
Wilmington Group plc

**Annual Report and
Financial Statements 2012**



Wilmington is a collaborative group of companies with a common aim. We transform potential into performance.

Our companies enable professionals and their organisations to perform better by providing essential, high quality and accessible information, training and knowledge.

Vision

- To be a successful, growing and profitable business that provides excellent returns and sustainable value for our shareholders, clients, partners and employees.
- To build high value, high margin business with strong barriers to entry and scalability in long term markets.
- To be seen as a clear leader in our markets.
- To have the best team by becoming an employer of choice and aspiration.

Statement of intent

Wilmington aims to be the best company at helping professionals and their organisations realise their potential.

It does this by sharing ideas and successes across the group, harnessing shared services and focussing on customers' needs.

Wilmington has an entrepreneurial and creative culture, so initiatives can be realised quickly.

Potential delivered

Employees: Your potential and that of the business will be realised by harnessing the potential of the Group.

Customers: Wilmington's information, training and knowledge helps organisations and their people realise their potential.

Investors: Wilmington has the potential to deliver long-term shareholder value.

Pro-active Adaptable Collaborative High quality Professional



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www.wilmington.co.uk

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Financial Highlights

	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000	Increase %
Revenue	85,326	83,779	1.8
Adjusted EBITA (Note 2)	16,472	14,942	10.2
Adjusted Profit before Tax (Note 2)	14,016	13,402	4.6
Profit before Tax (Note 2)	6,328	6,077	4.1
Cash generated from operations (Note 31)	17,414	15,811	10.1
Adjusted Earnings per Share (Note 10)	12.41p	11.79p	5.3
Interim and proposed final dividend per share (Note 9)	7.00p	7.00p	0.0
Cash conversion (Note 31)	109%	111%	

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Publishing & Information



This division provides intelligence, information, solutions, databases and services for key professional markets.

Many of the business we have developed, and all of those we have acquired in recent years, are wholly digital. In the division as a whole 76% of revenues were generated from digital delivery during the year, 11% of the revenues were generated from print products with the balance coming from information services.

Revenue by sector analysis %



Revenue by sector analysis

	12 months to June 2012 % of Turnover	12 months to June 2011 % of Turnover
Pensions & Insurance	35	32
Healthcare	30	30
Business Data	25	25
Legal	10	13

Publishing & Information division
key brands include:



Training & Events

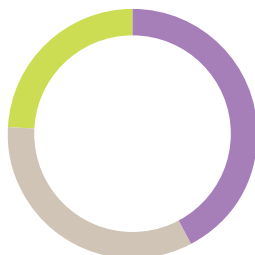


This division is a specialist provider of professional training services, both in person and online, for the Legal, Banking & Compliance and Accountancy markets.

In the Banking & Compliance markets, the business has performed well, increasing revenues whilst investing significantly in new programmes.

Compliance and regulatory requirements are a major driver of Wilmington growth.

Revenue by sector analysis %



Revenue by sector analysis

	12 months to June 2012 % of Turnover	12 months to June 2011 % of Turnover
Legal	40	44
Banking & Compliance	35	32
Accountancy	25	24

The Training & Events division key brands include:



Achieving our medium term and strategic goals

Mark Asplin
Chairman



As part of our transition to a higher margin better quality business, a number of major operational challenges have been successfully addressed during the year.

I am pleased to present my report on Wilmington's results for the year ended 30 June 2012 in which considerable progress has been made towards achieving both our medium term and strategic goals.

Adjusted EBITA has grown by 10.2% to £16.5m and Adjusted EBITA Margin has improved by 1.5 percentage points to 19.3%. Net borrowings during the year reduced from £40.0m to £36.2m despite incurring circa £1m of restructuring costs.

As part of our transition to a higher margin better quality business, a number of major operational challenges have been successfully addressed during the year. In Publishing & Information the move to a fully online/digital publishing business gathers momentum whilst the controlled phasing out of legacy publishing products continues. Online/digital publishing represented 76% of the Group's total publishing revenues (2011: 72%), print products represented 11% (2011: 16%) with the balance coming from information services. Since the year end the Group has exited contract directory publishing, which was predominantly advertising based.

There were significant changes to the legal training business to align its activities, cost base and operational management with the current market conditions. The result is a more streamlined, focussed and profitable business.

The result is a more streamlined, focussed and profitable business.

Elsewhere the Group has continued to trade well and achieved growth in all major business units, particularly those focussed overseas.

As a consequence of actions we have taken to improve efficiency we have reduced headcount by 7% during the year. We are therefore now in a position to reduce the amount of office space we need. The planned sale of one of our freehold buildings will allow us to further reduce the Group's net borrowings, finance charges and operating costs.

Financial Performance

Revenue in the year to 30 June 2012 increased by 1.8% to £85.3m (2011: £83.8m). This growth includes the net impact of a full year's revenue from Axco, which was acquired in September 2010, a reduction of £0.95m of revenue resulting from the closure of a number of directory and print products, and lower revenues resulting from the planned reduction in the legal training course programme. Elsewhere revenues have shown aggregate year-on-year growth of 6.0%.

Adjusted EBITA increased by 10.2% to £16.5m (2011: £14.9m). Statutory EBITA increased by 11.1% to £15.1m (2011: £13.6m).

Adjusted Profit before Tax increased by 4.6% to £14.0m (2011: £13.4m) reflecting the increased cost of our borrowing facilities following their renewal in June 2011. Statutory Profit before Tax increased by 4.1% to £6.3m (2011: £6.1m).

Operating cash flow continued to be strong with a cash conversion rate of 109% (2011: 111%) of operating profit into operating cash flow.

Adjusted Earnings per Share increased by 5.3% to 12.41 pence (2011: 11.79 pence). Basic earnings per share were 5.81 pence (2011: 5.20 pence).

Due to the continuing strong cash flow of the business the Group's net bank debt at 30 June 2012 reduced to £36.2m (2011: £40.0m). The current facilities of £65m are committed until February 2016. Net debt to Adjusted EBITDA was 2.1 (2011: 2.5).

Dividend

The Board is recommending that the dividend for the year is maintained at the same level as the previous year. The Board proposes a final dividend of 3.5 pence per share payable on 16 November 2012 to shareholders on the register on 19 October 2012. Taken together with the interim dividend of 3.5 pence per share this makes a total dividend for the year of 7.0 pence per share (2011: 7.0 pence per share). The dividend is covered 1.8 times by Adjusted Earnings per Share (2011: 1.7 times).

Board Changes

Following my appointment as Chairman in November 2011, there have been a number of other Board changes. The Board has been strengthened with the appointments of Derek Carter and Nathalie Schwarz as Non-Executive Directors and the appointment of Neil Smith, the Group's Chief Operating Officer, as an Executive Director. Derek has a wealth of experience in B2B media and Nathalie, who is a qualified solicitor, has considerable experience in broadcast media. Derek has been appointed as the Senior Non-Executive Director and Chair of the Nomination Committee. Nathalie has been appointed Chair of the Remuneration Committee. I am already delighted by their contribution. Neil has been with the Group for 15 years. He was previously Chief Operating Officer of the Publishing & Information Division. His role as Group Chief Operating Officer reflects the recognition that we increasingly offer a range of products and services to our clients including information and training. Neil's appointment will further enhance collaboration within the Group.

In September this year, Tony Foye was appointed to the Board to replace Basil Brookes who is retiring from the Group at the end of the year. Tony will become Chief Financial Officer at the Annual General Meeting in November. He brings vast experience including many years as Finance Director of Taylor & Francis Group plc and several years as Group Finance Director of Informa plc. On behalf of the Board, I would like to thank Basil for his contribution to the Group and wish him well in his retirement.

Outlook

The legal training business is now more profitable and in better shape than it was twelve months ago, although market conditions affecting our client base remain difficult. The phasing out of legacy publishing products will continue during the current year as the Group continues to invest in subscription based digital products and migrates its business away from print directories and services in which it does not own intellectual property. We expect the remainder of our core businesses to continue to show growth. We are also pleased with the progress we are making towards achieving our medium term financial targets.

Finally, I would like to thank all my colleagues in the Wilmington Group for their hard work and determination as we continue to build a higher quality group of businesses which will deliver progressive stakeholder value in the years ahead.

Mark Asplin

Chairman
18 September 2012

Content capture transformation; from reports to business intelligence

For over 100 years Smee & Ford has been the leading provider of legacy information to charities.

Smee & Ford report on any charitable donations in wills, notifying its charity clients of any bequests that have been left to them – this accounts for c70% of all legacies left in the UK.

In providing this service Smee & Ford read over 250,000 wills each year and gather statistical information on legators such as age, gender, location, date of will and the types of charities that bequests are most commonly left to. However, due to the complex and varied nature of wills, until recently Smee & Ford operated a manual process which involved specialist reporters reading and writing details of any charity bequests in the wills and logging basic statistical data on paper forms. This information was then transferred into a database by a team of administrators.

For some time the team had recognised that the processes were old fashioned and required updating but it was concerned that any new technology would have to be very accurate to ensure that the quality of the notifications service was maintained. No software existed which could do this.

After a pilot project, a significant investment was made in cutting edge Optical Character Recognition, data verification, address splitting and charity matching software linked to a new digital workflow system with the aim of transforming the efficiency of the content capture process and to allow the capture of comprehensive and detailed analytical information on UK legacies.

The new system has now been successfully implemented and, as planned, it has automated the capture of most of the statistical information. Processes which had taken days in the past can now be completed in hours, and this has allowed a significant reduction in the fixed cost base. It also allows Smee & Ford to gather a unique and complete legacy data resource.

The team was also able to combine the database structure with the Caritas and Charity Choice databases so that in the future it will be able to link to financial information on charities to provide the market with unique and powerful analysis, market intelligence reports and planning tools.

Smee & Ford has transformed the efficiency of its content capture process allowing processes that previously took days to be completed in hours.

**Learn more online...**

For more information about Smee & Ford please scan the QR code with your smart phone or visit:
www.wilmington.co.uk/where-we-are/smee-%26-ford

A focussed investment strategy

Charles Brady
Chief Executive



Our investment strategy is focussed on developing and acquiring businesses with high repeat revenues and strong, cash generative, income streams both in the UK and overseas.

Objectives and Strategy

Wilmington's strategy remains unchanged, namely to increase shareholder value by delivering sustainable and growing profits from servicing the information, training and compliance requirements of professional business markets.

Our investment strategy is focussed on developing and acquiring businesses with high repeat revenues and strong, cash generative, income streams both in the UK and overseas. The result of implementing this strategy is a business with an increasing proportion of revenues derived from subscriptions to products which disseminate content-rich high-value information digitally. In the long term, we believe that tighter regulatory control and more complex legislation in our key markets will increase the demand for our products and services, both in the UK and abroad.

Increasingly in the digital environment our publishing and training activities are converging and consequently we are working to ensure a more integrated approach to the management of these assets and exploitation of associated synergies.

During the year we managed and reported our business as two divisions: Publishing & Information and Training & Events.

Publishing & Information	2012 £m	2011 £m
Revenue	41.8	40.2
Profit Contribution (see note 3)	12.2	10.6

The Publishing & Information division provides intelligence, information, solutions, databases and services to the Pensions & Insurance, Healthcare and Business Data and Legal sectors. Many of the businesses we have developed, and all of those we have acquired in recent years, are wholly digital. In the division as a whole, 76% of revenues were generated from digital delivery during the year, 11% of revenues were generated from print products with the balance coming from information services.

The movement in revenues between 2011 and 2012 includes a reduction of almost £1m from the phasing out of legacy publishing products and the inclusion in 2012 of 12 months' results for Axco, acquired in September 2010, compared with 9 months in the prior year.

In the year ahead the scale of our phasing out of legacy publishing products (which are predominantly advertising based) will increase, including the closure of our contract directory publishing activities. In total some £2.5m of revenues generated in the year ended 30 June 2012 are expected to be discontinued. The Group's work in progress relates almost entirely to its print directory products and, consequently, provision has been made as a non-recurring cost against substantially all work in progress balances. Whilst this decline in revenues continues to represent a challenge, the investments we have made in the continuing evolution of the digital products, which typically have sustainable subscription revenues and higher margins than print products, together with tight cost control, and a further reduction in headcount and overheads, should ensure that its financial impact is mitigated in the current financial year.

In the Insurance market we are the leading provider of international market, compliance and regulatory information for the global insurance industry and continue to perform well with underlying sales growth of 10% year-on-year. We have continued to invest heavily in the content and technology which underpins this business and anticipate further returns during the current financial year. Our international company report business, which also services the insurance industry, showed good growth during the year and we made progress with the development of technology to further embed these services into the workflow of our customers.

In the Pensions market we provide the leading electronic regulatory information service for the UK pensions industry as well as the leading databases of pension funds and their advisors. Whilst this is a mature market and trading conditions are difficult we have maintained excellent levels of profitability.

In Healthcare we are the UK's leading provider of healthcare professional information to pharmaceutical companies, healthcare companies and the public sector. During the year we have seen strong revenue and profit growth with a significant reduction in the investment spend in Onmedica, a development which is allowing us to augment our services for pharmaceutical companies with a growing permissioned digital marketing channel. Our specialist healthcare press agency, based in Paris and London, also performed well during the year.

In the charities market we launched a major new web product under the Charity Choice brand which allows charities to attract donations from the public and manage networks of fundraisers and friends. This launch was made on the back of a significant investment in prior years to improve content in our charity products, which has also supported the continued development of our digital subscription products in this market. Also in the charity market, under the Smee & Ford brand, we have invested in new data capture technology which will allow us to develop and launch legacy analysis tools for charities.

During the year we finished the development of a new content management platform and used this to relaunch the digital versions of all of our legal and professional magazines. We also invested in the development of the content for our legal databases. Increasingly in the digital environment our publishing and training activities are converging and consequently we have worked to ensure a more integrated approach to the management of these assets and exploitation of associated synergies.

Our Business Data portfolio also saw the completion of major relaunches for our two key film & TV information assets. Against a challenging business environment, our business data divisions have worked hard and successfully to maintain strong profitability and Mortascreen, our mortality and fraud prevention database, has gained market share. We also completed the acquisition of certain assets of Millennium ADMP Ltd from administrative receivership; Millennium was a significant data supplier to Mortascreen and securing its future was important to the ongoing success of this business.

From market reports to business intelligence and compliance

For many years Axco has been the key information resource for brokers, insurers and reinsurers involved in international insurance.

Axco has evolved as the needs of its clients have changed and technology has developed. The transition to online delivery of information was completed several years ago, led by the flagship Insurance Market Reports.

Recent years have seen increasing demand from Axco's clients for regulatory and compliance certainty, as well as the ability to interrogate increasing amounts of "big data" for market analytics and business intelligence. Managing the sheer volume of global information, and being able to find and extract the relevant information and data from the many products and platforms, has become critical for clients.

Since joining Wilmington, Axco's investment in technology has accelerated and the results include the implementation of key business information portals and platforms such as Insight and Compliance Point which allow the more specific aggregation of key information that clients require from the wealth of information available. Compliance Point includes the ability for clients to integrate underwriting systems and procedures, international tax, regulatory compliance and country jurisdiction / location of risk rules and controls across all sectors and lines of business.

These developments in delivery technology have been powered by the development of ever more powerful and flexible databases and content management systems to capture and manipulate content which includes a statistical, tax and analytics dataset which has grown over 100 fold over the last decade. This hugely valuable dataset is now being made available for bespoke analytical services for major international clients.

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**Learn more online...**

For more information about Axco please scan the QR code with your smart phone or visit:

www.wilmington.co.uk/where-we-are/axco-insurance-information-services

Chief Executive's Business Review

Training & Events

	2012 £m	2011 £m
Revenue	43.5	43.6
Profit Contribution (see note 3)	7.1	6.5

The Training & Events division focuses on the following professional markets: Accountancy, Banking & Compliance and Legal. It delivers training both face-to-face and digitally. We have experienced a variety of market conditions. The legal CPD training business has seen continued challenges resulting in lower revenues compared to the prior year albeit with increased profits. Elsewhere in the division the Accountancy and Banking & Compliance businesses have all seen growth in turnover. Increasingly, our new business is associated with compliance and regulatory change.

The legal training business is the leading provider of post qualification legal training for UK lawyers. It also provides specialist courses for paralegals, professionals in commerce & industry as well as mandatory accreditation programmes and the New York Bar course. Through the Bond Solon brand it is the UK's leading provider of expert and professional witness training.

In autumn of 2011, following a number of years decline, the operational management of the legal training business was restructured and the size of the continuing professional development programme reduced to reflect the lower demand for seminars and conferences. In England and Wales, turnover in this part of the legal training business declined by some 20% during the year to 30 June 2012. Despite this turnover decline the actions we took to restructure the business, including a significant headcount reduction, resulted in profits increasing during the year. In Scotland there was another creditable performance driven by the paralegal training programme which fulfils the academic requirements of the Scottish Law Society's Registered Paralegal status.

The witness training part of the legal training business, Bond Solon, has performed well, growing both revenue and profits over the year.

The Banking & Compliance business has performed well, increasing revenues and investing significantly in new programmes.

The provision of certificated training in the areas of trust management, compliance, anti-money laundering and financial crime prevention has continued to make good progress increasing revenues and profits during the year. New programmes have begun in Malaysia and Australia during the year. More significantly a number of multi-year in-house programmes with major tier 1 banks commenced during the year; only a small proportion of the revenue has been recognised in the year ended 30 June 2012, and this bodes well for the current financial year and beyond.

The graduate entrant training for investment banks in London, New York and Hong Kong performed well with revenues increasing, albeit with some pricing and margin pressure. The graduate entrant training in New York and London is highly seasonal with the bulk of revenues and profits accruing during the first quarter of our financial year. It is pleasing to report that the year to 30 June 2013 has begun well with a very busy summer programme.

In Accountancy, we are the leading provider of technical, marketing and training support to the accountancy profession. After two record years of revenues and profit it is pleasing to be able to report another successful year of growth, during which we also acquired the complementary CCH continuing professional development portfolio of courses.

Acquisitions and Disposals

In July 2011 the Group acquired the remaining 10% non-controlling interest in our UK healthcare business under the terms of the acquisition agreement and subsequent variation agreement. The consideration of £1.82m was satisfied by the issue of 1,289,156 Wilmington ordinary shares.

In August 2011 the Group acquired a complementary portfolio of CPD courses from Wolters Kluwer (CCH) for its accountancy business at an agreed valuation of £0.25m.

In May 2012 the Group acquired certain assets of Millennium ADMP Ltd, which was in administrative receivership, for a cash consideration of £0.5m. Millennium provides information and services to the insurance market but, more importantly, it was a key supplier of data and sales services to Mortascreen, our mortality data product. The acquisition was made primarily to secure the ongoing success of our existing business.

In June 2012 the Group disposed of its company secretarial and company formations business to Orangefield Services (UK) Limited for a consideration of £1.0m with deferred consideration of up to a further £0.1m dependent upon future revenues.

We have a continually reviewed acquisition and disposal strategy, including a realistic and disciplined valuation methodology backed up by thorough post-acquisition analysis. We seek to justify acquisitions both in terms of a sensible return on capital and in terms of the added value we can realistically achieve in growth and profit margins. We are proud of our record of deriving value from acquisitions, despite the challenging markets. We have consistently produced returns substantially in excess of our cost of capital which have been achieved through the application of our prudent acquisition criteria and effective subsequent development of acquired assets.

Overview of the Group's financial performance

In the year ended 30 June 2012 Wilmington generated revenues of £85.3m, an increase of 1.8% from £83.8m in the year ended 30 June 2011. Whilst this included a full year's revenue from Axco, which was acquired in September 2010, there was a reduction in revenue of £0.95m as a result of phasing out a number of legacy print products which had been produced in the prior year. Furthermore, the actions we took in the legal training business during the year included a reduction in the course programme resulting in further significant revenue reduction. Elsewhere revenues have shown an aggregate 6.0% increase.

Adjusted EBITA increased by 10.2% to £16.5m (2011: £14.9m). Statutory EBITA increased by 11.1% to £15.1m (2011: £13.6m).

Adjusted Profit Before Tax increased by 4.6% to £14.0m (2011: £13.4m). Profit before Tax increased by 4.1% to £6.3m reflecting the increased cost of our borrowing facilities following their renewal in June 2011.

Non-recurring items

During the year the Group incurred non-recurring costs of £0.9m (2011: £0.7m) relating to rationalisation costs, provision against substantially all remaining print directory work-in-progress and costs of acquisitions less profit on sale of businesses.

Taxation

The effective tax rate ("ETR") is 20.1% (2011: 23.8%) based on the statutory profit before tax. The difference between this ETR and the standard rate of tax in the UK of 25.5% (2011: 27.5%) is primarily due to the effect of the tax rate reducing to 24% giving rise to a deferred tax credit of £0.5m (2011: £0.6m), together with the effect of profits on sale of a business being sheltered by brought forward capital losses and indexation allowances.

