

2020

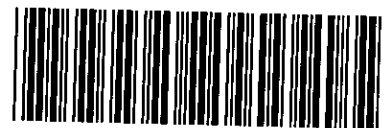
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Wilmington plc

Annual Report and Financial Statements for the year ended 30 June 2020

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Stock Code: WIL

Data, Information, education and networking for professional markets

Strategic Report – Wilmington plc 30 June 2020

Welcome to Our Annual Report 2020

Financial Results for the twelve months ended 30 June 2020

Financial Headlines

- Results at the top end of range previously provided for both revenue and profit
- Revenues for the year down 8% to £113.1m (2019: £122.5m), impacted by no face-to-face events or training in final quarter
 - o Successfully minimised the revenue decline through rapid conversion to virtual formats
 - o Achieved stated aim of organic¹ revenue growth in first three quarters, final quarter impacted by Covid-19
 - o Benefited from diversified portfolio with data and information revenue streams up 2%
- Adjusted EBITA² decreased by 35% to £14.0m (2019: £21.5m)
 - o Resilient model, remained profitable in all four quarters, despite the impact of Covid-19
- Adjusted profit before tax³ down 39% to £11.9m (2019: £19.3m)
- Profit before tax at £6.4m (2019: £14.7m)
 - o Reflects trading impact of Covid-19 and non-repeat of prior year benefit from the sale of ICP
- Adjusted earnings per share⁴ down to 10.71p (2019: 17.44p) and basic earnings per share of 5.33p (2019: 12.74p)
- Continued strong cash conversion⁵ at 189% (2019: 123%)
 - o 133% when adjusted for IFRS 16 and one-off working capital fluctuations, demonstrating year-on-year improvement.
- Improved Group net debt⁶ £27.7m at 30 June 2020 (2019: £33.9m). Represents 1.4 times adjusted EBITDA (2019: 1.4 times)
 - o Decisive action taken throughout pandemic to reduce costs, protect cash and liquidity
 - o Debt facilities in place to July 2023, with strong headroom projected throughout
- Dividend suspended but the Board remains committed to a resumption of dividends as soon as the trading environment normalises

Covid-19 has accelerated strategic progress

- Covid-19 has accelerated our strategy, with three years of digitisation achieved in just three months
 - o Resilient model tested with swift action taken to successfully convert events and training across the portfolio to virtual formats, which have been well received
 - o Remained focussed on three strategic objectives to generate organic growth, manage our portfolio and invest in our business
 - o Progressed four key areas of operational excellence: product management, technology and data, sales and marketing, and people
 - o Identified 'digital capabilities' and 'data enabled' as two new Wilmington business characteristics

Operational Headlines

- **Risk & Compliance** - revenue down 2% on an organic basis against a strong prior period comparator
 - o Rapid transition to online training with Covid-19 disruption accelerating the planned digitisation
 - o ICA's first fully digital post graduate diploma was launched in June and has seen a solid uptake
 - o Compliance Week benefitted from the launch of its new online platform and a revised pricing strategy
 - o Axco's new data platform launched in January 2020, enhancing product offering
- **Healthcare** – revenue declined 11%, largely due to RISE National event not physically taking place
 - o RISE National converted to a successful virtual event to partly mitigate the impact of Covid-19 restrictions
 - o HSJ and APM News products proved invaluable to healthcare leaders and key workers, providing latest developments and insights
 - o Strong demand for APMi product drove 6% organic growth in APM revenue
 - o Product innovation with Quantis Covid-19 tracker launched to provide analysis of patient waiting times, admissions and treatment pathways
- **Professional** – revenue down 10%
 - o Loss of face-to-face training partially mitigated by successful conversion of training to virtual formats
 - o Launch of Mercia LIVE in Accountancy business
 - o Good performance in investment banking business, and agility demonstrated by delivering summer training programmes digitally

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

² Adjusted operating profit ('adjusted EBITA') – see note 2

³ Adjusted profit before tax – see note 2

⁴ Adjusted earnings per share – see note 9

⁵ Cash conversion – see note 27

⁶ Net debt – see Cash flow statement page 99

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Current Trading and Outlook

- *Sustained resilience in the face of Covid-19 disruption*
 - o Remained profitable in the first two months of the new financial year
 - o Expect this to continue despite no anticipated face-to-face delivery in H1
- Phased return to face-to-face events planned for second half

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At a glance

Wilmington is a portfolio of businesses united by a strong set of common characteristics. These characteristics drive our unique operating model and facilitate the provision of a dynamic product range to the core professional communities we serve. These core communities form the framework of our three operating divisions: Risk & Compliance, Healthcare, and Professional. We are recognised as a trusted partner to provide support to these communities as they navigate their own business challenges.

Our specialised data and information products provide our customers with unique insight and innovative solutions by offering an extensive range of data collection, measurement, integration, and analysis tools. Our training businesses are defined by talented subject matter experts, renowned in their markets, who find creative and engaging ways to equip students with the insight they need to understand the implications of an ever changing operating environment. Our events serve as multi-faceted forums for networking, collaboration and data collection.

Whilst it exhibits great diversity, at its core Wilmington is a data led business supported by strong digital capabilities. These capabilities form the foundations of our fully digital enterprise, whilst simultaneously affording us the flexibility to deliver our products in face-to-face or hybrid forms as our markets demand.

The strength of our portfolio is underpinned by four key areas of operational excellence, namely: product management, technology and data, people, and sales and marketing. As we strive to achieve sustainable business growth, these four levers provide the mechanisms we need to drive change and ensure our offering remains crucial to the future success of our customers.

Risk & Compliance

Revenue	Sector
£41.7m (2019: £42.4m)	This division provides detailed accredited regulatory and compliance training, qualifications and complementary data and information services. It provides services to individuals and firms that are operating in highly regulated markets and jurisdictions globally. Much of the material used to achieve product excellence in this division is developed by our own R&D team, and we own the associated intellectual property. The main communities that use our offerings are risk and compliance officers globally.

Healthcare

Revenue	Sector
£41.0m (2019: £46.3m)	The Healthcare division provides targeted insight and intelligence to enable organisations, predominantly in the healthcare and life science industries, to better understand and connect with their markets and customers. This division includes our UK healthcare information businesses, our Paris based European healthcare news agency, our cloud-based marketing and analytics system, our healthcare networking events and our legacy non-healthcare data suppression and charity information businesses. Our products in this area principally serve healthcare professionals, mainly in the UK, France and the US.

Professional

Revenue	Sector
£30.3m (2019: £33.8m)	This division provides training and technical support for professional communities via a mix of face-to-face, online and blended learning solutions. Its products are predominantly designed for professionals employed in three target communities: accountants in practice and in business; individuals involved in the legal system, including lawyers; and investment bankers.

Strategic Report – Wilmington plc 30 June 2020

Revenue analysis

Revenue can be analysed by segment as follows:

Total Revenue

% of Group revenue	2020	2019
Risk & Compliance	37%	35%
Healthcare	36%	38%
Professional	27%	27%

Revenue can be analysed by geography as follows:

Total Revenue

% of Group revenue	2020	2019
UK	58%	57%
Europe (excluding the UK)	19%	18%
North America	16%	17%
Rest of the World	7%	8%

Revenue can be analysed by type as follows:

Total Revenue

% of Group revenue	2020	2019
Information	51%	47%
Training	39%	39%
Networking	10%	14%

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

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

The Group's largest revenue generating countries that account for 95% of total revenue are:

- UK
- US
- France
- Spain
- Singapore
- ROI
- Germany
- Hong Kong
- Switzerland
- Malaysia
- United Arab Emirates
- Finland
- Denmark

Strategic Report – Wilmington plc 30 June 2020

Chairman's statement

I am pleased to present the Annual Report for the year ended 30 June 2020, a year which has been very much one of two parts. In the first nine months of the year we made good progress in each of our three core strategic areas: generating sustained organic revenue growth, managing our portfolio and investing in our business. We were then faced with the global outbreak of Covid-19 which has seen us face unprecedented challenges. Our results have been impacted by the restrictions on running face-to-face training and events. However, the business has demonstrated the benefit of being diversified with the consequential resilience this brought to a challenging situation. Our colleagues' efforts in the way they responded to these challenges have been inspirational and I cannot commend them highly enough. Actions taken throughout the pandemic will enable us to emerge in a stronger position. Covid-19 has accelerated our strategy of digital transformation, with at least three years of digitisation being achieved in just three months, resulting in a business that is fully capable of operating digitally. It has highlighted the strength of our diversified portfolio, with our core subscription-led data businesses holding up particularly well.

Results, net debt and dividend

Overall financial performance in the year reflects a strong result for the first three quarters with us focussing on, and achieving, our stated aim of organic revenue growth. The final quarter was impacted by the Covid-19 pandemic which prevented us from holding any face-to-face events (which typically account for approximately 14% of annual revenue) or face-to-face training. We were able to accelerate the transformation to a digital business which was already underway and moved swiftly to convert as much as possible of these training and events to virtual equivalents. This allowed us to minimise, but not wholly offset, the revenue impact. Ultimately the Covid-19 related impact resulted in an 8% full year organic revenue decline to £113.1m (2019: £122.5m).

Adjusted profit before tax is down at £11.9m (2019: £19.3m) with the fall in revenue partially offset by direct cost savings plus the benefits obtained globally from Covid-19 government assistance schemes. Statutory profit before tax fell by 56% to £6.4m (2019: £14.7m) in part due to a one-off gain on disposal from the sale of ICP in the prior year not being repeated.

We entered the Covid-19 crisis with a strong balance sheet and significant headroom in our banking facilities and moved quickly to protect cash. This was successful with net debt at the year end of £27.7m being £6.2m lower than the prior year (2019: £33.9m). In July 2019, the Group had renewed its £65.0m banking facilities for a further four years with an option to extend until October 2024. On 25 June 2020, in response to the Covid-19 impact, we announced a partial relaxation of the covenants attached to these facilities and the agreement to access an additional £15.0m of facilities through the Government's Coronavirus Large Business Interruption Scheme ('CLBILS') for twelve months from August 2020.

In light of the exceptional circumstances currently prevailing and to ensure that sufficient cash reserves remain within the business to tackle the ongoing impacts of Covid-19, the Board decided to cancel the interim dividend due to be paid 9 April 2020. It is also not proposing a final dividend for the financial year just ended. The Board recognises the importance of regular dividend income to its shareholders and remains committed to a resumption of dividends as soon as the trading environment normalises.

Covid-19 and people

The work put in, and the investments made, over the last two years gave us a strong foundation when entering the pandemic crisis. In his review later in this report, our Chief Executive Mark Milner, who joined us in July 2019, highlights the actions we took to manage the situation, and our plans and expectations to deal with the challenges it will continue to present in the new financial year. Throughout the crisis we have been, and will continue to be, guided first and foremost by the need to protect the health and wellbeing of our employees and to serving our customers.

I have been incredibly impressed by the response of our people who have not only adapted to new ways of working but also moved swiftly to find new and innovative ways to serve our customers. I would like to take this opportunity to thank them personally for their ongoing commitment and resilience.

Strategy

Following Mark Milner's appointment we undertook a review of our strategy. Mark identified three core strategic areas, namely generating organic revenue growth, actively managing our portfolio, and investing in our business. These are the key pillars driving the next stage in the Group's evolution, and our future success. Mark's Chief Executive Review explains in more detail how these elements interact and the work we are undertaking in each area. In particular, it explains the logic behind our decision in February 2020 to commence strategic reviews of two of our businesses, Central Law Training and Inese, and the progress we have made. Active portfolio management will be an important part of our ongoing strategy although we are not currently working on plans beyond the two businesses mentioned above.

Strategic Report – Wilmington plc 30 June 2020

Board changes

On 29 April 2020 I was delighted to welcome Helen Sachdev as she joined the Board as Non-Executive Director and Chair Designate of the Remuneration Committee. Helen has a strong commercial background in a number of businesses and will provide *valuable counsel to the Group*.

Derek Carter, our current Senior Independent Director, and Nathalie Schwarz, Chair of the Remuneration Committee, will both step down from the Board at the conclusion of the AGM on 4 November 2020 after completing their full nine year terms as Independent Non-Executive Directors. I would like to thank both Derek and Nathalie for their outstanding contribution to Wilmington over the last nine years. Nathalie will be replaced as Chair of the Remuneration Committee by Helen Sachdev. Paul Dollman, the current Chair of the Audit Committee, will assume the role of Senior Independent Director. We are currently undertaking a recruitment process to replace Derek's other roles on the Board.

Martin Morgan
Chairman
16 September 2020

Strategic Report – Wilmington plc 30 June 2020

Chief Executive's review

I am pleased to present my report on the year ended 30 June 2020, my first as Chief Executive Officer. In the first nine months of the year we made significant progress on our strategic objectives of generating organic growth through operational excellence, managing our portfolio, and investing in our business. The benefits of these efforts were beginning to be realised as demonstrated by the interim results, with organic revenue growth in all three divisions as well as increased year-on-year sales and consequently an increased deferred revenue balance heading into the second half of the year.

Covid-19 response

Much of that progress was then interrupted in the last quarter of the year as we faced the unprecedented challenges presented by the Covid-19 pandemic. Lockdown restrictions resulted in us having to close every office in our portfolio. The whole business quickly and successfully converted to virtual working and the changes in working practices have accelerated Wilmington's digital strategy. This was possible in part because of the investments made in our IT infrastructure in the last few years.

At its heart Wilmington is a data led business. Our subscription based data and information revenue streams, which make up over half of our revenue, have not been significantly affected by Covid-19, and we do not anticipate that changing materially in the foreseeable future. Within training and networking events however, despite a rapid acceleration of our existing plans to transition many of our products to a virtual equivalent, the restrictions to face-to-face delivery resulted in significant disruption particularly in the Professional division and in US Healthcare. The initiative and ingenuity of our teams have enabled us to rapidly deploy virtual alternatives to previously face-to-face activities. Customer response to these changes has been very positive and in many instances the move to virtual equivalents is likely to be a permanent one.

During the rest of calendar year 2020 we do not anticipate running many, if any, face-to-face networking events. We have been staying close to our customers through the pandemic and are planning for alternative virtual events whilst retaining the flexibility to convert back if regulations permit and customers demand it. Our proven ability to deliver professional development from our events means we expect demand for them to remain, even in a virtual format. Similarly, we are organised to run 100% of training courses virtually for the rest of the calendar year but can rapidly convert back to face to face if required. The full impacts of Covid-19, particularly on the wider economy, are yet to be seen but I am confident in our business' resilience and ability to innovate in response to further challenge.

The work we have done in the last couple of years meant we entered this crisis as an agile and resilient business. I believe these actions will enable us to emerge in a much stronger position, capable of operating as a fully digital business but with the flexibility to deliver face-to-face or hybrid solutions as the market demands.

Results summary

Despite the significant disruption caused by Covid-19, our swift actions mitigated the financial impact and we were able to not only deliver a profit in the final quarter of the year but also achieve results which were at the top end of the scenarios we predicted when the crisis broke, highlighting the agility of the business. Having been up 2% at the half year, full year Group revenue ultimately declined 8% to £113.1m (2019: £122.5m) and adjusted operating profit decreased 35% to £14.0m (2019: £21.5m) resulting in an adjusted operating margin of 12.4% (2019: 17.6%).

As the Covid-19 pandemic was unforeseen we were unable to make significant savings in our overhead cost base within the financial year which resulted in adjusted operating margin falling as explained above. Subsequently we performed a thorough review of our Group-wide overheads to ensure these are appropriate for supporting the future of our business. This business-by-business review identified £3.0m of overhead cost savings for the next financial year and also identified some areas of investment which, in combination, will result in the most appropriate future cost base for our business.

Strategy

As we strive to create sustainable value for our stakeholders, we have identified three integrated strategic imperatives which drive our decision making, namely generating organic growth, managing our portfolio, and investing in our business. Each of these strategic areas facilitates the other and we have made good progress in each area over the course of the year.

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Generating organic growth

The switch in focus from acquisitive growth to organic growth was a change implemented by the Board in autumn 2018 following the arrival of Martin and Richard as Chairman and Chief Financial Officer respectively. Building a group that is capable of delivering organic growth in revenue and profit is fundamental to driving sustainable growth in shareholder value. To enable us to achieve that goal the Board and I have identified four components of operational excellence key to driving this growth, namely; product management, technology and data, people, and sales and marketing.

Product management, including new product development is an area which we believe has received insufficient investment in recent years due to the previous focus on acquisitive rather than organic growth. Last year we launched a new product development process, managed by a newly formed Investment Committee. This has provided structure around assessing and prioritising opportunities for development to ensure those which have the most potential receive the investment and focus they deserve. A number of new products have already been brought to market as part of this process including our wealth management business's new website and ecommerce solution launched in May. There are currently five more new products under development through this process including the Digital Learning Platform discussed later in my review. The Investment Committee is focussed on looking for more cross-group collaboration opportunities to allow us to gain additional value from sharing new product solutions across different parts of the Group.

Within the product development framework, we have implemented a methodology which involves stripping back requirements to the 'minimum viable product' which serves the fundamental needs of our customers, tested against 'customer advisory groups' to ensure features are of high value to our customers. This process allows us to move away from 'big-bang' product launches with long gaps between each release towards a series of iterative roll-outs. We have made good progress in embedding this philosophy across our business although there is more work to do here.

Technology was identified several years ago as a key component of the Group's strategy and significant investment has already been made, particularly in the areas of infrastructure, CRM systems and learning management systems. The benefit of this has never been clearer than in the last few months when the investment in our internal infrastructure allowed us to move seamlessly to working remotely and the ongoing work on digitising products could be rapidly accelerated to allow us to deliver in virtual formats the majority of our previously face-to-face training and events.

Since joining the Group, I have been encouraging the business to recognise the very considerable **data** assets that it possesses and to identify how it can monetise those assets more effectively through the better use of technology. Initiatives are underway to develop this further and we have seen manifestations of this already in some of the development work that has been undertaken, for example to allow better analysis of the data captured by the Axco insurance data business and to present that data using a more advanced front end user interface.

People are critical to achieving success within a corporation and we are very fortunate at Wilmington to have a strong and loyal group of employees. They have demonstrated that very clearly over the last few months as they have been the driving force behind the successful way we have adapted and responded to the Covid-19 crisis. I want to place on record my personal thanks to each of them for the exceptional efforts they have made throughout the pandemic and for their continued work to innovate and serve our customers seamlessly all while working from home.

As part of our continuing work with the employees we initiated a new staff engagement survey shortly after I joined. Whilst the results, based on an impressive 91% participation rate, were largely positive, the survey identified a number of areas that we needed to improve. These included the engagement of our employees with the Group strategy and the opportunities for career development. We have taken action on both these and the other points raised by the survey over the last year. Six months after the first survey we conducted another, targeted on specific areas. This showed the engagement score increasing significantly. We intend to continue the work in this area over the next twelve months.

Part of this has been the creation of a Diversity and Inclusion working party, with participants from all parts of Wilmington, aimed at ensuring our workplace is free from discrimination and prejudice in all its forms. This initiative came about through our considered response to the Black Lives Matter movement. Whilst we start from a strong place in regards to diversity and inclusion we recognise that more must be done and are committed to delivering that.

Lastly, **sales and marketing** is of course a key component of driving organic revenue growth. When I joined Wilmington I identified that many areas of the Group traditionally concentrated on maintaining existing customer relationships and not enough on seeking out new opportunities and clients. Over the last twelve months we have implemented a number of changes to develop a more proactive sales culture.

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Over the last few years, the Group has been focussed on rolling out a Group-wide CRM solution. This has now been adopted by more than two thirds of the Group companies. Over the last twelve months we have used this to start adopting consistent, Group-wide sales KPIs to enable more dynamic tracking of sales data and management of sales opportunities and targets.

We have augmented this through adopting a more unified approach to sales processes, sharing best practice across the Group's businesses. To facilitate this we physically relocated the London based sales teams to a new centralised location or 'sales hub' in the London Head Office building.

Pre Covid-19, we were starting to see real benefits from the work here with growth in year-on-year sales in each division giving total Group sales growth in the mid-single digit percentage range. This has dropped back due to the impact of the pandemic. However we are confident that the groundwork put in place in all of our areas of operational excellence will give us the resilience to face the immediate challenges and the platform to emerge from this crisis strongly.

Managing our portfolio

Wilmington is a portfolio of businesses, united by a common set of characteristics. To support the Group's goal to deliver organic growth we need to continuously assess the portfolio to identify areas where either organic growth could be augmented by bolting on complementary acquisitions, or where organic growth is being challenged because elements of the existing portfolio are underperforming or lack a strategic fit with the rest of the Group so risk diverting focus from the common purpose. Currently this element of the strategy is targeted at the latter, and at focussing the portfolio on doing fewer things but doing them better. Following my arrival last July we completed a thorough review of our business portfolio, building on the work carried out as part of the consultant-led business review conducted last year. My review identified the key characteristics of a Wilmington business as follows.

A Wilmington business will have a differentiated offering and be in or be capable of being in a market-leading position, with a developed and defensible moat, owned IP, a strong brand position, and be valued by its customers. It will be operating in attractive, growing and sizeable markets, the macro fit being that it will operate in markets we understand, the micro fit being that our solutions, services and data are integrated into our customers' systems, workflow, businesses and decision-making processes. A Wilmington business will have attractive economics and have sales channels which veer away from single sales and towards repeatable revenues.

A Wilmington business will also receive a benefit from being in the Wilmington Group, and the Group will benefit from that company's participation, sharing synergies, for example, around commercial or product initiatives or sharing technology or product innovations and the business will have strong leadership, with a bias towards innovation, and outstanding sector knowledge.

Following the accelerated shift towards virtual products in response to the Covid-19 pandemic Wilmington will now also demonstrate best in class digital capabilities, with products available for face-to-face, virtual or blended delivery. Furthermore, a Wilmington business will be data enabled, providing unique data insights and innovative solutions to their customers.

In the Interim Report we announced that we had identified two businesses, CLT and Inese, where our ability to add value appeared limited and they would therefore be subject to a strategic review.

Since our closure of Ark in 2017, CLT, within the Professional division, has been our only remaining business in the Law for Lawyers market. It is made up of two separate operations, CLT England and CLT Scotland. CLT England has suffered over a number of years from changing requirements for continuing professional development for lawyers in England. Plans to offset the corresponding revenue and profit decline with growth in online training have not delivered the required returns. We have now completed the strategic review and made the difficult decision to close the vast majority of the CLT England business from 31 August 2020. Closure costs for the business will total £0.6m and will be accounted for as an adjusting item in the year to 30 June 2021. The review of CLT Scotland has concluded that this remains a profitable and viable operation, and as a result, we are assessing the options for this business going forward.

Inese, our Spanish business within the Risk & Compliance division, whilst performing well in its market, struggles to generate synergies with our other insurance business due to its geographical location and focus on the Spanish speaking insurance industry. We therefore engaged external advisors to identify potential purchasers. This process is progressing but has been delayed by the impacts of Covid-19 so is still ongoing.

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Investing in our business

Achieving progress in relation to generating organic growth and portfolio management will result in the Group generating significant surplus cash. Whilst the Board's intention is to recommence, as soon as possible, the return of a considerable portion of this cash to shareholders through its progressive dividend policy, it also intends to retain a portion to reinvest back in the business. This reinvestment is of course necessary to support the organic growth strategy. It has become clear that in order to drive the growth aspirations of the business in the medium term there are areas in which our Group needs further investment. Two of these are outlined below.

Digital Learning Platform

We have worked hard in the last couple of years to convert more of our products to virtual equivalents, including the roll-out of a Group-wide online learning platform. This has of course been accelerated by our response to Covid-19. So far however, this has existed as a standalone technology and has not been integrated into other business systems. This has meant that the user experience associated with buying the product, registering for access and then using the service has been somewhat disjointed. We are now addressing this by developing an integrated online education, membership, and information platform. This will allow customers to browse, purchase, and receive our training products in one place, as well as receiving personalised content, access to a community platform, and insights into the knowledge areas relevant to them. Initially this digital platform is being developed for two of our training businesses, ICA and Bond Solon, and it is expected to be operational from early 2021. In the fullness of time we expect this solution to be rolled out and adopted much more widely across the Group.

People

As previously explained, the business-by-business overheads review performed in the year identified around £3m of cost saving initiatives across the Group in both staff and supplier costs. Also identified were a number of areas where additional expertise and talent, particularly in technology, data and virtual learning, are required to drive our business forward. We expect to invest around £2m in new talent next year to facilitate growth in these areas.

Current trading and outlook

The performance achieved in the final quarter of the last financial year demonstrated the resilience of the Group's businesses and business models. Despite being significantly impacted by lockdown restrictions imposed the Group remained profitable in that quarter and generated significant amounts of cash.

In the first two months of the new financial year, this performance has continued. We remain profitable in what is traditionally a quiet period for trading during the UK and European holiday season. We expect this pattern to carry on for the rest of the first half, despite no current expectation of being able to run face-to-face events and training for the rest of the calendar year. This is expected to yield results for the first half of the year that will be similar overall to those achieved in the second half of the year just reported.

Predictions for the second half of the year are of course harder to make at this stage. Overall performance will ultimately be determined by the extent to which we are able to run the major face-to-face events that are traditionally a feature of the second half of our year. If we are able to run those, as we currently plan, then we would expect to deliver revenue in the second half approaching that achieved in the same period of FY19. This would result in full year revenue growth in the low single digit range. However, if restrictions remain through the second half and we can offer virtual events only throughout the financial year, then the second half revenue is likely to show a low single digit growth on that achieved this year albeit profitability will improve due to the cost reduction measures we have already taken.

In either scenario we expect to remain profitable throughout the period. The actions recently taken to reset the covenants for the next twelve months and to access additional facility headroom provide us with emergency cover should the economic situation deteriorate markedly from where we see it currently. Under either scenario, our current expectations are that we will not need to call on the additional comfort that each of them provides.

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Looking out longer-term we believe Wilmington is well positioned to both weather the storm and emerge strongly. The markets we serve are generally expected to be resilient to the economic challenges we will all face. Similarly, our customers are, for the most part, likely to be less affected than those in certain other sectors. And crucially, the products and services we provide will remain relevant to and be required by those customers and we are investing the resources at our disposal to enhance the value that they deliver to them.

Mark Milner
Chief Executive Officer
16 September 2020

Case study

Dynamic data insight – investments in Axco

Investment in new product development and enhancing digital capabilities continue to be a primary element of the Group's strategic objective to achieve strong organic growth. Axco, the information and data business focussed on the insurance and employee benefits industries, is currently executing a multi-year innovation programme involving the redesign of existing products and the launch of a new product suite. This development programme is closely aligned to the Group's organic growth strategy by helping to secure sustainable, multi-year revenue streams and customers who will continue to rely on our products in the long term.

New data platform

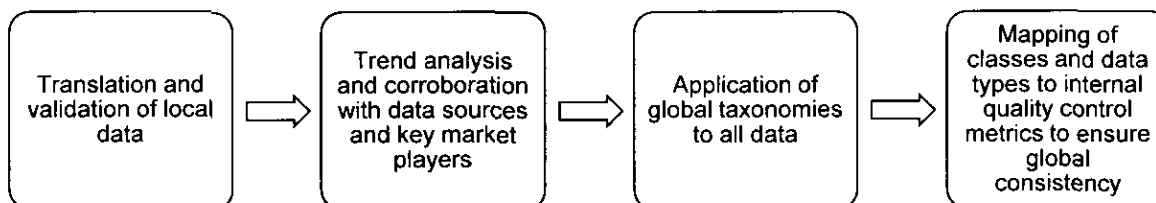
Early in 2020, Axco's new data platform was launched. A key driver behind the redevelopment was to enable the business to process and store vast quantities of data in response to the fact that the insurance sector is producing greater volumes than ever before.

The new platform is an 'end-to-end' development with cloud technology at its core, meaning it can process huge amounts of data. Initially stored in a data lake, the raw data is then mapped into a structured repository using a bespoke mapping tool. The user interface has also been redesigned to include dynamic visual analysis and facilitate cross-border market comparisons or company assessments. The new platform allows clients to integrate data feeds seamlessly into their internal systems and processes, giving them ever greater insight and analysis.

What makes Axco's data offering unique?

Axco sources high quality market and company performance statistics and macro-economic indicators from the world's insurance markets, and its powerful 'Global Statistics' tool provides users with unique validated data from over 180 territories.

The standardisation of data sets from so many different sources globally is challenging, but Axco's Statistics and Analytics team have developed a rigorous process to achieve this effectively as outlined below.



The dynamic mapping process allows the data to be processed and stored in a standardised format. This eliminates the cost to customers of translating and interpreting the inherent differences in multi-territory data sets, whilst maintaining the integrity of their 'reported format' if required by the user. It also helps to provide like for like market comparisons at all levels, right down to the line of business detail.

Use of AI technology as a means of keeping up to date with regulatory change

Axco continually seeks to develop faster ways of delivering highly accurate and relevant information. This extends to its insights on regulatory and tax updates, which provide customers with ongoing updates specific to changes that impact their businesses. Given the sheer size of Axco's coverage, delivering these tailored insights on a timely basis and at a global scale is no easy task. In response Axco is at the forefront of exploring the exciting new opportunities provided by AI technology. It has started to supplement its existing research methodologies with an AI-driven platform which is being trained to identify regulatory and tax changes as soon as they are made. This algorithmic alert suite adds not only speed, but it also provides enhanced scalability to Axco's research activities.

Resilience in the face of challenges presented by Covid-19

The insurance industry has not been immune to the difficulties of the current economic climate. Despite this challenging backdrop, Axco's business has proven to be resilient, partly explained by the unique nature of its products. In a recent user survey, 76% of respondents classified Axco's information and data products as 'essential' to their operations, with 70% of users identifying it as the market leader in its field. Axco has also welcomed a steady stream of new subscribers in recent months as demand for high quality information products increases, with customers looking to reliable data insight as a means to navigate market volatility effectively.

Adding value for customers

Axco is regarded as a single, trusted resource for international insurance information and data. The ongoing investments that are significantly enhancing its digital capabilities and research processes are further cementing its position as a leader in its field. This valuable combination of high quality data and strong technological infrastructure to interrogate that data dynamically allows Axco's customers to obtain meaningful market insights, ensure regulatory and tax compliance, develop their strategies and power their own business models.

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Strategy

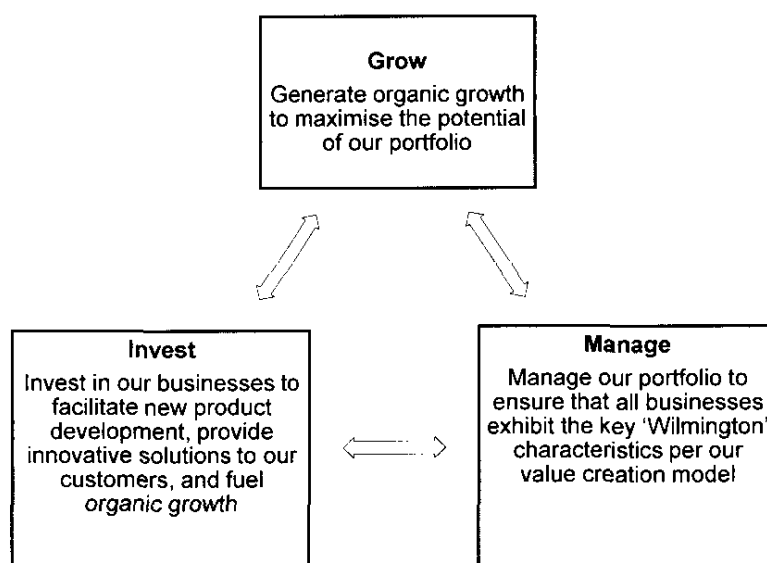
Focussed on creating stakeholder value

Wilmington's portfolio offers a dynamic product range serving a breadth of customers across multiple markets, as identified by our three operating divisions. Alongside this diversity, every business within the portfolio is unified by a set of characteristics that, in combination, form the foundations of our value creation model.

These characteristics are outlined below, illustrating the strengths within the portfolio that make our offering unique.

Wilmington characteristics: what makes us unique	
Digital capabilities As a fully digital enterprise, we demonstrate best in class digital capabilities including: • Delivery platform agnostic • Multi-device enabled • Guaranteed excellence in User Experience (UX) and User Interface (UI) solutions • Digital front and back office	Data enabled Our businesses are data enabled, allowing them to provide unique insight and innovative solutions to their customers, driven by: • Unique methods of data collection, measurement, integration, and analysis, supported by dynamic user interfaces • Proprietary data and bespoke services
Differentiated offering Our businesses occupy strong positions in the markets they serve, exhibited via the following credentials: • Market leaders – within the top three • Unique products with owned IP • Strong brands valued highly by customers	Attractive markets The markets in which we operate present opportunities for sustained growth: • Macro fit with Wilmington's core markets • Micro fit with a growing end-user base in which our solutions are integrated into customer systems
Strong product and revenue model Our product and revenue model drives value by targeting the following actions: • Identifying attractive economics • Prioritising repeatable revenue streams • Leveraging success across the portfolio to maximise the benefit of synergistic potential	Strong leadership Our businesses are led by individuals who are best placed to accelerate their growth, evidenced by their core competencies: • Experts in their field, aligning sector specific knowledge to product development and delivery • Innovators seeking to embrace change to deliver bespoke customer solutions

Our aim is to create sustainable value for our stakeholders by continuing to develop these characteristics with a clear focus on three integrated strategic objectives: generating organic growth, managing our portfolio, and investing in our business.



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Facilitating our strategy through operational excellence

The actions required to meet these three strategic objectives are facilitated by operational excellence in four key areas; product, technology and data, sales and marketing, and people. These areas of focus form a framework within which we develop initiatives to drive progress against our strategy.

Operational excellence	
Product As we continue to enhance our product portfolio, we adhere to clear internal guidelines to achieve best practice. By applying an integrated approach to assessing product viability, our product requirement processes allow us to identify clear opportunities for investment.	Technology and data The innovation within our businesses is enabled by strong technology and data capabilities. Our investment in technology transformation demonstrates our commitment to a robust foundation for product growth and development.
Sales and marketing The execution of dynamic sales and marketing strategies are essential to ensure that we realise the full potential of our product portfolio. Excellence in this area is demonstrated by strong leadership and a proactive sales culture, complemented by a focus on insightful KPI analysis.	People The creativity, adaptability and dedication of our people is critical to our success. To continue to drive operational excellence in this area we are committed to developing our people and championing diversity at all levels within our workforce.

The progress made against each area of operational excellence in FY20, and the areas of focus driving progress in FY21 have been outlined on pages 16 to 17.

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Area of operational excellence	Product
Progress 2019 – 2020	• Rolled out product requirement processes – Ensured Minimum Viable Products (MVPs) are at the core of every key project – Increased adoption of Customer Advisory Groups ('CAGs') – Improved investment decisioning with pre-agreed ROI measures • Delivered product upgrades across the portfolio and identified cross-Group collaboration opportunities • Accelerated the digitisation programme to successfully deliver best in class learning solutions virtually
Focus 2020 – 2021	• Continue New Product Development across all divisions, employing MVP principles with CAG input • Provide enhanced intelligence to our customers through innovative data products, dynamic analysis and agile solutions • Develop front end service portals to assist with digital sign-ups and enable effective customer contact points • Launch the Wilmington Product Academy

Area of operational excellence	Sales and marketing
Progress 2019 – 2020	• Developed sales leadership team and increased sales resource • Adopted sales Customer Relationship Management (CRM) software and focussed on dynamic KPIs to drive individual and team sales performance • Established greater connectivity between marketing and sales activities • Created strong sales culture developing and establishing 'Hunter/Farmer' sales personas • Launched Wilmington Sales Academy • Launched Wilmington Sales Hub
Focus 2020 - 2021	• Roll out Wilmington Sales Academy to include Sales Leadership programme • Launch Wilmington Marketing Academy • Harness the potential of enhanced sales KPI data to drive continued improvements in performance • Review of pricing to embrace newly developed digital sponsorship and data capabilities

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Area of operational excellence	Technology and data
Progress 2019 – 2020	• Executed data and technology transformation: – Created a central Data Management function driving expertise and standardisation – Rolled out agile approach: two week sprints provide agility for iterative product roll-out – Established centralised technology function ensuring universally high standards across the Group – Implemented technology partnering model to facilitate closer alignment of engineering teams to businesses and customers • Leveraged existing data and technology investment to achieve rapid transformation of face-to-face products to digitised eLearning and events • Developed robust mechanisms to facilitate best practice in data security
Focus 2020 – 2021	• Further deploy innovative client centric solutions: – Digital Hub (front end development) to bring greater value to eLearning customers – Implement analytics technology to measure eLearning effectiveness providing MI to customers and commissioning executives – Drive further capability of product management skills and practices across the Group • Continue to deploy innovative solutions to data management and analytics, across a wider range of companies • Improve business processes by maximising the potential of 'off the shelf' technologies: – Data and analytics (Power BI™ and Tableau®) – Marketing automation (Marketo®) – Sales teams effectiveness (Salesforce®)

Area of operational excellence	People
Progress 2019 – 2020	• Invested in strong leadership through our manager training programme and dedicated online 'Leaders' lounge' resource portal • Modernised working environments across our different locations • Acted on employee engagement feedback • Rolled out Global Employee Assistance Programme for staff and direct families • Established clear roadmap for enhanced health and wellbeing strategy • Rapidly implemented new measures to support wellbeing following the transition to remote working due to Covid-19 • Launched Global Diversity and Inclusion Working Group
Focus 2020 – 2021	• Develop Diversity and Inclusion global network and programmes • Roll out Mental Health First Aider training programme • Continue to survey employees and act on employee engagement feedback and maintain strong channels of communication to monitor effectiveness • Further enhance catalogue of learning and development resources and bespoke learning solutions

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Review of operations

Note that variances described below as 'organic' are at constant currency exchange rates. There is no impact on either the current or comparative year from mergers, acquisitions or disposals.

Risk & Compliance

Revenue	2020	2019	Absolute variance %	Organic variance %
Compliance	28.2	29.0	(3%)	(3%)
Risk	13.5	13.4	1%	-
Total	41.7	42.4	(2%)	(2%)
Operating profit	12.8	12.7	1%	-
Margin %	31%	30%		

Business model and market

The Risk & Compliance division comprises four businesses that operate in Compliance markets and two that operate in the Insurance market. The division provides a mixture of services to its clients with a focus on training and education which represented 48% of the division's revenue in the last financial year. Provision of data and information accounted for 48% of FY20 revenue with networking services – predominantly roundtables and conferences - making up the rest.

The main Compliance business, which was developed organically within Wilmington is the International Compliance Association ('ICA'). It is an industry body and training business that we created in 2002 which offers professional development and support to compliance officers predominantly in the financial services sector. It has offices in the UK, Singapore, Malaysia and Dubai. In total, revenue from ICA accounts for around 40% of total Risk & Compliance revenue.

Revenue earned by ICA is primarily training income although this is complemented through subscriptions paid by the professional members for their ICA accreditations. The training income is generated both through running professional development courses and associated examinations, which are open to public enrolment, that allow students to achieve their professional accreditation, and through developing bespoke in-house programmes for institutions to train staff across their businesses in compliance regulation and procedures. These accreditations are awarded in association with the University of Manchester's Alliance Manchester Business School. The courses ICA run usually extend over several weeks or even months. They traditionally mix distance learning with face-to-face sessions. Increasingly the distance learning element has been transitioning to online and digital variants, and more recently virtual programmes have been offered in place of face-to-face sessions. To support the move to virtual training in ICA a new digital learning platform ('hub') is being built for launch at the start of 2021.

