunity
Headline profit before tax[1]	50%	£28.35m Nil payout	£31.5m 50% payout	£34.65m 100% payout	£35.4m	100%
Like-for-like revenue growth[1]	20%	2.5% Nil payout	7.5% 50% payout	12.5% 100% payout	11.4%	89%
Cash conversion[1]	15%	90% Nil payout	100% 50% payout	110% 100% payout	113%	100%

1 The actual 2018 performance levels, for the purposes of comparison to the targets set at the start of the year, were adjusted so that budgeted performance for the divested businesses were added back for the period from the completion of the relevant divestment to the end of the financial year and the result of the Ascential Events acquisition for the period from completion of the acquisition to the end of the financial year was removed to ensure that the bonus targets, in the opinion of the Committee, were no more or less challenging than when they were initially set allowing for the transactions completed in the year.

The personal targets set for Mark Shashoua and the Committee's assessment of his performance against them is set out below:

Objective	Commentary	Performance: Threshold	Performance: Maximum
Execution of Transformation and Growth (TAG) Programme	- Executed divestment as agreed by the Board in line with the strategy. - Identified acquisitions in line with TAG strategy. - Divestment and acquisitions achieved within accepted acquisition/ divestment Board approved parameters. - Delivered a plan for leadership of the Central Asia region.		
Manage and deliver agreed benefits from the TAG programme	- Executed TAG in line with the Board approved 2018 budget. - Roll-out of initiatives in line with milestones agreed with the TAG steering committee.		
Review and restructure of Senior Management team and reports	- Reviewed the leadership team in each of the regions and brands. - Hired new leaders to fill gaps (specifically in Russia, EMEA+ and Brands) and ensured a productive and efficient team structure to meet business requirements.		
Progress our relationship with Joint Venture Partners (JVs)	- Recommend and agree with the Board actions in respect of individual JVs and completed those actions as appropriate on a timely and efficient basis.		
Management of the HQ overheads	- Total manageable HQ overheads in FY 2018 were maintained at the targeted % of total revenue.		

Based on the above assessments, 100% of this part of the bonus became payable.

Consequently, the total bonus earned by Mark Shashoua was 97.8% of his maximum bonus opportunity.

Personal objectives set for Andrew Beach and the Committee's assessment of his performance against them is set out below:

Objective	Commentary	Performance Threshold	Performance Maximum
Put in place an effective global senior finance leadership capability	- Restructured HQ finance team into separate financial control, commercial finance and best practice teams within targeted timeframes.		
Implement new fit-for-purpose global Finance controls and processes	- Determine, document and communicate finance best practice process and controls in the form of new global policies within targeted timeframes and ensured they were operating effectively in all TAG Phase 1 regions.		
Put in place effective commercial finance processes	- Ensured the capture and reporting of all agreed revenue KPIs for TAG Phase 1 events. - Ensured (including link to PUR/PDR process) was in place and operating effectively on all TAG Phase 1 events. - Ensured rolling event level budget process with monthly cost review and event level reforecast process for TAG Phase 1 events was in place.		
Review of global legal operations	- Conclusions of October 2017 legal review were implemented within the targeted timeframe.		
Management of the HQ Overheads	- Total manageable HQ overheads in FY 2018 were maintained at the targeted % of total revenue.		

Based on the above assessments 100% of this part of the bonus became payable.

Consequently, the total bonus earned by Andrew Beach was 97.8% of the maximum opportunity.

Long-term incentive

Neither Mark Shashoua nor Andrew Beach were recipients of the 2016 PSP awards which had a performance period ending on 30 September 2018. In the event, awards to the other participants will lapse as the minimum performance requirement for the awards was not met.

Scheme interests awarded during the year

As indicated in last year's Directors' Remuneration Report, Mark Shashoua and Andrew Beach received awards of 100% of salary and 80% of salary respectively.

The performance conditions applicable to these awards are detailed below. 70% of the award is subject to a challenging EPS target to be achieved in the financial year ending 30 September 2020. 30% of the award is based on the Company's Total Shareholder Return (TSR) performance relative to the TSR of the constituents of the FTSE 250 and FTSE Small Cap Indices (excluding investment trusts) over the three financial years commencing 1 October 2017.

Vesting percentage (of EPS element)	2020 Headline diluted EPS[1]
0%	Less than 5.5p
30% (20% for Chief Executive Officer)	5.5p
100%	8.9p
Straight-line basis	Between 5.5p and 8.9p

1 Headline diluted EPS is calculated as defined in the financial statements - see the Chief Financial Officer's statement on page 31. The actual targets are restated in accordance with IAS 33 to take account of the 2018 rights issue.

Vesting percentage (of TSR element)	ITE TSR versus TSR comparators
0%	Below median
30% (20% for Chief Executive Officer)	Median
100%	Upper quartile
Straight-line basis	Between median and upper quartile

To the extent that the awards vest, they will be subject to a two-year holding period. Vested awards will be subject to clawback for the later of one year following the date of vesting or completion of the next audit of the Group's accounts in the event of a fraud or material misstatement of results being identified in relation to the years in which the PSP is earned.

Governance

Annual Report on Remuneration continued

Details of awards granted on 4 December 2017 are set out below:

Executive Director	Basis of award	Face value[1]	Shares over which awards granted[2]	Threshold vesting (% of award)	Performance period	Performance measure
Mark Shashoua	100% of base salary	£463,500	413,385	20%	1 October 2017 to 30 September 2020, inclusive	Headline diluted EPS (70%) and a relative TSR performance condition (30%)
Andrew Beach	80% of base salary	£216,300	192,913	30%	1 October 2017 to 30 September 2020, inclusive	Headline diluted EPS (70%) and a relative TSR performance condition (30%)

1 Calculated using the share price on the day immediately preceding the date of grant of 181p (which is equivalent to 112p following adjustment for the 2018 rights issue).
2 Awards granted as nominal cost options with an exercise price of 1.0p per share. The adjusted number of shares following the 2018 rights issue is shown using the standard Theoretical Ex-Rights Price (TERP) adjustment to maintain the value of the award, on a theoretical basis, through the 2018 rights issue. The TERP formula is as approved by HMRC and applied to both executive and all-employee share awards.

Chairman and Non-Executive Director fees

During the year the Non-Executive Directors' fees were reviewed in light of the time commitment of the roles.

With effect from 1 October 2018, the Chairman's fee is £173,350 and the Non-Executive Directors receive a base fee of £49,250 (2017: £47,800), with an additional fee for the Senior Independent Director of £7,000 (2017: £5,250) and for the Audit and Remuneration Committee Chairs of £8,000 (2017: £6,400). The increases to the Chairman's fee and the Non-Executive Director base fee was at 3% which was consistent with the budgeted salary increase for the UK population and the increased Senior Independent Director fee reflected the increased time commitment of the role.

Non-Executive Directors' fees for the year commencing 1 October 2018 are therefore as follows:

Name	Reason for fees	Total annual fees (£)
Richard Last	Company Chairman	173,350
Stephen Puckett	Non-Executive Director and Chair of the Audit Committee	57,250
Neil England	Non-Executive Director and Senior Independent Director	56,250
Sharon Baylay	Non-Executive Director and Chair of the Remuneration Committee	57,250

Relative importance of spend on pay

The graph below shows the Group's total employee pay and distributions to shareholders for the financial years ended 30 September 2017 and 30 September 2018, and the percentage change.

The 19% increase in total employee pay from 2017 to 2018 is primarily due to changes to the workforce resulting from acquisitions and disposals.

Performance graph (not subject to audit)

The chart below compares the value of £100 invested in ITE Group plc shares, including reinvested dividends, on 30 September 2008 compared to the equivalent investment in the FTSE 250 Index and FTSE Small Cap Index, over the last ten financial years. The FTSE 250 and FTSE Small Cap Index have been chosen as the Company has been a constituent of both indices during the period since 2008. The table below shows the single figure for the Chief Executive Officer over the same period.

Total Shareholder Return

Financial year ended 30 September		2009	2010	2011	2012	2013	2014	2015	2016	2017	**2018**
Russell Taylor* Mark Shashoua#		*	*	*	*	*	*	*	* #	#	**#**
Chief Executive Officer single figure of remuneration (£000)		614	1,347	1,348	1,558	1,951	1,050	567	618	1,035	**1,191**
Annual bonus awarded	% of maximum opportunity	58%	100%	94%	80%	94%	68%	16%	27%	79.9%	**97.8%**
	£ amount (£000)	212	380	375	332	402	298	72	122	539	**680**
PSP vesting	% of maximum opportunity	n/a	100%	100%	100%	100%	70%	0%	0%	0%	**0%**
	£ amount (£000)	n/a	554	540	774	1,080	277	0	0	0	**0**

Change in Chief Executive Officer remuneration and for employees as a whole over FY 2018

The graph below shows the change in Chief Executive Officer annual cash, defined as salary, taxable benefits, and annual bonus, compared to the average employees for 2017 to 2018.

Annual Report on Remuneration continued

Chief Executive Officer annual cash	Chief Executive Officer 2018 £000	2017 £000	% change	Average for other employees % change[1]
Salary	**464**	450	3%	20%
Taxable benefits	**1**	1	0%	10%
Annual variable	**680**	539	26%	7%
Total	**1,145**	990	16%	17%

1 The change in salary and taxable benefits for other employees reflects a combination of a change in the size and geographical footprint of the Company and the impact of foreign exchange movements.

Payments to past Directors and payments for loss of office

As noted on page 49 Marco Sodi resigned as Chairman on 11 July 2017 and left the Board with effect from 11 October 2017. Marco Sodi continued to receive his fee on a monthly basis until 11 January 2018, in line with the terms of his letter of appointment, which included a six month notice period.

Dilution limits

The Group has at all times complied with the dilution limits set out in the rules of its share plans (principally a limit of 10% in ten years). The Group will also operate within a dilution limit of 5% in any rolling ten-year period for discretionary schemes. The Company is currently well within these dilution limits. Shares to satisfy awards granted under the PSP which are normally purchased in the market do not count towards the dilution limits.

Directors' shareholding guidelines and share scheme interests

During the year, the Executive Directors were required to retain shares of a value equal to 25% of the gain made after tax, on the vesting of awards under the Plans, until they have built up their minimum shareholding of at least 200% of annual base salary.

The table below shows the Directors' interests in shares owned outright and/or vested, and the extent to which the Group's shareholding guidelines are achieved. There have been changes to the holdings of the current Directors (including any connected persons) between 30 September 2018 and 30 November 2018, being the last practicable date before publication of the Remuneration Report with these included in the footnotes to the table.

	Number of unvested shares subject to performance conditions[1]	Number of shares held under the Deferred Bonus Share Plan[2]	**Number of shares held as at 30 September 2018**	Number of shares held at 30 September 2017	Shareholding guideline (as % of salary/fees)	Guideline met[3]
Mark Shashoua	1,114,125	160,256	**1,066,521**	55,535	200%	No[4] 195%
Andrew Beach	540,428	73,361	**41,250**	15,000	200%	No[4] 9%
Richard Last	–	–	**250,000**	n/a	n/a	n/a
Neil England	–	–	**137,500**	50,000	n/a	n/a
Sharon Baylay	–	–	**28,325**	10,300	n/a	n/a
Stephen Puckett	–	–	**27,500**	10,000	n/a	n/a
Linda Jensen	–	–	**n/a**	5,000	n/a	n/a
Marco Sodi	–	–	**n/a**	200,000	n/a	n/a

1 PSP awards are granted as nominal cost options.
2 Deferred Bonus shares awarded in respect of the year ended 30 September 2017 at an adjusted price of 112.1p.
3 Current shareholding includes net shares owned outright and/or vested.
4 During the year Mark Shashoua invested a total of £902,687 and Andrew Beach, £14,752, in purchases of shares in the Group. Post year end the Chief Executive has acquired a further 160,000 shares resulting in his total holding being 1,226,521 with a total acquisition cost of £1,001,177. The Chief Financial Officer has also acquired a further 33,500 shares post year ending resulting in his total holding being 74,750 with a total acquisition cost of £59,877.

Directors' interests in Performance Share Plans

Details of outstanding PSP awards are as follows. The performance targets are summarised below the table:

Director Scheme	1 Oct 2017[1]	Granted during the year[2]	Option price (£)	Exercised during the year	Lapsed	Market price at exercise date (£)	30 Sep 2018	Date of grant	Share price on date of grant (pence)	Exercisable from	Exercisable to	Gain on exercise £000
Mark Shashoua												
2014 Employees' Performance Share Plan	700,740	–	0.01	–	–	–	**700,740**	16/06/2017	96.3	16/06/2020	16/06/2027	–
2014 Employees' Performance Share Plan		413,385	0.01	–	–	–	**413,385**	04/12/2017	112.1	04/12/2020	04/12/2027	–
Total	**700,740**	**413,385**		**–**	**–**		**1,114,125**					
Andrew Beach												
2014 Employees' Performance Share Plan	347,515	–	0.01	–	–	–	**347,515**	16/06/2017	96.3	16/06/2020	16/06/2027	–
2014 Employees' Performance Share Plan		192,913	0.01	–	–	–	**192,913**	04/12/2017	112.1	04/12/2020	04/12/2027	–
Total	**347,515**	**192,913**		**–**	**–**		**540,428**					

1 The performance condition applying to the award granted on 19 June 2017 is set out in the 2017 Directors' Remuneration Report.
2 The performance condition applying to the award granted on 4 December 2017 is detailed on page 80.

Both the number of shares included in the above tables and the share price at grant have been adjusted following the 2018 rights issue using the standard Theoretical Ex-Rights Price (TERP) adjustment to maintain the value of the award, on a theoretical basis, through the 2018 rights issue. The TERP formula is as approved by HMRC and applied to both executive and all-employee share awards.

Implementation of Remuneration Policy for the year ending 30 September 2019

Set out below is how the Committee anticipates applying the policy during the financial year ended 30 September 2019.

Executive Directors' base salaries

The base salaries of the Chief Executive Officer and Chief Financial Officer were reviewed during the year. The Chief Executive Officer was awarded an increase of 3%. The Chief Financial Officer was awarded an increase of 5%. The revised salaries, with effect from 1 October 2018, are £477,405, for Mark Shashoua and £283,895 for Andrew Beach. The next salary review date will be 1 October 2019.

The Committee was comfortable setting base salaries at these levels given the size of the roles and the experience and calibre of the individuals.

Pension and other benefits

Pension, or cash in lieu of pension, will be provided to a maximum of 10% of salary. Benefits are in line with the Remuneration Policy.

Annual bonus framework

For the financial year commencing 1 October 2018, the Executive Bonus Plan quantum will operate in line with details set out in the Remuneration Policy for the Executive Directors.

The metrics to apply include a challenging range of profit (50%), revenue growth (20%), cash conversion (15%) and individually tailored strategic targets (15%). Profit targets are set based on reported numbers with revenue growth and cash conversion targets set using budgeted exchange rates because of the potential for volatile exchange rates in the Group's key markets. This is considered to provide a balanced approach to aligning overall performance and reward.

While the financial targets are considered commercially sensitive in advance, full retrospective disclosure of the targets, and performance against them, will be included in next year's Directors' Remuneration Report.

With regards to individually tailored strategic targets, which include, for example, measurable objectives set against the development and execution of the Company's strategy, leadership, funding and stakeholder communication objectives, full details of the complete range of targets set and performance against them will be included in next year's Annual Report on Remuneration. Should targets be considered to remain commercially sensitive, as a minimum, an overview of the extent to which bonus was earned against these targets will be included in the Annual Report on Remuneration next year to enable investors to make an informed view on the extent to which bonus was earned for this part of the bonus. Further disclosure would then be considered in the following Directors' Remuneration Report.

Governance
Annual Report on Remuneration continued

Long-term incentive framework

Subject to shareholder approval, the Committee intends to grant PSP awards to both Executive Directors. As explained in the statement from the Chair of the Remuneration Committee, for 2019 PSP awards will be granted at a level of 500% of salary for the Chief Executive Officer and 250% of salary for the Chief Financial Officer.

The vesting of the awards will be assessed against a combination of adjusted (headline) EPS growth (one-third of the award), relative TSR (one-third of the award) and ROCE (one-third of the award). The conditions will operate independently and be tested over the three year period ending 30 September 2021.

The EPS condition (one-third of an award) will be as follows:

Vesting percentage (of EPS element of award)	Compound EPS growth
0%	Below 5%
5% (10% for the Chief Financial Officer)	5%
50%	12%
100%	16.75%
Straight-line vesting between performance points	

Adjusted (headline) EPS will be calculated in line with the standard definition used by the Company, namely EPS excluding adjusting items such as amortisation, impairment, one-off TAG costs and other exceptional costs. EPS performance will be assessed from a pro forma 2018 base number which includes a full year's earnings from Ascential Events and Mining Indaba and excludes a full year's earnings of businesses which have been divested prior to the grant of the awards. To provide a guide on the degree of stretch in the targets, the above range requires 2021 EPS to be approximately between 5.8p and at least 8.0p for full vesting to take place.

The TSR condition (one-third of an award) will be based on the Group's performance against a peer group comprising the constituents of the FTSE 250 and FTSE Small Cap Indices (excluding investment trusts) with vesting as follows:

Vesting percentage (of TSR element of award)	Three-year TSR relative to the peer group
0%	Below median
5% (10% for the Chief Financial Officer)	Median
50%	Upper quartile
100%	Upper decile
Straight-line vesting between performance points	

The ROCE condition (one-third of an award) will be as follows:

Vesting percentage (of ROCE element of award)	Average ROCE over 2019, 2020 and 2021
0%	Below 13%
5% (10% for the Chief Financial Officer)	13%
50%	14.25%
100%	15.25%
Straight-line vesting between performance points	

ROCE is defined as headline operating profit (i.e. before adjusting items such as amortisation and impairment) divided by net assets excluding all balances relating to any provisions, financial instruments, interest-bearing liabilities and cash or cash equivalents.

During the performance period for the 2019 PSP award, there will be no amortisation and/or impairment of goodwill. The elimination of amortisation of intangible assets and the associated amortisation of the deferred tax liabilities for the purposes of ROCE will avoid any boost to returns arising from amortising or impairing acquired assets which reflects the Board's focus on being held to account for the recent changes to the Company's portfolio of businesses.

The definition for ROCE was chosen as the simplest way to capture the returns the Company generates from its capital and provides an appropriate balance between defining ROCE in a way that can be well understood by senior management and also reflected the request from some of our leading institutional investors for a return-based measure to be included in our long-term incentive. For completeness, on a pro forma basis that allows for a full year's earnings from Ascential Events and excluding a full year's earnings from the businesses which have been divested during 2018, ROCE was 12.7% for 2018.

In the case of all three headline performance metrics, the lower end of the range was set to represent realistic targets and be motivational to the executive team. Performance at the intermediate vesting level – which results in 50% vesting – is intended to be set at the maximum performance levels typically required for full vesting under 'normal' award levels in the wider market. Vesting beyond the intermediate 50% vesting point includes targets that require exceptional outperformance (e.g. upper quartile to upper decile relative TSR). This construct was considered appropriate in the context of the potential quantum available under the 2019 PSP award.

In addition to the three metrics set out above, vesting in excess of shares worth 100% of salary at grant for the Chief Executive Officer and 80% of salary for the Chief Financial Officer will only take place if a predetermined share price is achieved. This 'underpin' feature will require the Group's share price (based on a three-month average prior to 30 September 2021) to be at least 93.6p. This represents the average share price (as adjusted for the rights issue) over the period following the announcement on 9 May 2016 of Mark Shashoua's appointment at Chief Executive Officer and the commencement of his employment on 1 September 2016. The share price underpin will ensure that the superior returns available to management under the 2019 PSP award (i.e. rewards above 100% of salary for the Chief Executive Officer and 80% of salary for the Chief Financial Officer) can only be earned if shareholders benefit from a positive absolute total return in the period since the new management team was appointed.

The Committee also retains discretion to adjust the formula-based vesting outcome having had regard to wider overall Company performance.

The awards, to the extent that they vest, will be subject to a two-year holding period.