Earnings per Share

Adjusted Earnings per Share increased by 5.3% to 12.41p (2011: 11.79p). Basic Earnings per Share increased by 11.7% to 5.81p (2011: 5.20p).

Earnings and Adjusted Earnings per Share are calculated on the weighted average number of shares in issue of 84,107,422 for the year ended 30 June 2012 (2011: 82,788,676).

Balance Sheet and Net Debt

At 30 June 2012 the Group had net debt of £36.2m (2011: £40.0m). This reduction demonstrates the strong underlying cash flows generated by the Group.

Treasury Policy

Treasury policies are approved by the Board. The Executive Directors have the delegated authority to approve financial transactions within agreed terms of reference. The Group's financial instruments comprise principally bank borrowings and associated cash flow hedges, cash and various other items that arise directly from its trading operations such as trade debtors, trade creditors and subscriptions and fees in advance. The main purpose of these financial instruments is to ensure that finance is available for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The Group's credit risk is discussed in Note 23 to the Financial Statements. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies are unchanged from the previous year.

a) Interest rate risk

The Group finances its operations through a mixture of retained profits, operational cash flow and bank borrowings. Historically the Group has expanded its operations both organically and by acquisition, which has led on occasions to the need for external finance. The Board has chosen a credit facility with a floating rate of interest linked to LIBOR and has hedged its interest exposure on a proportion of this facility. In November 2006, the Group entered into a 5 year £15m interest rate swap whereby it received interest on £15m based on 3 month LIBOR and paid interest on £15m at a fixed rate of 5.23%. This swap terminated during the year. In November 2010, the Group entered into a further three hedging instruments. Firstly, a 5 year £15m interest rate swap fixed against 3 month LIBOR with a forward start of 21 November 2011 paying interest on £15m at a fixed rate of 2.68% was entered into. Secondly, a cap of 2% was put on a further £10m until November 2011. Finally, in November 2010, a 3 year £10m interest rate swap fixed against 3 month LIBOR with a forward start of 21 November 2011 paying interest on £10m at a fixed rate of 2.12% was entered into.

These derivatives have been designated as cash flow hedges in order to manage interest rate risk associated with the first £25m of the credit facility. Payments received under the swaps have been matched against interest paid quarterly during the period and the entire mark to market loss (2011: profit) on the derivatives have been recognised in equity, following the Directors' assessment of the hedge's effectiveness. There have been no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities. The levels used for fair value measurement of financial instruments remains unchanged from those disclosed in note 23 of the audited Financial Statements for the year ended 30 June 2011.

b) Liquidity risk

The Group has an unsecured committed bank facility of £65m (2011: £65m) to February 2016. The facility currently comprises a revolving credit facility of £60m (2011: £60m) and an overdraft facility of £5m (2011: £5m). At 30 June 2012, £38m of the revolving credit facility was drawn down (2011: £40m). Interest is charged on the amount drawn down at 2.00 to 2.75 percent above LIBOR depending upon leverage. Under the facility, drawdown is made for interest fixture periods of up to six months in duration.

The bank overdrafts are the subject of a Group set-off arrangement. Interest is charged on the overdraft at 2.25% over Barclays bank base rate.

c) Foreign currency risk

The Group has a substantial customer base overseas. The Group maintains bank accounts in foreign currencies and converts these currencies to Sterling at the appropriate times minimising the exposure to exchange fluctuations. On 30 September 2010, the Group sold forward €1.0m to 4 October 2011 at a rate of 1.170. This contract was entered into in order to provide certainty in Sterling terms of the net Euro income of APM. On 26 January 2011, the Group sold forward US\$0.5m to 2 December 2011 at a rate of 1.5881. On 22 June 2011, the Group sold forward US\$0.5m to 2 December 2011 at a rate of 1.6188. On 12 March 2012, the Group sold forward US\$0.5m to 30 November 2012 at a rate of 1.5614. On 15 March 2012, the Group sold forward a total of US\$3.5m at rates between 1.5290 and 1.5860 which are determined on 3 dates ("the expiry dates") between 28 September 2012 and 27 March 2013. Under the terms of the contract the dollars are delivered during a 3 month window following the expiry date. The gains/(losses) on these contracts are recognised in the Income Statement.

More than professional training

Mercia Group is well established as the leading provider of training for accountancy firms in the UK.

This position was strengthened in 2011 by the acquisition of CCH Training. Its client list now extends to 6000 firms including 80% of the top 100.

Mercia offers much more than just training. For many accountancy firms Mercia is their primary provider of technical information and marketing support.

Changes in tax, accounts or audit legislation and best practice represent both threats and opportunities for firms of accountants. Mercia's extensive range of products and services includes essential knowledge to keep firms technically up to date, aware of best practice and to ensure their procedures are compliant with all rules and regulations. Products and services include:

- Technical toolkits and manuals
- File reviews to ensure compliance
- Tax updates

Always highly valued and trusted for their content, these services have been successfully complemented by digital delivery over recent years.

Mercia also helps accountants to promote their firms with a range of marketing support including:

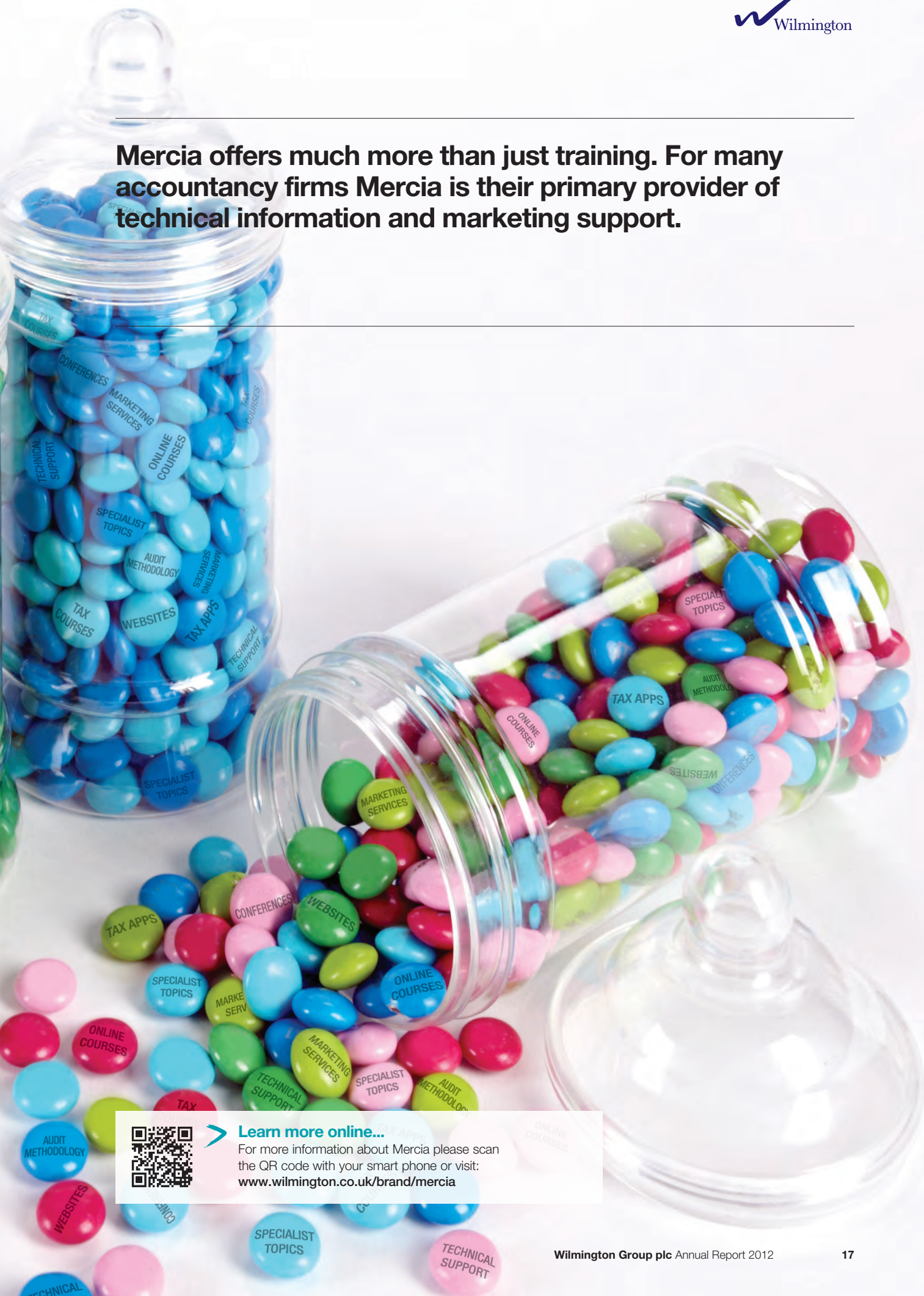
- personalised bespoke marketing strategies
- technical newsletters
- newly developed tax Apps
- website build and maintenance (where Mercia is the largest provider of such services for UK accountants)

An excellent recent example of this is Academies; the Government introduced legislation which resulted in many schools being keen to move to academy status. Academy status involves the appointment of auditors and for auditors this represented an exciting new niche sector, but one where minimal practical guidance was available.

Mercia's market knowledge meant that it was quick to see the opportunity and first to market with the solution. Its technical support team researched the rules and all available guidance, and met with existing academies and their auditors. It then developed new methodologies, guidance notes, sample letters, work programmes and reports for the auditors. The training team then arranged sector specific conferences, courses and webinars across the UK. This met with huge demand and resulted in multiple repeat events.

This combination of training and support means that Mercia has long term relationships with its accountancy firm clients and can look forward to recurring income streams.

Mercia offers much more than just training. For many accountancy firms Mercia is their primary provider of technical information and marketing support.



Learn more online...

For more information about Mercia please scan the QR code with your smart phone or visit:
www.wilmington.co.uk/brand/mercia

Chief Executive's Business Review

Key Financial and Operational Targets ("KPI's")

At a Group level we have five key financial and operational targets. In addition, each of the operating divisions monitors a number of key performance indicators. This year we delivered an improved performance against the majority of our financial and operational targets. By continuing to focus on these benchmarks we have been able to concentrate on mitigating the adverse effects of the global recession and produce good results whilst establishing a more resilient and efficient platform to support future growth.

1. Adjusted Profit before Tax

This measure indicates the trading profits of the Group, after bank and interest charges, but before amortisation and impairment of intangible assets and goodwill, non-recurring items, the unwinding of the discounts on the provisions for the future purchase of non-controlling interests and share based payments. Amortisation is a non-cash technical adjustment which does not necessarily reflect the inherent value of assets. This is particularly the case where the value of assets has been enhanced as a consequence of management action.

In the year ended 30 June 2012, Adjusted Profit before Tax increased by 4.6% to £14.0m (2011: £13.4m).

2. Adjusted Earnings per Share

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

In the year ended 30 June 2012, Adjusted Earnings per Share increased by 5.3% to 12.41p per share (2011: 11.79p). The increase was due to slightly better overall performance achieved by wholly owned businesses. It also reflects the reduction in the effective tax rate described in "Taxation" above.

3. Cash flow

The quality of the operating profits is underpinned by the strong cash flow. The Group's business is strongly cash generative; operating cash flow for the year ended 30 June 2012 of £16.5m represented 109% of operating profit before interest and amortisation (2011: £15.1m, 111%). Free cash flow, which is calculated after deduction from operating cash flow of capital expenditure, payment of corporation tax and payment of interest, was £10.4m (2011: £7.1m).

4. Consistent and Sustainable Revenue Streams

The disposal of non-core assets in recent years has allowed the Group to focus on a portfolio of assets based in key professional markets. This push towards more robust and sustainable revenue streams has resulted in a strong portfolio of offerings, which includes:

- data, information, intelligence and solution sales;
- professional training, events and services; and
- professional accreditation and assessment.

The Group has continued to increase the supply of its products and services online or digitally, but remains conscious of the needs of markets which continue to prefer some products produced in hard copy format or in person. Our businesses are supported by management and delivery systems utilising the latest technology. We have invested considerable resources in the improvement of our operating systems and online services which will deliver benefits in the current year and beyond.

This is reflected in the following split of revenue streams:

- Subscriptions and information sales 57% of revenue (2011: 57%);
- Professional education and events 34% of revenue (2011: 35%);
- Directory advertising 7% of revenue (2011: 7%);
- Magazine advertising 2% of revenue (2011: 1%).

This represents a broad revenue base and reflects the Group's ongoing strategy to ensure that there are no significant dependencies on specific sources of revenue.

5. Adjusted Operating Margin ("Return on Sales")

Adjusted Operating Margin or Return on Sales ("ROS") is defined as Adjusted EBITA (see note 2) expressed as a percentage of Revenue. During the year ended 30 June 2012 ROS was 19.3% compared to 17.8% in the prior year.

In addition, management use Return On Equity ("ROE") as a measure to calculate the bonus for the Executive Directors.

Return on Equity ("ROE")

Return on equity is defined as the Adjusted Profit before Tax (see note 2) expressed as a percentage of the average shareholders funds during the year. ROE was 26.3% for the year to 30 June 2012 compared to 25.7% in the prior year.

Principal risks

The key challenges facing Wilmington arise from the highly competitive and rapidly changing nature of our markets, the increasing technological nature of our products and services and legal and regulatory uncertainties. Certain parts of our businesses are also affected by the (often positive) impact of changes in professional regulation and legislation and by the impact of the economic cycle on advertising and promotional spending. The economic environment also constitutes a risk factor, particularly in the legal and financial sectors, which has impacted on the Group's profitability. Key supplier and customer loss feature as a risk. However, we feel that our supplier and customer bases are both sufficiently diverse.

Wilmington has an established risk management procedure that is embedded in the operations of its trading divisions and is reviewed by the Board. All parts of the business identify risks and seek to ensure that procedures and strategies are in place so that risks can be managed wherever possible.

Some of the main risks which affect the Group as a whole include the following:

1. Wilmington is a people based business; failure to attract or retain key employees could seriously impede future growth. To ensure staff retention the Group operates competitive remuneration packages for key individuals. Just as importantly, it operates a culture where each individual can maximise his or her potential. Wilmington is also committed to further develop staff and has launched a Management Development Programme for senior managers. Last year it launched a "Vision and Values" programme described under "Wilmington's People" below. The retention and motivation of key personnel is fundamental in the future success of Wilmington, as is the ability to recruit new personnel to support future growth.
2. Wilmington's business is increasingly dependent on electronic platforms and distribution systems, primarily the Internet, for delivery of its products and services. Whilst our businesses could be adversely affected if these electronic delivery platforms and networks experienced a significant failure, interruption, or security breach, the Group is sufficiently diversified to ensure such disruption is minimised. During the year under review the Group has continued to invest in new systems and electronic platforms with greater protection against failure.
3. Our products and services largely consist of intellectual property content delivered through a variety of media. Wilmington relies on trademarks, copyrights, patents and other intellectual property laws to establish and protect its proprietary rights in these products and services. The Group makes every effort to protect this asset base and actively pursues any infringements.
4. The Group is increasingly required to comply with strict privacy and data protection legislation. The need to comply with these regulations can restrict the Group's ability to create and utilise its databases. To ensure we are compliant with the relevant data protection legislation we had an extensive external audit of the Group's data management systems and we have adopted procedures to ensure compliance with best practice.
5. The businesses can be sensitive to disruptions such as Government legislation, adverse regulatory change, terrorism, natural disasters and other significant adverse events. We increased our capacity for key staff to work remotely as part of the preparation for the Olympic Games. We took part in trials, along with many other businesses to ensure this capability was effective by asking key staff to work remotely on two separate days. Other contingency measures surrounding the Olympic Games in London were also taken to mitigate the risk of disruption.

During the year under review there were no major incidents to report. Nevertheless, we maintain and have extended our disaster recovery plans to mitigate the consequences of potential adverse events. Our insurance cover includes acts of terrorism.

6. There is an element of reputational risk for Wilmington, particularly in areas where we have high profile products and services. Damage to reputation and/or brand could lead to an adverse impact on the Group. The success of the Group's businesses is in part dependent on the success of their branded publications and events. Wilmington is conscious of the need to ensure the careful management of products and services to reduce this risk.
7. The business operates in highly competitive markets that are constantly challenging the boundaries of technological advances, regulation and legislation and with new competitors entering the market space. Wilmington endeavours to invest resources to best respond to the competitive landscape.
8. Wilmington has a strong acquisition strategy to further grow the business and there is risk associated with making future acquisitions, in particular identifying targets, realising expected returns and integrating newly acquired businesses. Whilst Wilmington has a strong track record for completing and executing acquisitions efficiently, there is no certainty in the future of being able to derive all the anticipated benefits from acquisitions.
9. Wilmington is increasingly operating in an international environment. While this provides growth in new jurisdictions, it comes coupled with risks in terms of cultural and political conditions, foreign laws and legislations, tax changes, currency fluctuations, language barriers, differing regulatory requirements and protecting Wilmington IP.
10. Freely available information principally via the internet poses a potential risk for the Group. The information may be free to access or inexpensive and may compete directly with paid for, value added information supplied by the Group. The risk element is largely in the case of government agencies and other not for profit organisations that may make information publically available at no cost which could reduce demand for some product groups. Wilmington endeavours to respond by offering enriched data and information available in an easily accessible format.

In addition to the risks identified above, further information on additional risks are provided elsewhere in the Annual Report and Financial Statements:

- The Overview of the Group's Financial Performance on pages 14 and 15 covers the main risks arising from the Group's financial instruments which are interest rate risk, liquidity risk and foreign currency risk.
- The Group's credit risk is discussed in Note 23 to the Financial Statements.

Chief Executive's Business Review

Group Revenue by Sector



	12 months to June 2012 % of Turnover	12 months to June 2011 % of Turnover
Legal	25	30
Banking & Compliance	18	17
Pensions & Insurance	17	15
Healthcare	15	14
Accountancy	13	12
Business Data	12	12

Wilmington's People

Integral to Wilmington's growth and success is the talent, expertise, professionalism and commitment of our people. During the year we have continued to build on the foundations of becoming an employer of choice and we are committed to ensuring that Wilmington remains a great place to work. Our market sectors remain challenging and in order to achieve our growth plans we are committed to ensuring we attract and retain the best talent.

Following the launch of our new branding and the Wilmington Vision and Values Engagement Programme there is an increased sense of collaboration across businesses to develop new initiatives.

Talent management is a key priority. We are committed to developing our people to realise their potential and we continue to invest in training and development initiatives. The new Performance Development Review Process incorporates a Personal Development Plan for everyone and we encourage continuous learning. Investment also continues in tailored development programmes aimed at the leadership and senior management population.

Activity continues to ensure we respond appropriately to legislation and regulatory requirements. Further investment has been committed to update our HR information systems and an employee benefits consultancy appointed to assist with our preparation for compliance with pension auto enrolment requirements in 2013. Compliance with the Anti Bribery and Corruption legislation continues to be an on going priority and training on Wilmington policies and procedures is available for all staff using Bond Solon's on line training suite.

Corporate and Social Responsibility Social and Community

Wilmington seeks to be a socially responsible company which has a positive impact on the communities it operates in. We seek to employ a workforce which reflects the diversity of our customers and the communities we are located in.

We do not discriminate on grounds of age, sex, race, colour, ethnicity, religion, sexual orientation or disability. We intend to give all our employees the opportunity to grow and develop their capabilities whilst employed at Wilmington. This includes providing excellent working conditions, the latest technology and appropriate training to help employees fulfil their potential.

During this financial year Wilmington continued its sponsorship of the International Compliance Association ("ICA") and work with the Financial Skills Partnership ("FSP"). In addition, Wilmington, through its relationship with professional bodies, such as the Society of Trust and Estate Practitioners ("STEP") and ICA, provided scholarships to able and deserving students in the Compliance, AML and Trusts areas around the world. Scholarships in 2011/12 were won by students in Russia and the Channel Islands.

Environmental Policies

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

The Head of Facilities Management for the Group has amongst his duties the responsibility for managing and monitoring environmental issues across the Group.

Group Revenue by Region



	12 months to June 2012 % of Turnover	12 months to June 2011 % of Turnover
United Kingdom	73	75
Europe	13	11
Asia	5	5
Americas	8	7
Rest of World	1	2

Our policies are to:

- Meet or exceed the requirements of current environmental legislation that relates to the company.
- Minimise energy and water usage in our buildings, vehicles and processes and improve the efficient use of those resources.
- Apply the principles of continuous improvement in respect of air, water, noise and light pollution from our premises and reduce any impacts from our operations on the environment and local community.
- Minimise our waste and then reuse or recycle as much of it as possible.
- As far as possible purchase products and services that do the least damage to the environment and encourage others to do the same.
- Ensure environmental and energy performance issues are considered in the 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 internally and externally and communicate its performance on a regular basis, and encourage feedback.
- Set and monitor KPI's for our environmental performance at least annually.
- Update our Environmental Policy regularly.

