

MERGERMARKET TOPCO LIMITED
Company registration number: 08816656

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2018

WEDNESDAY



A8EQZTV5

A22

25/09/2019

#311

COMPANIES HOUSE

Mergermarket Topco Limited

CONSOLIDATED FINANCIAL STATEMENTS: CONTENTS

Strategic Report	2
Directors' Report	4
Independent Auditors' Report to the Members of Mergermarket Topco Limited	6
Consolidated and Company Income Statements for the year ended 31 December 2018	9
Consolidated and Company Statements of Comprehensive Income for the year ended 31 December 2018.....	10
Consolidated and Company Balance Sheets as at 31 December 2018.....	11
Consolidated Statement of Changes in Equity for the year ended 31 December 2018	13
Company Statement of Changes in Equity for the year ended 31 December 2018	14
Consolidated and Company Statements of Cash Flows for the year ended 31 December 2018.....	15
Notes to the Consolidated and Company Financial Statements for the year ended 31 December 2018.....	16

STRATEGIC REPORT

The directors present their strategic report on Mergermarket Topco Limited (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 December 2018.

Review of the business

The Group experienced strong revenue growth in the year benefiting from organic growth and the acquisition of Great North Road Media Inc trading as Sparksread. Adjusting for currency, levels of new business sales across the fixed income, corporate transaction and compliance products were all higher, and overall renewal rates improved, a reflection of the investment made to enhance and improve products over the last few years.

Spend on technology continues to increase as the pace of deployment increases and scope of projects expands. Enhancements were made to the Fixed Income platform, including the early stage integration of various products, the release of the Restructuring database and a more robust search technology. The Compliance platform is in the process of being upgraded and the year saw the release of the Acuris mobile app.

Technology spend on back-end systems is expected to result in long-term cost savings and provide infrastructure that will help speed up the development of future products.

We continued to invest in people, adding headcount to core content teams, spending more on training and bringing previously outsourced operations in-house. The latter expected to deliver ongoing cost savings for the business.

Credit Rubric, a product that provides research, data and analytics for European sub-investment grade securities and has been in development for the last two years made its first sales in the year. Debtwire Par, another new product, has shown its market potential after completing its first full year of trading.

In June, the Group acquired New York-headquartered Great North Road Media Inc, a digital provider of financing, trading and M&A intelligence to the global energy sector. The integration has progressed well, with the product achieving rapid growth within a short period of ownership. Management has expanded and enriched content and utilised the Group's global footprint to sell the product. The product will benefit from a new platform expected to launch in 2019.

The Group's New York office moved to a more central Times Square location, providing better access to subscribers and sources, and space to accommodate a growing business. Office space was also added in Mumbai to accommodate growing headcount in the region.

The directors believe that the Group will continue in its current activities for the foreseeable future.

Key performance indicators

Revenue for the year to 31 December 2018 increased by 5.6% from £175.4m to £185.2m. EBITDA adjusted for deal fees and foreign exchange, increased by 18.0% from £50.5m to £59.6m. Net loss increased from £39.7m to £47.3m largely due to the impact of currency on the Group's USD denominated borrowings and higher intangible amortisation on internally developed software.

During the year, the average number of people working for the Group, increased by 12% to 1,665 a result of a full year of ownership of the TIM Group, moving outsourced functions in-house and headcount investment in growth areas.

STRATEGIC REPORT (cont'd)

Future developments

Acuris products are sold across the financial services industry to institutional investors, hedge funds, private equity firms, banks, advisory firms, lawyers, consultants and corporates. The Group operates an enterprise license sales model, minimising exposure to changes in headcount within the financial services industry and its wide spread of customers mean it has a well-diversified revenue base. Market conditions are currently stable.

The Group will continue to invest in technology and product development to introduce a number of new content initiatives for subscribers as well as improving the delivery and functionality of its existing information services.

Principal risks and uncertainties and financial risk management

The key business risks and uncertainties affecting the Group are considered to relate to consolidation of the customer base, employee retention and the regulatory environment.

The Group aims to mitigate risks associated with consolidation of the customer base by investing in its products to enhance appeal to existing and new customers, adding new products to sell to existing customers and customers in new market segments, and expanding its product portfolio across geographic regions.

Risks associated with employee retention are addressed by offering competitive remuneration, a flexible working environment, opportunities to work in different geographic regions and across different products, and by providing training and professional development opportunities.

The Group has less control over the regulatory environment but aims to minimise risk by offering a broad portfolio of products that are not dependent on one individual market or region.

The uncertainty around Brexit poses some risk for the Group, primarily the risk of a “no deal” Brexit and the subsequent impact on the UK economy. The risk is mitigated by the Group’s global customer base and the potential migration of UK based to the Continent where the Group is already present. A further risk of a “no deal” Brexit is on the ability to recruit appropriate staff in the UK. To mitigate this risk, the Group may expand existing offices on the Continent.

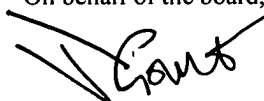
The Company revalues its investments by applying a comparative listed company earnings multiples against the subsidiary investments’ earnings. The valuation is sensitive to changes in the earnings multiples of the comparative companies.

Financial risk management is discussed in Note 3 to the Consolidated Financial Statements.

Results and dividends

The Group reported a net loss of £47.3m (2017: £39.7m) for the year. No dividend was proposed and paid in the year under review (2017: £nil). The Company reported no profit or loss (2017: net profit of £63.6m) for the year.

On behalf of the board, ²⁵ June 2019



Jonathan Gomer
Director

Company registered number: 08816656

Mergermarket Topco Limited

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements of Mergermarket Topco Limited (the "Company" and the "Group") for the year to 31 December 2018.

Principal activities

The Company acted as a holding Company in the year under review. The Group provides financial information services, analysis and data to the advisory, corporate and financial communities.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

Hamilton Matthews
Jonathan Gomer
Nikos Stathopoulos
James Rivers (Resigned on 28 September 2018)
Stylianos Ilia
Christopher Reid
Matthew Evans (Appointed on 28 September 2018)

The registered office address of the Company:

10 Queen Street Place
London
EC4R 1BE

Qualifying third party indemnity provisions

During the year to 31 December 2018 and as at date of approval of the financial statements, the Group maintained insurance covering officers of the Company against liabilities arising in relation to the Company. This is a qualifying third party indemnity provision for the purposes of Companies Act 2006.

Employees

Disabled persons - The Group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Group gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group. If members of staff become disabled the Group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee involvement - The Group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Group plays a major role in maintaining its competitive advantage.

Employee involvement in the performance of the Group is encouraged through payment of discretionary bonuses linked to the results of the Group.

European Union Branches

In the year to 31 December 2018, the Group operated branch offices in Belgium, Bulgaria and Germany.

Political and charitable donations

No charitable or political donations were made by the Company in the year to 31 December 2018 (2017: none).

DIRECTORS' REPORT (cont'd)

Future developments, risk management and dividends

Future developments, risk management and dividends are discussed separately in the accompanying strategic report.

Statement of directors' responsibilities in respect of the financial statements

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

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

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

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

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

Disclosure of information to auditors

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

- (a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the board, 25 June 2019



Jonathan Gomer
Director

Company registered number: 08816656

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERGERMARKET TOPCO LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Mergermarket Topco Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2018 and of the group's loss, the company's result and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 December 2018; the Consolidated and Company Income Statements and Statements of Comprehensive Income, the Consolidated and Company Statements of cash flows, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERGERMARKET TOPCO LIMITED (cont'd)

Reporting on other information

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Mergermarket Topco Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERGERMARKET TOPCO LIMITED (cont'd)

Use of this report

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.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Nigel Comello (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 June 2019

Mergermarket Topco Limited

Consolidated and Company Income Statements for the year ended 31 December 2018

		Group Year ended 31 December	Group Year ended 31 December	Company Year ended 31 December	Company Year ended 31 December
All figures in £'000	Note	2018	2017	2018	2017
Continuing operations					
Revenue	4	185,236	175,449	-	-
Cost of sales	5	(99,286)	(93,806)	-	-
Gross profit/result		85,950	81,643	-	-
Administrative expenses	5	(78,729)	(67,442)	-	(310)
Other income	4	1,004	737	-	-
Operating profit/result/(loss)		8,225	14,938	-	(310)
Finance income	8	27	6	-	64,088
Finance costs	8	(55,437)	(55,774)	-	(132)
Net finance (costs)/income		(55,410)	(55,768)	-	63,956
(Loss)/result/profit before income tax		(47,185)	(40,830)	-	63,646
Income tax (charge)/credit	10	(121)	1,179	-	-
(Loss)/result/profit for the year		(47,306)	(39,651)	-	63,646

There were no discontinued operations for the year under review.