ICA primarily serves the financial services industry. The material for ICA courses is developed by our own internal R&D team and external specialists, and we own the associated intellectual property.

Outside of ICA, the other Compliance businesses earn revenue from running professional development programmes for wealth managers; from offering subscription services for the provision of detailed information on regulations in the UK pensions industry; and from subscriptions to Compliance Week, the premium industry journal for US and European compliance professionals. The Compliance Week brand also generates revenue from lead generation to the compliance community and from running industry networking events.

The Risk businesses serve the global insurance industry, primarily with in-depth regulatory information, market intelligence and analysis. In addition, we provide networking events and training specifically focussed on the Spanish insurance market. Revenue in Risk is mainly earned through subscriptions to the information and analysis services and publications, and from attendance fees and sponsorship at the training and networking events.

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Covid-19 response

The resilient nature of the Risk & Compliance business models has meant that the division has generally weathered the storm from Covid-19 reasonably well. Although the majority of training and education in Risk & Compliance has a face-to-face element, the business was able to transition quickly to virtual alternatives. The progress already made in the last few years to offer increased online training in Compliance was accelerated and it was possible to deliver the majority of the planned training courses for the remainder of the financial year in this virtual format. Registrations for forthcoming public courses have been at historical levels through the Covid-19 impacted period, which demonstrates the critical nature of the training provided. There have been some delays and deferrals in bookings for in-house courses as clients decide how they run such programmes. This was particularly noticeable in the early period of lockdown but booking volumes are starting to recover as restrictions ease.

There were a number of networking events due to be held in Q4, notably Compliance Week's flagship conference which was planned for May. In line with local Government advice, all face-to-face events were postponed or cancelled with a consequential revenue impact. However it was possible to convert a number of these events to virtual formats. This included the Compliance Week event which ran successfully over two days with around 1,000 delegates and 50 speakers.

The critical nature of much of the data and information services provided by the Risk & Compliance businesses meant that this element of the revenue was largely unaffected by Covid-19. Business development activities have been impacted by restrictions on face-to-face meetings and this could impact new business in the short term. Renewal rates and pricing have not been materially affected and this should provide resilience in the short and medium term.

Looking out further, we are confident in Risk & Compliance's ability to recover from Covid-19 impacts. The clients that the division serves are based primarily in the financial services and insurance industries. Whilst these will be impacted by general recessionary pressures, they are unlikely to be drastically affected in the way that other industries are. We believe that the services the division provides will remain at least as relevant for their clients in the future. There may be some reduction in demand for face-to-face training and events, but the division is very well placed to benefit from these changes and investments such as the digital hub should improve the competitive positioning in this regard.

Trading performance

With Covid-19 impacting the last quarter of the year the Risk & Compliance division performed well with revenue only 2% down on both an absolute and organic basis against what was a strong prior year performance.

Within this total the Compliance businesses' revenue declined by 3% on an absolute and organic basis. In the main Compliance business ICA, revenue fell by 4% on an organic basis. Before the impacts of Covid-19 ICA was on track to deliver low single figure growth on what was a very strong prior year performance, with good growth in the UK business offset by declines in Asia Pacific and the Middle East due to a delay in changes to regulations and the difficult political and economic conditions respectively. This growth was overshadowed by the loss of in-house programmes in the last quarter due to Covid-19. However the move to online training resulted in cost savings from reduced travel, venue and trainer costs meaning there was no impact on profit.

The Asia ICA business was placed under new leadership in the year and there has been a new funding structure introduced in Singapore which means that compliance accreditations are now 95% funded directly by the Government, so we are expecting this region to perform well next year. This view is supported by the level of registrations already seen which means that we enter FY21 with a higher level of booked revenue than twelve months ago.

Following the cessation of face-to-face training due to Covid-19 the business moved swiftly to convert all training programmes to virtual equivalents, an acceleration of the shift towards online training which had already started in the last few years. ICA's first fully virtual postgraduate diploma was launched in June and has seen a solid uptake with a more international reach and accessible timetable. ICA's face-to-face conference which was due to be held in Q4 has been converted into the 'Big Compliance Festival', a rolling programme of virtual events to take place over the next twelve months.

The Other Compliance businesses performed reasonably with revenue down by 1%. The decline came due to the required conversion to virtual of Compliance Week's mid-May flagship annual conference. Aside from this Covid-19 impact, Compliance Week performed well following the launch of its new online platform and a revised pricing strategy. The wealth management business delivered good mid-single digit growth. It launched a new website and ecommerce solution in May this year and has moved to online delivery of all UK and international programmes in response to Covid-19. Pendragon, our pensions regulation business was not immediately impacted by Covid-19 and delivered solid single digit growth.

The Risk businesses overall reported a 1% increase in revenue. On a constant currency basis revenue was flat. Axco, our insurance information business delivered low single digit growth offset by a decline in revenue in Inese, our Spanish insurance industry company.

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In Axco the impacts of consolidation within the insurance sector were offset by pricing improvements. Axco's existing revenue was not immediately impacted by Covid-19 and where possible research trips have been converted to virtual meetings, generating travel cost savings. A new data platform in Axco, was launched in January 2020. During the year Axco also launched an enhanced regulatory alert system.

Inese's revenue was impacted by Covid-19 with some face-to-face events not being appropriate for digital conversion. However the closure of the Barcelona office at the start of the year and the cost savings driven by the move to online training resulted in operating profit which was up slightly year-on-year. We announced at the half year that we had engaged advisors to identify potential purchasers for the business. That process has been delayed by Covid-19 but is still ongoing.

Overall in Risk & Compliance, divisional operating profit was up 1% in absolute terms to £12.8m (2019: £12.7m). On an organic basis the operating profit was flat as the reduction of revenue was offset by cost savings driven by the switch to online training and events and reduced travel in the Risk businesses. Operating margin was slightly higher at 31% (2019: 30%).

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Healthcare

Revenue	2020	2019	Absolute variance %	Organic variance %
European Healthcare	27.9	29.0	(4%)	(4%)
US Healthcare	6.1	9.7	(38%)	(39%)
Other Information businesses	7.0	7.6	(7%)	(7%)
Total	41.0	46.3	(11%)	(12%)
Operating profit	3.3	7.3	(56%)	(56%)
Margin %	8%	16%		

Business model and markets

Wilmington offers a wide range of products and services through its Healthcare businesses predominantly around the provision of market and customer intelligence. Wilmington's Healthcare division combines these information assets with complementary products that provide similar services to a number of other communities including charities and not for profit organisations. In addition the division runs networking events, primarily in the US market and offers a small amount of online training.

The core of the data supplied by the Healthcare division comes primarily from publicly available sources. The value generated by our services is based around its collation, verification, combination with other complementary data sources and then its ease of presentation and usage. In some areas we provide proprietary analysis of the data and editorial comment which constitutes our own intellectual property.

Wilmington's European Healthcare businesses operate mainly in the UK and France. One of their core products is the provision of deep insight information on practitioners, facilities and treatments in the UK and French health sector markets that enable suppliers into those markets, including pharmaceutical companies, to understand and connect better with their customers. The majority of this revenue is earned through sales of discrete packages of data or through subscription services for the ongoing provision of information. Additionally, in the UK we publish the Health Service Journal ('HSJ'), the leading online publication in the UK for healthcare leaders, with revenue generated through providing subscriptions to NHS foundation trusts, Clinical Commissioning Groups and suppliers to the NHS. Associated with that we organise networking and training events including the flagship HSJ Awards. These events are typically funded by supplier sponsorship although this is sometimes augmented by delegate charges. We also provide a suite of online learning courses that familiarise UK industry participants with the complexities of the National Health Service.

The US Healthcare businesses are distinct from our other Healthcare assets in that they are predominantly events based with only a small proportion of revenue earned from data. They serve the US healthcare/health insurance markets and to a lesser extent the US financial and legal service communities. The prime brand is the RISE series of events that address the Medicare and Medicaid markets and is attended by health plans, physician groups and solution partners, for which the flagship event is RISE National which normally takes place in Nashville in March each year. Revenue from the US events is generated from both sponsorship and delegate sales.

The Other Information businesses consist of a portfolio of data products including charity fund-raising information, and marketing data suppression tools. They include services that are used by organisations to help prevent identify fraud. Revenue is traditionally earned through subscription to the relevant data feed.

Covid-19 response

The healthcare industry has, of course, been profoundly impacted by Covid-19, with the immediate industry response being to focus resources on addressing the pandemic challenges and to pause all other non-emergency treatment. Interest in our healthcare news services in the UK and France increased significantly during the period and we moved all Covid-19 related content in front of paywalls during the early part of the crisis to ensure maximum availability of information. Throughout the pandemic, we have kept healthcare leaders and key workers on the front line up to date with the latest developments and insight, significantly increasing brand awareness for our flagship HSJ and APM News products. The healthcare industry is starting to return to some semblance of normality following the initial response. This is resulting in a return to marketing activities by our pharmaceutical clients.

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The main immediate impact of Covid-19 on the Healthcare division has been on networking events revenue. This has particularly impacted our US Healthcare business which generates the majority of its income from events and was not able to hold RISE National in late March, eventually running it as a very successful but smaller virtual event at the end of June. In total twelve US events were successfully moved online in the last quarter whilst in the UK the decision was taken to postpone the 3 events due to run until later in the calendar year.

Encouragingly there has been only a limited impact on data and information services in Healthcare due to Covid-19. The APM brand in France has fared well during the pandemic due to its impressive coverage of health stories and data, and its position as a point of reference for the French healthcare market has been strengthened. In the UK, sales of subscriptions and ongoing data analysis has continued reasonably unaffected. There was a brief hiatus in sales of one-off cuts of data in the early stages of lockdown as pharmaceutical companies deferred marketing plans and launches. These are starting to return as the NHS returns to more normal operations.

Going forward we see that the market for our products and services will recover as the pandemic recedes. Our clients, whilst impacted by the situation, will generally be expected to come through it reasonably strongly and they will continue to require the services that we provide in the future. Indeed, arguably data and information become more important and valuable in challenging times and we are well placed to support that requirement. Clearly we need to be mindful of both sponsor and delegate demand for face-to-face events over the medium term. However the fundamental needs that drove that business in the past remain, namely the need for sponsors to interact with prospective clients to drive business development activities; and for practitioners to meet each other to debate and learn about industry developments and best practice. With our unique blend of face-to-face and digital capabilities we are very well placed to develop solutions that meet those requirements whilst being sensitive to any concerns over face-to-face interaction.

Trading performance

Overall revenue for the Healthcare division declined 11% to £41.0m (2019: £46.3m) or 12% on a constant currency basis. Around half of the decline was due to being unable to hold the RISE National event in March 2020.

Within the division, European Healthcare saw a 4% decline which was fully attributable to Covid-19 causing a reduction in events revenue in the year. Revenue from other products and services was flat year-on-year.

APM, our French healthcare business, delivered 6% organic growth which was driven by both its core products and the recently launched APMi product.

After a difficult couple of years, the UK Healthcare business was on track before the onset of Covid-19 to deliver low single digit organic revenue growth for the year. The growth was predominantly driven from the sales of Specialist Share Data (SSD) and by strong mailing fulfilment, postage sales and increased digital sales. Following the impact of lockdown on the Q4 events revenue and the reduction in demand for one-off data cuts, the business ultimately reported a 6% decline in full year revenue. In May we launched the Quantis Covid tracker product which enables clients to understand the impact of Covid-19 on patient waiting times, admissions and treatment pathways. This helps them engage with relevant stakeholders in the NHS and has been well received by the market.

The US Healthcare events business, FRA, was also on track to deliver a very strong year as demonstrated by the 20% organic growth announced at the half year. In the US there have been major changes in the Medicare industry, the particular focus of the business, and this is driving positive underlying opportunities. However, 18 planned face-to-face events were impacted by Covid-19 in the latter part of the year. Of these, twelve, including RISE National, were converted into virtual events albeit with a significant revenue reduction. The impact from this resulted in full year revenue declining 39% at constant currency, with the second half down 59% year-on-year.

The Other Information businesses saw a continued slow decline in their legacy portfolio, particularly in revenue associated with physical mailings, but increases in revenues from new services in genealogy and preventing identity fraud continue to grow to partially offset this long term decline. This reduction was compounded by the impact of Covid-19 on events and physical mailing products which were suspended in April and May but have since been resumed. The business benefited in the year from the renewal of access to the wills and probate data that underpin many of its data services.

Operating profit in the Healthcare division decreased 56% in absolute and organic terms to £3.3m (2019: £7.3m). The operating margin declined to 8% (2019: 16%). This decline reflected the lost revenue which was associated with only minor venue related cost savings as most other costs in this division are essentially fixed.

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Professional

	2020	2019	Absolute variance %	Organic variance %
Revenue	30.3	33.8	(10%)	(10%)
Operating profit	2.9	5.8	(50%)	(50%)
Margin %	10%	17%		

Business model and market

The Professional division predominantly provides training for professionals employed in three target communities: accountants in practice and in business; individuals involved in the legal system, including lawyers; and investment bankers. It runs a mix of face-to-face, online and blended learning for these communities. It provides training at various levels including inducting new joiners to the investment banking industry, providing continuing professional development for existing qualified lawyers and accountants and, in the case of the legal profession, helping them train their clients for interaction with the legal system. Additionally it provides technical support to accountancy firms which enables them to keep abreast of technical developments and changes in tax law, as well as supporting them to promote the services they then offer to their clients.

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

Around half the revenue in the Professional division is earned through clients subscribing for ongoing training support and other related activities over a period of time (usually twelve months), with the rest through one-off course attendance fees. Courses are typically single or half day events, and content is a mix of owned and third-party intellectual property. Courses are delivered either by in-house experts or by a network of independent tutors who are paid per course that they deliver.

Before the impact of Covid-19 the Accountancy market was growing, however this was somewhat offset by the continued consolidation of smaller firms, some Brexit uncertainty and relatively a stable backdrop in terms of tax legislation and accounting standards. The investment banking market remains competitive, however recent investment in technology had improved our offering in this area. The legal market remains mixed with the demand for Law for Lawyers products continuing to suffer from changing CPD requirements. In contrast the Law for Non-Lawyers market was strong with good demand for existing products as well as successful launches of new training courses.

Covid-19 response

The Professional division typically derives the majority of its revenue from delivering face-to-face training sessions for its three target communities. The inability to provide these due to Covid-19 has had a detrimental impact on revenue in Q4. Impressive efforts have been made, and continue to be made, by each of the businesses to convert this training to a virtual format, and some industry areas which have historically been resistant to virtual delivery have adapted well to this. However it has not been possible to translate all areas of training into an online equivalent either due to the nature of the topics, or to demand pausing, for example with witness familiarisation training which has largely been put on hold due to courts remaining closed.

Longer term it is difficult to assess the potential impact of Covid-19 on the markets which the Professional division serves. Whilst there will continue to be an underlying demand for the professions served (accountancy, legal and investment banking), they are likely to suffer recessionary pressures which potentially temporarily reduce the numbers of professionals employed, and hence *require training*. *Equally there is potential for consolidation amongst small accountancy and legal practices which could reduce the number of available firms subscribing for membership type models, albeit those remaining will be larger.* However, ultimately the professionals employed will still require continuing professional development, and the volume of regulations is only likely to increase which will drive an increased demand which we are well placed to serve. With likely future demand for different models in terms of face-to-face and online we are well positioned to capture further share from the market that does develop.

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Trading performance

Overall revenue for the Professional division was down 10% at £30.3m (2019: £33.8m) on both an absolute and organic basis. Professional has the highest proportion of its revenue generated by training of any of the divisions and the nature of this training has in some areas made it more difficult to convert to an online format in response to Covid-19.

Before Covid-19, following a tough prior year in which three separate businesses were integrated into a single nationwide programme of products, the Accountancy business had stabilised and was showing positive signs. In Accountancy Covid-19 has impacted both face-to-face training and the file reviews provided for accountancy practices which are traditionally performed on site at the client's offices. In response, the Accountancy business worked quickly to launch Mercia LIVE, a virtual classroom to deliver training. This successfully mitigated some of the revenue reduction, although full year Accountancy revenue still declined by 7% year-on-year. Savings on venues, travel and trainer costs, through the conversion to online and the consolidation of regional face-to-face sessions into a single online event significantly mitigated the profit impact. Towards the end of the year the Accountancy business was registered as a supporting provider under the Government's apprenticeship scheme and the business is progressing a number of opportunities in relation to this.

Within Legal, Bond Solon, the Law for Non-Lawyers business, experienced significant Covid-19 impacts in what would otherwise have been a strong year. Prior to Covid-19, Bond Solon delivered 100% face-to-face training. Where possible training in Q4 was converted to online and in some areas was very successful, with expert witnesses for example taking the opportunity to complete regulatory training during lockdown. However, the sensitive nature of some training meant that conversion online was not possible for all courses. In addition, the closure of courts due to Covid-19 meant that the majority of witness familiarisation training was put on hold in Q4. Bond Solon launched two new Covid-19 related training courses in May which were well received.

The well documented decline in CPD training for lawyers continued and was exacerbated by Covid-19. This resulted in a 25% year-on-year revenue decline. Following our announcement in February 2020 that the Law for Lawyers business would be subject to a strategic review the decision has been made to close the vast majority of CLT England by 31 August 2020, options are being considered for CLT Scotland which remains profitable.

AMT, the investment banking business, relies on traditional face-to-face training for its revenue, albeit often augmented by online learning delivered through our Group-wide Totara eLearning platform. A significant proportion of its revenue is derived from the summer graduate and intern induction programmes delivered in Q1 each financial year. These had already happened by the time of Covid-19 and hence there was only a small revenue reduction in the year. AMT is working with its customers to determine how these training programmes will be delivered this summer with many of them opting for a virtual format over a longer time period.

Overall divisional operating profit decreased 50% on an absolute and organic basis to £2.9m (2019: £5.8m) driven by the fall in revenue. There were direct cost savings as a result of the decrease in revenue but these were partially offset by a one-off £0.8m cost in Accountancy to upgrade business and CRM systems to effect the integration of the business. The operating margin fell to 10% (2019: 17%).

Unallocated central overheads

Unallocated central overheads represent Board costs and head office salaries as well as other centrally incurred costs not recharged to the businesses. These were essentially flat at £4.3m (2019: £4.1m).

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Key performance indicators/operational measures

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

Throughout the Annual Report there is reference to certain of the metrics set out below, which serve as alternative performance measures. Where adjusted measures are used in the report they are clearly presented and specifically used to provide a balanced view of the Group and its performance. The Directors believe that these measures can be useful to readers where they present relevant information on future or past performance and equivalent information cannot be sufficiently presented through the use of financial measures defined under IFRS.

Organic revenue growth

Organic revenue growth is calculated by adjusting the revenue change achieved year-on-year to exclude the impact of changes in foreign currency exchange rates and also to exclude the impact of changes in the portfolio from acquisitions and disposals. This measure is used as it gives a comparable assessment of the underlying growth of the business and of its sustainability. It also allows the Board to assess whether action is needed on other aspects of the Group such as the cost base. In the year to 30 June 2020 the Group experienced an organic revenue reduction of 8% (2019: increased 1.5%). However, this overall result reflects the significant impact of Covid-19 on the final quarter, causing a year-on-year decline which offset the organic growth achieved in the first three quarters of the year.

Adjusted profit before tax

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

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

The Group policy on adjusting items and the calculation of adjusted PBT are set out respectively in notes 1 and 2 of the financial statements. In the year ended 30 June 2020, adjusted PBT decreased by 39% to £11.9m (2019: £19.3m) reflecting the impact of Covid-19 on trading in the final quarter.

Adjusted earnings per share

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

For the year ended 30 June 2020, adjusted earnings per share decreased by 39% to 10.71p per share (2019: 17.44p). The decrease reflects the decrease in adjusted profit as discussed above. The underlying tax rate and number of ordinary shares were essentially unchanged.

Cash conversion

Cash conversion represents the operating cash flow for the year as a percentage of adjusted operating profit before interest and amortisation. This measure is used as an indicator of successful stewardship of cash resources as well as corroboration of the quality of the operating profits compared to the associated cash flow. Cash conversion for the year ended 30 June 2020 was 189% (2019: 123%), although year-on-year comparison of the percentages has been impacted by adoption of IFRS 16 and delayed payments of UK VAT and payroll tax of £5.7m, agreed with HMRC in response to the Covid-19 pandemic. With these adjusted for, the comparable cash conversion this year would be 133%. The delayed payments to HMRC will unwind during the year ended 30 June 2021 however the Group projects it will retain a strong balance sheet and significant headroom in respect of its banking facilities throughout this period.

Free cash flow¹

Free cash flow is an important indicator of resources available for payment of the equity dividend and for support of our growth strategy. Free cash flow, which is calculated after deduction from operating cash flow of capital expenditure, payment of corporation tax and payment of interest, decreased by 16% to £14.3m (2019: £17.0m). Accordingly, the Group continues to assess its position closely in respect of investing activities and the resumption of a cash return to shareholders through its dividend policy.

¹ Free cash flow – see note 27 to the financial statements

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Adjusted EBITA margin ('return on sales')

Adjusted EBITA margin or return on sales ('ROS') is defined as adjusted EBITA (see note 2) expressed as a percentage of revenue. This is a measure of efficiency, it reflects the mix of revenue streams and business units, and the stage of the investment cycle. During the year ended 30 June 2020 ROS was 12.4% compared to 17.5% in the prior year. Despite successful mitigating actions achieved in some areas, the ROS reduction reflects the fact that there was only a partial offset of the Covid-19-driven fall in revenue. This was due to the rapid onset of the crisis and limited opportunity for comprehensive savings initiatives to be implemented before the year end.

Return on equity ('ROE')

ROE is defined as the adjusted profit before tax (see note 2) divided by the average equity attributable to owners of the parent¹. ROE was 27.5% for the year to 30 June 2020, compared to 46.9% in the prior year. ROE adjusted to remove all impairment of goodwill and intangible assets since 30 June 2016 from equity was 17.0% for the year to 30 June 2020, compared to 28.5% in the prior year. The decrease seen in the year is in line with the shortfall in adjusted profit before tax as explained above. When making investment decisions we typically seek to achieve ROE of at least 30.0% pre-tax.

Consistent and sustainable revenue streams

The Group continues to focus on a portfolio of assets based in key professional markets, with the emphasis on providing data, information, education and networking to these markets. The Group's ambition to secure robust and sustainable revenue streams has resulted in the development of a dynamic product portfolio, often sold on annual subscription, which includes:

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

Subscriptions and repeatable revenue represented 73% of Group revenue compared to 77% in the prior year. This decrease does not reflect a long term trend but was caused by the impact of Covid-19 on some of our key products within our repeatable revenue streams. Within this total, subscription and membership revenue accounted for 38% (2019: 36%) of Group revenue with the balance a mixture of revenue from annual events (albeit lower this year due to the cessation of face-to-face events during the pandemic) and revenue from customers who have a history of repeat purchase although not necessarily supported by formal multi-year contracts.

At a divisional level we have a number of measures

The key performance indicators ('KPIs') maintained at a divisional level are specific to the performance of each business within the respective divisions. These KPIs form the framework for monitoring and assessing the ongoing performance of each business, and also drive the strategic planning process at a divisional level. Alongside these business-specific KPIs, we have also developed a series of Group-wide measures in key areas such as sales performance, to facilitate consistent analysis on a Group-wide basis. The strong focus on these bespoke measures allows us to rapidly identify adverse effects of challenges in specific markets and mitigate risks to secure organic revenue growth and further enhance the resilience of the portfolio.

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

Case Study

Adapting in the face of a global pandemic: Mercia Live

Developing dynamic virtual alternatives to our traditional face-to-face products has been an integral part of the Group's response to the challenges presented by the Covid-19 pandemic. The implementation of safeguarding measures and restrictions to comply with social distancing requirements caused immediate disruption to the businesses that traditionally delivered their products face to face.

However, this disruption drove innovation in many of our businesses and has acted as an accelerant to our digital plans. As set out in our strategy, we have placed increasing focus on technological investment to facilitate the digitisation of our product portfolio. The unprecedented events of 2020 served to demonstrate that this enhanced technological infrastructure has been crucial to our rapid and innovative response to the volatility. A pertinent example of this innovation was the rapid development of a new product 'Mercia Live' by the team in our Accountancy training business. This development saw the business transition from delivering training on an almost exclusively face-to-face basis to 100% digital delivery in the space of three months.

What is Mercia Live?

Mercia Live is an interactive virtual classroom solution developed and launched by Mercia within just a few days of the UK entering the initial phase of lockdown. It is a brand-new product which has completely transformed the way Mercia deliver training courses to their clients. The team has adapted its traditional face-to-face products whilst demonstrating a continued commitment to supporting customers by delivering high quality live virtual training courses and workshops.

A rapid and agile response by the Mercia team meant that in the first week following the launch of Mercia Live, 33 virtual classrooms were hosted. Since then there have been approximately 30 virtual classroom courses running each week, with attendance rates continuing to grow. This has not only helped to mitigate the threat to business continuity caused by the pandemic but has accelerated the transition to a new model of training for the future.

What is next for Mercia Live?

Following the successful launch of Mercia Live, the business now has a strong foundation on which to expand its digital product portfolio and continue to adapt and respond to the needs of its customers in the ever changing business environment. Not only have enhanced digital capabilities made the product viable, but they have ensured that Mercia Live sessions are just as engaging and informative as their face-to-face counterparts, as reflected in the overwhelmingly positive feedback from attendees.

The transition to virtual classrooms is reflected in the 2021 training programme calendar, enabling customers to continue to benefit from Mercia's highly trusted course content with an enhanced degree of flexibility. For example, in addition to the new three hour virtual training sessions offered as part of the programme, one hour update sessions in the early mornings and late evenings will also be available to customers in order to accommodate existing commitments during traditional working hours.

A team effort

The successful launch of Mercia Live is a true testament to the resilience, dedication and commitment of the entire Mercia team. They have responded to challenging circumstances with a dynamic and innovative new product offering, whilst simultaneously adapting to the rapid change in their own working environments. This innovation and creativity demonstrated by the team is a clear illustration of their commitment to deliver high quality training and support to the accountancy profession, and echoes Mercia's motto, *"Your Training Your Way"*.

Client testimonials

"The first course I have attended virtually. I was so impressed with the high standard and it evidenced a quick transition into the new way of working."

"It's really useful to be able to keep ourselves up to date, especially in these particularly difficult times. Thank you to all at the Mercia team for making this possible."

"Really impressed with the content of the course and the delivery."

"The virtual classroom is an ideal alternative to face-to-face seminars, I really like it."

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Stakeholder engagement

Section 172 Companies Act 2006

The 2018 UK Corporate Governance Code highlights the importance of Section 172 of the Companies Act 2006, requiring Directors to act in a way that promotes the success of the Company for the benefit of shareholders whilst simultaneously showing regard for the interest of its other stakeholders.

In discharging their Section 172 duties, the Directors of the Group are required to have regard, among other matters, to the: likely consequences of any decisions in the long term; interests of the Company's employees; need to foster the Company's business relationships with suppliers, customers and others; impact of the Company's operations on the community and environment; desirability of the Company maintaining a reputation for high standards of business conduct; and need to act fairly between members of the Company.

By considering the Company's core values alongside its strategic priorities, and by having a robust decision-making process in place, the Board aims to make sure that its decisions consistently reflect Wilmington's culture of openness and transparency. By understanding the key stakeholder groups, the Board can factor the impact on each of these groups into their decision-making process. Further details on this process can be found in the Corporate Governance Report on pages 50 to 56.

Details of the methods used to engage with each of our key stakeholders are set out below.

Stakeholder	How we engage	Further detail
Our people	Employee engagement surveys Global employee town halls Dynamic intranet information portal Bespoke performance development review process	Sustainability report – pages 29-32
Shareholders	Investor roadshows Analyst briefing sessions AGM One-on-one engagements and conference calls	Corporate Governance Report – pages 50-56
Customers	Customer Advisory Groups ('CAGs') Strong and accessible communication channels Product feedback surveys	Strategy - pages 14-17
Suppliers	Strong and accessible communication channels Clear policy guidelines on portfolio websites	Strategy - pages 14-17
Communities and the environment	Local charity support initiatives GHG reporting and improvement initiatives	Sustainability report – pages 29-32

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Sustainability report

Making a positive impact

Sustainable business growth is a key component of our strategy. Our ambition to secure long term viability and sustainable growth drives progress against the four areas of operational excellence set out in our business model. This section of the report aims to demonstrate our commitment to this ambition, and specifically focusses on how we are delivering positive outcomes for our people, the wider community, and the environment.

People

More than ever, the response to the challenges we faced in 2020 demonstrated that the adaptability, creativity, and motivation of our people is critical to the Group's success. This has reinforced our commitment to promoting a culture that supports all colleagues to continue to develop, achieve their full potential, and enjoy their time at work. At the heart of this commitment are four key areas of focus: Employee voice, Wellbeing, Training and Development, and Diversity and Inclusion.

Employee voice

Employee engagement is vital to our success. By helping people to recognise their purpose, high levels of engagement drives motivation and fosters a culture that aligns individual actions to shared goals and values. Therefore, we recognise that it is crucial to create an environment in which employee voice is valued, and the infrastructure for that voice to be heard is effective. Great progress has been made during the year to develop this infrastructure and to enhance it so that we can begin to embed a culture of strong engagement and of accountability among decision makers to respond in a dynamic way. This progress is outlined below.

Method of engagement	Value and insight	Progress made in 2020
Employee town halls	Employee town halls are an effective tool for the Senior Leadership Team to communicate directly with the workforce, and to encourage meaningful conversations and challenge at all levels.	After joining Wilmington in July 2019, our CEO, Mark Milner, ran an extensive series of employee town halls to meet every member of the Company in small groups, and to champion a culture of two-way communication between the workforce and senior management. These have been succeeded by the establishment of regular whole Company town halls, to provide the workforce with updates on Company news and to report on and explain decisions made by the Board.
Engagement surveys	Bespoke employee engagement surveys play a crucial role in giving employees a voice to articulate the issues that impact them the most. This allows senior leaders to harness feedback on both positive and negative aspects of the working environment and allows them to respond in a targeted and effective way.	A new employee survey platform was commissioned in 2019 and two employee engagement surveys have been run during the year, yielding participation rates of 91% and 96% respectively. This not only represents an increase during the year but indicates that almost every member of the workforce valued the opportunity to make their voice known. This exceptional level of participation has given management reassurance that their decision-making process is closely aligned to the priorities of the workforce, as articulated by their responses to the survey.
Dynamic intranet site	Our intranet provides a central portal for access to valuable resources that are always available to the entire global workforce. It also has interactive functionality to allow employees to communicate with each other, actively engage with content, and provide a space for collaboration.	The communications team have continued to enhance the capabilities of our Company intranet and in doing so have developed an agile and dynamic site which hosts a huge range of resources to help keep our people well informed about changes around the business. It also provides a valuable global forum for communication between colleagues to offer support and share best practice.

Wellbeing

We believe that wellbeing initiatives are a core component in achieving the full potential of our people. When our employees are healthy, happy, and motivated we know that they are best placed to achieve positive outcomes and to drive the innovation, creativity and dedication that fuels sustainable business growth. During the year we have significantly enhanced the portfolio of resources that support wellbeing across our workforce.

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Initiative	How it promotes wellbeing
Global employee assistance programme	This new initiative promotes a culture that encourages our people to seek help and advice if they or their families are experiencing challenges that are compromising their wellbeing. The programme is designed to provide a valuable resource accessible to all members of Wilmington, and in its initial phase offers the following benefits to every employee across the Group: • Local telephone helplines providing expert-led support 24 hours a day, 365 days a year in local languages • Access to psychologists and counsellors who can support in areas such as family and relationship problems, stress, work issues, emotional distress, major life events, healthcare concerns, and financial and legal concerns • Up to six sessions of scheduled counselling delivered via video/phone • Provision of these services for employees and their immediate family members
Wellbeing during lockdown	During the rapid and unprecedented transition to home working during the Covid-19 pandemic, we responded immediately with a toolkit for employees to manage the change and reduce the risk that it would have a negative impact on wellbeing. Through the intranet we ran a varied and well-attended series of virtual activities such as mental health awareness training, yoga sessions, and practical advice to help individuals adapt to their new working environments.
Digital GP	This service provides UK employees with 24/7 access to digital medical services, making it easier than ever for our people to look after their health. The flexibility it offers means it can be used on the go at any time, encouraging individuals to prioritise their wellbeing in a way that fits around their existing commitments.
Mental health awareness	We take a holistic approach to wellbeing in the workplace, and therefore place equal importance on promoting good physical and mental health amongst our people. Our commitment to improving mental health awareness has been demonstrated in the year by our engagement with events such as World Mental Health Day and Stress Awareness Month, to help educate our teams and to foster a culture of openness around the issue. To continue to embed this culture, we have launched a programme of 'Mental Health First Aider' training, designed to equip individuals across all parts of our business with skills to support those struggling with mental health challenges. This training will take place in the new financial year, with the first cohort being prepared to begin their roles in the first half.

Training and development

We seek to echo the ambition of our training businesses within our own workforce, by looking for new and engaging ways to develop individuals and teams. As outlined in our strategy, we recognise the need for continued development and upskilling of our teams in order to drive progress against our four areas of operational excellence. During the year we have rolled out training in a range of areas to support this progress, as outlined below.

Opportunity	Progress during the year
Promoting strong leadership	A key element of successfully retaining talent and developing people is to ensure that they are supported by strong leaders. In recognition of that we have created a suite of leadership training tools to equip our leaders to harness the full potential of their teams. These tools include: • Managers training programme - 43 managers completed the 4 module course during the year, joining an alumni of 65 • 'Managers' Toolkit' – dedicated intranet site providing resources to help managers navigate the challenges of supporting their teams • 'Leaders lounge' - intranet site developed specifically to guide managers through the uncertainty of the Covid-19 pandemic and consequent transition to remote working. This provided mentoring on how to keep teams positively engaged and promote wellbeing through the uncertainty.
Sales and marketing academies	As set out in our strategic objectives we continue to drive operational excellence in sales and marketing, demonstrated by our commitment to developing the talent of our colleagues in this area. The new sales academy launched in the year was developed in line with our vision to accelerate outstanding sales performance and grow our business, whilst simultaneously motivating and inspiring our sales professionals. The programme equips them with the skills they need to succeed, deliver top performance, maximise their potential, and grow their careers. Despite disruption to the original timetable caused by the Covid-19 pandemic, we remain on track to deliver these training programmes to more individuals in the new financial year, and to continue to reap the benefits of achieving best practice.
Apprenticeships	We continue to invest in new talent through our apprenticeships. Alongside the development of existing apprentices throughout the business, we have enrolled a further ten during the year. These individuals are enrolled in a wide range of disciplines, reflecting our commitment to establish a diverse and sustainable workforce across our locations.

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Mentorship Programme	Following its launch in 2019, our Mentorship Programme has now been rolled out to the whole business and provides a platform for individuals to connect with and learn from more experienced employees. The selection process for the programme ensures that individuals are matched with a mentor whose skillset and experience is relevant and specific to their own developmental aspirations.
Key skills development opportunities	We have a dedicated catalogue of resources to facilitate the provision of key skills training to all employees across the business. The ethos upheld by our learning and development team is one of collaboration and flexibility, meaning they work with teams to understand specific learning needs and desired behavioural changes and outcomes, before working to create bespoke solutions.

Diversity and inclusion

We seek to employ a workforce that reflects the diversity of our customers and the communities we engage with. We also seek to create an environment in which every member of our workforce helps to foster a culture of equality, diversity and inclusion. As set out in our equal opportunities policy we are committed to ensuring that all of our workplaces are free from discrimination on the grounds of age, disability, gender reassignment, marriage and civil partnership, race, religion or belief, sex and sexual orientation.

With reference to the long-standing commitment outlined in this policy, we recognise that there is always more to do as we strive to achieve best practice in this area and demonstrate that there is zero tolerance of any form of discrimination at Wilmington. Following the heightened urgency to make progress in this area, triggered by the Black Lives Matter movement, we wanted to take greater action to hold ourselves accountable. In response we launched a Global Diversity and Inclusion Working Group, which includes representatives from all of our locations globally and is united by a focus on three core objectives:

- to create a safe environment for open discussion;
- to ensure we achieve sustainable positive change; and
- to enable a global conversation representing all perspectives around equality, diversity, and inclusion.

The initial activities of the working group will be to engage with all colleagues through a global survey, which will gather a detailed understanding of the perspectives and priorities of the workforce. The data gathered will subsequently be used to form the diversity and inclusion action plan, to be implemented by the dedicated working group.

Community

We recognise that we can create opportunities to add value to the wider community by fostering partnerships outside our organisation and by leveraging our own capabilities for the benefit of others. Whilst the geographical spread of our offices is wide, our teams share a strong commitment to support their local communities. Alongside an array of activities throughout the year to support specific community challenges, we have continued to foster partnerships with charities that can benefit from the industry insight and expertise held by our people.

Across our teams in the UK there was a shared focus on supporting food banks as local communities struggled to meet demand with increased pressure on resources. We also continued to support our chosen charity partners, KidsOut and The Whitechapel Mission, through volunteering and fundraising initiatives. In the US our offices ran campaigns to support their local communities with children's gift giving initiatives during their seasonal holidays.

The unique industry insight and expertise demonstrated by different businesses within our portfolio has created opportunities for them to provide valuable support to associated charities within these industries. Key examples of this are the support given by our Healthcare division to the 'NHS Charities Together' initiative, and the work that Axco performs as a founding member of the UK division of the 'Insurance Industry Charitable Foundation'.

Environment

We recognise the need to commit to environmentally responsible operations as part of our commitment to creating a healthy planet for our people, our partners and our local communities to prosper. Our biggest direct impacts on the planet come from resource use and emissions from our offices, and from travel. Therefore we continue to focus on transitioning to sustainable materials and methodologies to reduce this impact as far as possible. The significant reduction in office use and travel by our entire global workforce during the Covid-19 pandemic has provided an unexpected opportunity for us to identify more actions that can help to reduce our environmental impact as we adapt to the changes and establish new ways of working.

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Environmental policies

Meet or exceed the requirements of current environmental legislation that relates to the Group

Minimise energy and water usage in our buildings and vehicles and minimise waste

Apply the principles of continuous improvement in respect of air, water, noise and light pollution from our premises, and reduce any impacts from our operations on the environment and local community

As far as possible, purchase products and services that do the least damage to the environment and encourage others to do the same

Ensure environmental and energy performance issues are considered in the acquisition, refurbishment, design, location and use of buildings

Assess the environmental impact of any new processes or products we intend to introduce in advance

Ensure understanding of our environmental policy and set and monitor KPIs for our environmental performance annually

Resource use

Paper

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

Production: at mills with ISO 14001 accreditation and Environmental Management System ('EMS') registration.

Printers

Supplier standards: major print suppliers are ISO14001 certified or work to this as minimum. The Forest Stewardship Council is recommended for the Endorsement of Forest Certification. All our printers work digitally facilitating reduced transport, courier and energy utilising activities.