Paper

Paper is sourced from a chain of custody certified suppliers to ensure only sustainable raw materials are used within the production of paper. The vast majority are also produced at mills with ISO14001 accreditation and EMAS (Environmental Management Systems).

Printers

All our major print suppliers are now ISO14001 certified or encouraged to work towards a minimum of this standard. Many now also utilise a FSC or PEFC chain of custody certification. All our printers work in a digital environment, with the resultant reduction in transport, courier and energy utilising activities.

Packaging

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

Offices

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

Travel

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

Charles Brady

Chief Executive
18 September 2012

Chief Executive's
Business Review

International Compliance Training

A move into new compliance markets



Learn more online...

For more information about ICT please scan
the QR code with your smart phone or visit:

www.wilmington.co.uk/brand/international-compliance-training

BP approached ICT as the quality of its training was known to consultants working in BP's Compliance and Ethics division.

Over the past year International Compliance Training has successfully extended its leading position in Compliance by diversifying into delivering compliance and anti-money laundering programmes in new sectors.

ICT has worked with BP to develop a bespoke programme covering financial crime prevention, anti-money laundering, anti-bribery and corruption and customer due diligence. Although the oil and gas sector is quite different from financial services, the principles governing best practice are equally applicable.

BP approached ICT as the quality of its training was known to consultants working in BP's Compliance and Ethics division.

ICT worked with BP to develop a detailed course specification including appropriate assessment criteria and, working with the International Compliance Association, produced an accredited certificated programme that BP has subsequently adopted and is rolling out into multiple jurisdictions.

ICT produced comprehensive manuals and industry specific exercises and case studies, in conjunction with BP, to produce a suitable programme. The programme has been studied by BP representatives from all over the world and continues to be delivered outside the UK.

This approach holds promise for other sectors; ICT is already working with major institutions from the betting and gaming, international retail, mobile payments and telecoms sectors in the creation of industry specific programmes.

Working Together

01 Mark Asplin

Non-Executive Chairman

Mark Asplin was appointed Chairman on 15 November 2011 in succession to David Summers. Mark Asplin, aged 52, is a Chartered Accountant and joined the Board in April 2005. He was until 2002 a partner at KPMG. During his time at KPMG he helped build its Corporate Finance practice, undertaking roles which included Head of M & A and Head of Valuations, both for the central region of the UK. He left KPMG to set up Jasper Corporate Finance, an independent corporate finance practice. He is also a member of the Group's Audit Committee, Nomination Committee and the Remuneration Committee.

02 Charles J Brady

Chief Executive

Charles Brady, aged 56, is a solicitor and was a law lecturer before founding in 1985 the business which is now CLT. CLT was acquired by Wilmington in June 1999. Charles Brady joined the Board in November 1999 and was appointed Chief Executive in February 2002. He is a member of the Group's Nomination Committee.

03 R Basil Brookes

Finance Director

Basil Brookes, aged 54, qualified as a Chartered Accountant with Coopers & Lybrand. He has worked in the media industry since 1986 and joined the Wilmington businesses in 1992 and was a founder Director of Wilmington Group. Basil retires from the Group in December 2012 and will stand down from the Board at the Annual General Meeting.

04 Anthony Foye

Executive Director

Tony Foye, aged 50, joined the Board as an Executive Director on 3 September 2012 and will succeed Basil as Finance Director. Tony has enjoyed a long and successful career in the media sector. Between 1987 and 2004 he was Group Finance Director of Taylor & Francis Group plc, the leading international academic publisher. On Taylor & Francis' merger in May 2004 with Informa plc, the global

supplier of specialist information, events and training, Tony became Group Finance Director of the enlarged group, a position he held until December 2007. He played an important role in driving strong organic and acquisitive growth at both companies and in materially improving shareholder value.

Between May 2009 and March 2011 Tony was Chief Financial Officer and Chief Operating Officer of Critical Information Group plc, the AIM listed vehicle established to acquire professional, research, data and academic information businesses. He was also a Non-Executive Director of YouGov plc from March 2005 to June 2009, chairing the Audit Committee and a member of its Remuneration Committee.

05 Neil E Smith

Executive Director

Neil Smith, aged 41, Wilmington's Chief Operating Officer, joined the Board as an Executive Director on 1 December 2011. Neil Smith has worked in the media industry for 22 years. In 1997 he led an MBO of the Business Information division of Macmillan which was backed by Wilmington and he subsequently led the development of the Group's professional information divisions prior to his appointment as Group Chief Operating Officer. Neil has been a member of the Wilmington Executive Board since 2004 and in 2005 he gained a Masters in Finance (with distinction) from London Business School.

06 Terry B Garthwaite

Non-Executive Director

Terry Garthwaite, aged 66, joined the Board in June 2005. He is a Chartered Accountant and enjoyed a distinguished career in finance and industry including a period as Finance Director of engineering group Senior plc. He is currently a non-executive director of electronics group Renishaw plc and of European power transmissions supplier Brammer PLC. Terry Garthwaite is Chairman of the Group's Audit Committee and a member of the Group's Remuneration and Nomination Committees.

07 Derek Carter

Non-Executive Director

Derek Carter, aged 63, joined the Board as Independent Non-Executive Director on 1 December 2011. Derek was previously Chief Executive of Emap Communications for 11 years, where he led Emap's growth into a market leading mixed media business built on powerful information, events and magazine brands and its subsequent sale to Apax/GMG in 2008. Derek, who was previously Chairman of the Periodical Publishers Association and currently Non-Executive Chairman of Docugroup, a leading European information business serving the construction sector, is the new Senior Independent Director ("SID") and Chairman of the Nomination Committee. He is also a member of the Group's Audit and Remuneration Committees.

08 Nathalie Schwarz

Non-Executive Director

Nathalie Scharwz, aged 42, joined the Board as Independent Non-Executive Director on 1 December 2011. Nathalie was formerly the Commercial and Corporate Development Director on the Board at Channel 4 Television and was Strategy and Development Director on the Board of Capital Radio plc. Nathalie qualified as a solicitor with Clifford Chance and is Chair of the Remuneration Committee. She is also a member of the Group's Audit and Nomination Committees.

Richard Cockton

Company Secretary

Richard Cockton, aged 59, qualified as a Chartered Accountant with Coopers & Lybrand and joined Wilmington in 1998. He was appointed Company Secretary in 2008.

The Board of Directors and the leadership team are committed to ensuring we remain a great place to work and become an employer of choice where people are rewarded and recognised for their contribution and have the opportunity for new challenges and professional growth.



Richard Cockton
Company Secretary



Alison Moss
Group HR Director



Linda Wake
Group Director of
Operational Finance

Directors' Report

for the year ended 30 June 2012

The Directors present their Annual Report together with the Audited Consolidated Financial Statements for the year ended 30 June 2012.

Business review

In accordance with the requirements of the Companies Act 2006, the Chairman's Statement and Business Review as set out on pages 6 to 21 provide information about the Group's strategy, its businesses, its principal activities and its financial performance during the year, the principal risks and uncertainties facing the Group, its key financial and operational targets ("KPI's") and its future outlook, all of which are incorporated into this Directors' Report by reference.

The Group's acquisitions and disposals during the year are dealt with in note 12 to the Financial Statements.

The business does not incur expenditure on pure research. However, market research and analysis is written off as incurred. All internal product development costs which do not satisfy the criteria for capitalisation have been written off as incurred.

Results

The Group's financial results are set out in the Consolidated Income Statement on page 44. Revenue is analysed by business segment and geographically in note 3 of the Consolidated Financial Statements. A profit for the year attributable to the Equity Shareholders of the Company of £4,884,000 (2011: £4,306,000) has been taken to reserves.

Dividends

The Directors recommend that a final dividend for the year of 3.5p per ordinary share be paid on 16 November 2012 to shareholders on the register on 19 October 2012, which together with the interim dividend of 3.5p per ordinary share already paid, makes a total dividend for the year of 7.0p (2011: 7.0p) per ordinary share.

Directors and their interests

The Directors who have served during the year and up to the date of this report are set out on pages 24 to 25 which include brief biographical details. Their remuneration and interests in the share capital of the Company are set out in the Report on Directors' Remuneration on pages 34 to 41.

R Basil Brookes will be retiring in December 2012 as announced in the Financial Statements for the year ended 30 June 2011 and will not offer himself for re-election at the Annual General Meeting. All other Executive and Non-Executive Directors offer themselves for re-election at each Annual General Meeting as a result of the Company deciding to adopt annual re-election of Directors in line with Best Practice of the UK Corporate Governance Code.

Mark Asplin was appointed Chairman on 15 November 2011 in succession to David Summers.

Neil Smith, the Group's Chief Operating Officer, was appointed an Executive Director on 1 December 2011.

Derek Carter and Nathalie Schwarz joined the Board as Independent Non-Executive Directors on 1 December 2011.

Anthony Foye was appointed an Executive Director on 3 September 2012.

Details of the Directors' service contracts and letters of appointment are shown in the Report on Directors' Remuneration.

Interests in contracts

Other than as disclosed in the Report on Directors' Remuneration, 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 period.

Takeover directive disclosures

As at 30 June 2012, the Company had only one authorised class of share, namely ordinary shares of 5p each, of which there were 86,103,137 in issue (2011: 84,813,981). 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.

The Company seeks annual authority from its Shareholders at the Annual General Meeting to purchase its own shares through the Annual General Meeting.

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

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

Substantial shareholdings

As at 11 September 2012, the Company had been notified of interests in 3 per cent or more of the issued share capital of the Company as shown below. Interests are shown as a percentage of shares in issue at 18 September 2012.

	Number of ordinary shares	Percentage
Liontrust Investment Partners LLP	10,977,529	12.75
Herald Investment Management Ltd	5,127,501	5.96
Threadneedle Investments	4,957,500	5.76
Aberdeen Asset Management	4,318,180	5.02
R A Conwell	3,880,785	4.51
B D Gilbert	3,800,000	4.41
C J Brady	3,412,151	3.96
Legal & General Group Plc	3,256,673	3.78

Significant contractual or other arrangement

The Company does not have any contractual or other arrangements which are essential to the business of the Company.

Land and buildings

Other than the freehold property shown under non-current assets held for sale, the Directors do not believe that there is a significant difference between the market values and the balance sheet values of the Group's interests in freehold land and buildings.

Changes in share capital

At 11 September 2012, 1,942,000 shares had been bought pursuant to the instruction given to Numis Securities Limited in 2007 and 2008 by the Company to buy its own shares up to a value of £12m within certain parameters.

Financial instruments

An explanation of the Group's treasury policies is set out in the Business Review on page 15. Details of the Group's financial instruments are set out in note 23 to the Financial Statements.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Report on Directors' Remuneration and the Financial Statements in accordance with applicable law and regulations.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Financial Statements and the Report on Directors' Remuneration comply with the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' Report continued

Each of the Directors, whose names and functions are listed in the Directors and Senior Management section of the Annual Report confirm that, to the best of their knowledge:

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

Disclosure of information to Auditors

Each of the Directors has confirmed that:

(a) so far as he/she is aware, there is no relevant audit information of which the Company's Auditors are unaware, and

(b) he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Charitable donations

The Group made charitable donations of £3,010 (2011: £700) during the year. No political donations were made during the year (2011: £nil).

Supplier payment policy

The Group endeavours to settle payments to its suppliers in accordance with mutually agreed terms and conditions of business. The average time taken to pay suppliers was 56 days (2011: 54 days).

Employees

The Group's policy is to consider all job applications on a fair basis free from discrimination in relation to age, sex, race, colour, ethnicity, religion, sexual orientation or handicap 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.

Employee involvement

The Group places a great deal of importance on communicating its plans and objectives to its entire staff and, where appropriate, consulting with them. Within each of the divisions there are profit centres run by experienced business managers, many of whom are shareholders in the Company or its subsidiary undertakings and whose remuneration is linked to revenue and/or profit achievements.

The Group operates share option and award schemes, details of which are given both below and in note 26 to the Financial Statements.

Share options and awards

The Wilmington Group plc 1999 Approved Share Option Scheme (the "Approved Scheme") was adopted on 2 September 1999 and approved by the Inland Revenue on 29 September 1999. The Approved Scheme is administered by the Remuneration Committee and provides for the grant of non-transferable options to acquire shares in the Company at prevailing market prices at the time of grant. The exercise of options granted under the Approved Scheme is normally conditional upon the achievement of performance targets set out by the Remuneration Committee. Details of outstanding options are set out in note 26 to the Financial Statements.

No consideration is payable for the grant of options and options may generally be exercised three years after the dates of their grant (subject to the achievement of any applicable performance targets).

No options were granted during the year under the above scheme.

The Wilmington Group plc 2007 Performance Share Plan (the "Performance Share Plan") was adopted on 8 November 2007 to provide share based incentives to senior executives. Further details are set out in the Report on Directors' Remuneration on pages 34 to 41.

On 21 October 2008, 323,634 conditional awards were granted under the Performance Share Plan, of which 275,309 were granted to Directors (including N E Smith who was subsequently appointed a Director on 1 December 2011). During the year, all these awards lapsed.

On 18 September 2009, 520,514 conditional awards were granted under the Performance Share Plan, of which 456,424 were granted to Directors (including N E Smith who was subsequently appointed a Director on 1 December 2011).

On 20 October 2010, 1,326,159 conditional awards were granted under the Performance Share Plan, of which 411,818 were granted to Directors (including N E Smith who was subsequently appointed a Director on 1 December 2011).

On 19 October 2011, 911,959 conditional awards were granted under the Performance Share Plan, of which 255,319 were granted to Directors (including N E Smith who was subsequently appointed a Director on 1 December 2011).

Pension schemes

In compliance with legislation, all UK employees have access to a stakeholder pension scheme.

Health and safety policy

Management at all levels are conscious of and committed to their responsibilities in securing the health, safety and welfare of employees and others, arising from the Group's activities.

Insurance

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

Annual General Meeting

A separate notice convening the Annual General Meeting of the Company to be held at the offices of Canaccord Genuity Hawkpoint, 88 Wood Street, London EC2V 9QR on 14 November 2012 will be sent out with these Financial Statements.

Going Concern

As highlighted in note 21 to the Financial Statements, the Group meets its day-to-day working capital requirements through an overdraft facility and a revolving credit facility which is due for renewal in February 2016.

The current economic conditions create uncertainty particularly over:

- (a) the level of demand for the Group's products;
- (b) the exchange rate between Sterling and the US Dollar and the Euro; and
- (c) the availability of bank finance in the foreseeable future.

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

After reviewing the Group's budget and forecasts for the period to 30 June 2013 and its medium term plans, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. Therefore, they have adopted the going concern basis in preparing these Financial Statements.

Independent auditors

The auditors, Price waterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting.

By Order of the Board

Richard Cockton

Company Secretary

18 September 2012

Corporate Governance Statement

The Company is committed to the principles of corporate governance contained in the UK Corporate Governance Code issued by the Financial Reporting Council in May 2010 (the "Code") and for which the Board is accountable to shareholders. A copy of this code is publicly available from www.frc.org.uk.

The Group is committed to the highest standards of corporate governance, as set out in the main principles of the Code. The Board believes that the Group has been compliant throughout the year ended 30 June 2012.

The Non-Executive Chairman is a member of the Audit, Remuneration and Nomination Committees as permitted by the Code but does not chair any of them.

This report, together with the Report on Directors' Remuneration on pages 34 to 41 sets out how the Company has applied the Main Principles of the Code.

Takeover directive disclosures are set out in the Directors' Report on page 26.

1 The Board

The Company is controlled through the Board of Directors which, at 30 June 2012, comprised three Executive and four Non-Executive Directors. Short biographies of each Director are set out on pages 24 and 25. The Board focuses on formulation of strategy, management of effective business controls and review of business performance. It has a formal schedule of matters specifically reserved to it for decision which it reviews periodically. This includes approval of acquisitions and disposals and major capital expenditure. The Board also reviews the Register of Risks.

The Board meets as often as necessary to discharge its duties effectively. In the financial year ended 30 June 2012, 12 Board meetings were scheduled and the Directors' attendance record is set out at the end of this Statement.

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.wilmington.co.uk. The Audit Committee met 4 times during the year, the Remuneration Committee met 3 times during the year and the Nomination Committee met 3 times during the year.

There is an executive committee known as the Executive Management Board 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 and includes the Finance Director, the Group Chief Operating Officer, the Group HR Director and the Group Director of Operational Finance.

Chairman and Chief Executive

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

Board balance and independence

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. They each meet the independence criteria set out in the Code.

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 or Finance Director has failed to resolve; and
- meeting with the other Non-Executive Directors on the Board once a year to assess the Chairman's performance as Chairman, taking into account the views of the Executive Directors.

Mark Asplin has been appointed Chairman in succession to David Summers. Mark is a Chartered Accountant and was formerly a partner with KPMG, which he left to set up Jasper Corporate Finance, an independent corporate finance practice. Mark, whose appointment as Chairman was effective from 15 November 2011, joined Wilmington's Board in April 2005 and was previously the Group's Senior Independent Director.

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.

No Director has, or had at any time during the year, any interest in a contract with any Group company.

All Directors are equally accountable for the proper stewardship of the Company's affairs, and all Directors, in accordance with Best Practice of the Code, now submit themselves for re-election annually.

Performance evaluation

The Board undertakes a formal annual evaluation of its own performance and that of each individual Director. As part of its evaluation, a questionnaire was approved by the Board. Directors submitted their completed questionnaires to the Chairman of the Audit Committee who reviewed their responses. These were subsequently discussed in an open session. The exercise, which is undertaken on a regular basis, was viewed positively by the Board.

The Chairman has carried out a review of the performance of individual members of the Board. In all cases the performance of the Directors was considered to have reached a high standard and appropriate training courses were being undertaken, in particular in relation to the Bribery Act.

Audit Committee

The Audit Committee is composed of all the Non-Executive Directors including the Chairman. The Board is satisfied that Terry Garthwaite, who chairs the Committee, has recent and relevant financial experience.

The main roles and responsibilities of the Audit Committee are set out in written terms of reference and are available on the Company's website www.wilmington.co.uk.

The Committee has primary responsibility for making recommendations to the Board regarding the appointment, reappointment and removal of the external Auditors which the Board puts to shareholders for approval in the general meeting. It keeps under review the scope and results of the audit and its cost-effectiveness and the independence and objectivity of the Auditors. During the year, the Audit Committee carried out a review to benchmark the Group's audit fees. The Committee keeps the nature and extent of non-audit services under review by regularly reviewing the balance of audit to non-audit fees. The Auditors are asked to provide confirmation of independence on an annual basis.

The Committee reviews the accounting policies and procedures of the Company together with all significant judgements made in the preparation of the half-yearly and annual financial statements before they are submitted to the Board. It also actively monitors the system of internal control. The Committee reviews arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

The Executive Directors and the external Auditor may attend Audit Committee meetings at the invitation of the Committee. However, the Committee has the right to request invitees to withdraw from the meeting to enable discussions to take place in their absence. The Finance Director is invited to attend all the Audit Committee meetings and for the year end reviews, the Group Director of Operational Finance is also invited. The Audit Committee meet just with the Auditors present, at least once a year.

Nomination Committee

The Nomination Committee and the Board seek to maintain an appropriate balance between the Executive and Non-Executive Directors. The Committee is chaired by Derek Carter as SID and comprises all the Non-Executive Directors, including the Chairman, and the Chief Executive. 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. The candidates are then put forward for consideration and appointment by the Board as a whole. The Committee has access to external professional advice at the Company's expense as and when required.

The Nomination Committee reviews on a continuing basis the composition of both the Board and the Executive Management Board making recommendations where appropriate.

2 Directors' Remuneration

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. Given the small size of the Board, the Committee recognises the potential for conflicts of interest, and has taken appropriate measures to minimise the risk. The Committee meets not less than once a year, and takes advice from the Chief Executive as appropriate. In carrying out its work, the Board itself determines the remuneration of the Non-Executive Directors. The Committee has the power to seek external advice, and to appoint consultants as and when required in respect of the remuneration of Executive Directors. Further details of the Group's policies on remuneration and service contracts can be found in the Report on Directors' Remuneration on pages 34 to 41.

Corporate Governance Statement continued

3 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. These are regularly attended by the Chairman. A copy of the presentation slide show is available on the Company's website www.wilmington.co.uk. As referred to earlier, the SID is available to shareholders if they have concerns which other contacts have failed to resolve.

The Chairman or one of the other Non-Executive Directors is available on request to attend meetings with major shareholders. In the past year, the Chairman attended such meetings. The Board regularly receives copies of analysts' and brokers' briefings.

Constructive use of the Annual General Meeting

A separate notice convening the Annual General Meeting is being sent out with this Report and Financial Statements. At the Annual General Meeting, after the formal business has been concluded, the Chairman will welcome questions from Shareholders. All Directors attend the meeting at which they have the opportunity to meet with Shareholders. Details of resolutions to be proposed at the Annual General Meeting on 14 November 2012 and an explanation of the items of special business can be found in the circular that contains the notice convening the Annual General Meeting.