Governance

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including FRS 102 '*The Financial Reporting Standard applicable in the UK and Republic of Ireland*'. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Parent Company financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, IAS 1 requires that Directors:
- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Responsibility statement

We confirm that to the best of our knowledge:
- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 4 December and is signed on its behalf by:

Andrew Beach
Chief Financial Officer
4 December 2018

Independent Auditor's Report
to the members of ITE Group plc

Report on the audit of the financial statements

Opinion

In our opinion:
- **the financial statements of ITE Group plc (the Parent Company) and its subsidiaries (the Group) give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2018 and of the Group's loss for the year then ended;**
- **the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union;**
- **the Parent Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and**
- **the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.**

We have audited the financial statements which comprise:
- the Consolidated Income Statement;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated Statement of Changes in Equity;
- the Consolidated Statement of Financial Position;
- the Consolidated Cash Flow Statement;
- the related notes 1 to 33;
- the Company Statement of Financial Position;
- the Company Statement of Changes in Equity; and
- the related notes 1 to 9.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRS as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and UK Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (UK Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC's) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: - The identification and valuation of intangible assets and associated goodwill acquired in business combinations; - The recoverability of the carrying value of goodwill and other intangible assets; and - Taxation, in particular the assessment of risks relating to tax in overseas jurisdictions where the Group operates. Apart from the key audit matter relating to the identification and valuation of intangible assets and associated goodwill acquired in business combinations, these key audit matters are consistent with the prior year.
Materiality	The materiality that we used in the Group financial statements was £1.1m which we determined using 5.2% of an adjusted profit before tax measure being the Group loss before tax after adding back non-recurring one-off items.
Scoping	We completed full scope audit work in London, Russia, Turkey and India. In addition, we performed specified audit procedures at Sinostar. These entities represent the principal business units and account for approximately 75% (2017: 80%) of the Group's revenue and 83% (2017: 84%) of the Group's headline profit before tax of £35.4m (2017: £31.6m) as set out in the Consolidated Income Statement.
Significant changes in our approach	This year our report includes a new key audit matter which was not included in the audit report last year: - The identification and valuation of intangible assets and associated goodwill acquired in business combinations – in the year ended 30 September 2018, the Group acquired Ascential Events. Given the significant judgements involved in the identification and valuation of intangible assets this was therefore considered a key audit matter. We also completed full scope audit work on Ascential Events for the 2018 audit.

Financial statements

Independent Auditor's Report continued

to the members of ITE Group plc

Conclusions relating to going concern, principal risks and viability statement

Going concern We have reviewed the Directors' statement page 52 about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements. We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.	**We confirm that we have nothing material to report, add or draw attention to in respect of these matters.**
Principal risks and viability statement Based solely on reading the Directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the Directors' assessment of the Group's and the Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to: - the disclosures on pages 58 to 63 that describe the principal risks and explain how they are being managed or mitigated; - the Directors' confirmation on page 58 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; or - the Directors' explanation on page 52 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 are also required to report whether the Directors' statement relating to the prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	**We confirm that we have nothing material to report, add or draw attention to in respect of these matters.**

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The identification and valuation of intangible assets and associated goodwill acquired in business combinations

Key audit matter description	As described in note 14 to the financial statements, on 17 July 2018 the Group acquired 100% of the issued share capital of Ascential Events for consideration of £300.3m. Accounting for business combinations under IFRS 3 *Business combinations* can be complex and requires judgements to be applied and assumptions to be used when assessing the fair value of the consideration paid, the fair value of assets and liabilities acquired, the identification and valuation of acquired intangible assets and any associated goodwill that arises. Management commissioned independent valuation experts to support them in the identification and valuation of the acquired intangible assets. There is a risk, whether due to fraud or error, that the assumptions used in the valuation of acquired intangible assets, such as the growth, discount and royalty rates used, are appropriate. The fair value of other assets and liabilities acquired were also a key area of focus as this is a subjective area. Management has provisionally disclosed the values used in accounting for the acquisition of Ascential Events as permitted by IFRS 3 *Business combinations* for finalisation within 12 months of the acquisition dates as shown in note 14. In note 2 the valuation of separately identifiable intangible assets acquired in business combinations is identified by management as a critical accounting judgement. This judgement area is also referred to within the Audit Committee report.

How the scope of our audit responded to the key audit matter	We assessed the design and implementation of controls relating to business combinations in order to understand management's process for accounting for such a transaction and the effectiveness of completing the work accurately. We audited the acquisition accounting applied by management, including: - review of the sale and purchase agreement; - testing the completeness of consideration by reference to supporting evidence; - assessing the fair values recorded at acquisition by engaging our valuations specialists to review and challenge the identification and valuation of intangible assets, the basis for their valuation, and benchmarking the reasonableness of the key valuation assumptions, such as discount rates, useful economic lives and growth rates; and - evaluating the business assumptions applied by management in determining the fair values of acquired intangible assets and other assets/liabilities, in particular in relation to operating forecasts of the newly acquired business. We performed mechanical and integrity checks on the purchase price allocation model. We reviewed the associated disclosures within the financial statements to evaluate whether they are in accordance with IFRS 3 *Business combinations*.
Key observations	We considered the identification and valuation of intangible assets and associated goodwill and the disclosures in note 14 to be appropriate.

The recoverability of the carrying value of goodwill and other intangible assets

Key audit matter description	As the Group has expanded by acquisition it has recognised goodwill and intangible assets as required by accounting standards. As set out in notes 13 and 15, as at 30 September 2018 the Group carries £201.8m (2017: £92.6m) of goodwill and £267.3m (2017: £61.9m) of other intangible assets on the Consolidated Statement of Financial Position. Where goodwill exists, accounting standards require that management performs an annual impairment test, computing the recoverable amount based on a 'value in use' approach and comparing this with the balance sheet carrying value of each cash generating unit (CGU). Management prepare a detailed assessment of the carrying value of goodwill and other intangible assets by CGU using a number of judgemental assumptions (as described in note 13 to the financial statements). These include Board-approved forecasts, long-term growth rates (based on forecast GDP growth rates for the country) and country-specific discount rates. There is a risk, whether due to fraud or error, that the application of inappropriate assumptions supports assets that should otherwise be impaired or further impaired. Our work focuses on those CGUs where the risk of impairment is higher due to, amongst other things, trading conditions in the market and growth prospects. As a result of management's exercise, a £5.6m (2017: £12.6m) impairment was booked in the year against the Turkey CGU (2017: Turkey, India and Africa Oil Week). This matter is disclosed in the Audit Committee report included within the Annual Report.
How the scope of our audit responded to the key audit matter	We assessed the design and implementation of controls over the assessment of the recoverability of carrying value of goodwill and other intangible assets. We considered whether management's impairment review methodology is compliant with IAS 36 *Impairment of Assets*. We challenged management's assumptions used in the impairment assessment for goodwill and other intangible assets. Our audit work on the assumptions used in the impairment model focused on: - considering the appropriateness of the CGUs identified by management and the allocation of assets to these; - testing the integrity of management's model; - agreeing the underlying cash flow projections for each CGU to Board-approved FY 2019 forecasts; - comparing short-term cash flow projections against recent performance and historical forecasting accuracy and assessing whether there are other indicators of impairment based on this analysis; - engaging our valuation specialists to independently establish appropriate discount rates; - benchmarking the long-term growth rates used against independent market data; - considering post year-end trading performance; - calculating a range of reasonably possible sensitivities and comparing these to those calculated by management to ensure no further indicator of impairment is identified; and - assessing whether the disclosures in the Annual Report and Accounts were appropriate to the Group's situation and in line with IAS 36.
Key observations	We concurred that the assumptions used in the impairment model were appropriate and are satisfied that the remaining carrying value of goodwill and other intangible assets is supportable.

Financial statements

Independent Auditor's Report continued

to the members of ITE Group plc

Taxation

Key audit matter description	The Group operates and derives profits from a range of international markets and as such it is subject to tax in a number of territories. As a consequence, the Group has to consider both the tax risks by country as well as the transfer pricing arrangements particularly in the light of the rules agreed between OECD territories developed as part of the OECD's 'Base Erosion and Profit Shifting' initiative. The Group is also subject to Withholding Tax on remittances from overseas investments. From time to time tax rules and treaties change and this can impact the amount of tax the Group has to withhold and pay on such remittances. Currently the Group holds tax provisions of £3.5m (2017: £2.9m) in respect of potential risk of challenge to historical arrangements in these areas. This matter is disclosed in the Audit Committee report included within the Annual Report. In note 2 taxation is identified by management as a key source of estimation uncertainty.
How the scope of our audit responded to the key audit matter	We considered developments in international tax rules in the year and reviewed management's assessment of the impact of those developments on the Group. In particular, we reviewed documentation prepared by management to support the Group's global allocation of profits for transfer pricing purposes. We reviewed management's calculations of uncertain tax provisions arising from the risk of tax authority challenge of historical arrangements and challenged the assumptions made in those calculations. Through enquiry with management at Group and in each territory in scope, we noted there were no significant ongoing tax authority challenges in any territory. Our audit procedures also included re-performing provision calculations based on different assumptions to measure the potential risk relating to tax authority challenge including the availability of unrecognised tax attributes in respect of any such challenges. We also performed interviews with operational management to assess the level of transfer pricing risk. Further, based on the experience of our tax specialists, we assessed the challenges typically raised by tax authorities and we considered how they might apply to the Group. We also considered the disclosure in the financial statements particularly in light of the FRC's thematic review encouraging more transparent reporting between tax charges and accounting profit and the factors that could affect that relationship in the future.
Key observations	Based on our procedures performed, we are satisfied that the provision for uncertain tax provisions appropriately reflects a balanced assessment of the risks and these risks are disclosed appropriately.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

<table>
<tr><th></th><th>Group financial statements</th><th>Parent Company financial statements</th></tr>
<tr><td>Materiality</td><td>£1.1m (2017: £1.1m)</td><td>£0.6m (2017: £0.6m)</td></tr>
<tr><td>Basis for determining materiality</td><td>We determined this using 5.2% (2017: 5.4%) of an adjusted profit before tax measure being the Group loss before tax after adding back non-recurring one-off items, notably the restructuring costs of the TAG programme and the impairment charges (see table below):
<table>
<tr><th></th><th>2018 (£000)</th><th>2017 (£000)</th></tr>
<tr><td>Loss before tax</td><td>(3,684)</td><td>(3,163)</td></tr>
<tr><td>Add back one-off non-recurring items</td><td></td><td></td></tr>
<tr><td>Impairment charges</td><td>9,631</td><td>14,276</td></tr>
<tr><td>Transaction costs on completed and pending acquisitions</td><td>8,037</td><td>406</td></tr>
<tr><td>Loss/(profit) on disposal of investments</td><td>(2,968)</td><td>3,712</td></tr>
<tr><td>Integration costs</td><td>2,750</td><td>0</td></tr>
<tr><td>Restructuring and reorganisation costs</td><td>7,583</td><td>4,982</td></tr>
<tr><td>Adjusted profit before tax</td><td>21,349</td><td>20,213</td></tr>
<tr><td>Materiality</td><td>1,100</td><td>1,100</td></tr>
<tr><td>% used</td><td>5.2%</td><td>5.4%</td></tr>
</table>
</td><td>The basis of materiality is shareholders' funds, taking into account the Group materiality. The materiality used is less than 1% of shareholders' funds.</td></tr>
<tr><td>Rationale for the benchmark applied</td><td>Loss before tax adjusted for one-off non-recurring items recognised in the year has been used as the base for materiality as it is a key measure of underlying business performance for the Group. We have used this adjusted profit measure as it excludes volatility of one-off items from our determination, to aid consistency of the scale of the Group in determining our materiality base each year.

The materiality level is also 3.1% (2017: 3.4%) of headline profit before tax and 0.3% (2017: 1.2%) of equity.</td><td>Given the nature of the Company as a parent company, we consider shareholders' funds to be the most appropriate basis for materiality. We have, however, capped the materiality at 50% of Group materiality.</td></tr>
</table>

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £55,000 (2017: £55,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Financial statements

Independent Auditor's Report continued

to the members of ITE Group plc

An overview of the scope of our audit

The Group operates in a wide range of territories and our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on this assessment our Group audit scope focused on the UK, Russia, Turkey and India (2017: UK, Russia, Turkey and India). Ascential Events was included in audit scope in 2018 and full scope audit procedures performed over the business post-acquisition by the Group audit team. Whilst the business contributed only approximately two months of results in 2018, it will become a much larger proportion of the Group in 2019 and therefore will be included in our scope accordingly. In addition, we performed specified audit procedures at the joint venture entity, Sinostar (2017: Moda and Sinostar).

These entities represent the principal business units and account for approximately 75% (2017: 80%) of the Group's revenue and 83% (2017: 84%) of the Group's headline profit before tax of £35.4m (2017: £31.6m) as set out in the Consolidated Income Statement. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work at each location was executed at levels of materiality applicable to each individual entity which were lower than Group materiality and ranged from £0.4m to £0.7m (2017: £0.6m to £1.0m).

At the Group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

The Group audit team directed, supervised and reviewed the work of the component auditors for Russia, Turkey, India and Sinostar, which involved issuing detailed instructions, holding regular discussions with component audit teams, visiting selected locations, performing detailed file reviews and attending local audit meetings with management.

We continued to follow a programme of planned visits so that the Senior Statutory Auditor or a senior member of the Group team visits each of the principal locations where the Group audit scope is focused every two years. In 2018 we visited Russia, Turkey and Sinostar. (2017: Russia, India and Sinostar).

Other information

We have nothing to report in respect of these matters.

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

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

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

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

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- **Fair, balanced and understandable** – the statement given by the Directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit Committee reporting** – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the Directors' statement required under the Listing Rules relating to the Group's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud are set out below.

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

Financial statements

Independent Auditor's Report continued

to the members of ITE Group plc

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management and the Audit Committee, review of internal audit reports, obtaining and reviewing supporting documentation, concerning the Group's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team including significant component audit teams and involving relevant internal specialists, including tax and valuation specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in relation to valuation of acquired intangible assets and impairment of goodwill and other intangible assets due to the level of management estimate and judgement required in these calculations. In addition, there is a fraud risk that revenues could be recorded against the wrong show or revenues for a show being recognised in the wrong period.
- obtaining an understanding of the legal and regulatory frameworks that the Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Group. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and relevant tax legislation.

Audit response to risks identified

As a result of performing the above, we identified the identification and valuation of acquired intangible assets as a result of acquisition and the recoverability of the carrying value of goodwill and other intangible assets as key audit matters. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- performing procedures to determine show revenues have been recorded in the correct period or appropriately deferred based on the show calendar;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with tax authorities; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records
Under the Companies Act 2006 we are required to report to you if, in our opinion:
- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration
Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Other matters

Auditor tenure
Following the recommendation of the Audit Committee, we were appointed by the shareholders in 2002 to audit the financial statements for the year ending 30 September 2002 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 17 years, covering the years ending 30 September 2002 to date.

Consistency of the audit report with the additional report to the Audit Committee
Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

Use of our report

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

Robert Knight (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
4 December 2018

Financial statements

Consolidated Income Statement

For the year ended 30 September 2018

		Year ended 30 September 2018			Year ended 30 September 2017		
	Notes	Headline £000	Adjusting items (note 6) £000	Statutory £000	Headline (restated[1]) £000	Adjusting items (note 6) £000	Statutory (restated[1]) £000
Revenue	3	**175,669**	**-**	**175,669**	152,623	-	152,623
Cost of sales		**(107,648)**	**-**	**(107,648)**	(93,259)	-	(93,259)
Gross profit		**68,021**	**-**	**68,021**	59,364	-	59,364
Other operating income		**889**	**-**	**889**	741	-	741
Administrative expenses		**(40,003)**	**(38,664)**	**(78,667)**	(32,194)	(37,445)	(69,639)
Foreign exchange gain on operating activities		**2,237**	**-**	**2,237**	337	-	337
Share of results of associates and joint ventures	3, 19	**7,557**	**(1,641)**	**5,916**	6,510	(1,504)	5,006
Operating profit/(loss)	5	**38,701**	**(40,305)**	**(1,604)**	34,758	(38,949)	(4,191)
Investment revenue	7	**603**	**2,995**	**3,598**	688	5,342	6,030
Finance costs	8	**(3,887)**	**(1,791)**	**(5,678)**	(3,824)	(1,178)	(5,002)
Profit/(loss) before tax	3	**35,417**	**(39,101)**	**(3,684)**	31,622	(34,785)	(3,163)
Tax (charge)/credit	10	**(9,722)**	**6,699**	**(3,023)**	(8,315)	5,063	(3,252)
Profit/(loss)		**25,695**	**(32,402)**	**(6,707)**	23,307	(29,722)	(6,415)
Attributable to:							
Owners of the Company		**24,337**	**(32,402)**	**(8,065)**	21,476	(29,722)	(8,246)
Non-controlling interests	27	**1,358**	**-**	**1,358**	1,831	-	1,831
		25,695	**(32,402)**	**(6,707)**	23,307	(29,722)	(6,415)
Earnings per share (p)							
Basic	12	**4.9**		**(1.6)**	5.0		(1.9)
Diluted	12	**4.9**		**(1.6)**	5.0		(1.9)

1 The weighted average number of shares used for basic and diluted and headline basic and diluted earnings per share for 2017 has been restated as a result of the rights issue which took place during the year, in order to provide a comparative measure. As a result, basic and diluted and headline basic and diluted earnings per share for 2017 have also been restated.

The results stated above relate to continuing activities of the Group. The notes on pages 102 to 137 form an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2018

	Notes	**2018 £000**	2017 £000
Loss for the year attributable to shareholders		**(6,707)**	(6,415)
Cash flow hedges:			
Movement in fair value of cash flow hedges		**1,946**	1,336
Fair value of cash flow hedges released to the Consolidated Income Statement		**(97)**	(675)
Currency translation movement on net investment in subsidiary undertakings		**(7,808)**	(2,976)
Total other comprehensive income		**(5,959)**	(2,315)
		(12,666)	(8,730)
Tax relating to components of comprehensive income	10	**(314)**	(222)
Total comprehensive income for the year		**(12,980)**	(8,952)
Attributable to:			
Owners of the Group		**(14,338)**	(10,783)
Non-controlling interests	27	**1,358**	1,831
		(12,980)	(8,952)

All items recognised in comprehensive income may be reclassified subsequently to the Consolidated Income Statement.

The notes on pages 102 to 137 form an integral part of the consolidated financial statements.

Financial statements

Consolidated Statement of Changes in Equity

For the year ended 30 September 2018

	Share capital £000	Share premium account £000	Merger reserve £000
Balance as at 1 October 2017	**2,693**	**28,567**	**2,746**
Net (loss)/profit for the year	–	–	–
Currency translation movement on net investment in subsidiary undertakings	–	–	–
Movement in fair value of cash flow hedges	–	–	–
Fair value of cash flow hedges released to the Consolidated Income Statement	–	–	–
Tax relating to components of comprehensive income (note 10)	–	–	–
Total comprehensive income for the year	–	–	–
Dividends (note 11)	4	(4)	–
Exercise of share options	–	–	–
Share-based payments (note 29)	–	–	–
Issue of shares (note 26)	4,719	251,193	–
Tax debited to equity (note 10)	–	–	–
Balance as at 30 September 2018	**7,416**	**279,756**	**2,746**

The notes on pages 102 to 137 form an integral part of the consolidated financial statements.