Packaging

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

Responsible and effective working practice

Continued investment in our technological and data capabilities has had a significant impact on our ability to work in innovative ways resulting in reduced environmental impact. The capabilities we now have to operate remotely whilst maintaining strong personal connections and high product quality has significantly reduced the environmental footprint from travel by our workforce and our customers. As we continue to digitise many of our products, our customers are reaping the benefits of more efficient access to training, data and insight, whilst simultaneously reducing their own impact on the environment as a result. Similarly, this transition to digital reduces the need for traditional print-based material, thus reducing resource use in production and distribution.

Energy and carbon reporting

The group is committed to monitoring, reporting on, and reducing its environmental impact in relation to energy consumption. In line with the Streamlined Energy and Carbon Reporting (SECR) legislation, the Group has monitored and reported on its energy use and related Scope 1 and 2 Greenhouse Gas (GHG) emissions, in addition to Scope 3 indirect emissions.

	30 June 2020 (tonnes of CO ₂ e)	30 June 2019 (tonnes of CO ₂ e)	Improvement in the year
Global carbon footprint assessment			
Emissions from:			
Scope 1 – direct emissions	69	77	10.4%
Scope 2 – indirect emissions	240	300	20.0%
Total scope 1 and 2 emissions	309	377	18.0%
CO ₂ ratio (tonnes of per employee)	0.36	0.46	21.7%
Scope 3 – other indirect emissions	18	23	21.7%
Total (all scopes 1, 2 and 3)	327	400	18.3%

Methodology

Wilmington's GHG emissions were calculated with the assistance of a specialist third-party provider using activity data from the Group's management accounting system (verified by third-party supplier invoicing), and emission factors from Defra's Conversion Factors for Company Reporting 2020 (and overseas equivalents) for converting energy usage to carbon dioxide equivalent ('CO₂e') emissions. The Group has followed the 2013 UK Government environmental reporting guidance which was developed based on the GHG Protocol Corporate Accounting and Reporting Standard. The analysis has used an operational control approach.

Scope 1 activity includes site gas, company car travel and refrigerants. Scope 2 activity includes electricity generation, and Scope 3 includes purchased electricity transmission and distribution.

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

Action taken

As the group continues to modernise its working environments, it remains committed to implementing change that will reduce energy consumption and associated emissions. The most significant source of emissions for the group is electricity consumption, and therefore during the year it has implemented innovative solutions in its offices, for example installation of automatic lighting sensors, and clearly communicated to employees on action they can take to improve the efficiency of resource use at any one time.

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Finance review

Overview

Despite the challenges of the Covid-19 pandemic faced in the last quarter of the year, the overall performance of the Group has been strong. The business has demonstrated its resilience, delivering profit in all four quarters of the year including Q4 during which we were unable to hold any face-to-face training or networking events. We entered the Covid-19 crisis with a strong balance sheet and have generated £6.2m cash in the year, albeit aided by delaying payments to HMRC and cancelling the interim dividend.

Looking forward, to ensure we are prepared to face our worst case Covid-19 scenarios we have renegotiated our banking covenants and put in place an additional £15.0m facility through the Government's Coronavirus Large Business Interruption Scheme ('CLBILS'). We do not anticipate needing to use the CLBILS facility, but the extra headroom it provides gives us the confidence to continue to develop the business in the knowledge that we can manage even if circumstances deteriorate.

Change in accounting policies – IFRS 16 Leases

From 1 July 2019 the Group has adopted the new lease accounting standard IFRS 16 which has resulted in leases being recognised on the balance sheet. Wilmington has opted to apply the modified retrospective approach to adoption meaning the prior year comparators have not been adjusted. On transition right of use assets of £11.0m were recognised, along with a corresponding £12.6m lease liability. In the current year adoption of this standard has had immaterial impacts on profit before tax, adjusted EBITA and adjusted PBT. The commentary below identifies the impact of the changes. See note 28 for a full reconciliation.

Adjusting items, measures and adjusted results

In this financial review reference is made to adjusted results as well as the equivalent statutory measures. Adjusted results, in the opinion of the Directors, can provide additional relevant information on our future or past performance where equivalent information cannot be presented using financial measures under IFRS. Adjusted results exclude adjusting items, gain on sale of subsidiaries and amortisation of intangible assets (excluding computer software).

	2020	2019	Absolute variance		Organic variance
	£'m	£'m	£'m	%	%
Revenue	113.1	122.5	(9.5)	(8%)	(8%)
Adjusted EBITA	14.0	21.5	(7.4)	(35%)	(35%)
Margin %	12.4	17.6			

Variances described as 'organic' are calculated using constant currencies. There were no acquisitions or disposals affecting either the financial year or the comparative period.

Revenue

In the year ended 30 June 2020 revenue decreased by 8% or £9.5m on both an absolute and organic basis to £113.1m (2019: £122.5m) which represented a positive first nine months of the financial year masked by the impacts of Covid-19 on the final quarter. The Group's major non-Sterling revenues are in US Dollars and Euros. During the year there were only small movements in these rates therefore there were not large differences between our absolute and constant currency positions.

Within revenue, the Data and Information revenue streams, which represented 51% of the Group's revenue in FY20 (2019: 47%), were not materially impacted by Covid-19 and grew 2% in the year. This revenue stream is the one that has the highest proportion of subscription type revenues and renewal rates remained reasonable in the last quarter of the year.

The next largest revenue stream, Training, which represented 39% of the Group's revenue (2019: 39%) was impacted by the inability to hold face-to-face training for the last quarter of the year and as a result fell by 8% compared to the prior year as demand for certain types of training, particularly single and half day events, decreased due to lockdown. This decrease was mitigated by the Group's ability to successfully transition almost all face-to-face training to virtual equivalents.

Networking, which is typically our smallest revenue stream and, in the year, represented 10% of total revenue (2019: 14%), was the most impacted by Covid-19 and revenue in this area fell year-on-year by 36%. Frustratingly, the Covid-19 lockdown coincided with the peak season for Networking events. These had to be cancelled, including RISE National, traditionally the Group's largest event, which was due to be held at the end of March 2020. This was converted to a successful virtual event held in June which helped mitigate some of the lost revenue.

The Covid-19 pandemic accelerated our existing plans to digitise our products, meaning that in the final quarter of the year we operated as a fully digital business. Overall across the year 43% (2019: 30%) of our training revenues were derived from digital learning.

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The portion of our revenue which is generated in the UK increased slightly to 58% (2019: 57%) the small increase was due to our large US networking event RISE National not taking place and a shift in the mix of ICA's revenue with the UK growing and Asia Pacific declining in the year.

Operating expenses before adjusting items, amortisation and impairment

Operating expenses before adjusting items, amortisation of intangible assets (excluding computer software) and impairment, were £99.0m (2019: £101.1m) down 2.0% or £2.0m.

Within operating expenses, non-staff costs fell £3.6m to £45.7m (2019: £49.3m). Direct costs made up £3.5m of this decrease, being both the direct cost savings associated with the lost revenue in the final quarter of the year, and savings in direct costs driven by the virtual delivery of previously face-to-face training and events, including venue, travel and trainer costs. The remaining £0.1m reduction reflects the benefit of £1.4m received from various Covid-19 related government schemes implemented to protect jobs, mainly in the US and the UK, offset by a £0.6m increase to bad debt provision and a £0.8m write off of system integration costs in the Accountancy business.

Staff costs increased by £1.6m to £53.3m (2019: £51.8m). Salary inflation accounted for £1.0m of this increase, additionally share based payment costs increased £0.5m in the year due to revised vesting assumptions in the prior year which resulted in that year's charge being abnormally low. Investments in new staff in the year, primarily in the Compliance businesses, totalled £1.1m and this was offset by a year-on-year saving of £1.0m in relation to discretionary staff bonuses and sales commission payments. The Group's full time equivalent ('FTE') headcount at 30 June 2020 was 892 compared to 860 at 30 June 2019. The addition of 32 FTEs reflects the investment in new staff discussed above. Since the period end, recognising that the effects of Covid-19 are likely to extend well into the first half of the new financial year we have undertaken restructuring activities at a number of businesses across the Group. These have regrettably resulted in around 40 staff members being made redundant which is expected to deliver a net £1.3m saving in the new financial year.

Adjusted operating profit ('adjusted EBITA')

As a result of these changes in revenue and operating expenses, adjusted EBITA was down £7.4m (34.6%) to £14.0m (2019: £21.5m). Adjusted operating margin (adjusted EBITA expressed as a percentage of revenue) also decreased to 12.4% (2019: 17.6%).

Amortisation excluding computer software

Amortisation of intangible assets (excluding computer software) was £4.8m, compared to £5.0m in the previous year. The small decrease reflects certain historic assets being fully amortised part way through the prior year.

Adjusting items within operating expenses

Adjusting items in operating expenses are those items that in the opinion of the Directors are one-off in nature and which do not represent the ongoing trading performance of the business. In the year adjusting items within operating expenses were £0.6m (2019: £1.4m) and related to acquisition and disposal activity. Deferred consideration relating to Evantage and Interactive Medica which were both settled in the financial year accounted for £0.4m with the remaining £0.2m of cost relating to the strategic reviews of Inese and CLT.

Operating profit ('EBITA')

After the various adjusting items detailed above, plus a £1.9m prior year benefit relating to the sale of ICP which was not repeated in the current year, operating profit was down £8.3m at £8.6m (2019: £16.9m).

Net finance costs

Net finance costs increased by £0.1m to £2.2m (2019: £2.1m), within this interest payable on bank loans and overdrafts fell £0.3m due to lower average debt balances across the year. This was offset by the new lease accounting standard, IFRS 16, increasing finance costs by £0.3m, and by a £0.1m increase in loan arrangement fees due to the £15.0m additional CLBILS facility we have entered into.

Profit before taxation

After finance costs, profit before tax was £6.4m (2019: £14.7m). Adjusted profit before tax was down 38.6% to £11.9m (2019: £19.3m).

Taxation

The tax charge in the year was £1.8m compared to £3.5m in the prior year. The fall was driven by the decrease in profit before tax. The overall effective tax rate¹ increased to 27.4% from 23.9% due to the relatively higher adjusting items relating to acquisitions and disposals which are not deductible for tax purposes.

The underlying tax rate² which ignores the tax effects of adjusting items remained flat at 20.9% (2019: 20.9%).

¹ The effective tax rate is calculated as the total tax charge divided by profit before tax

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

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Earnings per share

Adjusted basic earnings per share decreased by 38.6% to 10.71p (2019: 17.44p), owing to the decrease in adjusted profit before tax and a flat underlying tax rate on an essentially unchanged number of issued ordinary shares. Basic earnings per share was 5.33p compared to 12.74p in 2019 due to the decrease in profit after tax.

Balance Sheet

Non-current assets

Goodwill increased by £0.3m from £77.5m to £77.9m due to fluctuations in foreign exchange rates.

Intangible assets decreased by £3.5m from £23.2m to £19.7m due to amortisation of £6.9m, which was partly offset by additions of £3.3m within computer software reflecting the strategy to invest in the existing businesses to drive organic growth. Additions included significant investments in an upgrade to the Axco data platform and the new ecommerce website in the wealth management business. Internally generated assets accounted for £0.8m of additions (2019: £0.6m).

Property, plant and equipment fell £0.9m to £5.1m from £6.0m twelve months previous. Adoption of IFRS 16 caused £0.3m of this decrease, with the amount being reclassified to right of use assets. The remaining £0.6m fall was due to depreciation of £1.1m being only partially offset by additions of £0.5m.

Right of use assets of £11.8m relate to the Group's property leases following the adoption of IFRS 16. As permitted by the standard the prior year figures have not been updated.

Deferred consideration receivable

Following the disposal of ICP in July 2018, the Group recognised £2.2m of deferred consideration receivable, which represents the net present value of the gross amount of £2.7m which will be paid over five years. The receipt of the first £0.2m of consideration was offset by a £0.2m unwind of the discount to give a closing balance of £2.2m. The unwind of the remaining £0.3m discount will continue to be recognised as a credit to net finance costs over the next three years.

Trade and other receivables

Trade and other receivables were down £3.6m at £25.5m (2019: £29.1m). Within this, trade receivables decreased £2.3m due to decreased billings in the final quarter of the year. Additionally we increased the bad debt provision in the period by £0.6m to reflect the current economic uncertainties and the resulting extra credit risk. Prepayments and other receivables fell £1.3m due to a change in the billing schedule of large supplier contracts from annual to quarterly and the shift of Q1 FY21 events to later in the year.

Current tax asset / liabilities

At 30 June 2020 the Group recognised an asset relating to current tax of £1.3m (2019: £0.3m liability). A change in the year to how large companies pay corporation tax in the UK accelerates payment of around half the tax liability from after the financial year end to in-year. This combined with a number of territories delivering lower profit in the last quarter of the year than expected due to Covid-19 has resulted in a net overpayment position.

Trade and other payables

Trade and other payables increased by £1.3m from £57.2m to £58.5m. Within this subscriptions and deferred revenue increased by £0.7m or 2.2% to £31.5m (2019: £30.8m), with trade and other payables increasing £0.7m to £27.0m (2019: £26.4m).

This increase in subscriptions and deferred revenue was driven by the delay to planned events from Q4, which has meant that we are holding more prepayments from event sponsors or delegates than we normally have at this time. We expect these credits to be used progressively over the next year. Adjusting for this, underlying deferred revenue decreased by 6% due to the absence of sales for events normally expected to be held over the summer or into the autumn for which we would usually have started billing sponsors and delegates.

The increase in trade and other payables was caused by £5.7m of UK VAT and payroll tax payments in Q4 being delayed with agreement from HMRC as a prudent response to the Covid-19 pandemic. These payments will be regularised by the end of Q3 of the current financial year. This increase was offset by a fall in normal trade payables and accruals driven by cost savings implemented in the last quarter of the year to reflect the lower levels of business activity in the face of the pandemic and a £1.6m reclassification of rent free period accruals from trade payables to right of use asset under the IFRS 16 transition.

Lease liabilities

Lease liabilities of £13.1m relate to the Group's property leases following the adoption of IFRS 16. As permitted by the standard the prior year figures have not been restated.

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Net debt and cash flow

Net debt, which includes cash and cash equivalents, bank loans (excluding capitalised loan arrangement fees) and bank overdrafts, was £27.7m (2019: £33.9m). Cash generation of £6.2m compared to £5.7m in the prior year was a result of lower operating profit offset by a favourable working capital movement and the interim dividend not being paid. The favourable working capital movement was driven primarily by the previously discussed delay in settling VAT and payroll taxes.

As a result of the above, cash conversion for the year ended 30 June 2020 was an exceptional 189% (2019: 123%). As well as the impact of the abnormal working capital position, year-on-year comparison of the percentages is impacted by adoption of IFRS 16. With both these items adjusted for, the comparable cash conversion this year would be 133%.

Derivative financial instruments

The Group is exposed to foreign exchange risks, liquidity and capital risks and credit risks. The Group has policies that mitigate these risks which include the use of derivative products such as forwards and swaps subject to Board approval. The Group uses interest rate swap contracts to mitigate part of the interest rate volatility risk. These swaps have resulted in a liability of £0.1m (2019: £0.2m) at 30 June 2020. The Group's existing interest rate swaps expired in July 2020 and new swaps were entered into in the same month to reflect the timelines associated with the new banking facilities entered into in July 2019. Full details of the new swaps can be found on page 133.

On 1 July 2020 the Group entered into a number of foreign currency transactions to mitigate possible exchange rate fluctuations on its 2020/21 financial results. \$9.0m USD were sold forward to mature during the 2020/2021 financial year at an average rate of \$1.24.

Share capital

During the year 64,350 new ordinary shares of £0.05 were issued in settlement of shares vesting under the Group's Performance Share Plan. This resulted in an increase to the number of ordinary shares outstanding at 30 June 2020 to 87,603,917 (2019: 87,539,567).

In the year the Wilmington Group plc Employee Share Ownership Trust purchased 200,000 ordinary shares for the purpose of settling employee share schemes. At 30 June 2020 it held 200,000 shares (2019: nil).

Richard Amos
Chief Financial Officer
16 September 2020

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Risks and uncertainties facing the business

Identifying and managing our risks

Responsibility for the Group's system of risk management and internal controls ultimately lies with the Board. Risk identification, assessment and management is a key aspect of the Group's internal control environment and risk management is recognised as an integral element of the Group's operating activities.

The Board is also responsible for determining the Group's appetite for risk, and the acceptable level of risk that can be taken on by the Group and its individual operating entities, when assessing its strategic objectives ('Wilmington risk appetite'). The Board sets and clearly communicates its local risk appetite to the business leaders responsible for executing their activities in various locations across the global portfolio. The guidelines set in response to the Group's risk appetite are complemented by the Wilmington Code of Conduct, Anti-Bribery and Corruption ('ABC') and Modern Slavery guidelines, other Group policies, and in accordance with delegated authority limits. The Group's Risk Assessment covers a three year period, as is consistent with the period of assessment used in its strategic planning process and viability review. The appropriateness of maintaining a three year assessment period in the context of the current economic environment and the disruption caused by the Covid-19 pandemic has been considered in the Going concern and viability statement on pages 45 to 47.

The Wilmington Executive Committee coordinates and facilitates the risk assessment process on behalf of the Board. The Executive Committee (comprising the Chief Executive Officer, Heads of Group Functions and the Chief Financial Officer) reports directly to the Board using a combination of structured formal interviews, monthly operational updates, site visits, 'bottom up' reporting and registers (the 'Risk Assessment'). The Risk Assessment covers both external and internal factors and the potential impact and likelihood of those risks occurring. Twice per annum the Audit Committee discusses the report received from the external auditors regarding their audit, which includes comments on their findings on internal control and risks.

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

As well as assessing ongoing risks the Executive Committee considers how the business could be affected by any emerging risks over the long term. Emerging risks are those which may develop but have a greater uncertainty attached to them. Twice per annum Managing Directors and Heads of Group Functions are asked to highlight any new or emerging new risks, these are then reported to the Audit Committee and monitored on an ongoing basis.

Our risk assessment process provides a clear framework for identifying and managing risk, both at an operational and strategic level, and has been designed to be appropriate to the ever changing environments in which we operate.

The following chart summarises our business risk management structure.

Board	Review and confirmation Review and confirmation by the Board with input from the Audit Committee
Audit Committee	Process Risks and mitigation reviewed by the Audit Committee after validation and assessment by the Executive Committee
Executive Committee	Ongoing review and control There is ongoing review of the risks and the controls in place to mitigate these risks Review and assessment The Heads of Group Functions and MDs identify the key risks and develop mitigation actions The Executive Committee consolidates the businesses, functional and group risks to compile the Group's key risks

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Roles and responsibilities

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

1. Board

Responsibilities

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

2. Audit Committee

Responsibilities

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

Actions

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

3. Executive Committee

Responsibilities

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

Actions

- Review of risk management and assurance activities and processes
- Monthly/quarterly finance and performance reviews
- Review key risks and mitigation plans
- Review the three year strategic plan
- Review results of assurance activities
- Escalate key risks to the Board

4. Heads of the Group Functions and MDs of businesses

Responsibilities

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

Actions

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

Wilmington risk appetite

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

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

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

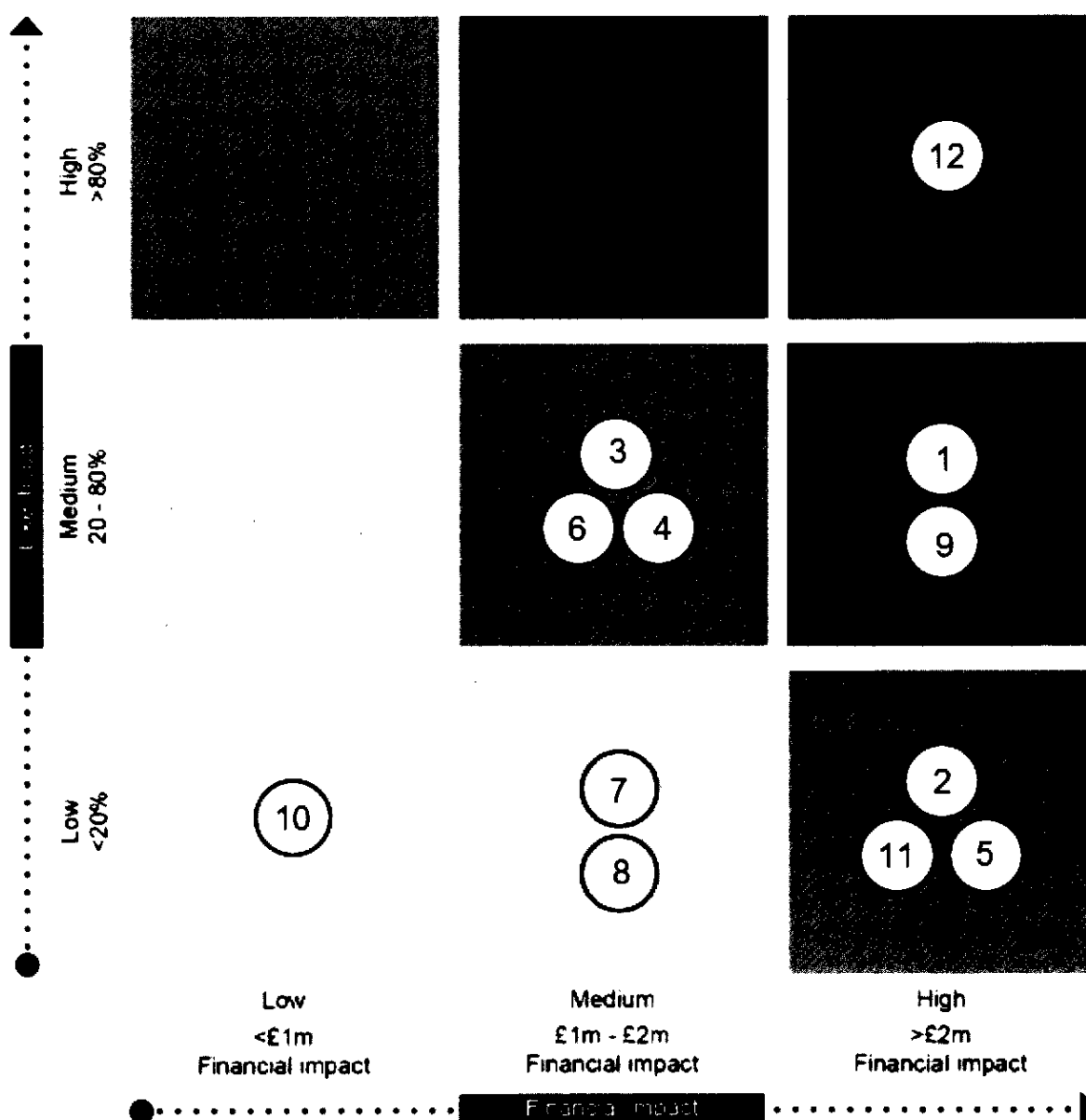
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Principal risks

The Directors have carried out an assessment in the year to 30 June 2020 of the principal risks facing the Group – including those that would threaten its business model, future performance, solvency or reputation. The twelve key risks and uncertainties relating to the Group's operations, along with their potential impact and the mitigations in place, are set out below. There may be other risks and uncertainties besides those listed below which may also adversely affect the Group and its performance. More detail can be found in the Audit Committee Report on pages 57 to 59.

As part of their assessment, the Directors reviewed the principal risks in the context of their potential impact on the Group's ability to achieve its strategic objectives as set out on pages 14 to 17. Each risk is mapped to the area(s) of operational excellence that would be the most heavily disrupted in the event of it manifesting. This mapping is set out within the risk assessment on pages 40 to 44, denoted by the following initials: Product (PR), Sales and Marketing (SA), Technology and Data (TE), and People (PE).

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



1. Market and innovation
2. Lack of changes to regulations and legislation
3. People
4. Intellectual property rights infringement
5. Failure or significant interruption to IT systems causing disruption to client service
6. Technology and speed of change
7. Remoteness of operations and globalisation
8. Dependency on key data sources
9. Major incidents
10. IR35 tax reforms
11. Reputational risk
12. Covid-19

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Summary of principal risks

KEY RISK 1:

Market and innovation

Area(s) of operational excellence: PR / SA

Change since 2019: Same risk (NB: in 2019 this risk was named 'Lack of organic growth')

Description

The specialist markets we serve are highly competitive, these markets experience growth, decline, consolidation and disruption which change customer needs and preferences.

These factors combined mean that if we do not continually innovate and invest in our business we will not deliver the organic growth required to maintain acceptable margins and best in class returns over the long term.

Mitigation

Product management is one of the four areas of operational excellence that the business is focussing on to drive progress against its strategic objectives as outlined on page 16.

In the prior year a New Product Development ('NPD') framework was implemented managed by the newly formed Investment Committee. The framework is designed to i) encourage more innovation and investment opportunities ii) develop more governance and rigour around internal investment and iii) to act as a starting point for post-investment appraisal.

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

A number of initiatives have already been brought to market and there are currently five new products under development through this framework.

Within the product development framework, we have implemented a methodology which involves stripping back requirements to the 'minimum viable product' which serves the fundamental needs of our customers and then adopting 'customer advisory groups' to learn what additional features would be of value to our customers. This process allows us to move away from 'big-bang' product launches with long gaps between each release towards a series of iterative roll-outs.

Our ability to react swiftly to our customers' needs has been demonstrated by our ability to convert much of our face-to-face training and events to virtual equivalents in response to the Covid-19 crisis.

KEY RISK 2:

Lack of changes to regulations and legislation

Area(s) of operational excellence: PR / SA

Change since 2019: Same risk

Description

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

Changes to the regulatory landscape offer opportunities for Wilmington to leverage its knowledge and expertise to assist clients and customers with the change.

A lack of regulatory change would reduce new opportunities for growth and demand for existing products and services.

Mitigation

We actively monitor Government regulatory bodies and relevant committees to ensure that we understand the future landscape. This enables us to position both our existing and new products and services to help better deliver to our clients and customers.

Local plans are updated as part of the internal strategic planning process to enable us to respond quickly to market information and economic trends. Continual monitoring of market conditions and market changes against our Group strategy, supported by the reforecasting and reporting in all of our businesses, is key to our ability to respond rapidly to changes in our operating environment.

We continually seek to increase and diversify the Group's product portfolio by offering more value-added products which are less dependent on changes in regulation. We have sought to increase the variable element of our cost base through actions such as outsourcing venue facilities to allow us to react more flexibly to changes in demand.

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KEY RISK 3:

People

Area(s) of operational excellence: PE

Change since 2019: Same risk (NB: In 2019 this risk was named 'Recruitment and retention of high calibre staff')

Description

The implementation and execution of our strategies and business plans depend on our ability to recruit, motivate and retain skilled employees and management, particularly those with technology and data analytics capabilities.

An inability to recruit, motivate or retain such people could adversely affect our business performance.

Failure to recruit and develop talent regardless of gender, race, national origin or other characteristics could adversely affect our reputation and business performance.

Mitigation

As outlined on page 17 people are one of our four key areas of operational excellence which have been identified as the areas of focus to facilitate progress against our strategic objectives. The wellbeing and development of our people is at the forefront of the way we operate as a business, as outlined in the sustainability report on pages 29 to 32.

The ongoing programme of upgrading office facilities across the Group which started with the London head office and has recently included the Leicester and Birmingham offices has markedly improved the environment in which our employees work.

The Group operates a competitive remuneration package that is enhanced by share plans for certain senior management.

In the prior year the Group introduced a Save As You Earn scheme for UK employees to further align the interests of employees and shareholders.

We have a longstanding commitment to diversity and inclusion, in the year we launched a Global Diversity and Inclusion Working Group, see page 31 for further details.

KEY RISK 4:

Intellectual property rights infringement

Area(s) of operational excellence: PR / SA

Change since 2019: Same risk

Description

Protection of our intellectual property builds competitive advantage by strengthening barriers to entry. Our intangible resources include data, processes, technological know-how, branding and our workforce.

Intellectual property rights are integral to the Group's success.

Mitigation

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

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

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

KEY RISK 5:

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

Area(s) of operational excellence: TE

Change since 2019: Same risk

Description

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

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

Mitigation

With the completion of the migration of our IT infrastructure to a UK based third-party specialist in 2018 we transformed our IT services to improve the experience for our global workforce in 18 offices. A shared hosting facility for our internal systems, giving us Tier 3 and ISO 27001 data centres for extra security and a common disaster recovery position is also in place.

KEY RISK 6:

Technology and speed of change

Area(s) of operational excellence: TE

Change since 2019: Same risk

Description

Digital and technological transformation is now moving at a fast pace across the globe, disrupting value chains and transcending the traditional ways of conducting business. This existing trend has been accelerated by the Covid-19 pandemic.

Digitisation is compelling our clients and customers to revisit their business models increasingly shaped by the digital world. Although digital and technological transformation offers Wilmington boundless possibilities for growth and value creation, it comes with its own set of challenges and risks.

KEY RISK 7:

Remoteness of operations and globalisation

Area(s) of operational excellence: SA

Change since 2019: Same risk

Description

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

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

We have introduced mandatory cyber security training for all staff to increase the awareness of this increasing threat. In addition, our outsourced IT infrastructure partner proactively monitors our network periphery for potential cyber-attacks. We are running further education and simulations of cyber-attacks for staff to further increase awareness and reduce this risk. We have also strengthened our password policy to support this risk mitigation.

Specific back-up and resilience requirements are built into our systems and we are increasingly becoming more cloud based. Our critical infrastructure is set up so far as is reasonably practical to prevent unauthorised access and reduce the likelihood and impact of a successful attack.

Business continuity and disaster recovery plans are in place and are assessed continually to ensure that they cover the residual risks that cannot be mitigated.

During recent years, the Group has outsourced the hosting of all websites improving resilience, efficiency and scalability.

Mitigation

Our NPD process outlined above enables and encourages product innovation throughout our business. This has improved our rate of innovation to deliver 'client centric' products.

We have supplemented our technology organisation with external hires from mature digital organisations to further accelerate our digital and technology transformation. We are actively delivering projects in an "agile" fashion using product management methodologies.

In response to the Covid-19 pandemic we are now able to operate as a fully digital business and we continue to invest in new technology and digital products such as the Digital Hub, explained further on page 17.

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

Mitigation

Control is exercised locally in accordance with the Group's policy of autonomous management. We seek to employ high quality local experts.

The Executive Committee ensures that overall Group strategy is fulfilled through ongoing review of the businesses. The creation of central functions for IT, finance and HR provides a central insight into local operations and allows more central control than would be possible with geographically distributed functions.

We manage currency risk in local operations through maintaining borrowings in local currency to offset currency assets, forward currency contracts (held in the centre) and by matching revenue and costs in the same currency.

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KEY RISK 8:

Dependency on key data sources

Area(s) of operational excellence: SA / PR

Change since 2019: Same risk

Description

Wilmington generates a significant amount of revenue from the sale, or the licensed access to, data. This data is often sourced from third parties who provide to Wilmington either exclusive or non-exclusive licences to use the data.

There could be a significant decrease in the Group's revenue if Wilmington were to lose these licences completely or in the case of exclusive arrangements if we were to lose the exclusive rights.

Mitigation

We monitor key data licence contracts across the business to ensure that all key contracts that are close to expiring are identified as early as possible.

We have close working relationships with the third parties to these contracts and aim to start negotiations to extend the contracts at an early stage to give Wilmington the best possible chance of renegotiating and extending the contracts.

KEY RISK 9:

Major incidents

Area(s) of operational excellence: SA / PE

Change since 2019: Increased risk (NB: In 2019 this risk was named 'Cancellation of key events')

Description

We operate internationally and are exposed to major incidents and global events. These can be caused by extreme weather, natural disasters, major disease outbreak, military action, civil unrest or terrorism.

In most cases, there is relatively little businesses can do to control causes of major incidents. Major incidents have the potential to cause harm and injury to people, venues and facilities and severely interrupt business. Our face-to-face events and training business is particularly vulnerable to this type of risk.

Mitigation

By having a portfolio of events that occur in different locations across the world at different times of the year the Group has reduced the likelihood that the cancellation of a specific event could cause a significant decrease in revenue. However certain events do contribute significantly to revenue and profit and results would be affected if the events were cancelled without replacement and as the Covid-19 pandemic has demonstrated some incidents have the ability to impact multiple locations over a protracted time period.

The Group has the ability to operate almost all of its face-to-face events or training on a virtual basis if necessary.

The Group does not currently maintain insurance cover for such cancellations as it considers the cost to be uneconomical.

KEY RISK 10:

IR35 tax reforms

Area(s) of operational excellence: PE

Change since 2019: Decreased risk

Description

The Group engages with contractors that provide key services to Wilmington. These services include operating as trainers, examiners and invigilators as well as supporting short term development projects.

IR35 is tax legislation by Her Majesty's Revenue and Customs ('HMRC') that is designed to ensure the correct taxation of workers supplying their services to clients via intermediary limited companies.

Historically, the responsibility for determining if an individual should be taxed as an employee (i.e. they are captured by the IR35 legislation) or if they are self-employed lay with the individual. The proposed introduction of the IR35 tax reforms means that the responsibility for making the assessment will now lie with the end user (i.e. with the Group).

The introduction of the IR35 tax reform was delayed one year to April 2021.

Mitigation

An exercise has been carried out to identify all contractors which Wilmington engages.

We are in the process of reviewing the services provided by these contractors and what the correct tax treatment will be following the implementation of the new IR35 legislation. This assessment has been made with the input of external advisors. We are in close communication with all contractors regarding the implications of this.

We have downgraded this risk to reflect the progress which has been made, and due to the extended timeline provided by the Government's delay.

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Non-compliance with the new legislation could result in fines from HMRC and reputational damage to the Group.

If the new legislation increases the taxes that these individuals pay, there is a risk that they will seek employment elsewhere or increase their charges to Wilmington to compensate for the additional taxes that they are incurring.

KEY RISK 11

Reputational risk

Area(s) of operational excellence: SA / PE

Change since 2019: Same Risk

Description

Much of the Group's revenue is generated by training clients in matters of regulation and compliance or by hosting events that debate such topics.

If the Group were to suffer a compliance breach itself then prospective clients may call into question its fitness to provide such training or host such events.

Mitigation

The Board maintains a zero-tolerance approach to non-adherence with laws and regulations. This is clearly communicated to employees and is reinforced through the Company's internal communications.

The Board receives regular updates on changes to applicable legislation and regulation and plans to adopt them across the Group. Examples of this recently have included the work done to implement the new IR35 legislation.

Individual businesses operate under specific independent brands, and this helps mitigate the potential fall-out across the Group of an issue in any specific business.

KEY RISK 12

Covid-19

Area(s) of operational excellence: SA / PE

Change since 2019: New Risk

Description

In March 2020 the World Health Organisation declared Covid-19 a global pandemic. In the short term all face-to-face events and training have been suspended and we are not expecting to substantially resume these activities until January 2021. Where possible the revenue from these events has been protected by being delivered virtually.

In the medium to long term the impact of Covid-19 on global economies is yet to be fully evaluated however it may be significant and prolonged. Economic instability would impact our customers who may choose not to purchase certain products or services therefore impacting business revenues and growth.

Mitigation

The safety and wellbeing of our colleagues and customers has been and continues to be our overriding priority. All parts of the Group are working remotely, with full operational capabilities currently being maintained through the investments in IT infrastructure and digital solutions that the Group has made over the last few years.

Our teams have been working to convert as many face-to-face events and training to virtual equivalents as possible and this has been more successful than originally expected allowing us to minimise the impact.

The Group has a robust balance sheet and retains significant current liquidity however the likely reduction in profitability that the Group could experience as a result of Covid-19 means that gearing covenants could be breached during the year ended 30 June 2021. Accordingly the Board has arranged with its existing debt providers for a temporary relaxation of covenant limits to take account of the Group's most pessimistic scenarios. The new covenant limits can be found on page 121.

To ensure the Group has sufficient facility headroom to deal with the most pessimistic trading scenarios the Board has arranged with its lenders to access £15m of additional facility headroom for twelve months through the Government's Coronavirus Large Business Interruption Scheme ("CLBILS").

Removal of risks

In the June 2019 Annual Report, a key risk relating to 'Competition across the business' was included. This risk has been integrated into the 'Market and Innovation' risk.

The June 2019 Annual Report also included a key risk related to the 'Disruption to the Accountancy Business on the integration of Mercia and SWAT'. This integration has now been successfully completed so this risk has been removed.

Strategic Report – Wilmington plc 30 June 2020

Going concern and viability statement

Assessing the future prospects of the Group is an integral element of the Board's business planning process. This process is driven by the Group's strategic objectives and is closely aligned to the core principles of the value creation model as set out on pages 14 and 15. The planning process includes detailed financial forecasting, regular performance analysis, robust risk management assessment, and continued monitoring of industry trends and wider economic conditions.

The impact of Covid-19 on the economic environment in which the Group is currently operating has prompted the Board to critically assess the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 30 June 2020. It has also placed a strong focus on the impact of Covid-19 when appraising the Group's longer term prospects in the context of the risk assessment used to consider viability.

The Group's financing arrangements consist of an overdraft facility and a revolving credit facility which expires on 3 July 2023 with an option to extend it to 3 October 2024. Additional funding was secured on 7 August 2020 through the Coronavirus Large Business Interruption Loan Scheme. Further details of these facilities and the associated conditions are set out in note 19 to the financial statements.

Going concern

The Group's going concern assessment considered potential disruption to business continuity caused by principal risks and uncertainties, including the impact of the Covid-19 pandemic, as set out on pages 37 to 44. The assessment period used covers the twelve months from the date of approval of the financial statements on 16 September 2020. A threat to business continuity within this period would manifest itself as a breach of the Company's liquidity limits or lack of compliance with its banking covenants.

Assessment process

Management prepared forecasts for the assessment period to provide a 'base case' scenario, considered to reflect the most likely outcome based on detailed analysis of current trading, expected future trends, and potential impact of known risks. The results of this base case scenario modelling demonstrate considerable headroom in relation to liquidity limits and covenant compliance at all relevant testing dates. The subsequent analysis focussed on applying 'reverse stress testing' to the base case to demonstrate the conditions under which a threat to business continuity could materialise.

All scenarios modelled in the stress testing exercise demonstrated that there is significant liquidity headroom throughout the going concern forecast period. Therefore the review has focussed most heavily on banking covenant compliance. Details of the assumptions used in both the base case scenario and stress testing exercise have been outlined below.

The base case incorporates the estimated impact of Covid-19 across the assessment period, supported by the actual trading experience and outcomes since March 2020. The key inputs and assumptions in the base case include:

- face-to-face product delivery will not resume until 1 January 2021 at the earliest;
- return to face-to-face product delivery at lower capacity than historically possible to reflect full compliance with social distancing and safety guidelines and a likely reduced demand for such product delivery;
- reduced renewal rates on subscription products to reflect potential recessionary impact;
- limited growth assumptions on new product sales to reflect potential recessionary impact; and
- ongoing capital expenditure to support new product development and continued digitisation of the product portfolio.

The reverse stress testing exercise demonstrated that there would need to be a significant and sustained drop in the Group's profitability and associated increase in the net debt position to trigger a covenant breach. To determine the likelihood of this scenario occurring, further downside assumptions were applied to the base case as follows:

- cancellation of flagship events and assumed non-viability of conversion to digital alternatives;
- limited uptake of digital alternatives to traditional face-to-face products;
- nil growth within businesses projected to benefit from new product development; and
- more aggressive recessionary impact across the whole product portfolio;

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The application of these downside assumptions reduced headroom against covenant compliance, but still did not trigger a covenant breach. The Board therefore considers it extremely unlikely that a covenant breach would occur within the assessment period. To gain further assurance over this conclusion, it has however considered a range of mitigative actions that could be applied to protect the Group's position as follows:

- reduce controllable costs for example, limiting pay rises and discretionary bonuses, recruitment freezes and travel restrictions;
- optimise working capital by negotiating longer payment terms whilst continuing to pay suppliers in full;
- limit capital expenditure on new product development; and
- implement strategic action in respect of the Group's asset base.