4 Accountability and Audit

The respective responsibilities of the Directors and Auditors in connection with the Financial Statements are explained in the Statement of Directors' Responsibilities on pages 27 and 28 and the Independent Auditors' Report set out on pages 42 and 43.

Internal Control

In line with the Turnbull Report recommendations, the Board maintains an ongoing process for identifying, evaluating and managing significant risks faced by the Group. The Board regularly reviews this process, which has been in operation from the start of the year to the date of approval of this Report. 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.

During the year, the Group appointed a Data Protection Officer to coordinate the Group's data protection activities.

Also, 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 specific risks such as interest rate risk, liquidity risk and foreign currency risk are given in the Business Review on page 15.

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

Management Information Systems

Effective planning, budgeting and forecasting systems are in place, as well as a monthly review of actual results compared with budget and the prior year. The annual budget, updated three times per year, is 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.

Each area of the business carries out risk assessments of its operations, and ensures that the key risks are addressed.

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

In addition, the Board has identified key strategic risks faced by the Group, which have been prioritised and are set out in the Business Review on page 19.

The Group maintains a financial controllers manual to ensure that consistent and adequate accounting procedures are maintained throughout the Group.

Organisation

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

Internal Audit

During the year, the Board has considered the need for an internal audit function, but has concluded that the internal control system is appropriate given the size and complexity of the Group and that an internal audit function is still currently unnecessary. Reliance instead is placed on well-defined controls operated from the centre.

Use of Auditors for non-audit services

The non-audit services provided by the Auditors are regularly reviewed by the Audit Committee and reported to the Board. All such services where significant are considered by the Board and a decision taken on each occasion as to whether the particular services should or should not be provided by the Auditors. An analysis of audit and non-audit fees payable to the Auditors is shown in note 5 to the Financial Statements. In particular, the Audit Committee feel that it is cost effective to use the auditors for UK and overseas tax compliance.

Whistle Blowing

The Group has appointed Non-Executive Director, Terry Garthwaite, as a whistle blowing officer to enable employees to raise any serious concerns of wrong doing that they may have in complete confidence. The aim of the whistle blowing policy is to ensure that arrangements are in place to allow proportionate and independent investigation of such matters and appropriate follow up action. Details of the policy have been included in the staff handbook and are available on the Company's intranet. The whistle blowing officer can be contacted at whistleblowing@wilmington.co.uk.

ABC Policy

The Group is committed to conducting all of its business in an honest and ethical manner. It adopts an unequivocal zero-tolerance approach to bribery and corruption in any form, and is committed to acting transparently, professionally, fairly and with integrity in all business dealings and relationships, wherever it operates.

The Group will not permit any employee, or anyone acting on its behalf, to give, accept, offer, solicit, or promise a bribe or solicitation payment, regardless of the amount involved. This includes any kind of facilitation (or "kickback") payment.

Board and Committees membership record

The number of full Board meetings and Committee meetings attended as a member by each Director during the year was as follows:

	Scheduled Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings
Board Meeting				
M Asplin (Chairman)	11 (12)	4 (4)	3 (3)	3 (3)
D Summers (retired 31 December 2011)	6 (6)	2 (2)	2 (2)	2 (2)
C J Brady (Chief Executive)	12 (12)	–	–	3 (3)
R B Brookes	12 (12)	–	–	–
N Smith (appointed 1 December 2011)	7 (7)	–	–	–
T B Garthwaite (Non-Executive)	12 (12)	4 (4)	3 (3)	3 (3)
D Carter (Non-Executive) (appointed 1 December 2011)	7 (7)	2 (2)	1 (1)	1 (1)
N Schwarz (Non-Executive) (appointed 1 December 2011)	7 (7)	2 (2)	1 (1)	1 (1)

Figures in brackets indicate the total number of scheduled meetings during the period in which the Director was a Board or Committee member, as appropriate.

Mark Asplin

Chairman

18 September 2012

Report on Directors' Remuneration

This Report has been prepared in accordance with the provisions of the Companies Act 2006 (the "Act") and Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 and has been approved by the Board and the Remuneration Committee. The Report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the Principles of Good Governance relating to Directors' remuneration. A resolution to approve the Report will be proposed at the Annual General Meeting on 14 November 2012.

The Act requires the external auditors to report on certain parts of the Report and to state whether, in their opinion, those parts of the Report have been properly prepared in accordance with it. The Report has therefore been divided into separate sections for audited and unaudited information.

Unaudited Information Remuneration Committee

Role

The Remuneration Committee (the "Committee") is responsible for determining individual Executive Directors' (the "Executives") and other senior management remuneration packages and employment conditions. In determining its policy the Committee has paid regard to the principles of good governance contained in the Code. The Committee operates under the delegated authority of the Board. Its terms of reference are available on request from the Company Secretary or on the Company's website www.wilmington.co.uk and its performance is evaluated regularly.

Membership

The Committee was chaired by Mark Asplin until 30 November 2011. Nathalie Schwarz was appointed to the Remuneration Committee on 1 December 2011 at which date she was appointed Chairman of the Committee. The other members of the Committee were Terry Garthwaite, Mark Asplin (Company Chairman) and Derek Carter from his appointment on 1 December 2011. Nathalie Schwarz, Mark Asplin, Terry Garthwaite and Derek Carter are deemed to be Independent Non-Executive Directors as per the Code.

Advisers

During the year the Committee took advice from Aon Hewitt Limited (operating through the brand New Bridge Street ("NBS")), a firm of independent remuneration consultants. Other than in relation to advice on remuneration, neither Aon Hewitt Limited nor any other part of the Aon Corporation Group has connections with the Company. The Committee has also received assistance from the Chief Executive with respect to the remuneration of the other Executive Directors and on the Company's remuneration policy more generally. He takes no part in discussions relating to his own remuneration.

Key Activities

During 2010, the Committee conducted a full review of the remuneration of the Executive Directors, as a result of which a number of changes were made to the remuneration policy, which were described in the Report on Directors' Remuneration in the Financial Statements for the year ended 30 June 2010 and subsequently approved by Shareholders at the 2010 Annual General Meeting.

During 2011, the Committee reviewed the remuneration of Executives as a result of which the Committee:

- Decided to award inflationary base pay increases not exceeding 3% following two years of frozen salaries.
- Reviewed the range of EPS growth targets attached to the 2010 awards under our long-term incentive plan and determined that the upper limit for the average annual EPS growth should be increased from 8% to 9% per annum.
- Determined that the level of annual bonus in respect of the financial year ended 30 June 2011 should be £150,000 for Charles Brady and £100,000 for Basil Brookes. An explanation of the basis on which these bonuses were achieved is set out in the Report on Directors' Remuneration in the Financial Statements for the year ended 30 June 2011.
- Revised the Return on Equity ("ROE") and Return on Sales ("ROS") elements of the bonus scheme for the year ending 30 June 2012 for reasons set out in the Report on Directors' Remuneration in the Financial Statements for the year ended 30 June 2011.

During 2012, the Committee reviewed the remuneration of Executives as a result of which the Committee has:

- Decided to award inflationary base pay increases not exceeding 2% following 3% base pay increases last year and two years of frozen salaries for 2009 and 2010.
- Reviewed the range of targets attached to the 2012 awards under our long-term incentive plan.
- Determined the level of annual bonus in respect of the financial year ended 30 June 2012 as set out later in this Report.
- Reviewed the performance criteria used to calculate the bonus for the year ending 30 June 2013.

Remuneration Policy

The Committee has an established policy on the remuneration of Executives. The key principles are as follows:

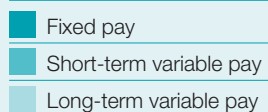
- Remuneration is directly aligned with the performance of the Group and the interests of Shareholders. It is designed to reward, motivate, incentivise and retain Executives of the highest calibre, without paying more than is necessary.
- A significant proportion of Executives' potential remuneration is structured so as to link rewards to annual and long-term Group performance targets, which are reviewed annually. Targets are calibrated appropriately so as to ensure that they cannot encourage excessive risk.
- Executives' remuneration packages are reviewed annually. They are assessed in light of the performance of the individual, the performance of the Group and pay conditions elsewhere in the workforce. The Committee periodically takes external advice to benchmark the packages 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 comparative pay surveys. The Committee has studied publicly available information on remuneration but did not initiate a formal external benchmarking exercise in the financial year to 30 June 2012.
- The Committee considers pay in the rest of the work force when setting Executives' remuneration. In this regard, the Committee has discussed with the Chief Executive the level of pay increases for employees in the Group. Other than for promotions, the general workforce will receive pay increases of up to 2% for the year ended 30 June 2013.

The charts below show the balance between fixed pay (salary pension and benefits) and variable pay (annual bonuses and long-term incentives) at a target level of performance (based on half the maximum bonus being payable and valuing an LTIP award at 50% of the value for the shares as at the date of grant) and also at a maximum level of performance (maximum bonus being payable and valuing an LTIP award at 100% of the value of the shares as at the date of grant). The charts demonstrate that a significant proportion of the package is weighted towards variable performance-related pay, with this proportion increasing at a higher level of performance.

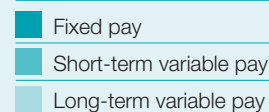
Target



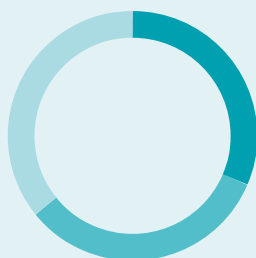
Chief Executive



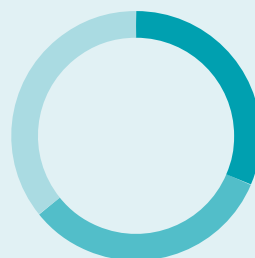
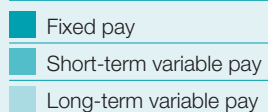
Executive Directors



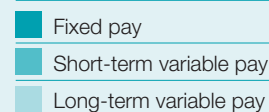
Maximum



Chief Executive



Executive Directors



Report on Directors' Remuneration continued

The main components of the remuneration package for Executives are:

Base Salary

Base salaries for Executives are reviewed annually by the Committee. This review takes into account the performance of each individual Director, any changes in position or responsibility and market competitiveness. Only base salary is pensionable.

Following the most recent review the Committee decided that these should be a 2% increase to base salary for the Executives.

Benefits in Kind

Benefits for Executives comprise a car allowance and cover for private medical, permanent health and life insurance. Benefits are not pensionable.

Pension Benefits

Executives participate in a defined contribution scheme to which the Company contributes an amount equivalent of up to 10% of salary. In addition, for the year ended 30 June 2012, Executive Directors could elect to sacrifice part of their salary and bonus into a personal pension scheme.

Annual Bonuses

Details of bonus payments for the year ended 30 June 2012 are set out in the table of Directors' emoluments later in this Report, together with an explanation of the basis on which the performance conditions were achieved. Bonuses are payable in cash.

The key features of the annual bonus plan for the Executives for the year ending 30 June 2013 are as follows:

- The maximum bonus opportunity will remain unchanged at 100% of salary.
- The annual bonus is determined by adjusted profit (as defined below), ROE and ROS targets. The weightings between these targets will remain:
 - 60% adjusted profit;
 - 20% ROE; and
 - 20% ROS.
- Linear scales for each metric will be set at the start of the financial year.
- For the purpose of the bonus scheme, adjusted profit is profit before non-recurring items, impairment of goodwill, amortisation of intangible assets, unwinding of the discount on the provisions for the future purchase of non-controlling interests, unwinding of the discount on deferred consideration, provision for the Executives' bonuses, share based payments and after deducting the interest of non-controlling shareholders in such profits.
- There will be no scope to make discretionary bonus payments outside of the scope of the bonus plan.
- The Committee has included a provision in the bonus plan rules so that it may seek appropriate means of redress i.e. clawback if it transpires that a bonus was paid for performance in a year which later proves to have been materially mis-stated.

Long-Term Incentives

Performance Share Plan ("PSP")

Under the terms of a PSP which was approved by Shareholders at the Annual General Meeting on 8 November 2007, participants may receive an award of conditional free shares (an "Award") with a face value at grant of up to 150% of salary in any financial year, vesting after three years from grant, subject to the achievement of performance conditions and continued employment. Awards in 2012 will remain at the level of 100% of base salary.

The Committee will determine performance conditions prior to each Award, with performance measured over a single period of three years with no provision to re-test.

In 2010, the Committee reviewed the performance conditions attached to the PSP and considered that whilst EPS and TSR (as defined on page 40) remain appropriate measures of performance for the Awards, a further performance condition should be incorporated to further align the interests of Executives with that of Shareholders and to provide a better overall blend of performance metrics. The Committee therefore decided to incorporate ROE for the 2010 awards. ROE was also incorporated for the 2011 awards. The awards in 2012 will again be based on EPS, ROE and TSR, which the Committee considers to be the most appropriate measures of performance for the Awards for the following reasons:

- The EPS target will reward significant and sustained increases in earnings that would be expected to flow through into Shareholder value. For the participants, this will also deliver a strong “line of sight” as it will be straightforward to evaluate and communicate.
- The ROE performance condition will reward executives for delivery of returns to Shareholders but adding a further discipline of ensuring the most efficient use of Shareholders’ funds. The profit element of ROE will be based on adjusted operating profit after impairment.
- The TSR performance condition will provide a balance to the financial performance conditions by rewarding relative share price performance against the companies comprising the FTSE Small Cap Index and ensure that a share price-based discipline in the package (in the absence of options) is retained. This will ensure that management can be rewarded for delivering superior stock market returns.

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

The Committee considered carefully the EPS and ROE ranges to be attached to awards in 2012, taking into account future growth expectations, analysts’ forecasts and the requirement to set stretching but achievable targets. In this regard, the Committee believes it has struck the appropriate balance.

A summary of the performance conditions for the 2012 awards is set out later in this Report.

As with the 2011 awards, the Committee determined that for the 2012 awards, all participants (including Executives) would be required to hold no less than 50% of any vested shares (net of taxes) for a minimum of two years.

The targets are the same as those set for awards in 2011.

Shareholding Guidelines

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

It should be noted that currently all Executives, with the exception of A Foye who was appointed on 3 September 2012, hold shares worth significantly more than the Shareholding Guideline level.

Dilution

Under the rules of the PSP, awards under the Company’s discretionary schemes which may be satisfied by a new issue of shares must not exceed 5% of the Company’s issued share capital in any rolling 10-year period and the total of all awards satisfied via new issue shares under all plans (both discretionary and all-employee) must not exceed 10% of the Company’s issued share capital in any rolling 10-year period.

As at 30 June 2012, the headroom under the Company’s 5% and 10% limits was 1,470,223 and 4,534,380 shares respectively, out of an issued share capital of 86,103,137 shares.

Report on Directors' Remuneration continued

Non-Executive Directors Fees

Non-Executive Directors are remunerated by fees taking into account the time commitment and responsibilities of the role. Fees are determined by the Executive Directors, taking external advice where appropriate, and are reviewed periodically. Fees are set within an overall cap stipulated in the Company's Articles of Association.

Non-Executive Directors may not participate in the Company's annual or long-term incentive arrangements.

Directors' Service Contracts and Letters of Appointment

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

- 12 months' notice period or less shall apply.
- Termination payments are limited to payment of 12 months' salary and benefits.

Non-Executive Directors have letters of appointment with the notice periods referred to below, with no compensation payable for cessation of appointment.

The following table shows details of Directors' service contracts and letters of appointment:

Name	Date of service contract/ letter of appointment	Notice period
Executive		
C J Brady	27 February 2002	12 months
R B Brookes	8 May 2002	12 months
N E Smith	1 December 2011	12 months
A Foye	3 September 2012	12 months
Non-Executive		
M Asplin	6 April 2005	6 months
T B Garthwaite	15 June 2005	3 months
D Carter	01 December 2011	3 months
N Schwarz	01 December 2011	3 months

The service contracts of the Executives provide that if an Executive Director ceases to be a Director of the Company by virtue of removal from, failure to be re-elected to or retirement without submission to be re-elected from, such office pursuant to the Company's Articles of Association, the Company may terminate his employment immediately by making a payment equivalent to the basic salary and the value of non-monetary benefits payable during the notice period under his service contract, without mitigation. There is no provision to pay an amount in lieu of bonus which could have been earned over the notice period.

Performance Graph

The following graph shows, for the year ended 30 June 2012 and for each of the previous four years, the total shareholder return (calculated in accordance with the Directors' Remuneration Report Regulations 2002) on a holding of the Company's ordinary shares compared with a hypothetical holding of shares of the same kind and number as those by reference to which the FTSE All-Share Media Index and the FTSE Small Cap Index are calculated. These indices have been chosen as the appropriate comparators because it is these indices within which the Company's shares are quoted.

Total shareholder return ("TSR")

Source: Thomson Reuters



Audited Information

Directors' Emoluments

The remuneration of the Directors of the Company for the year ended 30 June 2012 is set out below.

	Salary and fees		Bonus		Pension Contributions		Allowances and benefits in kind		Total	
	Year ended 30 June 2012	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2011
	£	£	£	£	£	£	£	£	£	£
C J Brady	333,720	324,000	184,054	150,000	33,372	32,400	28,565	28,445	579,711	534,845
R B Brookes	226,930	220,320	97,129	100,000	22,693	22,032	28,095	28,659	374,847	371,011
R A Conwell (Resigned 30 September 2010)	–	27,000	–	–	–	2,700	–	7,270	–	36,970
N Smith (Appointed 1 December 2011)	148,750	–	109,143	–	14,875	–	13,739	–	286,507	–
D L Summers (Retired 31 December 2011)	37,000	74,000	–	–	–	–	–	–	37,000	74,000
M Asplin	65,650	37,800	–	–	–	–	–	–	65,650	37,800
T B Garthwaite	38,900	37,800	–	–	–	–	–	–	38,900	37,800
D Carter (Appointed 1 December 2011)	23,333	–	–	–	–	–	–	–	23,333	–
N Schwarz (Appointed 1 December 2011)	23,333	–	–	–	–	–	–	–	23,333	–
	897,616	720,920	390,326	250,000	70,940	57,132	70,399	64,374	1,429,281	1,092,426

Report on Directors' Remuneration continued

Directors' Emoluments continued

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

- Up to a maximum possible 60% of salary in relation to adjusted profit;
- Up to a maximum possible 20% of salary in relation to ROE;
- Up to a maximum possible 20% of salary in relation to ROS.

The mechanics of the scheme resulted in bonuses of £184,054, £97,129 and £109,143 being due to Charles Brady, Basil Brookes and Neil Smith respectively.

The Committee has agreed that the targets for 2012/13 remain unchanged.

During the year the following elections were made to sacrifice salaries and bonuses disclosed in the table above in favour of pension contributions: C J Brady £nil (2011: £40,000), R B Brookes £25,000 (2011: £84,500) and N Smith £nil (2011: £nil).

Performance Share Plan

Details of the awards held by Executive Directors are shown below:

Name	Date of grant	At 1 July 2011 (or date of appointment)	Awards granted during the year	Awards vested during the year	Awards lapsed during the year	At 30 June 2012	Date which awards vest
C J Brady	21 October 2008	109,831	–	–	(109,831)	–	21 October 2011
	18 September 2009	194,868	–	–	–	194,868	18 September 2012
	20 October 2010	202,374	–	–	–	202,374	20 October 2013
	19 October 2011	–	112,301	–	–	112,301	19 October 2014
R B Brookes	21 October 2008	74,685	–	–	(74,685)	–	21 October 2011
	18 September 2009	132,510	–	–	–	132,510	18 September 2012
	20 October 2010	137,614	–	–	–	137,614	20 October 2013
	19 October 2011	–	–	–	–	–	19 October 2014
N Smith	21 October 2008	54,183	–	–	(54,183)	–	21 October 2011
	18 September 2009	64,090	–	–	–	64,090	18 September 2012
	20 October 2010	71,830	–	–	–	71,830	20 October 2013
	19 October 2011	–	71,509	–	–	71,509	19 October 2014

Further details of these awards are set out in note 26 to the Financial Statements.