	Share capital £000	Share premium account £000	Merger reserve £000
Balance as at 1 October 2016	2,621	20,629	2,746
Net (loss)/profit for the year	–	–	–
Currency translation movement on net investment in subsidiary undertakings	–	–	–
Movement in fair value of cash flow hedges	–	–	–
Fair value of cash flow hedges released to the Consolidated Income Statement	–	–	–
Tax relating to components of comprehensive income (note 10)	–	–	–
Total comprehensive income for the year	–	–	–
Dividends (note 11)	21	(21)	–
Exercise of share options	–	–	–
Share-based payments (note 29)	–	–	–
Issue of shares (note 26)	51	7,959	–
Tax debited to equity (note 10)	–	–	–
Put option disposal	–	–	–
Acquisition of subsidiary	–	–	–
Exercise put option on acquisition of subsidiary	–	–	–
Balance as at 30 September 2017	2,693	28,567	2,746

Capital redemption reserve £000	ESOT reserve £000	Retained earnings £000	Put option reserve £000	Translation reserve £000	Hedge reserve £000	Total £000	Non-controlling interests £000	Total equity £000
457	**(4,240)**	**98,520**	**(13,255)**	**(45,265)**	**(2,553)**	**67,670**	**22,652**	**90,322**
–	–	(8,065)	–	–	–	**(8,065)**	1,358	**(6,707)**
–	–	–	–	(7,808)	–	**(7,808)**	–	**(7,808)**
–	–	–	–	–	1,946	**1,946**	–	**1,946**
–	–	–	–	–	(97)	**(97)**	–	**(97)**
–	–	–	–	–	(314)	**(314)**	–	**(314)**
–	**–**	**(8,065)**	**–**	**(7,808)**	**1,535**	**(14,338)**	**1,358**	**(12,980)**
–	–	(9,980)	–	–	–	**(9,980)**	(163)	**(10,143)**
–	1,446	(69)	–	–	–	**1,377**	–	**1,377**
–	–	456	–	–	–	**456**	–	**456**
–	–	–	–	–	–	**255,912**	–	**255,912**
–	–	(62)	–	–	–	**(62)**	–	**(62)**
457	**(2,794)**	**80,800**	**(13,255)**	**(53,073)**	**(1,018)**	**301,035**	**23,847**	**324,882**

Capital redemption reserve £000	ESOT reserve £000	Retained earnings £000	Put option reserve £000	Translation reserve £000	Hedge reserve £000	Total £000	Non-controlling interests £000	Total equity £000
457	(4,370)	115,450	(21,317)	(42,289)	(2,992)	70,935	25,427	96,362
–	–	(8,246)	–	–	–	(8,246)	1,831	(6,415)
–	–	–	–	(2,976)	–	(2,976)	–	(2,976)
–	–	–	–	–	1,336	1,336	–	1,336
–	–	–	–	–	(675)	(675)	–	(675)
–	–	–	–	–	(222)	(222)	–	(222)
–	–	(8,246)	–	(2,976)	439	(10,783)	1,831	(8,952)
–	–	(8,678)	–	–	–	(8,678)	(1,315)	(9,993)
–	130	(60)	–	–	–	70	–	70
–	–	201	–	–	–	201	–	201
–	–	–	–	–	–	8,010	–	8,010
–	–	(12)	–	–	–	(12)	–	(12)
–	–	(60)	187	–	–	127	(127)	–
–	–	–	–	–	–	–	4,636	4,636
–	–	(75)	7,875	–	–	7,800	(7,800)	–
457	(4,240)	98,520	(13,255)	(45,265)	(2,553)	67,670	22,652	90,322

Financial statements

Consolidated Statement of Financial Position

30 September 2018

	Notes	2018 £000	2017 £000
Non-current assets			
Goodwill	13	**201,838**	92,566
Other intangible assets	15	**267,265**	61,867
Property, plant and equipment	16	**4,932**	2,783
Interests in associates and joint ventures	19	**43,293**	45,470
Venue advances and prepayments	20	**2,141**	3,548
Derivative financial assets	24	**103**	–
Deferred tax asset	25	**10,435**	5,411
		530,007	211,645
Current assets			
Trade and other receivables	20	**77,056**	61,425
Tax prepayment	20	**2,015**	2,880
Cash and cash equivalents	20	**49,649**	23,321
Assets classified as held for sale	4	**10,483**	–
		139,203	87,626
Total assets		**669,210**	299,271
Current liabilities			
Trade and other payables	22	**(35,863)**	(21,332)
Deferred income	22	**(99,114)**	(82,591)
Corporation tax		**(5,464)**	(3,834)
Derivative financial instruments	24	**(11,762)**	(1,795)
Provisions	23	**(1,469)**	(527)
Liabilities classified as held for sale	4	**(8,311)**	–
		(161,983)	(110,079)
Non-current liabilities			
Bank loan and overdrafts	21	**(132,345)**	(72,998)
Provisions	23	**(1,600)**	(273)
Deferred income	22	**(1,481)**	
Deferred tax liabilities	25	**(46,595)**	(12,494)
Derivative financial instruments	24	**(324)**	(13,105)
		(182,345)	(98,870)
Total liabilities		**(344,328)**	(208,949)
Net assets		**324,882**	90,322
Equity			
Share capital	26	**7,416**	2,693
Share premium account		**279,756**	28,567
Merger reserve		**2,746**	2,746
Capital redemption reserve		**457**	457
Employee Share Ownership Trust (ESOT) reserve		**(2,794)**	(4,240)
Retained earnings		**80,800**	98,520
Put option reserve		**(13,255)**	(13,255)
Translation reserve		**(53,073)**	(45,265)
Hedge reserve		**(1,018)**	(2,553)
Equity attributable to equity holders of the parent		**301,035**	67,670
Non-controlling interests	27	**23,847**	22,652
Total equity		**324,882**	90,322

The notes on pages 102 to 137 form an integral part of the consolidated financial statements.

The financial statements of ITE Group plc, registered company number 01927339, were approved by the Board of Directors and authorised for issue on 4 December 2018. They were signed on their behalf by:

Andrew Beach
Chief Financial Officer

Consolidated Cash Flow Statement

For the year ended 30 September 2018

	Notes	2018 £000	2017 £000
Operating activities			
Operating loss from continuing operations		**(1,604)**	(4,191)
Adjustments:			
Depreciation and amortisation	5	**16,288**	16,326
Impairment of goodwill and intangible assets	5	**5,572**	12,585
Impairment of investments in associates and joint ventures	5	**-**	1,691
Impairment of venue prepayment	5	**1,843**	-
Derecognition of goodwill on cessation of trading	5	**2,216**	-
Share-based payments	29	**497**	218
Increase in provisions	23	**535**	371
Foreign exchange gain on operating activities	5	**(2,237)**	(337)
Profit on disposal of plant, property and equipment and computer software	15, 16	**(17)**	-
(Profit)/loss on disposals	5, 18	**(2,968)**	3,712
Fair value of cash flow hedges recognised in the Consolidated Income Statement		**(97)**	(661)
Share of profit from associates and joint ventures	19	**(5,916)**	(5,006)
Dividends received from associates and joint ventures	19	**6,420**	3,831
Operating cash flows before movements in working capital		**20,532**	28,539
Decrease/(Increase) in receivables		**8,166**	(10,130)
Advances and prepayments to venues		**(6,585)**	(5,187)
Utilisation of venue advances and prepayments		**6,043**	5,526
(Decrease)/Increase in deferred income		**(7,418)**	20,673
Increase in payables		**7,591**	2,864
Cash generated from operations		**28,329**	38,454
Tax paid		**(9,631)**	(6,790)
Net cash from operating activities		**18,698**	35,495
Investing activities			
Interest received	7	**603**	688
Investment in associates and joint ventures	19	**(1,356)**	(220)
Acquisition of businesses – cash paid net of cash acquired	14	**(294,502)**	(9,330)
Purchase of plant, property and equipment and computer software	15, 16	**(4,254)**	(3,136)
Disposal of plant, property and equipment and computer software	15, 16	**109**	238
Disposal of subsidiaries and investments – cash received net of cash disposed	18, 19	**7,326**	3
Net cash utilised on investing activities		**(292,074)**	(11,757)
Financing activities			
Equity dividends paid	11	**(10,582)**	(8,652)
Dividends paid to non-controlling interests	27	**(154)**	(760)
Interest paid and bank charges	8	**(3,887)**	(3,824)
Proceeds from the issue of share capital and exercise of share options	26	**1,370**	4
Proceeds from the rights issue net of fees	26	**255,940**	-
Drawdown of borrowings		**341,804**	219,060
Repayment of borrowings		**(282,513)**	(220,710)
Net cash outflow from financing activities		**301,978**	(14,882)
Net increase in cash and cash equivalents		**28,602**	8,856
Cash and cash equivalents at beginning of year		**23,321**	15,508
Effect of foreign exchange rates		**(81)**	(1,043)
Cash and cash equivalents held for sale	4	**(2,193)**	-
Cash and cash equivalents at end of year		**49,649**	23,321

The notes on pages 102 to 137 form an integral part of the consolidated financial statements.

Financial statements

Notes to the Consolidated Accounts

For the year ended 30 September 2018

1 General information

ITE Group plc (the Company) is a public company, limited by shares incorporated in the UK under the Companies Act and is registered in England and Wales. The address of the registered office is given on page 148. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 2 to 45 and in note 3.

These financial statements are presented in British Pounds Sterling. Foreign operations are included in accordance with the accounting policies set out below.

Amendments to IFRS that are mandatorily effective for the current year

In the current year, the Group has applied the below amendments to IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the Group's accounting period that begins on or after 1 October 2017. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

	Effective date
Amendments to IAS 12 *Recognition of deferred tax assets for unrealised losses*	1 January 2017
Amendments to IAS 7 *Disclosure initiative*	1 January 2017
Annual improvements to IFRS: 2014–2016 Cycle	1 January 2017

New and revised IFRS in issue but not yet effective

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for the Group's accounting period beginning on or after 1 October 2018. A list of these can be found below:

	Effective date
Amendments to IFRS 2 *Share-based payments*	1 January 2018
Clarifications to IFRS 15 *Revenue from contracts with customers*	1 January 2018
IFRS 9 *Financial instruments*	1 January 2018
IFRS 15 *Revenue from contracts with customers*	1 January 2018
Amendments to IAS 12 *Income taxes*	1 January 2019
IFRS 16 *Leases*	1 January 2019

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group with the exception of the adoption of IFRS 16 *Leases*, which will replace the current leasing standard, IAS 17 *Leases*, and IFRS 15 *Revenue from contracts with customers*, which will replace the current revenue standard, IAS 18 *Revenue*.

IFRS 16 requires all leases to be treated in a consistent way to the current rules on finance leases. This will result in all leases being disclosed in the Statement of Financial Position, with the exception of short-term leases, where, for lease terms of less than 12 months, an election can be made to account for the expense in line with the payment terms.

This is expected to have a significant impact on both the Group's Statement of Financial Position, as there will be an increase in lease assets and financial liabilities recognised, and the Group's Income Statement, through a changing of the expense profile and the financial statement lines in which the expenses are recognised. The adoption of IFRS 16 will increase the expense charged at the beginning of our lease contracts, due to the straight-line operating lease expense charge being replaced by the finance cost approach, which, by its nature is front-loaded. This is expected to reduce profit before tax in the first year of adoption. Currently, our operating lease rentals are recognised within administrative expenses, but under IFRS 16, these will be classified as finance costs and therefore operating profit is expected to increase on adoption. The financial impact of the changes have yet to be quantified by management.

An initial assessment of the impact that adopting IFRS 15 will have on the Group's revenue recognition and financial statements has been performed. It is expected that adopting IFRS 15 in 2019 will not have a material impact on the Group's Income Statement or Statement of Financial Position except for a reclassification between deferred income and trade debtors. The Group has significant forward bookings, which are currently recognised within trade receivables and deferred income at the point at which a contractual obligation to provide the service arises. Under IFRS 15, the deferred income, and corresponding trade receivable, may not be recognised until the earlier of the service being provided and the payment falling due. This will result in a material reduction to the deferred income and trade receivables on adoption of the standard. Based on the initial assessment performed, we estimate that for the year ended 30 September 2018, deferred income and trade receivables would be reduced by approximately £30m.

2 Basis of accounting

ITE Group plc is a UK listed company and, together with its subsidiary operations, is hereafter referred to as 'the Group'. The Company is required to prepare its consolidated financial statements in accordance with IFRS adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation. In addition, the Group has complied with IFRS as issued by the IASB.

The preparation of financial statements under IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, and income and expenses. These estimates and associated assumptions are based on past experience and other factors considered applicable at the time and are used to make judgements about the carrying value of assets and liabilities that cannot be readily determined from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Changes to estimates and assumptions are reflected in the financial statements in the period in which they are made.

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future as disclosed in the Directors' Report on page 50.

The statements are presented in British Pounds Sterling and have been prepared under IFRS using the historical cost basis, except for the revaluation of certain financial instruments which are recognised at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The principal accounting policies adopted are consistent with the prior year and are set out below.

Basis of consolidation

The Group accounts consolidate the accounts of ITE Group plc and the subsidiary undertakings controlled by the Company drawn up to 30 September each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities of a subsidiary are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the fair value of the identifiable net assets is recognised as goodwill. The interest of non-controlling shareholders is stated at the non-controlling interest's proportion of the fair value of assets and liabilities recognised.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interest in the net assets of consolidated subsidiaries is identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests as at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination. Losses applicable to the non-controlling interests in excess of their interest in the subsidiaries equity are allocated against non-controlling interests even if this results in a deficit balance.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any costs attributable to the business combination are expensed directly to the Consolidated Income Statement. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for resale in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the Income Statement.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair value is adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRS. Changes in the fair value of contingent consideration classified as equity are not recognised.

The interest of minority shareholders in the acquiree is initially measured as the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Financial statements

Notes to the Consolidated Accounts continued

For the year ended 30 September 2018

2 Basis of accounting continued

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified a held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate.

After the disposal takes place, the Group accounts for any retained interest in the associate in accordance with IAS 39 unless the retained interest continues to be an associate, in which case the Group uses the equity method (see the accounting policy regarding investments in associates above).

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the Consolidated Income Statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units (CGUs) expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit, pro rata based on the carrying amount of each asset in the unit.

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

Goodwill on acquisition of a foreign entity is treated as an asset of the foreign entity and translated at the closing rate.

Intangible assets

Computer software is initially measured at purchase cost. Customer relationships, trademarks and licences and visitor databases are initially measured at fair value. Computer software, customer relationships, trademarks and licences and visitor databases have a definite useful life and are carried at cost or fair value less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful life. The estimated useful lives are typically between three and 12 years for customer relationships, for trademarks up to 20 years and for visitor databases between five and eight years. Computer software is amortised over five years.

Impairment of assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment is recognised immediately as an expense.

2 Basis of accounting continued

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised in the Consolidated Income Statement immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold land and buildings	– term of lease
Plant and equipment	– two to ten years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying value amount of the asset and is recognised in the Consolidated Income Statement.

Associates and joint ventures

An associate is an entity over which the Group is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

A joint venture is an entity over which the Group is in a position to exercise joint control. Joint control exists when decisions about the activities of the entity require the unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these financial statements using the equity method of accounting. Investments in associates and joint ventures are carried in the Statement of Financial Position at cost as adjusted by post-acquisition changes in the Group's share of net assets of the associate or joint venture, less any impairment in the value of individual investments. Losses of an associate or joint venture in excess of Group's interest in that entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Where a Group company transacts with an associate or joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate or joint venture. Losses may provide evidence of an impairment of the asset transferred in which case an appropriate provision is made for impairment.

Venue advances

Venue advances arise where the Group has advanced funds to venue owners that can be repaid by either offsetting against future venue hire or by cash repayment. Where the advance can be settled in cash, the loan balance is measured at amortised cost using the effective interest rate method where the impact of discounting is material. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Advances that are prepayments of future venue hire and do not permit the repayment of the principal in cash are recognised at cost as venue advances and prepayments.

Provisions

Provisions are recognised when the Group has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are discounted to present value where the effect is material.

Financial Instruments

Classes of financial instruments

The Group aggregates its financial instruments into classes based on their nature and characteristics. The details of financial instruments by class are disclosed in note 24 to the accounts.

Financial statements

Notes to the Consolidated Accounts continued

For the year ended 30 September 2018

2 Basis of accounting continued

Financial assets

The Group classifies its financial assets into the following categories: investments, cash and cash equivalents, loans and receivables and derivative assets at fair value through profit or loss (FVTPL). The classification is determined by management upon initial recognition, and is based on the purpose for which the financial assets were acquired.

Financial assets are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

At each balance sheet date, the Group assesses whether its financial assets are to be impaired. Impairment losses are recognised in the Consolidated Income Statement where there is objective evidence of impairment. Financial assets are derecognised (in full or partly) when the Group's rights to cash flows from the respective assets have expired or have been transferred and the Group has neither exposure to the risks inherent in those assets nor entitlement to rewards from them.

Investments

Investments in unlisted shares that are not traded in an active market are classified as available for sale financial assets and stated at fair value. Fair value is determined in the manner described in note 24. Gains and losses arising from changes in the fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gain and losses on monetary assets which are recognised directly in the Consolidated Income Statement. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is reclassified to the Consolidated Income Statement.

Dividends on available for sale equity instruments are recognised in the Consolidated Income Statement when the Group's right to receive the dividends is established.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at initial recognition at fair value. Subsequent to initial recognition cash and cash equivalents are stated at fair value with all realised gains or losses recognised in the Consolidated Income Statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category includes the following classes of financial assets: trade and other receivables and venue advances.

Loans and receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the Consolidated Income Statement when there is objective evidence that the asset is impaired. The estimates are based on specific credit circumstances and the Group's historical bad receivables experience. No interest is charged on the loans and receivables, due to either their short-term nature or specific arrangements in place, and hence the effective interest rate method is not applied.

Derivative assets

A derivative is a financial instrument that changes its value in response to changes in underlying variable, requires no or little net initial investment and is settled at a future date. Derivative assets are classified as at FVTPL, unless designated in hedged relationships. Derivative assets are measured at initial recognition at fair value and are subsequently remeasured to their fair value at each balance date with the resulting gains and losses recognised in the Consolidated Income Statement. These derivatives are acquired in full compliance with the Group's treasury policies.

Financial liabilities

The Group classifies its financial liabilities into the following categories: written put options, bank borrowings, trade and other payables held at amortised cost and derivative liabilities through profit or loss.

Financial liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Written equity options

Any contract with a single or multiple settlement option that contains an obligation for the Group to purchase equity in a subsidiary for cash gives rise to a financial liability for the present value of the repurchase price. An amount equal to the liability is recorded in equity on initial recognition of a written equity option. The liability is subsequently remeasured through the Consolidated Income Statement.

Where considered significant, the Group's written equity options are discounted to their appropriate value. The unwinding of the discount is charged through the Consolidated Income Statement over the period to exercise.

2 Basis of accounting continued

Bank borrowings
Interest-bearing bank loans and overdrafts are recorded at the proceeds received. Finance charges are accounted for on an accruals basis in the Consolidated Income Statement and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan and overdraft interest and associated costs that are considered to be financing in nature are presented as financing activities in the cash flow statement.

Trade and other payables
Trade payables are measured at initial recognition at fair value and are subsequently measured at amortised cost. Trade payables are derecognised in full when the Group is discharged from its obligation, it expires, is cancelled or replaced by a new liability with substantially modified terms. Trade and other payables are short-term and there is no interest charged in connection with these, hence the effective interest method is not applied.

Derivative liabilities
A derivative is a financial instrument that changes its value in response to changes in an underlying variable, requires no or little net initial investment and is settled at a future date. Derivative liabilities are classified as FVTPL. Derivative liabilities are measured at initial recognition at fair value and are subsequently remeasured to their fair value at the end of each financial year with the resulting gains and losses recognised in the Consolidated Income Statement. These derivatives are acquired in full compliance with the Group's treasury policies.

Hedge accounting
The Group's activities expose it to the financial risks of changes in foreign currency exchange rates and changes in interest rates. The Group uses derivative financial instruments such as foreign exchange forward contracts and interest rate swaps to hedge these exposures.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each financial year. The resulting gain or loss is recognised in the Consolidated Income Statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Consolidated Income Statement depends on the nature of the hedge relationship. The Group designates its derivative financial instruments as cash flow hedges. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with the risk management objectives and strategy for undertaking various hedging transactions. At the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in the fair value of cash flows of the hedged item.

Derivative instruments are initially recognised at fair value at the date a derivative contract is entered into and are subsequently measured to their fair value at the end of each financial year. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity.

The gain or loss relating to any ineffective portion is recognised immediately in the Consolidated Income Statement as investment revenue or finance costs respectively. Amounts deferred in equity are recycled in the Consolidated Income Statement in the periods when the hedged item is recognised in the Consolidated Income Statement, in the same line of the Consolidated Income Statement as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the Consolidated Income Statement.

The Group's use of financial derivatives is governed by the Group's financial policies.

Fair value
The fair value is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties and is calculated by reference to market rates discounted to current value.

The Group determines the fair value of its financial instruments using market prices for quoted instruments and widely accepted valuation techniques for other instruments.

Valuation techniques include discounted cash flows, standard valuation models based on market parameters, dealer quotes for similar instruments and use of comparable arm's length transactions.

Financial statements

Notes to the Consolidated Accounts continued

For the year ended 30 September 2018

2 Basis of accounting continued

Revenue

Revenue represents the fair value of amounts receivable for goods and services provided in the ordinary course of business net of discounts, VAT and other sales-related taxes.

Revenue is recognised on completion of an event. Contractually committed revenues, billings and cash received in advance, and directly attributable costs relating to future events, are deferred. The amounts deferred are included in the Statement of Financial Position as deferred income and prepayments respectively until the event has completed. If an event is anticipated to make a loss then the prepaid event costs in excess of the deferred income held in the Statement of Financial Position at the end of a financial year are written off in full.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Income from investments is recognised when the shareholders' rights to receive payment have been established.

Barter transactions

Where barter transactions occur between advertising and exhibition space and the revenue can be measured reliably, revenues and costs are recognised in the Consolidated Income Statement.

Taxation

The tax expense represents the sum of tax currently payable and deferred tax.

The current tax charge is based on the taxable profit for the year using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Taxable profit differs from net profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that does not affect the tax profit or the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Consolidated Income Statement, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or their contractual rate where applicable. Monetary assets and liabilities denominated in foreign currencies at the end of each financial year are retranslated at the rates of exchange prevailing at that date. Non-monetary assets and liabilities are translated at the rate prevailing at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses arising on the settlement of monetary items, and on the retranslation of monetary items, are included in income for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income for the period except for differences arising on the retranslation of non-monetary items in respect of which gains or losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Details of the Group's accounting policies for forward contracts and options are included in the policy on derivative financial instruments.