Going concern basis

Based on the assessment performed, together with the performance of the Group to date in the financial year ended 30 June 2021, the Directors consider that the Group has significant headroom in respect of its liquidity and covenants to continue operating for the foreseeable future. This is further supported by the fact that the Group remained profitable in the final quarter of the financial year ended 30 June 2020, despite the significant disruption caused by Covid-19 in that period. Accordingly the Directors have concluded that it was appropriate to adopt the going concern basis in preparing the financial statements.

Viability

In accordance with Provision 31 of the 2018 Corporate Governance Code, the Directors have considered the prospects of the Group over a longer period than the twelve months required under the going concern provision. The Directors have determined that a three year period is an appropriate term over which to provide its viability statement, being consistent with that covered by the Group's strategic planning process.

The appropriateness of this assessment period has been scrutinised in light of the uncertainty caused by Covid-19. Whilst the Directors recognise that the resultant volatility within the wider economic environment could reduce the length of time over which they can reasonably assess the viability of the Group, there are two key justifications for not amending the term.

Firstly, the Group continues to manage its strategic objectives within a three year planning and investment cycle, and therefore continues to assess its growth prospects and the associated risks within this time frame. Secondly, if conditions arose within the assessment period that had not been foreseen as part of the viability review, the Directors consider the business to be sufficiently agile to respond in a way that would mitigate potential unforeseen downside. This agility has been demonstrated across the portfolio in the context of the Covid-19 pandemic to date, both in terms of adapting the product portfolio to protect its core revenue streams, and maintaining operational effectiveness to support product delivery.

Assessment process

The Group's viability assessment has taken account of its current position and the potential impact of the principal risks documented on pages 37 to 44. The review has focussed on the occurrence of severe but plausible scenarios in respect of every principal risk and considered the potential of these scenarios to threaten viability. The financial impact of each scenario was quantified where appropriate, and subsequently mapped to a set of mitigative actions that would be taken to manage the risk. Reference was also made to the stress testing analysis performed under the going concern assessment, illustrating the ability of the Group to manage the impact of severe scenarios on liquidity and covenant headroom.

The outcome of this assessment indicated that the Group's risk management process, control systems, and current risk appetite are sufficiently robust that a comprehensive response strategy could be actioned to protect the prospects of the Group in the event of such scenarios occurring.

On this basis the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the viability assessment period.

Strategic Report – Wilmington plc 30 June 2020

Internal control

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

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

Further details of principal risks are given on pages 37 to 44 and details of financial risks such as interest rate risk, liquidity risk and foreign currency risk are given in the financial statements in note 19.

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

i) Financial reporting

The Board reviewed the Annual Report, together with the preliminary and interim results announcements. The Board also reviews and approves Trading Announcements (as appropriate).

The Board together with the Audit Committee considered the appropriateness of the Group's accounting policies, critical accounting estimates and key judgments. It reviewed accounting papers prepared by management on areas of financial reporting judgment. This included a consideration of the appropriateness of adopting the going concern basis of preparation for the financial statements, and an assessment of the application of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* to the financial statements.

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

ii) Management information systems

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

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

iii) Acquisitions, disposals and treasury

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

Organisations

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

Other matters

The Group has no known issues relating to human rights or modern slavery matters. The welfare of all the Group's stakeholders, including the community, is carefully considered to ensure that such parties are not adversely affected by the Group's actions in the course of its day-to-day business. Further details of the Group's stakeholder engagement processes can be found in the Section 172 Statement on page 28.

The information forming the Strategic Report on pages 2 to 47 was approved and authorised for issue by the Board and signed on their behalf on 16 September 2020.

Richard Amos
Chief Financial Officer
16 September 2020

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Board of Directors

Martin Morgan Chairman

Appointment to the Board: May 2018
Committee membership: Audit Committee, Nomination Committee and Remuneration Committee
Key areas of prior experience: Martin Morgan has over 30 years of media and B2B experience, having spent a large proportion of his career at Daily Mail and General Trust plc ('DMGT'). Martin was Chief Executive of DMG Information and subsequently held the position of Chief Executive of DMGT from 2008 to 2016. He was a Non-Executive Director of Euromoney Institutional Investor plc between 2008 and 2016 and Chairman of Signal Media Limited between 2017 and 2019. He is currently a Non-Executive Director at City of London Investment Trust plc and Chairman of the Advisory Committee of MMC Ventures.

Mark Milner Chief Executive Officer

Appointment to the Board: July 2019
Committee membership: None
Key areas of prior experience: Mark Milner joined Wilmington from the Daily Mail and General Trust plc ('DMGT') where since 2001 he has held a number of senior roles. These include Chief Executive Officer of Landmark Information Group, its property information division, from 2013 to 2018. Prior to this, Mark was Chief Executive Officer of the Digital Property Group, responsible for running its consumer-focussed property portals, PrimeLocation, Findaproperty and Globrix until their merger with Zoopla in 2012. Between 2001 and 2008 Mark held a variety of positions at Associated Northcliffe Digital Ltd, becoming Managing Director of the Specialist Division. Whilst there he was involved in the launch of Mail Online, now the world's most visited English language news site. Mark's early career was spent in commercial and sales roles in the newspaper industry.

Richard Amos Chief Financial Officer and Company Secretary

Appointment to the Board: March 2018
Committee membership: None
Key areas of prior experience: Richard Amos joined the Board on 1 March 2018 becoming Chief Financial Officer on 1 April 2018 and Company Secretary on 17 May 2019. Prior to joining Wilmington, over the previous 18 years, Richard had been CFO at a number of listed and private companies operating primarily in the technology sector. Most recently he was CFO at AIM listed Plant Impact plc and prior to that was Group Finance Director of Anite plc from 2009 until its sale in 2015. He qualified as a Chartered Accountant in 1991 having graduated with an MA in Management Studies and Engineering from Cambridge University in 1988.

Derek Carter Independent Non-Executive Director

Appointment to the Board: December 2011
Committee membership: Audit Committee, Nomination Committee (Chair) and Remuneration Committee
Key areas of prior experience: Derek Carter was previously Chief Executive of Emap Communications for eleven years. He led Emap's growth into a market-leading mixed media business built on powerful information, events and magazine brands and its subsequent sale to Apax/Guardian Media Group in 2008. Derek, who was previously Chairman of Periodical Publishers Association, as well as at DocuGroup, a leading European information business serving the construction sector, is also the Senior Independent Director ('SID').

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Paul Dollman

Independent Non-Executive Director

Appointment to the Board: September 2015

Committee membership: Audit Committee (Chair), Nomination Committee, Remuneration Committee

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

Helen Sachdev

Independent Non-Executive Director

Appointment to the Board: April 2020

Committee membership: Audit Committee, Nomination Committee, Remuneration Committee

Key areas of prior experience: Helen Sachdev is a founding director of the B2B coaching practice WOMBA (Work, Me and the Baby). Helen brings a wealth of experience to Wilmington following a successful blue-chip executive career in retail at Sainsbury's and Tesco, in retail banking with Barclays and in residential property with Marsh & Parsons. She is a Non-Executive Director and Chairman of the Loughborough Building Society and was non-executive director of Communisis plc from June 2018 until its acquisition in December 2018. She is an accredited Ashridge coach and a Fellow of the Chartered Institute of Management Accountants.

Nathalie Schwarz

Independent Non-Executive Director

Appointment to the Board: December 2011

Committee membership: Audit Committee, Nomination Committee and Remuneration Committee (Chair)

Key areas of prior experience: Nathalie Schwarz was formerly the Group Commercial and Corporate Development Director on the Board at Channel 4 Television, and was Strategy and Development Director on the Board of Capital Radio plc. She was non-executive director of Matomy Media, BigHand, Optionis and Amiad Water Systems plc. Nathalie is a qualified corporate finance lawyer having started her career at Clifford Chance specialising in mergers and acquisitions.

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Corporate governance

Chairman's introduction

Responsibility for good governance lies with the Board. As a Board we are committed to maintaining the highest standards of corporate governance and believe that an effective, challenging and diverse Board is essential to enable the Group to deliver its strategy and achieve long term value for its stakeholders. Further information on our strategy and business model can be found in the Strategic Report on pages 14 to 17.

The Board is dedicated to setting the right tone at the top by demonstrating a set of values to our people that enable entrepreneurial and prudent business management, and in turn facilitate sustainable business growth for the Group and its stakeholders. We also recognise that a strong and healthy culture, supported by a robust governance structure, is critical to every successful organisation. We continue to promote a culture of openness and transparency, and endeavour to foster an environment that delivers positive outcomes for all of our people. Significant progress has been made in the year to enhance the resources available to our people enabling them to develop, achieve their full potential and enjoy their time at work. Full details of this progress are set out in the Sustainability Report on pages 29 to 32.

We continue to demand the highest professional standards from all of our people all of the time and to reinforce that we have a Company Standard which is readily accessible to all staff to support their day-to-day decision making. We have a zero tolerance approach to breaches of the Company Standard.

Compliance with the 2018 UK Corporate Governance Code

In July 2018, the Financial Reporting Council ("FRC") published the latest edition of the Code. This included changes which impact the guidance on the independence of Directors, the tenure of the Chair of the Board, Board and Committee composition, workforce and other stakeholder engagement and remuneration. The Code applies for periods beginning on or after 1 January 2019. In the case of Wilmington it became applicable from 1 July 2019 and has been adopted accordingly. The Board has put in place provisions to ensure compliance with the revised Code such that it believes it is in compliance except for the following matters:

- i) The Code introduces changes in relation to Directors' remuneration, a number of which we already incorporate in our Directors' Remuneration Policy such as the application of malus and clawback to variable remuneration. In accordance with the applicable legislation, the Company is required to seek shareholder approval for a new Directors' Remuneration Policy at the 2020 Annual General Meeting. However, the Covid-19 outbreak has had a significant impact on our business and therefore the approach to the renewal of the policy. The Remuneration Committee considers it appropriate not to make significant changes at this stage, but instead introduce a new one year policy only, substantially constructed as a "roll-forward" of the current policy. Our intention is to undertake a more significant and detailed review during the Company's 2020/2021 financial year when there is greater clarity on the future market environment and to consult with shareholders in advance of seeking approval for a revised policy at our 2021 Annual General Meeting. In our approach to formulating the new one-year policy, we have made changes to reflect the updated Code. As this proposed policy is a "roll-forward" policy for one year only it is our intention to review Executive Director pension arrangements further in the detailed policy review which will take place in advance of the 2021 Annual General Meeting and, with that mind, it is intended that this further review would bring the incumbent Executive Director pension arrangements into alignment with those applicable to the majority of the wider workforce.
- ii) The 2018 Code removes the small company exemption that the Company has previously taken to allow the Chairman to be a member of the Audit Committee. The Board, advised by the Nomination Committee, currently believe it is appropriate that the Chairman remains a member of the Audit Committee given the size of Wilmington plc and his experience. This decision will be assessed annually.

Composition and independence

The composition of the Board is currently undergoing change. Helen Sachdev joined the Board as Non-Executive Director and Chair designate of the Remuneration Committee on 29 April 2020.

Derek Carter (Senior Independent Director and Chair of the Nomination Committee) and Nathalie Schwarz (Chair of the Remuneration Committee) will not be seeking re-election at the Annual General Meeting on 4 November 2020 after completion of their full nine year terms as Independent Non-Executive Directors. Nathalie will be replaced as Chair of the Remuneration Committee by Helen Sachdev. Paul Dollman, the current Chair of the Audit Committee will assume the role of Senior Independent Director, and the Board are currently undertaking a recruitment process to replace Derek's other roles on the Board.

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

The Board consisted of a majority of Independent Non-Executive Directors throughout the year. Biographical details of all the current Directors are set out on pages 48 and 49.

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Diversity

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

As at 30 June 2020, the Wilmington Board had two female Non-Executive Directors, Nathalie Schwarz and Helen Sachdev, representing 29% of Board membership. The Executive Committee membership (excluding those that sit on the Board) is split 33% female and 67% male (2019: 33% female and 67% male). The Senior Leadership Team (excluding those that sit on the Board or Executive Committee) is split 50% female and 50% male (2019: 47% female and 53% male). The Group's employees are split 63% female and 37% male (2019: 64% female and 36% male).

Further details on our actions to create an environment in which every member of our workforce helps to foster a culture of equality, diversity and inclusion are set out in the Sustainability Report on pages 29 to 32.

Stakeholder engagement (Section 172 Companies Act 2006)

The Board has always had regard for the potential impact of the Group's activities on its various stakeholders. The key stakeholders of the Group are set out in the Strategic Report on page 28 which also includes information about how the Company engages with them and how the Directors, supported by the wider business, show regard for the matters set out under section 172 of the Companies Act 2006. The Board believes that the Company can only be successful when the interests of these stakeholders are considered, and reflected accordingly in the Company's decision making processes and strategic objectives.

The Board regards it as important to maintain an active dialogue with our shareholders. Further details regarding engagement with shareholders are set out on page 28. The Board receives regular reports from the Executives, the Chairman and from advisors on feedback from shareholder meetings.

Leadership

The Board

The Company is controlled through the Board of Directors which, at 30 June 2020, comprised a Chairman, two Executives and four Non-Executive Directors. Short biographies of each Director are set out on pages 48 and 49. The Board focuses on the formulation of strategy, governance and the establishment of policies, stewardship of resources and review of business performance.

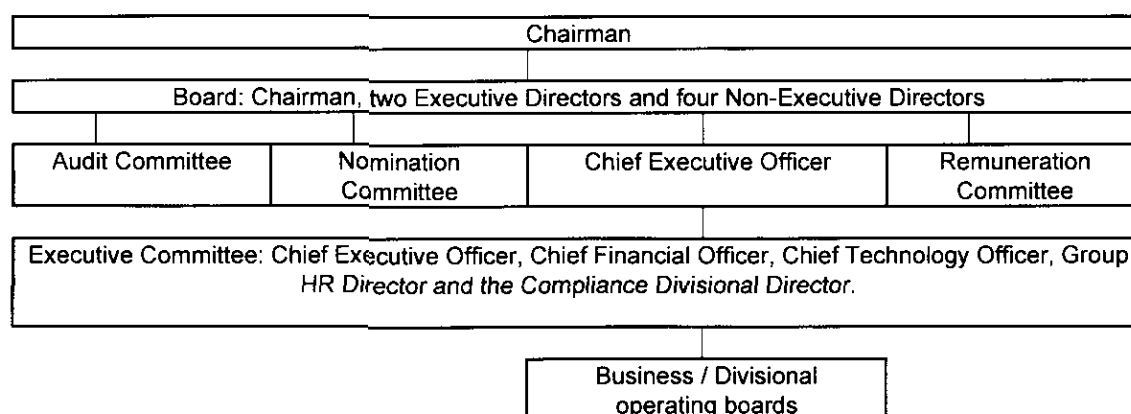
The Board may exercise all the powers of the Company, subject to the Company's Articles of Association (the 'Articles'), the Companies Act 2006 and any directions given by the shareholders by special resolution. The Articles may be amended by a special resolution of the Company's shareholders.

The Board meets as often as necessary to discharge its duties effectively. In the financial year ended 30 June 2020, eight main Board meetings were scheduled and the Directors' attendance record is set out on page 53.

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

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

Governance framework



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Length of tenure of Directors

Number of complete years of service as a Director at 1 July 2020:

Martin Morgan	2 years
Mark Milner	1 year
Richard Amos	2 years
Derek Carter	8 years
Nathalie Schwarz	8 years
Paul Dollman	4 years
Helen Sachdev	-

Balance of Directors

Female	29%	Chairman	14%
Male	71%	Executive	29%
		Independent Non-Executive	57%

The Directors

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

Chairman

Martin Morgan

Executive Directors

Mark Milner

Richard Amos

Independent Non-Executive Directors

Derek Carter (Senior Independent Director)

Nathalie Schwarz

Paul Dollman

Helen Sachdev

Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are held by separate individuals and the Board has clearly defined their responsibilities.

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

Non-Executive Directors

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

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

Senior Independent Director

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

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

Paul Dollman will replace Derek as SID when Derek retires from the Board after the 2020 Annual General Meeting.

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Company Secretary

Richard Amos is the Company Secretary in addition to his role as an Executive Director. He is supported by the Group Head of Legal who operates as Assistant Company Secretary. In his role as Company Secretary, he supports the Board in its operation and ensures that Board processes are followed and good corporate governance standards are maintained. All directors have access to the advice and services of the Company Secretary. The Board recognise the potential conflict in combining the roles of Chief Financial Officer and Company Secretary, but believe it is appropriate for a group of Wilmington's size given the other support available to the Directors.

Effectiveness

Meetings

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

- the strategy of the Group in response to the impact of Covid-19;
- the Group's financial results and key business developments including the recovery plans for the UK Healthcare businesses;
- the output of the Chief Executive Officer's review of the portfolio;
- progress on the two ongoing strategic reviews;
- the identification and appointment of the new Non Executive Director;
- the Group's debt and capital structure including the arrangements for extending the debt facilities;
- dividend policy;
- regulatory and governance issues;
- the development of the Group's people including a six monthly talent review;
- the Group's Risk Register; and
- insurance policy and cover.

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

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

Attendance table

	Main Board meetings attended	Main Board meetings eligible to attend
Martin Morgan (Chairman)	8	8
Mark Milner (Chief Executive Officer)	8	8
Richard Amos (Chief Financial Officer)	8	8
Derek Carter (Non-Executive)	8	8
Nathalie Schwarz (Non-Executive)	8	8
Paul Dollman (Non-Executive)	8	8
Helen Sachdev (Non-Executive)	2	2

Information flow

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

Time commitment

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

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Induction and professional development

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

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

Access to independent advice

Any Director who considers it necessary or appropriate may take independent, professional advice at the Company's expense. None of the Directors sought such advice in the year.

Board evaluation and performance review

Towards the end of the financial year, the Board conducted an internal annual evaluation of its own performance, of each of its sub-committees and of each individual Director. The Board considered the need for external facilitation of this process but decided it was unnecessary at this stage in its development.

The Board evaluation was led by the Chairman. He conducted one-to-one interviews with each of the Directors, and then reported to the Nomination Committee where his findings were considered. The review concluded that the Board, its sub-committees, and each of the Directors continued to be effective. The Board noted that its diversity did not fully reflect the position across the Group and resolved to consider this when making new appointments. It however noted that it had considered this during the recent processes for executive appointments without success.

Nomination Committee

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

The main roles and responsibilities of the Nomination Committee are set out in written terms of reference which are available on the Company's website, www.wilmingtonplc.com/investors/corporate-governance/roles-board. Details of the Nomination Committee's activities can be found in the Nomination Committee Report on pages 60 to 61.

Audit Committee

The Audit Committee is composed of all the Non-Executive Directors including the Chairman. The Audit Committee Chairman is Paul Dollman. The Board considers that Paul has the necessary recent and relevant experience to fulfil the role.

The main roles and responsibilities of the Audit Committee are set out in written terms of reference which are available on the Company's website, www.wilmingtonplc.com/investors/corporate-governance/roles-board. Details of the Audit Committee's policies and activities can be found in the Audit Committee Report on pages 57 and 59.

Remuneration Committee

The Remuneration Committee is chaired by Nathalie Schwarz and consists of all the Non-Executive Directors including the Chairman. It is responsible for recommending to the Board the framework and policy for Executive Directors' remuneration and for setting the remuneration of the Chairman, Executive Directors and senior management. Given the small size of the Board, the Committee recognises the potential for conflicts of interest, and has taken appropriate measures to minimise the risk. The Committee meets at least twice a year, and takes advice from the Chief Executive Officer and external advisors as appropriate. In carrying out its work, the Board itself determines the remuneration of the Non-Executive Directors. The Committee has the power to seek external advice, and to appoint consultants as and when required in respect of the remuneration of Executive Directors.

The main roles and responsibilities of the Remuneration Committee are set out in written terms of reference which are available on the Company's website, www.wilmingtonplc.com/investors/corporate-governance/roles-board. Further details of the Group's policies on remuneration and service contracts can be found in the Directors' Remuneration Report on pages 62 to 65.

Risk management and internal controls

The Board maintains an ongoing process for identifying, evaluating and managing significant risks faced by the Group. The Board regularly reviews this process, which has been in operation from the start of the year to the date of approval of this report. Further details on the key features of the risk management and internal controls can be found in the section on risks and uncertainties facing the business on pages 37 to 44.

Relations with shareholders

Dialogue with institutional shareholders

The Directors seek to build on a mutual understanding of objectives between the Company and its institutional shareholders by means of a programme of meetings with major shareholders, fund managers and analysts each year. The Company also makes presentations to analysts and fund managers following publication of its half-year and full-year results. Copies of the presentations are available on the Company's website, www.wilmingtonplc.com/investors/reports-and-presentations. The Board regularly receives updates on investor relations matters.

The Chairman is available on request to attend meetings with major shareholders. Since his appointment on 1 May 2018, the Chairman attended a number of such meetings. As referred to earlier, the SID is available to shareholders if they have concerns which other contacts have failed to resolve.

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

Constructive use of the Annual General Meeting

The Annual General Meeting will be held on 4 November 2020 and a separate notice convening the meeting is being sent out with this Report and financial statements. Details of resolutions to be proposed and an explanation of the items of special business can be found in the circular that accompanies the notice convening the meeting. Separate votes are held for each proposed resolution.

At the Annual General Meeting in 2019, 14% of votes cast were against the resolution to allow the Directors to dis-apply (in certain circumstances) pre-emption rights. The majority of these votes were cast by one institution who have subsequently confirmed that they have changed their stance with regard to pre-emption rights and no longer have a policy of voting against all such resolutions. Having considered this, and noting that 86% of votes cast last year were in favour of the resolution, the Directors have decided to propose a similar resolution to the Annual General Meeting in 2020.

Normally, all Directors attend the Annual General Meeting at which they have the opportunity to meet with shareholders. After the formal business has been concluded, the Chairman welcomes questions from shareholders. The Board recognises the importance of the Annual General Meeting to the Company's shareholders and would normally welcome the occasion as an opportunity to meet with shareholders and listen and respond to any questions, in person. However, in light of the evolving Covid-19 outbreak, it has been necessary to make some important changes to the way in which we hold and conduct this year's meeting.

In light of the measures taken by the Government to reduce the public health risks the Board considers that it is in the Company's best interests to proceed with this year's Annual General Meeting, but that the meeting will be purely functional in format, focusing on the formal business only. The Board plans that a limited number of Company representatives will attend the Annual General Meeting in person to ensure that a valid meeting is held. In doing so, they will observe all relevant social distancing guidelines.

To ensure the safety of all stakeholders, shareholders will not be permitted to attend the Annual General Meeting in person. Shareholders and guests who travel to the meeting will not be admitted. The notice to the meeting sets out the process that the Directors are implementing whereby shareholders have the opportunity to ask any questions they would normally ask at the Annual General Meeting.

Governance – Wilmington plc 30 June 2020

Substantial shareholdings

As at 3 September 2020, the Company is aware of the following interests amounting to 3.0% or more in the Company's issued ordinary share capital:

	Number of ordinary shares	%
Aberforth Partners LLP	14,588,340	16.65%
Chelverton Asset Management	6,700,000	7.65%
Gresham House Asset Management Limited	5,626,167	7.23%
The Wellcome Trust Limited	4,568,100	5.21%
Ameriprise Financial, Inc.	4,135,755	4.72%
NFU Mutual Insurance Society Limited	3,682,512	4.20%
Artemis Investment Management	3,653,652	4.17%
Brian D Gilbert	2,735,000	3.12%
Odyssean Investment Trust plc	2,634,720	3.01%

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

Martin Morgan

Chairman

16 September 2020

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Audit Committee report

Dear Shareholder

I am pleased to present this year's Audit Committee report. The Committee supports the Board in fulfilling its responsibilities in respect of monitoring the integrity of the Group's reporting process and adherence to the Group's accounting policies and procedures as well as ensuring that risks are carefully identified and assessed; and that sound systems of risk management and internal control are implemented. As the full impact of Covid-19 emerges, the Committee will continue to monitor developments and adapt its approach to best support the Group's stakeholders

Committee membership and meetings

The Audit Committee (the Committee) was in place throughout the financial year and is chaired by Paul Dollman. The Board considers that Paul has the appropriate financial expertise, as required by Principle C3.1 of the UK Corporate Governance Code ('UK Code'), as he is a Chartered Accountant, has held executive roles in financial positions in other companies, including being Group Finance Director of a FTSE 250 company, and chairs another company's audit committee. This year, we were pleased to welcome Helen Sachdev as a member of the Committee in April 2020 on her appointment to the Board.

The UK Code states that the Company Chairman should not be a member of the Audit Committee. However the Committee, in conjunction with the Board, believes that given the size of Wilmington plc and Martin Morgan's extensive, relevant experience that it is appropriate that he remain a member. This decision will be assessed annually.

The Committee meets at least twice during the year and as and when required. Representatives of the external auditor attend each meeting along with the Chief Executive Officer, Chief Financial Officer, the Group Financial Controller and the Director of Group Finance, unless there is a conflict of interest. Other relevant people from the business are also invited to attend certain meetings or parts of meetings to provide a deeper level of insight into certain key issues and developments. Once a year, the Committee meets separately with the external auditors and with management without the other being present.

The Committee held two meetings in the year ended 30 June 2020 and members' attendance at meetings is set out below:

	Committee meetings attended	Committee meetings eligible to attend
Paul Dollman (Chairman)	2	2
Martin Morgan	2	2
Derek Carter	2	2
Nathalie Schwarz	2	2
Helen Sachdev	-	-

Key activities

The key activities of the Audit Committee are as follows:

Financial Reporting

- Monitoring the integrity of the annual and interim financial statements, the accompanying reports to shareholders and corporate governance statements including any significant financial reporting judgements contained in them
- Reporting to the Board the Company's assessment of any new accounting standards
- Providing advice to the Board on whether the Annual Report and financial statements, when taken as a whole, is fair, balanced and understandable and provides all the necessary information for shareholders to assess the Company's performance, business model and strategy

Risk management and internal controls

- In conjunction with the Board reviewing and monitoring the effectiveness of the Group's internal control and risk-management systems, including reviewing the process for identifying, assessing and reporting all key risks. See the risks and uncertainties facing the business on pages 37 to 44
- To oversee the whistle blowing provisions of the Group to ensure that they are operating effectively

External audit

- To make recommendations to the Board in relation to the appointment and removal of the external auditors and to approve their remuneration and terms of engagement
- To review and monitor the external auditor's independence, objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements
- To develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm, and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken

Governance – Wilmington plc 30 June 2020

Internal audit

- To annually assess the internal audit requirements of the Company
- To monitor and review the effectiveness of the Internal Audit function

Activities of the Committee in relation to the year ended 30 June 2020

- Assessed and reported to the Board on whether the Annual Report and Accounts were fair, balanced and understandable
- Reviewed and discussed with the external auditors the key accounting considerations and judgments reflected in the Group's results for the six month period ended 31 December 2019
- Reviewed and agreed the external auditors' audit plan in advance of their audit for the year ended 30 June 2020
- Discussed the report received from the external auditors regarding their audit in respect of the year ended 30 June 2020 which included comments on their findings on internal control and a statement on their independence and objectivity
- Considered key accounting matters and new accounting standards with particular focus on the significant areas below
- Reviewed the Group's whistle blowing policy, ensuring that it met FCA rules and good standards of corporate governance
- Reviewed internal audit report
- Reviewed, together with the Board, the Risk Assessment and Going concern and viability review

Key discussions in the year

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

Key financial and IT controls:

The Committee reviewed the adequacy and appropriateness of the Group's system of controls and its effectiveness with relevant input from the Group's external auditors. The Committee has continued to monitor the Group's emerging risks in relation to technology and the suitability of its technology controls in response to this.

Going concern basis for the financial statements and viability statement:

The Committee reviewed and challenged management's assessment of forecast cash flows including sensitivity to trading and expenditure plans, and for the potential impact of uncertainties including the Covid-19 pandemic. The Committee also considered the Group's financing facilities. Based on this, the Committee confirmed that the application of the going concern basis for the preparation of the financial statements continued to be appropriate and recommended the approval of the viability statement. For further information see pages 45 to 47 of this Annual Report.

Goodwill and intangible asset impairment:

The Committee received reports from management on the carrying value of goodwill and intangible assets, taking into account the expected impact of Covid-19 on these values. The Committee reviewed management's recommendations, which were also considered by the external auditors, including evaluation of the appropriateness of the assumptions applied in determining asset carrying values and the appropriateness of the identification of cash generating units. After review, the Committee was satisfied with the assumptions and judgments applied by management and concluded that the carrying values were appropriate and no impairments were required.

Revenue recognition:

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

Application of IFRS 16:

The Committee considered the transition approach and impact of implementing IFRS 16 'Leases' from 1 July 2019 including the judgements made and the presentation of the impacts. See notes 1 and 28 to the financial statements.

External audit

This year Grant Thornton UK LLP completed their second year as the Group's external auditors. The Audit Committee is responsible for reviewing the independence and objectivity of the external auditors and ensuring this is safeguarded notwithstanding any provision of any other services to the Group.

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

External auditor effectiveness

The Audit Committee carries out each year a full evaluation of the external auditor as to its complete independence from the Group and relevant officers of the Group in all material respects and that it is adequately resourced and technically capable to deliver an objective audit to shareholders. Based on this review the Audit Committee recommends to the Board each year the continuation, or removal and replacement, of the external auditor.

The external auditors report to the Directors and the Audit Committee confirming their independence in accordance with Auditing Standards. In addition to the steps taken by the Board to safeguard auditor objectivity, the Audit Practice Board Ethical Standard 3 requires audit partner rotation every five years for listed companies.

Governance – Wilmington plc 30 June 2020

Non-audit services

The Committee considers that certain non-audit services should be provided by the external auditor, because its existing knowledge of the business makes this the most efficient and effective way for non-audit services to be carried out. The Audit Committee give careful consideration before appointing the auditors to provide other services. The Group regularly use other providers to ensure that independence and full value for money are achieved. Other services are generally limited to work that is closely related to the annual audit or where the work is of such a nature that a detailed understanding of the business is necessary.

In the year the external auditors performed non-audit services totalling £15k which represents 6% of the audit fee. These services were in relation to the interim review. The Audit Committee approved the appointment of Grant Thornton on the basis that it was best placed to provide the services and there was no conflict of interest with its role as external auditor.

Internal Audit

The Group operates a limited internal audit process which performs relevant reviews as part of a programme approved by the Audit Committee. The Committee considers any issues or risks arising from internal audit in order that appropriate actions can be undertaken for their satisfactory resolution.

Approved on behalf of the Audit Committee by:

Paul Dollman

Chairman of the Audit Committee

16 September 2020

Governance – Wilmington plc 30 June 2020

Nomination Committee report

Dear Shareholder

I am pleased to present the Nomination Committee report for the year ended 30 June 2020. This year we have been preparing for the retirement from the Board of myself and Nathalie Schwarz as we will both complete our full nine year term at the end of the forthcoming Annual General Meeting. In recognition of this the Nomination Committee work in the year centred on the appointment of Helen Sachdev as Nathalie's replacement designate. A process to replace myself is currently underway, run by the Company Chairman.

Committee membership and meetings

The Nomination Committee (the 'Committee') is comprised of the Company Chairman and four Independent Non-Executive Directors. The Chief Executive Officer has stood down from the Committee to ensure compliance with best practice, but he does attend Committee meetings by invitation.

The Committee met twice during the year to 30 June 2020 and members' attendance at meetings is set out below:

Attendance table

	Committee meetings attended	Committee meetings eligible to attend
Derek Carter (Chairman)	2	2
Martin Morgan	2	2
Nathalie Schwarz	2	2
Paul Dollman	2	2
Mark Milner	1	1
Helen Sachdev	-	-

Key responsibilities

The key responsibilities of the Committee are to:

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

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

The key matters considered at these meetings were:

i) Board composition

Remuneration Committee Chair

Nathalie Schwarz, who has been a Non-Executive Director and Chair of the Remuneration Committee since December 2011, has decided not to seek re-election at the next Annual General Meeting in November 2020 in accordance with best practice under the UK Corporate Governance Code and will be succeeded by Helen Sachdev.

Nomination Committee Chair

Derek Carter, who has been a Non-Executive Director and Chair of the Nomination Committee since December 2011, has decided not to seek re-election at the next Annual General Meeting in November 2020 in accordance with best practice under the UK Corporate Governance Code. The Nomination Committee has initiated a search for Derek's successor.

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

ii) Board evaluation

Details of the Board and sub-committee evaluation process undertaken in this year are included in the Governance review on page 54. As part of that process the Non-Executive Directors met without the Company Chairman present to evaluate his performance. The review of the Company Chairman's effectiveness was led by the Chair of the Nomination Committee. The review concluded that the Company Chairman had been highly effective in his role.

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iii) Succession planning

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

iv) Other senior management representation

The Committee maintained oversight over various senior management changes that occurred across the Group over the year. Regular updates were received from the executives on the progress of the searches and the plans for dealing with reporting line changes that resulted from certain of the departures.

v) Worker representation

Derek Carter is appointed as the Director responsible for worker representation. The Company Chairman will take on these responsibilities until a replacement for Derek is appointed.

Approved on behalf of the Nomination Committee by:

Derek Carter
Chairman of the Nomination Committee
16 September 2020

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Directors' Remuneration Report

Remuneration Committee Chairman's Annual Statement

Dear Shareholder

On behalf of the Committee, I am pleased to present the Remuneration Report for the period ended 30 June 2020. To reflect the requirements of the remuneration reporting regulations, this Report is presented in two sections: the Directors' Remuneration Policy and the Annual Report on Remuneration.

Directors' Remuneration Policy

The Directors' Remuneration Policy sets out the forward-looking remuneration policy. The Company's most recent Directors' Remuneration Policy was approved at the 2017 Annual General Meeting, with over 99% of votes cast in favour of it, and took effect following the close of that meeting. In accordance with the applicable legislation, the Company is required to seek shareholder approval for a new Directors' Remuneration Policy at the 2020 Annual General Meeting.

The Covid-19 pandemic has had a significant impact on our business and therefore the approach to the renewal of the Policy. The Committee has considered the Investment Association guidance issued in April 2020 and in the current circumstances and in accordance with that guidance, the Committee considers it appropriate not to make significant changes at this stage, but instead introduce a new one year Policy only, substantially based as a "roll-forward" of the current Policy. Our intention is to undertake a more significant and detailed review during the Company's 2020/2021 financial year when there is greater clarity on the future market environment, and to consult with shareholders in advance of seeking approval for a revised Policy at our 2021 Annual General Meeting.

Annual Report on Remuneration

The Annual Report on Remuneration provides details of the amounts earned in respect of the year ended 30 June 2020. The Annual Report on Remuneration is subject to an advisory vote at the next Annual General Meeting due to be held on 4 November 2020.

Business Context and Review of Financial Year ended 30 June 2020

As described in the Strategic Report section of this Annual Report, Wilmington's revenue has decreased by 8% on an organic basis. This represents a positive first three quarters of the year, offset by the impact that the Covid-19 pandemic had on the last quarter of the financial year.

Although we have been unable to run any face-to-face events or training, the conversion to virtual variants has been more successful than originally expected, enabling us to minimise, but not wholly offset, the revenue impact. We have also arranged a reset of covenant limits with our banking facility providers and put in place £15m of additional facility headroom through the Government's Coronavirus Large Business Interruption Scheme ('CLBILS'). The additional headroom this facility will provide is not expected to be required under most anticipated trading scenarios, but the Board believes it to be prudent at this stage to secure the extra headroom in case conditions deteriorate.

The Company has furloughed, and continues to furlough, a small proportion of its staff under the UK Government's Job Retention Scheme. All employees continued to receive 100% of their pay however, the PLC Board Directors all voluntarily agreed to waive 20% of their base salaries during the three-month period from 1 April 2020 to 30 June 2020.

Whilst the Board took the difficult decision to cancel the interim dividend due to be paid on 9 April 2020, and is not recommending a year end dividend we remain committed to a resumption of dividends as soon as trading conditions permit, and will review the need for the CLBILS facility on an ongoing basis with that in mind.

For the year ended 30 June 2020, Mark Milner and Richard Amos were eligible for a maximum bonus of 100% of salary. Based on the performance of the Group in relation to adjusted profit (60%), ROE (20%) and ROS (20%) bonuses earned would have been 20% of maximum, based on ROE performance. However, the profit underpin for the bonus was not met. No bonuses will be paid to the Executive Directors in respect of the financial year ended 30 June 2020.

No awards under the Performance Share Plan were capable of vesting in respect of performance ending 30 June 2020 for the current Executive Directors.

Governance – Wilmington plc 30 June 2020

Summary of our new “roll-forward” Policy, rationale and implementation for the financial year 2020/2021

There have been significant changes to the business since the current Policy was approved in 2017, including the appointment of Mark Milner as Chief Executive Officer in 2019. The Company’s strategy is focussed on generating sustained organic growth and delivering operational excellence through sales and marketing, product management and technology.

In our approach to formulating the new one year Policy, we have incorporated flexibility (similar to that provided in the Policy approved in 2017) in relation to performance measures for variable pay in order to allow these to reflect the current strategic and operational direction of the Group, as well as the evolving Covid-19 pandemic. In addition, consistent with our “roll-forward” approach, we have made changes to reflect corporate governance updates since 2017.

The following table outlines the minor changes to the one year ‘roll-forward’ policy and how the new policy will be implemented for the 2020/2021 financial year.

	2017 Policy	2020 Policy and financial year 2020/2021 operation
Base salary	Set at a market competitive level with any increase normally in line with the level of increase awarded to other employees in the Group.	No change to Policy. No changes to salaries are proposed for financial year 2021, which will therefore remain at: £350,000 in the case of the CEO and £260,673 in the case of the CFO.
Benefits	Benefits are provided in line with market practice.	No change other than the inclusion of a reference to the all-employee SAYE scheme approved by shareholders at the 2018 Annual General Meeting.
Pension	The Company contributes an amount equal to 10% of salary to a pension scheme on behalf of the Executive Directors, and/or as a salary supplement in lieu of pension contributions where appropriate.	In the new Policy, the pension arrangements for a newly appointed Executive Director are aligned with those applicable to the majority of the wider workforce. The majority of the wider workforce currently receives a pension contribution rate of approximately 5% of salary, with some members of the workforce receiving contribution rates from 6% up to 9% of salary. The existing Executive Directors’ have a contractual entitlement to pension / salary supplement in lieu of pension of 10% of salary. As this proposed policy is a “roll-forward” policy for one year only it is our intention to review Executive Director pension arrangements further in the detailed policy review which will take place in advance of the 2021 Annual General Meeting and, with that mind, it is intended that this further review would bring the incumbent Executive Director pension arrangements into alignment with those applicable to the majority of the wider workforce, consistent with the Investment Association statement.