For Awards made in 2008 and 2009, performance is measured against two targets (1) normalised Earnings Per Share ("EPS") growth in excess of RPI; and (2) Total Shareholder Return ("TSR") performance measured against the constituents of the FTSE Small Cap Index as summarised in the table below. Performance is measured over three years, commencing with the financial year in which the award is made:

50% of award – Average annual EPS growth in excess of RPI	Percentage of Award Vesting
Less than 5% per annum	0%
5% per annum	25%
Between 5% per annum and 12% per annum	On a straight line basis between 25% and 100%
12% per annum or more	100%
50% of award – TSR Rank	Percentage of Award Vesting
Below median	0%
Median	25%
Between median and upper quartile	On a straight line basis between 25% and 100%
Upper quartile or above	100%

A summary of the performance conditions for the 2010, 2011 and 2012 awards is set out in the table below:

One-third of award – Average annual EPS growth in excess of RPI		Percentage of Award Vesting
Less than 3% per annum		0%
3% per annum		25%
Between 3% per annum and 9% per annum	On a straight line basis between 25% and 100%	100%
9% per annum or more		100%

One-third of award – ROE		Percentage of Award Vesting
Less than 25% (2010: 23%)		0%
25% (2010: 23%)		25%
Between 25% (2010: 23%) and 29% (2010: 28%)	On a straight line basis between 25% and 100%	100%
29% or above (2010: 28%)		100%

One-third of award – TSR versus FTSE SmallCap		Percentage of Award Vesting
Below median		0%
Median		25%
Between median and upper quartile	On a straight line basis between 25% and 100%	100%
Upper quartile or above		100%

The level of vesting of the 2008 award did not meet the prescribed criteria and hence lapsed.

The market price of Wilmington shares at the date of the 2008 award was 152p, for the 2009 award 127p, for the 2010 award 166p and for the 2011 award 87.5p. The fair value of the TSR part for Directors of the 2011 award is £26,484 (calculated in line with relevant accounting standards). However, as there is no market standard EPS model or ROE model in international accounting standards, it is not possible to give a fair value of the EPS or ROE part. The Committee considers the EPS condition to be as similarly challenging as the TSR condition.

As at 30 June 2012 the Company's share price was 86.5p and its highest and lowest share prices during the year ended 30 June 2012 were 119p and 78.5p respectively.

Directors' Interests

The interests of Directors and their immediate families in the issued ordinary share capital of the Company as at 30 June 2012 and the movement in the year are set out below.

Name	Beneficial/ Non-Beneficial	At 1 July 2011 (or date of appointment) Number	Movement in year Number	At 30 June 2012 Number	At 30 June 2012 Percentage
C J Brady	Beneficial	3,412,151	–	3,412,151	4.00
R B Brookes	Beneficial	855,541	–	855,541	1.00
N E Smith (Appointed 1 December 2011)	Beneficial	326,309	33,300	359,609	0.42
M Asplin	Beneficial	41,390	–	41,390	0.01
T B Garthwaite	Beneficial	5,000	–	5,000	0.01
D Carter (Appointed 1 December 2011)	Beneficial	–	10,000	10,000	0.01
N Schwarz (Appointed 1 December 2011)	Beneficial	–	–	–	0.00

Interests at 30 June 2012 are shown as a percentage of shares in issue on that date.

With the exception of N E Smith who acquired an additional 20,000 ordinary shares and A Foye, who on appointment to the Board on 3 September 2012 had 50,000 ordinary shares, there have been no other changes in the Directors' interests between 30 June 2012 and 18 September 2012. No Director had a material interest in any contract of any significance with the Company or any of its subsidiary undertakings during the year other than a service contract or, in the case of the Non-Executive Directors, a letter of appointment.

On behalf of the Board

Nathalie Schwarz

Chairman of The Remuneration Committee
18 September 2012

Independent Auditors' Report

Independent Auditors' Report to the members of Wilmington Group plc

We have audited the Financial Statements of Wilmington Group plc for the year ended 30 June 2012 which comprise 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 the Notes to the Financial Statements. 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.

As explained more fully in the Statement of Directors' Responsibilities set out on pages 27 and 28, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the Audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 2012 and of the Group's profit and Group's and Parent Company's cash flows 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Report on Directors' Remuneration to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the information given in the Corporate Governance Statement set out on pages 32 and 33 with respect to internal control and risk management systems and about share capital structures is consistent with the Financial Statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required 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 Report on Directors' Remuneration 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; or
- a Corporate Governance Statement has not been prepared by the Parent Company.

Under the Listing Rules we are required to review:

- the Directors' Statement, set out on page 29, in relation to going concern;
- the parts of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to Shareholders by the Board on Directors' remuneration.

Julian Jenkins (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 September 2012

Consolidated Income Statement

for the year ended 30 June 2012

	Notes	2012 £'000	2011 £'000
Revenue	3	85,326	83,779
Cost of sales		(25,824)	(25,463)
Gross profit		59,502	58,316
Operating expenses excluding amortisation and non-recurring items	4	(43,494)	(44,008)
Amortisation	4	(6,046)	(5,711)
Operating expenses before non-recurring items		(49,540)	(49,719)
Non-recurring items	5	(924)	(715)
Total operating expenses		(50,464)	(50,434)
Operating profit	5	9,038	7,882
Finance income	6	2	20
Finance costs	6	(2,712)	(1,825)
Profit from continuing activities before income tax		6,328	6,077
Income tax expense	7	(1,274)	(1,448)
Profit for the financial year		5,054	4,629
Profit attributable to:			
Owners of the Parent		4,884	4,306
Non-controlling interests		170	323
		5,054	4,629
Earnings per share attributable to Owners of the Parent during the year			
Basic earnings per share	10	5.81p	5.20p
Diluted earnings per share	10	5.63p	5.07p

The notes on pages 50 to 83 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2012



	2012 £'000	2011 £'000
Profit for the year	5,054	4,629
Other comprehensive (expense)/income		
Interest rate swap fair value (loss)/gain taken directly to equity	(926)	437
Tax on interest rate swap fair value (loss)/gain taken directly to equity	212	(133)
Exchange translation differences	13	43
Other comprehensive (expense)/income for the year net of tax	(701)	347
Total comprehensive income for the year	4,353	4,976
Total comprehensive income for the year attributable to:		
– Owners of the Parent	4,172	4,666
– Non-controlling interests	181	310
	4,353	4,976

The notes on pages 50 to 83 are an integral part of these consolidated financial statements.

Balance Sheets

as at 30 June 2012

	Notes	Group		Company	
		2012 £'000	2011 £'000	2012 £'000	2011 £'000
Non-current assets					
Goodwill	13	74,593	74,681	–	–
Intangible assets	14	31,522	36,216	89	137
Property, plant and equipment	15	6,772	7,776	1,242	1,422
Investments in subsidiary undertakings	16	–	–	41,909	43,621
Deferred income tax asset	24	639	335	382	217
Trade and other receivables	18	–	–	71,844	71,094
		113,526	119,008	115,466	116,491
Current assets					
Inventories	17	59	828	–	–
Trade and other receivables	18	20,110	21,658	426	249
Derivative financial assets	19	–	16	–	–
Cash and cash equivalents		3,954	2,321	1	1
		24,123	24,823	427	250
Non-current assets held for sale	15	888	–	–	–
Total assets		138,537	143,831	115,893	116,741
Current liabilities					
Trade and other payables	20	(35,552)	(37,025)	(2,147)	(2,323)
Current income tax liabilities		(1,122)	(1,377)	–	–
Deferred consideration		(160)	–	–	–
Derivative financial liabilities	19	(26)	(379)	(6)	(333)
Bank overdrafts	21	(2,159)	(2,277)	(9,227)	(6,557)
Provisions for future purchase of non-controlling interests	22	(1,808)	–	–	–
		(40,827)	(41,058)	(11,380)	(9,213)
Non-current liabilities					
Bank loans net of facility fees	21	(37,218)	(38,990)	(37,218)	(38,990)
Deferred consideration		(767)	(866)	–	–
Derivative financial liabilities	19	(1,446)	(187)	(1,446)	(187)
Deferred income tax liability	24	(6,518)	(7,938)	–	–
Provisions for future purchase of non-controlling interests	22	(165)	(1,896)	–	–
		(46,114)	(49,877)	(38,664)	(39,177)
Total liabilities		(86,941)	(90,935)	(50,044)	(48,390)
Net assets		51,596	52,896	65,849	68,351
Equity					
Share capital	25	4,305	4,241	4,305	4,241
Share premium	25	45,231	43,792	45,231	43,792
Treasury shares	25	(4,008)	(4,008)	(4,008)	(4,008)
Obligation to issue shares	25	–	1,746	–	1,746
Translation reserve		93	91	–	–
Share based payments reserve		815	820	815	820
Retained earnings		5,160	6,164	19,506	21,760
Equity attributable to Owners of the Parent		51,596	52,846	65,849	68,351
Non-controlling interests	27	–	50	–	–
Total equity		51,596	52,896	65,849	68,351

The notes on pages 50 to 83 are an integral part of these consolidated financial statements. They were approved and authorised for issue by the Board and signed on their behalf on 18 September 2012.

R Basil Brookes

Finance Director

Registered number: 3015847

Statements of Changes in Equity



	Share capital (note 25) £'000	Share option reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000	Non- controlling interests (note 27) £'000	Total equity £'000
Group							
At 1 July 2010	43,714	575	35	7,202	51,526	53	51,579
Profit for the year	–	–	–	4,306	4,306	323	4,629
Exchange translation difference	–	–	56	–	56	(13)	43
Interest rate swap fair value gain taken directly to equity	–	–	–	437	437	–	437
Tax on interest rate swap fair value gain taken directly to equity	–	–	–	(133)	(133)	–	(133)
	43,714	575	91	11,812	56,192	363	56,555
Dividends paid	–	–	–	(5,795)	(5,795)	(336)	(6,131)
Net movement on share based payment reserve	–	366	–	147	513	–	513
Issue of share capital during the year	311	(121)	–	–	190	–	190
Obligation to issue shares	1,746	–	–	–	1,746	–	1,746
Movement in offset of provisions for the future purchase of non-controlling interests	–	–	–	–	–	23	23
At 1 July 2011	45,771	820	91	6,164	52,846	50	52,896
Profit for the year	–	–	–	4,884	4,884	170	5,054
Exchange translation difference	–	–	2	–	2	11	13
Interest rate swap fair value (loss) taken directly to equity	–	–	–	(926)	(926)	–	(926)
Tax on interest rate swap fair value (loss) taken directly to equity	–	–	–	212	212	–	212
	45,771	820	93	10,334	57,018	231	57,249
Dividends paid	–	–	–	(5,891)	(5,891)	(10)	(5,901)
Net movement on share based payment reserve	–	(5)	–	474	469	–	469
Non-controlling interests in subsidiary undertaking sold during the year	–	–	–	–	–	(50)	(50)
Issue of share capital during the year	1,503	–	–	–	1,503	–	1,503
Obligation to issue shares	(1,746)	–	–	243	(1,503)	–	(1,503)
Movement in offset of provisions for the future purchase of non-controlling interests	–	–	–	–	–	(171)	(171)
At 30 June 2012	45,528	815	93	5,160	51,596	–	51,596

Statements of Changes in Equity continued

	Share capital (note 25) £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
Company				
At 1 July 2010	43,714	312	22,196	66,222
Profit for the year	–	–	4,908	4,908
Interest rate swap fair value gain taken directly to equity	–	–	437	437
Tax on interest rate swap fair value gain taken directly to equity	–	–	(133)	(133)
	43,714	312	27,408	71,434
Dividends paid	–	–	(5,795)	(5,795)
Net movement on share based payment reserve	–	629	147	776
Issue of share capital during the year	311	(121)	–	190
Obligation to issue shares	1,746	–	–	1,746
At 1 July 2011	45,771	820	21,760	68,351
Profit for the year	–	–	3,782	3,782
Interest rate swap fair value (loss) taken directly to equity	–	–	(926)	(926)
Tax on interest rate swap fair value (loss) taken directly to equity	–	–	212	212
	45,771	820	24,828	71,419
Dividends paid	–	–	(5,891)	(5,891)
Net movement on share based payment reserve	–	(5)	326	321
Issue of share capital during the year	1,503	–	–	1,503
Obligation to issue shares	(1,746)	–	243	(1,503)
At 30 June 2012	45,528	815	19,506	65,849

The notes on pages 50 to 83 are an integral part of these consolidated financial statements.

Cash Flow Statements

for the year ended 30 June 2012



		Group		Company	
	Notes	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Cash flows from operating activities					
Cash generated from/(used in) operations before non-recurring items	31	17,414	15,811	9,786	(1,860)
Net finance costs paid		(2,347)	(2,388)	(2,412)	(2,397)
Tax paid		(3,080)	(4,110)	(2,115)	(2,519)
Net cash from operating activities		11,987	9,313	5,259	(6,776)
Cash flows from investing activities					
Purchase of businesses	12	(465)	–	–	–
Cash acquired on purchase of businesses	12	190	–	–	–
Purchase of subsidiary undertakings		–	(21,294)	–	–
Cash acquired on purchase of subsidiary undertakings		–	1,406	–	–
Net sale proceeds from sale of businesses and subsidiary undertakings		937	–	–	–
Purchase of non-controlling interests	22	–	(3,849)	–	–
Deferred consideration from sale of business		–	250	–	–
Non-recurring costs		(1,062)	(715)	–	(155)
Purchase of property, plant and equipment	15	(952)	(1,463)	(5)	(34)
Proceeds from sale of property, plant and equipment		55	40	19	–
Purchase of intangible assets	14	(1,077)	(882)	(52)	(75)
Proceeds from sale of intangible assets		39	–	–	–
Net cash used in investing activities		(2,335)	(26,507)	(38)	(264)
Cash flows from financing activities					
Dividends paid to Owners of the Parent	9	(5,891)	(5,795)	(5,891)	(5,795)
Dividends paid to non-controlling interests in subsidiary undertakings		(10)	(336)	–	–
Issue of ordinary shares		–	190	–	190
(Decrease)/increase in long term loans		(2,000)	22,000	(2,000)	22,000
Net cash flows (used in)/from financing activities		(7,901)	16,059	(7,891)	16,395
Net increase/(decrease) in cash and cash equivalents net of bank overdrafts					
		1,751	(1,135)	(2,670)	9,355
Cash and cash equivalents net of bank overdrafts at beginning of the year		44	1,179	(6,556)	(15,911)
Cash and cash equivalents net of bank overdrafts at end of the year		1,795	44	(9,226)	(6,556)
Reconciliation of net debt					
Cash and cash equivalents at beginning of the year		2,321	1,779	1	–
Bank overdrafts at beginning of the year		(2,277)	(600)	(6,557)	(15,911)
Bank loans at beginning of the year		(40,000)	(18,000)	(40,000)	(18,000)
Net debt at beginning of the year		(39,956)	(16,821)	(46,556)	(33,911)
Net increase/(decrease) in cash and cash equivalents net of bank overdrafts		1,751	(1,135)	(2,670)	9,355
Decrease/(increase) in long term loans		2,000	(22,000)	2,000	(22,000)
Cash and cash equivalents at end of the year		3,954	2,321	1	1
Bank overdrafts at end of the year	21	(2,159)	(2,277)	(9,227)	(6,557)
Bank loans at end of the year	21	(38,000)	(40,000)	(38,000)	(40,000)
Net debt at end of the year		(36,205)	(39,956)	(47,226)	(46,556)

The notes on pages 50 to 83 are an integral part of these consolidated financial statements.

Notes to the Financial Statements

General Information

The Company is a public limited company incorporated and domiciled in the UK. The address of its registered office is 19-21 Christopher Street, London, EC2A 2BS.

The Company has its primary listing on the London Stock Exchange.

1. Statement of Accounting Policies

The significant accounting policies applied in preparing the Financial Statements are as follows. These policies have been consistently applied for all the years presented, unless otherwise stated.

a) Basis of preparation

The Group 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 International Accounting Standards Board ("IASB") and its committees, and as adopted by the EU, and in accordance with the Companies Act 2006 applicable to companies reporting under IFRS. The Consolidated Financial Statements have been prepared under the historic cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss. The Group Financial Statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000s) except where otherwise indicated.

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its Consolidated Financial Statements. Further information on the Group's borrowings is given in note 21.

b) Critical accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for revenues and expenses during the year and the amounts reported for assets and liabilities at the balance sheet date. In addition management are required to make judgments, estimates and assumptions in assessing the fair value of assets and liabilities recognised as a result of acquisitions. In particular, this fair value exercise involves categorising intangible assets into appropriate categories and attributing useful lives to these categories of assets. However, the nature of estimation means that actual outcomes could differ from those estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the calculation of the provisions for future purchase of non-controlling interests (see note 22 and accounting policy u), the measurement and impairment of goodwill and the estimation of share based payment costs. The Group also determines whether goodwill is impaired on an annual basis and this requires an estimation of the value in use of the cash generating unit to which goodwill is allocated. This involves estimation of future cash flows and choosing a suitable discount rate (see note 13). The estimation of share based payment costs requires the selection of an appropriate model, consideration as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest, inputs for which arise from judgments relating to the probability of meeting non-market performance conditions and the continuing participation of employees (see note 26).

In the process of applying the Group's accounting policies, management has made the following judgment regarding taxation. The Company and its subsidiaries are subject to routine tax audits and also a process whereby tax computations are discussed and agreed with the appropriate authorities. Whilst the ultimate outcome of such tax audits and discussions cannot be determined with certainty, management estimates the level of provisions required for both current and deferred tax on the basis of professional advice and the nature of current discussions with the tax authorities concerned.

c) Basis of consolidation

The consolidated financial information combines the Financial Statements of the Company and all its subsidiary undertakings. As at the balance sheet date, the Financial Statements of the subsidiary undertakings were prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Subsidiary undertakings are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

Subsidiary undertakings are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiary undertakings by the Group. Fair values are attributed to the Group's share of net assets. Contingent payments are classified as debt and subsequently re-measured through the Income Statement. Where the cost of acquisition exceeds the fair values attributable to such net assets, the difference is treated as purchased goodwill and is capitalised (see note 13). In the case of subsequent acquisitions of non-controlling interests in subsidiary undertakings, the difference between the consideration payable for the additional interest in the subsidiary undertakings and the non-controlling interest's share of the assets and liabilities reflected in the Consolidated Balance Sheet at the date of acquisition of the non-controlling interest has been treated as goodwill. In the case of non-controlling interests subject to non-controlling put options, provisions are made at the time of acquisition for the estimated future costs required to settle put options held by non-controlling shareholders over non-controlling interest shares, should said put options be exercised (see note 22). All acquisition related costs are expensed through the Income Statement.

Inter-company balances and transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Results are consolidated from the date of acquisition of a subsidiary undertaking in the case of subsidiary undertakings acquired during the year and to the date of disposal in the case of subsidiary undertakings sold during the year. Results of subsidiary undertakings or businesses discontinued during the year are shown as discontinued operations in the Income Statement in accordance with IFRS 5 "Non-current Assets held for Sale and Discontinued Operations".

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

d) 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 presentational currency. Monetary assets and liabilities expressed in foreign currencies are translated into Sterling at rates of exchange ruling at the end of the financial year. Trading activities are translated into Sterling at the rate of exchange ruling at the date of the transaction. Any resultant gain or loss on exchange is shown as part of the year's profit or loss from continuing operations.

Profits and losses of overseas subsidiary undertakings are translated into Sterling at average rates for the year. The balance sheets of overseas subsidiary undertakings are translated at the rate ruling at the balance sheet date. Differences arising from the translation of Group investments in overseas subsidiary undertakings are recognised as a separate component of equity.

Net exchange differences classified as equity are separately tracked and the cumulative amount disclosed as a translation reserve.

e) Revenue

Revenue represents the invoiced value of goods sold and services provided during the period, stated net of Value Added Tax. Subscription revenue is allocated to the relevant accounting periods covered by the subscription on a straight line basis or weighted in accordance with the timing of the service provided. Event revenue is recognised in the month that the event takes place. Hard copy advertising revenue is recognised on publication. Online directory advertising revenue is recognised over the period that the advertisement remains online. Subscriptions and fees in advance are carried forward in trade and other payables as "Subscriptions and deferred revenue" and recognised over the period the service is provided.

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

f) 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 and overseas.

g) Non-recurring items

Items which the Board consider to be of a one-off in nature are shown as "Non-recurring items" in the Group's Income Statement.

Notes to the Financial Statements continued

1. Statement of Accounting Policies continued

h) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised in equity.

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 subsidiary undertakings operate and generate taxable income. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax 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.

i) Dividends

Dividend distribution to the Company's Shareholders is recognised as a liability in the Group's Financial Statements in the period in which the dividends are approved by the Company's Shareholders.

j) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill is tested for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is not amortised. Instead it is subject to an annual impairment review or more frequently if events or changes in circumstances indicate a potential impairment using discounted cash flows based on an appropriate weighted average cost of capital.

Goodwill is allocated to cash generating units ("CGU's") for the purpose of impairment testing. The recoverable amount of goodwill is determined from value in use calculations for each CGU using pre-tax cash flow projections based on financial budgets and forecasts approved by management covering a three year period. Cash flows beyond the three year period are extrapolated using estimated long-term growth rates.

k) Intangible assets

Intangible assets are stated at historical cost less accumulated amortisation.

Publishing rights, titles and benefits are capitalised and amortised through the Income Statement on a straight line basis over their estimated useful lives not exceeding 20 years.

Computer software that is integral to a related item of hardware is included as property, plant and equipment. All other computer software is recorded as an intangible asset and amortised through the Income Statement over its estimated useful life not exceeding three years.