On consolidation, the monthly income statements of overseas operations are translated at the average rates of exchange for each month, and each Statement of Financial Position at the rates ruling at the end of each financial year. Exchange differences arising are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expense in the period in which the operation is disposed of.

2 Basis of accounting continued

Under the exemption permitted from IAS 21 *The effects of changes in foreign exchange rates*, cumulative translation differences for all foreign operations prior to 1 October 2004 have been treated as zero. Consequently, any gain or loss on disposal will exclude translation differences that arose prior to 1 October 2004.

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

Employee Share Ownership Trust

The financial statements include the assets and liabilities of the Employee Share Ownership Trust (ESOT). Shares in the Company held by the ESOT have been valued at cost and are held in equity. The costs of administration of the ESOT are written off to profit or loss as incurred.

Where such shares are subsequently sold, any net consideration received is included in equity attributable to the Company's equity holders.

Pension and other retirement benefits

The Group operates defined contribution pension plans in multiple regions around the Group. Contributions payable are charged to the Consolidated Income Statement as they fall due as an operating expense.

Share-based payments

Equity-settled

The Group has applied IFRS 2 *Share-based payments*. IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005.

The Group issues equity-settled share-based payments to certain employees. These are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Cash-settled

The Group operates a cash-settled share-based compensation plan for the benefit of certain employees. Cash-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at each reporting date. The fair value is expensed on a straight-line basis over the vesting period, with a corresponding increase in liabilities.

Fair value is measured using a Black-Scholes model. The expected life used in the model has been adjusted, for the effects of non-transferability, exercise restrictions and behavioural considerations based on management's best estimate.

Leases

Rentals payable under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, a number of judgements and estimates have been made by management. Those that have the most significant effect on the amounts recognised in the financial statements or have the most risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical accounting judgements

Valuation of separately identifiable intangible assets

To determine the value of separately identifiable intangible assets on a business combination, and deferred tax on those intangibles, the Group is required to make judgements when utilising valuation methodologies. These methodologies include the use of discounted cash flows, revenue forecasts and the estimates for the useful economic lives of intangible assets. There are significant judgements involved in assessing what amounts are recognised as the estimated fair value of assets and liabilities acquired through business combinations, particularly the amounts attributed to separate intangible assets such as trademarks and customer relationships. These judgements impact the amount of goodwill recognised on acquisitions. Any provisional amounts are subsequently finalised within the 12-month measurement period, as permitted by IFRS 3. Where appropriate, the Group considers the advice of third-party independent valuers to identify and calculate the valuation of intangible assets on acquisition. Details of acquisitions in the year are set out in note 14.

Financial statements

Notes to the Consolidated Accounts continued

For the year ended 30 September 2018

2 Basis of accounting continued

Key sources of estimation uncertainty

Impairment of goodwill and intangible assets

There are a number of estimates management considers when determining value in use, most significantly the growth rates applied to future cash flows and the discount rates used to derive the present value of those cash flows. Growth rates reflect management's view of the long-term forecast rates of growth, using third-party sources such as the International Monetary Fund where appropriate. Discount rates are selected to reflect the risk adjusted cost of capital for the respective territories. The most significant area of estimation uncertainty relates to forecast cash flows at each CGU. Forecast cash flows are based on Board approved budgets and plans. A significant change in the assumptions used in determining the value in use of certain CGUs, could potentially result in an impairment charge being recognised in relation to these CGUs. See note 13 for further detail.

The carrying value of goodwill and intangible assets at 30 September 2018 is £201.8m (2017: £92.6m) and £267.3m (2017: £61.9m) respectively.

Taxation

The Group operates and derives profits from a range of international markets, and as such it is subject to tax in a number of territories. International and domestic tax rules are inherently complex, frequently subject to change, and are not always applied consistently by tax authorities in different jurisdictions. The Group complies with all tax legislation in the local territories and does not have any significant tax authority challenges or investigations in any territory. The Group actively monitors developments in international and domestic tax rules to which it is subject and continually assesses the potential impact of measures announced as part of the OECD's 'Base Erosion and Profit Shifting'.

The Group is also subject to withholding tax on remittances from overseas investments. From time to time tax rules and treaties change and this can impact the amount of tax the Group has to withhold and pay on such remittances.

The Group takes a considered view of changes to tax legislation, considers a range of potential outcomes, and models the potential financial impact of those outcomes. The Group holds tax provisions in respect of potential challenge to historical arrangements, on which there are no current ongoing investigations. However, the inherent uncertainty regarding these items means that any eventual resolution could differ from the accounting estimates and therefore impact the Group's results and future cash flows.

Equity option liabilities

The valuation of equity option liabilities held over own equity, of £11.6m (2017: £12.6m), requires management to estimate the fair value of the liabilities to be settled in future years to acquire non-controlling interests in subsidiary companies. The liabilities are to be settled based on a multiple of future years' EBITDA. The EBITDA estimates are based on the latest budgeted information grown in line with projected GDP growth rates for the countries in which the subsidiaries operate. The valuation of the equity option liabilities is highly sensitive to changes to forecast results, given that the equity options are based on multiples of 7.5x–12.5x EBITDA. A £100,000 movement in EBITDA in the relevant period could therefore result in up to a £1,250,000 movement in the equity option liability valuation.

3 Segmental information

The Group has identified reportable segments based on financial information used by the Senior Operating Board in allocating resources and making strategic decisions. The Senior Operating Board (consisting of the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Strategy Director and Chief People Officer), are considered to be the Group's Chief Operating Decision Maker. The Group evaluates performance on the basis of headline profit or loss before tax.

The Group's reportable segments are operational business units and groups of events that are managed separately, either based on geographic location or as portfolios of events. During the year the Group has made changes to the reportable segments, adding a new UK segment, which consists of Moda, previously included in the Brands segment, and the acquired Ascential Events, excluding Bett and CWIEME. Bett and CWIEME are included in the Brands segment.

The products and services offered by each business unit are identical across the Group. The revenue and headline profit before tax are attributable to the Group's one principal activity, the organisation of trade exhibitions, conferences and related activities. The principal accounting policies of the operating segments are the same as those described in note 2.

Year ended 30 September 2018	Asia £000	Brands £000	Central Asia £000	Eastern & Southern Europe £000	Russia £000	UK £000	Total Group £000
Revenue	**25,700**	**11,533**	**24,483**	**15,155**	**73,291**	**25,507**	**175,669**
Segment headline profit before tax	**10,240**	**2,145**	**7,155**	**4,393**	**24,319**	**6,881**	**55,133**
Unallocated costs							**(19,716)**
Headline profit before tax							**35,471**
Adjusting items (note 6)							**(39,101)**
Loss before tax							**(3,684)**
Tax							**(3,023)**
Loss after tax							**(6,707)**

3 Segmental information continued

The revenue in the year of £175.7m includes £0.2m (2017: £0.3m) of barter sales. No individual customer amounts to more than 10% of Group revenues.

Unallocated costs include:
- other income;
- head office costs;
- unallocated TAG costs of £5.9m;
- foreign exchange gains and losses on translation of monetary assets and liabilities held in Group subsidiary companies that are denominated in currencies other than the functional currency of the subsidiaries; and
- net finance costs.

The Group's share of profits from associates and joint ventures, capital expenditure and amortisation and depreciation can be analysed by operating segment as follows:

Year ended 30 September 2018	Asia £000	Brands £000	Central Asia £000	Eastern & Southern Europe £000	Russia £000	UK £000	Total Group £000
Share of results of associates and joint ventures							
Share of results before tax	**6,665**	**-**	**-**	**71**	**821**	**-**	**7,557**
Tax	**(1,477)**	**-**	**-**	**-**	**(164)**	**-**	**(1,641)**
Share of results after tax	**5,188**	**-**	**-**	**71**	**657**	**-**	**5,916**
Capital expenditure							
Segment capital expenditure	**304**	**5**	**54**	**106**	**587**	**3**	**1,059**
Unallocated capital expenditure							**3,195**
							4,254
Depreciation and amortisation							
Segment depreciation and amortisation	**3,948**	**6,018**	**383**	**2,426**	**258**	**1,692**	**14,725**
Unallocated depreciation and amortisation							**1,563**
							16,288

The derecognition of goodwill and the impairment charges in respect of goodwill, intangible assets, investments in associates and joint ventures, and other assets can be analysed by operating segment as follows:

	2018 £000	2017 £000
Asia	**-**	8,235
Brands	**-**	3,547
Eastern & Southern Europe	**5,572**	2,494
Russia	**1,843**	-
UK	**2,216**	-
	9,631	14,276

The Group's assets and liabilities can be analysed by operating segment as follows:

30 September 2018	Asia £000	Brands £000	Central Asia £000	Eastern & Southern Europe £000	Russia £000	UK £000	Total Group £000
Assets							
Segment assets	**107,886**	**219,798**	**13,555**	**19,537**	**79,370**	**209,099**	**649,245**
Unallocated assets							**19,965**
							669,210
Liabilities							
Segment liabilities	**(53,893)**	**(14,702)**	**(6,623)**	**(8,133)**	**(36,067)**	**(34,051)**	**(153,469)**
Unallocated liabilities							**(190,859)**
							(344,328)
Net assets							**324,882**

All assets and liabilities are allocated to reportable segments except for certain centrally held balances, including property, plant and equipment and computer software relating to the Group's head office function, the Group's bank loan, and taxation (current and deferred).

Financial statements

Notes to the Consolidated Accounts continued

For the year ended 30 September 2018

3 Segmental information continued

The comparative period segmental information has been restated to reflect the changes made to the operating segments in the current year.

Year ended 30 September 2017 (restated)	Asia £000	Brands £000	Central Asia £000	Eastern & Southern Europe £000	Russia £000	UK £000	Total Group £000
Revenue	23,777	8,816	21,736	17,041	71,365	9,888	152,623
Segment headline profit before tax	6,885	2,680	6,541	4,766	26,339	2,694	49,905
Unallocated costs							(18,283)
Headline profit before tax							31,622
Adjusting items (note 6)							(34,785)
Loss before tax							(3,163)
Tax							(3,252)
Loss after tax							(6,415)

Year ended 30 September 2017 (restated)	Asia £000	Brands £000	Central Asia £000	Eastern & Southern Europe £000	Russia £000	UK £000	Total Group £000
Share of results of associates and joint ventures							
Share of results before tax	5,095	–	–	–	1,415	–	6,510
Tax	(1,173)	–	–	–	(331)	–	(1,504)
Share of results after tax	3,922	–	–	–	1,084	–	5,006
Capital expenditure							
Segment capital expenditure	885	1	47	261	98	9	1,301
Unallocated capital expenditure							1,835
							3,136
Depreciation and amortisation							
Segment depreciation and amortisation	4,567	4,771	566	3,815	959	395	15,073
Unallocated depreciation and amortisation							1,253
							16,326

The Group's assets and liabilities can be analysed by operating segment as follows:

30 September 2017 (restated)	Asia £000	Brands £000	Central Asia £000	Eastern & Southern Europe £000	Russia £000	UK £000	Total Group £000
Assets							
Segment assets	116,002	40,260	13,063	27,373	68,813	15,896	281,407
Unallocated assets							17,864
							299,271
Liabilities							
Segment liabilities	(63,022)	(6,609)	(5,359)	(9,079)	(33,300)	(2,760)	(120,129)
Unallocated liabilities							(88,820)
							(208,949)
Net assets							90,322

3 Segmental information continued

Information about the Group's revenue by origin of sale and non-current assets by geographical location are detailed below:

Geographical information

	Revenue		Non-current assets[1]	
	2018 £000	2017 £000 (restated)	**2018 £000**	2017 £000 (restated)
Asia	**27,756**	26,133	**82,013**	89,948
Central Asia	**15,054**	13,073	**4,030**	4,250
Eastern & Southern Europe	**12,958**	15,032	**12,121**	22,617
Russia	**52,694**	52,340	**16,084**	28,783
UK	**36,267**	9,887	**285,643**	10,101
Rest of the World	**30,940**	36,158	**119,681**	50,535
	175,669	152,623	**519,572**	206,234

1 Non-current assets exclude deferred tax assets and assets classified as held for sale.

4 Disposal group held for sale

On 5 September 2018, the Group announced the proposed disposal of ITE Expo LLC which operated 56 non-core events in Russia. The disposal was effected in order to complete a major step in delivering a key pillar of the Group's TAG programme to focus on must-attend international events by actively managing its portfolio. The disposal was completed on 3 October 2018, on which date control of ITE Expo LLC passed to the acquirer. In relation to this, the assets and liabilities of ITE Expo LLC have been classified as held for sale at 30 September 2018.

In order to be recognised as a disposal group held for sale, IFRS 5 *Non-current assets held for sale and discontinued operations* requires the business to be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, and the sale must be highly probable.

The Group has considered how advanced the disposal was at 30 September 2018 and concluded that the relevant criteria for recognition as held for sale have been met as at this date. This conclusion has subsequently been supported by the completion of the disposal on 3 October 2018.

IFRS 5 requires the disposal group held for sale to be measured at the lower of its carrying value and fair value less costs to sell. The fair value of the disposal group is deemed to be the present value of the expected consideration of £3.3m (the undiscounted value of the expected consideration is £6.6m). The costs to sell are approximately £1.0m. As the fair value less costs to sell of the disposal group exceeds the carrying value of the disposal group of £2.2m, at 30 September 2018, the disposal group was stated at carrying value and comprised the following assets and liabilities:

	2018 £000
Goodwill	**5,673**
Other intangible assets	**9**
Property, plant and equipment	**126**
Deferred tax asset	**307**
Trade and other receivables	**2,175**
Cash and cash equivalents	**2,193**
Total assets classified as held for sale	**10,483**
Trade and other payables	**(1,913)**
Corporation tax	**(518)**
Deferred income	**(5,415)**
Deferred tax liability	**(465)**
Total liabilities classified as held for sale	**(8,311)**
Net assets classified as held for sale	**2,172**

A loss on disposal is expected to be recognised in the year ending 30 September 2019 as the fair value of the expected consideration is expected to be lower than the net assets being disposed of, after including the amounts held within the Group's foreign currency translation reserve in respect of ITE Expo LLC, which must be classified to the Consolidated Income Statement on disposal.

In line with the requirements of IFRS 5, the disposal of ITE Expo LLC has not been treated as a discontinued operation, as it does not represent the disposal of a component of the entity, a separate major line of business or a separate geographical area of business.

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Notes to the Consolidated Accounts continued

For the year ended 30 September 2018

5 Operating profit

Operating profit is stated after charging/(crediting):

	2018 £000	2017 £000
Staff costs (note 9)	**50,484**	42,410
Depreciation of property, plant and equipment (note 16)	**1,247**	1,135
Amortisation of intangible assets included within administrative expenses (note 15)	**15,041**	15,191
Derecognition of goodwill on cessation of trading (note 13)	**2,216**	-
Impairment of goodwill (note 13)	**5,572**	11,204
Impairment of acquired intangible assets (note 15)	**-**	1,381
Impairment of investments in associates and joint ventures (note 19)	**-**	1,691
Impairment of venue prepayment	**1,843**	-
(Profit)/loss on disposals (note 18)	**(2,968)**	3,712
Operating lease rentals – land and buildings (note 28)	**2,259**	2,128
Gain on derivative financial instruments – equity options (note 7)	**(2,918)**	(4,839)
Foreign exchange gain on operating activities	**(2,237)**	(337)

Auditor's remuneration

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

	2018 £000	2017 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**360**	279
Fees payable to the Company's auditor and its associates for other services:		
– The audit of the Company's subsidiaries pursuant to legislation	**170**	80
Total audit fees	**530**	359
– Other services pursuant to legislation (Interim review)	**53**	47
– Reporting accountant work – Ascential Events acquisition	**108**	-
Total non-audit fees	**161**	47
	691	406

Details on the Group's policy on the use of the auditor for non-audit services, the reasons why the auditor was used rather than another supplier and how the auditor's independence and objectivity was safeguarded are set out in the Audit Committee report on page 56. No services were provided pursuant to contingent fee arrangements.

6 Adjusting items

	2018 £000	2017 £000
Operating items		
Amortisation of acquired intangible assets (note 15)	**13,631**	14,069
Derecognition of goodwill on cessation of trading (note 13)	**2,216**	-
Impairment of goodwill (note 13)	**5,572**	11,204
Impairment of intangible assets (note 15)	**-**	1,381
Impairment of investments in associates and joint ventures (note 19)	**-**	1,691
Impairment of venue prepayment	**1,843**	-
(Profit)/loss on disposals	**(2,968)**	3,712
Transaction costs on completed and pending acquisitions	**8,037**	406
Integration costs		
– Integration costs	**1,905**	-
– Costs to realise synergies	**845**	-
Restructuring costs		
– TAG	**5,347**	4,664
– Other	**2,236**	318
Tax on income from associates and joint ventures	**1,641**	1,504
Total operating items	**40,305**	38,949
Financing items		
Revaluation of liabilities on completed acquisitions	**(1,204)**	(4,164)
Total adjusting items	**39,101**	34,785

The adjusting items are discussed in the Chief Financial Officer's statement.

7 Investment revenue

	2018 £000	2017 £000
Interest receivable from bank deposits	**603**	688
Gain on revaluation of equity options	**2,918**	4,839
Gain on revaluation of deferred and contingent consideration	**77**	503
	3,598	6,030

8 Finance costs

	2018 £000	2017 £000
Interest on bank loans	**2,775**	2,512
Bank charges	**1,112**	1,312
Imputed interest charge on discounted equity option liabilities	**1,791**	1,178
	5,678	5,002

9 Staff costs

	2018 Number	2017 Number
The average monthly number of employees (including Directors) was:		
Administration	**416**	353
Technical and sales	**992**	1,040
	1,408	1,393

Their aggregate remuneration comprised:	£000	£000
Wages and salaries	**41,965**	35,179
Social security costs	**6,637**	5,765
Other staff benefits	**432**	440
Defined contribution pension contributions	**953**	808
Share-based payments	**497**	218
	50,484	42,410

The defined contribution pension contributions relate to the schemes in multiple regions around the Group.

Details of audited Directors' remuneration are shown in the Report on Remuneration on pages 76 to 85.

10 Tax on profit on ordinary activities

Analysis of tax charge for the year:

	2018 £000	2017 £000
Group taxation on current year result:		
UK corporation tax credit on result for the year	**(78)**	(249)
Adjustment to UK tax in respect of previous years	**110**	(49)
	32	(298)
Overseas tax – current year	**9,856**	7,402
Overseas tax – previous years	**(255)**	675
	9,601	8,077
Current tax	**9,633**	7,779
Deferred tax		
Origination and reversal of timing differences:		
Current year	**(6,569)**	(3,457)
Prior year	**(41)**	(1,070)
	(6,610)	(4,527)
	3,023	3,252

Financial statements

Notes to the Consolidated Accounts continued

For the year ended 30 September 2018

10 Tax on profit on ordinary activities continued

The tax charge for the year can be reconciled to the profit per the Consolidated Income Statement as follows:

	2018 £000	2017 £000
Loss on ordinary activities before tax	**(3,684)**	(3,163)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2017: 19.5%)	**(700)**	(617)
Effects of:		
Expenses not deductible for tax purposes	**1,531**	407
(Profit)/Loss on sale of investments	**(577)**	724
Exceptional costs	**1,326**	128
Increase in uncertain contingencies	**460**	920
Tax effect of equity options and deferred/contingent consideration	**(184)**	(809)
Impairment of goodwill	**1,830**	2,678
Foreign exchange	**(582)**	-
Tax effect of amortisation of intangibles	**(322)**	(801)
Deferred tax asset not recognised	**261**	1,208
Withholding tax and other irrecoverable tax	**1,511**	231
Deferred tax provision on repatriation of overseas profits	**157**	829
Tax charge in respect of previous period	**(186)**	(444)
Reduction in deferred tax rate from 19% to 17%	**114**	297
Effect of different tax rates of subsidiaries in other jurisdictions	**(519)**	(524)
Associate tax	**(1,097)**	(975)
	3,023	3,252

The Group operates and derives profits from a range of international markets, and as such it is subject to tax in a number of territories. The Group actively monitors developments in international and domestic tax rules to which it is subject and is currently assessing the potential impact of measures announced as part of the OECD's 'Base Erosion and Profit Shifting'. It is possible that changes in tax rules will have an impact of the Group's effective tax rate in future periods.