The notes on pages 16 to 60 are an integral part of these consolidated financial statements.

Mergermarket Topco Limited

Consolidated and Company Statements of Comprehensive Income for the year ended 31 December 2018

	Group Year ended 31 December	Group Year ended 31 December	Company Year ended 31 December	Company Year ended 31 December
All figures in £'000	2018	2017	2018	2017
(Loss)/result/profit for the year	(47,306)	(39,651)	-	63,646
Other comprehensive (expense)/income:				
Items that will not be reclassified to profit and loss				
Currency translation on net investment in foreign operations	-	15,084	-	-
Revaluation of investments	-	-	6,678	(78,911)
Total comprehensive (expense)/income for the year	(47,306)	(24,567)	6,678	(15,265)

There is no tax credit or charge (2017: nil) recognised in other comprehensive (expense)/income.

The notes on pages 16 to 60 are an integral part of these consolidated financial statements.

Mergermarket Topco Limited

Consolidated and Company Balance Sheets as at 31 December 2018

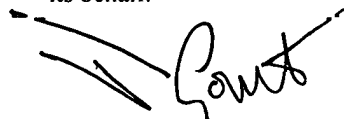
		Group As at 31 December	Group As at 31 December Restated	Company As at 31 December	Company As at 31 December Restated
All figures in £'000	Note	2018	2017	2018	2017
Assets					
Non-current assets					
Property, plant and equipment	11	5,548	5,906	-	-
Goodwill	12	361,742	340,256	-	-
Intangible assets	12	126,013	139,963	-	-
Investments	9	-	-	312,035	305,357
Deferred income tax assets	20	4,206	4,029	-	-
		497,509	490,154	312,035	305,357
Current assets					
Trade and other receivables	14	51,414	52,737	323	253
Current income tax assets		2,754	1,466	-	-
Cash and cash equivalents	15	28,506	32,392	407	348
		82,674	86,595	730	601
Total assets		580,183	576,749	312,765	305,958
Liabilities					
Non-current liabilities					
Borrowings	19	(667,775)	(622,505)	-	-
Deferred income tax liabilities	20	(15,090)	(13,572)	-	-
Provisions	21	(5,696)	(8,093)	-	-
		(688,561)	(644,170)	-	-
Current liabilities					
Trade and other payables	17	(10,891)	(13,657)	(1,025)	(1,025)
Accruals		(24,356)	(23,683)	(27)	(27)
Contract liabilities	18	(110,287)	(101,276)	-	-
Deferred income tax liabilities	20	-	(2,456)	-	-
Current income tax liabilities		(2,056)	(1,521)	-	-
		(147,590)	(142,593)	(1,052)	(1,052)
Total liabilities		(836,151)	(786,763)	(1,052)	(1,052)
Net (liabilities)/assets		(255,968)	(210,014)	311,713	304,906
Equity attributable to owners of the parent					
Share capital and premium	16	382	253	382	253
Other reserves		4,424	3,201	(56,598)	(63,276)
(Accumulated losses)/retained earnings		(260,774)	(213,468)	367,929	367,929
Total equity		(255,968)	(210,014)	311,713	304,906

Prior year current income tax assets and liabilities have been restated to show gross assets and liabilities netted by jurisdiction. See Note 2.2.

Mergermarket Topco Limited

Consolidated and Company Balance Sheets as at 31 December 2018 (cont'd.)

The notes on pages 16 to 60 are an integral part of these consolidated financial statements. The financial statements on pages 9 to 60 were approved by the board of directors on **25** June 2019 and were signed on its behalf.

A handwritten signature in black ink, appearing to read 'Jonathan Gomer', is written over a set of three parallel diagonal lines that serve as a signature line.

Jonathan Gomer, Director
Mergermarket Topco Limited, Registered no. 08816656

Mergermarket Topco Limited

Consolidated Statement of Changes in Equity for the year ended 31 December 2018

All figures in £'000

	Share capital	Other reserves	Accumulated losses	Total equity
Balance at 1 January 2017	5,669	4,915	(130,822)	(120,238)
Loss for the year	-	-	(39,651)	(39,651)
Other comprehensive income for the year	-	-	15,084	15,084
Total comprehensive expense for the year	-	-	(24,567)	(24,567)
Foreign exchange on invested capital	-	(1,803)	-	(1,803)
Proceeds from shares issued	127	-	-	127
Capital reduction	(5,454)	-	5,454	-
Share buy back	(89)	89	(63,533)	(63,533)
Total transactions with owners, recognised directly in equity	(5,416)	(1,714)	(58,079)	(65,209)
Balance as at 31 December 2017 Restated	253	3,201	(213,468)	(210,014)
Loss for the year	-	-	(47,306)	(47,306)
Other comprehensive income for the year	-	-	-	-
Total comprehensive expense for the year	-	-	(47,306)	(47,306)
Foreign exchange on invested capital	-	1,223	-	1,223
Total transactions with owners, recognised directly in equity	-	1,223	-	1,223
Shares issued	129	-	-	129
Balance as at 31 December 2018	382	4,424	(260,774)	(255,968)

The notes to pages 16 to 60 are an integral part of these consolidated financial statements.

Mergermarket Topco Limited

Company Statement of Changes in Equity for the year ended 31 December 2018

All figures in £'000

Company	Share capital	Other reserves	(Accumulated losses)/Retained earnings	Total equity
Balance at 1 January 2017	5,669	378,445	(537)	383,577
Profit for the year	-	-	63,646	63,646
Other comprehensive expense for the year	-	(78,911)	-	(78,911)
Total comprehensive (expense)/income for the year	-	(78,911)	63,646	(15,265)
Proceeds from shares issued	127	-	-	127
Capital reduction	(5,454)	(362,899)	368,353	-
Share buy back	(89)	89	(63,533)	(63,533)
Total transactions with owners, recognised directly in equity	(5,416)	(362,810)	304,820	(63,406)
Balance as at 31 December 2017 Restated	253	(63,276)	367,929	304,906
Result for the year	-	-	-	-
Other comprehensive income for the year	-	6,678	-	6,678
Total comprehensive income for the year	-	6,678	-	6,678
Shares issued	129	-	-	129
Balance as at 31 December 2018	382	(56,598)	367,929	311,713

The notes to pages 16 to 60 are an integral part of these consolidated financial statements.

Mergermarket Topco Limited

Consolidated and Company Statements of Cash Flows for the year ended 31 December 2018

		Group Year ended 31 December	Group Year ended 31 December	Company Year ended 31 December	Company Year ended 31 December
All figures in £'000	Note	2018	2017	2018	2017
Cash flows from operating activities					
Cash generated from/(used in) operations	22	54,993	63,493	(70)	(283)
Interest paid		(30,731)	(19,668)	-	-
Income tax paid		(3,232)	(4,472)	-	-
Net cash generated from/(used in) operating activities		21,030	39,353	(70)	(283)
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired	24	(13,040)	(20,126)	-	-
Purchases of property, plant and equipment	11	(2,052)	(4,055)	-	-
Disposal of subsidiaries, net of cash disposed	25	-	6,964	-	-
Dividends received		-	-	-	64,088
Internally generated intangible assets	12	(14,236)	(10,301)	-	-
Interest received		23	6	-	-
Investment in subsidiary		-	-	-	(162)
Net cash (used in)/generated from investing activities		(29,305)	(27,512)	-	63,926
Cash flows from financing activities					
Proceeds from issuance of ordinary shares	16	129	127	129	127
Buy back of ordinary shares	16	-	(62,002)	-	(62,002)
Buy back of preference shares	16	-	(2,086)	-	(2,086)
Proceeds from borrowings	19	13,855	644,060	-	-
Repayment of borrowings	19	-	(568,895)	-	-
Preference share interest paid	19	(9,500)	-	-	-
Financing fees		(668)	(19,826)	-	-
Net cash generated from/(used in) financing activities		3,816	(8,622)	129	(63,961)
Net increase/(decrease) in cash and cash equivalents		(4,459)	3,219	59	(318)
Cash and cash equivalents at beginning of year		32,392	30,472	348	666
Exchange (losses)/gains on cash and cash equivalents		573	(1,299)	-	-
Cash and cash equivalents at end of year		28,506	32,392	407	348

The notes on pages 16 to 60 are an integral part of these consolidated financial statements.