Internal product development costs which satisfy the criteria for capitalisation are included in computer software in intangible assets and amortised through the Income Statement over their estimated useful lives not exceeding three years.

1. Statement of Accounting Policies continued

l) 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.

Freehold property	2 per cent per annum
Long and short leasehold property	Over the term of the lease to a maximum of 50 years
Leasehold improvements	10 per cent per annum or over the term of the lease if less than 10 years
Fixtures and fittings	10-20 per cent per annum
Computer equipment	25-33 per cent per annum
Motor vehicles	25 per cent per annum

Leasehold improvements are included in long or short leasehold property as appropriate.

The carrying values of property, plant and equipment are reviewed annually for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the Income Statement.

m) Investments

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

n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all the further costs to completion and all relevant marketing, selling and distribution costs.

o) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Cash and cash equivalents are offset against bank overdrafts and the net amount reported under bank in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

p) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are classified as non-current assets.

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

q) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if due within one year or less (or in the normal operating cycle of the business if longer). If not, they are classified as non-current liabilities.

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

Notes to the Financial Statements continued

1. Statement of Accounting Policies continued

r) Financial assets

The Group classifies its non-derivative financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Financial assets are initially recognised at fair value (the transaction price plus directly attributable transaction costs).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities over 12 months after the balance sheet date. The Group's loans and receivables comprise "Trade and other receivables" and "Cash and cash equivalents" in the Balance Sheet. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in income where the loans and receivables are derecognised or impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced, with the amount of the loss recognised in administrative expenses.

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 previous recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the Income Statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

s) Facility fees

Facility fees incurred in arranging a new loan facility are carried forward and amortised over the life of the loan facility and off set against the loan in the Balance Sheet. Facility fees incurred during the life of the loan facility are written off as incurred through the Income Statement.

t) Derivative financial instruments and hedging

The Group uses derivative financial instruments including interest rate swaps and forward currency contracts to hedge its risks associated with interest rate fluctuations and foreign exchange exposure respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative financial instrument within a derivative contract is entered into and are subsequently re-measured at fair value determined by external valuations at each reporting date.

Any gains or losses arising from changes in fair value of derivatives during the year that do not qualify for hedge accounting are taken directly to the Income Statement.

The Group and Company designate derivatives as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedge

The effective portion of the fair value gain or loss on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised immediately in the Income Statement. Amounts taken to equity are transferred to the Income Statement when the hedged transaction affects profit or loss.

If a forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs and are transferred to the Income Statement or to the initial carrying amount of a non-financial asset or liability as above. If the related transaction is not expected to occur, the amount is taken to the Income Statement.

1. Statement of Accounting Policies continued

u) Provisions for future purchase of non-controlling interests

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

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

As the price under the option is calculated using a formula based on the average audited profits for the previous two years at the time of exercise, the financial liability is re-measured at the year end based on the latest forecasts of profitability (consistent with those used in the impairment test on goodwill and discounted at a rate of 10% (2011: 10%) to reflect the time value of money) and assuming the put options are exercised at the first available opportunity. The unwinding of the discount on these provisions is reflected as a finance charge in the Income Statement over the discounting period. Any remaining change in value for legacy transactions is reflected in goodwill.

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

v) Pension scheme arrangements

The Group does not operate a defined benefit scheme.

The Group contributes to defined contribution pension plans 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.

w) Share based payments

The Group operates a number of equity-settled, share based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options and awards) of the Group. The fair value of the employee services received in exchange for the grant of the options and awards is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options and awards granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options and awards 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 options and awards 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 option reserve within equity.

The grant by the Company of options and awards over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings with a corresponding credit to equity in the Parent entity accounts.

The social security contributions payable in connection with the grant of the share options and awards is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

x) Operating leases

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

Rentals incurred in respect of operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight-line basis over the period of the lease.

y) Share capital

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

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

Notes to the Financial Statements continued

1. Statement of Accounting Policies continued

z) New standards and interpretations applied

The following new amendment to standards and interpretations, which does not have a material impact, is mandatory for the first time for the financial year beginning 1 July 2011:

- Amendment to IFRS 7, "Financial instruments: Transfers of financial assets", effective for accounting periods beginning on or after 1 July 2011. These Financial Statements have been prepared in accordance with this amendment.

The following new amendment to standard is mandatory of the first time for the financial year beginning 1 July 2011, but is not currently relevant for the Group:

- Amendment to IFRS 1 on hyperinflation and fixed dates, effective for accounting periods beginning on or after 1 July 2011.

aa) New standards and interpretations not applied

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 July 2011 and have not been early adopted:

- Amendment to IAS 1, "Presentation of Financial Statements" on other comprehensive income, effective for accounting periods beginning on or after 1 July 2012. Management will assess the impact on the Group of this standard prior to the effective date of implementation.
- IFRS 9, "Financial instruments - classification and measurement of financial assets", effective for accounting periods beginning on or after 1 January 2015. Management will assess the impact on the Group of this standard prior to the effective date of implementation.
- IFRS 10, "Consolidated Financial Statements", effective for accounting periods beginning on or after 1 January 2013. Management will assess the impact on the Group of this standard prior to the effective date of implementation.
- IFRS 11, "Joint arrangements", effective for accounting periods beginning on or after 1 January 2013. Management will assess the impact on the Group of this standard prior to the effective date of implementation.
- IFRS 12, "Disclosures of interests in other entities", effective for accounting periods beginning on or after 1 January 2013. Management will assess the impact on the Group of this standard prior to the effective date of implementation.
- Amendment to IAS 12, "Income taxes" on deferred tax, effective for accounting periods beginning on or after 1 January 2012. These Financial Statements have been prepared in accordance with this amendment.
- IFRS 13, "Fair value measurement", effective for accounting periods beginning on or after 1 January 2013. Management will assess the impact on the Group of this standard prior to the effective date of implementation.
- IAS 19 (revised 2011), "Employee benefits", effective for accounting periods beginning on or after 1 January 2013. Management will assess the impact on the Group of this standard prior to the effective date of implementation.
- IAS 27 (revised 2011), "Separate Financial Statements", effective for accounting periods beginning on or after 1 January 2013. Management will assess the impact on the Group of this standard prior to the effective date of implementation.
- IAS 28 (revised 2011), "Investments in Associates and Joint Ventures", effective for accounting periods beginning on or after 1 January 2013. Management will assess the impact on the Group of this standard prior to the effective date of implementation.
- Amendment to IFRS 1, First time adoption on government grants, effective for accounting periods beginning on or after 1 January 2013. Management will assess the impact on the Group of this standard prior to the effective date of implementation.
- Amendments to IFRS 7, Financial instruments asset and liability offsetting, effective for accounting periods beginning on or after 1 January 2013. Management will assess the impact on the Group of this standard prior to the effective date of implementation.
- Annual improvements 2011, effective for accounting periods beginning on or after 1 January 2013. Management will assess the impact on the Group of this standard prior to the effective date of implementation.

2. Adjusted Profit

To allow Shareholders to gain a better understanding of the trading performance of the Group, Adjusted Profit has been calculated as Profit before Tax, amortisation of intangible assets, impairment of goodwill, unwinding of the discount on the provisions for the future purchase of non-controlling interests, unwinding of the discount on deferred consideration, share based payments and non-recurring items and reconciles to profit on continuing activities before income tax as follows:

	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000
Profit from continuing activities before income tax ("Profit before Tax")	6,328	6,077
Amortisation of intangible assets (see note 14)	6,046	5,711
Unwinding of the discount on the provisions for the future purchase of non-controlling interests (see note 6)	188	265
Unwinding of the discount on deferred consideration (see note 6)	66	–
Share based payments	464	634
Non-recurring items (see note 5)	924	715
Adjusted profit before income tax ("Adjusted Profit before Tax")	14,016	13,402
Net finance costs (excluding the unwinding of the discounts above)	2,456	1,540
Adjusted Profit before Tax and net finance costs ("Adjusted EBITA")	16,472	14,942
Depreciation	1,025	900
Adjusted EBITA before depreciation ("Adjusted EBITDA")	17,497	15,842

3. Segmental information

(a) Business segments

Year ended 30 June 2012

	Training & Events £'000	Publishing & Information £'000	Total £'000
Revenue	43,545	41,781	85,326
Segmental profit before amortisation of intangible assets and share based payments	7,073	12,158	19,231
Amortisation of intangible assets	(751)	(5,195)	(5,946)
Share based payments	(182)	(199)	(381)
Segmental profit after amortisation and share based payments	6,140	6,764	12,904
Unallocated central overheads (includes amortisation of intangible assets of £100,000 and share based payments of £83,000)			(2,942)
Profit from continuing operations before non-recurring items			9,962
Non-recurring items (see note 5)			(924)
Profit from continuing operations after non-recurring items			9,038
Net finance costs (see note 6)			(2,710)
Profit for the year before income tax			6,328
Income tax expense (see note 7)			(1,274)
Profit for the year			5,054

Notes to the Financial Statements continued

3. Segmental information continued

Year ended 30 June 2011

	Training & Events £'000	Publishing & Information £'000	Total £'000
Revenue	43,594	40,185	83,779
Segmental profit before amortisation of intangible assets and share based payments	6,475	10,590	17,065
Amortisation of intangible assets	(1,666)	(3,925)	(5,591)
Share based payments	(179)	(353)	(532)
Segmental profit after amortisation and share based payments	4,630	6,312	10,942
Unallocated central overheads (includes amortisation of intangible assets of £120,000 and share based payments of £102,000)			(2,345)
Profit from continuing operations before non-recurring items			8,597
Non-recurring items (see note 5)			(715)
Profit from continuing operations after non-recurring items			7,882
Net finance costs (see note 6)			(1,805)
Profit for the year before income tax			6,077
Income tax expense (see note 7)			(1,448)
Profit for the year			4,629

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

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

(b) Segmental information by geography

The geographical analysis of revenue by destination is as follows:

	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000
United Kingdom	61,806	61,680
Overseas	23,520	22,099
	85,326	83,779

4. Operating expenses

	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000
Distribution and selling costs	17,408	16,936
Administrative expenses (excluding amortisation of intangible assets)	26,086	27,072
	43,494	44,008
Amortisation of intangible assets (administrative expense)	6,046	5,711
Total operating expenses before non-recurring items	49,540	49,719

5. Profit from continuing operations

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

	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000
Depreciation of property, plant and equipment (see note 15)	1,025	900
Amortisation of intangible assets (see note 14)	6,046	5,711
(Profit)/loss on sale of property, plant and equipment	(11)	15
Loss on disposal of intangible assets	–	19
Rentals under operating leases	74	104
Non-recurring items (see below)	924	715
Share based payments	408	577
Share based payments – social security costs	56	57
Foreign exchange (profit)/loss (including loss on forward currency contracts)	(66)	34
Fees payable to the Company's Auditor for the audit of the Company and Consolidated Financial Statements	80	87
Fees payable to the Company's Auditor and its associates for other services:		
– The audit of the Company's subsidiary undertakings pursuant to legislation	172	187
– Other services pursuant to legislation	33	60
– Tax compliance services	69	76
– Other services	19	24

Non-recurring items:

The following items of an unusual nature, size or incidence have been charged to profit during the year and shown as non-recurring items.

	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000
Costs written off relating to both successful and abortive acquisitions	65	565
Costs relating to the termination of the mergers and acquisitions department	–	150
Restructuring costs	1,014	–
Write down of print directories work in progress	692	–
Net profit from sale of businesses and subsidiary undertakings	(847)	–
Total non-recurring costs	924	715

Restructuring costs comprise primarily redundancy and termination costs together with associated reorganisation costs.

6. Finance income and costs

	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000
Finance income comprises:		
Bank interest receivable	2	20
Finance costs comprise:		
Interest payable on bank loans and overdrafts	(1,967)	(1,300)
Facility fees	(491)	(260)
Unwinding of the discount on the provisions for the future purchase of non-controlling interests (see note 22)	(188)	(265)
Unwinding of the discount on deferred consideration	(66)	–
	(2,712)	(1,825)

Notes to the Financial Statements continued

7. Income tax expense

	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000
Current tax:		
UK corporation tax at current rates on profits for the year	2,208	2,509
Adjustment in respect of previous years	(74)	(88)
	2,134	2,421
Foreign tax	639	909
Adjustment to foreign tax in respect of previous years	52	(18)
Total current tax	2,825	3,312
Deferred income tax credit (see note 24)	(1,021)	(1,270)
Adjustment to deferred income tax in respect of previous years (see note 24)	15	(16)
Effect on deferred tax of change of corporation tax rate (see note 24)	(545)	(578)
Total deferred tax	(1,551)	(1,864)
Income tax expense	1,274	1,448

Factors affecting the tax charge for the year:

The tax assessed for both years is lower than the average rate of corporation tax in the UK of 25.5% (2011: 27.5%) for the year ended 30 June 2012. The differences are explained below:

	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000
Profit before Tax	6,328	6,077
Profit multiplied by the average rate of corporation tax in the year of 25.5% (2011: 27.5%)	1,614	1,671
Tax effects of:		
Depreciation and amortisation in excess of capital allowances	241	161
Foreign tax rate differences	72	118
Adjustment in respect of previous years	(7)	(122)
Profit on sale of businesses and subsidiary undertakings on which no tax is payable	(229)	–
Acquisition costs not allowed for tax	–	78
Put option and deferred consideration discounts not deductible for tax	65	73
Other items not subject to tax	63	47
Effect on deferred tax of change of corporation tax rate from 26% to 24% (2011: 28% to 26%)	(545)	(578)
Income tax expense	1,274	1,448

During the year on 1 April 2012, the UK corporation tax rate was reduced from 26% to 24%. This change has been substantively enacted at the balance sheet date and, therefore, is included in these Financial Statements. The deferred tax balances have been re-measured at this rate, giving rise to a reduction in the net deferred tax liability of £545,000 (2011: £578,000). In addition, a number of further changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014.

8. Discontinued operations

During the year ended 30 June 2012 and in the comparative year, no operations met the definition of discontinued operations.

9. Dividends

Amounts recognised as distributions to Owners of the Parent in the year:

	Year ended 30 June 2012 pence per share	Year ended 30 June 2011 pence per share	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000
Final dividends recognised as distributions in the year	3.5	3.5	2,946	2,901
Interim dividends recognised as distributions in the year	3.5	3.5	2,945	2,894
Total dividends paid			5,891	5,795
Final dividend proposed	3.5	3.5	2,946	2,946

10. Earnings per share

Adjusted Earnings per Share has been calculated using an adjusted profit after taxation and non-controlling interests but before amortisation and impairment of intangible assets and goodwill, non-recurring items, share-based payments and the unwinding of the discount on the provisions for the future purchase of non-controlling interests and deferred consideration. There were no discontinued operations during the period or for the comparative period.

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

	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000
Earnings from continuing operations for the purpose of basic earnings per share	4,884	4,306
Add: Amortisation (net of non-controlling interest effect)	6,042	5,697
Non-recurring items	924	715
Share based payments (including social security costs)	464	634
Unwinding of the discount on the provisions for the future purchase of non-controlling interests	188	265
Unwinding of the discount on deferred consideration	66	–
Tax effect of the above adjustments	(2,128)	(1,860)
Adjusted earnings for the purposes of adjusted earnings per share	10,440	9,757
	Number	Number
Weighted average number of ordinary shares for the purposes of basic and adjusted earnings per share	84,107,422	82,788,676
Effect of dilutive potential ordinary shares: Exercise of share options and awards	2,611,551	2,142,271
Weighted average number of ordinary shares for the purposes of diluted and adjusted diluted earnings per share	86,718,973	84,930,947
Basic earnings per share	5.81p	5.20p
Diluted earnings per share	5.63p	5.07p
Adjusted basic earnings per share ("Adjusted Earnings Per Share")	12.41p	11.79p
Adjusted diluted earnings per share	12.04p	11.49p

Notes to the Financial Statements continued

11. Results of Wilmington Group plc

Of the results for the year, a profit of £3,782,000 (2011: £4,908,000) relates to Wilmington Group plc, the Parent Company. 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 these Financial Statements.

12. Acquisitions and disposals

Business combinations

i) In August 2011, Wilmington Group Plc's wholly owned subsidiary Mercia Group Limited acquired the trade, assets and liabilities of CCH Professional Development, a division of Wolters Kluwer (CCH). On completion, Mercia Group Limited received a cash payment of £190,000.

This acquisition added a complementary portfolio of CPD courses to our existing accountancy business.

ii) On 18 May 2012, Wilmington Group Plc's wholly owned subsidiary Wilmington Millennium Limited acquired certain assets and liabilities of "Millennium ADMP Ltd" from receivership for £465,000.

Millennium was a key supplier of data and sales services to Mortascreen, our mortality data product, and the acquisition was made primarily to secure the ongoing success of our existing business.

Acquisition-related costs of £65,000 have been recognised as part of the non-recurring items for the two acquisitions in the Income Statement (see note 5). These would previously have been included in the consideration for the business combination.

IFRS 3 (revised) was applied to these acquisitions.

12. Acquisitions and disposals

Business combinations continued

Details of the aggregate purchase consideration, the net assets acquired and goodwill for these acquisitions are as follows:

	£'000
Purchase consideration:	
Cash paid	465
Deferred consideration	–
Total purchase consideration	465

The provisional fair value assets and liabilities recognised as a result of these acquisitions are as follows:

	Provisional fair value £'000
Customer relationships	293
Brand	38
Other intangible assets	46
Total intangible assets (see note 14)	377
Tangible assets (see note 15)	13
Trade and other receivables (net of allowances)	426
Cash and cash equivalents	190
Subscriptions and deferred revenue	(756)
Trade and other payables	(35)
Net identifiable assets acquired	215
Provisional goodwill (see note 13)	250
Net identifiable assets acquired	465

Deferred consideration due in respect of the previous year's acquisition of Kemps has been reduced during the year by £56,000.

Non-controlling interests acquired

During the year, Wilmington Group plc acquired the remaining 10% of the issued share capital of Wilmington Healthcare Limited (formerly Beechwood House Publishing Limited) thus making it a wholly owned subsidiary. Further details of this transaction were set out in note 29 of the audited Financial Statements for the year ended 30 June 2011. Subsequent to this transaction, Wilmington Group plc transferred this holding to Wilmington Business Information Limited, one of its subsidiary undertakings (see note 16).

Disposals

In February 2012, the Group sold its interest in its subsidiary undertaking AMT Training (India) Pvt Limited for £28,000 consideration. In June 2012, the Group sold its interest in its subsidiary undertaking Clientzone Limited for £1 consideration.

In June 2012, one of the Group's subsidiary undertakings disposed of its company secretarial and company formations business to Orangefield Services (UK) Limited for a consideration of £1.0m with deferred consideration dependent upon future revenues of up to a further £0.1m.

Notes to the Financial Statements continued

13. Goodwill

	£'000
Cost	
At 1 July 2010	66,027
Acquisitions	10,832
Change in provisions for the future purchase of non-controlling interests (see note 22)	549
Movement in offset of provisions for the future purchase of non-controlling interests (see note 27)	23
At 30 June 2011	77,431
Acquisitions (see note 12)	250
Change in provisions for the future purchase of non-controlling interests (see note 22)	(111)
Movement in offset of provisions for the future purchase of non-controlling interests (see note 27)	(171)
Revision to provisional fair value of prior year acquisition (see note 12)	(56)
At 30 June 2012	77,343
Accumulated impairment	
At 1 July 2010 and 1 July 2011	2,750
Charge for the year	–
At 30 June 2012	2,750
Net book amount	
At 30 June 2012	74,593
At 30 June 2011	74,681
At 1 July 2010	63,277

Goodwill of £52,326,000 (2011: £52,607,000) relates to the Group's Training & Events division. The remaining goodwill of £22,267,000 (2011: £22,074,000) relates to the Group's Publishing & Information division. The major constituents of the Training & Events Division are £32,683,000 (2011: £32,696,000) in respect of the Central Law Training cash generating unit, £6,322,000 (2011: £6,577,000) in respect of The Matchett Group and £6,830,000 (2011: £6,830,000) in respect of Bond Solon. The major constituent of the Publishing & Information Division's goodwill is £7,067,000 (2011: £7,123,000) in respect of Waterlow Professional Publishing cash generating unit and £10,392,000 (2011: £10,392,000) in respect of Axco.

The Group tests goodwill annually for impairment. The recoverable amount of the goodwill is determined from value in use calculations for each cash generating unit ("CGU"). These calculations use pre-tax cash flow projections based on financial budgets and forecasts approved by management covering a three year period. Cash flows beyond the three year period are extrapolated using estimated long term growth rates.

Key assumptions for the value in use calculations are those regarding discount rates, cash flow forecasts and long term growth rates. Management has used a pre-tax discount rate of 11.1% (2011: 11.1%) that reflects current market assessments for the time value of money and the risks associated with the CGUs as the Group manages its treasury function on a Group wide basis. The risk profile across the Group is consistent. The same discount rate has been used for all CGU's as the Directors believe that the risks are the same for each CGU. The long term growth rates used are based on management's expectations of future changes in the markets for each CGU and fall within the range of a negative 5% to a positive 1.25% (2011: negative 5% to a positive 1.25%).