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	2017 Policy	2020 Policy and financial year 2020/2021 operation
Annual bonus	Up to 100% of salary. The whole of any bonus earned is paid in cash. There is flexibility to determine performance measures, provided that the majority of the bonus is based on financial measures. Bonus opportunity was based on adjusted profit (60%); ROE (20%); and ROS (20%). For financial years 2019 and 2020, a profit underpin was applied	<i>Quantum and structure</i> No change to the maximum or to the payment in cash. Under the new Policy, we have retained flexibility to determine performance measures as appropriate for the year, provided that the majority of the bonus is based on financial measures. <i>Performance measures</i> Bonus for the financial year 2021 will be based 75% on financial measures: of which 50% of the bonus is to be focussed on a profit based measure and 25% of the bonus is to be focussed on a cash-based measure, together with a profit underpin. In addition, 25% of the bonus is to be focussed on key strategic and operational KPIs and measures for the business in respect of the year. Having regard to the exceptional circumstances related to the Covid-19 pandemic, we are proposing to base half of the financial measures element of the bonus for financial year 2021 on performance over the first half of the year and half of the financial measures element of the bonus on performance over the second half of the year. No bonus would be paid until after the end of the full financial year and the bonus for each half year would be subject to the Committee's assessment of Wilmington's holistic financial performance across the full year.
Performance Share Plan ("PSP")	Annual awards of up to 150% of salary. Vesting based on performance normally assessed over three years. Awards granted since 2017 are subject to a requirement that 50% of vested shares are required to be held for a further two year period. There is flexibility to determine performance measures, and 25% vests for threshold performance. Dividend equivalents can be paid in cash or shares in respect of dividends over the period to vesting. Financial year 2020 awards were at the level of 100% of salary for the CEO and 75% of salary for the CFO. The Policy includes flexibility as to the type of performance measures. Past practice has been to base these on EPS growth, ROE, and TSR (with equal weightings).	<i>Quantum and structure</i> The maximum has not changed under the new Policy. However, for financial year 2021, awards will not exceed 100% of salary for the Chief Executive Officer or 75% of salary for the Chief Financial Officer. The Committee will have regard to the share price at the date of grant when deciding the price to be used to determine the number of shares and what provisions to include to mitigate any risk of "windfall gains" if and to the extent caused by the Covid-19 pandemic impact on share price. In the new Policy and in line with best practice, <u>all</u> vested shares (other than any sold to cover taxes) must be held for a further two year period. Flexibility as to performance measures has been retained. 25% will continue to vest for threshold performance. The ability to award dividend equivalents has been retained, but we have confirmed that cash settlement of dividend equivalents (or the underlying award) will be done only in exceptional circumstances. <i>Performance measures</i> Performance measures for the financial year 2021 will be principally based on an EPS measure (40% of the award) and a TSR measure (40% of the award) with 20% of the award based on one or more key strategic, operational or financial measures, such as a revenue-based measure linked to the Company's key strategic priority of delivering organic growth. It is our intention to grant awards for the financial year 2021 in accordance with the Company's usual timing for the making of such awards. However, having regard to the uncertainty caused by the Covid-19 pandemic, we have decided to defer setting exact performance measures and targets at this point and these will be set by the latest at the mid-point of financial year 2021, in accordance with the Investment Association guidance. We will confirm the performance measures and targets in the Directors' Remuneration Report for the 2021 financial year.
Shareholding guidelines	In service shareholding guideline of 100% of salary. 50% of the after tax shares acquired pursuant to the PSP must be retained until this shareholding is required. No post-employment shareholding requirement.	No change has been made to the in-service guideline, which the Committee considers appropriate in the context of a one year "roll-forward" policy and given the proposal to maintain PSP awards at no more than 100% of salary. The Committee will consider the level of the in-service requirement as part of the Policy review intended for the 2021 Annual General Meeting. Under the updated Corporate Governance Code the Committee is required to develop a post-employment shareholding policy. In the context of a one year "roll-forward" Policy, the Committee's approach is to rely on the new enhanced two year holding period and the "leaver" provisions in the PSP.

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		As with the “in service” guideline, the Committee will review this approach as part of the Policy review intended for the 2021 Annual General Meeting.
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	2017 Policy	2020 Policy and financial year 2020/2021 operation
Malus and clawback	Malus and clawback apply to both the annual bonus and PSP.	Having regard to corporate governance updates since the last Policy, we propose to standardise and enhance the malus and clawback provisions. For awards in respect of financial year 2021 and future years, malus and clawback may be applied to both the annual bonus and PSP in the event of: (1) material misstatement; (2) serious reputational damage; (3) gross misconduct; (4) error in assessing the grant or vesting outcome; or (5) corporate failure.
Discretion	The Committee has discretion to amend the bonus outturn if any formulaic output does not reflect its assessment of overall business performance. There is typical discretion to vary performance measures for in-flight awards.	Reflecting the updated Corporate Governance Code, the new Policy includes discretion to override the formulaic outturn for bonus and PSP if: (1) it does not reflect overall business or individual performance; (2) it is inappropriate in the context of unforeseen or unexpected circumstances; or (3) for any other reason considered appropriate by the Committee. As part of this assessment, the Committee will also take into account ROCE and quality of earnings.

Other minor changes have been made in the 2020 Policy compared to the 2017 Policy to reflect the principal changes referred to above or to take account of changes in practice since the current Policy was introduced.

When determining the application of the Policy, the Committee considered clarity, simplicity, risk, predictability, proportionality and alignment to culture as set out in the UK Code. We operate simple variable pay arrangements, which are subject to clear performance measures aligned with the Group's strategy and the interests of all stakeholders. The application of recovery provisions (malus and clawback) enables the Committee to have appropriate regard to risk considerations. In addition, the shareholding guidelines, the enhanced two year holding period and the “leaver” provisions in the PSP, further align the interests of our Executive Directors with the long term interests of the Company and its stakeholders. As part of our culture, in determining the policy, the Committee was clear that it should drive the right behaviours, reflect the Group values and support the Group's purpose and strategy.

The Committee takes into account the wider workforce's remuneration when determining the Executive Directors' remuneration, including the range of wider workforce base salary increases when determining Executive Director salary increases. The Committee also reviews and approves the pay increases and PSP awards for the Executive Committee and other members of senior management. The Company has in place employee feedback systems and employee forums, via which the wider workforce's views on remuneration are fed back to the Committee.

I would like to take this opportunity to thank the professionalism and commitment of our staff during these challenging times.

Approved on behalf of the Remuneration Committee by:

Nathalie Schwarz
Chairman of the Remuneration Committee
16 September 2020

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Directors' Remuneration Policy

As described in the statement from the Committee's Chairman on pages 62 to 65, in the current circumstances, the Committee considers it appropriate not to make significant changes at this stage to the Directors' Remuneration Policy approved at the 2017 Annual General Meeting, but instead introduce a new one year policy only, substantially based as a "roll-forward" of the Policy approved in 2017. Our intention is to undertake a more significant and detailed review during the Company's 2020/2021 financial year and to consult with shareholders in advance of seeking approval for a revised policy at our 2021 Annual General Meeting.

Directors' Remuneration Policy

This part of the Remuneration Report sets out the Company's Directors' Remuneration Policy which, subject to shareholder approval at the 2020 Annual General Meeting, shall take binding effect from the close of that meeting. The Policy was determined incorporating flexibility (similar to that provided in the policy approved in 2017) in relation to performance measures for variable pay in order to allow these to reflect the current strategic and operational direction of the Group, as well as the evolving Covid-19 pandemic. The Policy was determined independently by the Committee, taking into account comments received from shareholders.

The differences between this Policy and the Directors' Remuneration Policy approved at the Company's 2017 Annual General Meeting are summarised in the letter from the Chairman of the Remuneration Committee on pages 62 to 65.

	Base Salary
Purpose and link to strategy	Core element of fixed remuneration set at a market competitive level to reflect the individual's role, experience and performance.
Operation	The Committee ordinarily reviews base salaries annually taking into account: • performance of the Group and pay conditions elsewhere in the workforce; • performance of the individual; • changes in position or responsibility; and • market competitiveness. The Committee periodically takes external advice to benchmark salaries by reference to Executives with similar positions in comparator organisations. In considering relevant benchmarking the Committee is also aware of the risk of an upward pay ratchet through placing undue emphasis on comparator pay surveys. Base salary is the only pensionable element of remuneration.
Opportunity	While there is no maximum salary, increases will normally be in line with the typical level of salary increase awarded (in percentage of salary terms) to other employees in the Group. Salary increases above this level may be awarded in certain circumstances, such as: • where an Executive Director has been promoted or has had a change in scope or responsibility; • a new Executive Director being moved to market positioning over time; • where there has been a significant change in market practice; • where there has been a significant change in the size and/or complexity of the business. Such increases may be implemented over such time period as the Committee deems appropriate.
Performance metric	Although base salary is not subject to any formal performance condition, the individual's performance in role and overall Group performance is taken into account in determining any salary increase.
	Pension
Purpose and link to strategy	Rewards sustained contribution and commitment to the Group. Provides an appropriate means of saving to deliver post-retirement income.
Operation	Executive Directors are eligible to participate in the defined contribution pension scheme. The Committee has the discretion to pay cash supplements in lieu of some or all pension contributions in appropriate circumstances. Executive Directors are entitled to elect to sacrifice part of their salary and bonus into a personal pension scheme.
Opportunity	In the case of any Executive Director in office on the date on which this Policy comes into effect, the employer contribution and/or cash supplement will be 10% of salary. The majority of the wider

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	workforce currently receives a pension contribution rate of approximately 5% of salary, with some members of the workforce receiving contribution rates from 6% up to 9% of salary. As this proposed policy is a "roll-forward" policy for one year only, it is our intention to review the incumbent Executive Director pension arrangements further in the detailed policy review which will take place in advance of the 2021 Annual General Meeting and, with that mind, it is intended that this further review would bring the incumbent Executive Director pension arrangements into alignment with those applicable to the majority of the wider workforce, consistent with the Investment Association statement. In the case of any other Executive Director, the pension arrangement will be aligned with those applicable to the majority of the wider workforce.
Performance metric	Not applicable.
	Benefits
Purpose and link to strategy	Fixed element of remuneration set at a market competitive level with the aim to recruit, motivate and retain Directors of the calibre required.
Operation	Executive Directors receive benefits in line with market practice. These include a fully expensed car or car allowance and private medical cover (for the Executive Directors and his or her family), and health assessment and permanent health insurance. Executive Directors are eligible to participate in the Company's Save As You Earn ("SAYE") plan on the same terms as other qualifying employees and the SAYE option granted to Richard Amos in March 2019 may be satisfied under this Policy. Other benefits may be provided based on individual circumstances and response to market pressures.
Opportunity	Whilst the Committee has not set an absolute maximum on the level of benefits the Executive Directors may receive, the value of the benefit is set at a level which the Committee considers to be appropriately positioned taking into account relevant market levels based on the nature and location of the role and individual circumstances. The limit on participation in the SAYE plan and the discount applied in setting the exercise price will be in accordance with the applicable tax legislation and will be the same for all participating employees.
Performance metric	Not applicable.

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	Bonus
Purpose and link to strategy	Rewards the achievement of targets, which may include financial, operational and strategic targets, aligned with the Group strategy.
Operation	Targets are reviewed annually and any pay-out is determined by the Committee after the year end based on targets set for the relevant performance period. The bonus may operate on the basis that performance is assessed over a financial year or, in respect of the whole opportunity or any part of it, on the basis of two independent elements assessed over the first half of a financial period and the second half of a financial period respectively. If operated on the basis of independent elements, no bonus will be paid until after the end of the full financial year and the amount of any bonus payable in respect of either half of the financial period will be subject to the Committee's assessment of holistic performance across the full financial year. The Committee has discretion to amend the bonus outturn if any formulaic output does not reflect its assessment of overall business or individual performance, is inappropriate in the context of unforeseen or unexpected circumstances, or for other reasons considered relevant by the Committee. As part of this assessment, the Committee will also take into account ROCE and quality of earnings. Any bonus opportunity may be reduced or cancelled before payment (i.e. a malus provision) or recovered (i.e. a clawback provision) in the period of two years after payment. The malus and clawback provisions may be applied in the event of a material misstatement of results, serious reputational damage to the Group, gross misconduct on the part of the Executive Director, error in assessing the award or vesting outcome, or corporate failure.
Opportunity	The maximum bonus is 100% of base salary.
Performance metric	Stretching targets are set each year reflecting the business priorities which underpin Group strategy and align to key performance indicators. The majority of the bonus opportunity will be determined by financial measures. The balance (if any) of the bonus opportunity will be determined by non-financial measures, based on strategic and/or operational KPIs. Bonuses for the Company's 2020/2021 financial year will be based: 75% on financial measures, of which 50% will be focussed on a profit based measure and 25% on a cash-based measure, together with a profit underpin; and 25% focussed on key strategic and operational KPIs and measures for the business in respect of the year. Vesting of the opportunity based on financial metrics will apply on a sliding scale up to 100% of maximum potential for this element of the bonus based on the satisfaction of performance conditions. Vesting of any opportunity based on non-financial metrics (where applicable) will apply on a scale between 0% and 100% based on the Committee's assessment of the extent to which non-financial performance metrics have been met. The level of vesting in respect of any metric is subject to the Committee's discretion to override formulaic outturns.

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	Performance share plan ('PSP')
Purpose and link to strategy	Incentivises Executive Directors to achieve returns for shareholders over a longer timeframe.
Operation	Executive Directors may receive awards in the form of conditional awards of shares or options to acquire shares for nil or nominal cost. Vesting is dependent on the achievement of performance conditions normally over a period of three financial years. The Committee has discretion to amend the vesting outcome if any formulaic output does not reflect its assessment of overall business or individual performance, is inappropriate in the context of unforeseen or unexpected circumstances, or for other reasons considered relevant by the Committee. As part of this assessment, the Committee will also take into account ROCE and quality of earnings. Other than shares sold to cover tax liabilities arising in respect of the acquisition of shares pursuant to an award and any exercise price, all shares must be retained for at least a holding period of two years from the end of the performance period. An award may be reduced or cancelled before vesting (i.e. a malus provision) or recovered (i.e. a clawback provision) up to the later of (i) the second anniversary of vesting and (ii) the publication of the Company's second set of audited financial accounts following vesting. The malus and clawback provisions may be applied in the event of a material misstatement of results, serious reputational damage to the Group, gross misconduct on the part of the Executive Director, error in assessing the grant or vesting outcome, or corporate failure. Clawback may be effected by a proportionate reduction of future bonuses and/or share awards made under the PSP to reflect the overpayment of shares, or the participant may be required to repay the overpaid amounts from personal funds. Additional shares may be delivered in respect of shares which vest under the PSP to reflect the value of dividends which would have been paid on those shares up to the date of vesting. The Committee shall determine the basis on which the value of such dividends shall be calculated, and may assume the reinvestment of dividends in the Company's shares on a cumulative basis.
Opportunity	The maximum award limit under the PSP is 150% of base salary. Awards in respect of the Company's 2020/2021 financial year will be at a level not exceeding 100% of base salary.
Performance metric	Awards under the PSP will be based on financial metrics with respect to at least 80% of the award. Any balance of an award (up to 20%) will be based on one or more strategic or operational metrics. The metrics chosen will be those which the Committee considers to be the most appropriate measures of longer term performance. The threshold pay-out level under the PSP is 25% of the maximum award. Awards for the Company's 2020/2021 financial year will be principally based on an EPS measure (40% of the award) and on a TSR measure (40% of the award) with 20% of the award based on one or more key strategic, operational or financial measures, such as a revenue-based measure linked to the Company's key strategic priority of delivering organic growth. There will usually be straight line vesting between threshold and maximum performance. The level of vesting in respect of any metric is subject to the Committee's discretion to override formulaic outcomes.

Operation of share plans

The Committee may amend the terms of awards under the PSP or SAYE in accordance with and to the extent permitted by the relevant plan's rules in the event of a variation of the Company's share capital, demerger, special dividend or other relevant event. The Committee may operate the PSP and SAYE (including that it may amend the rules of the plans and awards granted under these) in accordance with their rules as approved by shareholders.

Awards under the PSP may be granted as cash settled equivalents or settled, in whole or in part, in cash at the Committee's discretion (although the Committee would only grant or settle in cash in the case of an Executive Director in exceptional circumstances, such as where there is a regulatory restriction on the delivery of shares or the circumstances mean that cash settlement is appropriate as regards the tax liability due in respect of the award).

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Explanation of performance metrics chosen

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

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

As set out in the statement by the Committee's Chairman on pages 62 to 65, it is intended that this Policy will operate only in respect of the Company's 2020/2021 financial year. Accordingly, the approach to the setting of performance metrics and targets for that year are set out in the Committee Chairman's Report.

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

Shareholding guidelines

Executive Directors are required to hold shares acquired pursuant to PSP awards for the holding period referred to in the "Operation" row of the PSP section on page 69.

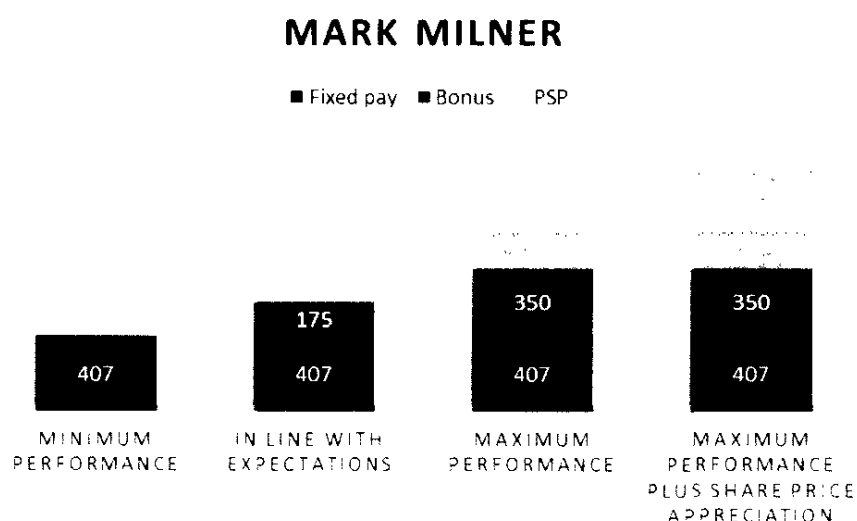
To further align the interests of Executive Directors with those of shareholders, we have adopted formal shareholding guidelines, in accordance with which Executive Directors must continue to retain 50% of the after tax shares they acquire on the vesting of PSP awards until such time as a total personal shareholding equal to 100% of base salary has been achieved. Shares which are subject to the two year holding period under the PSP will count towards the 100% of base salary requirement.

The Company's policy on post-employment shareholding requirements for Executive Directors is to rely on the enhanced two year holding period that applies to PSP awards granted after 1 July 2020 and the "leaver" provisions in the PSP rules.

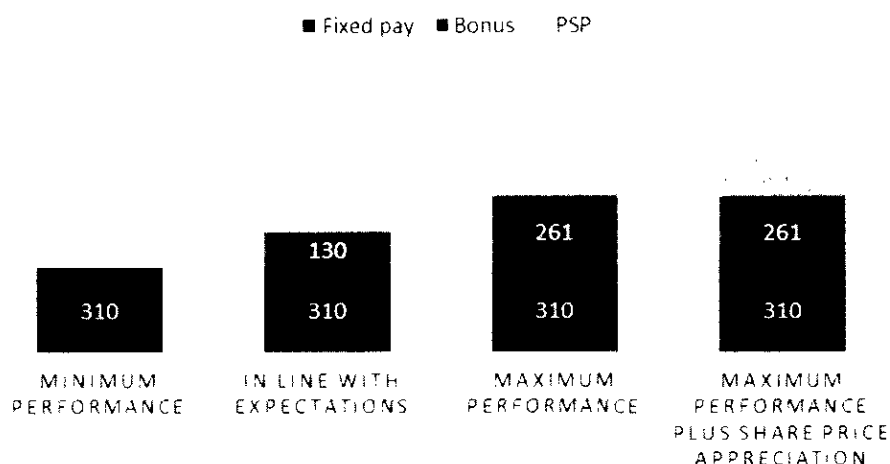
Illustration of the application of the Remuneration Policy

The following charts set out for each of the Executive Directors an illustration of the application for the financial year 2020/2021 of the Remuneration Policy set out above. The charts show the split of remuneration between fixed pay and variable pay in the Policy for:

1. minimum remuneration receivable — salary, fees, taxable benefits and pension;
2. the remuneration receivable if the Director was, in respect of any performance measures or targets, performing in line with the Company's expectation;
3. maximum remuneration receivable (not allowing for any share price appreciation); and
4. maximum remuneration receivable assuming a 50% increase in the Company's share price for the purposes of the PSP element.



RICHARD AMOS



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

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

	Basic Performance	In line with expectations	Maximum performance	Maximum performance plus share price appreciation
Fixed pay	Based on salary effective as at 1 July 2020, a 10% pension contribution and benefits earned for the year ended 30 June 2020.			
Bonus	No bonus	50% of salary	100% of salary	100% of salary
PSP	No PSP vesting	33% of the PSP awards (i.e. 33% of salary in the case of Mark Milner and 25% of salary in the case of Richard Amos)	100% of salary in the case of Mark Milner and 75% of salary in the case of Richard Amos	100% of salary in the case of Mark Milner and 75% of salary in the case of Richard Amos plus, in each case, an assumed 50% increase in the share price

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Non-Executive Directors

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

Differences in policy from the wider employee population

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

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

Recruitment Remuneration Policy

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

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

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

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

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

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

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

Payments for loss of office

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

Notice period	Twelve months' notice period or less shall apply.
Termination payments and mitigation	Termination payments are limited to payment of Twelve months' salary, contractual pension amounts and benefits. The policy is that, as is considered appropriate at the time, the departing Director may work, or be placed on garden leave, for all or part of their notice period, or receive a payment in lieu of notice in accordance with the service agreement. The Committee will consider mitigation to reduce the termination payment to a leaving Director when appropriate to do so, having regard to the circumstances.
Bonus	The decision whether or not to award a bonus in full or in part to an Executive Director will be dependent upon a number of factors including the circumstances of their departure and their contribution to the business during the bonus period in question. Any bonus payment would typically be pro-rated for time in service to termination and paid at the usual time (although the Committee retains discretion not to apply pro-rating and/or to pay the bonus earlier in appropriate circumstances).

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PSP	<i>Unvested awards</i> Unvested awards held by the Director under the Company's PSP will lapse or vest in accordance with the rules of the plan, which have been approved by shareholders. In summary, the plan rules provide that awards can vest if employment ends by reason of redundancy, retirement, ill health or disability, death, sale of the Director's employer out of the Group or any other reason determined by the Committee. Unless the Committee decides that the award will vest at cessation, it will vest at the normal vesting date. In either case, the extent of vesting will be determined by the Committee taking into account the satisfaction of the relevant performance conditions and, unless the Committee determines otherwise, applying a pro-rata reduction based on the period from the date of grant to the date of cessation relative to a three year period. Awards will remain subject to the holding period, unless the Committee determines otherwise. The Committee will only release the award early from its holding period in compassionate leaver circumstances. <i>Vested awards in a holding period</i> If an Executive Director leaves employment after a PSP award has vested but during its holding period, that holding period will continue to apply, unless the Committee determines otherwise. The Committee will only release the award early from its holding period in compassionate leaver circumstances.
Change of control	Awards under the PSP will generally vest early on a takeover or other relevant corporate event. The Committee will determine the level of vesting taking into account the satisfaction of the relevant performance conditions and, unless the Committee determines otherwise, a pro-rata reduction based on the period from the date of grant to the date of the relevant event relative to a three year period. The holding period applying to awards will ordinarily come to an end on a change of control. SAYE options will vest on a change of control in accordance with the plan rules, which do not permit the exercise of discretion by the Committee.
Other payments	In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement and legal fees. SAYE options will vest on termination of employment in accordance with the plan rules, which do not permit the exercise of discretion by the Committee. Where a 'buyout' or other award is made outside the Company's PSP in connection with the recruitment of an Executive Director, as permitted under the Listing Rules, the leaver provisions would be determined at the time of the award.

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

Non-Executive Directors

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

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Service Contracts and letters of appointment

Details of the Executive Directors' service contracts and Non-Executive Directors' letters of appointment are set out below.

Executive Directors	Contract commencement date	Notice period
Mark Milner	July 2019	12 months
Richard Amos	March 2018	12 months
Non-Executive Directors	Date of initial appointment	Notice period
Martin Morgan	May 2018	6 months
Derek Carter	December 2011	3 months
Nathalie Schwarz	December 2011	3 months
Paul Dollman	September 2015	3 months
Helen Sachdev	April 2020	3 months

Legacy matters

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

- before the Policy came into effect (provided that in the case of any payments agreed on or after 6 November 2014 they are consistent with any applicable shareholder approved Directors' Remuneration Policy in force at the time they were agreed or were otherwise approved by shareholders); or
- at a time when the relevant individual was not a Director of the Company (or other person to whom the Policy set out above applies) and, in the opinion of the Committee the payment was not in consideration of the individual becoming a Director of the Company (or other such person).

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

Statement of consideration of employment conditions elsewhere in the Company

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

Non-Executive appointments at other companies

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

Statement of consideration of shareholder views

The Company is committed to open and transparent dialogue with shareholders and welcomes feedback on Executive and Non-Executive Directors' remuneration. The Committee consulted with shareholders in relation to the Policy and its approach to Executive Director reward in respect of the 2020/2021 financial year and finalised its proposals having regard to feedback received.

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Annual Report on Remuneration

Certain details set out on pages 76 to 83 of this report have been audited by Grant Thornton UK LLP.

Introduction (unaudited information)

The following section provides details of the remuneration earned by the Directors in respect of the year in line with the Directors' Remuneration Policy approved by shareholders at the 2017 Annual General Meeting.

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

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

	Total salary and fees(a) ¹ £'000	Taxable benefits(b) £'000	Pensions related benefits(c) £'000	Total fixed remuneration £'000	Annual bonus(d) £'000	PSP(e) £'000	Total variable remuneration £'000	Total £'000
2020								
Executive Directors								
Mark Milner	333	29	29	391	—	—	—	391
Richard Amos	247	29	21	297	—	—	—	297
Non-Executive Directors								
Martin Morgan	121	—	—	121	—	—	—	121
Derek Carter	47	—	—	47	—	—	—	47
Nathalie Schwarz	47	—	—	47	—	—	—	47
Paul Dollman	47	—	—	47	—	—	—	47
Helen Sachdev ²	7	—	—	7	—	—	—	7

	Total salary and fees(a) £'000	Taxable benefits(b) £'000	Pensions related benefits(c) £'000	Total fixed remuneration £'000	Annual bonus(d) £'000	PSP(e) £'000	Total variable remuneration £'000	Total £'000
2019								
Executive Directors								
Pedro Ros ³	233	17	23	273	58	67	125	398
Richard Amos ⁴	292	32	25	349	62	—	62	411
Martin Morgan	96	—	—	96	—	—	—	96
Non-Executive Directors								
Martin Morgan	125	—	—	125	—	—	—	125
Derek Carter	48	—	—	48	—	—	—	48
Nathalie Schwarz	48	—	—	48	—	—	—	48
Paul Dollman	48	—	—	48	—	—	—	48

- a) Total salary and fees — the amount of salary/fees received in the year.
- b) Taxable benefits — the taxable value of benefits received in the year (i.e. car allowance and private medical insurance).
- c) Pension related benefits — this is the amount of the cash payments in lieu of pension contributions made in the year.
- d) Annual bonus — the cash value of the bonus earned in respect of the year. A description of performance against the objectives, which applied for the year ended 30 June 2020, is provided on page 77.
- e) PSP — the value of performance related incentives vesting in respect of the financial year. No awards were capable of vesting in respect of performance ending 30 June 2020 for the current Executive Directors. The PSP awards vesting in respect of the year ended 30 June 2019 vested on 18 September 2019 (the third anniversary of the date of grant). The value of the vested shares shown above is based on the share price on 18 September 2019 of £2.01; in the 2019 Directors' Remuneration Report the value included was an estimated value based on the three month average share price to 30 June 2019 (£2.05). The value includes the value of dividends that would have accrued on vested shares during the performance period, which are paid to the participants.

¹ All Directors agreed to a voluntary 20% salary reduction from April 2020 to June 2020 in response to the Covid-19 crisis, this is reflected in the single figure table above

² Helen Sachdev joined as a Non-Executive Director on 29 April 2020. Her remuneration reported in the single figure table is from this date

³ Pedro Ros stood down as a Director on 13 February 2019. His remuneration reported in the single figure table is up to this date

⁴ Reflected in Richard Amos's salary for the year ended 30 June 2019 is an amount of £38,000 to reflect his increased responsibilities in the period between Pedro Ros stepping down as CEO and the new CEO being appointed on 1 July 2019

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Total salary and fees

Total salary and fees are based on the need to retain the skills and knowledge that the Executive and Non-Executive Directors bring to the Company.

For the year ended 30 June 2020 (audited information)

Richard Amos received a 2% salary increase in 2019/2020 compared to 2018/2019 in line with the wider workforce. Mark Milner joined the Company on 1 July 2019. Each of the Executive Directors' salaries subsequently decreased by 20% from April 2020 to June 2020. This decrease was due to a voluntary Board salary reduction in response to the Covid-19 impact and salaries returned to normal levels from 1 July 2020.

Pensions related benefits

For the year ended 30 June 2020 (audited information)

Neither Mark Milner nor Richard Amos participated in a pension scheme. They were paid an amount of £28,928 and £21,471 respectively in the year in lieu of pension contributions, reflective of 10% of their annual salary net of employers' national insurance contributions.

Annual bonus

For the year ended 30 June 2020 (audited information)

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

- up to 60% of salary for the adjusted profit measure;
- up to 20% of salary for the ROE (for annual bonus) measure;
- up to 20% of salary for the ROS measure;
- linear scales of bonus for each metric were set at the start of the financial year;
- adjusted profit is profit before adjusting items, impairment of goodwill, amortisation of intangible assets excluding computer software, provision for the Executive Directors' bonuses, and share based payments.
- the profit element of ROE (for annual bonus) is based on adjusted profit before tax after adjusting items as described above; and
- the profit element of ROS is based on adjusted EBITA excluding share based payment expense.
- an additional profit underpin also applied to the bonus, no amount in respect of any element of the bonus will be paid unless the underpin is achieved, regardless of the achievement of any other metric. The underpin is based on budgeted profit before adjusting items, impairment of goodwill, amortisation of intangible assets excluding computer software, provision for the Executive Directors' bonuses, and any other adjustments as deemed appropriate by the Remuneration Committee.

The following provides the adjusted profit, ROE (for annual bonus) and ROS target reference points together with the out-turns for 2019/2020:

	Minimum target set	Maximum target set	Performance out-turn	Bonus earned as a % of base salary
Adjusted profit (for annual bonus)	£20,479,000	£23,550,000	£12,578,000	0.0%
ROE (for annual bonus)	25.0%	27.0%	29.2%	20.0%
ROS	17.5%	19.5%	13.0%	0.0%
Total				20.0%

The profit underpin required that the underpin measure of profit was at least £19,368,000. Since this was not met in respect of the year ended 30 June 2020, no bonuses were earned by the Executive Directors. (notwithstanding the achievement of ROE in excess of the target set).

PSP

Awards vesting in respect of the year ended 30 June 2020 (audited information)

No PSP awards were capable of vesting in respect of performance ending 30 June 2020 for the current Executive Directors.

Awards granted during the year

In respect of the year ended 30 June 2020 the following PSP awards were granted on 30 September 2019:

Name	Type of award	Number of shares	Face value at grant £	% of award vesting at minimum threshold
Mark Milner	PSP	168,269	350,000	25.0%
Richard Amos	PSP	93,993	195,505	25.0%

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The face value is based on a price of 208p being the average share price from the five business days immediately preceding the award being granted on 30 September 2019. The performance conditions for these awards are as shown in the table below. The number of shares awarded represented 100% of Mark Milner's salary and 75% of Richard Amos' salary at the time of the grant.

One-third of award — Annual compound growth in EPS in excess of RPI	Percentage of Award Vesting
Less than 3% per annum	0.0%
3% per annum	25.0%
Between 3% per annum and 9% per annum	On a straight line basis between 25.0% and 100.0%
9% per annum or more	100.0%
One-third of award — ROE (for PSP) ¹	Percentage of Award Vesting
Less than 25.0%	0.0%
25.0%	25.0%
Between 25.0% and 29.0%	On a straight line basis between 25.0% and 100.0%
29.0% or above	100.0%
One-third of award — TSR versus FTSE SmallCap (excluding Investment Trusts)	Percentage of Award Vesting
Below median	0.0%
Median	25.0%
Between median and upper quartile	On a straight line basis between 25.0% and 100.0%
Upper quartile or above	100.0%

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

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

Shareholding guidelines for Executives have been adopted, linked to the outturn from the PSP. At the time Awards vest under the PSP (or any other Executive plan established in the future), Executive Directors will be expected to retain no fewer than 50% of vested shares (net of taxes) until such time as a total personal shareholding equivalent to 100% of pre-tax base salary has been achieved.

It should be noted that as at 30 June 2020 Richard Amos held approximately 12.05% of his pre-tax base salary in shares, which have been acquired since his appointment and Mark Milner held approximately 16.65% of his pre-tax base salary in shares, which have been acquired since his appointment.

The holdings of those persons who served as Directors during the year, and of their families, as at 30 June 2020 are as follows:

	Beneficial/ Non-Beneficial	At 30 June 2019	Movement in year	At 30 June 2020	At 30 June 2020 Percentage
Mark Milner	Beneficial	—	45,000	45,000	0.05%
Derek Carter	Beneficial	25,000	—	25,000	0.03%
Paul Dollman	Beneficial	40,000	—	40,000	0.05%
Richard Amos	Beneficial	—	24,250	24,250	0.03%
Martin Morgan	Beneficial	25,000	65,000	90,000	0.10%

As at 30 June 2020, the Company's share price was 129.50p and its highest and lowest share prices during the year ended 30 June 2020 were 268.91p and 108.50p respectively. Interests are shown as a percentage of shares in issue at 30 June 2020.

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

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Executive Directors interests under share schemes (audited information)

Awards held under the PSP and SAYE scheme by each person who served as a Director during the year ended 30 June 2020 are as follows:

	Award date	Number of shares at 1 July 2019	Granted during the year	Lapsed during the year	Exercised during the year	Number of shares at 30 June 2020	Date which awards vest
Richard Amos	28 Sept 2018	103,746	—	—	—	103,746	28 Sept 2021
Richard Amos	30 Sept 2019	—	93,993	—	—	93,993	30 Sept 2022
Richard Amos	29 Mar 2019	7,105	—	—	—	7,105	29 Mar 2022
Mark Milner	30 Sept 2019	—	168,269	—	—	168,269	30 Sept 2022

Dilution (unaudited information)

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

At 30 June 2020, the headroom under the Company's 5.0% and 10.0% limits was 1,841,044 and 5,573,004 shares respectively, out of an issued share capital of 87,603,917 shares.

Payments for loss of office (audited information)

No payments for loss of office were made during the ended 30 June 2020 other than those disclosed on page 56 of the 2019 Directors' Remuneration Report.

Payments to former Directors (audited information)

As disclosed in the 2019 Directors' Remuneration Report, Pedro Ros retained his 2017 PSP Award in respect of a maximum of 81,060 shares (after a reduction to reflect the proportion of the vesting period for which he was in active service). The performance period for that award ended on 30 June 2020 and the Award will vest on 17 September 2020. PSP awards in respect of 27,020 shares with a value of £35,126 based on the average share price over the final quarter of the Company's 2019/2020 financial year of £1.30, plus an additional 4,683 shares with a value of £6,088 (calculated on the same basis) in respect of dividends that would have accrued on those shares during the performance period.

The table below details the Company's performance against the applicable performance conditions for the three year performance period:

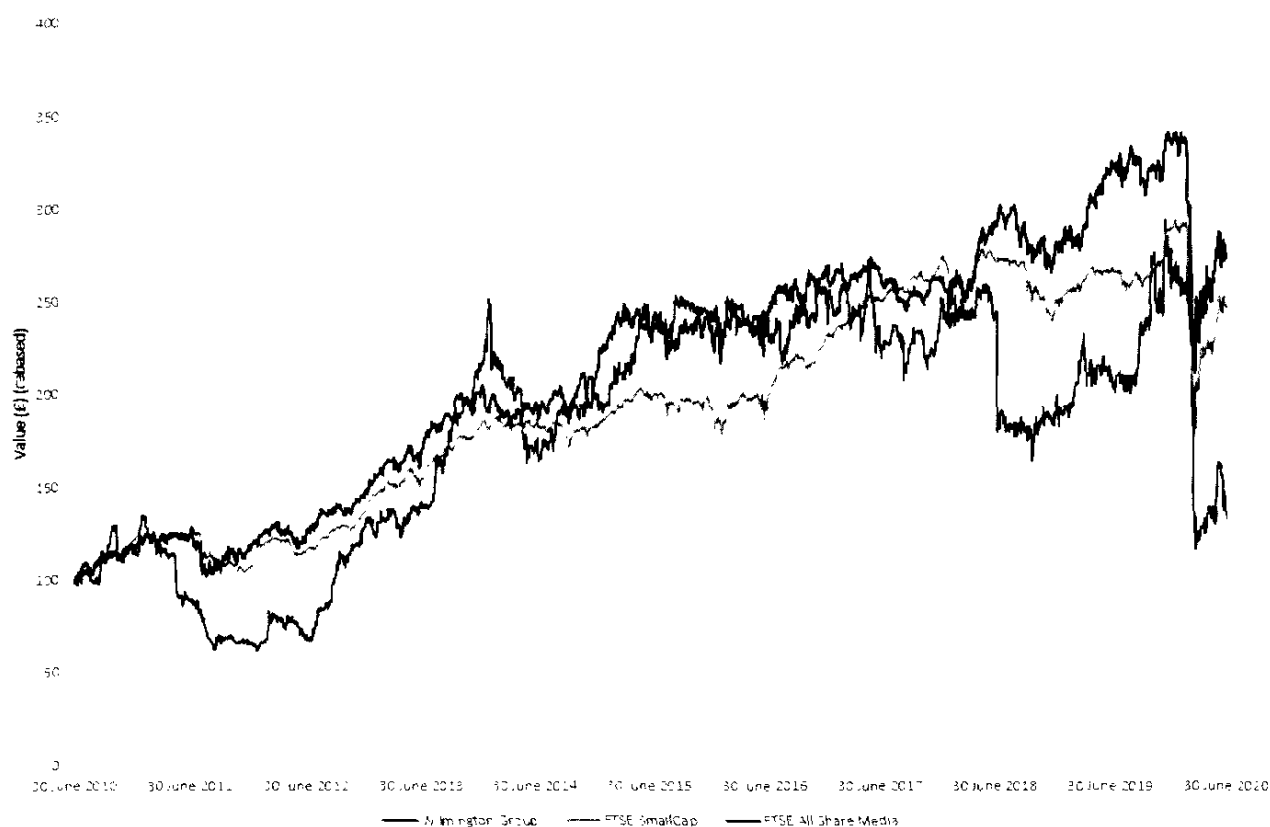
Element	Target Range	Performance out-turn	Shares vested as a % of maximum
EPS Growth	3.0% - 9.0%	(45.9%)	0.00%
ROE (for PSP)	25.0% - 29.0%	37.7%	33.33%
TSR	Median – upper quartile	below median ¹	0.00%
Total			33.33%

Performance graph and table (unaudited information)

The following graph shows, for the year ended 30 June 2020 and for each of the previous ten years, the total shareholder return (calculated in accordance with the Large and Medium-sized Company and Groups (Accounts and Reports) Regulations 2008, as amended) on a holding of the Company's ordinary shares compared with a hypothetical holding of shares of the same kind and number as those by reference to which the FTSE All – Share Media Index and the FTSE Small Cap Index are calculated. These indices have been chosen as the appropriate comparators because the Committee believe they contain the most comparable companies against which to appraise the Company's share performance.