Mergermarket Topco Limited

Notes to the Consolidated and Company Financial Statements for the year ended 31 December 2018

1 General information

Mergermarket Topco Limited (the “Company”) and its subsidiaries (together, the “Group”) is a provider of financial information, analysis and data to the advisory, corporate and financial communities. The Company acted as a holding Company in the year under review.

The Company is a private Company limited by shares, incorporated and domiciled in the UK. The address of its registered office is 10 Queen Street Place, London, UK, EC4R 1BE.

Mergermarket Topco Limited

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.3.

2.1.1 Going concern

The directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future after considering the Group's 18-month cash flow forecast, the positive operating cash flows of the Group and the availability of £36.0m undrawn on the revolver facility. The directors do not expect to draw down on the revolver for operating purposes over the course of the forecast period. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. As at 31 December 2018, the Group reported a net liability of £256.0m (2017: £210.0m). Of this balance, £110.3m (2017: £101.3m) relates to contract liabilities that do not constitute a cash outflow. There are borrowings of £482.8m (2017: £454.8m) which are repayable in August 2024 and August 2025 and preference equity of £196.7m (2017: £182.3m) which has no set maturity date. The cash balance at this date was £28.5m (2017: £32.4m) which provides an adequate balance to fund the Group's working capital requirements.

2.1.2 New standards adopted in the year

The following new standards became effective in the year and have been adopted by the Company:

- IFRS 9 Financial Instruments, effective for annual reporting periods beginning on or after 1 January 2018. The new standard details the requirements for the classification, measurement and recognition of financial assets and liabilities. Following adoption of the standard, the group classifies its financial assets in one of the following categories: amortised cost, at fair value through profit or loss, or at fair value through other comprehensive income. The classification depends on the purpose and intention for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Adoption of the standard has not had a material impact on the accounts. Disclosures in the accounts have been updated to reflect the new classifications as required by IFRS 9. The group has moved to the expected credit loss model for valuing bad debt provisions in line with IFRS 9. This has had a limited impact on the accounts. See note 2.9.
- The group has applied IFRS 15 Revenue from contracts with customers as issued in May 2014. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and related interpretations. In accordance with the transition provisions in IFRS 15 the new rules have been adopted retrospectively although this did not have any material effect on the accounts. See note 2.19.

Mergermarket Topco Limited

2.1.3 Standards, interpretations and amendments to published standards that are not yet effective

The Group has not early adopted the following new pronouncement that is not yet effective:

- IFRS 16, 'Leases', requires a lessee to recognise all lease assets and liabilities, including those currently classified as operating leases, on the balance sheet, initially measured at the present value of unavoidable lease payments. Amortisation of the lease asset and interest on lease liabilities are to be recognised in the income statement over the lease term. The total amount of cash paid is to be separated into a principal portion, presented within financing activities, and interest, presented within operating or financing activities, in the cash flow statement. The standard is effective from 1 January 2019 and replaces IAS 17 Leases. The Company will apply the modified retrospective approach. The Company has assessed that when implemented, the standard will have the following estimated impact on the financial statements: a) decrease in rent expense as recognised in administrative expenses of £6.0m; b) increase in depreciation expense as recognised in administrative expenses of £4m c) increase in finance costs of £1m d) recognition on 1 January 2019 of right of use assets of £16m and e) recognition on 1 January 2019 of lease liabilities of £25m. Cash flows from operations is expected to increase by £6m due to certain lease expenses no longer being recognised as operating cash outflows, but this will be offset by a £6m increase in cash used in financing activities due to repayments and interest on the principal of lease liabilities.

2.2 Prior period errors

Restatement of Group income tax assets and liabilities

Prior year current income tax assets and liabilities have been restated to show gross assets and liabilities netted by jurisdiction.

All figures in £'000	Current income tax assets	Current income tax liabilities	Net income tax liabilities
Balance as at 31 December 2017 Before Restatement	-	(55)	(55)
Balance as at 31 December 2017 Restated	1,466	(1,521)	(55)

2.3 Critical accounting assumptions and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

(a) Judgements

In applying the Group's accounting policies, management has applied judgement in the following areas that have a significant impact on the amounts recognised in the financial statements:

Income and deferred tax: The tax on profits is determined according to complex tax laws and regulations. Where the effect of these laws and regulations is unclear, judgements are used in determining the liability for the tax to be paid. Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised, with consideration given to the timing and level of future taxable income. The main areas of judgement in the Group tax calculation are reassessment of uncertain tax provisions and reassessment of the recognition and recoverability of deferred tax assets – see notes 10 and 20.

Acquired intangible assets: When the Group makes an acquisition, management determines initially whether any intangible assets (e.g. customer relationships, trade names and technology) should be recognised separately from goodwill, and the provisional amounts at which to recognise those assets. Certain assumptions are used in determining the provisional values for such intangible assets, including, but not limited to, future growth rates and customer attrition rates. During the first 12 months of ownership, intangible assets are reviewed to determine whether any additional information exists that supports amendments to that original assessment, including new intangible assets. See notes 12 and 24.

2.3 Critical accounting assumptions and judgements (cont'd)

(b) Estimates

Discussed below are key assumptions concerning the future, and other key sources of estimation at the reporting date, that could have a risk of causing a significant material adjustment to the carrying amount of assets and liabilities within the next financial year:

Impairment of goodwill: Following recognition of goodwill as a result of acquisitions, the Group determines, as a minimum on an annual basis and including current year acquisitions whether goodwill is impaired, which requires an estimation of the future cash flows of the cash generating unit to which the goodwill is allocated, as well as assumptions on growth rates and discount rates – see note 12. No risk has been identified of a goodwill impairment in the next twelve months.

Contingent consideration: When the Group acquires businesses, the total consideration may consist of an amount paid on completion plus further amounts payable on agreed post completion dates. These further amounts are contingent on the acquired business meeting agreed performance targets. At the date of acquisition and at subsequent reporting periods, the Group reviews the profit and cash forecasts for the acquired business and estimates the amount of contingent consideration that is likely to be due. Further details are included in notes 21 and 24.

Revaluation of investments: The Company's accounting policy is to recognise investment in subsidiaries at fair value. At the balance sheet date the fair value is estimated using a cash EBITDA multiple technique. Further details and sensitivity analysis are included in note 9.2

Mergermarket Topco Limited

2.4 Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and any equity interests issued by the Group. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

2.5 Investment in subsidiaries

The Company accounts for investments in subsidiaries in accordance with IFRS 9 under the fair value model of accounting. Refer to notes 2.9 and 9.2 for further details.

Mergermarket Topco Limited

2.6 Foreign currency translation

(a) Functional and presentation currency

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 British Pounds (GBP), which is the Group's presentation currency.

(b) Transactions and balances

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

(c) Group companies

The results and financial position of all Group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i) assets and liabilities are translated at the closing rate at the date of the balance sheet;
- ii) income and expenses are translated at average year to date exchange rates; and
- iii) all resulting exchange differences are recognised as a separate component of invested capital.

On combination, exchange differences arising from the translation of the net investment in foreign entities are taken to invested capital.

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives as follows:

Computers and office equipment:	3 to 8 years
Fixtures and fittings:	5 years

Computers and office equipment includes purchased software from third parties.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The carrying value of an asset is written down to its recoverable amount if the carrying value of the asset is greater than its estimated recoverable amount.

Mergermarket Topco Limited

2.8 Intangible assets

(a) Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. An impairment loss is recognised to the extent that the carrying value of goodwill exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or Group of CGUs, that is expected to benefit from the synergies of the combination. Due to the integrated nature of the business and sharing of common central functions, management has treated the Group as a single CGU for the purposes of impairment testing.