	2018 £000	2017 £000
Tax relating to components of comprehensive income:		
Cash flow gains – Current	**-**	-
Cash flow (losses)/gains – Deferred	**(314)**	(222)
	(314)	(222)
Tax relating to amounts (charged)/credited to equity:		
Share options – Current	**-**	-
Share options – Deferred	**(62)**	(12)
	(62)	(12)
	(376)	(234)

11 Dividends

	2018			2017		
	Per share p	Settled in cash £000	Settled in scrip £000	Per share p	Settled in cash £000	Settled in scrip £000
Amounts recognised as distributions to equity holders in the year:						
Final dividend in respect of the prior year	**2.5**	**5,962**	**701**	3.0	5,350	2,497
Interim dividend in respect of the current year	**1.5**	**4,018**	**-**	1.5	3,328	686
	4.0	**9,980**	**701**	4.5	8,678	3,183

The Directors are proposing a final dividend for the year ended 30 September 2018 of 1.0p per ordinary share, a distribution of approximately £7.4m. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Under the terms of the trust deed dated 20 October 1998, the ITE Group Employees Share Trust, which holds 2,506,133 (2017: 2,783,585) ordinary shares representing 0.3% of the Company's called up ordinary share capital, has agreed to waive all dividends due to it each year.

12 Earnings per share

The calculation of basic, diluted, headline basic and headline diluted earnings per share is based on the following numbers of shares and earnings:

	2018 Number of shares (000)	2017 Number of shares (000) (Restated[1])
Weighted average number of shares:		
For basic earnings per share	**500,822**	428,910
Effect of dilutive potential ordinary shares	**362**	499
For diluted and headline diluted earnings per share	**501,184**	429,409

Basic and diluted earnings per share

The calculations of basic and diluted earnings per share are based on the loss for the financial year attributable to equity holders of the parent of £8.1m (2017: £8.2m). Basic and diluted earnings per share were (1.6)p (2017: (1.9)p[1]). 362,000 share options (2017: 499,000) were excluded from the weighted average number of ordinary shares used in the calculation of the diluted earnings per share because their effect would have been anti-dilutive.

Headline diluted earnings per share

Headline diluted earnings per share is intended to provide a consistent measure of Group earnings on a year-on-year basis and is 4.9p per share (2017: 5.0p[1]). Headline basic earnings per share is 4.9p (2017: 5.0p[1]).

	2018 £000	2017 £000
Loss for the financial year attributable to equity holders of the parent	**(8,065)**	(8,246)
Amortisation of acquired intangible assets	**13,631**	14,069
Tax effect of amortisation of acquired intangible assets	**(5,058)**	(3,559)
Derecognition of goodwill on cessation of trading	**2,216**	-
Impairment of goodwill	**5,572**	11,204
Impairment of acquired intangible assets	**-**	1,381
Impairment of investments in associates and joint ventures	**-**	1,691
Impairment of venue prepayment	**1,843**	
(Profit)/loss on disposals	**(2,968)**	3,712
Transaction costs on completed and pending acquisitions	**8,037**	406
Integration costs		
- Integration costs	**1,905**	-
- Costs to realise synergies	**845**	-
Restructuring costs		
– TAG	**5,347**	4,664
– Other	**2,236**	318
Revaluation of liabilities on completed acquisitions	**(1,204)**	(4,164)
Headline earnings attributable to owners of the Company for the financial year after tax	**24,337**	21,476

1 The weighted average number of shares used for basic and diluted and headline basic and diluted earnings per share for 2017 has been restated as a result of the rights issue which took place during the year, in order to provide a comparative measure. As a result, basic and diluted and headline basic and diluted earnings per share for 2017 have also been restated.

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13 Goodwill

	Goodwill £000
Cost	
At 1 October 2016	127,649
Additions through business combinations	9,782
Disposal	(3,307)
Foreign exchange	(1,097)
At 30 September 2017	**133,027**
Additions through business combinations (note 14)	**127,376**
Derecognition of goodwill on cessation of trading	**(2,216)**
Disposal	**(4,313)**
Foreign exchange	**(6,513)**
Goodwill classified as held for sale	**(5,673)**
At 30 September 2018	**241,688**
Accumulated impairment losses	
At 1 October 2016	(29,794)
Impairment	(11,204)
Foreign exchange	537
At 30 September 2017	**(40,461)**
Disposal (note 18)	**4,313**
Impairment	**(5,572)**
Foreign exchange	**1,870**
At 30 September 2018	**(39,850)**
Net book value	
At 30 September 2018	**201,838**
At 30 September 2017	92,566

Goodwill with a net book value of £nil was disposed of during the year following the disposal of TradeLink ITE Sdn. Bhd. See note 18 for detail on the disposal.

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated to the reportable segments as follows:

	2018 £000	2017 £000 (restated[1])
Asia	**27,473**	28,519
Brands	**78,989**	14,547
Central Asia	**3,913**	3,961
Eastern & Southern Europe	**5,980**	13,189
Russia	**15,403**	23,267
UK	**70,080**	9,083
	201,838	92,566

1 Comparative amounts have been restated to reflect the changes made to the operating segments in the current year.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, projected future cash flows and growth rates. Management estimates discount rates that reflect the current market assessments of the time value of money and risks specific to the CGUs. The pre-tax discount rates applied to the CGUs are between 10% and 25% (2017: 10% and 28%). The large variance in discount rates applied reflects the differences in risks inherent in the regions in which the CGUs operate.

The Group prepares cash flow forecasts based upon the most recent one-year financial plans approved by the Board and extrapolates the planned cash flows. A longer forecast period has been used for the AOW, Bett, CWIEME, and UK CGUs to reflect specific Board-approved plans for these CGUs over the next three to five years. Central costs are allocated to the CGUs to the extent that they are considered to contribute to the cash inflow generation of the CGUs. Growth rates beyond the detailed plans are based on IMF forecasts of GDP growth rates in the local markets. These growth rates, of between 1% and 8% (2017: between 1% and 8%), do not exceed the long-term growth rates for the economies in which these businesses operate.

13 Goodwill continued

Individually significant CGUs

UK

The UK CGU has goodwill with a carrying value of £70.1m and other intangible assets with a carrying value of £104.1m. The intangible assets for the UK business include the existing Moda portfolio and the newly acquired UK events from Ascential plc. The assets have a finite useful life and are amortised in accordance with the Group amortisation policy disclosed in note 2. The recoverable amount of the goodwill and intangible assets was determined using the value in use calculation using the following information:

- Cash flow forecasts based on the Board-approved financial plans for 2019–2023 following the completion of the acquisition of Ascential Events.
- These forecasts are extrapolated based on assumed long-term growth rate for the UK business of 2.5%, based on long-term average nominal GDP growth rate for the UK.
- A pre-tax discount rate of 11.0%.

Using the above methodology the recoverable amount exceeded the carrying value by £26.6m.

Bett

The Bett CGU has goodwill with a carrying value of £41.2m and other intangible assets with a carrying value of £68.5m. The intangible assets for the Bett business have a finite useful life and are amortised in accordance with the Group amortisation policy disclosed in note 2. The recoverable amount of the goodwill and intangible assets was determined using the value in use calculation using the following information:

- Cash flow forecasts based on the Board-approved financial plans for 2019–2023 following the completion of the acquisition of Ascential Events.
- These forecasts are extrapolated based on assumed long-term growth rate for the Bett business of 2.5%, based on long-term average nominal GDP growth rate for the countries in which the Bett events take place.
- A pre-tax discount rate of 10.0%.

Using the above methodology the recoverable amount exceeded the carrying value by £0.9m. As the assets were acquired at fair value during the financial year, the carrying value of the assets is expected to approximate to the recoverable amount, but a reasonably possible adverse change would result in an impairment.

CWIEME

The CWIEME CGU has goodwill with a carrying value of £22.9m and other intangible assets with a carrying value of £45.9m. The intangible assets for the CWIEME business have a finite useful life and are amortised in accordance with the Group amortisation policy disclosed in note 2. The recoverable amount of the goodwill and intangible assets was determined using the value in use calculation using the following information:

- Cash flow forecasts based on the Board-approved financial plans for 2019–2023 following the completion of the acquisition of Ascential Events.
- These forecasts are extrapolated based on assumed long-term growth rate for the CWIEME business of 2.5%, based on long-term average nominal GDP growth rate for the countries in which the CWIEME events take place.
- A pre-tax discount rate of 10.0%.

Using the above methodology the recoverable amount exceeded the carrying value by £0.5m. As the assets were acquired at fair value during the financial year, the carrying value of the assets is expected to approximate to the recoverable amount, but a reasonably possible adverse change would result in an impairment.

Impairment of goodwill

Turkey

An impairment charge of £5.6m was recognised in respect of Turkey. The impairment charge has largely arisen due to the IMF downgrading their forecasts of GDP growth and inflation for the country due to the adverse macroeconomic and geopolitical climate in the country. These revised forecasts, which we use in our impairment calculations, affect our long-term outlook for the region. Our short-term trading forecasts have also been impacted by the economic uncertainty in Turkey, particularly in relation to a slowdown of new business sales to customers in the construction sector. The reduced headroom in Turkey prior to these changes is as a result of the write down of the assets to the value in use of the CGU in the prior year.

The Group's annual impairment review identified no impairments at any other CGU.

UK

Goodwill of £2.2m in RAS Publishing within the UK segment was derecognised during the year. This arose due to the cessation of trading at RAS Publishing, resulting in the derecognition in full of the carrying value of the goodwill held.

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13 Goodwill continued

Sensitivity to changes in assumptions

The calculation of value in use is most sensitive to the discount rate and growth rates used. The Group has conducted a sensitivity analysis taking into consideration the impact on these assumptions arising from a range of reasonably possible trading and economic scenarios. The scenarios have been performed separately for each CGU with the sensitivities summarised as follows:
- An increase in the discount rate by 2%.
- A decrease of 10% on forecast cash flows over the term for all CGUs.

The sensitivity analysis shows that no further impairment would result from either an increase in the discount rates or a decrease in forecast cash flows in any CGU other than in Turkey as disclosed above which has had its headroom impaired to nil, and the recently acquired assets within the Bett, CWIEME, and UK CGUs which were acquired at fair value less than three months prior to the impairment review being performed.

14 Acquisitions

Ascential Events

On 17 July 2018, ITE's wholly owned subsidiary, ITE Enterprises Limited, acquired 100% of the issued share capital of Ascential Events Limited for consideration of £300.3m.

The Ascential Events business, which organises market-leading exhibitions, includes two global industry-leading exhibitions brands, Bett and CWIEME, and a number of market-leading UK exhibitions brands such as the Spring and Autumn Fairs and Pure.

During the period the Group incurred transaction costs on the Ascential Events acquisition of £4.7m, which are included within administrative expenses.

Details of the fair value of the net assets acquired, and the goodwill arising, are presented as follows:

Assets acquired	Fair value £000
Intangible assets – customer relationships	25,549
Intangible assets – trademarks	194,718
Computer software	63
Property, plant and equipment	2,091
Deferred tax asset	771
Trade and other receivables	25,212
Cash and cash equivalents	3,260
Trade and other payables	(7,168)
Corporation tax	(1,664)
Deferred income	(30,701)
Provisions	(1,750)
Deferred tax liabilities	(37,445)
	172,936
Non-controlling interest	-
Net assets acquired	**172,936**
Goodwill arising on acquisition	127,376
Total cost of acquisition	**300,312**
Satisfied by	
Cash consideration	297,762
Deferred consideration	2,550
	300,312
Net cash outflow arising on acquisition	
Cash consideration paid	297,762
Cash and cash equivalents acquired	(3,260)
	294,502

The values used in accounting for the identifiable assets and liabilities of these acquisitions are provisional at the balance sheet date. If necessary, adjustments will be made to these carrying values and the related goodwill, within 12 months of the acquisition date. The fair value of trade and other receivables includes trade receivables with a fair value, after providing for expected uncollectable amounts, of £16.4m. The gross value of these trade receivables was £18.1m. No further amounts are currently expected to be uncollectable.

14 Acquisitions continued

Goodwill arising on acquisition of £127.4m reflects the strategic value of the acquisition of a portfolio of market-leading events, including the expectation of new contracts and relationships, and the expected synergies with the Group's existing operations. None of the acquired goodwill and intangibles are expected to qualify for tax deductions in the UK.

The acquired business has contributed £17.1m to Group revenue and a statutory profit before tax of £3.5m since acquisition. If the acquisition had occurred on 1 October 2017 it would have contributed £75.3m to Group revenue and £19.7m to Group statutory profit before tax.

On 23 October 2018 the Group completed the acquisition of the business and assets relating to Mining Indaba from Euromoney Institutional Investor Plc. See note 33 for detail.

15 Other intangible assets

	Customer relationships £000	Trademarks and licences £000	Visitor databases £000	Computer software £000	Total £000
Cost					
At 1 October 2016	111,854	36,197	533	6,674	155,258
Additions through business combinations	4,451	2,983	–	–	7,434
Additions	–	–	–	1,396	1,396
Disposals	(36,069)	(6)	–	(15)	(36,090)
Foreign exchange	(1,210)	(664)	(98)	3	(1,969)
At 30 September 2017	**79,026**	**38,510**	**435**	**8,058**	**126,029**
Additions through business combinations (note 14)	**25,549**	**194,718**	**–**	**414**	**220,681**
Additions	**–**	**–**	**–**	**2,390**	**2,390**
Disposals	**(13,542)**	**(12,382)**	**–**	**(3,045)**	**(28,969)**
Foreign exchange	**(2,913)**	**(1,729)**	**(171)**	**(144)**	**(4,957)**
Intangible assets classified as held for sale	**–**	**–**	**–**	**(48)**	**(48)**
At 30 September 2018	**88,120**	**219,117**	**264**	**7,625**	**315,126**
Amortisation					
At 1 October 2016	63,706	16,351	344	4,041	84,442
Charge for the year	10,042	3,968	58	1,123	15,191
Impairments	91	1,290	–	–	1,381
Disposals	(36,069)	(6)	–	(6)	(36,081)
Foreign exchange	(427)	(280)	(67)	3	(771)
At 30 September 2017	**37,343**	**21,323**	**335**	**5,161**	**64,162**
Additions through business combinations (note 14)	**–**	**–**	**–**	**351**	**351**
Charge for the year	**8,491**	**5,097**	**43**	**1,410**	**15,041**
Disposals	**(13,132)**	**(11,868)**	**–**	**(2,962)**	**(27,962)**
Foreign exchange	**(2,092)**	**(1,324)**	**(142)**	**(134)**	**(3,692)**
Accumulated amortisation classified as held for sale	**–**	**–**	**–**	**(39)**	**(39)**
At 30 September 2018	**30,610**	**13,228**	**236**	**3,787**	**47,861**
Net book value					
At 30 September 2018	**57,510**	**205,889**	**28**	**3,838**	**267,265**
At 30 September 2017	41,683	17,187	100	2,897	61,867

The amortisation period for customer relationships is between three and 12 years, for trademarks it is between three and 20 years and for visitor databases between five and eight years. Computer software is amortised over five years.

The additions to customer relationships and trademarks and licences through business combinations of 220.3m relate to the purchase of Ascential Events. The intangible assets acquired during the year are amortised in accordance with the Group's amortisation policy for intangible assets as detailed in note 2.

Included in disposals for the year are the intangible assets previously held in relation to TradeLink ITE Sdn. Bhd (see note 18). Also included are assets written off with nil net book value that are not expected to generate any future economic benefits. All of these assets written off were acquired in 2010 or earlier.

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16 Property, plant and equipment

	Leasehold land and buildings £000	Plant and equipment £000	Total £000
Cost			
At 1 October 2016	2,048	6,241	8,289
Additions	440	1,300	1,740
Disposals	(80)	(184)	(264)
Foreign exchange	5	(112)	(107)
At 30 September 2017	**2,413**	**7,245**	**9,658**
Additions through business combinations	**2,785**	**604**	**3,389**
Additions	**279**	**1,585**	**1,864**
Disposals	**(40)**	**(2,005)**	**(2,045)**
Foreign exchange	**(179)**	**(348)**	**(527)**
Property, plant and equipment classified as held for sale	**-**	**(291)**	**(291)**
At 30 September 2018	**5,258**	**6,790**	**12,048**
Depreciation			
At 1 October 2016	1,344	4,476	5,820
Charge for the year	257	878	1,135
Disposals	(7)	(28)	(35)
Foreign exchange	(4)	(41)	(45)
At 30 September 2017	**1,590**	**5,285**	**6,875**
Additions through business combinations	**967**	**331**	**1,298**
Charge for the year	**514**	**733**	**1,247**
Disposals	**(40)**	**(1,770)**	**(1,810)**
Foreign exchange	**(104)**	**(225)**	**(329)**
Accumulated depreciation classified as held for sale	**-**	**(165)**	**(165)**
At 30 September 2018	**2,927**	**4,189**	**7,116**
Net book value			
At 30 September 2018	**2,331**	**2,601**	**4,932**
At 30 September 2017	823	1,960	2,783

17 Subsidiaries

A list of all subsidiaries, including the name, country of incorporation and proportion of ownership interest is presented in note 5 to the Company's separate financial statements.

18 Disposal of subsidiaries

On 24 April 2018 the Group disposed of TradeLink ITE Sdn. Bhd., the owner of Metaltech, the metalworking exhibition in Malaysia, to UBMMG Holdings Sdn. Bhd., a subsidiary of UBM plc, for total cash consideration of £4.9m, as part of the active management of the Group's portfolio of events.

18 Disposal of subsidiaries continued

The net assets of TradeLink at the date of disposal were as follows:

	£'000
Trademarks and licences	514
Customer relationships	410
Cash and cash equivalents	335
Other net liabilities	(49)
Net assets	1,210
Amounts previously recognised in other comprehensive income	
Cumulative exchange differences – goodwill and intangibles	622
Gain on disposal	3,060
Total consideration	**4,892**
Satisfied by:	
Cash and cash equivalents	4,892
Net cash inflow arising on disposal:	
Consideration received in cash and cash equivalents	4,892
Less: cash and cash equivalents disposed of	(335)
	4,557

The gain on disposal is included in the profit for the year from continuing operations.

In 2017, the Group disposed of its interest in ITE Germany GmbH (GiMA) for a loss on disposal of £0.1m, which was included in the profit for the year from continuing operations in administrative expenses.

19 Interests in associates and joint ventures

Associates and joint ventures	Country of incorporation and operation	Principal activity	Description of holding	Group interest %
Associates				
Lentewenc Sp. Z.o.o	ul. Skwer Wyszyńskiego 5 apt. 37, 01-015 Warsaw	Exhibition organiser	Ordinary	40%
Joint ventures				
Sinostar ITE	Rm 2101-2, 21/F, 42-46 Gloucester Rd., Jubilee Centre, Wanchai, Hong Kong	Exhibition organiser	Ordinary	50%
Debindo Unggul Buana Makmur	G9 Lantai 1 Jl. KH. Abdullah Syafii No. 9 Bukit Duri, Tebet Jakarta Selatan RT/RW. 013/05 Kel. BUKIT DURI Kec. TEBET KOTA ADMINISTRASI JAKARTA SELATAN	Exhibition organiser	Ordinary	50%
ITE MF	Verhniaia Krasnoselskaya st., 3/2, Moscow, Russia	Exhibition organiser	Ordinary	50%

	Total £000
At 1 October 2017	45,470
Investments	1,356
Share of results of associates and joint ventures	5,916
Dividends received	(6,420)
Foreign exchange	(277)
Disposal	(2,752)
At 30 September 2018	**43,293**

The Group's investments in associates and joint ventures are accounted for using the equity method, recognised initially at cost. The carrying amount is increased or decreased to recognise ITE's share of the profit or loss of the associate or joint venture after the date of acquisition. ITE's share of the profit or loss of the associate or joint venture is recognised in the Consolidated Income Statement. Distributions received from the associate or joint venture also reduce the carrying amount of the investment.

On 18 June 2018, under the terms of the existing put option arrangement, the Group increased its stake in its joint venture, ECMI ITE Asia Sdn. Bhd., from 50% to 75% for consideration of £1.2m. On 25 July 2018 the Group disposed of its 75% interest to UBMMG Holdings Sdn. Bhd., a subsidiary of UBM plc, for total cash consideration of £2.7m. A loss on disposal of £0.1m was recognised and is included in the profit for the year from continuing operations in administrative expenses.

The Group received dividends from Sinostar of approximately £4.4m, from ITE MF of approximately £1.0m, from ECMI £0.5m, and from Debindo of approximately £0.5m.

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19 Interests in associates and joint ventures continued

The carrying value of interests in associates and joint ventures have been assessed for impairment at the year end. The recoverable amounts of each investment were determined from value in use calculations, using assumptions consistent with those applied in the goodwill and intangible assets impairment review detailed in note 13. No impairments were identified in respect of the associates and joint ventures.

Summarised financial information in respect of the Group's material associates and joint ventures is set out below. The summarised financial information below represents amounts in the associates and joint ventures financial statements prepared in accordance with IFRS.