Management has performed sensitivity analyses on all the impairment calculations by reducing the growth rates by 1% and by increasing the pre-tax discount rate to 12.1%. No impairment charge would be required.

14. Intangible assets

	Group		Company	
	Publishing rights, titles and benefits £'000	Computer software £'000	Total £'000	Computer software £'000
Cost				
At 1 July 2010	42,934	2,690	45,624	479
Additions	219	663	882	75
Acquisitions	16,761	–	16,761	–
Disposals	–	(65)	(65)	–
At 1 July 2011	59,914	3,288	63,202	554
Additions	13	1,064	1,077	52
Acquisitions (see note 12)	377	–	377	–
Sale of subsidiary undertakings	–	(184)	(184)	–
Disposals	(909)	(3)	(912)	(47)
At 30 June 2012	59,395	4,165	63,560	559
Accumulated amortisation				
At 1 July 2010	19,530	1,791	21,321	297
Charge for year	5,240	471	5,711	120
Disposals	–	(46)	(46)	–
At 1 July 2011	24,770	2,216	26,986	417
Charge for year	5,256	790	6,046	100
Sale of subsidiary undertakings	–	(121)	(121)	–
Disposals	(873)	–	(873)	(47)
At 30 June 2012	29,153	2,885	32,038	470
Net book amount				
At 30 June 2012	30,242	1,280	31,522	89
At 30 June 2011	35,144	1,072	36,216	137
At 1 July 2010	23,404	899	24,303	182

Notes to the Financial Statements continued

15. Property, plant and equipment

Group	Freehold property £'000	Long leasehold property £'000	Short leasehold property £'000	Fixtures and fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost							
At 1 July 2010	3,679	3,974	150	4,012	4,462	364	16,641
Additions	394	25	5	328	610	101	1,463
Acquisitions	–	–	–	24	49	–	73
Disposals	–	–	(8)	(5)	(106)	(96)	(215)
Exchange translation differences	–	–	4	10	25	–	39
At 1 July 2011	4,073	3,999	151	4,369	5,040	369	18,001
Additions	–	–	5	423	329	195	952
Acquisitions (see note 12)	–	–	–	–	13	–	13
Sale of subsidiary undertakings	–	–	–	–	(34)	–	(34)
Disposals	–	–	–	(173)	(4)	(95)	(272)
Transfer of assets held for sale	(1,022)	–	–	(1,474)	–	–	(2,496)
Exchange translation differences	–	–	(8)	(5)	(24)	–	(37)
At 30 June 2012	3,051	3,999	148	3,140	5,320	469	16,127
Accumulated depreciation							
At 1 July 2010	499	1,764	85	2,889	4,113	99	9,449
Charge for the year	66	(39)	16	416	340	101	900
Disposals	–	–	–	(6)	(80)	(74)	(160)
Exchange translation differences	–	–	–	8	28	–	36
At 1 July 2011	565	1,725	101	3,307	4,401	126	10,225
Charge for the year	49	175	2	447	251	101	1,025
Sale of subsidiary undertakings	–	–	–	–	(34)	–	(34)
Disposals	–	–	–	(157)	(5)	(66)	(228)
Transfer of assets held for sale	(276)	–	–	(1,332)	–	–	(1,608)
Exchange translation differences	–	–	(2)	(1)	(22)	–	(25)
At 30 June 2012	338	1,900	101	2,264	4,591	161	9,355
Net book amount							
At 30 June 2012	2,713	2,099	47	876	729	308	6,772
At 30 June 2011	3,508	2,274	50	1,062	639	243	7,776
At 1 July 2010	3,180	2,210	65	1,123	349	265	7,192

Included in freehold property is £970,000 (2011: £1,210,000) of non-depreciated land. The reduction is due to the transfer of non-depreciated land to assets held for sale.

Depreciation of property, plant and equipment is charged to operating expenses within the Income Statement.

15. Property, plant and equipment continued

Company	Long leasehold property £'000	Short leasehold property £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost					
At 1 July 2010	2,789	31	42	137	2,999
Additions	–	–	–	34	34
Disposals	–	–	–	–	–
At 1 July 2011	2,789	31	42	171	3,033
Additions	–	–	–	5	5
Disposals	–	–	–	(27)	(27)
At 30 June 2012	2,789	31	42	149	3011
Accumulated depreciation					
At 1 July 2010	1,486	26	33	94	1,639
Charge for the year	(63)	3	3	29	(28)
Disposals	–	–	–	–	–
At 1 July 2011	1,423	29	36	123	1,611
Charge for the year	137	2	2	25	166
Disposals	–	–	–	(8)	(8)
At 30 June 2012	1,560	31	38	140	1,769
Net book amount					
At 30 June 2012	1,229	–	4	9	1,242
At 30 June 2011	1,366	2	6	48	1,422
At 1 July 2010	1,303	5	9	43	1,360

Non-current assets held for sale

During the year, the Group made a decision to sell one of its freehold properties. This property is currently being marketed and is expected to be sold for a value substantially in excess of its book value. The property together with associated fixtures and fittings are shown as held for sale at the year end.

Non-current assets held for sale comprise:

	£'000
Freehold property	746
Fixtures and fittings	142
	888

16. Investments in subsidiary undertakings

Company	Shares in subsidiary undertakings £'000
Cost less provision at 1 July 2010	41,285
Additional investment in subsidiary undertaking	1,746
Share based payments made on behalf of subsidiary undertakings	590
Cost less provision at 1 July 2011	43,621
Transfer of investment in subsidiary undertaking to one of its subsidiary undertakings (see note 12)	(1,976)
Share based payments made on behalf of subsidiary undertakings	264
Cost less provision at 30 June 2012	41,909

Notes to the Financial Statements continued

16. Investments in subsidiary undertakings continued

At 30 June 2012, the principal subsidiary undertakings listed below were all owned by the Company. All have ordinary share capital. Except where indicated, all of the principal subsidiary undertakings were incorporated in and principally operated in Great Britain. Subsidiary undertakings marked (*) are indirectly owned.

Name of company	Business	Percentage owned
Training & Events		
Wilmington Training & Events Limited	Holding company	100
Central Law Training Limited*	Professional education, post qualification training and legal conferences	100
CLT International Limited*	Certified professional training	100
Central Law Training (Scotland) Limited*	Professional education, post qualification training and legal conferences	80
Bond Solon Training Limited*	Witness training and conferences	100
Quorum Training Limited*	Financial training courses	100
International Compliance Training Limited*	Training courses in international compliance and money laundering	100
International Compliance Training (Singapore) Limited* (incorporated and operates in Singapore)	Training courses in international compliance and money laundering	100
International Compliance Training (Middle East) LLC* (incorporated and operates in UAE)	Training courses in international compliance and money laundering	100
La Touche Bond Solon Training Limited* (incorporated and operates in Ireland)	Witness and post qualification legal training	100
The Matchett Group Limited*	Holding company	81
John Matchett Limited*	Provision of professional training and support services	81
Adkins & Matchett (UK) Limited*	Provision of professional training	81
Adkins, Matchett & Toy Limited* (incorporated and operates in the USA)	Provision of professional training	81
Adkins, Matchett & Toy (Hong Kong) Limited* (incorporated and operates in Hong Kong)	Provision of professional training	81
Mercia Group Limited*	Training and support services to the accountancy profession	100
Mercia NI Limited* (incorporated and operates in Northern Ireland)	Training and support services to the accountancy profession	60
Mercia Ireland Limited* (incorporated and operates in Ireland)	Training and support services to the accountancy profession	60
Practice Track Limited*	Marketing support services for the accountancy profession	100
Ark Group Limited*	Holding company	100
Ark Conferences Limited*	Provision of information and events for professional practice management	100
Ark Group Australia Pty Limited* (incorporated and operates in Australia)	Provision of information and events for professional practice management	100
Ark Group Inc* (incorporated and operates in the USA)	Provision of information and events for professional practice management	100
Publishing & Information		
Wilmington Publishing & Information Limited	Provision of information and events for professional markets	100
Wilmington Business Information Limited	Holding company	100
Axco Insurance Information Services Limited*	Provision of international compliance and regulatory information for the global insurance industry	100
Hollis Directories Limited*	Holding company	100
Hollis Publishing Limited*	Provision of reference information to the public relations market	100
Wilmington Healthcare Limited* (formerly known as Beechwood House Publishing Limited)	Provision of reference information to the healthcare industry	100
Pendragon Professional Information Limited*	Provision of information for professionals in the pensions industry	100
Smee and Ford Limited*	Provision of legacy information	100
Wilmington Millennium Limited*	Provision of legacy information	100
A.P. Information Services Limited*	Provision of information for professional markets	100
Aspire Publications Limited*	Provision of information for professional markets	100
APM International SAS* (incorporated and operates in France)	News information services to the healthcare industry	100
APM Media SARL* (incorporated and operates in France)	News information services to the healthcare industry	100
International Company Profile FZ LLC* (Middle East) (incorporated and operates in Dubai)	Provision of financial information	100

Wilmington Training & Events Limited owns 80% of Central Law Training (Scotland) Limited. Mercia Group Limited owns 60% of Mercia NI Limited and Mercia Ireland Limited. During the year, Wilmington Training & Events Limited acquired additional shares in The Matchett Group Limited increasing its stake to 81%.

17. Inventories

	Group	
	30 June 2012 £'000	30 June 2011 £'000
Raw materials	11	8
Work in progress (see below)	20	795
Books held for sale	28	25
	59	828

At the year end print directories work in progress of £692,000 was written off as a non-recurring item (2011: £nil) (see note 5).

18. Trade and other receivables

	Group		Company	
	30 June 2012 £'000	30 June 2011 £'000	30 June 2012 £'000	30 June 2011 £'000
Current				
Trade receivables	15,772	16,451	–	–
Other receivables	1,116	1,003	–	2
Prepayments and accrued income	3,222	4,204	426	247
	20,110	21,658	426	249
Non-current				
Amounts due from subsidiary undertakings	–	–	71,844	71,094
	20,110	21,658	72,270	71,343

Amounts due from subsidiary undertakings are interest free, unsecured and are not due for repayment within 12 months of the balance sheet date.

19. Derivative financial instruments

	Group		Company	
	30 June 2012 £'000	30 June 2011 £'000	30 June 2012 £'000	30 June 2011 £'000
Current assets – Derivative financial assets				
Forward currency contracts	–	16	–	–
Current liabilities – Derivative financial liabilities				
Forward currency contracts	(26)	(46)	(6)	–
Interest rate swaps – cash flow hedge – short term	–	(333)	–	(333)
	(26)	(379)	(6)	(333)
Non current liabilities – Derivative financial liabilities				
Interest rate swaps – cash flow hedge – long term	(1,446)	(187)	(1,446)	(187)

Details of these derivative financial instruments are set out in note 23.

Notes to the Financial Statements continued

20. Trade and other payables

	Group		Company	
	30 June 2012 £'000	30 June 2011 £'000	30 June 2012 £'000	30 June 2011 £'000
Trade payables	3,409	2,986	–	–
Other payables	2,377	2,847	1,001	1,070
Social security and other taxes	3,240	3,465	69	79
Subscriptions and deferred revenue	17,310	17,889	–	–
Accruals	9,216	9,838	1,060	1,173
Amounts due to subsidiary undertakings	–	–	17	1
	35,552	37,025	2,147	2,323

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

21. Bank loans and overdrafts

	Group		Company	
	30 June 2012 £'000	30 June 2011 £'000	30 June 2012 £'000	30 June 2011 £'000
Current liability – bank overdrafts	2,159	2,277	9,227	6,557
Non-current liability – bank loans	38,000	40,000	38,000	40,000
Facility fees	(782)	(1,010)	(782)	(1,010)
Bank loans net of facility fees	37,218	38,990	37,218	38,990

Details of the Group's banking facilities are set out in note 23.

22. Provisions for future purchase of non-controlling interests

	Group	
	Current provisions £'000	Non current provisions £'000
At 1 July 2010	3,530	3,147
Amounts paid in respect of acquisitions of non-controlling interests	(3,849)	–
Unwinding of discount (see note 6)	–	265
Change in value of existing provisions (see note 13)	130	419
Option to be settled by issue of equity (see note 12)	(1,746)	–
Non-current provisions becoming current	1,935	(1,935)
At 1 July 2011	–	1,896
Unwinding of discount (see note 6)	–	188
Change in value of existing provisions (see note 13)	–	(111)
Non-current provisions becoming current	1,808	(1,808)
At 30 June 2012	1,808	165

Provisions represent the estimated future cost (discounted to reflect the time value of money) required to settle put options held by non-controlling shareholders over non-controlling interest shares, should said put options be exercised.

The actual settlement timing and value is dependent upon when (and if) the non-controlling shareholders choose to exercise their options and the profitability of the underlying companies at the date of exercise. For the purposes of estimating the above provision, it has been assumed that put options are exercised at the first available opportunity.

23. Financial Instruments

An explanation of the Group's Treasury policies is set out on page 15.

Liquidity Risk

The Group has an unsecured committed bank facility of £65m (2011: £65m) to February 2016. The facility currently comprises a revolving credit facility of £60m (2011: £60m) and an overdraft facility of £5m (2011: £5m). At 30 June 2012, £38m of the revolving credit facility was drawn down (2011: £40m). Interest is charged on the amount drawn down at 2.00 to 2.75 percent above LIBOR depending upon leverage. Under the facility, drawdown is made for interest fixture periods of up to six months in duration.

The bank overdrafts are the subject of a Group set-off arrangement. Interest is charged on the overdraft at 2.25% over Barclays bank base rate.

The Group had available undrawn committed bank facilities as follows:

	30 June 2012 £'000	30 June 2011 £'000
Expiring within one year	–	–
Expiring after more than one year	22,000	20,000
	22,000	20,000

The Group uses bank facilities to manage short and long term liquidity.

The following tables illustrate the maturity profile of contractual maturity of its financial liabilities at 30 June 2012. The amounts disclosed have not been subject to discounting and hence do not necessarily agree to the carrying amounts in the Balance Sheet.

Group

	Within 1 Year £'000	1 – 2 Years £'000	2 – 5 Years £'000	More than 5 Years £'000	Total £'000
At 30 June 2012					
Bank overdrafts	2,159	–	–	–	2,159
Bank loans including interest	2,220	2,220	41,700	–	46,140
Trade payables and accruals	15,002	–	–	–	15,002
Provisions for future purchase of non-controlling interests	1,808	100	89	–	1,997
	21,189	2,320	41,789	–	65,298
At 30 June 2011					
Bank overdrafts	2,277	–	–	–	2,277
Bank loans including interest	1,854	1,854	44,944	–	48,652
Trade payables and accruals	15,671	–	–	–	15,671
Provisions for future purchase of non-controlling interests	–	2,007	84	–	2,091
	19,802	3,861	45,028	–	68,691

Notes to the Financial Statements continued

23. Financial Instruments continued Company

	Within 1 Year £'000	1 – 2 Years £'000	2 – 5 Years £'000	More than 5 Years £'000	Total carrying amount £'000
At 30 June 2012					
Bank overdrafts	9,227	–	–	–	9,227
Bank loans including interest	2,220	2,220	41,700	–	46,140
Trade payables, accruals and amounts due to subsidiary undertakings	2,078	–	–	–	2,078
	13,525	2,220	41,700	–	57,445
	Within 1 Year £'000	1 – 2 Years £'000	2 – 5 Years £'000	More than 5 Years £'000	Total carrying amount £'000
At 30 June 2011					
Bank overdrafts	6,557	–	–	–	6,557
Bank loans including interest	1,854	1,854	44,944	–	48,652
Trade payables, accruals and amounts due to subsidiary undertakings	2,244	–	–	–	2,244
	10,655	1,854	44,944	–	57,453

Credit Risk

The Group's principal financial assets are bank balances and trade and other receivables, which represent the Group's maximum exposure to credit risk in relation to financial assets. The Group's credit risk is primarily attributable to its trade receivables. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment terms are offered. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables estimated by the Group's management based on prior experience and their assessment of the current economic value.

The Group has no significant concentration of credit risk with exposure spread over a large number of customers.

The Company's credit risk in relation to the unlimited cross guarantee with the Group's bankers is referred to in note 28.

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

	Not due £'000	0 – 30 days £'000	30 – 60 days £'000	Over 60 days £'000	Total £'000	Allowances £'000	Net £'000
At 30 June 2012	8,114	4,433	1,691	2,817	17,055	(1,283)	15,772
At 30 June 2011	10,044	3,249	1,353	2,499	17,145	(694)	16,451

Set out below is the movement in allowance for bad and doubtful debts relating to trade receivables. The Group considers anything within the 0-30 days category or above as past due, but not impaired, except where specifically provided for.

	30 June 2012 £'000	30 June 2011 £'000
Allowances at 1 July 2011	694	526
Additions charged to Income Statement	180	329
Allowances made in respect of acquisitions during the year	462	–
Allowances used	(8)	(147)
Allowances reversed	(45)	(14)
Allowances at 30 June 2012	1,283	694

23. Financial Instruments continued

Capital Management

The Board's 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. Within this policy the Board is mindful of the need to balance these objectives with the efficient use of capital and in previous years has made purchases of its own shares from time to time (see note 25) and in the light of the availability of credit. Details of the Group's banking arrangements are set out under Liquidity Risk above. The Group monitors capital on the basis of total Equity.

Analysis of total financial liabilities and financial assets

The table below sets out the Group's IAS 39 classification of each of its financial assets and liabilities at 30 June 2012. All amounts are stated at their carrying value.

Group

	Fair value through profit and loss £'000	Available for sale £'000	Loans and receivables £'000	Derivatives used for hedging £'000	Other financial liabilities £'000	Total £'000
At 30 June 2012						
Cash and cash equivalents	–	–	3,954	–	–	3,954
Bank overdrafts	–	–	–	–	(2,159)	(2,159)
Borrowings due after more than one year	–	–	–	–	(37,218)	(37,218)
Derivative financial assets	–	–	–	–	–	–
Derivative financial liabilities	(26)	–	–	(1,446)	(1,973)	(3,445)
Other financial assets	–	–	16,888	–	–	16,888
Other financial liabilities	–	–	–	–	(15,002)	(15,002)
	(26)	–	20,842	(1,446)	(56,352)	(36,982)
At 30 June 2011						
Cash and cash equivalents	–	–	2,321	–	–	2,321
Bank overdrafts	–	–	–	–	(2,277)	(2,277)
Borrowings due after more than one year	–	–	–	–	(38,990)	(38,990)
Derivative financial assets	16	–	–	–	–	16
Derivative financial liabilities	(46)	–	–	(520)	(1,896)	(2,462)
Other financial assets	–	–	17,454	–	–	17,454
Other financial liabilities	–	–	–	–	(15,671)	(15,671)
	(30)	–	19,775	(520)	(58,834)	(39,609)

Notes to the Financial Statements continued

23. Financial Instruments continued

Company

	Fair value through profit and loss £'000	Available for sale £'000	Loans and receivables £'000	Derivatives used for hedging £'000	Other financial liabilities £'000	Total £'000
At 30 June 2012						
Cash and cash equivalents	–	–	1	–	–	1
Bank overdrafts	–	–	–	–	(9,227)	(9,227)
Borrowings due after more than one year	–	–	–	–	(37,218)	(37,218)
Derivative financial assets	–	–	–	–	–	–
Derivative financial liabilities	(6)	–	–	(1,446)	–	(1,452)
Other financial assets	–	–	71,844	–	–	71,844
Other financial liabilities	–	–	–	–	(1,534)	(1,534)
	(6)	–	71,845	(1,446)	(47,979)	22,414
At 30 June 2011						
Cash and cash equivalents	–	–	1	–	–	1
Bank overdrafts	–	–	–	–	(6,557)	(6,557)
Borrowings due after more than one year	–	–	–	–	(38,990)	(38,990)
Derivative financial assets	–	–	–	–	–	–
Derivative financial liabilities	–	–	–	(520)	–	(520)
Other financial assets	–	–	71,096	–	–	71,096
Other financial liabilities	–	–	–	–	(2,244)	(2,244)
	–	–	71,097	(520)	(47,791)	22,786

Other financial assets comprise current and non-current trade and other receivables. Other financial liabilities comprise trade and other payables and accruals due within and after more than one year.

Derivative liabilities included under other financial liabilities are options between the non-controlling interest holders of subsidiary undertakings and the Group. The options require the Group to purchase a non-controlling shareholding according to a contractual obligation. The liability represents the costs to the Group of buying out these non-controlling interests should the put options be exercised by the non-controlling shareholders. The valuation upon exercise is dependent on the business performance of the subsidiary undertakings at the date the options are exercised.