(b) Acquired intangible assets

Acquired intangible assets include customer lists and relationships, trademarks and brands, content and technology. These assets are capitalised on acquisition at fair value and included in intangible assets. Intangible assets are amortised over their estimated useful lives of between 10 and 20 years, using an amortisation method that reflects the pattern of their consumption. The group tests whether these assets have suffered any impairment if any indicators of impairments have arisen.

(c) Internally generated software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured

Directly attributable costs that are capitalised as part of the software product include the software development employee costs.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Computer software development costs recognised as assets are amortised over their estimated useful lives not exceeding three years. Amortisation expense is recognised in "administrative expenses" in the Income Statement.

Mergermarket Topco Limited

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets into one of the following categories: amortised cost, at fair value through profit or loss, and at fair value through other comprehensive income where an irrevocable election has been made at the time of initial recognition. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

2.9.2 Recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

(a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented within administrative expenses in the income statement.

(b) Fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses and impairment expenses are presented within administrative expenses in the income statement.

On adoption of IFRS 9, the Company made an irrevocable election to measure investments in subsidiaries at fair value and present the resulting gains and losses in OCI. Dividends are recognised when the Company's right to receive payment is established, it is probable the economic benefits will flow to the Company and the amount can be measured reliably. Dividends are recognised in profit and loss unless they clearly represent recovery of a part of the cost of the investment, in which case they are included in other comprehensive income. Changes in fair value are accumulated in other reserves within equity and are never recycled to profit and loss, even if the asset is sold or impaired.

(c) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a financial asset that is subsequently measured at FVPL is recognised in profit or loss and presented within net finance (costs)/income in the period in which it arises. The Group's derivative financial instruments are measured at FVPL.

Mergermarket Topco Limited

2.9.2 Recognition and measurement (cont'd)

Regular purchases and sales of financial assets are recognised on the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

A fair value hierarchy is used in the measurements of fair values as follows:

- (a) quoted prices in active markets for identical assets or liabilities (Level 1);
- (b) 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); and
- (c) inputs for the asset or liability that are not based on observable market data (Level 3).

2.10 Trade receivables

Trade receivables are amounts due from customers for services sold in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. 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 presented as non-current assets. Trade receivables are tested for impairment using the “expected credit loss model”.

2.11 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks.

2.12 Share capital

Ordinary shares and redeemable preference shares with a fixed cumulative return are classified as equity.

2.13 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 payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Mergermarket Topco Limited

2.15 Taxation

Current tax is recognised on the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

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

Current and deferred tax are recognised in the income statement, except when the tax relates to items charged or credited directly to equity or other comprehensive income, in which case the tax is also recognised in equity or other comprehensive income.

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, significant judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income.

2.16 Employee benefits

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the income statement in the year in which they are payable.

2.17 Share based payments

B,C and D Ordinary Shares issued to employees have been issued at fair value and paid up in full by employees. No expense has been recognised in the Consolidated and Company Statement of Comprehensive Income. E Ordinary Shares issued to employees are accounted for as a share based payment scheme and the difference between the cost paid for the shares and their accounting market value is expensed to the Income Statement over the period the shares are expected to be held for.

2.18 Provisions

Provisions are recognised if the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are discounted to present value where the effect is material.

The Group recognises a provision for deferred consideration, including contingent consideration, at fair value. Significant estimates are made when assessing the future performance of acquired businesses in order to calculate the value of contingent consideration.

Mergermarket Topco Limited

2.19 Revenue recognition

Revenue represents subscriptions to the information services and income from research reports and events. The cash relating to subscriptions is received in advance, with standard payment terms of 14 days from invoice date. Revenue is recognised in the income statement evenly over the duration of subscriptions as the Group satisfies its performance obligations and control of the information passes to the subscriber. For periods where the Group has not fulfilled its performance obligations, amounts are accrued on the balance sheet as contract liabilities. Revenue from research reports and events is recognised in the same accounting period in which the report is published or event is held. Standard contract terms do not allow for refunds or cancellations and do not contain warranties or related obligations.

2.20 Dividends

Dividends attributable to the owners of the Group that are declared during the year are recognised directly in invested capital.

Mergermarket Topco Limited

3 Financial risk management

3.1 Group financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Exposure to movements in the USD/GBP exchange rate is mitigated by the proportion of costs and borrowings incurred in USD, and the amount of revenues denominated in USD.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

The Group seeks to limit its exposure to currency movements by regularly clearing foreign currency denominated intercompany and bank account balances. No unremitted profits are hedged with foreign exchange contracts, as the Company judges it inappropriate to hedge non-cash flow translational exposure with cash flow instruments.

For the year to 31 December 2018, if on average GBP had strengthened/(weakened) against USD by 10%, with all other variables held constant, the loss before income tax would have been £0.8m lower/(higher) (2017: £0.3m higher/(lower)) due to the translation of foreign currency denominated earnings.

Mergermarket Topco Limited

3.1 Group financial risk factors (cont'd)

(a) Market risk (cont'd)

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During 2018 the Group's borrowings at variable rate were denominated in GBP and USD.

At 31 December 2018, if interest rates on borrowings had been 10 basis points higher/(lower) with all other variables held constant, the calculated loss before income tax for the year would have been £0.6m (2017: £0.4m) higher/(lower). The Group has taken out the following interest rate caps to mitigate the impact of potential future increases in LIBOR rates.

Currency	Notional Amount	Effective date	Maturity date	Strike
USD	\$100,000,000	11/07/2017	12/10/2019	2.5%
USD	\$306,000,000	12/10/2019	12/10/2021	4.5%
GBP	£114,000,000	11/07/2017	12/10/2019	2.0%
GBP	£160,000,000	12/10/2019	12/10/2021	2.5%

(b) Credit risk

Credit risk arises from cash and cash equivalents held with banks and financial institutions, as well as credit exposures to outstanding receivables from customers. For banks and financial institutions, only independently rated parties with a minimum equivalent rating of 'A' as defined by Standard and Poor's are accepted.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers who are internationally dispersed.

Mergermarket Topco Limited

3.1 Group financial risk factors (cont'd)

(c) Liquidity risk

Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
All figures in £'000					
At 31 December 2017					
Borrowings	(6,823)	(20,468)	(27,290)	(81,871)	(505,700)
Trade and other payables	(10,989)	-	-	-	-
At 31 December 2018					
Borrowings	(7,876)	(23,628)	(31,503)	(94,510)	(509,777)
Trade and other payables	(7,339)	-	-	-	-

3.2 Capital management

Sources of capital for the Group include shareholder equity, bank borrowings and cash generated from operations. The amount of shareholder equity and bank borrowings as at 31 December 2018 are disclosed in notes 16 and 19 respectively.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Mergermarket Topco Limited

4 Revenue and other income

4.1 Revenue

	Group Year ended 31 December	Group Year ended 31 December	Company Year ended 31 December	Company Year ended 31 December
All figures in £'000	2018	2017	2018	2017
Revenues from contracts with customers	185,236	175,449	-	-
Total revenues	185,236	175,449	-	-

Income from other sources: grants has been presented separately from revenues from contracts with customers. See note 4.2

4.2 Other income

	Group Year ended 31 December	Group Year ended 31 December	Company Year ended 31 December	Company Year ended 31 December
All figures in £'000	2018	2017	2018	2017
Income from other sources: grants	584	317	-	-
Income from other sources: rent	420	420	-	-
Total revenues	1,004	737	-	-

Mergermarket Topco Limited

5 Expenses

5.1 Expenses by nature

		Group Year ended 31 December	Group Year ended 31 December	Company Year ended 31 December	Company Year ended 31 December
All figures in £'000	Note	2018	2017	2018	2017
Employee benefit expense	6	95,768	92,566	-	-
Depreciation	11	2,464	2,283	-	-
Amortisation of internally generated intangibles	12	10,113	5,773	-	-
Amortisation of acquired intangible assets	12	20,916	23,680	-	-
Impairment of intangible assets	12	3,253	-	-	-
Operating lease payments		6,218	6,304	-	-
Deal fees		3,863	8,041	-	310
Gain on disposal	25	-	(2,324)	-	-
Foreign exchange losses/(gains)	7	10,927	(2,064)	-	-
Other expenses		24,493	26,989	-	-
Total cost of sales and administrative expenses		178,015	161,248	-	310