Results of joint ventures at 100% share	2018 £000	2017 £000
Cash and cash equivalents	**14,248**	15,753
Current assets	**5,267**	2,574
Non-current assets	**46**	39
Total assets	**19,561**	18,366
Current liabilities	**(17,707)**	(18,818)
Non-current liabilities	**(43,147)**	(42,989)
Total liabilities	**(60,854)**	(61,807)
Revenue	**17,483**	13,920
Interest income	**129**	19
Depreciation and amortisation	**(16)**	(108)
Profit from continuing operations	**11,813**	9,503
Tax expense	**(2,200)**	(2,548)
Profit from continuing operations after tax	**9,613**	6,955
Total comprehensive income	**9,613**	6,955

The Group's non-material joint ventures have an aggregate profit after tax from continuing operations and total comprehensive income of £2.4m (2017: £2.8m), at a 100% share.

The Group's non-material associates have an aggregate profit after tax from continuing operations and total comprehensive income of £0.1m (2017: £nil), at a 100% share.

20 Current assets and non-current assets

Current assets

	2018 £000	2017 £000
Trade and other receivables		
Trade receivables	**57,703**	44,133
Other receivables	**4,118**	3,917
Venue advances and prepayments	**2,752**	2,580
Prepayments and accrued income	**12,483**	10,795
	77,056	61,425
Taxation prepayments	**2,015**	2,880

Taxation prepayments relate to overseas subsidiaries and are available for offset against future tax liabilities.

Cash and cash equivalents	2018 £000	2017 £000
Cash at bank and in hand	**49,649**	23,321

The cash at bank and in hand comprises cash held by the Group and short-term deposits with an original maturity of three months or less. The carrying value of these assets approximates their fair value. The cash balance is represented by £17.8m of Sterling, £5.2m of Euros, £4.8m of US Dollars, £4.4m of Russian Rubles, £8.2m of Indian Rupees and £9.3m of other currencies. Surplus funds are placed on short-term deposit with floating interest rates.

Non-current assets

Venue advances and prepayments – non-current

	2018 £000	2017 £000
Venue advances and prepayments – non-current	**2,141**	3,548

20 Current assets and non-current assets continued

Total venue advances and prepayments
The venue advances and prepayments of £2.1m due after one year are all due within five years (2017: £3.5m due within five years). The venue advances repayable in cash are measured at fair value. The venue prepayments are held at cost. All venue advances are stated net of allowance for doubtful receivables. The venue advances and prepayments are analysed as follows:

	2018 £000	2017 £000
Venue advances		
Denominated in US Dollars	-	123
Venue prepayments		
Denominated in Russian Rubles	**4,729**	5,351
Denominated in US Dollars	-	275
Denominated in Euros	**15**	58
Denominated in other currencies	**149**	321
	4,893	6,005
Total venue advances and prepayments	**4,893**	6,128

21 Bank borrowings

During the year the Group's multi-currency revolving credit facility increased to £170.0m (30 September 2017: £86.0m), committed through to 30 November 2021. The facility amortises by £10.0m in December 2018. The facility was secured by a guarantee between a number of Group companies.

The Group's borrowings were arranged at floating interest rates, thus exposing the Group to interest rate risk. Drawdowns under the facility bear interest at interbank rates of interest plus a margin of between 2.00% and 2.75%. The Group took out interest rate swaps during the period, totalling £50.0m, which reduced the exposure to fluctuations in interest rates. Refer to note 24 for further details. During the year ended 30 September 2018, the average interest rate on the Group's borrowings approximated 3.1% (2017: 3.0%).

The total drawdowns under the facility of £134.3m at 30 September 2018 (2017: £72.9m) were denominated in Sterling (£115.0m) (2017: £71.0m), Euros (£17.8m) (2017: £nil) and US Dollars (£1.5m) (2017: £1.9m). The Directors estimate that the carrying value of the borrowings approximates their fair value. At 30 September 2018 the Group had £35.7m (2017: £13.1m) of undrawn committed facilities.

22 Current liabilities and non-current liabilities

Current liabilities

	2018 £000	2017 £000
Trade payables	**7,557**	2,595
Taxation and social security	**1,266**	2,357
Other payables	**7,163**	5,715
Accruals	**16,242**	9,712
Deferred consideration	**3,635**	953
	35,863	25,166
Deferred income		
- Current	**99,114**	82,591
- Non-current	**1,481**	-

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying value of trade payables approximates their fair value.

The movements in deferred and contingent consideration during the year are shown in the table below:

	Total £000
At 1 October 2017	**953**
Arising on acquisition	**2,550**
Acquired through business combinations	**199**
Foreign exchange	**10**
Revaluation	**(77)**
At 30 September 2018	**3,635**

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23 Provisions

	National Insurance on share options £000	Leases £000	Other £000	Total £000
At 1 October 2017	**50**	**579**	**171**	**800**
Charged/(credited) to profit or loss	**(28)**	**61**	**685**	**718**
Utilised in the year	**(1)**	**(183)**	**-**	**(184)**
Acquired through business combinations	**-**	**1,750**	**-**	**1,750**
Foreign exchange	**-**	**-**	**5**	**5**
Classified as held for sale	**-**	**-**	**(20)**	**(20)**
At 30 September 2018	**21**	**2,207**	**841**	**3,069**
Included in current liabilities				**1,469**
Included in non-current liabilities				**1,600**
				3,069

National Insurance on share options is calculated by reference to the employer's National Insurance cost on the potential gain based on the difference between the exercise price and share price for those share options where the share price exceeds the exercise price at 30 September 2018.

The lease provision relates to the spreading of a reduced rent period over the full period of the lease, the recognition of onerous leases in respect of unused office space, dilapidations provisions in respect of office leases, and a lease liability in respect of unfavourable lease terms relative to market terms being spread over the remaining lease term.

Other provisions relate to redundancy costs incurred in relation to the realisation of synergies with the acquired Ascential Events business. As at 30 September 2018 the redundancies had been communicated to all affected staff.

24 Financial instruments

Financial assets and liabilities

Details of the accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset and financial liability are disclosed in the accounting policies note on pages 103 to 110.

Categories and maturities of financial assets and liabilities

Financial assets and liabilities are classified according to the following categories in the table below.

30 September 2018	Carrying amount and fair value £000	Contractual cash flows £000	Less than 1 year £000	1–2 years £000	2–5 years £000	Greater than 5 years £000
Non-derivative financial assets						
Cash and cash equivalents	**49,649**	**49,649**	**49,649**	**-**	**-**	**-**
Loans and receivables:						
Trade receivables	**57,703**	**62,317**	**62,317**	**-**	**-**	**-**
Venue advances and prepayments	**4,893**	**4,893**	**2,752**	**-**	**2,141**	**-**
Other receivables	**4,118**	**4,118**	**4,118**	**-**	**-**	**-**
Derivative financial assets						
Interest rate swaps	**103**	**103**	**47**	**47**	**9**	**-**
	116,466	**121,080**	**118,883**	**47**	**2,150**	**-**
Non-derivative financial liabilities						
Bank loan and overdrafts	**(132,345)**	**(132,345)**	**-**	**(132,345)**	**-**	**-**
Amortised cost:						
Trade payables	**(7,557)**	**(7,557)**	**(7,557)**	**-**	**-**	**-**
Taxation and social security	**(1,266)**	**(1,266)**	**(1,266)**			
Other payables	**(7,163)**	**(7,163)**	**(7,163)**	**-**	**-**	**-**
Accruals	**(16,242)**	**(16,242)**	**(16,242)**	**-**	**-**	**-**
Deferred consideration	**(3,635)**	**(3,635)**	**(3,635)**	**-**	**-**	**-**
Derivative financial liabilities						
Equity option liabilities	**(11,604)**	**(13,379)**	**(1,511)**	**(11,697)**	**(171)**	**-**
Foreign currency forward contracts	**(482)**	**(8,335)**	**(8,335)**	**-**	**-**	**-**
	(180,294)	**(189,922)**	**(45,709)**	**(144,042)**	**(171)**	**-**

24 Financial instruments continued

The Group seeks to minimise the effects of foreign currency and interest rate risks by using derivative financial instruments to hedge the risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board. Compliance with policies and exposure limits is reviewed by the Board on a continuous basis. The Group does not enter into financial instruments, including derivative financial instruments, for speculative purposes.

The Fasteners and Scoop equity option liabilities have not been discounted as the effect is not material. The options held in respect of Debindo is valued at £nil.

The Directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate to their fair value due to the short maturity of the instruments.

30 September 2017	Carrying amount and fair value £000	Contractual cash flows £000	Less than 1 year £000	1–2 years £000	2–5 years £000	Greater than 5 years £000
Non-derivative financial assets						
Cash and cash equivalents	23,321	23,321	23,321	–	–	–
Loans and receivables:						
Trade receivables	44,133	44,133	44,133	–	–	–
Venue advances and prepayments	6,128	6,128	2,580	–	3,548	–
Other receivables	3,917	3,917	3,917	–	–	–
	77,499	77,499	73,951	–	3,548	–
Non-derivative financial liabilities						
Bank loan and overdrafts	(72,998)	(72,998)	(57)	(72,941)	–	–
Amortised cost:						
Trade payables	(2,595)	(2,595)	(2,595)	–	–	–
Other payables	(5,715)	(5,715)	(5,715)	–	–	–
Accruals	(9,712)	(9,712)	(9,712)	–	–	–
Deferred consideration	(953)	(953)	(953)	–	–	–
Derivative financial liabilities						
Equity option liabilities	(12,575)	(17,382)	(2,278)	(14,468)	(636)	–
Interest rate swaps	(40)	(40)	(33)	(7)	–	–
Foreign currency forward contracts	(2,285)	(23,407)	(15,346)	(8,061)	–	–
	(106,873)	(132,802)	(36,689)	(95,477)	(636)	–

Fair value hierarchy

The following table categorises the Group's financial instruments which are held at fair value into one of three levels to reflect the degree to which observable inputs are used in determining their fair value:

- Level 1: Fair value measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measured using inputs, other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3: Fair value measured using inputs for the asset or liability that are not based on observable market data.

30 September 2018	Fair value £000	Level 1 £000	Level 2 £000	Level 3 £000
Assets measure at fair value				
Interest rate swaps	**103**	**-**	**103**	**-**
Total	**103**	**-**	**103**	**-**
Liabilities measured at fair value				
Foreign currency forward contracts	**482**	**-**	**482**	**-**
Equity options	**11,604**	**-**	**-**	**11,604**
Total	**12,086**	**-**	**482**	**11,604**

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24 Financial instruments continued

30 September 2017	Fair value £000	Level 1 £000	Level 2 £000	Level 3 £000
Liabilities measured at fair value				
Foreign currency forward contracts	2,285	–	2,285	–
Interest rate swap	40	–	40	–
Equity options	12,575	–	–	12,575
Total	14,900	–	2,325	12,575

Level 1 financial instruments are valued based on quoted bid prices in an active market. Level 2 financial instruments are measured by discounted cash flow. For interest rate swaps future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of the various counterparties. For foreign exchange contracts future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of the various counterparties. For equity instruments that are classified as Level 3 financial instruments the carrying value approximates to fair value.

For the Level 3 equity options, these are valued based on a multiple as contractually agreed of forecast future EBITDA for each relevant option. The key unobservable inputs relate to the EBITDA multiple (ranging from 7.5x–12.5x) and the forecast future EBITDA for each entity.

Level 3 reconciliation of equity options

	£000
At 1 October 2017	**12,575**
Credit to Consolidated Income Statement (within Investment Revenue and Finance Costs)	**(1,128)**
Foreign exchange	**157**
At 30 September 2018	**11,604**

All Level 3 amounts credited to the Consolidated Income Statement in the year are attributable to the change in unrealised gains or losses relating to those liabilities held at the end of the reporting period.

The Level 3 inputs are highly sensitive to the EBITDA forecasts. Given that the EBITDA multiples range from 7.5x–12.5x, a movement in the forecast EBITDA results for the relevant period could have a significant impact on the equity option valuation.

Financial risk management
In the course of its business, the Group is exposed to a number of financial risks: market risk (including foreign currency and interest rate), credit risk, liquidity risk and capital risk. This note presents the Group's exposure to each of the above risks. The Group's objectives, policies and processes for measuring and managing risks can be found in the Principal risks and uncertainties on pages 58 to 63.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established policies to identify and analyse risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Market risk management
Market risk is the risk that changes in foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into derivative financial instruments to manage its exposure to both. Market risk exposures are measured using sensitivity analysis.

Foreign currency risk management
The Group undertakes certain transactions denominated in foreign currencies and therefore exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising foreign currency forward contracts.

24 Financial instruments continued

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

Financial assets

	2018 £000	2017 £000
EUR	**18,051**	10,699
GBP	**33,718**	3,946
USD	**8,650**	7,498
RUB	**21,585**	20,173
INR	**15,338**	16,840
Other	**19,124**	18,342
	116,466	77,498

Financial liabilities

	2018 £000	2017 £000
EUR	**17,780**	2,750
GBP	**136,547**	79,316
USD	**686**	1,405
RUB	**1,496**	3,087
INR	**14,485**	14,673
Other	**9,300**	5,643
	180,294	106,874

Foreign currency sensitivity analysis

The sensitivity analysis below details the impact of a 10% strengthening in the Group's significant currencies against Sterling, applied to the net monetary assets or liabilities of the Group.

2018	**USD £000**	**EUR £000**	**RUB £000**	**INR £000**	**Other £000**
Monetary assets	**8,650**	**18,051**	**21,585**	**15,338**	**52,842**
Monetary liabilities	**(686)**	**(17,780)**	**(1,496)**	**(14,485)**	**(145,847)**
Net monetary assets/(liabilities)	**7,964**	**271**	**20,089**	**853**	**(93,005)**
Currency Impact					
Profit before tax gain/(loss)	**738**	**(133)**	**13**	**(1,346)**	**(50)**
Equity gain	**58**	**160**	**1,996**	**1,431**	**1,273**

2017	USD (£000)	EUR (£000)	RUB (£000)	INR (£000)	Other (£000)
Monetary assets	7,498	10,699	20,173	16,840	22,288
Monetary liabilities	(1,405)	(2,750)	(3,087)	(14,673)	(84,959)
Net monetary (liabilities)/assets	6,093	7,949	17,086	2,167	(62,671)
Currency Impact					
Profit before tax (loss)/gain	531	625	6	(1,389)	(53)
Equity gain/(loss)	78	170	1,703	1,606	886

The following significant exchange rates versus Sterling applied during the year and in the prior year:

	Average		Reporting date	
	2018	2017	**2018**	2017
EUR	**1.13**	1.15	**1.12**	1.14
USD	**1.35**	1.27	**1.30**	1.34
RUB	**81.53**	75.30	**85.39**	77.35

24 Financial instruments continued

Foreign currency forward contracts

As at 30 September 2018 the notional amounts of outstanding foreign currency forward contracts that the Group has committed to amounted to £8.3m (2017: £23.4m). These arrangements are designed to address significant exchange exposures and are renewed on a revolving basis as required, subject to not committing the Group to less than six months or more than 36 months in the future.

At 30 September 2018, the fair value of these derivatives is estimated to be a net liability of approximately £0.5m (2017: net liability of £2.3m). These amounts are based on market valuations.

Interest rate risk management

As the Group has no significant interest-bearing assets, other than cash, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group is exposed to interest rate risk through its borrowings at floating interest rates. This risk is managed by the Group by maintaining an appropriate level of floating interest rate borrowings and through the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk section of this note.

Interest structure of financial liabilities

	2018 £000	2017 £000
Financial liabilities at variable rates:		
Bank loan and overdrafts	**132,345**	72,998

The following average interest rates applied on the Group's bank loan during the year and in the prior year:

	2018 %	2017 %
GBP	**3.1**	3.0
USD	**4.2**	3.6

Average interest rate applicable to cash balances were 1.3% in 2018 and 2.7% in 2017.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial assets and financial liabilities at the balance sheet date. With all other variables held constant, the table below demonstrates the sensitivity to a 1% change in interest rates applied to the major currencies of net variable rate assets/liabilities. 1% is the sensitivity rate that represents management's assessment of the reasonably possible change in interest rates.

	USD denominated		EUR denominated		GBP denominated		RUB denominated		INR denominated		Other	
£000	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Cash and cash equivalents	**4,752**	3,596	**5,229**	2,240	**17,769**	954	**4,410**	2,008	**8,236**	7,878	**9,253**	6,644
Bank loan and overdrafts	**(1,536)**	(1,941)	**(17,280)**	-	**(112,957)**	(71,000)	**-**	-	**-**	-	**(31)**	(58)
Net variable rate assets/ (liabilities)	**3,216**	1,655	**(12,051)**	2,240	**(95,188)**	(70,046)	**4,410**	2,008	**8,236**	7,878	**9,222**	6,586

	USD denominated		EUR denominated		GBP denominated		RUB denominated		INR denominated		Other denominated	
£000	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Profit before tax – gain/(loss)												
+1% change in interest rates	**32**	17	**(126)**	22	**(952)**	(700)	**44**	20	**82**	79	**92**	66
–1% change in interest rates	**(32)**	(17)	**126**	(22)	**952**	700	**(44)**	(20)	**(82)**	(79)	**(92)**	(66)

24 Financial instruments continued

Interest rate swap contracts
With effect from 28 November 2017, the Group entered into two interest rate swap agreements to exchange the floating rate of interest paid on its bank borrowings for fixed rates on the first £50.0m of the Group's GBP debt, calculated on agreed notional principal amounts of £30.0m and £20.0m. Under the agreements, three month GBP LIBOR is exchanged for fixed rates of 0.941% and 0.942% both with a maturity date of 30 November 2020.

The interest rate swaps are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously each month.

These arrangements were designed to address significant interest rate exposures over the next 36 months and were expected to affect the Consolidated Income Statement over that time period.

Credit risk management
Credit risk arises because a counterparty may fail to perform its contractual obligations. The Group's principal financial assets are cash and cash equivalents, trade and other receivables, venue advances and derivative financial instruments. The Group considers its maximum exposure to credit risk to be as follows:

	2018 £000	2017 £000
Cash and cash equivalents	**49,649**	23,321
Trade receivables (net of bad debt provision)	**57,703**	44,133
Venue advances and prepayments	**4,893**	6,128
Other receivables	**4,118**	3,917
	116,363	77,499

The Group's credit risk is primarily attributable to its trade and other receivables. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's objective is to ensure all customers have paid before any service is provided to them. The concentration of credit risk is limited due to the customer base being large and unrelated.

The ageing profile of the Group's trade receivables and the details of the Group's allowances for doubtful receivables can be seen below.

The credit risk on liquid funds arises due to where the liquid funds are held. The territories in which the Group operates do not always have banks with high credit ratings assigned by international credit rating agencies such as Moody's and Fitch. The Group aims to minimise the exposure to credit risk by minimising the level of cash held in such banks. The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved financial institutions.

Credit rating of financial assets (excluding loans and receivables and derivative assets)

		2018 £000	2017 £000
Investments grade A and above	66%	**32,974**	8,559
Investments grade B and above	31%	**15,317**	11,598
Investments grade C or below or not rated	3%	**1,358**	3,164
	100%	**49,649**	23,321

The source of the credit ratings is Moody's and Fitch.

Ageing profile of trade receivables based on event date

	2018 £000	2017 £000
Not past due	**56,185**	43,066
Past due 1–30 days	**807**	574
Past due 31–60 days	**223**	139
Past due 61–90 days	**95**	77
Past due 91–120 days	**8**	154
Past due more than 120 days	**385**	123
	57,703	44,133

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24 Financial instruments continued

Management review debtors based on when an event has been held. The Group invoices on receipt of signed contracts, with payments typically due in stages in the lead up to events. Any overdue amounts, after the stage payment due date, are reviewed and chased.

Trade receivables not past due represent contracts with customers for future events. It therefore includes receivables for events taking place in 2019. Customers are typically due to settle the full contractual amount at least 30 days before an event. The increase in trade receivables not yet due is a result of the increased focus on customer retention and early booking initiatives.

The trade receivables amounts presented in the Consolidated Statement of Financial Position are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience, specific credit issues and their assessment of the current economic environment. Trade receivables consist of a large number of customers spread across diverse industries and geographical areas and the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including default risk of the industry and country, in which the customers operate, has less of an influence on credit risk.

The Group establishes an allowance for doubtful debts that represents its estimate of incurred losses in respect of trade receivables when there is objective evidence that the debt will not be collected in full. The allowance is recognised and measured as the difference between the asset's carrying amount and the present value of future cash flows. Where material, it is discounted at the effective interest rate computed at initial recognition. The main component of this allowance is a specific loss component that relates to individually significant exposure on shows which have taken place but the debt has not been collected in full. This allowance is determined by reference to the specific circumstances of each show and past experience.

The details of the movement in the allowance for doubtful receivables are shown below.