¹ The performance out-turn for the TSR is based on 'all companies' data

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Chief Executive Officer single figure (unaudited information)

	Total remuneration £'000	Annual bonus as a % of maximum opportunity %	PSP as a % of maximum number of shares %
2019/20 Mark Milner	389	—	—
2018/19 Pedro Ros	398*	21.8%	33.3%
2017/18 Pedro Ros	565	—	60.9%
2016/17 Pedro Ros	814	61.7%	84.1%
2015/16 Pedro Ros	677	73.1%	—
2014/15 Pedro Ros	671	78.5%	—
2013/14 Charles J Brady	943	88.6%	91.8%
2012/13 Charles J Brady	935	80.0%	55.0%
2011/12 Charles J Brady	580	55.2%	—
2010/11 Charles J Brady	535	46.3%	—

*Restated to reflect the value of the relevant PSP award at the date of vesting as referred to on page 78.

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Percentage change in remuneration of Directors and employees (unaudited information)

The percentage change in salary, taxable benefits and annual bonus between 2018/2019 and 2019/2020 for the Executive and Non-Executive Directors and employees of the Company on a full-time equivalent basis. The average employee change has been calculated by reference to the mean of employee pay over the same period. Mark Milner and Helen Sachdev were appointed to the Board during the year ended 30 June 2020 and, accordingly, they have been excluded from the table below.

	Salary ¹	Taxable benefits	Annual bonus ²
Richard Amos	(15%)	(9%)	(100%)
Martin Morgan	(3%)	—	—
Paul Dollman	(2%)	—	—
Derek Carter	(2%)	—	—
Nathalie Schwarz	(2%)	—	—
Average employee	2%	—	(50%)

The decrease in Directors' pay reflects a 2% increase in the year following pay reviews offset by a 20% reduction in pay for the final three months of the year. In the year ended 30 June 2019 Richard Amos received a one-off salary payment of £38,000 to reflect his increased responsibilities in the period between the CEO stepping down and the new one being appointed on 1 July 2019. The Covid-19 impact on results meant the Executive Directors' bonus underpin was not met and no Executive Directors' bonus was paid in relation to the year. Employees of the Company also received a 2% salary increase following pay reviews and were not subject to a salary reduction in the final three months of the year. Employee bonuses were also reduced to reflect the impact that Covid-19 had on the financial results.

Relative importance of spend on pay (unaudited information)

The difference in actual expenditure between 2018/2019 and 2019/2020 on remuneration for all employees in comparison to distributions to shareholders by way of dividend is detailed in the table below. There were no share buybacks during the year.

	2018/19 £'000	2019/20 £'000	Change (%)
Expenditure on remuneration for all employees	45,647	46,450	2%
Distributions to shareholders by way of a dividend	7,787	4,378	(44%)*

*The decrease in the dividends paid to shareholders is driven by the Board's decision to cancel the Interim dividend that was due to be paid on 9 April 2020 due to the Covid-19 pandemic uncertainty.

CEO pay ratio

The following table discloses the ratios between the single total figure of remuneration ('STFR') of the Chief Executive Officer for 2019/20 and the lower quartile, median and upper quartile pay of Wilmington's UK employees. The STFR of all employees has been calculated on a full-time equivalent basis. Wilmington is committed to ensuring competitive pay for all colleagues.

Financial year	Method	25 th percentile pay ratio	Median pay ratio	75 th percentile pay ratio
2019/20	Option B	14:1	10:1	6:1

¹ The overall reduction in the salaries of the Directors is due to a voluntary pay decrease in the final three months of the year ended 30 June 2020 in response to the Covid-19 impact

² No Executive Director earned a bonus in respect of the year ended 30 June 2020

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Single total figures of remuneration used to calculate the above ratio

Financial year	Method	25 th percentile pay ratio		Median pay ratio		75 th percentile pay ratio	
		Total pay and benefits	Total salary	Total pay and benefits	Total salary	Total pay and benefits	Total salary
2019/20	Option B	28,665	26,769	39,496	35,765	62,178	58,774

Reporting regulations offer three methodologies to calculate the CEO pay ratio – Options A, B and C. The above table has been calculated by adopting Option B, which was determined as the most appropriate methodology for Wilmington. It was decided that Option B would be the most appropriate approach as Wilmington had already completed a comprehensive analysis of UK employees for the purpose of gender pay gap reporting. As such, the most recent gender pay gap data, published in April 2020, was used to determine the employees at the 25th percentile, median and 75th percentile. A single total figure of remuneration was then calculated for each of the relevant employees using a consistent approach to the calculation of the single total figure of remuneration for the Chief Executive Officer on page 76 based on remuneration as at 30 June 2020. For example, variable bonus payments and employer pension contributions were added to the gender pay data to ensure the STFR reflected all relevant remuneration received in respect of the year ended 30 June 2020. The pay data for a sample of employees at each percentile was then reviewed for accuracy and consistency and as such, Wilmington believes the selected employees are reasonably representative of the 25th, median, and 75th percentiles.

It is expected that the CEO pay ratio has the potential to vary considerably year-on-year due to the significant variable remuneration element included. For example, the single total figure of remuneration for the Chief Executive in respect of the year ended 30 June 2020 does not include an annual bonus or any PSP award. As highlighted on pages 77 and 78 respectively, the profit underpin was not satisfied for the financial year 2019/2020 resulting in 0.00% of the bonus award paying out, and the Chief Executive did not hold any PSP award which was capable of vesting by reference to performance in the year ended 30 June 2020. The Company believes that the median pay ratio is consistent with the pay, reward, and progression policies for the Company's UK employees as a whole.

Implementation of the Policy for the year ending 30 June 2021 (unaudited information)

Subject to approval at the 2020 Annual General Meeting, the Policy outlined on pages 63 to 65 will be implemented in the year ending 30 June 2021 as described in the Committee Chairman's Statement on pages 62 to 65.

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

Details of the Directors who were members of the Committee during the year are disclosed on page 83. The Committee has also received assistance from the Chief Executive Officer with respect to the remuneration of the other Executive Director and on the Company's remuneration policy more generally. He is not in attendance when his own remuneration is discussed.

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

Committees advisors	2019/20 £'000
Aon Hewitt Limited provided advice to the Committee on performance analysis.	7
Deloitte LLP provided advice to the Committee on executive remuneration, including annual bonus performance measures and the preparation of the Directors' Remuneration Report.	16

Deloitte LLP was appointed by the Committee in 2013; the Group also engages Deloitte LLP to provide advice in relation to the Company's share plans. Deloitte is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. Aon Hewitt Limited was appointed by the Committee in previous years. The Committee took into account the Remuneration Consultants Group's Code of Conduct when reviewing the appointment of Aon Hewitt Limited and Deloitte LLP.

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

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

Committee member	Member since	Committee Meetings attended	Committee Meetings eligible to attend
Nathalie Schwarz (Committee Chairman)	December 2011	3	3
Derek Carter	December 2011	3	3
Martin Morgan	May 2018	3	3
Paul Dollman	September 2015	3	3
Helen Sachdev	April 2020	2	2

Statement of voting at general meeting (unaudited information)

At the Annual General Meeting held on 5 November 2019 the Annual Report on Remuneration received the following votes from shareholders:

Annual Report on Remuneration	Total number of votes	% of votes cast
For	72,338,089	98.34%
Against	1,224,055	1.66%
Total votes cast (for and against)	73,562,144	
Votes withheld	187	
Total votes (including withheld votes)	73,562,331	

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

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

Governance – Wilmington plc 30 June 2020

Directors' report and other statutory information

The Directors present their report together with the audited consolidated financial statements for the year ended 30 June 2020. The Directors' Report comprises pages 84 to 85 and the sections of the Annual Report incorporated by reference are set out below which, taken together, contain the information to be included in the Annual Report, where applicable, under Listing Rule 9.8.4.

Board membership	pg 48
Dividends	pg 6
Directors' long term incentives	pg 69
Corporate governance report	pg 50
Future developments of the business of the Group	pg 14
Employee equality, diversity and involvement	pg 31
Events after the reporting period	pg 133
Subsidiaries of the Group	pg 115
Financial risk management	pg 37
Sustainability and greenhouse gas emissions	pg 29
S172 statement and stakeholder engagement	pg 28
Going concern and viability statement	pg 45

Notice concerning forward-looking statements

This Annual Report contains forward-looking statements. Although the Group believes that the expectations reflected in such forward-looking statements are reasonable, these statements are not guarantees of future performance and are subject to a number of risks and uncertainties and actual results and events could differ materially from those currently being anticipated as reflected in such forward-looking statements.

The terms 'expect', 'estimate', 'forecast', 'target', 'believe', 'should be', 'will be' and similar expressions are intended to identify forward-looking statements. Factors which may cause future outcomes to differ from those foreseen in forward-looking statements include, but are not limited to, those identified under 'Principal risks and uncertainties' on pages 37 to 44 of this Annual Report.

The forward-looking statements contained in this Annual Report speak only as of the date of publication of this Annual Report and the Group therefore cautions readers not to place undue reliance on any forward-looking statements. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in the Group's expectations or any change in events, conditions or circumstances on which any such statement is based.

General information

The Company is public limited and is incorporated and domiciled in the UK. The Company is listed on the main market of the London Stock Exchange. The Company's registered address is 10 Whitechapel High Street, London E1 8QS.

Branches outside the UK

The Group operates one branch outside the UK in Singapore.

Research and development activities

The Group invests in research and development to support the development of its businesses which can rely on technology to deliver their data, information, education and networking services. Examples of investments undertaken in the year are included in the Financial Review on pages 33 to 36.

Political donations

No political donations were made during the year (2019: nil).

Directors and Directors' interests

All Directors are equally accountable for the proper stewardship of the Company's affairs. Executive and Non-Executive Directors offer themselves for election or re-election at each Annual General Meeting as a result of the Company deciding to adopt best practice guidelines and the 2018 UK Corporate Governance Code.

Details of the remuneration, service contracts, letters of appointment and interests in the share capital of the Company for the Directors who have served during the year are set out in the Report on Directors' Remuneration on pages 62 to 83.

Except as disclosed in note 25 none of the Directors had any material interest in any contract, other than an employment contract, that was significant in relation to the Group's business at any time during the year.

Governance – Wilmington plc 30 June 2020

Directors' third-party indemnity provisions

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

Wilmington's people

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

The Group seeks to employ a workforce that reflects the diversity of its customers and the communities it engages with. The Group also seeks to create an environment in which every member of its workforce helps to foster a culture of equality, diversity and inclusion. As set out in the Group's equal opportunities policy, it is committed to ensuring that all of its workplaces are free from discrimination on the grounds of age, disability, gender reassignment, marriage and civil partnership, race, religion or belief, sex and sexual orientation.

Following the heightened urgency to make progress in this area, triggered by the Black Lives Matter movement, in July 2020 the Group launched a Global Diversity and Inclusion Working Group. Details of the focus of the working group are set out in the *Sustainability Report* on page 31.

Financial instruments

An explanation of the Group's treasury policies and existing financial instruments are set out in note 19 of the financial statements.

Purchase of own shares and sale of treasury shares

The Group has, in previous years, purchased its own shares and holds such shares in treasury. At 30 June 2020, 44,611 shares were held in Treasury (2019: 46,584), which represents 0.1% (2019: 0.1%) of the share capital of the Company.

In the year ending 30 June 2020 the Wilmington Group plc Employee Share Ownership Trust purchased 200,000 ordinary shares of 5p each. These shares will ultimately be used by the Trust for the settlement of awards granted under the Company's employee share schemes. The Company seeks authority from its shareholders at each Annual General Meeting to purchase its own shares.

Contracts of significance with shareholders

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

Takeover directive disclosures

As at 30 June 2020, the Company had only one authorised class of share, namely ordinary shares of 5p each, of which there were in issue 87,603,917 (2019: 87,539,567). There are no special arrangements or restrictions relating to any of these shares, whether in terms of transfers, voting rights, or relating to changes in control of the Company. The Company does not have any special rules in place regarding the appointment and replacement of Directors, or regarding amendments to the Company's articles of association.

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

Subject to various conditions, if the Company is taken over, all share awards and options will vest and may be exercised.

Except for share awards and options, and the banking arrangements described above there are no special conditions or agreements in place which would take effect, alter or terminate in the event of a takeover.

Apart from the interests of the Directors disclosed in the Report on Directors' Remuneration and the substantial interests listed on page 129 there are no individuals or entities with significant holdings, either direct or indirect, in the Company.

Annual General Meeting

A separate notice convening the Annual General Meeting of the Company to be held at the head office, 10 Whitechapel High Street, London E1 8QS on 4 November 2020 will be circulated to shareholders with this Annual Report and financial statements.

By order of the Board and signed by

Richard Amos
Company Secretary
16 September 2020

Governance – Wilmington plc 30 June 2020

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;

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 and the Directors' Remuneration report comply with the Companies Act 2006 and Article 4 of the IAS Regulation. 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 confirm that:

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

The directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the directors consider the Annual Report and the financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

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

To the best of our knowledge:

- the Group financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report include 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.

Approved on behalf of the board by:

Richard Amos
Chief Financial Officer
16 September 2020

Financial Statements– Wilmington plc 30 June 2020

Independent auditors' report

Independent auditor's report to the members of Wilmington plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Wilmington plc (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2020, which comprise the consolidated income statement, the consolidated statement of comprehensive income, the Group and Company balance sheets, the Group and Company statements of changes in equity, the Group and Company cash flow statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and the withdrawal of the United Kingdom from the European Union (Brexit). All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's and the parent Company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Group's and the parent Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Group or a parent Company associated with these particular events.

Financial Statements– Wilmington plc 30 June 2020

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the disclosures in the Annual Report set out on pages 37 to 44 that describe the principal risks, procedures to identify emerging risks and an explanation of how they are being managed or mitigated (including the impact of Brexit);
- the Directors' confirmation, set out on page 86 of the Annual Report that they have completed a robust assessment of the principal and emerging risks facing the Group, (including the impact of Brexit), including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement, set out on page 86 of the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group and the parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement relating to going concern and the prospects of the Group required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) are materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation, set out on page 86 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

In our evaluation of the directors' conclusions, we considered the risks associated with the Group's and the parent Company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Group and the parent Company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the parent Company will continue in operation.

Overview of our audit approach

- Overall materiality: £702,000, which represents approximately 0.65% of the Group's revenue;
- Key audit matters were identified as:
 - going concern
 - impairment of intangible assets
 - recognition of revenue
 - application of IFRS 16 – change in accounting policy
- We performed full scope audit procedures on the financial statements of Wilmington plc and on the financial information of Wilmington Holdings No.1 Limited, Wilmington Shared Services Limited, Wilmington Publishing & Information Limited, Axco Information Services Limited, Wilmington Healthcare Limited, Mercia Group Limited and International Compliance Training Limited.
- Full scope or specified audit procedures were performed on the financial information of components representing 83% of the Group's revenue and 88% of the Group's profit before tax.

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 that 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.

Financial Statements– Wilmington plc 30 June 2020

Key Audit Matter - Group	How the matter was addressed in the audit- Group
Going Concern As stated in the 'The impact of macro-economic uncertainties on our audit' section of our report, Covid-19 is amongst the most significant economic events currently faced by the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty. This event could adversely impact the future trading performance of the Group and the parent Company and as such increases the extent of judgement and estimation uncertainty associated with management's decision to adopt the going concern basis of accounting in the preparation of the financial statements. We therefore identified going concern as a significant risk, which was one of the most significant assessed risks of material misstatement	Our audit work included, but was not restricted to: • Obtaining management's base case cash flow forecasts covering the period to 30 September 2021, assessing how these cash flow forecasts were compiled and assessing their appropriateness by applying relevant sensitivities to the underlying assumptions, and challenging those assumptions; • Assessing the accuracy of management's past forecasting by comparing management's forecasts for last year to the actual results for last year and considering the impact on the base case cash flow forecast; • Obtaining management's worst-case scenario prepared to assess the potential impact of Covid-19 on the business. We considered whether the assumptions are consistent with our understanding of the business derived from other detailed audit work undertaken; • Assessing covenant compliance throughout the going concern period; • Assessing the impact of the mitigating factors available to management in respect of the ability to restrict cash impact, including the level of available facilities; and • Assessing the adequacy of related disclosures within the Annual Report. The Group's accounting policy on going concern is shown in note 1(a) to the financial statements. The Audit Committee identified going concern as a significant area in its report on page 58, where the Audit Committee also described the action that it has taken to address this area.
Impairment of intangible assets The Group holds £77.9 million of goodwill on its Group balance sheet. In accordance with International Accounting Standard (IAS) 36 'Impairment of Assets', goodwill is subject to an annual impairment test. The Group also has intangible assets of £19.7 million which have been allocated to cash generating units during the performance of the impairment test. We consider that the carrying value of the goodwill and intangible assets is a significant risk due to the level of management judgment included in the inputs into the impairment calculation, such as the rate used to discount future cash flows, cash flow forecasts and growth rates. We therefore identified impairment of intangible assets as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • Obtaining management's impairment review model and testing the mathematical accuracy; • Assessing the appropriateness of the asset amounts included in the carrying value of each of the cash generating units by agreeing to underlying accounting records; • Assessing the discount rate applied, including an assessment by our valuation specialists and benchmarking the rate against that used by competitors; • Performing sensitivity analysis around the value in use calculation performed by management; and • Testing the accuracy of management's forecasting through a comparison of budget to actual data and historical variance trends and inspecting the forecast cash flows. The Group's accounting policy on impairment of non-financial assets is shown in note 1(f) to the financial statements and related disclosures are included in notes 11 and 12. The Audit Committee identified goodwill and intangible asset impairment as a significant area in its report on page 58, where the Audit Committee also described the action that it has taken to address this area.
	Key observations Based on our audit work we found the judgments made by management in assessing the impairment of intangible assets to be balanced and reasonable.

Financial Statements– Wilmington plc 30 June 2020

Recognition of revenue

Under International Standard on Auditing (UK) 240 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements', there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue due to fraud.

We assessed this risk to be greatest in the final quarter of the year where there is increased likelihood of the timing and quantum of revenue and profit recognised in the year to be misstated.

We therefore identified recognition of revenue as a significant risk, which was one of the most significant assessed risks of material misstatement.

Our audit work included, but was not restricted to:

- Assessing the design effectiveness of relevant controls and the stated accounting policies in respect of revenue recognition and whether these are consistent with IFRS 15;
- Determining whether revenue that was recorded in the accounting system was consistent with the accounting policy and considering the appropriateness of that policy;
- Performing substantive testing on a sample of revenue transactions during the year with a particular focus on the final quarter, across each of the significant revenue streams to assess whether revenue is recognised in accordance with the contract terms and agreeing to supporting evidence to confirm occurrence; and
- Carrying out cut off procedures to ensure that revenue was recognised in the correct period via testing of revenue through to deferred income schedules, and vice versa, prior period deferred income to revenue listing in the current period.

The Group's accounting policy on revenue recognition is shown in note 1(h) to the financial statements and related disclosures are included in note 3. The Audit Committee identified revenue recognition as a significant area in its report on page 58, where the Audit Committee also described the action that it has taken to address this area.

Key observations

Our audit work did not identify any material errors in recognition of revenue during the year.

Our audit work included, but was not restricted to:

- Evaluating management's IFRS 16 adoption papers and workings and assessing the implementation of key controls around the first year adoption of IFRS 16, including accounting policy and disclosure requirements;
- Assessing the appropriateness of the incremental borrowing rate applied in determining lease assets and liabilities;
- Testing the arithmetical accuracy and integrity of the underlying data by reperforming the lease liability and lease asset calculations for a sample of leases;
- Considering completeness by agreeing the reconciliation of the group's operating lease commitment disclosure in the previous period to the lease data used in the calculation, by viewing lease agreements and payments and checking that they are included on the IFRS 16 lease transition listing;
- Selecting a sample of lease expenditure in the year and agreeing this lease expenditure to the related lease liability; and
- Assessing the accounting policy and disclosures for compliance with IFRS 16.

The Group's accounting policies on IFRS 16 is shown in note 1(b) to the financial statements and related disclosures are included in note 28. The Audit Committee identified application of IFRS 16 as a significant area in its report on page 58, where the Audit Committee also described the action that it has taken to address this area.

Key observations

As a result of the audit procedures performed and after considering management's disclosures of judgements applied, we did not identify any material misstatement in the application of IFRS 16.

Application of IFRS 16 – change in accounting policy

IFRS 16 'Leases' became effective for financial years beginning on or after 1 January 2019 and has been adopted by the Group during the year.

There is complexity in calculating the expected right of use asset and the corresponding liability and judgement involved in determining an appropriate discount rate to utilise in order to calculate the net present value of the cash flows.

We therefore identified application of IFRS 16 – change in accounting policy as a significant risk, which was one of the most significant assessed risks of material misstatement.

Financial Statements– Wilmington plc 30 June 2020

We did not identify any key audit matters relating to the audit of the financial statements of the parent Company.

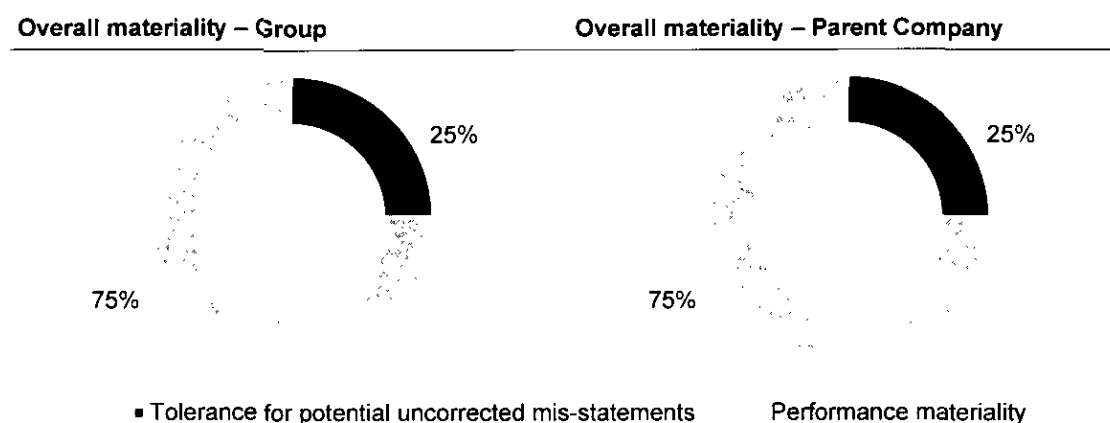
Our application of materiality

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 in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality measure	Group	Parent Company
Financial statements as a whole	£702,000, which is approximately 0.65% of the group's revenue. This benchmark is considered the most appropriate because consistent and sustainable revenue streams is a key performance measure for the Group. Materiality for the current year is lower than the level that we determined for the year ended 30 June 2019 to reflect the change in benchmark and measurement percentage from 5% of the Group's adjusted profit before tax last year to 0.65% of the Group's revenue this year, which was lower.	£526,500, which is 0.40% of the parent Company's total assets, capped at 75% of Group materiality. This benchmark is considered the most appropriate because the parent Company does not trade and holds material investments in subsidiary companies and receivable amounts from subsidiary companies. Materiality for the current year is lower than the level that we determined for the year ended 30 June 2019 to reflect the capping at 75% of Group materiality referred to above, which was lower this year.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality.	75% of financial statement materiality.
Specific materiality	We determined a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions	We determined a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions.
Communication of misstatements to the audit committee	£35,100 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£26,325 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



Financial Statements– Wilmington plc 30 June 2020

An overview of the scope of our audit

Our audit approach was based on a thorough understanding of the Group's business and is risk based, and in particular included:

- evaluation by the Group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality;
- for those components that were evaluated as significant, either a full-scope or targeted audit approach was taken based on their relative materiality to the Group and our assessment of the audit risk. For significant components requiring a full-scope approach, we evaluated the design and implementation of controls over the financial reporting systems identified as part of our risk assessment and addressed critical accounting matters. We then undertook substantive testing on significant transactions and material account balances;
- significant components were identified as Wilmington plc, Wilmington Holdings No.1 Limited, Wilmington Shared Services Limited, Wilmington Publishing & Information Limited, Axco Information Services Limited, Wilmington Healthcare Limited, Mercia Group Limited and International Compliance Training Limited. These entities were subject to full scope audit procedures and represent 53% of the Group's revenue and 77% of the Group's profit before tax. All work in relation to these components was performed by the Group audit team;
- a number of further components were identified for specified audit procedures on specific balances. The work on these components was targeted according to the nature of the balances within these components. All work in relation to these components was performed by the Group audit team;
- work performed over full scope components and specified procedures components covered 83% of the Group's revenue and 88% of the Group's profit before tax; and
- the remaining components of the Group were subject to analytical procedures commensurate with their significance to the Group's results and financial position.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group and the parent Company and the sector in which they operate. We determined that the following laws and regulations were most significant: the Companies Act 2006, the UK Corporate Governance Code and UK corporate taxation laws.
- We obtained an understanding of how the Group and the parent Company are complying with those legal and regulatory frameworks by making inquiries to the management and the Group's head of legal department. We corroborated our inquiries through our review of board minutes and papers provided to the Audit Committee.
- We assessed the susceptibility of the Group's and the parent Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the Group engagement team included:
 - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - challenging assumptions and judgments made by management in its significant accounting estimates;
 - identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
 - assessing the extent of compliance with the relevant laws and regulations.
- We communicated relevant laws and regulations identified at Group level to the component auditors and both the Group engagement team and component auditors performed the audit procedures as above.

Financial Statements– Wilmington plc 30 June 2020

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and financial statements, 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 47 the statement 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 performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit Committee reporting set out on pages 57 to 59 – the section describing the work of the audit committee does not appropriately address matters communicated to us by the audit committee; or
- Directors' statement of compliance with the UK Corporate Governance Code set out on page 50 – the parts of the Directors' statement required under the Listing Rules relating to the Company'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.

Our opinions on other matters prescribed by the Companies Act 2006 are unmodified

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.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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 and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Financial Statements—Wilmington plc 30 June 2020

Responsibilities of directors for the financial statements

As explained more fully in the statement of directors' responsibilities set out on page 86, 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.

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

Other matters which we are required to address

We were appointed by the Board on 13 December 2018. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 2 years.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent Company and we remain independent of the Group and the parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Company'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 Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sergio Cardoso
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
16 September 2020

Financial Statements– Wilmington plc 30 June 2020

Consolidated income statement

for the year ended 30 June 2020

	Notes	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Continuing operations			
Revenue	3	113,075	122,525
Operating expenses before amortisation of intangibles excluding computer software and adjusting items		(99,044)	(101,074)
Amortisation of intangible assets excluding computer software	4b	(4,797)	(5,049)
Adjusting items	4b	(625)	(1,443)
Operating expenses	5	(104,466)	(107,566)
Other income – gain on sale of subsidiary		—	1,906
Operating profit		8,609	16,865
Net finance costs	6	(2,175)	(2,103)
Share of loss of equity accounted investment		—	(50)
Profit before tax		6,434	14,712
Taxation	7	(1,760)	(3,519)
Profit for the year		4,674	11,193
Attributable to:			
Owners of the parent		4,674	11,149
Non-controlling interests		—	44
		4,674	11,193
Earnings per share attributable to the owners of the parent:			
Basic (p)	9	5.33	12.74
Diluted (p)	9	5.26	12.64
Adjusted earnings per share attributable to the owners of the parent:			
Basic (p)	9	10.71	17.44
Diluted (p)	9	10.56	17.30

The notes on pages 100 to 133 are an integral part of these consolidated financial statements.

Financial Statements– Wilmington plc 30 June 2020

Consolidated statement of comprehensive income for the year ended 30 June 2020

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Profit for the year	4,674	11,193
Other comprehensive income/(expense):		
Items that may be reclassified subsequently to the income statement		
Fair value movements on interest rate swaps, net of tax	116	32
Currency translation differences	513	643
Net investment hedges, net of tax	(237)	(424)
Other comprehensive income for the year, net of tax	392	251
Total comprehensive income for the year	5,066	11,444
Attributable to:		
Owners of the parent	5,066	11,400
Non-controlling interests	—	44
	5,066	11,444

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 7. The notes on pages 100 to 133 are an integral part of these financial statements.

Financial Statements-- Wilmington plc 30 June 2020

Balance sheet

as at 30 June 2020

		Group		Company	
	Notes	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Non-current assets					
Goodwill	11	77,876	77,535	—	—
Intangible assets	12	19,712	23,213	—	—
Property, plant and equipment	13	5,134	5,967	—	—
Right of use assets	13	11,760	—	8,834	—
Investment in subsidiaries	14	—	—	49,420	49,420
Deferred consideration receivable		2,163	2,221	—	—
Deferred tax assets	20	1,189	555	117	164
Derivative financial instruments	16	—	23	—	23
		117,834	109,514	58,371	49,607
Current assets					
Trade and other receivables	15	25,526	29,112	79,976	80,990
Current tax assets		1,314	—	—	—
Cash and cash equivalents		21,426	7,921	7,004	787
		48,266	37,033	86,980	81,777
Total assets		166,100	146,547	145,351	131,384
Current liabilities					
Trade and other payables	17	(58,495)	(57,168)	(33,514)	(30,520)
Current tax liabilities		—	(312)	(173)	(173)
Lease liabilities	23	(2,660)	—	(1,455)	—
Derivative financial instruments	16	(59)	—	(59)	—
Deferred consideration – cash settled		—	(1,550)	—	—
Borrowings	18	—	—	—	(2,707)
		(61,214)	(59,030)	(35,201)	(33,400)
Non-current liabilities					
Borrowings	18	(48,495)	(41,790)	(20,181)	(13,147)
Lease liabilities	23	(10,461)	—	(8,624)	—
Derivative financial instruments	16	—	(226)	—	(226)
Deferred tax liabilities	20	(2,524)	(2,633)	—	—
		(61,480)	(44,649)	(28,805)	(13,373)
Total liabilities		(122,694)	(103,679)	(64,006)	(46,773)
Net assets		43,406	42,868	81,345	84,611
Equity					
Share capital	21	4,380	4,377	4,380	4,377
Share premium	21	45,225	45,225	45,225	45,225
Treasury and ESOT reserves	21	(590)	(96)	(93)	(96)
Share based payments reserve		1,195	839	1,195	839
Translation reserve		3,801	3,288	—	—
(Accumulated losses)/retained earnings		(10,605)	(10,765)	30,638	34,266
Total equity		43,406	42,868	81,345	84,611

Wilmington plc, the parent company, recorded a profit of £678,000 (2019: £5,530,000) during the year.

The notes on pages 100 to 133 are an integral part of these consolidated financial statements. The financial statements on pages 95 to 133 were approved and authorised for issue by the Board and signed on their behalf on 16 September 2020.

Mark Milner
Chief Executive Officer

Richard Amos
Chief Financial Officer

Registered number: 03015847

Financial Statements– Wilmington plc 30 June 2020

Statements of changes in equity

for the year ended 30 June 2020

	Share capital, share premium, ESOT shares and treasury shares (note 21) £'000	Share based payments reserve £'000	Translation reserve £'000	Accumulated losses £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
Group							
At 30 June 2018	49,500	1,108	2,645	(13,939)	39,314	82	39,396
Profit for the year	—	—	—	11,149	11,149	44	11,193
Other comprehensive income/(expense) for the year	—	—	643	(392)	251	—	251
	49,500	1,108	3,288	(3,182)	50,714	126	50,840
Transactions with owners:							
Dividends	—	—	—	(7,787)	(7,787)	(34)	(7,821)
Issue of share capital	6	(472)	—	466	—	—	—
Share based payments	—	203	—	—	203	—	203
Tax on share based payments	—	—	—	(48)	(48)	—	(48)
Movements in non-controlling interest	—	—	—	(214)	(214)	(92)	(306)
At 30 June 2019	49,506	839	3,288	(10,765)	42,868	—	42,868
Effect of initial application of IFRS 16 (note 28)	—	—	—	(180)	(180)	—	(180)
Tax relating to initial application of IFRS 16	—	—	—	34	34	—	34
At 1 July 2019	49,506	839	3,288	(10,911)	42,722	—	42,722
Profit for the year	—	—	—	4,674	4,674	—	4,674
Other comprehensive income/(expense) for the year	—	—	513	(121)	392	—	392
	49,506	839	3,801	(6,358)	47,788	—	47,788
Transactions with owners:							
Dividends	—	—	—	(4,378)	(4,378)	—	(4,378)
Issue of share capital	3	(242)	—	239	—	—	—
ESOT share purchases	(497)	—	—	—	(497)	—	(497)
Sale of treasury shares	3	—	—	—	3	—	3
Share based payments	—	598	—	—	598	—	598
Tax on share based payments	—	—	—	(108)	(108)	—	(108)
At 30 June 2020	49,015	1,195	3,801	(10,605)	43,406	—	43,406

	Share capital, share premium and treasury shares (note 21) £'000	Share based payments reserve £'000	Retained earnings £'000	Total £'000
Company				
At 30 June 2018	49,500	1,108	36,096	86,704
Profit for the year	—	—	5,530	5,530
Other comprehensive income for the year	—	—	9	9
	49,500	1,108	41,635	92,243
Dividends to shareholders	—	—	(7,787)	(7,787)
Issue of share capital	6	(472)	466	—
Share based payments	—	203	—	203
Tax on share based payments	—	—	(48)	(48)
At 30 June 2019	49,506	839	34,266	84,611
Effect of initial application of IFRS 16	—	—	(141)	(141)
At 1 July 2019	49,506	839	34,125	84,470
Profit for the year	—	—	678	678
Other comprehensive income for the year	—	—	82	82
	49,506	839	34,885	85,230
Dividends to shareholders	—	—	(4,378)	(4,378)
Issue of share capital	3	(242)	239	—
Sale of treasury shares	3	—	—	3
Share based payments	—	598	—	598
Tax on share based payments	—	—	(108)	(108)
At 30 June 2020	49,512	1,195	30,638	81,345

The notes on pages 100 to 133 are an integral part of these consolidated financial statements.

Financial Statements– Wilmington plc 30 June 2020

Cash flow statements

for the year ended 30 June 2020

	Notes	Group		Company	
		Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Cash flows from operating activities					
Cash generated from operations before adjusting items	27	26,512	26,439	10,921	14,012
Cash flows for adjusting items – operating activities		(293)	(810)	(250)	(415)
Cash flows from share based payments		(16)	(33)	(16)	(33)
Cash generated from operations		26,203	25,596	10,655	13,564
Interest paid		(1,632)	(1,943)	(167)	(739)
Tax paid		(4,377)	(3,943)	(3,225)	(2,127)
Net cash generated from operating activities		20,194	19,710	7,263	10,698
Cash flows from investing activities					
Purchase of businesses net of cash acquired		—	(79)	—	—
Sale of subsidiary net of cash disposed		—	60	—	—
Deferred consideration paid		(1,957)	(1,522)	—	—
Deferred consideration received		200	—	—	—
Purchase of non-controlling interests		—	(224)	—	—
Cash flows for adjusting items – investing activities		(217)	(405)	(217)	(74)
Purchase of property, plant and equipment		(538)	(1,332)	—	—
Proceeds from disposal of property, plant and equipment		27	112	—	—
Purchase of intangible assets		(3,315)	(2,324)	—	—
Net cash used in investing activities		(5,800)	(5,714)	(217)	(74)
Cash flows from financing activities					
Dividends paid to owners of the parent		(4,378)	(7,787)	(4,378)	(7,787)
Dividends paid to non-controlling interests		—	(34)	—	—
Share issuance costs		(3)	(6)	(3)	(6)
Payment of lease liabilities		(2,392)	—	—	—
Purchase of shares by ESOT		(497)	—	—	—
Fees relating to new and extended loan facility		(741)	(24)	(741)	(24)
Increase in bank loans		14,000	6,000	11,000	6,000
Decrease in bank loans		(7,000)	(15,399)	(4,000)	(9,000)
Net cash (used in)/generated from financing activities		(1,011)	(17,250)	1,878	(10,817)
Net increase/(decrease) in cash and cash equivalents, net of bank overdrafts		13,383	(3,254)	8,924	(193)
Cash and cash equivalents, net of bank overdrafts at beginning of the year		7,921	11,033	(1,920)	(1,727)
Exchange gain on cash and cash equivalents		122	142	—	—
Cash and cash equivalents, net of bank overdrafts at end of the year		21,426	7,921	7,004	(1,920)
Reconciliation of net debt					
Cash and cash equivalents at beginning of the year		7,921	10,789	787	265
Cash classified as held for sale		—	244	—	—
Bank overdrafts at beginning of the year		—	—	(2,707)	(1,992)
Bank loans at beginning of the year	18	(41,790)	(50,665)	(13,147)	(16,122)
Net debt at beginning of the year		(33,869)	(39,632)	(15,067)	(17,849)
Net increase/(decrease) in cash and cash equivalents, net of bank overdrafts		13,505	(3,112)	8,924	(193)
Net (drawdown)/repayment in bank loans		(7,000)	9,399	(7,000)	3,000
Exchange loss on bank loans		(292)	(524)	(34)	(25)
Cash and cash equivalents at end of the year		21,426	7,921	7,004	787
Bank overdrafts at the end of the period		—	—	—	(2,707)
Bank loans at end of the year	18	(49,082)	(41,790)	(20,181)	(13,147)
Net debt at end of the year		(27,656)	(33,869)	(13,177)	(15,067)

The notes on pages 100 to 133 are an integral part of these consolidated financial statements.

Net debt at end of the year does not include lease liabilities of £13,121,000 (2019: nil).

Financial Statements– Wilmington plc 30 June 2020

Notes to the financial statements

General information

The Company is a public company limited by shares, incorporated and domiciled in the UK. The address of its registered office is 10 Whitechapel High Street, London E1 8QS.

The Company is listed on the Main Market on the London Stock Exchange. The Company is a provider of data information, education and networking to the professional markets.

1. Statement of accounting policies

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

a) Basis of preparation

The consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), including International Accounting Standards ('IAS') and interpretations issued by the IFRS Interpretations Committee ('IFRS IC') applicable to companies reporting under IFRS, and as adopted in the EU, and in accordance with the Companies Act 2006 as applicable to companies using IFRS.

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

The Group meets its day-to-day working capital requirements through its bank facilities, the terms and conditions of which are set out in note 19 on pages 118 to 126. The current economic conditions in which the Group operates continue to create uncertainty over the level of demand for the Group's products. This uncertainty extends to the feasibility of face-to-face product delivery in the wake of the Covid-19 pandemic.

The Directors have performed a detailed assessment to consider the future prospects of the Group, taking into account a range of severe but plausible scenarios that could cause disruption and impact viability. This assessment concludes that for the foreseeable future the Group should continue to maintain headroom in respect of liquidity and the covenant limits set by its banking syndicate. Therefore it continues to adopt the going concern basis in preparing its consolidated financial statements. Further details of the assessment performed can be found in the Going concern and viability statement on pages 45 to 47 of the Strategic Report.