Income from other sources: rent has been presented separately from operating lease payments. See note 4.2

5.2 Auditors' remuneration

During the year the Group obtained the following services from the Company's auditors and its associates:

	Group Year ended 31 December	Group Year ended 31 December
All figures in £'000	2018	2017
Fees payable to Company's auditors and its associates for the audit of Company and consolidated financial statements	272	80
Fees payable to Company's auditors and its associates for other services:		
– The audit of Company's subsidiaries	50	212
– Tax advisory services	71	30
– Deal related advisory services	-	280
– Other services	37	-
	430	602

Mergermarket Topco Limited

6 Employees

6.1 Employee benefit expense

	Group Year ended 31 December	Group Year ended 31 December	Company Year ended 31 December	Company Year ended 31 December
All figures in £'000	2018	2017	2018	2017
Wages and salaries (including termination benefits and restructuring costs)	84,753	82,702	-	-
Social security costs	6,944	6,672	-	-
Other pension costs	4,071	3,192	-	-
Total employee benefit expense	95,768	92,566	-	-

Director emoluments are disclosed in note 26.

6.2 Monthly average number of people employed

	Group Year ended 31 December	Group Year ended 31 December
	2018	2017
Average number of people employed (including contractors)	1,665	1,486
Monthly average number of people (including executive directors) employed:		
Content creation	1,235	1,092
Commercial	300	277
Administration	130	117
Total average headcount	1,665	1,486

The numbers above exclude people employed by third party suppliers.

There were no people employed by the Company during the year (2017: none).

Mergermarket Topco Limited

7 Net foreign exchange losses/(gains)

The exchange differences debited/(credited) to the income statement are included as follows:

	Group Year ended 31 December 2018	Group Year ended 31 December 2017
All figures in £'000	2018	2017
Administrative expenses	10,927	(2,064)
Total	10,927	(2,064)

8 Finance income and costs

	Group Year ended 31 December 2018	Group Year ended 31 December 2017	Company Year ended 31 December 2018	Company Year ended 31 December 2017
All figures in £'000	2018	2017	2018	2017
Finance expense:				
– Bank borrowings	(29,379)	(20,822)	-	-
– Deep discounted bonds	-	(15,671)	-	-
– Group issued preference shares	(22,839)	(7,257)	-	-
– Company issued preference shares	-	(132)	-	(132)
– Amortised finance costs	(3,219)	(11,892)	-	-
Finance costs	(55,437)	(55,774)	-	(132)
Finance income:				
– Interest income on bank deposits	23	6	-	-
– Other interest income	4	-	-	-
– Dividend income from investments	-	-	-	64,088
Finance income	27	6	-	64,088
Net finance (costs)/income	(55,410)	(55,768)	-	63,956

Bank borrowing expense relates to interest arising on bank borrowings.

Mergermarket Topco Limited

9 Investments

9.1 Subsidiaries

Name	Registered address	Nature of business	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)
Mergermarket Nominee Limited	10 Queen Street Place, London EC4R 1BE, UK	Nominee company	100	-
Mergermarket Midco 1 Limited	10 Queen Street Place, London EC4R 1BE, UK	Holding company	100	-
Mergermarket Midco 2 Limited	10 Queen Street Place, London EC4R 1BE, UK	Holding company	-	100
Mergermarket Bidco Limited	10 Queen Street Place, London EC4R 1BE, UK	Holding Company	-	100
Mergermarket USA Inc.	2711 Centerville Road, Suite 400, Wilmington, County of New Castle, Delaware 19808	Holding Company	-	100
Mergermarket (US) Limited	1501 Broadway, 8th Floor New York, NY 10036, USA	Provider of information services	-	100
Mergermarket Boston Inc.	National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Delaware 19904, USA	Provider of information services	-	100
Xtract Research LLC	3773 Cherry Creek Drive North, Denver, CO 80209, USA	Provider of information services	-	100
Mergermarket Consulting (Australia) Pty Limited	Level 2, 40 King Street, Sydney, NSW 2000, Australia	Provider of information services	-	100
Mergermarket (India) Private Limited	13th Floor, India Bulls Finance Centre, Tower 3, Senapati Bapat Marg, Elphinstone West, Mumbai, 40013, India	Provider of information services	-	100
Mergermarket Limited	10 Queen Street Place, London EC4R 1BE, UK	Provider of information services	-	100
Mergermarket (Overseas) Limited	10 Queen Street Place, London EC4R 1BE, UK	Provider of information services	-	100
Hoxton Holdings Limited	10 Queen Street Place, London EC4R 1BE, UK	Holding Company	-	100
Inframation Limited	10 Queen Street Place, London EC4R 1BE, UK	Provider of information services	-	100
InfraAmericas Inc.	National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Delaware 19904, USA	Provider of information services	-	100
Mergermarket Brasil Consultoria Ltda	Avenida Paulista 453, Conjunto 71 Edificio Olivetti, Sao Paulo, SP 01311-000, Brazil	Provider of information services	-	100

Mergermarket Topco Limited

9.1 Subsidiaries (cont'd)

Mergermarket FZ LLC	1405, Floor 14, Aurora Tower, Dubai, UAE	Provider of information services	-	100
Mergermarket Consulting Limited	Suite 1602-06, 181 Queen's Road Central, Hong Kong	Provider of information services	-	100
Mergermarket Consulting (Singapore) Pte Ltd	30 Cecil Street, #19-08 Prudential Tower, Singapore 049712	Provider of information services	-	100
Perfect Information Limited	10 Queen Street Place, London EC4R 1BE, UK	Provider of information services	-	100
Perfect Information (Asia Pacific) Limited	601 Prince's Building, Chater Road, Central Hong Kong	Dormant	-	100
C6 Data Intelligence Limited	10 Queen Street Place, London EC4R 1BE, UK	Provider of information services	-	100
Identity Theft Prevention Limited	10 Queen Street Place, London EC4R 1BE, UK	Provider of information services	-	100
C6 Enhanced Intelligence Limited	10 Queen Street Place, London EC4R 1BE, UK	Provider of information services	-	100
C6 Intelligence Information Systems Limited	10 Queen Street Place, London EC4R 1BE, UK	Provider of information services	-	100
Creditflux Limited	10 Queen Street Place, London EC4R 1BE, UK	Provider of information services	-	100
Credit Rubric Limited	10 Queen Street Place, London EC4R 1BE, UK	Provider of information services	-	73
youDevise Limited	10 Queen Street Place, London EC4R 1BE, UK	Provider of information services	-	100
youDevise Inc	160 Greentree Drive, Suite 101, Dover, Delaware, 19904, USA	Provider of information services	-	100
youDevise (Hong Kong) Limited	Suite 1602-06, 181 Queen's Road Central, Hong Kong	Provider of information services	-	100
Acuris RMN S.R.L	4D Gara Herastrau St, Building C, 5th floor, Office 9, 2nd District, Bucharest, Romania	Provider of business support services	-	100
Great North Road Media Inc	1501 Broadway, 8th Floor New York, NY 10036, USA	Provider of information services	-	100

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Company do not differ from the proportion of ordinary shares held.

Mergermarket Topco Limited

9.2 Investment in subsidiaries

	Company Year ended 31 December 2018	Company Year ended 31 December 2017
All figures in £'000		
Shares in Group undertakings		
Beginning of year	305,357	384,106
Additions	-	162
Revaluation of subsidiary Company investments	6,678	(78,911)
End of year	312,035	305,357

The investments have been revalued using level 3 of the fair value hierarchy as defined by IFRS 13 Fair Value Measurement. The methodology used is to apply comparative listed company cash EBITDA multiples against the Group's cash EBITDA to obtain an enterprise value. There are no other inputs subject to significant estimation uncertainty. Net debt-like items are deducted from the enterprise valuation to arrive at an equity valuation.

If the earnings multiple used was to increase 10%, the value of the investment would be £407.0m (2017: £397.9m) and if it was to decrease 10% the value of the investment would be £217.1m (2017: £212.9m).