Derivative financial instruments

Cash flow hedge

The Group finances its operations through a mixture of retained profits, operational cash flow and bank borrowings. Historically the Group has expanded its operations both organically and by acquisition, which has led on occasions to the need for external finance. The Board has chosen a credit facility with a floating rate of interest linked to LIBOR and has hedged its interest exposure on a proportion of this facility. In November 2006, the Group entered into a 5 year £15m interest rate swap whereby it received interest on £15m based on 3 month LIBOR and paid interest on £15m at a fixed rate of 5.23%. This swap terminated during the year. In November 2010, the Group entered into a further three hedging instruments. Firstly, a 5 year £15m interest rate swap fixed against 3 month LIBOR with a forward start of 21 November 2011 paying interest on £15m at a fixed rate of 2.68% was entered into. Secondly, a cap of 2% was put on a further £10m until November 2011. Finally, in November 2010, a 3 year £10m interest rate swap fixed against 3 month LIBOR with a forward start of 21 November 2011 paying interest on £10m at a fixed rate of 2.12% was entered into. These derivatives have been designated as cash flow hedges in order to manage interest rate risk associated with the first £25m of the credit facility. Payments received under the swaps have been matched against interest paid quarterly during the period and the entire mark to market loss on the derivatives have been recognised in equity, following the Directors' assessment of the hedge's effectiveness. There have been no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities. The levels used for fair value measurement of financial instruments remains unchanged from those disclosed in note 23 of the audited Financial Statements for the year ended 30 June 2011.

23. Financial Instruments continued

Other derivative financial instruments

The Group has a substantial customer base overseas. The Group maintains bank accounts in foreign currencies and converts these currencies to Sterling at the appropriate times minimising the exposure to exchange fluctuations. On 30 September 2010, the Group sold forward €1.0m to 4 October 2011 at a rate of 1.170. This contract was entered into in order to provide certainty in Sterling terms of the net Euro income of APM. On 26 January 2011, the Group sold forward US\$0.5m to 2 December 2011 at a rate of 1.5881. On 22 June 2011, the Group sold forward US\$0.5m to 2 December 2011 at a rate of 1.6188. On 12 March 2012, the Group sold forward US\$0.5m to 30 November 2012 at a rate of 1.5614. On 15 March 2012, the Group sold forward a total of US\$3.5m at rates between 1.5290 and 1.5860 which are determined on 3 dates ("the expiry dates") between 28 September 2012 and 27 March 2013. Under the terms of the contract the dollars are delivered during a 3 month window following the expiry date. These contracts were entered into in order to provide certainty in Sterling terms of the net US\$ income of the Matchett business. The gains/(losses) on these contracts are recognised in the Income Statement.

Fair value of financial assets and liabilities

Set out below is a comparison by class of carrying amounts and fair values of all of the Group's financial assets and liabilities.

	Book value		Fair value	
	30 June 2012 £'000	30 June 2011 £'000	30 June 2012 £'000	30 June 2011 £'000
Group				
Financial assets				
Cash and cash equivalents	3,954	2,321	3,954	2,321
Derivative financial assets – fair value through profit and loss	–	16	–	16
Other financial assets	16,888	17,454	16,888	17,454
	20,842	19,791	20,842	19,791
Financial liabilities				
Bank overdrafts	(2,159)	(2,277)	(2,159)	(2,277)
Bank loans net of facility fees	(37,218)	(38,990)	(37,218)	(38,990)
Derivative financial liabilities	(1,973)	(1,896)	(1,973)	(1,896)
Derivative financial liabilities – fair value through profit and loss	(26)	(46)	(26)	(46)
Derivative financial instruments designated for hedging	(1,446)	(520)	(1,446)	(520)
Other financial liabilities	(15,002)	(15,671)	(15,002)	(15,671)
	(57,824)	(59,400)	(57,824)	(59,400)

	Book value		Fair value	
	30 June 2012 £'000	30 June 2011 £'000	30 June 2012 £'000	30 June 2011 £'000
Company				
Financial assets				
Cash and cash equivalents	1	1	1	1
Derivative financial assets	–	–	–	–
Other financial assets	71,844	71,096	71,844	71,096
	71,845	71,097	71,845	71,097
Financial liabilities				
Bank overdrafts	(9,227)	(6,557)	(9,227)	(6,557)
Bank loans net of facility fees	(37,218)	(38,990)	(37,218)	(38,990)
Derivative financial instruments designated for hedging	(1,446)	(520)	(1,446)	(520)
Other financial liabilities	(1,534)	(2,244)	(1,534)	(2,244)
	(49,425)	(48,311)	(49,425)	(48,311)

Notes to the Financial Statements continued

23. Financial Instruments continued

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- 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 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets and liabilities that are measured at fair value:

Group

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
At 30 June 2012				
Assets				
Financial assets at fair value through income or expense				
– Trading derivatives at fair value through the Income Statement	–	–	–	–
Total assets	–	–	–	–
Liabilities				
Financial liabilities at fair value through income or expense				
– Trading derivatives at fair value through the Income Statement	–	26	–	26
Financial liabilities at fair value through equity				
– Derivative financial instruments designated for hedging	–	1,446	–	1,446
Total liabilities	–	1,472	–	1,472
At 30 June 2011				
Assets				
Financial assets at fair value through income or expense				
– Trading derivatives at fair value through the Income Statement	–	16	–	16
Total assets	–	16	–	16
Liabilities				
Financial liabilities at fair value through income or expense				
– Trading derivatives at fair value through the Income Statement	–	46	–	46
Financial liabilities at fair value through equity				
– Derivative financial instruments designated for hedging	–	520	–	520
Total liabilities	–	566	–	566

23. Financial Instruments continued

Company

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
At 30 June 2012				
Liabilities				
Financial liabilities at fair value through income or expense				
– Trading derivatives at fair value through the Income Statement	–	6	–	6
Financial liabilities at fair value through equity				
– Derivative financial instruments designated for hedging	–	1,446	–	1,446
Total liabilities	–	1,452	–	1,452
At 30 June 2011	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Liabilities				
Financial liabilities at fair value through equity				
– Derivative financial instruments designated for hedging	–	520	–	520
Total liabilities	–	520	–	520

Sensitivity Analysis

The Group has carried out a sensitivity analysis that measures the estimated charge to the Income Statement and equity of a 1% difference in market interest rates applicable at 30 June 2012 with all other measures remaining constant. Similarly, the sensitivity analysis in respect of currency risk measures the estimated charge to the Income Statement and equity of a 10% difference in the market rates of both the US Dollar and Euro, being the two major currencies to which the Group is exposed.

The sensitivity analysis includes 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 these are recognised at fair value.
- 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.
- Changes in foreign currency rates only affect those items of income and expense and assets and liabilities denominated in the said currencies.

	Income Statement		Equity (before tax)	
	100 bps Increase £'000	100 bps Decrease £'000	100 bps Increase £'000	100 bps Decrease £'000
Interest rate risk				
Variable rate instruments	(195)	195	(195)	195
Interest rate swap	–	–	963	(963)
	(195)	195	768	(768)

	Income Statement		Equity (before tax)	
	+10% £'000	–10% £'000	+10% £'000	–10% £'000
Currency risk				
Cash and cash equivalents	(100)	100	(243)	243
Trade receivables	–	–	(222)	222
Trade payables	–	–	301	(301)
Foreign exchange impact on profit	(221)	221	(221)	221
	(321)	321	(385)	385

Notes to the Financial Statements continued

24. Deferred tax

Movements on deferred tax are as follows:

	Group £'000	Company £'000
Non-current assets		
Asset at 1 July 2010	488	341
Deferred tax credit in the Income Statement for the year	66	9
Prior year deferred tax adjustment	10	–
Deferred tax (charge) taken directly in equity for the year	(229)	(133)
Asset at 1 July 2011	335	217
Deferred tax credit/(charge) in the Income Statement for the year	131	(14)
Write off of deferred tax asset on sale of subsidiary undertaking	(3)	–
Prior year deferred tax adjustment	–	3
Deferred tax credit taken directly in equity for the year	176	176
Asset at 30 June 2012	639	382

The Group deferred tax asset arises as a result of tax on share based payments of £292,000 (2011: £200,000) and fair value interest rate swap losses of £347,000 (2011: £135,000).

The Company deferred tax asset arises as a result of tax on share based payments of £35,000 (2011: £82,000) and fair value interest rate swap losses of £347,000 (2011: £135,000).

	Group £'000	Company £'000
Non-current liabilities		
Liability at 1 July 2010	5,425	14
Deferred tax liability arising on acquisitions	4,310	–
Deferred tax (credit) in the Income Statement for the year	(1,204)	(14)
Prior year deferred tax adjustment	(6)	–
Effect on deferred tax of change of corporation tax rate	(578)	–
Exchange translation differences	(9)	–
Liability at 1 July 2011	7,938	–
Deferred tax (credit) in the Income Statement for the year	(890)	–
Prior year deferred tax adjustment	15	–
Effect on deferred tax of change of corporation tax rate	(545)	–
Exchange translation differences	–	–
Liability at 30 June 2012	6,518	–

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

25. Share capital

	Number of ordinary shares of 5p each	Ordinary shares £'000	Share premium account £'000	Obligation to issue shares £'000	Treasury shares £'000	Total £'000
Authorised						
At 1 July 2011	110,000,000	5,500				
At 30 June 2012	110,000,000	5,500				
Issued and fully paid ordinary shares						
At 1 July 2011	84,813,981	4,241	43,792	1,746	(4,008)	45,771
Obligation to issue shares (see below)	1,289,156	64	1,439	(1,746)	–	(243)
At 30 June 2012	86,103,137	4,305	45,231	–	(4,008)	45,528

During the year, no ordinary shares were issued in respect of share options and awards exercised by members of staff (including Directors) (2011: 236,302).

The Group issued 1,289,156 new ordinary shares in July 2011 to satisfy the consideration for the remaining Option shares as explained in note 29 of the audited Financial Statements for the year ended 30 June 2011.

The Company did not buy back any shares during the year (2011: nil). At 30 June 2012, 1,942,000 shares were held in Treasury (2011: 1,942,000).

26. Share based payments

Details of Directors' share options and awards are set out in the Report on Directors' Remuneration. Employees of the Group (including Directors) hold options to subscribe for ordinary shares as follows:

a) Under the Wilmington Group plc 1999 Approved Share Option Scheme

Year of grant	Subscription price per share	Period within which options exercisable	Number of shares for which options outstanding at 1 July 2011	Options exercised during year	Options lapsed during year	Number of shares for which options outstanding at 30 June 2012
2002	170p	May 2005-May 2012	17,600	–	(17,600)	–
2004	118.5p	Mar 2007-Mar 2014	47,500	–	–	47,500

Criteria for the exercise of options issued under the 1999 Approved Share Option Scheme include a minimum three year interval before first exercise for options granted prior to March 2003. The increase in Adjusted Earnings per Share of the Company must be at least as great as the growth in the FTSE All Share Index over the same period. For options granted since March 2003 the increase in Adjusted Earnings per Share must have grown by a percentage which is not less than the percentage increase during the relevant period in the Retail Price Index plus 2% or 3% for each year up to the exercise date. If options remain unexercised after a period of 7 years from the date of the grant the option expires. Furthermore, options are forfeited if the employee leaves the Group before the options vest.

The 1999 options were valued using the Black Scholes model with the following assumptions:

Expected volatility (%)	25
Expected life (years)	5
Risk free rate (%)	5
Expected dividends (%)	3

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.

Notes to the Financial Statements continued

26. Share based payments continued

	Year ended 30 June 2012		Year ended 30 June 2011	
	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)
Outstanding at 1 July	65,100	132.42	332,060	170.63
Lapsed	(17,600)	170.00	(106,960)	271.88
Exercised	–	–	(160,000)	118.50
Outstanding at 30 June	47,500	118.50	65,100	132.42
Exercisable at 30 June	47,500	118.50	65,100	132.42

	Year ended 30 June 2012			Year ended 30 June 2011		
	Weighted average exercise price (pence)	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price (pence)	Number of shares	Weighted average remaining contractual life (years)
Range of exercise prices						
1p – 99p	–	–	–	–	–	–
100p – 199p	118.50	47,500	1.75	132.42	65,100	2.25

b) Under the Wilmington Group plc 2007 Performance Share Plan

Year of Grant	Awards price per Share	Date of vesting	Number of shares for which awards outstanding at 1 July 2011	Awards granted during year	Awards vested during year	Awards lapsed during year	Number of shares for which awards outstanding at 30 June 2012
2008	Nil	Oct 2011	323,634	–	–	(323,634)	–
2009	Nil	Sept 2012	520,514	–	–	–	520,514
2010	Nil	Sept 2013	1,326,159	–	–	–	1,326,159
2011	Nil	Oct 2014	–	911,859	–	–	911,859

Details of the Performance Share Plan are set out in the Report on Directors' Remuneration on pages 34 to 41.

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

Expected volatility (%)	26 to 36
Expected Life (years)	3
Expected dividends (%)	Nil

Expected volatility was determined by reference to the historical volatility of the Group's share price. The expected life used in the model is the mid point of the exercise period.

27. Non-controlling interests

	Non-controlling interests – share of results and funds £'000	Non-controlling interests – provisions for future acquisition £'000	Net Non- controlling interests £'000
At 1 July 2010	1,842	(1,789)	53
Profit for the year	323	–	323
Dividends paid	(336)	–	(336)
Exchange translation difference	(13)	–	(13)
Acquisition of non-controlling interests during the year	(460)	460	–
Movement in offset of provisions for the future purchase of non-controlling interests (see note 13)	–	23	23
At 1 July 2011	1,356	(1,306)	50
Profit for the year	170	–	170
Dividends paid	(10)	–	(10)
Exchange translation difference	11	–	11
Acquisition of non-controlling interests during the year	(364)	364	–
Non-controlling interests in subsidiary undertakings sold during the year	(56)	6	(50)
Movement in offset of provisions for the future purchase of non-controlling interests (see note 13)	–	(171)	(171)
At 30 June 2012	1,107	(1,107)	–

28. Contingencies and commitments

Contingencies

Company

The Company has entered into an unlimited cross guarantee with the Group's bankers in respect of the net £5 million overdraft facilities extended to certain of the Company's subsidiary undertakings. At 30 June 2012, the Company's gross contingent liability in respect of this facility was £3,953,000 (2011: £6,846,000).

Commitments

a) The Group had capital commitments relating to property, plant and equipment at 30 June 2012 contracted but not provided for of £nil (2011: £nil).

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

	Group		Company	
	Property		Property	
	30 June 2012 £'000	30 June 2011 £'000	30 June 2012 £'000	30 June 2011 £'000
One year	459	678	50	50
Between two and five years	950	1,767	12	62
After five years	233	311	–	–
	1,642	2,756	62	112

Notes to the Financial Statements continued

29. 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 totaling £3,000,000 (2011: £2,700,000) to two of its subsidiary undertakings in respect of management services. In addition, certain administrative expenses totaling £761,300 (2011: £340,500) have been recharged at cost to its subsidiary undertakings.

Finance has been provided by/to the Company to/by its subsidiary undertakings at commercial rates of interest for the year totalling £nil (2011: £nil).

Amounts due from and to subsidiary undertakings by the Company are set out in notes 18 and 20 respectively.

During the year, the Company received dividends of £6,050,000 from subsidiary undertakings (2011: £6,000,000).

On 28 July 2011, one of the Group's subsidiary undertakings, Mercia Group Limited ("Mercia"), entered into a loan agreement with AccSys Business Consultants Limited ("AccSys"), one of its suppliers, whereby Mercia granted AccSys a secured loan facility of £200,000 at an interest rate of 3% above Bank of England base rate and repayable by 30 June 2015. AccSys is a company owned by Duncan Bush, a director of Clientzone Limited, ("Clientzone") a company in which at the time of the agreement the Group had a 51% interest. The granting of the loan facility enabled AccSys to finance software development for use by Mercia which the directors believe will enhance Mercia's product offering. At 30 June 2012 the balance owed to Mercia by AccSys was £102,000 (including interest). The Group sold its interest in Clientzone to Duncan Bush for £1 in June 2012.

30. Staff and their pay and benefits

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

	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000
Wages and salaries	31,794	31,879
Social security costs	3,734	3,582
Pension costs	784	589
Share based payments (including social security costs)	464	634
	36,776	36,684

The details of each Directors' remuneration and share options (which includes the remuneration for N E Smith following his appointment as a Director on 1 December 2011) are in the Report on Directors' Remuneration on pages 34 to 41. In addition, employee costs (which includes the remuneration for N E Smith prior to his appointment as a Director on 1 December 2011) of £396,000 (2011: £774,000), pension costs of £22,000 (2011: £26,000) and share based payments of £14,000 (2011: £41,000) were paid in respect of other key management personnel (2012: 3 people; 2011: 4 people).

b) The average number of employees (including Directors) employed by the Group was as follows:

	Year ended 30 June 2012 Number	Year ended 30 June 2011 Number
Selling and distribution	260	233
Production	182	227
Administration	377	423
	819	883

Total full time equivalents at 30 June 2012 were 737 (2011: 798).

c) Retirement benefits

The Group contributes to defined contribution pension schemes. Total contributions to the schemes during the year were £784,000 (2011: £589,000).

31. Cash generated from operations

	Group		Company	
	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000
Profit from continuing operations before income tax	6,328	6,077	3,606	4,567
Non-recurring items (see note 5)	924	715	42	155
Depreciation of property, plant and equipment (see note 15)	1,025	900	166	(28)
Amortisation of intangible assets (see note 14)	6,046	5,711	100	120
(Profit)/loss on disposal of property, plant and equipment (see note 5)	(11)	15	–	–
Loss on disposal of intangible assets (see note 5)	–	19	–	–
Share based payments (including social security costs) (see note 30)	464	634	83	74
Net finance costs (see note 6)	2,710	1,805	2,460	1,548
Operating cash flows before movements in working capital	17,486	15,876	6,457	6,436
Decrease in inventories	77	252	–	–
Decrease/(increase) in receivables	1,831	(2,539)	3,348	(5,893)
(Decrease)/increase in payables	(1,980)	2,222	(19)	(2,403)
Cash generated from/(used in) operations before non-recurring items	17,414	15,811	9,786	(1,860)

There were no discontinued operations during the year (2011: nil).

Cash conversion is calculated as a percentage of cash generated by operations to operating profit before amortisation as follows:

	Year ended 30 June 2012 £'000	Year ended 30 June 2011 £'000
Operating profit from continuing operations	9,038	7,882
Amortisation	6,046	5,711
Operating profit after non-recurring items but before amortisation	15,084	13,593
Cash generated by operations after non-recurring items	16,490	15,096
Cash conversion	109%	111%

Pro-forma Five Year Financial Summary (Unaudited)

	2008 £'m	2009 £'m	2010 £'m	2011 £'m	2012 £'m
Consolidated Income Statements					
Revenue	88.8	86.3	78.4	83.8	85.3
Cost of sales	(27.1)	(27.1)	(24.8)	(25.5)	(25.8)
Gross profit	61.7	59.2	53.6	58.3	59.5
Operating expenses	(43.5)	(44.6)	(39.4)	(44.0)	(43.6)
Operating profit before amortisation and impairment of goodwill and intangible assets and non-recurring items	18.2	14.6	14.2	14.3	15.9
Non-recurring items	–	(1.7)	(0.1)	(0.7)	(0.9)
Operating profit before amortisation and impairment of goodwill and intangible assets	18.2	12.9	14.1	13.6	15.0
Amortisation and impairment of goodwill and intangible assets	(4.6)	(7.8)	(4.9)	(5.7)	(6.0)
Profit from operations before finance costs and taxation	13.6	5.1	9.2	7.9	9.0
Finance costs	(1.8)	(2.2)	(1.9)	(1.8)	(2.7)
Profit on ordinary activities before taxation	11.8	2.9	7.3	6.1	6.3
Income tax expense	(3.7)	(1.9)	(2.5)	(1.5)	(1.2)
Profit on ordinary activities after taxation	8.1	1.0	4.8	4.6	5.1
Adjusted Profit before Tax	17.6	13.3	13.1	13.4	14.0
Operating cash inflows	18.6	13.9	15.5	15.8	17.4
Basic earnings per ordinary share from continuing operations (pence)	8.82	0.46	5.38	5.20	5.81
Diluted earnings per ordinary share from continuing operations (pence)	8.76	0.45	5.30	5.07	5.63
Adjusted Earnings per ordinary share from continuing operations (pence)	13.34	10.50	10.59	11.79	12.41
Interim and proposed final dividend per share (pence)	7.00	7.00	7.00	7.00	7.00
Return on Equity (%)	28.28	23.32	24.95	25.67	26.29
Return on Sales (%)	20.69	16.67	18.41	17.84	19.33

The above is based on information extracted from the Company's Annual Report and Financial Statements.

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Corporate calendar

Annual General Meeting
14 November 2012

Announcement of Interim Results
February 2013

Announcement of Final Results
September 2013



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