Allowance for doubtful receivables

	2018 £000	2017 £000
At 1 October	**4,443**	2,434
Arising on acquisition	**1,721**	-
Allowances made in the period	**1,356**	2,095
Amounts used and reversal of unused amounts	**(3,106)**	(86)
	4,414	4,443

Ageing of impaired receivables

	2018 £000	2017 £000
Past due 0-3 months	**505**	783
Past due 3-6 months	**254**	243
Past due more than 6 months	**3,655**	3,417
	4,414	4,443

No allowance for doubtful receivables relating to venue loans was held in the current year (2017: £nil).

Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due. Such risk may result from inadequate market depth or disruption or refinancing problems. Ultimate responsibility for liquidity risk management rests with the Board of Directors. They have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by ensuring continuity of funding for operational needs through cash deposits and debt facilities as appropriate.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of cash and cash equivalents and bank loans which are disclosed in note 20 and note 21 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 26 and in the Consolidated Statement of Changes in Equity.

25 Deferred tax

	Accelerated tax depreciation £000	Intangibles £000	Tax losses £000	Provisions and accruals £000	Hedges £000	Share-based payments £000	Repatriation of profit £000	Total £000
At 1 October 2016	548	(10,681)	721	392	732	94	(1,411)	(9,605)
Credit/(charge) to profit or loss	149	2,580	2,059	670	–	9	(829)	4,638
Charge to OCI	–	–	–	–	(222)	–	–	(222)
Charge to equity	–	(1,858)	–	–	(113)	(12)	–	(1,983)
Foreign exchange	–	190	–	(101)	–	–	–	89
At 30 September 2017	**697**	**(9,769)**	**2,780**	**961**	**397**	**91**	**(2,240)**	**(7,083)**
Transfers	**–**	**–**	**1,443**	**(476)**	**–**	**–**	**–**	**967**
Credit/(charge) to profit or loss	**303**	**3,033**	**3,188**	**243**	**–**	**(9)**	**(157)**	**6,601**
Charge to OCI	**–**	**–**	**–**	**–**	**(314)**	**–**	**–**	**(314)**
Charge to equity	**–**	**–**	**–**	**–**	**(17)**	**(62)**	**–**	**(79)**
Acquisition of subsidiary	**700**	**(37,455)**	**–**	**–**	**–**	**–**	**–**	**(36,745)**
Held for sale	**–**	**–**	**–**	**158**	**–**	**–**	**–**	**158**
Foreign exchange	**–**	**575**	**(183)**	**(57)**	**–**	**–**	**–**	**385**
At 30 September 2018	**1,700**	**(43,606)**	**7,228**	**829**	**66**	**20**	**(2,397)**	**(36,160)**

Certain deferred tax assets and liabilities have been offset in the above table. The following is the analysis of deferred tax balances for financial reporting purposes:

	2018 £000	2017 £000
Deferred tax liabilities	**(46,595)**	(12,494)
Deferred tax assets	**10,435**	5,411
	(36,160)	(7,083)

As at 30 September 2018, the Group had unused tax losses of £20.9m (2017: £19.0m) available for offset against future profits. No deferred tax asset has been recognised in respect of these losses in either year due to the unpredictability of future profit streams. These losses may be carried forward indefinitely.

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was £38.0m (2017: £33.0m). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Deferred tax assets are recognised (for the carry forward of unused tax losses, accelerated capital allowances and other timing differences) to the extent that, based on a review of expected profits, that it is probable that future taxable profit will be available against which the unused losses and tax credits can be utilised.

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

The Finance Act 2016, which provides for reductions in the main rate of corporation tax to 17% effective from 1 April 2020 was substantively enacted on 15 September 2016. It has not had a material effect on the calculation of deferred tax at the balance sheet date.

26 Share capital

	2018 £000	2017 £000
Allotted and fully-paid		
741,618,456 ordinary shares of 1 pence each (2017: 269,280,274)	**7,416**	2,693

	2018 Number of shares	2017 Number of shares
At 1 October	**269,280,274**	262,139,673
Issue of new shares related to the consideration for prior year acquisitions	**–**	5,090,499
Issue of new shares related to the scrip dividend	**399,289**	2,050,102
Issue of new shares related to the rights issue	**471,938,893**	–
At 30 September	**741,618,456**	269,280,274

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26 Share capital continued

The Company announced a scrip dividend alternative for the year ended 30 September 2017 final dividend, allowing shareholders to elect to receive their dividend in the form of new ordinary shares. As a result of this, 399,289 new ordinary shares of 1.0p each were issued and deducted from share premium.

On 11 July 2018, the Group issued 471,938,893 ordinary shares of 1.0p each through a 7 for 4 rights issue at 56.2p per share and raised gross proceeds of £265.2m (£255.9m net proceeds after expenses of £9.3m which were deducted from share premium). The excess of cash received over the nominal value of the shares issued of £260.5m was recorded as share premium. The net proceeds were used to part fund the acquisition of Ascential Events.

The Company has one class of ordinary shares which carry no right to fixed income. At the Extraordinary General Meeting held on 17 November 1998, shareholders approved the establishment of the ITE Group Employee Share Ownership Trust (ESOT). The terms of the ESOT allow the trustees to transfer shares to employees who exercise options under the Company's share option schemes, to grant options to employees and to accumulate shares by buying in the market or subscribing for shares at market value. The ESOT is capable of holding a maximum of 5% of the Company's issued ordinary share capital. The ESOT reserve arises in connection with the ESOT. The amount of the reserve represents the deduction in arriving at shareholders' funds for the consideration paid for the Company's shares purchased by the Trust which had not vested unconditionally in employees at the end of each financial year.

The ESOT held 2,506,133 shares in the Group plc at 30 September 2018 (2017: 2,783,585 shares). During the year 2,131,212 nominal share options under the Employees Performance Share Plan and 144,718 nominal share options under the Deferred Bonus Share Plan were granted against ESOT held shares. During the year, 676,048 shares (2017: none) were purchased for the ESOT through the aforementioned rights issue. The market value of the ordinary shares held by the ESOT at 30 September 2018 was £1.8m (2017: £5.0m).

The Company has agreed to make available to the ESOT an interest-free loan of up to £12.5m for the purpose of buying shares. At 30 September 2018, the amount of the loan drawn down was £11.6m. The Group profit and loss account and balance sheet include the results of the ESOT for the year ended 30 September 2018.

The trustees have waived their current and future rights to all dividend entitlement on the shares held by the ESOT. 953,500 options were exercised from ESOT during the year. The total consideration for the options exercised from ESOT was £1.4m. 11,316,540 of outstanding options are to be settled by ESOT, so all shares held by the ESOT are under option as at 30 September 2018. Details of the options in issue and their exercise dates can be seen at note 29 to the accounts.

27 Non-controlling interests

	2018 £000	2017 £000
At 1 October	**22,652**	25,427
Non-controlling interest arising on acquisition (note 14)	**-**	4,636
Dividends payable to non-controlling interests	**(163)**	(1,315)
Acquisition of non-controlling interest	**-**	(7,800)
Disposal of non-controlling interest	**-**	(127)
Profit on ordinary activities after taxation	**1,358**	1,831
At 30 September	**23,847**	22,652

Summarised financial information in respect of the Group's one subsidiary that has material non-controlling interests, ABEC, is set out below. The summarised financial information below represents amounts before intra-group eliminations.

	2018 £000	2017 £000
Equity attributable to owners of the Company	**(11,843)**	(12,781)
Non-controlling interests	**16,700**	16,206
Net assets	**4,857**	3,425

	2018 £000	2017 £000
Profit attributable to owners of the Company	**1,191**	1,132
Profit attributable to the non-controlling interests	**794**	755
Profit for the year	**1,985**	1,887

28 Operating lease arrangements

The Group has a number of operating leases for which it is a lessee.

	2018 £000	2017 £000
Lease payments under operating leases recognised as an expense in the year:		
Land and buildings	**2,259**	2,128
Venues	**35,981**	30,068

At 30 September 2018 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings 2018 £000	Venues 2018 £000	Land and buildings 2017 £000	Venues 2017 £000
Within one year	**1,926**	**22,980**	1,782	6,182
Between two and five years	**4,635**	**48,497**	2,773	5,398
After five years	**4,502**	**8,336**	426	-
	11,063	**79,813**	4,981	11,580

Operating lease payments for land and buildings represent rentals payable by the Group for its office properties. Leases are negotiated for an average term of two years. Payments for venues represent the non-cancellable amount of contracted venue agreements for future events.

The Group also earned rental income of £0.2m during the year (2017: £0.3m) from sub-letting unused office space in London.

29 Share-based payments

The Company operates two share option schemes.

Share option plans
The Company operates a share option plan for certain employees of the Group. Options are exercisable at a price equal to the average quoted market price of the Company's share on the date of grant. The vesting period is typically three years and the options are exercisable up to ten years from granting. The options are forfeited if the employee leaves the Group before the options vest.

Performance share plans
The Company operates a performance share plan (PSP) for executives and certain employees. Awards under the PSP are at an exercise value of 1.0p. Awards can be made to an employee over shares up to a maximum of 100% of base salary, or 150% for the Chief Executive and 120% for the Chief Financial Officer, each year based on market value. The vesting period is three years and awards are exercisable up to ten years from the date of grant. For conditional awards the vesting is automatic on the satisfaction of performance targets. The options are forfeited if the employee leaves the Group before the options vest. The awards are also subject to a performance target. Further details of the performance targets can be found in the Report on Remuneration on page 84.

Details of the share options outstanding as at 30 September 2018 are as follows:

	Number of share options 2018	Weighted average exercise price (p) 2018	Number of share options restated 2017	Weighted average exercise price (p) 2017
Share option plans				
Outstanding at beginning of period	**5,514,600**	**182.3**	6,884,299	178.5
Adjustment to reflect bonus element of rights issue	**2,657,868**	**(26.5)**	-	-
Lapsed during the period	**(248,439)**	**119.2**	(1,320,281)	164.1
Exercised during the period	**(939,500)**	**90.1**	(49,418)	143.1
	6,984,529	**117.5**	5,514,600	182.3
Performance share plans				
Outstanding at beginning of period	**2,474,493**	**1.0**	1,773,745	1.0
Adjustment to reflect bonus element of rights issue	**2,490,378**	**1.0**	-	-
Granted during the period	**1,666,591**	**1.0**	1,589,393	1.0
Lapsed during the period	**(87,075)**	**1.0**	(852,045)	1.0
Exercised during the period	**-**	**1.0**	(36,600)	1.0
	6,544,387	**1.0**	2,474,493	1.0

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Notes to the Consolidated Accounts continued

For the year ended 30 September 2018

29 Share-based payments continued

The number of share options granted and lapsed in 2017 under PSPs has been restated to exclude those options that are cash-settled. See below for disclosure regarding cash-settled share-based payments.

The total number of exercisable options in the share option plans is 48,429 and in the PSPs is 32,657.

The weighted average share price at the date of exercise for share options exercised during the period was 152.3p. The options outstanding at 30 September 2018 had a weighted average exercise price of 60.1p, and a weighted average remaining contractual life of 288 days. In the year ending 30 September 2018, PSP options were granted on 4 December 2017 and 1 June 2018. The aggregate of the estimated fair value of these options is £1,156,754.

The inputs into the Black-Scholes model for the instruments issued during the year are as follows:

	Performance share plan 2018	**Share options plan 2018**	Performance share plan 2017	Share options plan 2017
Weighted average share price	**1 pence**	-	1 pence	–
Weighted average exercise price	**1 pence**	-	1 pence	-
Expected volatility	**32%**	-	33%	-
Expected life	**3 years**	-	3 years	–
Risk free rate	**0.6%**	-	0.2%	–
Dividend yield	**2.7%**	-	2.9%	–

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous year.

The Group recognised a total expense of £0.5m (2017: £0.2m) related to equity-settled share-based payment arrangements.

Cash-settled share-based payments

The Group issues to certain employees share appreciation rights (SARs) that require the Group to pay the intrinsic value of the SAR to the employee at the date of exercise. The Group recorded liabilities of £56,897 (2017: £16,892) and net expenses of £40,005 (2017: £16,892). The total intrinsic value at 30 September 2018 was £nil (2017: £nil).

30 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates, where relevant, are disclosed below.

Trading transactions

During the year ended 30 September 2018 the Group charged management fees of £352,000 (2017: £233,000) to Sinostar ITE, the Group's joint venture operation in Hong Kong and China.

Remuneration of key management personnel

The remuneration of Directors and the Senior Operating Board, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 *Related party disclosures*. Further information about the remuneration of individual Directors is provided in the audited part of the Report on Remuneration on pages page 77.

	2018 £000	2017 £000
Short-term employee benefits	**2,963**	2,330
Share-based payments	**-**	-
Other long-term benefits	**100**	73
	3,063	2,403

31 Net debt

	At 1 October 2017 £000	Cash flow £000	Foreign exchange £000	Cash and cash equivalents classified as held for sale £000	At 30 September 2018 £000
Cash	23,321	28,600	(79)	(2,193)	49,649
Debt due after one year	(72,998)	(59,291)	(55)	–	(132,345)
Net debt	**(49,677)**	**(30,691)**	**(134)**	**(2,193)**	**(82,696)**

Net debt is defined as cash and cash equivalents after deducting bank loans. The Board consider net debt to be a reliable measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength. It is also a single measure that can be used to assess the combined impact of the Group's cash position and its indebtedness.

32 Contingent liability

During the year, a supplier of the Group made a claim for additional rent of £28.8m in respect of the use of a venue by the Group in 2016 and 2017 in a non-core market. The Group's lawyers have advised that they consider the Group likely to win any litigation in the event that legal proceedings are initiated and would recommend that any litigation be contested. No provision has been made as at 30 September 2018 as management does not expect any economic outflow will arise as a result of the claim.

33 Post balance sheet events

Acquisition of Mining Indaba

On 23 October 2018 the Group completed the acquisition of the business and assets relating to Mining Indaba from Euromoney Institutional Investor Plc. Mining Indaba is the leading event dedicated to bringing together mining and investment experts in order to develop mining interests in Africa.

The consideration of £30.1m comprises initial cash consideration of £20.0m to be paid on completion, and deferred cash consideration of £10.1m to be paid in June 2019.

The provisional amounts to be recognised in respect of the identifiable assets acquired and liabilities assumed are presented as follows:

	Fair value £000
Intangible assets – customer relationships	4,563
Intangible assets – trademarks	13,351
Trade and other receivables	409
Deferred income	(2,620)
Deferred tax liability	(2,270)
Identifiable net assets	**13,433**
Goodwill arising on acquisition	16,667
Total consideration	**30,100**
Satisfied by	
Cash consideration	20,000
Deferred consideration	10,100
	30,100
Net cash outflow arising on acquisition	
Cash consideration paid	20,000
Cash and cash equivalents acquired	–
	20,000

As highlighted in note 2, the value of separately identifiable intangible assets, and deferred tax on those intangibles, utilise valuation methodologies including the use of discounted cash flows, revenue forecasts and the estimates for the useful economic lives of intangible assets. There are significant judgements involved in assessing what proportion of the consideration paid is attributed to separate intangible assets such as trademarks and customer relationships.

The provisional amounts reflected in the table above are management's best estimate as at the date of the financial statements. However, a significant change in the assumptions used to calculate the valuation of intangible assets on acquisition could potentially result in a material change to the valuation of trademarks and customer relationships, and associated goodwill. These will be subsequently finalised within the 12 month measurement period, as permitted by IFRS 3.

The provisional goodwill of £16.7m arising from the acquisition reflects the strategic value of the acquisition of a market-leading event, including the expectation of new contracts and relationships, and the expected synergies with the complementary Africa Oil Week event which the Group already owns. The fair value of trade and other receivables includes trade receivables with a fair value, after providing for expected uncollectable amounts, of £0.1m. No further amounts are currently expected to be uncollectable.

Acquisition-related costs (included in administrative expenses) amount to £0.3m.

Disposal of ITE Expo LLC

Subsequent to the assets and liabilities of ITE Expo LLC being classified as held for sale at 30 September 2018, on 3 October 2018 the Group completed the disposal of ITE Expo LLC, the operating company for 56 of the Group's non-core, regionally-focused, smaller events in Russia, to Shtab-Expo LLC.

The Group will receive consideration of approximately £7.5m over the nine years following completion together with additional variable consideration of up to approximately £4.7m based on ITE Expo LLC's incremental revenue growth during this period. The terms of the deal incentivise the purchaser to make earlier payments to satisfy the consideration. If the purchaser has by 30 September 2023 paid consideration of approximately £6.1m, exclusive of any variable consideration, this will extinguish the obligation to pay the remaining consideration, including any future variable consideration.

Please refer to note 4 for further detail.

Financial statements

Company Statement of Financial Position

30 September 2018

	Notes	2018 £000	2017 £000
Fixed assets			
Investments	5	**7,998**	7,501
Intangible assets	5	**49**	57
		8,047	7,558
Current assets			
Debtors due within one year	6	**459,095**	151,743
Cash at bank and in hand		**599**	644
		459,694	152,387
Creditors: amounts falling due within one year	8	**(68,684)**	(17,509)
Net current assets		**391,010**	134,877
Net assets		**399,057**	142,435
Capital and reserves			
Called up share capital	9	**7,416**	2,693
Share premium account		**279,756**	28,567
Merger reserve		**2,746**	2,746
Capital redemption reserve		**457**	457
ESOT reserve		**(2,794)**	(4,240)
Profit and loss account		**111,476**	112,212
Shareholders' funds		**399,057**	142,435

The Company reported a profit for the financial year ended 30 September 2018 of £8.8m (2017: loss of £5.5m).

The accounts of the Company, registered number 01927339, on pages 138 to 139, were approved by the Board of Directors and signed on their behalf, on 4 December 2018, by:

Andrew Beach
Chief Financial Officer

Company Statement of Changes in Equity
For the year ended 30 September 2018

	Called up share capital (note 9) £000	Share premium account £000	Merger reserve £000	Capital redemption reserve £000	ESOT reserve £000	Profit and loss account £000	Total £000
1 October 2016	**2,621**	**20,629**	**2,746**	**457**	**(4,370)**	**126,234**	**148,317**
Net loss for the year	–	–	–	–	–	(5,502)	**(5,502)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**(5,502)**	**(5,502)**
Exercise of options	–	–	–	–	130	(60)	**70**
Dividends	21	(21)	–	–	–	(8,678)	**(8,678)**
Capital contribution	–	–	–	–	–	218	**218**
Share-based payments	23	3,409	–	–	–	–	**3,432**
Issue of shares	28	4,550	–	–	–	–	**4,578**
30 September 2017	**2,693**	**28,567**	**2,746**	**457**	**(4,240)**	**112,212**	**142,435**
Net profit for the year	–	–	–	–	–	8,816	**8,816**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**8,816**	**8,816**
Exercise of share options	–	–	–	–	1,446	(69)	**1,377**
Dividends	4	(4)	–	–	–	(9,980)	**(9,980)**
Capital contribution	–	–	–	–	–	497	**497**
Issue of shares	4,719	251,193	–	–	–	–	**255,912**
30 September 2018	**7,416**	**279,756**	**2,746**	**457**	**(2,794)**	**111,476**	**399,057**

Financial statements
Notes to the Company Accounts

1 Basis of preparation and accounting policies

These separate financial statements of the Group have been prepared in accordance with applicable UK accounting standards, including Financial Reporting 102 – 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

As permitted by FRS 102, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments and related party transactions. The Corporate Governance Report, Directors' Report and Directors' Remuneration Report disclosures are on pages 48, 50 and 76, respectively, of this report.

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company has also adopted the following disclosure exemptions:
- the requirement to present a statement of cash flows and related notes; and
- financial instrument disclosures, including:
  - categories of financial instruments,
  - items of income, expenses, gains or losses relating to financial instruments, and
  - exposure to and management of financial risks.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year. The Directors have made no critical judgements in applying these accounting policies during the year, and there are no significant areas of estimation uncertainty.

Going concern
The Directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Investments
Fixed asset investments including subsidiaries are shown at cost less provision for any impairment.

Intangible assets
Trademarks are measured initially at purchase cost and have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful life. The estimated useful lives are up to 20 years.

Provisions
Provisions are recognised when the Company has a present legal obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Financial instruments
Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade debtors and creditors
Trade debtors and creditors are stated at their nominal value. Trade debtors are reduced by appropriate allowances for estimated irrecoverable amounts.

Bank borrowings
Bank overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis to profit or loss.

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Taxation
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

1 Basis of preparation and accounting policies continued

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates of exchange prevailing at that date. Non-monetary assets and liabilities are translated at the rate prevailing at the date the fair value was determined. Gains and losses arising on retranslation of monetary assets are included in profit or loss for the period.

Employee Share Ownership Trust
The financial statements include the assets and liabilities of the Employee Share Ownership Trust (ESOT). Shares in the Company held by the ESOT have been valued at cost and are held in equity. The costs of administration of the ESOT are written off to profit or loss as incurred.

Where such shares are subsequently sold, any net consideration received is included in equity attributable to the Company's equity holders.