The Company increased its investment in Mergermarket Midco 1 Limited through the purchase of £0.2m of ordinary shares on 16 August 2017.

Mergermarket Topco Limited

10 Income tax (charge)/credit

	Group Year ended 31 December 2018	Group Year ended 31 December 2017
All figures in £'000	2018	2017
Current tax:		
Current tax on loss for the year	(2,764)	(4,854)
Adjustments in respect of prior periods	339	769
Total current tax	(2,425)	(4,085)
Deferred tax (note 20):		
Origination and reversal of temporary differences	2,766	5,362
Adjustments in respect of prior periods	(462)	(98)
Total deferred tax	2,304	5,264
Income tax (expense)/credit	(121)	1,179

There is no income tax charge on the company's results (2017: £nil).

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the corporate UK tax rate:

	Group Year ended 31 December 2018	Group Year ended 31 December 2017	Company Year ended 31 December 2018	Company Year ended 31 December 2017
All figures in £'000	2018	2017	2018	2017
(Loss)/result/profit before income tax	(47,185)	(40,830)	-	63,646
Tax calculated at UK tax rate of 19.00% (2017: 19.25%)	8,965	7,860	-	(12,252)
Tax effects of:			-	
– Effect of overseas tax rates	(1,504)	(130)	-	-
– Expenses not deductible for tax purposes	(8,853)	(7,972)	-	(85)
– Tax losses for which deferred income tax asset was recognised	717	683	-	-
– Adjustment to tax balances arising from change in tax rates	-	1,674	-	-
– Taxable income on sale of assets	-	(1,585)	-	-
– Income not subject to tax	537	-	-	-
– Relief from tax attributable to related parties	-	-	-	-
– Deferred income tax on impaired assets	-	-	-	-
– Adjustments in respect of prior years	123	671	-	-
– Dividend income not subject to tax	-	-	-	12,337
– Other	(106)	(22)	-	-
Income tax credit	(121)	1,179	-	-

Mergermarket Topco Limited

11 Property, plant and equipment

All figures in £'000	Computers and Office equipment	Fixtures and Fittings	Total
Cost			
At 1 January 2017	9,460	3,990	13,450
Acquisition of subsidiaries (note 24)	208	51	259
Additions	1,854	2,201	4,055
Disposals	(550)	(325)	(875)
Exchange differences	(297)	(117)	(414)
As at 31 December 2017	10,675	5,800	16,475
Acquisition of subsidiaries (note 24)	-	-	-
Additions	1,550	502	2,052
Disposals	(6,624)	(1,095)	(7,719)
Exchange differences	217	52	269
As at 31 December 2018	5,818	5,259	11,077
Accumulated depreciation			
At 1 January 2017	(7,538)	(1,742)	(9,280)
Depreciation charge (note 5)	(1,308)	(975)	(2,283)
Disposals	533	165	698
Exchange differences	237	59	296
As at 31 December 2017	(8,076)	(2,493)	(10,569)
Depreciation charge (note 5)	(1,455)	(1,009)	(2,464)
Disposals	6,624	1,095	7,719
Exchange differences	(173)	(42)	(215)
As at 31 December 2018	(3,080)	(2,449)	(5,529)
Net book value			
As at 31 December 2017	2,599	3,307	5,906
As at 31 December 2018	2,738	2,810	5,548

Depreciation expense has been charged to "administrative expenses". The Group does not hold any property, plant or equipment under finance lease agreements. The Company holds no property, plant or equipment.

Disposals in the prior year include assets written down in respect of property leases that have ended and where the Group no longer occupies the premises.

During the year the Group reviewed its fixed asset portfolio and removed aged items through the disposal line. There was no loss or gain on disposal as the assets were fully depreciated.

Mergermarket Topco Limited

12 Intangible assets

	Goodwill	Acquired customer relationships, trademarks and other intangibles	Internally generated software	Total
All figures in £'000				
Cost				
At 1 January 2017	325,010	212,190	13,784	550,984
Acquisition of subsidiaries (note 24)	20,539	11,004	-	31,543
Additions	-	-	10,301	10,301
Disposals (note 25)	-	(754)	(367)	(1,121)
Exchange differences	(5,293)	(5,824)	(21)	(11,138)
As at 31 December 2017	340,256	216,616	23,697	580,569
Acquisition of subsidiaries (note 24)	17,454	4,372	-	21,826
Additions	-	-	14,236	14,236
Disposals (note 25)	-	-	-	-
Exchange differences	4,032	3,768	52	7,852
As at 31 December 2018	361,742	224,756	37,985	624,483
Accumulated amortisation and impairment				
At 1 January 2017	-	(67,928)	(5,802)	(73,730)
Amortisation charge	-	(23,680)	(5,773)	(29,453)
Disposals (note 25)	-	263	-	263
Exchange differences	-	2,567	3	2,570
As at 31 December 2017	-	(88,778)	(11,572)	(100,350)
Amortisation charge	-	(20,916)	(10,113)	(31,029)
Impairment	-	(3,253)	-	(3,253)
Exchange differences	-	(2,082)	(14)	(2,096)
As at 31 December 2018	-	(115,029)	(21,699)	(136,728)
Net book value				
As at 31 December 2017	340,256	127,838	12,125	480,219
As at 31 December 2018	361,742	109,727	16,286	487,755

Mergermarket Topco Limited

12 Intangible assets (cont'd)

Impairment tests for goodwill

The goodwill within the Group is allocated to one CGU which represents the total Topco Group. The recoverable amount of the CGU is based on value in use calculations. Goodwill is tested for impairment annually with no impairment for the current year. Other than goodwill there are no intangible assets with indefinite lives.

Key assumptions

The key assumptions used by management in testing goodwill for impairment were:

Discount rate. A pre-tax discount rate of 11.5% (2017: 11.5%) was assumed. The discount rate is based on the Company's cost of capital as reflected by the relative weightings of the cost of debt and equity.

Perpetuity growth rate. A perpetuity growth rate of 2.0% (2017: 2.0%) was used for cash flows subsequent to the forecast period of 5 years. The forecasts for the first 5 years are conservative when compared with recent historical experience. The perpetuity growth rate is a conservative rate and is considered to be lower than the long-term historical growth rates experienced by the CGU.

Mergermarket Topco Limited

13 Financial instruments

All figures in £'000

Group as at 31 December 2018			
	Assets at amortised cost	Assets at fair value through profit and loss	Total
Assets as per balance sheet			
Trade and other receivables excluding prepayments	46,185	-	46,185
Interest rate derivatives	-	557	557
Cash and cash equivalents	28,506	-	28,506
Total	74,691	557	75,248

All figures in £'000

Group as at 31 December 2017			
	Assets at amortised cost	Assets at fair value through profit and loss	Total
Assets as per balance sheet			
Trade and other receivables excluding prepayments	48,890	-	48,890
Interest rate derivatives	-	-	-
Cash and cash equivalents	32,392	-	32,392
Total	81,282	-	81,282

For trade and other receivables that are neither past due or impaired, there is no history of material defaults.

Cash and cash equivalent balances are held with banks and financial institutions with a minimum equivalent rating of 'A' as defined by Standard and Poor's with the exception of £36k held with an institution in Brazil with an equivalent 'BBB-' rating with Standard and Poor's

In the Company financial statements £312.0m (2017: £305.4m) of investments are recognised as financial assets at fair value through other comprehensive income (note 9.2).

Mergermarket Topco Limited

13 Financial instruments (cont'd)

All figures in £'000

Group as at 31 December 2018		
	Financial liabilities at amortised cost	Total
Liabilities as per balance sheet		
Borrowings	678,434	678,434
Trade and other payables excluding non-financial liabilities	10,891	10,891
Accruals	24,356	24,356
Total	713,681	713,681

All figures in £'000

Group as at 31 December 2017		
	Financial liabilities at amortised cost	Total
Liabilities as per balance sheet		
Borrowings	637,083	637,083
Trade and other payables excluding non-financial liabilities	13,657	13,657
Accruals	23,683	23,683
Total	674,423	674,423

For borrowings, the Group has complied with the financial covenants of its borrowing facilities during the 2018 and 2017 reporting period. Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 3.1.