Pursuant to Section 408 of the Companies Act 2006 the Company's own Income Statement and Statement of Other Comprehensive Income are not presented separately in the Company financial statements, but they have been approved by the Board.

b) New standards and interpretations applied

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

International Financial Reporting Standards (IFRS/IAS)		Effective for accounting periods starting after
IFRS 16	Leases	1 January 2019

The adoption of IFRS 16 has led to changes in the Group's accounting policies which are detailed below. Other amendments to IFRS effective for the period ending 30 June 2020 have not had an impact on the Group.

IFRS 16 is effective for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Group was 1 July 2019.

IFRS 16 prescribes a single lessee accounting model that requires the recognition of a right of use asset and corresponding liability for all leases with terms over twelve months, unless the underlying asset is of low value. The liability is initially measured at the present value of future lease payments over the lease term. The right of use asset is depreciated, with the depreciation charge and the interest on the corresponding lease liability being recognised in the income statement over the lease term. In the cash flow statement the total amount of cash paid in respect of lease payments is reflected in cash flows from financing activities. Details of the transition and the impact on the financial statements are specified in note 28.

c) Critical accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for income and expenses during the year and that affect the amounts reported for assets and liabilities at the reporting date. For this reporting date there are no significant judgements, however the estimates and assumptions are outlined below.

Goodwill and intangible assets

Management makes estimates and assumptions in measuring the carrying amount of goodwill and intangible assets. In considering whether goodwill and intangible assets have been impaired, the recoverable amount of cash generating units has been determined based on value in use calculations. These calculations require management to estimate future cash flows, a long term growth rate and an appropriate discount rate. The sensitivity of the carrying amount of goodwill to these variables is considered in note 11.

Financial Statements– Wilmington plc 30 June 2020

1. Statement of accounting policies (continued)

d) Basis of consolidation

The Group's consolidated financial statements incorporate the results and net assets of Wilmington plc and all its subsidiary undertakings made up to 30 June each year. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

They are deconsolidated from the date that control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All inter-group transactions, balances, income and expenses are eliminated on consolidation; however, for the purposes of segmental reporting, internal arm's length recharges are included within the appropriate segments.

e) Business combinations

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

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

f) Impairment of non-financial assets

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

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

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

g) Foreign currencies

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

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

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

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

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

h) Revenue

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

The Group's revenue comprises three different types of product and service; information, education and networking, across all three divisions.

Financial Statements– Wilmington plc 30 June 2020

1. Statement of accounting policies (continued)

h) Revenue (Continued)

Information

- Subscription income for online services, information and journals is normally received in advance and is therefore recorded as deferred revenue on the balance sheet. Revenue is then recognised evenly over time as the performance obligations are satisfied over the term of the subscription. These revenue streams relate to one performance obligation that is settled over time using the outputs method on a straight line basis as the customer simultaneously receives and consumes the benefit from the service.
- Revenue is recognised on the sale of books, journals, hard copy training material, research projects and similar publications once the product has been delivered to the customer. These revenue streams relate to one performance obligation that is settled at a point in time as Wilmington has a right to payment once control of the asset is transferred to the customer.
- Advertising in hard copy publications is recognised on the issue of the related publication. This revenue stream relates to one performance obligation that is settled at a point in time as Wilmington has a right to payment once the advertising is published in the hard copy publication.
- Marketing and advertising services revenues are recognised over the period of the advertising subscription or over the period when the marketing service is provided. When payment is received in advance it is recorded on the balance sheet as deferred revenue and revenue is then recognised over time as the performance obligations are satisfied over the term of the contract. These revenue streams relate to one performance obligation that is settled over time using the outputs method on a straight line basis as the customer simultaneously receives and consumes the benefit from the service.
- Revenue from the licence of static data reports is recognised once the data has been delivered to the customer. This revenue stream relates to one performance obligation that is settled at a point in time as Wilmington has a right to payment once control of the asset is transferred to the customer.
- Revenue from the licence of static data reports where the customer has access to the data for a finite period of time and the reports have significant updates during that period is recognised over the period of the contract. When payment is received in advance it is recorded on the balance sheet as deferred revenue and revenue is then recognised over time as the performance obligations are satisfied over the term of the contract. This revenue stream relates to one performance obligation that is settled over time using the outputs method on a straight line basis as the customer simultaneously receives and consumes the benefit from the service.
- Revenue from licences to dynamic data that is updated on an ongoing basis is recognised over the period of the contract. When payment is received in advance it is recorded on the balance sheet as deferred revenue and revenue is then recognised over time as the performance obligations are satisfied over the term of the contract. This revenue stream relates to one performance obligation that is settled over time using the outputs method on a straight line basis as the customer simultaneously receives and consumes the benefit from the service.

Education

- Revenue from training courses where the training is delivered as an ongoing process, is recognised on a straight line basis over the period that the training is provided to the customer. When payment is received in advance it is recorded on the balance sheet as deferred revenue and revenue is then recognised over time as the performance obligations are satisfied over the term of the contract. This revenue stream relates to one performance obligation that is settled over time using the outputs method on a straight line basis as the customer simultaneously receives and consumes the benefit from the service.
- Revenue from training courses where the Group provides in-house training to corporate customers is recognised on completion of the training course. This revenue stream relates to one performance obligation that is settled at a point in time as Wilmington has a right to payment once the service has been delivered to the customer.
- Revenue from the memberships of professional organisations is recognised on a straight line basis over the period of membership. When payment is received in advance it is recorded on the balance sheet as deferred revenue and revenue is then recognised over time as the performance obligations are satisfied over the term of the contract. This revenue stream relates to one performance obligation that is settled over time using the outputs method on a straight line basis as the customer simultaneously receives and consumes the benefit from the service.

Networking

- Networking revenue comprises exhibitions, conferences and events (collectively known as events). Revenue typically includes attendee fees, event sponsorship and advertising which is recognised when the event is held. Customers and sponsors are often required to pay in advance before commencement of the event, and these advance receipts are recognised as deferred revenue on the balance sheet from the point at which they become due. This revenue stream relates to one performance obligation that is settled at a point in time as Wilmington has a right to payment once the service has been delivered to the customer.

Financial Statements– Wilmington plc 30 June 2020

1. Statement of accounting policies (continued)

i) Operating expenses

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

j) Government grants

In accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, the Group recognises receipt of conditional Government grants intended to compensate the Group for expenses incurred. Each grant is recognised at fair value when there are reasonable assurances they will be received, and any qualifying conditions have been complied with. The grants are subsequently presented in the income statement on a systematic basis in the period that the expenses, for which the grants are compensating, are recognised. The Group elects to set grant income off against the associated expenditure, rather than present it as Other Income.

k) Segmental reporting

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

l) Adjusting items

The Group's income statement separately identifies adjusting items. Such items are those that in the Directors' judgment are one-off in nature and need to be disclosed separately by virtue of their size and incidence. In determining whether an item or transaction should be classified as an adjusting item, the Directors consider quantitative as well as qualitative factors such as the frequency, predictability of occurrence and significance.

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

This is consistent with the way that financial performance is measured by management and reported to the Board. Adjusting items may not be comparable to similarly titled measures used by other companies. Disclosing adjusted items separately provides additional understanding of the performance of the Group.

m) Current and deferred income tax

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

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

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

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

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

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

Financial Statements– Wilmington plc 30 June 2020

1. Statement of accounting policies (continued)

n) Dividends

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

o) Intangible assets

Intangible assets are stated at historical cost less accumulated amortisation.

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

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

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

p) Property, plant and equipment

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

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

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

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

q) Investments in subsidiaries

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

r) Financial instruments

Financial assets

The Group classifies its non-derivative financial assets as 'amortised cost' for the purposes of IFRS 9. Management determines the classification at initial recognition and re-evaluates this designation at each reporting date.

Loans and other receivables

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

Loans and other receivables are classified as current assets if they mature within twelve months of the reporting date, but are otherwise classified as non-current assets.

The Group classifies its loans and other receivables as 'amortised cost' for the purposes of IFRS 9.

Trade receivables

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

The Group assesses for doubtful debts (impairment) using the expected credit losses model as required by IFRS 9. For trade receivables, the Group applies the simplified approach which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

The Group measures its trade receivables at amortised cost for the purposes of IFRS 9.

Financial Statements– Wilmington plc 30 June 2020

1. Statement of accounting policies (continued)

r) Financial instruments (continued)

Cash and cash equivalents

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

The Group classifies cash and cash equivalents as 'amortised cost' for the purposes of IFRS 9.

Impairment of financial assets

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

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

Financial liabilities

Trade and other payables

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

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

The Group classifies trade and other payables as 'amortised cost' for the purposes of IFRS 9.

Loans and other borrowings

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

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

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

The Group classifies loans and other borrowings as 'amortised cost' for the purposes of IFRS 9.

Financial instruments and hedge accounting

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

Financial instruments that do not qualify for hedge accounting

The Group does not hold or issue derivative financial instruments for financial trading purposes. However, derivative financial instruments that do not qualify for hedge accounting (e.g. certain forward currency contracts held by the Group) are classified as 'fair value through the Consolidated Income Statement' for the purposes of IFRS 9 so are initially recognised and subsequently measured at fair value. The gain or loss on re-measurement to fair value is recognised in the Income Statement.

Financial instruments that do qualify for hedge accounting

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

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

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

Financial Statements– Wilmington plc 30 June 2020

1. Statement of accounting policies (continued)

r) Financial instruments (continued)

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued.

s) Retirement benefits

The Group does not operate a defined benefit pension scheme.

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

t) Share based payments

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

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

u) Operating leases

For those meeting the criteria of IFRS 16 see note 1b. Any leases not in scope for IFRS 16 are charged to the income statement on a straight line basis over the period of the lease.

v) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The share premium reserve represents the amount paid to the Company by shareholders above the nominal value of shares issued.

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

w) New standards and interpretations not applied

The International Accounting Standards Board ('IASB') and International Financial Reporting Interpretations Committee ('IFRIC') have issued new standards and interpretations with an effective date after the year starting 1 July 2019.

International Financial Reporting Standards (IFRS/IAS)		Effective for accounting periods starting after
IFRS Standards	Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IAS 1 and IAS 8	Definition of Material	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform	1 January 2020

Management is currently assessing the impact of the above new standards. During the year to 30 June 2021 the Group will put in place necessary processes to capture all of the adjustments and additional disclosures required for those standards taking effect before this date.

The Group does not anticipate that the adoption of the remaining standards and interpretations that are effective for the year ending 30 June 2021 will have a material effect on its financial statements.

Financial Statements– Wilmington plc 30 June 2020

2. Measures of profit

Reconciliation to profit on continuing activities before tax

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

- amortisation of intangible assets excluding computer software;
- adjusting items (included in operating expenses);
- other income – gain on sale of subsidiary;
- share of loss of equity accounted investment; and
- net finance costs.

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

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Profit before tax	6,434	14,712
Amortisation of intangible assets excluding computer software	4,797	5,049
Adjusting items (included in operating expenses)	625	1,443
Other income – gain on sale of subsidiary	—	(1,906)
Adjusted profit before tax	11,856	19,298
Share of loss of equity accounted investment	—	50
Net finance costs	2,175	2,103
Adjusted operating profit ('adjusted EBITA')	14,031	21,451
Depreciation of property, plant and equipment included in operating expenses	1,105	1,359
Depreciation of right of use assets	2,094	—
Amortisation of intangible assets – computer software	2,080	1,477
Adjusted EBITA before depreciation ('adjusted EBITDA')	19,310	24,287

3. Segmental information

In accordance with IFRS 8 the Group's operating segments are based on the operating results reviewed by the Board, which represents the chief operating decision maker.

The Group's organisational structure reflects the main communities to which it provides data, information, education and networking. The three divisions (Risk & Compliance, Professional and Healthcare) are the Group's segments and generate all of the Group's revenue. The Board considers the business from both a geographic and product perspective. Geographically, management considers the performance of the Group between the UK, North America, Europe (excluding the UK) and the Rest of the World.

a) Business segments

	Revenue Year ended 30 June 2020 £'000	Profit Year ended 30 June 2020 £'000	Revenue Year ended 30 June 2019 £'000	Profit Year ended 30 June 2019 £'000
Risk & Compliance	41,739	12,849	42,453	12,670
Healthcare	40,993	3,260	46,310	7,337
Professional	30,343	2,901	33,762	5,808
Group total	113,075	19,010	122,525	25,815
Unallocated central overheads	—	(4,255)	—	(4,152)
Share based payments	—	(724)	—	(212)
	113,075	14,031	122,525	21,451
Amortisation of intangible assets excluding computer software		(4,797)		(5,049)
Adjusting items (included in operating expenses)		(625)		(1,443)
Other income – gain on sale of subsidiary		—		1,906
Finance costs		(2,175)		(2,103)
Share of loss of equity accounted investment		—		(50)
Profit before tax		6,434		14,712
Taxation		(1,760)		(3,519)
Profit for the financial year		4,674		11,193

There are no intra-segmental revenues which are material for disclosure. Unallocated central overheads represent central costs that are not specifically allocated to segments. Total assets and liabilities for each reportable segment are not presented; as such, information is not provided to the Board.

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3. Segmental information (continued)

b) Segmental information by geography

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

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
UK	65,793	69,839
Europe (excluding the UK)	21,037	22,055
North America	18,042	20,829
Rest of the World	8,203	9,802
Total revenue	113,075	122,525

c) Timing of revenue recognition

The timing of the Group's revenue recognition is as follows:

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Revenue from products and services transferred at a point in time	59,524	51,054
Revenue from products and services transferred over time	53,551	71,471
Total revenue	113,075	122,525

The value of revenue recognised in the year which was included in subscriptions and deferred revenue at the start of the year was £30,794,000 (2019: £28,384,000).

4. Profit from continuing operations

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

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Depreciation of property, plant and equipment – included in operating expenses	1,105	1,359
Depreciation of right of use assets	2,094	—
Rent and rates relating to leases	394	2,661
Amortisation of intangible assets – computer software	2,080	1,477
Profit on disposal of property, plant and equipment	(7)	36
Share based payments (including social security costs)	724	212
Amortisation of intangible assets excluding computer software	4,797	5,049
Adjusting items (included in operating expenses)	625	1,443
Gain on sale of subsidiary	—	(1,906)
Foreign exchange loss/(gain) (including forward currency contracts)	14	(55)
Fees payable to the auditors for the audit of the Company and consolidated financial statements	87	87
Fees payable to the auditors and their associates for other services:		
– The audit of the Company's subsidiaries pursuant to legislation	152	154
– Audit related other services	15	15

Rent and rates relating to leases reflect expenses incurred in relation to leasehold properties accounted for under IAS 17 (for the year ended 30 June 2019) and expenses incurred in relation to right of use assets that do not fall into scope for IFRS 16 (for the year ended 30 June 2020).

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4. Profit from continuing operations (continued)

b) Adjusting items

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

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Costs relating to strategic activities	218	74
Increase in liability for deferred consideration	407	489
	625	563
Impairment of loan receivable	—	331
Costs associated with the change in CEO	—	549
Other adjusting items (included in operating expenses)	625	1,443
Amortisation of intangible assets excluding computer software	4,797	5,049
Total adjusting items (classified in profit before tax)	5,422	6,492

The increase in the liability for deferred consideration relates to adjustments to deferred consideration in respect of Interactive Medica Limited, and Evariant Consulting Limited that were settled in the year. The costs relating to strategic activities in the year to 30 June 2020 are in respect of strategic reviews of two of the Group's businesses, Central Law Training Limited and Wilmington Inese SL.

5. Operating expenses

	Year ended 30 June 2020			Year ended 30 June 2019		
	Cost of sales £'000	Administration £'000	Total £'000	Cost of sales £'000	Administration £'000	Total £'000
Operating expenses before depreciation and amortisation	89,363	4,402	93,765	93,626	4,612	98,238
Depreciation of property, plant and equipment and right of use assets	3,199	—	3,199	1,359	—	1,359
Amortisation of intangible assets – computer software	2,080	—	2,080	1,477	—	1,477
Operating expenses before amortisation of intangible assets excluding computer software	94,642	4,402	99,044	96,462	4,612	101,074
Amortisation of intangible assets – databases	1,673	—	1,673	1,745	—	1,745
Amortisation of intangible assets – customer relationships	1,309	—	1,309	1,501	—	1,501
Amortisation of intangible assets – brands	1,241	—	1,241	1,185	—	1,185
Amortisation of intangible assets – publishing rights and titles	574	—	574	618	—	618
Other adjusting items (note 4b)	—	625	625	—	1,443	1,443
Operating expenses	99,439	5,027	104,466	101,511	6,055	107,566

6. Net finance costs

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Net finance costs comprise:		
Interest payable on bank loans and overdrafts	1,587	1,921
Unwinding of the discount on royalty payments receivable	(142)	(127)
Bank arrangement fees	388	309
Notional interest on lease liabilities	342	—
	2,175	2,103

Included within bank arrangement fees are costs relating to the negotiations securing access to £15m of additional facility headroom through the Government's Coronavirus Large Business Interruption Scheme ('CLBILS').

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7. Taxation

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Current tax		
UK corporation tax at current rates on UK profits for the year	1,859	2,163
Adjustments in respect of previous years	30	(106)
	1,889	2,057
Foreign tax	769	1,153
Adjustments in respect of previous years	(75)	350
Total current tax	2,583	3,560
Total deferred tax	(823)	(41)
Taxation	1,760	3,519

Factors affecting the tax charge for the year:

The effective tax rate is higher (2019: higher) than the average rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Profit before tax	6,434	14,712
Profit before tax multiplied by the average rate of corporation tax in the year of 19.00% (2019: 19.00%)	1,222	2,795
Tax effects of:		
Foreign tax rate differences	48	384
Adjustment in respect of previous years	(45)	244
Other items not subject to tax	328	96
Effect on deferred tax of change of corporation tax rate	207	—
Taxation	1,760	3,519

Deferred tax assets and liabilities are measured at the rates that are expected to apply in the periods of the reversal.

The Company's profits for this accounting year are taxed at an effective rate of 27.4% (2019: 23.9%).

Included in other comprehensive income are a tax charge of £27,000 (2019: £8,000) and a tax credit of £55,000 (2019: £99,000 credit) relating to the interest rate swaps and net investment hedges respectively.

The tax effect of adjusting items as disclosed in note 9 is a credit of £712,000 (2019: £475,000).

8. Dividends

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

	Year ended 30 June 2020 Pence per share	Year ended 30 June 2019 Pence per share	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Final dividends recognised as distributions in the year	5.0	4.8	4,378	4,200
Interim dividends recognised as distributions in the year	—	4.1	—	3,587
Total dividends paid			4,378	7,787
Final dividend proposed	—	5.0	—	4,375

In light of the exceptional circumstances currently prevailing and to ensure that sufficient cash reserves remain within the business to tackle the impacts of Covid-19 the Board cancelled the interim dividend due to be paid 9 April 2020 and is not proposing a final dividend for the year ended 30 June 2020.

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9. Earnings per share

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

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

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

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Earnings from continuing operations for the purpose of basic earnings per share	4,674	11,149
Add/(remove):		
Amortisation of intangible assets excluding computer software	4,797	5,049
Adjusting items (included in operating expenses)	625	1,443
Other income – gain on sale of subsidiary	—	(1,906)
Tax effect of adjustments above	(712)	(475)
Adjusted earnings for the purposes of adjusted earnings per share	9,384	15,260
	Number	Number
Weighted average number of ordinary shares for the purposes of basic and adjusted earnings per share	87,590,511	87,513,422
Effect of dilutive potential ordinary shares:		
Future exercise of share awards and options	1,254,878	719,509
Weighted average number of ordinary shares for the purposes of diluted and adjusted earnings per share	88,845,389	88,232,931
Basic earnings per share	5.33p	12.74p
Diluted earnings per share	5.26p	12.64p
Adjusted basic earnings per share ('adjusted earnings per share')	10.71p	17.44p
Adjusted diluted earnings per share	10.56p	17.30p

10. Results of Wilmington plc

Wilmington plc, the parent company, recorded a profit of £678,000 (2019: £5,530,000) during the year.

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11. Goodwill

	£'000
Cost	
At 1 July 2018	109,824
Exchange translation differences	432
At 30 June 2019	110,256
Exchange translation differences	341
At 30 June 2020	110,597
Accumulated impairment	
At 1 July 2018, 30 June 2019 and 30 June 2020	32,721
Net book amount	
At 30 June 2020	77,876
At 30 June 2019	77,535
At 30 June 2018	77,103

As at 30 June 2020 the Group had recognised goodwill of £77.9m (2019: £77.5m) with the movement fully attributable to foreign exchange. Goodwill arising on business combinations is not amortised but reviewed for impairment on an annual basis, or more frequently if there are indications that goodwill may be impaired. Determining whether the carrying value of acquired goodwill is recoverable is a significant judgement given the material nature of the goodwill balance and the significant assumptions underpinning management's impairment assessment of the Group's cash generating units ('CGUs').

The recoverable amount for each CGU has been determined using value in use calculations. These calculations use the pre-tax future cash flow forecasts covering a three year period based on Board approved budgets. Pre-tax cash flows beyond the three year period are then extrapolated using estimated long term growth rates. Key assumptions for the value in use calculations are those regarding discount rates, three year cash flow forecasts and long term growth rates.

Discount rates

Management has applied pre-tax discount rates as follows:

Territory	Year ended 30 June 2020 (%)	Year ended 30 June 2019 (%)
United Kingdom	11.2	10.5
United States	12.1	11.3
Spain	11.8	11.6
France	12.4	11.0

Pre-tax discount rates are calculated on a company specific participant basis, movements in the pre-tax discount rates for CGUs since the prior year are driven by changes in company specific market-based inputs. Management considers the pre-tax discount rates to be calculated using appropriate methodology. The rates are in line with its peers, and the Board views the rates as accurately reflecting the return expected by a market participant.

Three year cash flow forecasts and Covid-19

The three year cash flow forecasts which drive the value in use calculations take into account the impact of Covid-19, they assume no face-to-face training or events for the remainder of the 2020 calendar year with a gradual return thereafter. They also assume a general recessionary impact on products which are not reliant on face-to-face delivery. Given these unprecedented times, the outlook remains uncertain however management believes these cash flows reflect a reasonable scenario.

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11. Goodwill (continued)

Compliance Week

For Compliance Week, the value in use exceeds the carrying value by 36% (2019: 6%). The increase in headroom is due to a fall in the asset value of the business in the year due to amortisation and increased three year cash flow forecasts which are based on better performance in the business's core subscription product and the assumed gradual return to face-to-face events. The impairment review of Compliance Week is sensitive to a reasonably possible change in the key assumptions used, most notably the projected cash flows and the pre-tax discount rate. The value in use exceeds the carrying value unless any of the assumptions are changed as follows:

- a decrease in the projected operating cash flows of 35% in each of the next three years; or
- an increase in the pre-tax discount from 12.1% to 17.0%.

UK Healthcare

The UK Healthcare CGU has a relatively high goodwill carrying value due to a number of fairly recent acquisitions. The healthcare industry, and consequently our Healthcare business, has been disrupted by the Covid-19 pandemic and the planned growth in the CGU in the year has not been delivered. The value in use calculation exceeds the goodwill carrying value by 30% (2019: 123%). The value in use calculation assumes growth in years two and three of the three year cash flow forecast driven by both a return to normality for revenue streams disrupted by Covid-19 and the success of new products being developed and launched through our NPD process. Management has performed sensitivities on this CGU and the value in use exceeds the carrying value unless any of the assumptions are changed as follows:

- a decrease in the projected operating cash flows of 24% in each of the next three years;
- a decrease in the forecasted cash flows associated with new products being developed through our NPD process of 69% in each of the next three years; or
- an increase in the pre-tax discount rate from 11.2% to 14.7%

Management will continue to monitor performance against the assumptions made as the Covid-19 pandemic progresses.

As a result of the increased integration of the UK Healthcare businesses into one single UK Healthcare business, it is no longer possible to identify cash flows generated by Interactive Medica independently from the other UK Healthcare businesses. Therefore, going forward Interactive Medica will be included in the UK Healthcare CGU from the year ending 30 June 2021. As such the year ended 30 June 2020 will be the final year in which Interactive Medica is disclosed as a separate CGU.

The following table details the net book amount of each CGU:

CGU	30 June 2020 £'000	30 June 2019 £'000
UK Healthcare	21,182	21,182
Axco and Pendragon	11,150	11,150
Accountancy	8,307	8,307
Legal	6,830	6,830
AMT	6,203	6,203
Compliance	7,972	7,972
Compliance Week	4,854	4,732
FRA	7,550	7,331
Business Intelligence	3,240	3,240
Interactive Medica	588	588
	77,876	77,535

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12. Intangible assets

Group	Computer software £'000	Databases £'000	Customer relationships £'000	Brands £'000	Publishing rights and titles £'000	Total £'000
Cost						
At 1 July 2018	10,193	16,741	24,802	13,633	30,289	95,658
Additions	2,324	—	—	—	—	2,324
Acquisitions	—	—	—	—	104	104
Disposal	(326)	—	—	—	—	(326)
Exchange translation differences	(17)	30	167	124	—	304
At 30 June 2019	12,174	16,771	24,969	13,757	30,393	98,064
Additions	3,215	—	—	—	100	3,315
Disposal	(62)	—	—	—	—	(62)
Exchange translation differences	111	24	135	100	—	370
At 30 June 2020	15,438	16,795	25,104	13,857	30,493	101,687
Accumulated amortisation						
At 1 July 2018	6,642	12,048	17,096	5,496	27,071	68,353
Charge for the year	1,477	1,745	1,501	1,185	618	6,526
Disposals	(251)	—	—	—	—	(251)
Exchange translation differences	(18)	17	123	101	—	223
At 30 June 2019	7,850	13,810	18,720	6,782	27,689	74,851
Charge for the year	2,080	1,673	1,309	1,241	574	6,877
Disposals	(62)	—	—	—	—	(62)
Exchange translation differences	135	13	73	88	—	309
At 30 June 2020	10,003	15,496	20,102	8,111	28,263	81,975
Net book amount						
At 30 June 2020	5,435	1,299	5,002	5,746	2,230	19,712
At 30 June 2019	4,324	2,961	6,249	6,975	2,704	23,213
At 30 June 2018	3,551	4,693	7,706	8,137	3,218	27,305

13. Property, plant and equipment

Group	Land, freehold and leasehold buildings £'000	Fixtures and fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000	Right of use assets £'000
Cost						
At 1 July 2018	5,283	4,033	3,900	460	13,676	—
Additions	248	324	302	135	1,009	—
Acquisitions	—	—	13	—	13	—
Disposals	—	(786)	(477)	(198)	(1,461)	—
Exchange translation differences	—	14	7	—	21	—
At 30 June 2019	5,531	3,585	3,745	397	13,258	—
Transition to IFRS 16 (note 28)	(273)	—	—	—	(273)	11,043
At 1 July 2019	5,258	3,585	3,745	397	12,985	11,043
Additions	—	126	369	43	538	2,854
Disposals	—	(23)	(114)	(63)	(200)	—
Exchange translation differences	2	17	17	—	36	(43)
At 30 June 2020	5,260	3,705	4,017	377	13,359	13,854
Accumulated depreciation						
At 1 July 2018	959	2,961	3,059	234	7,213	—
Charge for the year	325	491	452	91	1,359	—
Disposals	—	(693)	(467)	(153)	(1,313)	—
Acquisitions	—	—	13	—	13	—
Exchange translation differences	—	11	8	—	19	—
At 30 June 2019	1,284	2,770	3,065	172	7,291	—
Charge for the year	287	263	483	72	1,105	2,094
Disposals	—	(14)	(114)	(52)	(180)	—
Exchange translation differences	(5)	35	(20)	(1)	9	—
At 30 June 2020	1,566	3,054	3,414	191	8,225	2,094
Net book amount						
At 30 June 2020	3,694	651	603	186	5,134	11,760
At 30 June 2019	4,247	815	680	225	5,967	—
At 30 June 2018	4,324	1,072	841	226	6,463	—

Included in land, freehold and leasehold buildings is £970,000 (2019: £970,000) of non-depreciated land.

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

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14. Investments in subsidiaries

Company	Shares in subsidiary undertakings £'000
Cost less provision at 1 July 2019 and 30 June 2020	49,420

The following table gives brief details of the entities controlled and included in the consolidated financial statements of the Group at 30 June 2020. Except where indicated, all of the entities are incorporated in and principally operated in the UK. Subsidiaries marked * are directly owned by Wilmington plc; all other subsidiaries are indirectly owned. Subsidiaries marked ** are companies limited by guarantee, have no ordinary shares and are controlled indirectly by Wilmington plc. Subsidiaries marked + have claimed audit exemptions for the year to 30 June 2020 under Section 479A of the Companies Act 2006.

Name of company	UK company number	Registered address	Business	Percentage owned
Adkins & Matchett (UK) Limited+	3402949	WCH	Provision of professional training	100
Adkins, Matchett & Toy (Hong Kong) Limited (incorporated and operates in Hong Kong)	n/a	HAL	Provision of professional training	100
Adkins, Matchett & Toy Limited (incorporated and operates in the US)	n/a	WES	Provision of professional training	100
APM International SAS (incorporated and operates in France)	n/a	AVE	News information services to the healthcare industry	100
APM Media SARL (incorporated and operates in France)	n/a	AVE	News information services to the healthcare industry	100
Ark Conferences Limited+	2931372	WCH	Provision of information and events for professional practice management	100
Ark Group Inc. (incorporated and operates in the US)	n/a	TOR	Provision of information and events for professional practice management	100
Ark Group Limited+	3023875	WCH	Holding company	100
Axco Insurance Information Services Limited+	3073807	WCH	Provision of international compliance and regulatory information for the global insurance industry	100
Bond Solon Training Limited+	2271977	WCH	Witness training and conferences	100
Central Law Management Limited	2437276	WCH	Dormant	100
Central Law Training (Scotland) Limited+	SC187504	TON	Professional education, post- qualification training and legal conferences	100
Central Law Training Limited+	2158821	WCH	Professional education, post- qualification training and legal conferences	100
CLT International Limited+	6309789	WCH	Certified professional training	100
Evantage Consulting Limited+	4297858	WCH	Consultancy to the pharmaceutical industry	100
HCP Consulting Limited	4160769	WCH	Dormant	100
ICA Audit Limited+	4519229	WCH	Facilitation of ISO certification for businesses	100
Interactive Medica AB	n/a	GRV	Pan-European provider of cloud based insight, CRM and KAM offerings to the pharmaceutical industry	100
Interactive Medica Limited+	5947851	WCH	Pan-European provider of cloud based insight, CRM and KAM offerings to the pharmaceutical industry	100
Interactive Medica SL	n/a	ALC	Pan-European provider of cloud based insight, CRM and KAM offerings to the pharmaceutical industry	100
International Compliance Association**+	4429302	WCH	Professional association; a not for profit organisation	100
International Compliance Training (Middle East) LLC (incorporated and operates in the UAE)	n/a	GAT	Training courses in international compliance and money laundering	100
International Compliance Training Academy PTE Limited (incorporated and operates in Singapore)	n/a	ROB	Training courses in international compliance and money laundering	100
International Compliance Training SDN. BHD (incorporated and operates in Malaysia)	n/a	VER	Training courses in international compliance and money laundering	100
ICA Commercial Services Limited+	4363296	WCH	Training courses in international compliance and money laundering	100
JMH Publishing Limited+	4097904	WCH	Provider of specialist and accredited online education for the healthcare industry	100
La Touche Bond Solon Training Limited (incorporated and operates in Ireland)	n/a	CAP	Witness and post-qualification legal training	100
Mercia Group Limited+	1464141	WCH	Training and support services to the accountancy profession	100

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14. Investments in subsidiaries (continued)

Mercia Ireland Limited (incorporated and operates in Ireland)	n/a	CAP	Training and support services to the accountancy profession	100
Mercia NI Limited+	NI038498	CLO	Training and support services to the accountancy profession	100
NHIS Limited*+	5997573	WCH	Provision of business intelligence, data analysis, workflow tools and other services to the healthcare industry	100
Pendragon Professional Information Limited	3612096	WCH	Dormant	100
Practice Track Limited+	2290840	WCH	Marketing support services for the accountancy profession	100
Quorum Courses Limited	2623737	WCH	Dormant	100
Quorum International Limited	4110814	WCH	Dormant	100
Quorum Training Limited	2096887	WCH	Dormant	100
Smee and Ford Limited+	1964639	WCH	Provision of legacy information	100
SWAT Group Limited+	9572812	WCH	Holding company	100
SWAT Holdings Limited+	6276353	WCH	Holding company	100
SWAT UK Limited+	3041771	WCH	Training and support services to the accountancy profession	100
The Matchett Group Limited+	1221570	WCH	Dormant	100
The Training Consultants Limited+	5922993	WCH	Providing accredited intelligence and investigative skills training	100
Waterlow Information Services Limited	2779805	WCH	Dormant	100
WCLTS**	SC263368	WCH	Dormant	100
Wilmington Compliance Week Inc. (incorporated and operates in the US)	n/a	ORA	Provision of international compliance and regulatory information in the US	100
Wilmington Finance Limited+	4461497	WCH	Holding company	100
Wilmington FRA Inc. (incorporated and operates in the US)	n/a	ORA	Conference and networking provider of specialist events in healthcare and finance	100
Wilmington Healthcare Limited+	2530185	WCH	Provision of reference information to the healthcare industry	100
Wilmington Holdings No 1 Limited*	8313253	WCH	Holding company	100
Wilmington Holdings US Inc. (incorporated and operates in the US)	n/a	ORA	Holding company	100
Wilmington Inese SL (incorporated and operates in Spain)	n/a	AGP	Provision of Spanish language subscription based publications	100
Wilmington Insight Limited+	2691102	WCH	Holding company	100
Wilmington Legal Limited+	2522603	WCH	Holding company	100
Wilmington Millennium Limited+	8069752	WCH	Provision of legacy information	100
Wilmington plc Employee Share Ownership Trust+	n/a	WCH	Trust	n/a
Wilmington Publishing & Information Limited	3368442	WCH	Provision of information and events for professional markets	100
Wilmington Risk & Compliance Limited	2787083	WCH	Dormant	100
Wilmington Shared Services Limited	8314442	WCH	Provision of shared services	100

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

Registered address	Abbreviation
Avenida del General Peron, 27 – 10 Plta, Madrid	AGP
Calle Alcalá 87, 3º Izda, Madrid, 28009	ALC
33 Avenue de la Republique, 75011 Paris	AVC
The Capel Building, Mary's Abbey, Dublin 7, Ireland	CAP
Cloughoge Business Park, Newry, Countydown, Northern Ireland	CLO
Level 3, Gate Village, Building 2, Dubai International Financial Centre, PO Box 506745, Dubai	GAT
Grev Magnigatan 5, 11455 Stockholm	GRV
Haleson Building, 1 Jubilee Street, Central Hong Kong	HAL
1209 Orange Street, Delaware 19801	ORA
146 Robinson Road, #08-01, Singapore 068909	ROB
Tontine House, 8 Gordon Street, Glasgow, Scotland G1 3PL	TON
3420 Toringdon Way #240, Charlotte, NC 28277, USA	TOR
Unit 30-01, Vertical Business Suite, Bangsar South, No.8, Jalan Kerinchi, 59200, Kuala Lumpur	VER
10 Whitechapel High Street, London E1 8QS	WCH
112 W, 34th Street, 18th Floor, Manhattan, New York, NY 10120	WES

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15. Trade and other receivables

	Group		Company	
	30 June 2020 £'000	30 June 2019 £'000	30 June 2020 £'000	30 June 2019 £'000
Current				
Trade receivables	20,752	23,058	—	—
Prepayments and other receivables	4,774	6,054	604	139
Amounts due from subsidiaries	—	—	79,372	80,851
	25,526	29,112	79,976	80,990

Amounts due from all subsidiaries are interest free, unsecured and repayable on demand. Expected credit losses on amounts due from subsidiaries are not material.

16. Derivative financial investments

	Group and Company	
	30 June 2020 £'000	30 June 2019 £'000
Non-current assets		
Interest rate swaps – maturing in July 2020	—	23
Non-current liabilities		
Interest rate swaps – maturing in July 2020	—	(226)
Current liabilities		
Interest rate swaps – maturing in July 2020	(59)	—

Details of these derivative financial assets and liabilities are set out in note 19.

17. Trade and other payables

	Group		Company	
	30 June 2020 £'000	30 June 2019 £'000	30 June 2020 £'000	30 June 2019 £'000
Trade and other payables	27,030	26,374	2,185	1,447
Subscriptions and deferred revenue	31,465	30,794	—	—
Amounts due to subsidiaries	—	—	31,329	29,073
	58,495	57,168	33,514	30,520

Wilmington plc has loans to the value of £1,908,744 with APM International SAS which incur interest at 2% per annum, these loans are unsecured and repayable on demand. All other amounts due to subsidiaries are interest free, unsecured and repayable on demand.

18. Borrowings

	Group		Company	
	30 June 2020 £'000	30 June 2019 £'000	30 June 2020 £'000	30 June 2019 £'000
Current liability				
Bank overdrafts	—	—	—	2,707
	—	—	—	2,707
Non-current liability				
Bank loans	49,082	41,790	20,181	13,147
Capitalised loan arrangement fees	(587)	—	—	—
Bank loans net of loan arrangement fees	48,495	41,790	20,181	13,147

At 30 June 2020 the Group was in an overall net credit position in respect of its bank balances and overdrafts. This position comprised the net of gross overdraft balances of £1.5m (2019: £3.8m) and cash positions of £12.8m (2019: £4.9m) held at Barclays Bank PLC in certain UK companies included in the offsetting agreement.

The capitalised loan arrangement fees relate to the costs associated with the Company signing a revised revolving credit facility on 4 July 2019.

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19. Financial instruments and risk management

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

Interest rate risk

Risk

The Group financing arrangements include external debt that is subject to a variable interest rate. The Group is consequently exposed to cash flow volatility arising from fluctuations in market interest rates applicable to that external finance. In particular, interest is charged on the £49m (2019: £42m) amount drawn down on the revolving credit facility at a rate of LIBOR plus a margin of between 1.50 and 2.25% depending upon leverage. Cash flow volatility therefore arises from movements in the LIBOR interest rates. Any undrawn amounts are charged a commitment fee at a rate of 40% of the applicable margin (2019: 40% of the applicable margin).

Group policy for interest rate risk management

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

This is achieved by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates. The Group applies a hedge ratio of 1:1.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

The Group's interest rate swap contracts offset part of its variable interest payments and replace them with fixed payments. In particular, the Group has hedged its exposure to the LIBOR part of the interest rate for a £21m (2019: £21m) portion of the loan facility via an interest rate swap, as follows:

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

On 1 July 2020 the Group entered into new interest rate swap contracts following the expiry of the existing contracts. Details of the new contracts can be found in note 29 on page 133.