Share-based payments
The Company issues equity-settled share-based payments to certain employees. These are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using a Black-Scholes model. The expected life used in the model has been adjusted, for the effects of non-transferability, exercise restrictions and behavioural considerations based on management's best estimate.

Details of the Company's equity-settled share-based payments are included in note 29 to the Group accounts.

2 Profit/(loss) for the year

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the Parent Company. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

The auditor's remuneration for audit and other services is disclosed in note 5 to the consolidated financial statements.

3 Staff costs

a) Number of employees
The average number of persons (including Directors) employed by the Company during the year was as follows:

	2018 Number	2017 Number
Directors	**6**	7

b) Employee costs
Their aggregate remuneration comprised:

	2018 £000	2017 £000
Wages and salaries	**1,881**	2,064
Social security costs	**260**	285
Share-based payments	**-**	-
	2,141	2,349
Highest paid Director	**1,191**	1,035

Financial statements
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4 Dividends

	2018			2017		
	Per share p	**Settled in cash £000**	**Settled in scrip £000**	Per share p	Settled in cash £000	Settled in scrip £000
Amounts recognised as distributions to equity holders in the year:						
Final dividend in respect of the prior year	**2.5**	**5,962**	**701**	3.0	5,350	2,497
Interim dividend in respect of the current year	**1.5**	**4,018**	**-**	1.5	3,328	686
	4.0	**9,980**	**701**	4.5	8,678	3,183

The Directors are proposing a final dividend for the year ended 30 September 2018 of 1.0p per ordinary share, a distribution of approximately £7.4m. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Under the terms of the trust deed dated 20 October 1998, the ITE Group Employees Share Trust, which holds 2,506,133 (2017: 2,783,585) ordinary shares representing 0.3% of the Company's called up ordinary share capital, has agreed to waive all dividends due to it each year.

5 Fixed assets

Investments in subsidiaries

The Company has investments in the following subsidiary undertakings. The principal activity of all the companies listed is the organisation of exhibitions and conferences, except RAS Publishing Limited which publishes trade magazines.

Subsidiary undertakings	Address	Effective holding	%
ITE Holdings Ltd[1]	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
ITE Enterprises Limited	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
International Trade and Exhibitions (JV) Limited	2 Kingdom Street, London, England, W2 6JG	*Ordinary shares*	*100*
ITE Exhibitions & Conferences Limited	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
Fin-mark S.r.l.u	Via del Cestello 4, 40124 Bologna, Italy	Ordinary shares	100
ITE Eurasian Exhibitions FZ LLC	Al Shatha Tower 26th Floor – Office 2613 Sheikh Zayed Road – Dubai UAE	Ordinary shares	100
International Trade and Exhibitions (ITE) Worldwide B.V.	Business Center Demka, Demkaweg 11, 3555 HW Utrecht, The Netherlands	Ordinary shares	100
ITE Exhibitions BV	Business Center Demka, Demkaweg 11, 3555 HW Utrecht, The Netherlands	Ordinary shares	100
ITE Expo LLC,	Verhniaia Krasnoselskaya st., 3/2, Moscow, Russia	Ordinary shares	100
ITE Expo LLC, Yekaterinburg	office 2331, 2 EXPO Blvd, 620062 Yekaterinburg, Russia	Ordinary shares	100
OOO Primexpo	24 A, Yakubovicha str., 190000 St. Petersburg, Russia	Ordinary shares	100
Primexpo North West LLC	24 A, Yakubovicha str., 190000 St. Petersburg, Russia	Ordinary shares	100
ZAO Primexpo	24 A, Yakubovicha str., 190000 St. Petersburg, Russia	Ordinary shares	100
ITE Siberia	Novosibirsk, ul. Station 104, Russia	Ordinary shares	100
Krasnodar Expo	1 Kongressnaya Str., pavilion 2, 350005, Krasnodar, Russia	Ordinary shares	100
ITECA LLP	42 Timiryazev str., Almaty, Kazakhstan	Ordinary shares	100
Iteca Caspian LLC	15, Nobel ave., /Azure Business Center 7th floor – Baku AZ1025 – Azerbaijan	Ordinary shares	100
ITE Uzbekistan	59A, Mustakillik Ave., Tashkent, 100000, Uzbekistan	Ordinary shares	100
ITE Moda Limited	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
RAS Publishing Limited	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
ITE Moda Footwear Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
Jacket Required Limited	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
E Uluslararasi Fuar Tantitim Hizmetleri A.S.	19 Mayıs Caddesi Golden Plaza Kat:7 Şişli, İstanbul, Turkey	Ordinary shares	100
Yem Fuar	19 Mayıs Caddesi Golden Plaza Kat:7 Şişli, İstanbul, Turkey	Ordinary shares	100
Platform Exhibitions Inc	19 Mayıs Caddesi Golden Plaza Kat:7 Şişli, İstanbul, Turkey	Ordinary shares	100
Premier Expo	Pimonenko 13, 4a/21, Ukraine	Ordinary shares	100
Beautex Co LLC	Pimonenko 13, 4a/21, Ukraine	Ordinary shares	100
Airgate Holdings Limited	42 Dositheou, Strovolos, Nicosia, 2028, Cyprus	Ordinary shares	100
International Trade and Exhibitions India Private Ltd	B-1001-1014, Statesman House, 29 Barakhamaba Road, New Delhi-110001, India	Ordinary shares	100
ITE Asia Pacific Sdn. Bhd.	A-11-02A, Empire Tower Office, Empire Subang, Jalan SS16/1, 47500 Subang Jaya, Malaysia	Ordinary shares	100
TradeLink ITE Sdn. Bhd.	A-11-02A, Empire Tower Office, Empire Subang, Jalan SS16/1, 47500 Subang Jaya, Malaysia	Ordinary shares	100
ITE Holdings Ltd[1]	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100

5 Fixed assets continued

Subsidiary undertakings	Address	Effective holding	%
ITE Enterprises Limited	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
Premier ITE	A-11-02A, Empire Tower Office, Empire Subang, Jalan SS16/1, 47500 Subang Jaya, Malaysia	Ordinary shares	100
ITE Asia Pte Ltd	78 Shenton Way #26-02 Singapore 079120	Ordinary shares	100
ITE Asia Exhibitions Ltd	Suite 1004, 10th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong	Ordinary shares	100
Cementone Properties Limited[1]	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
IEG International Limited[1]	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
ITE Events South Africa (Pty) Ltd	StoneMill Office Park, 1B Cornerstone House, 1st Floor, 300 Acacia Road, Darrenwood, 2194, South Africa	Ordinary shares	100
ITE Russia Ltd	The Old Town Hall, Lewisham Road, Slaithwaite, Huddersfield, England, HD7 5AL	Ordinary shares	100
ITE (US) Exhibitions Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
ITE (Europe) Exhibitions Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
ITE International Holdings BV	Business Center Demka, Demkaweg 11, 3555 HW Utrecht, The Netherlands	Ordinary shares	100
RAS Holdings Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
WWB Magazines Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
MWB Magazines Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
ABEC Exhibitions & Conferences Pvt. Ltd	530, Laxmi Plaza, Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400053, India	Ordinary shares	60
Shanghai ITE Ebseek Exhibitions Co Ltd	Room 1801, B1 Wanda Square, No.2707 Kaichuang Avenue, Huangpu District. Guangzhou, China	Ordinary shares	70
ITE Ebseek Exhibitions Co Ltd	13/F Connaught Harbourfront House, Nos 35-36, Connaught West, Hong Kong	Ordinary shares	70
ITE Gehua International Exhibition (Hong Kong) Company Ltd	13/F Connaught Harbourfront House, Nos 35-36, Connaught West, Hong Kong	Ordinary shares	70
ITE Asia Exhibitions Limited	13/F Connaught Harbourfront House, Nos 35-36, Connaught West, Hong Kong	Ordinary shares	100
The Hub (Hong Kong) Limited	1702, 17/F, One Peking, 1 Peking Road, Hong Kong	Ordinary shares	50.1
PT ITE Exhibitions Indonesia Ltd	Jl. Maritim Raya No. 4A Cilandak Barat, Jakarta Selatan, Dki Jakarta, Indonesia	Ordinary shares	51
ITE Footwear Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
ITE Expo UK Ltd	The Old Town Hall Lewisham Road, Slaithwaite, Huddersfield, England, HD7 5AL	Ordinary shares	100
ITE International Trade and Exhibitions EURL	24, route du CAP, 16412 Bordj El Kiffan, Algeria	Ordinary shares	100
ITECA ALA-TOO LLC	115 A, str. Iwbraimov, Bishkek, Kyrgyzstan	Ordinary shares	100
ITE International Exhibitions and Conferences Service (Beijing) Co Ltd	Room 705, Building 40, BPUSP, No.1 Disheng North Road, BDA, Beijing 100176, P.R.China	Ordinary shares	100
Azerexpomontage	Baku Expo Centre, AZ 1050, H. Aliyev ave., 515, Surakhani District, Baku, Azerbaijan	Ordinary shares	46
Too Kazexpomontag LLP	Timiryazev Str. 42, 2nd Floor, Almaty, Kazakhstan	Ordinary shares	100
International Trade and Exhibitions Overseas Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
Intermedia Exhibitions and Conferences Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
ITE Overseas Holdings BV	Business Center Demka, Demkaweg 11, 3555 HW Utrecht, The Netherlands	Ordinary shares	100
ITE Eurasian Exhibitions Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
ITECA Kavkasia	Apt.54, 7 Shavgulidze str. Tbilisi, Georgia	Ordinary shares	100
ITE Russia LLC UK Ltd	The Old Town Hall, Lewisham Road, Slaithwaite, Huddersfield, England, HD7 5AL	Ordinary shares	100
Scoop International Fashion Limited	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	95
Summit Trade Events Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
Breakbulk UK Holdco Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
Breakbulk US Holdco Inc	One Gateway Centre, Suite 2600, Newark, New Jersey NJ07102, USA	Ordinary shares	100
Breakbulk Ireland Ltd	Friar's Gate, Kinsale, Co Cork, Ireland	Ordinary shares	100
Breakbulk US Opco Inc	One Gateway Centre, Suite 2600, Newark, New Jersey NJ07102, USA	Ordinary shares	100
Breakbulk Events and Media (China) Ltd	Room 1703, Soho Building, No. 575 Wusong Rd, Hongkou District, Shanghai, China	Ordinary shares	100
ITE Events South Africa Limited	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100

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5 Fixed assets continued

Subsidiary undertakings	Address	Effective holding	%
ITE Global LLC	Verhniaia Krasnoselskaya st., 3/2, Moscow, Russia	Ordinary shares	100
International Trade and Exhibitions Limited	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
Premier ITE	A-11-02A, Empire Tower Office, Empire Subang, Jalan SS16/1, 47500 Subang Jaya, Malaysia	Ordinary shares	100
ITE Asia Pte Ltd	78 Shenton Way #26-02 Singapore 079120	Ordinary shares	100
ITE Asia Exhibitions Ltd	Suite 1004, 10th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong	Ordinary shares	100
Cementone Properties Limited[1]	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
IEG International Limited[1]	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
ITE Events Limited	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
ITE Events (Shanghai) Company Limited	Unit 2822, One ICC, 999, Middle Huaihai Road, Shanghai, People's Republic of China	Ordinary shares	100
ITE Eventos Ltda	Rua Tabapuã 841, Conjunto 15, 1° Andar, São Paulo, Brazil 04533-013	Ordinary shares	100
ITE Fuarcilik Organizasyon ve Tanitim Hizmetleri Anonim St	Cevdetpasa Caddesi, No. 31/7 Bebek, 34342 Istanbul, Turkey	Ordinary shares	100
ITE International Expo LLC	Verhniaia Krasnoselskaya st., 3/2, Moscow, Russia	Ordinary shares	100

1 Held directly by ITE Group plc

The Company has guaranteed the liabilities of the following subsidiary undertakings in order that they qualify for the exemption from audit granted by Section 479A of the Companies Act. The Directors of the Company expect that the possibility of this guarantee being called upon is remote.

Subsidiary undertakings	Registered numbers
Intermedia Exhibitions & Conferences Ltd	03640982
ITE Eurasian Exhibitions Ltd	07307385
IEG International Ltd	03448919
ITE Enterprises Ltd	03372928
International Trade & Exhibitions Overseas Ltd	02926434
ITE Russia Ltd	03942985
ITE Holdings Ltd	06975153
ITE (US) Exhibitions Ltd	07841956
ITE (Europe) Exhibitions Ltd	07843009
ITE Russia LLC UK Ltd	06975105
RAS Holdings Ltd	04211246
Summit Trade Events Ltd	06446907
Breakbulk UK Holdco Ltd	08707579
ITE Events South Africa Limited	09374049
International Trade and Exhibitions Limited	10128746
ITE Moda Limited	04211308
RAS Publishing Limited	02725777
ITE Moda Footwear Ltd	02924254
Jacket Required Limited	07563504
Scoop International Fashion Limited	10050720

5 Fixed assets continued

Subsidiary undertakings

	Shares £000	Capital contribution £000	Loans £000	Total £000
Cost				
1 October 2017	1,429	6,501	23,574	31,504
Capital contribution	–	497	–	497
30 September 2018	1,429	6,998	23,574	32,001
Provision for impairment				
1 October 2017 and 30 September 2018	429	–	23,574	24,003
Net book value				
30 September 2018	**1,000**	**6,998**	**-**	**7,998**
30 September 2017	1,000	6,501	–	7,501

Intangible assets

	Trademarks £000
Cost	
1 October 2017	103
Additions in the year	–
30 September 2018	**103**
Amortisation	
1 October 2017	46
Charge in the year	8
30 September 2018	**54**
Net book value	
30 September 2018	**49**
30 September 2017	57

6 Debtors due within one year

	2018 £000	2017 £000
Amounts owed by Group undertakings	**458,775**	150,676
Prepayments and accrued income	**95**	992
Corporation tax – Group relief	**-**	60
Other debtors	**34**	15
Deferred tax (note 7)	**191**	-
	459,095	151,743

The amounts owed by Group undertakings are payable on demand and bear no interest.

7 Deferred tax

At the balance sheet date the Company has unused tax losses of £2.7m (2017: £10.5m) available for offset against future profits on which a deferred tax asset has not been recognised due to the unpredictability of future profit streams.

Notes to the Company Accounts continued

8 Trade and other creditors

	2018 £000	2017 £000
Bank loan	**35,257**	–
Bank overdraft	**10,334**	4,063
Amounts owed to Group undertakings	**22,780**	13,058
Accruals	**93**	260
Other creditors	**220**	128
	68,684	17,509

The amounts owed to Group undertakings are payable on demand and bear no interest. At a Group level the overdraft is offset by cash pooling arrangements with other Group companies.

9 Called up share capital and reserves

	2018 £000	2017 £000
Allotted and fully-paid		
741,618,456 ordinary shares of 1 pence each (2017: 269,280,274)	**7,416**	2,693

	2018 Number of shares	2017 Number of shares
At 1 October	**269,280,274**	262,139,673
Issue of new shares related to prior year acquisitions	**-**	5,090,499
Issue of new shares related to the scrip dividend	**399,289**	2,050,102
Issue of new shares related to the rights issue	**471,938,893**	-
At 30 September	**741,618,456**	269,280,274

The Company announced a scrip dividend alternative for the year ended 30 September 2017 final dividend, allowing shareholders to elect to receive their dividend in the form of new ordinary shares. As a result of this, 399,289 new ordinary shares of 1.0p each were issued and deducted from share premium.

On 11 July 2018, the Group issued 471,938,893 ordinary shares of 1.0p each through a 7 for 4 rights issue at 56.2p per share and raised gross proceeds of £265.2m (£255.9m net proceeds after expenses of £9.3m which were deducted from share premium). The excess of cash received over the nominal value of the shares issued of £260.5m was recorded as share premium. The net proceeds were used to part fund the acquisition of Ascential Events.

The Company has one class of ordinary shares which carry no right to fixed income. At the Extraordinary General Meeting held on 17 November 1998, shareholders approved the establishment of the ITE Group ESOT. The terms of the ESOT allow the trustees to transfer shares to employees who exercise options under the Company's share option schemes, to grant options to employees and to accumulate shares by buying in the market or subscribing for shares at market value. The ESOT is capable of holding a maximum of 5% of the Company's issued ordinary share capital. The ESOT reserve arises in connection with the ESOT. The amount of the reserve represents the deduction in arriving at shareholders' funds for the consideration paid for the Company's shares purchased by the Trust which had not vested unconditionally in employees at the end of each financial year.

The ESOT held 2,506,133 shares in the Group plc at 30 September 2018 (2017: 2,783,585 shares). During the year 2,131,212 nominal share options under the Employees PSP and 144,718 nominal share options under the Deferred Bonus Share Plan were granted against ESOT held shares. During the year, 676,048 shares (2017: none) were purchased for the ESOT through the aforementioned rights issue. The market value of the ordinary shares held by the ESOT at 30 September 2018 was £1.8m (2017: £5.0m).

The Company has agreed to make available to the ESOT an interest-free loan of up to £12.5m for the purpose of buying shares. At 30 September 2018, the amount of the loan drawn down was £11.6m. The Company profit and loss account and balance sheet include the results of the ESOT for the year ended 30 September 2018.

The trustees have waived their current and future rights to all dividend entitlement on the shares held by the ESOT. 953,500 options were exercised from ESOT during the year. The total consideration for the options exercised from ESOT was £1.4m. 11,316,540 of outstanding options are to be settled by ESOT, so all shares held by the ESOT are under option as at 30 September 2018. Details of the options in issue and their exercise dates can be seen at note 29 to the accounts.

The Company's profit and loss reserve is £111.5m (2017: £112.2m). Part of this balance is non-distributable as it does not meet the requirements for recognition as distributable reserves, therefore the distributable reserves of the Company, and therefore the Group, are £18.6m (2017: £16.8m).

Shareholder Information

Financial calendar

Preliminary results announcement	4 December 2018
Annual General Meeting	24 January 2019
Q1 IMS	24 January 2019
Interim results announcement	14 May 2019
Q3 IMS	3 July 2019

Shareholder profile at 30 September 2018

Range of holdings	Number of shareholders	Percentage of total shareholders	Ordinary shares	Percentage of issued share capital
1–100	204	18.92	5,498	0.00
101–1,000	234	21.71	116,427	0.02
1,001–10,000	338	31.35	1,122,994	0.15
10,001–100,000	135	12.52	4,147,004	0.56
100,001–1,000,000	98	9.09	35,637,147	4.81
1,000,001–999,999,999	69	6.40	700,589,386	94.47
	1,078	100.00	741,618,456	100.00

Category	Number of shareholders	Percentage of total shareholders	Ordinary shares	Percentage of issued share capital
Private individuals	730	67.72	3,295,674	0.44%
Nominee companies	263	24.40	635,825,574	85.74%
Limited and Public Limited Companies	58	5.38	86,462,422	11.66%
Other organisations and banks	27	2.50	16,034,786	2.16%
	1,078	100	741,618,456	100

Share price

London Stock Exchange, pence per 1p shares

Highest[1]	120.95p
Lowest	72.00p

1 Share price has been adjusted for the rights issue which took place during the year

Dividend calendar

Final dividend 2018	
Ex-dividend date	3 January 2019
Record date	4 January 2019
Payment date	4 February 2019
Interim dividend 2019	
Ex-dividend date	20 June 2019
Record date	21 June 2019
Payment date	01 August 2019

Dividend mandates

Shareholders who wish dividends to be paid directly into a bank or building society account should contact the Registrar for a dividend mandate form.

This method of payment removes the risk of delay or loss of dividend cheques in the post and ensures that your account is credited on the due date.

Share dealing services

The Company's Registrar, Equiniti Limited, offers a telephone and internet dealing service, Shareview, which provides a simple and convenient way of buying and selling shares. For telephone dealings call 03456 037 037 between 8.00am and 4.30pm, Monday to Friday, and for internet dealings log onto www.shareview.co.uk/dealing

Financial statements

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Electronic communications

Shareholders can elect to receive shareholder documents electronically by registering with Shareview at www.shareview.co.uk. This will save on printing and distribution costs, creating environmental benefits. When you register, you will be sent an email notification to say when shareholder documents are available on our website and you will be provided with a link to that information. When registering, you will need your shareholder reference number which can be found on your share certificate or proxy form. Please contact Equiniti if you require any assistance or further information.

Directors, Advisers and Other Information

Directors

Richard Last
Non-Executive Chairman

Mark Shashoua
Chief Executive Officer

Andrew Beach
Chief Financial Officer

Neil England
Senior Independent Director
and Non-Executive Director

Sharon Baylay
Non-Executive Director

Stephen Puckett
Non-Executive Director

Company Secretary

Waterstone Company Secretaries Ltd

Registered Office

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London W2 6JG

Registration Number

1927339

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Solicitors

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Principal Bankers

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Citibank
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London E14 5LB

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