Mergermarket Topco Limited

14 Trade and other receivables

	Group	Group	Company	Company
All figures in £'000 as at 31 December	2018	2017	2018	2017
Trade receivables	45,435	47,407	-	-
Less: provision for impairment of trade receivables	(1,379)	(1,575)	-	-
Trade receivables – net	44,056	45,832	-	-
Prepayments	4,672	3,847	5	5
Interest rate derivatives	557	-	-	-
Receivable from related party (note 26)	-	-	241	241
Other receivables	2,129	3,058	78	7
Current portion	51,414	52,737	324	253

Trade receivables are stated at fair value, net of provisions for expected losses

The ageing analysis of trade receivables is as follows:

All figures in £'000 as at 31 December	2018	2017
Within due date	23,135	23,884
Up to 3 months	19,569	19,228
3 to 6 months	1,144	1,657
6 months plus	1,587	2,638
	45,435	47,407
Less: provision for impairment of trade receivables	(1,379)	(1,575)
Trade receivables – net	44,056	45,832

The provision for impaired trade receivables relates to those receivables that under the expected credit loss model represent a fair estimation of the recoverability of balances.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

All figures in £'000 as at 31 December	2018	2017
UK pound	26,222	26,306
US dollar	22,600	24,141
Euros	535	660
Other currencies	2,057	1,630
	51,414	52,737

Mergermarket Topco Limited

14 Trade and other receivables (cont'd)

Movements on the Group provision for impairment of trade receivables are as follows:

All figures in £'000 as at 31 December	2018	2017
Opening balance	(1,575)	(1,662)
Acquisition of subsidiaries	-	(34)
Additional provision for impairment of receivables	(8)	(6)
Receivables written off during the year as uncollectible	234	93
Other	-	(62)
Exchange differences	(30)	96
At 31 December	(1,379)	(1,575)

The creation and release of provision for impaired receivables have been included in 'administrative expenses' in the income statement. Other movements represent amounts previously recognised in accruals and other payables.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

15 Cash and cash equivalents

All figures in £'000 as at 31 December	Group	Group	Company	Company
	2018	2017	2018	2017
Cash at bank and in hand	28,506	32,392	407	348
Cash and cash equivalents	28,506	32,392	407	348

Mergermarket Topco Limited

16 Share capital and premium

Allotted, issued and fully paid	Number of shares (thousands)	Nominal value £'000	Share premium £'000	Total £'000
A Ordinary shares	3,144	31	-	31
B Ordinary shares	92	92	-	92
C Ordinary shares	167	2	-	2
D Ordinary shares	39	1	-	1
Deferred Ordinary shares	-	-	127	127
Preference shares	-	-	-	-
At 31 December 2017	3,442	126	127	253
A Ordinary shares	3,144	31	-	31
B Ordinary shares	92	92	-	92
C Ordinary shares	167	2	-	2
D Ordinary shares	39	1	-	1
E Ordinary shares	863	-	129	129
Deferred Ordinary shares	-	-	127	127
Preference shares	-	-	-	-
At 31 December 2018	4,305	126	256	382

The movement of share capital and premium during the year was as follows:

All figures in £'000	Nominal value	Share premium	Total
At 31 December 2016	216	5,453	5,669
Bonus share issue	-	362,900	362,900
Capital reduction	-	(368,353)	(368,353)
A Ordinary share buyback	(7)	-	(7)
Redemption of preference shares	(15)	-	(15)
Cancellation of deferred shares	(68)	-	(68)
Deferred share issue	-	127	127
At 31 December 2017	126	127	253
Issue of E Ordinary Shares	-	129	129
At 31 December 2018	126	256	382

During the year, the Company issued 863,332 E Ordinary shares with a nominal value of £0.0001 per share at a price of £0.15 per share.

During 2017, the Company issued 1 A Ordinary share of £0.01 as part of a bonus share issue. The Company applied £362.9m from the revaluation reserve in lieu of payment of the bonus share. Following the bonus issue, the Company carried out a capital reduction by way of the solvency statement procedure under section 641(1)(a) of the Companies Act. As a result, the Company transferred £368.4m from the share premium reserve to retained earnings. On 16 August 2017, the Company purchased 688,032 A Ordinary shares of £0.01 as part of a share buyback, redeemed 1,531,341 preference shares of £0.01 each and issued 1 deferred share of £0.01. After a sub-division of B Ordinary shares and re-designation into deferred shares, 6,755,067 of deferred shares of £0.01 each were cancelled on 26 September 2017.

The holders of Ordinary shares are entitled to share equally in the distributable profits of the Company subject to distributions being approved by the Directors of the Company.

Mergermarket Topco Limited

17 Trade and other payables

	Group	Group	Company	Company
All figures in £'000 as at 31 December	2018	2017	2018	2017
Trade payables	3,441	5,569	-	-
Social security and other taxes	3,552	2,668	-	-
Payable to related parties (note 26)	-	-	1,025	1,025
Interest payable on bank borrowings	1,068	2,412	-	-
Other payables	2,830	3,008	-	-
	10,891	13,657	1,025	1,025

18 Contract liabilities

All figures in £'000

At 1 January 2017	89,370
New customer contracts	184,758
Acquisitions	6,632
Obligations satisfied	(175,449)
Exchange differences	(4,035)
At 31 December 2017	101,276
New customer contracts	189,811
Acquisitions	1,708
Obligations satisfied	(185,236)
Exchange differences	2,728
At 31 December 2018	110,287

Mergermarket Topco Limited

19 Borrowings

All figures in £'000 as at 31 December	Group	Group	Company	Company
Group	2018	2017	2018	2017
Non-current				
Bank borrowings	(482,838)	(454,826)	-	-
Less capitalised finance costs on bank borrowings	12,026	14,578	-	-
Preference shares	(196,963)	(182,257)	-	-
	(667,775)	(622,505)	-	-
Current				
Bank borrowings	-	-	-	-
Less capitalised finance costs on bank borrowings	-	-	-	-
	-	-	-	-
Total borrowings	(667,775)	(622,505)	-	-

Borrowings are stated at historical cost less repayment of principal amounts.

a) Bank borrowings

Bank borrowings mature in August 2024 and August 2025 and apart from exceptional events occurring, no mandatory repayments are required under the Group's borrowing arrangements before these dates.

Interest rates on the Group's borrowings are subject to changes in LIBOR. The minimum amount payable ranges from 4.25% to 7.25%. Borrowings are unsecured but the Group is subject to negative covenants.

During the year the Group borrowed an additional USD 18.5m under a revolving credit facility. These borrowings mature in February 2024 and are subject to interest at LIBOR + 3.5%.

In the year ended 31 December 2017, the Group refinanced its borrowings raising USD 306.0m and GBP 228.0m of new bank borrowings and using the proceeds to repay existing bank borrowings.

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates at the end of the year are as follows:

All figures in £'000 as at 31 December	2018	2017
6 months or less	482,838	454,826
6–12 months	-	-
1–5 years	-	-
Over 5 years	-	-
	482,838	454,826

The carrying amounts of the Group's borrowings are denominated in the following currencies:

All figures in £'000 as at 31 December	2018	2017
US dollar	254,838	226,826
British pound	228,000	228,000
	482,838	454,826

Mergermarket Topco Limited

19 Borrowings (cont'd)

The Group has the following undrawn borrowing facilities:

All figures in £'000 as at 31 December	2018	2017
Floating rate:		
Expiring within one year	-	-
Expiring beyond one year	34,600	49,700
Total	34,600	49,700

Capitalised finance costs represent fees paid to secure the Group's borrowings. These fees are capitalised and amortised over the life of the underlying borrowings. Movement on capitalised finance costs during the year were as follows:

All figures in £'000	
At 1 January 2017	6,954
Capitalised finance costs	15,591
Amortised finance costs	(7,967)
Exchange differences	-
At 31 December 2017	14,578
Capitalised finance costs	-
Amortised finance costs	(2,552)
Exchange differences	-
At 31 December 2018	12,026

In the year to 31 December 2019, £2.6m of finance costs are expected to be amortised.