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

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	Nominal amount	
	30 June 2020 £'000	30 June 2019 £'000
Financial liabilities	49,082	41,790
Effects of interest rate swaps	(21,068)	(20,892)
	28,014	20,898

The amounts related to items designated as hedging instruments were as follows:

	Nominal amount £'000	Carrying amount		Line item in the financial statements where the hedging instrument is included
		Asset £'000	Liability £'000	
At 30 June 2020				
Interest rate swaps	6,068	—	(5)	Derivative financial instruments
Interest rate swaps	15,000	—	(54)	Derivative financial instruments
	21,068	—	(59)	

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19. Financial instruments and risk management (continued)

Interest rate risk (continued)

The amounts related to items designated as hedged instruments were as follows:

At 30 June 2019	Nominal amount £'000	Carrying amount		Line item in the financial statements where the hedging instrument is included
		Asset £'000	Liability £'000	
Interest rate swaps	5,892	23	—	Derivative financial instruments
Interest rate swaps	15,000	—	(226)	Derivative financial instruments
	20,892	23	(226)	

During the period ended 30 June 2020	Change in value used for calculating hedge ineffectiveness £'000	Change in value of hedging instrument recognised in OCI £'000	Hedge ineffectiveness recognised in profit or loss £'000	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from hedging reserve to profit or loss £'000	Line item affected in profit or loss because of the reclassification
	—	(116)	—	n/a	—	n/a

During the period ended 30 June 2019	Change in value used for calculating hedge ineffectiveness £'000	Change in value of hedging instrument recognised in OCI £'000	Hedge ineffectiveness recognised in profit or loss £'000	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from hedging reserve to profit or loss £'000	Line item affected in profit or loss because of the reclassification
	—	(32)	—	n/a	—	n/a

Sensitivity analysis

The Group has performed a sensitivity analysis that measures the estimated charge to the Income Statement and OCI arising from a 100 basis points ('bps') increase in market interest rates applicable at 30 June 2020, with all other variables remaining constant. The sensitivity analysis makes the following assumptions:

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

	Income Statement 100 bps increase £'000	OCI 100 bps increase £'000
Variable rate debt	(251)	—
Interest rate swap	—	209
	(251)	209

Foreign currency risk

Risk

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

Group policy

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

The Group policy is to finance investment in overseas operations from borrowings in the local currency of the relevant operation, so as to achieve a natural hedge of the foreign currency translation risk. This natural hedge is designated as a net investment hedge for accounting purposes. Debt of \$11.0m (2019: \$11.0m) has been designated as a net investment hedge relating to the Group's interest in Compliance Week, FRA. A further €2.4m (2019: €2.4m) has been designated as a net investment hedge relating to the Group's interest in Interactive Medica.

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19. Financial instruments and risk management (continued)

Foreign currency risk (continued)

Risk management arrangements

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

Currency	Amount (£m)	Maturity date	Foreign exchange rate
US Dollar	1.0	12 July 2019	1.2579
US Dollar	1.0	27 September 2019	1.2622
US Dollar	1.0	25 October 2019	1.2637
Euro	1.0	27 November 2019	1.1095
US Dollar	1.0	20 December 2019	1.2663
US Dollar	1.0	31 January 2020	1.2686
Euro	1.0	31 January 2020	1.1067
US Dollar	2.0	28 February 2020	1.2698
US Dollar	2.0	27 March 2020	1.2708
US Dollar	2.0	24 April 2020	1.2721
Euro	1.0	24 April 2020	1.1033
US Dollar	1.5	29 May 2020	1.2734

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

The Group has performed a sensitivity analysis that measures the estimated credit/(charge) to the Income Statement and Other Comprehensive Income arising from a 10% difference in the US Dollar to Sterling and Euro to Sterling exchange rates applicable at 30 June 2020, with all other variables remaining constant. The sensitivity analysis makes the assumption that changes in foreign currency rates only affect income, expense, assets and liabilities that are denominated in the relevant currencies.

	Income Statement		OCI	
	+10%* £'000	-10%* £'000	+10%* £'000	-10%* £'000
Cash and cash equivalents	(239)	292	—	—
Trade receivables (including the effect of forward currency contracts)	(35)	42	—	—
Currency translation differences	—	—	(357)	437
Net investment hedges	—	—	1,007	(1,231)
Profit before tax arising overseas	(67)	82	—	—

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

Liquidity and capital risk

Risk

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

Group policy

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

Risk management arrangements

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

On 3 July 2019 Wilmington plc extended its revolving credit facility through to 3 July 2023 (with the option to extend for a further year). The terms of the old and extended facility are included below:

Prior facility that expired on 3 July 2019

The Group had a £65m revolving credit facility with Barclays Bank PLC, HSBC Bank plc and The Royal Bank of Scotland plc from 1 July 2015. The facility comprised of a revolving credit facility of £60m and an overdraft facility across the Group of £5m. In addition, the extended facility also provides for an accordion option whereby the unsecured committed bank facility may be increased by up to £35m to a total commitment of £100m if required subject to majority lending bank consent. On 17 January 2017 £20m of the accordion facility was triggered, increasing the total unsecured bank facility to £85m. This extension was made to fund the acquisition of HSJ. The extended facility comprised of a revolving credit facility of £80.0m and an overdraft facility across the Group of £5.0m. On 24 November 2017 the revolving credit facility was reduced by £10.0m to £75.0m, to decrease the non-utilised portion and the associated non-utilisation fee.

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19. Financial instruments and risk management (continued)

Liquidity and capital risk (continued)

Renewed facility effective from 3 July 2019 expiring on 3 July 2023 (with an option to extend to 3 October 2024)

The Group has a £65m revolving credit facility with Barclays Bank PLC, The Governor and Company of the Bank of Ireland and The Royal Bank of Scotland plc from 3 July 2019. The facility comprises of a revolving credit facility of £60m and an overdraft facility across the Group of £5m. In addition, the extended facility also provides for an accordion option of up to £35m whereby the unsecured committed bank facility may be increased if required subject to majority lending bank consent. Interest is charged on the amount drawn down at between 1.50% and 2.25% above LIBOR depending upon leverage, and drawdowns are made for periods of up to six months in duration. The Group pays a fee of 40% of the applicable Margin on the undrawn element of the credit facility and the undrawn overdraft.

Temporary relaxation of banking covenants and facility extension

In response to the impact of the Covid-19 global pandemic on the Group's operations, and the possibility in the year ended 30 June 2021 that gearing covenants could be breached, the Board has agreed with its existing debt providers for a temporary reset of the leverage covenant. The reset covenant is as follows:

Testing date	Original limit	New limit
30 September 2020	3.0 times	5.0 times
31 December 2020	3.0 times	6.5 times
31 March 2021	3.0 times	5.5 times
30 June 2021	3.0 times	4.5 times
30 September 2021	3.0 times	3.0 times

Furthermore, to ensure the Group has sufficient facility headroom to deal with the continued uncertainty and most pessimistic of trading scenarios, the Board has agreed with its existing lenders to access £15m of additional facility headroom through the Government's Coronavirus Large Business Interruption Scheme ('CLBILS') for twelve months from July 2020. The additional facility comprises of two £7.5m facilities from Barclays Bank PLC and The Royal Bank of Scotland plc. The Barclays facility is a revolving credit facility, with interest charged on the drawn element at 1.80% above LIBOR (the 'Margin'). The undrawn element of the facility attracts a fee of 1.02%. The Royal Bank of Scotland's facility is a term loan with an interest rate of 0.79% above LIBOR. There is no fee in relation to any undrawn element.

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

	30 June 2020 £'000	30 June 2019 £'000
Expiring within one year	—	—
Expiring after more than one year	15,918	28,210

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

Group

At 30 June 2020	Within 1 year £'000	1–2 years £'000	2–5 years £'000	More than 5 years £'000	Total £'000
Bank overdrafts	36	36	72	—	144
Bank loans including interest	432	432	49,946	—	50,810
Trade payables and accruals	27,030	—	—	—	27,030
	27,498	468	50,018	—	77,984

At 30 June 2019	Within 1 year £'000	1–2 years £'000	2–5 years £'000	More than 5 years £'000	Total £'000
Bank overdrafts	36	36	72	—	144
Bank loans including interest	432	432	42,654	—	43,518
Trade payables and accruals	26,662	—	—	—	26,662
	27,130	468	42,726	—	70,324

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19. Financial instruments and risk management (continued)

Liquidity and capital risk (continued)

Company

At 30 June 2020	Within 1 year £'000	1–2 years £'000	2–5 years £'000	More than 5 years £'000	Total £'000
Bank overdrafts	36	36	72	—	144
Bank loans including interest	432	432	21,045	—	21,909
Trade payables, accruals and amounts due to subsidiary undertakings	33,277	—	—	—	33,277
	33,745	468	21,117	—	55,330

At 30 June 2019	Within 1 year £'000	1–2 years £'000	2–5 years £'000	More than 5 years £'000	Total £'000
Bank overdrafts	2,743	36	72	—	2,851
Bank loans including interest	432	432	14,011	—	14,875
Trade payables, accruals and amounts due to subsidiary undertakings	30,520	—	—	—	30,520
	33,695	468	14,083	—	48,246

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

The following table provides a maturity analysis of the remaining contractually agreed cash flows for the Group's lease liabilities on an undiscounted basis, which therefore differ from the carrying value and fair value of lease liabilities on the Balance Sheet at 30 June 2020 accounted for under IFRS 16.

At 30 June 2020	Within 1 year £'000	1–2 years £'000	2–5 years £'000	More than 5 years £'000	Total £'000
Lease liabilities	2,660	2,685	5,293	3,838	14,476

Credit risk

Risk

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

Group policy

The Group policy is to assess the creditworthiness and financial strength of customers at inception and on an ongoing basis. The Group also reviews the credit rating of its banks. Cash is held in banks with a credit rating between AA and A- per Fitch at 16 September 2020, with the exception of £0.3m which is held in Allied Irish with a rating of BBB+.

Risk management arrangements

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

The amounts presented in the balance sheet are net of the expected credit loss allowance. The Group applies a simplified approach to measure the expected credit loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision.

The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and credit rating, adjusted as appropriate for current observable data.

The following table details the risk profile of trade receivables based on the Group's provision matrix.

At 30 June 2020	Not due £'000	0–30 days £'000	30–60 days £'000	61–90 days £'000	91–120 days £'000	120+ days £'000	Total £'000
Gross carrying amount	13,495	3,025	1,600	1,409	836	2,157	22,522
Expected credit loss rate	0.95%	1.06%	1.89%	3.02%	6.90%	39.01%	5.03%
Expected credit loss	(128)	(32)	(30)	(43)	(58)	(841)	(1,132)
Net carrying amount	13,367	2,993	1,570	1,366	778	1,316	21,390

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19. Financial instruments and risk management (continued)

Credit risk (continued)

Set out below is the movement for the year in the expected credit loss relating to trade receivables.

	30 June 2020 £'000	30 June 2019 £'000
Allowances at 1 July 2019	507	769
Additions charged to income statement	842	117
Allowances used	(119)	(234)
Allowances reversed	(98)	(145)
Allowances at 30 June 2020	1,132	507

Fair value of financial assets and financial liabilities

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

Group

	Fair value through income or expense £'000	Fair value – hedging instrument £'000	Amortised cost £'000	Total £'000
At 30 June 2020				
Financial assets				
Cash and cash equivalents	—	—	21,426	21,426
Trade and other receivables	—	—	25,526	25,526
	—	—	46,952	46,952
Financial liabilities				
Trade and other payables	—	—	(27,030)	(27,030)
Bank loans	—	—	(49,082)	(49,082)
Interest rate swaps	—	(59)	—	(59)
	—	(59)	(76,112)	(76,171)

	Fair value through income or expense £'000	Fair value – hedging instrument £'000	Amortised cost £'000	Total £'000
At 30 June 2019				
Financial assets				
Cash and cash equivalents	—	—	7,921	7,921
Trade and other receivables	—	—	28,914	28,914
	—	—	36,835	36,835
Financial liabilities				
Trade and other payables	(1,550)	—	(26,350)	(27,900)
Bank loans	—	—	(41,790)	(41,790)
Interest rate swaps	—	(203)	—	(203)
	(1,550)	(203)	(68,140)	(69,893)

Company

	Fair value through income or expense £'000	Fair value – hedging instrument £'000	Amortised cost £'000	Total £'000
At 30 June 2020				
Financial assets				
Cash and cash equivalents	—	—	7,004	7,004
Trade and other receivables	—	—	78,872	78,872
	—	—	85,876	85,876
Financial liabilities				
Trade and other payables	—	—	(33,512)	(33,512)
Bank overdrafts	—	—	—	—
Bank loans	—	—	(20,181)	(20,181)
Interest rate swaps	—	(59)	—	(59)
	—	(59)	(53,693)	(53,752)

Financial Statements– Wilmington plc 30 June 2020

19. Financial instruments and risk management (continued)

Credit risk (continued)

	Fair value through income or expense £'000	Fair value – hedging instrument £'000	Amortised cost £'000	Total £'000
At 30 June 2019				
Financial assets				
Cash and cash equivalents	—	—	787	787
Trade and other receivables	—	—	80,926	80,926
	—	—	81,713	81,713
Financial liabilities				
Trade and other payables	—	—	(30,520)	(30,520)
Bank overdrafts	—	—	(2,707)	(2,707)
Bank loans	—	—	(13,147)	(13,147)
Interest rate swaps	—	(203)	—	(203)
	—	(203)	(46,374)	(46,577)

Fair value measurement

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

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

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

Level 1

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

Level 2

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

Level 3

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

Group and Company

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
At 30 June 2020				
Liabilities				
Financial liabilities at fair value through income or expense				
– Trading derivatives at fair value through the income statement	—	—	—	—
– Deferred consideration payable	—	—	—	—
Financial liabilities at fair value through equity				
– Derivative financial instruments designated for hedging	—	(59)	—	(59)
Total liabilities	—	(59)	—	(59)

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
At 30 June 2019				
Liabilities				
Financial liabilities at fair value through income or expense				
– Trading derivatives at fair value through the income statement	—	—	—	—
– Deferred consideration payable	—	—	(1,550)	(1,550)
Financial liabilities at fair value through equity				
– Derivative financial instruments designated for hedging	—	(203)	—	(203)
Total liabilities	—	(203)	(1,550)	(1,753)

Financial Statements– Wilmington plc 30 June 2020

19. Financial instruments and risk management (continued)

Market risk

A foreign currency exposure arises from the Group's net investment in two of its US subsidiaries (Wilmington Compliance Week Inc. and Wilmington FRA Inc.) that have a US Dollar functional currency. The risk arises from the fluctuation in spot exchange rates between Sterling and the US Dollar, which causes the value of the net investment to vary.

The hedged risk in the net investment hedge is the risk of a weakening of the US Dollar against Sterling that will result in a reduction in the carrying amount of the Group's net investment in the US subsidiaries.

Part of the Group's net investment in its US subsidiaries is hedged by US Dollar denominated secured bank loans of \$11.0m at 30 June 2020 (2019: \$11.0m), which mitigates the foreign currency risk arising from the subsidiary's net assets. The loan is designated as a hedging instrument for the changes in the value of the net investment that is attributable to changes in the GBP/USD spot rate.

A foreign currency exposure also arises from the Group's net investment in its investment in Interactive Medica SL that has a Euro functional currency. The risk arises from the fluctuation in spot exchange rates between Sterling and the Euro, which causes the value of the net investment to vary.

The hedged risk in the net investment hedge is the risk of a weakening Euro against Sterling that will result in a reduction in the carrying amount of the Group's net investment in Interactive Medica SL.

Part of the Group's net investment in its Interactive Medica SL is hedged by a Euro denominated secured bank loan of €2.4m at 30 June 2020 (2019: €2.4m), which mitigates the foreign currency risk arising from the subsidiary's net assets. The loan is designated as a hedging instrument for the changes in the value of the net investment that is attributable to changes in the GBP/Euro spot rate.

To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the carrying amount of the debt that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the offset method). The Group's policy is to hedge the net investment only to the extent of the debt principal.

The amounts related to items designated as hedging instruments were as follows:

	Carrying amount			Line item in the financial statements where the hedging instrument is included
	Nominal amount £'000	Asset £'000	Liability £'000	
At 30 June 2020				
US Dollar loans	8,900	—	8,900	Borrowings
Euro loans	2,182	—	2,182	Borrowings
	11,082	—	11,082	

The amounts related to items designated as hedged instruments were as follows:

	Carrying amount			Line item in the financial statements where the hedging instrument is included
	Nominal amount £'000	Asset £'000	Liability £'000	
At 30 June 2019				
US Dollar loans	8,642	—	8,642	Borrowings
Euro loans	2,147	—	2,147	Borrowings
	10,789	—	10,789	

	Change in value used for calculating hedge ineffectiveness £'000	Change in value of hedging instrument recognised in OCI £'000	Hedge ineffectiveness recognised in profit or loss £'000	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from hedging reserve to profit or loss £'000	Line item affected in profit or loss because of the reclassification
During the period ended 30 June 2020	—	237	—	n/a	—	n/a

Financial Statements– Wilmington plc 30 June 2020

19. Financial instruments and risk management (continued)

Market risk (continued)

	Foreign currency translation reserve £'000	Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied £'000
During the period ended 30 June 2020	(2,121)	(742)

	Change in value used for calculating hedge ineffectiveness £'000	Change in value of hedging instrument recognised in OCI £'000	Hedge ineffectiveness recognised in profit or loss £'000	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from hedging reserve to profit or loss £'000	Line item affected in profit or loss because of the reclassification
During the period ended 30 June 2019	—	424	—	n/a	—	n/a

	Foreign currency translation reserve £'000	Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied £'000
During the period ended 30 June 2019	(1,884)	(742)

20. Deferred tax

Movements on deferred tax assets are as follows:

Group	Share based payments £'000	Fair value interest rate swap £'000	US deferred consideration £'000	Tax losses £'000	Other £'000	Total £'000
Asset at 30 June 2018	178	46	201	33	518	976
Deferred tax (charge)/credit in the income statement for the year	(51)	—	(23)	99	(518)	(493)
Deferred tax charge in other comprehensive income for the year	—	(8)	—	—	—	(8)
Deferred tax charge included directly in equity for the year	(1)	—	—	—	—	(1)
Exchange translation difference	—	—	81	—	—	81
Asset at 30 June 2019	126	38	259	132	—	555
Tax relating to initial application of IFRS 16	—	—	—	—	34	34
Asset at 1 July 2019	126	38	259	132	34	589
Deferred tax credit/(charge) in the income statement for the year	67	—	(24)	663	—	706
Deferred tax charge in other comprehensive income for the year	—	(27)	—	—	—	(27)
Deferred tax charge included directly in equity for the year	(87)	—	—	—	—	(87)
Exchange translation difference	—	—	8	—	—	8
Asset at 30 June 2020	106	11	243	795	34	1,189

Company	Share based payments £'000	Fair value interest rate swap £'000	Total £'000
Asset at 30 June 2018	178	46	224
Deferred tax charge in the income statement for the year	(51)	—	(51)
Deferred tax charge in other comprehensive income for the year	—	(8)	(8)
Deferred tax charge included directly in equity for the year	(1)	—	(1)
Asset at 30 June 2019	126	38	164
Deferred tax credit in the income statement for the year	67	—	67
Deferred tax charge in other comprehensive income for the year	—	(27)	(27)
Deferred tax charge included directly in equity for the year	(87)	—	(87)
Asset at 30 June 2020	106	11	117

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20. Deferred tax (continued)

Movements on deferred tax liabilities are as follows:

	Group £'000	Company £'000
Non-current liabilities		
Liability at 30 June 2018	3,087	—
Deferred tax credit in the income statement for the year	(478)	—
Acquisition of subsidiaries	14	—
Exchange translation difference	10	—
Liability at 30 June 2019	2,633	—
Deferred tax credit in the income statement for the year	(340)	—
Acquisition of intangible asset	15	—
Effect on deferred tax of a change in the corporation tax rate	207	—
Exchange translation difference	9	—
Liability at 30 June 2020	2,524	—

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

21. Share capital

	Number of ordinary shares of 5p each	Ordinary shares £'000	Share premium account £'000	Treasury shares and ESOT reserves £'000	Total £'000
Issued and fully paid ordinary shares					
At 30 June 2018	87,414,073	4,371	45,225	(96)	49,500
Shares issued	125,494	6	—	—	6
At 30 June 2019	87,539,567	4,377	45,225	(96)	49,506
Shares issued	64,350	3	—	—	3
ESOT share purchases	—	—	—	(497)	(497)
Sale of treasury shares	—	—	—	3	3
At 30 June 2020	87,603,917	4,380	45,225	(590)	49,015

On 19 September 2019, 64,350 ordinary shares were issued in respect of the vesting of the 2015 PSP Share Awards to employees.

At 30 June 2020, 44,611 shares (2019: 46,584) were held in treasury, which represents 0.1% (2019: 0.1%) of the share capital of the Company.

At 30 June 2020, the ESOT held 200,000 shares (2019: nil) in the Company, which represents 0.2% (2019: nil%) of the called up share capital.

22. Share based payments

The Group's share based payment arrangements are as follows:

- Performance Share Plan ('PSP') Awards, applying to Executives.
- Performance Share Plan ('PSP') Awards, applying to the Senior Leadership Team.
- Share Option Plan ('Options'), applying to the Senior Leadership Team.
- An employee Save As You Earn ('SAYE') scheme, for UK based employees.

An expense of £724,000 (2019: £212,000) was recognised in the Income Statement of the Group for share based payments. Of this expense £724,000 (2019: £212,000) was recognised in the parent company Income Statement.

During the year ended 30 June 2020, the following events have occurred in respect of each scheme.

a) PSP awards, applying to Executives

Details of Directors' share awards are set out in the Directors' Remuneration Report.

Under the Wilmington plc 2007 and 2017 Performance Share Plans:

Year of grant	Exercise price per award	Date of vesting	Number of shares for which awards outstanding at 1 July 2019	Awards granted during year	Awards vested during year	Awards lapsed during year	Number of shares for which awards outstanding at 30 June 2020
2016	Nil	Sept 2019	170,166	—	(64,350)	(105,816)	—
2017	Nil	Sept 2020	141,325	—	—	—	141,325
2018	Nil	Sept 2021	177,700	—	—	—	177,700
2019	Nil	Sept 2022	—	388,944	—	—	388,944

64,350 awards vested on 18 September 2019 at a share price of £2.01. The fair value of the awards granted during the year was £1.91 per award.

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22. Share based payments (continued)

a) PSP awards, applying to Executives (continued)

The performance conditions of the awards granted since 2015 are based on the proportions shown below:

- 33.3% total shareholder return ('TSR');
- 33.3% earnings per share ('EPS'); and
- 33.3% return on equity ('ROE')

These awards were valued using the Black Scholes and Stochastic methods with the following assumptions:

- expected volatility (%): 25.69;
- expected life (years): 3; and
- expected dividends (%): Nil.

Expected volatility was determined by reference to the historical volatility of the Group's share price. The expected life used in the model is the mid-point of the exercise period.

b) PSP awards, applying to the Senior Leadership Team

Under the Wilmington plc 2017 Performance Share Plan:

Year of grant	Exercise price per award	Date of vesting	Number of shares for which awards outstanding at 1 July 2019	Awards granted during year	Awards vested during year	Awards lapsed during year	Number of shares for which awards outstanding at 30 June 2020
2018	Nil	Sept 2021	205,845	—	—	(17,321)	188,524
2019	Nil	Sept 2022	—	186,244	—	—	186,244

The fair value of the awards granted during the year was £1.99 per award.

The performance conditions of the awards granted are based on the proportions shown below.

- 100% earnings per share ('EPS')

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

- expected life (years): 3; and
- expected dividends (%): 4.04

c) Options

On 30 September 2019 the Company awarded share options to selected key management. This is a discretionary scheme which enables a company to grant share options to selected employees. The exercise price of the granted options is equal to the market price of the shares on the date of the grant. Options are conditional on the employee completing three years' service (the vesting period) so act as a lock-in incentive; the options have a contractual option term of ten years. The options are exercisable starting three years from the grant date, subject to the Group achieving growth in earnings per share in line with the targets set out in the deed of grant. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

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

Year of grant	Average exercise price per option £	Date of vesting	Number of shares for which options outstanding at 1 July 2019	Options granted during year	Options exercised during year	Options lapsed during year	Number of shares for which options outstanding at 30 June 2020
2015	2.625	Sept 2018	160,726	—	—	—	160,726
2016	2.455	Sept 2019	256,613	—	—	(256,613)	—
2017	2.150	Sept 2020	325,392	—	—	—	325,392
2018	1.848	Sept 2021	323,349	—	—	(25,981)	297,368
2019	2.080	Sept 2022	—	285,398	—	—	285,398

The fair value of the options granted during the year was £0.30 per option.

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

- expected volatility (%): 23.38;
- expected life (years): 6.5;
- expected dividends (%): 4.04; and
- expected volatility was determined by reference to the historical volatility of the Group's share price. The expected life used in the model is the mid-point of the exercise period.

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22. Share based payments (continued)

d) Save As You Earn Options

On 29 March 2019, Save As You Earn Options with a per share exercise price of £1.52 over 688,612 ordinary shares in Wilmington plc (the Company) were granted under the Wilmington SAYE Plan 2018 to employees of the Company and its subsidiaries. At 30 June 2020 there were 604,544 (2019: 681,508) shares for which options were outstanding.

The exercise price of £1.52 was calculated in accordance with the rules as set out in the SAYE Scheme. The SAYE Options will normally vest and become exercisable over a three year vesting period from the date of grant and can be exercised within six months following vesting.

23. Lease liabilities

The following table shows the discounted lease liabilities included in the Group and Company balance sheets:

	Group		Company	
	30 June 2020 £'000	30 June 2019 £'000	30 June 2020 £'000	30 June 2019 £'000
Current	2,660	—	1,455	—
Non-current	10,461	—	8,624	—
	13,121	—	10,079	—

24. Commitments

a) The Group had, in relation to property, plant and equipment, capital commitments contracted but not provided for at 30 June 2020 of £nil (2019: £nil).

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

	Group		Company	
	30 June 2020 £'000	30 June 2019 £'000	30 June 2020 £'000	30 June 2019 £'000
Not later than one year	3,168	3,015	1,815	1,528
Later than one year and not later than five years	9,513	9,350	7,816	7,060
Later than five years	4,512	5,014	4,207	5,014
	17,193	17,379	13,838	13,602

25. Related party transactions

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

The Company has made recharges totalling £2,079,016 (2019: £1,786,935) to its fellow Group undertakings in respect of management services.

Amounts due from and to subsidiary undertakings by the Company are set out in notes 15 and 17 respectively.

During the year, the Company received dividends of £4,453,039 from subsidiaries (2019: £9,305,429).

Close family members of key management personnel provided services for the Group during the year for lecturing, writing, production and exam marking services. The total invoiced for these services was £115,687 (2019: £93,678).

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26. Staff and their pay and benefits

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

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Wages and salaries*	46,450	45,647
Social security costs	4,800	4,720
Other pension costs	1,374	1,181
Share based payments (including social security costs)	724	212
	53,348	51,760

* Excluded from wages and salaries are redundancy costs in the year of £432,056 (2019: £438,000).

b) Remuneration of key management personnel that held office for part or all of the year (2020: 11 people; 2019: 14 people), which includes the Directors and other key management personnel, is shown in the table below:

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Short term employee benefits	2,415	3,338
Compensation for loss of office	—	412
Post-employment benefits	76	69
Share based payments	182	156
	2,673	3,975

More detailed information concerning Directors' remuneration, shareholdings, pension entitlement, share options and other long term incentive plans is shown in the audited part of the Directors' Remuneration Report on pages 66 to 83, which forms part of the consolidated financial statements.

c) The average monthly number of employees (including Directors) employed by the Group was as follows:

	Year ended 30 June 2020 Number	Year ended 30 June 2019 Number
Cost of sales	583	555
Administration	427	406
	1,010	961

Total full time equivalents at 30 June 2020 were 892 (2019: 860).

d) Retirement benefits

The Group contributes to defined contribution pension schemes. Total contributions to the schemes during the year were £1,374,000 (2019: £1,181,000).

27. Cash generated from operations

	Group		Company	
	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Profit from continuing operations before income tax	6,434	14,712	611	5,754
Gain on sale of subsidiary	—	(1,906)	—	—
Adjusting items	625	1,443	—	636
Depreciation of property, plant and equipment included in operating expenses	1,105	1,359	—	—
Depreciation of right of use assets	2,094	—	—	—
Amortisation of intangible assets	6,877	6,526	—	—
(Profit)/loss on disposal of property, plant and equipment	(7)	36	—	—
Share based payments (including social security costs)	724	212	724	212
Share of loss of equity accounted investment	—	50	—	—
Finance costs	2,175	2,103	1,160	1,089
Operating cash flows before movements in working capital	20,027	24,535	2,495	7,691
Decrease/(increase) in trade and other receivables	3,279	(258)	5,322	12,817
Increase/(decrease) in trade and other payables	3,206	2,162	3,104	(6,496)
Cash generated from operations before adjusting items	26,512	26,439	10,921	14,012

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27. Cash generated from operations (continued)

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

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Funds from operations before adjusting items:		
Adjusted EBITA (note 2)	14,031	21,451
Share based payments (including social security costs)	724	212
Amortisation of intangible assets – computer software	2,080	1,477
Depreciation of right of use assets	2,094	—
Depreciation of property, plant and equipment included in operating expenses	1,105	1,359
(Profit)/loss on disposal of property, plant and equipment	(7)	36
Operating cash flows before movement in working capital	20,027	24,535
Net working capital movement	6,485	1,904
Funds from operations before adjusting items	26,512	26,439
Cash conversion	189%	123%

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Free cash flow:		
Operating cash flows before movement in working capital	20,027	24,535
Proceeds on disposal of property, plant and equipment	27	112
Net working capital movement	6,485	1,904
Interest paid	(1,632)	(1,943)
Payment of lease liabilities	(2,392)	—
Tax paid	(4,377)	(3,943)
Purchase of property, plant and equipment	(538)	(1,332)
Purchase of intangible assets	(3,315)	(2,324)
Free cash flow	14,285	17,009

28. Transition to IFRS 16

On 1 July 2019 the Group adopted the new accounting standard IFRS 16 Leases.

The Group has adopted the modified retrospective approach to application, using transitional reliefs available. It has not restated comparatives and on transition the Group recognised a cumulative adjustment to the opening balance of retained earnings at 1 July 2019. The Group has also made use of the following transitional reliefs:

- exclusion of initial direct costs from the measurement of the right of use asset at the date of application;
- exemption from transition of leases with a remaining term less than twelve months;
- application of the discount rate at the date of transition, rather than the date of lease commencement, to calculate the value of the lease liability;
- leases for low value assets have been excluded from transition; and
- the Group will not reassess whether a contract is or contains a lease, and the definition of a lease under IAS 17 will continue to apply to leases entered into before 1 July 2019.

At the 1 July 2019 transition date, adoption of IFRS 16 resulted in the Group recognising right of use assets of £11.0m and lease liabilities of £12.6m. There is a reduction of £1.6m to other payables in respect of accrued rent free amounts netted against the right of use asset. There is a £0.1m opening adjustment to retained earnings to reflect the difference between carrying values of right of use assets and lease liabilities at the transition date, and an associated deferred tax asset has also been recognised. There is also a £0.3m reclassification between property, plant and equipment and right of use assets, relating to an asset retirement obligation.

The weighted average incremental borrowing rate applied to the Group's lease liabilities on transition at 1 July 2019 was 2.7%.

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28. Transition to IFRS 16 (continued) Impact on the Consolidated Balance Sheet

The effect on the Consolidated Balance Sheet of the implementation of IFRS 16 Leases on 1 July 2019 is summarised below:

	Group		
	Reported 30 June 2019 (audited) £'000	IFRS 16 adjustments 1 July 2019 £'000	Adjusted 1 July 2019 (unaudited) £'000
Non-current assets			
Property, plant and equipment	5,967	(273)	5,694
Right of use assets	—	11,043	11,043
Deferred tax assets	555	34	589
Other non-current assets	102,992	—	102,992
	109,514	10,804	120,318
Current assets	37,033	—	37,033
Total assets	146,547	10,804	157,351
Current liabilities			
Trade and other payables	(57,168)	1,616	(55,552)
Lease liabilities	—	(2,181)	(2,181)
Other current liabilities	(1,862)	—	(1,862)
	(59,030)	(565)	(59,595)
Non-current liabilities			
Lease liabilities	—	(10,385)	(10,385)
Other non-current liabilities	(44,649)	—	(44,649)
Total liabilities	(103,679)	(10,950)	(114,629)
Net assets	42,868	(146)	42,722
Equity			
Share capital, share premium and treasury shares	49,506	—	49,506
Other reserves	4,127	—	4,127
Accumulated losses	(10,765)	(146)	(10,911)
Total equity	42,868	(146)	42,722

A reconciliation of the movement in the right of use asset in the year ended 30 June 2020 is included in note 13. Movements in the lease liability relating to the unwind of the discounted future lease payments is included in note 6. Amounts recognised through the consolidated income statement in respect of short term leases and low value leases are included in note 4. Payments of lease liabilities are disclosed in the cashflow.

Impact on the Consolidated Income Statement

For the year ended 30 June 2020 there was an income statement depreciation charge of £2.1m relating to right of use assets associated with IFRS 16 leases and an interest cost relating to the IFRS 16 lease liabilities of £0.3m.

Impact on the Consolidated Cash Flow Statement

Payments in respect of leases which were previously recognised within cash flows from operating activities are now recorded within cash flow from financing activities.

Reconciliation of operating lease commitments on transition

The following is a reconciliation of total operating lease commitments at 30 June 2019, as disclosed in the financial statements to 30 June 2019, to the lease liabilities recognised at 1 July 2019.

	£'000
Total operating lease commitments at 30 June 2019	17,379
Non lease components included in commitments	(2,907)
Leases with remaining lease term less than twelve months	(702)
Total undiscounted lease liabilities	13,770
Discounted using incremental borrowing rate	(1,204)
Total lease liabilities recognised under IFRS 16 at 1 July 2019	12,566

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29. Events after the reporting period

Forward contracts

On 1 July 2020 the following forward contracts were entered in order to provide certainty in sterling terms of 80% of the Group's expected net US dollar income:

Currency	Amount (millions)	Maturity date	Foreign exchange rate
US dollar	1.5	31 July 2020	1.2398
US dollar	1.0	30 October 2020	1.2414
US dollar	1.0	18 December 2020	1.2417
US dollar	1.0	29 January 2021	1.2424
US dollar	1.0	26 February 2021	1.2426
US dollar	2.0	30 April 2021	1.2431
US dollar	1.5	28 May 2021	1.2433

Interest rate swap contracts

On 1 July 2020 the following interest rate swap contracts were entered into in order to offset part of the Group's variable interest payments and replace them with fixed payments:

- A \$7.5m interest rate swap commencing on 1 July 2020 and ending on 1 October 2024, whereby the Group receives interest on \$7.5m based on the USD LIBOR rate and pays interest on \$7.5m at a fixed rate of 0.495%.
- A £20.0m interest rate swap commencing on 1 July 2020 and ending on 1 October 2024, whereby the Group receives interest on £20m based on LIBOR rate and pays interest on £20m at a fixed rate of 0.395%.

Included within both swaps is an embedded 0% LIBOR floor to align with the equivalent floor in the Group's revolving credit facility, ensuring the hedge remains effective if a negative LIBOR event were to arise.

Bank facility extension

To ensure the Group has sufficient facility headroom to deal with the most pessimistic trading scenarios the Board has agreed in principle with its lenders to access £15m of additional facility headroom through the Government's Coronavirus Large Business Interruption Scheme ('CLBILS') for twelve months from July 2020. Within finance costs the banking facility extension fees relate to the negotiations securing the loan.

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Pro forma five year financial summary (unaudited)

	2016 £'m	2017 £'m	2018 £'m	2019 £'m	2020 £'m
Revenue	105.7	120.3	121.3	122.5	113.1
Operating expenses (before adjusting items)	(83.1)	(97.0)	(97.5)	(101.0)	(99.1)
Adjusted EBITA	22.0	23.4	23.8	21.5	14.0
Other adjusting items	(2.4)	(3.5)	(4.6)	(1.4)	(0.6)
Gain on disposal of property	—	6.3	—	—	—
Gain on disposal of subsidiary	—	—	—	1.9	—
Amortisation of intangible assets excluding computer software	(5.4)	(6.0)	(6.4)	(5.1)	(4.8)
Impairment of goodwill and intangible assets	(15.7)	(2.4)	(8.6)	—	—
Operating profit/(loss)	(1.5)	17.8	4.2	16.9	8.6
Finance costs	(1.9)	(2.0)	(1.9)	(2.1)	(2.2)
Share of loss of equity accounted investment	—	—	—	(0.1)	—
Profit/(loss) on ordinary activities before tax	(3.4)	15.9	2.3	14.7	6.4
Taxation	(2.9)	(3.0)	(2.6)	(3.5)	(1.8)
Profit/(loss) on ordinary activities after tax	(6.3)	12.9	(0.3)	11.2	4.6
Adjusted profit before tax	20.3	21.4	21.8	19.3	11.9
Cash generated from operations before adjusting items	23.9	26.7	25.7	26.4	26.5
Basic earnings per ordinary share from continuing operations (pence)	(7.39)	14.72	(0.45)	12.74	5.33
Diluted earnings per ordinary share from continuing operations (pence)	(7.39)	14.62	(0.45)	12.64	5.26
Adjusted earnings per ordinary share from continuing operations (pence)	18.17	19.05	19.80	17.44	10.71
Interim and proposed final dividend per share (pence)	8.1	8.5	8.8	9.1	—
Dividend cover ¹	2.2	2.2	2.3	1.9	—
Return on equity (%) ²	41.5	46.1	50.3	46.9	27.5
Return on equity excluding impairment ³	35.8	33.8	33.2	28.5	17.0
Return on sales (%) ⁴	20.8	19.4	19.6	17.5	12.4

The results for the financial years to 30 June 2016 and 2017 are stated in accordance with the revenue recognition policies in operations at that time. There has been no adjustment in respect of IFRS 15 to these periods. The results for the financial years to 30 June 2016, 2017, 2018 and 2019 have not been adjusted for IFRS 16.

- 1 Dividend cover – adjusted earnings per ordinary share from continuing operations divided by the interim and proposed final dividend per share.
- 2 Return on equity – adjusted profit before tax divided by the average equity attributable to owners of the parent.
- 3 Return on equity – adjusted profit before tax divided by the average equity attributable to owners of the parent excluding the effects of the following impairments on equity: £15.7m, year ended 30 June 2016; £2.4m, year ended 30 June 2017; £8.6m year ended 30 June 2018.
- 4 Return on sales – adjusted EBITA divided by revenue.

Advisors and corporate calendar

Financial advisors

Evercore Partners

15 Stanhope Gate
London
W1K 1LN

Stockbrokers

Numis Securities Limited

10 Paternoster Square
London
EC4M 7LT

Independent auditor

Grant Thornton UK LLP

30 Finsbury Square
London
EC2A 1AG

Solicitors

Gowling WLG

4 More London Riverside
London
SE1 2AU

Principal bankers

Barclays Bank PLC

1 Churchill Place
Canary Wharf
London
E14 5HP

Registrars

Equiniti Limited

Aspect House
Spencer Road
Lancing
BN99 6DA

Shareholder helpline

+44 (0) 371 384 2855 (UK)
+44 121 415 7047 (overseas)

Corporate calendar

Announcement of final results

17 September 2020

Annual General Meeting

4 November 2020

Announcement of interim results

February 2021

Registered and business address

Wilmington plc

10 Whitechapel High Street
London
E1 8QS
Tel: +44 (0)20 7490 0049
www.wilmingtonplc.com