Mergermarket Topco Limited

19 Borrowings (cont'd)

b) Preference shares

On 16 August 2018, the Group issued preference shares with a subscription value of £175.0m. Holders of the preference shares have a right to receive preferential cash interest payments before ordinary shareholders received dividends. The interest paid on the preference shares is based on LIBOR plus 10% for the first 6 years and LIBOR plus 11% thereafter. Interest on any unpaid payments is accrued at an additional rate of 1% per annum. The shares have no mandatory fixed redemption date but must be redeemed on the occurrence of certain trigger events. The shares may be redeemed at any time at the option of the Group.

The preference shares recognised in the balance sheet is calculated as follows:

All figures in £'000		
Group	2018	2017
At 1 January	182,257	-
Preference shares issued	-	175,000
Interest expense (note 8)	22,839	7,257
Interest paid	(8,133)	-
At 31 December	196,963	182,257

Mergermarket Topco Limited

20 Deferred income tax

Group

The analysis of deferred tax assets and deferred tax liabilities is as follows:

All figures in £'000 as at 31 December	2018	2017
Deferred tax assets	4,206	4,029
Deferred tax liabilities	(15,090)	(16,028)
Net deferred tax	(10,884)	(11,999)

The gross movement on the deferred income tax account is as follows:

All figures in £'000	
At 1 January 2017	(15,955)
Acquisition of subsidiaries (note 24)	(1,108)
Credited to the income statement (note 10)	5,264
Exchange differences	(200)
At 31 December 2017	(11,999)
Acquisition of subsidiaries (note 24)	(1,277)
Credited to the income statement (note 10)	2,304
Exchange differences	88
At 31 December 2018	(10,884)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

All figures in £'000	Goodwill and intangibles
Deferred tax liabilities	
At 1 January 2017	(20,666)
Acquisition of subsidiaries (note 24)	(1,108)
Credited to the income statement	5,820
Exchange differences	(74)
At 31 December 2017	(16,028)
Acquisition of subsidiaries (note 24)	(1,277)
Credited to the income statement	2,239
Exchange differences	(24)
At 31 December 2018	(15,090)

Mergermarket Topco Limited

20 Deferred income tax (cont'd)

All figures in £'000

Deferred tax assets	Accruals	Tax losses	Total
At 1 January 2017	3,429	1,282	4,711
Expensed to the income statement	(298)	(258)	(556)
Exchange differences	(7)	(119)	(126)
At 31 December 2017	3,124	905	4,029
Credited/(expensed) to the income statement	292	(227)	65
Exchange differences	87	25	112
At 31 December 2018	3,503	703	4,206

Deferred income tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

At the balance sheet date, the Group had unrecognised deferred tax assets of £0.3m (2017: £0.4m).

Mergermarket Topco Limited

21 Provisions

All figures in £'000

At 1 January 2017	1,800
Acquisitions (note 24)	4,453
Expensed to the income statement	1,840
At 31 December 2017	8,093
Acquisitions (note 24)	5,431
Utilised provision	(5,383)
Credited to the income statement	(2,710)
Exchange differences	265
At 31 December 2018	5,696

In the year ended 31 December 2017, an additional provision of £1.8m was recognised for deferred consideration in relation to the acquisition of Creditflux Limited. The expense was recognised in "administrative expenses" in the Income Statement. The provision was utilised in the year ended 31 December 2018.

In the year ended 31 December 2017 a £4.5m provision was recognised for the expected deferred consideration payable in relation to the acquisition of YouDevise Limited and subsidiaries. This consideration was dependant on the results of the business in 2017, 2018 and 2019. The provision was recognised within goodwill acquired. During the year £1.8m was utilised and £2.7m released to the Income Statement.

During the year, a £5.4m provision was recognised for deferred consideration in relation to the acquisition of Great North Road Media Inc. The provision was recognised within goodwill acquired. The consideration payable will be dependant on the results of the business for the year ended 31st December 2020.

Mergermarket Topco Limited

22 Cash generated from operations

	Group Year ended 31 December	Group Year ended 31 December	Company Year ended 31 December	Company Year ended 31 December
	2018	2017	2018	2017
All figures in £'000				
Operating profit/result/(loss)	8,225	14,938	-	(310)
Adjustments for:				
– Depreciation (note 11)	2,464	2,283	-	-
– Amortisation (note 12)	31,029	29,453	-	-
– Impairment of intangible assets (note 12)	3,253	-	-	-
– Profit on disposal of property, plant and equipment (note 24)	-	(2,324)	-	-
– Net foreign exchange adjustments from transactions	11,345	6,079	-	-
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):				
– Trade and other receivables	4,162	1,879	(70)	(207)
– Trade and other payables	(10,060)	(2,992)	-	234
– Contract liabilities	4,575	14,177	-	-
Cash generated from/(used in) operations	54,993	63,493	(70)	(283)

23 Commitments

(a) Capital Commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

Group	2018	2017
All figures in £'000 as at 31 December		
Property, plant and equipment	-	-

(b) Operating lease commitments – Group Company as lessee

The Group leases office space under non-cancellable operating lease agreements. The lease terms are between 2 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Group	2018	2017
All figures in £'000 as at 31 December		
No later than 1 year	6,534	5,183
Later than 1 year and no later than 5 years	22,785	18,296
Later than 5 years	1,295	14,349
	30,614	37,828

Mergermarket Topco Limited

24 Business combinations

On 01 June 2018, the Group acquired 100% of the issued shares of Great North Road Media Inc.

Fair values for the assets and liabilities arising from acquisitions in the year to 31 December 2018 are as follows:

All figures in £'000	Total fair value
Intangible assets	4,372
Trade and other receivables	389
Cash and cash equivalents	886
Deferred income tax liabilities	(1,277)
Trade and other liabilities	(2,467)
Net assets acquired at fair value	1,903
Goodwill	17,454
Total	19,357
Satisfied by:	
Cash	13,926
Contingent consideration	5,431
Total consideration	19,357

The fair value of contingent consideration of £5.4m is a level 3 fair value measurement. This fair value was estimated based on expected revenues and profit for Great North Road Media Inc in the years to 31 December 2020. The maximum deferred consideration amount is USD 10.0m.

The acquired business contributed revenues of £1.5m and cash EBITDA of £0.9m to the group for the period from 10 June to 31 December 2018. If the acquisition had occurred on 1 January 2018, consolidated pro-forma revenue and cash EBITDA for the year ended 31 December 2018 would have been £2.6m and £1.7m respectively.

Mergermarket Topco Limited

24 Business combinations (cont'd)

On 19 May 2017, the Group acquired 100% of the issued shares of YouDevise Limited.

Values for the assets and liabilities arising from acquisitions in the year to 31 December 2017 are as follows:

All figures in £'000	Total fair value
Property, plant and equipment	259
Intangible assets	11,004
Trade and other receivables	3,306
Cash and cash equivalents	2,893
Current tax receivable	68
Deferred income tax liabilities	(1,108)
Trade and other liabilities	(9,489)
Net assets acquired at fair value	6,933
Goodwill	20,539
Total	27,472
Satisfied by:	
Cash	23,019
Contingent consideration	4,453
Total consideration	27,472

The fair value of contingent consideration of £4.5m is a level 3 fair value measurement. This fair value was estimated based on expected revenues and profit for YouDevise Limited and subsidiaries in the years to 31 December 2017, 2018 and 2019. The maximum deferred consideration amount is £35.0m.

Mergermarket Topco Limited

25 Disposal of interests

On 7 April 2017, the Group completed the sale of the Biopharm Insight and High Net Worth products and on 29 December 2017, the sale of the CDS business.

Sale proceeds and value of assets and liabilities sold are as follows:

All figures in £'000	Total fair value
Cash received, net of costs	6,964
Amounts held in escrow	957
Sale proceeds, net of costs	7,921
Assets held for sale	(8,771)
Liabilities held for sale	3,096
Property, plant and equipment	(1)
Intangible assets	(858)
Other assets	42
Other liabilities	195
Contract liabilities	442
Exchange differences	258
Profit on disposal	2,324

Mergermarket Topco Limited

26 Related party transactions

Key management personnel

Key management personnel are deemed to be the board of directors of the Company. The board has responsibility for planning, directing and controlling the activities of the Group. Key management personnel compensation is disclosed below:

	Group Year ended 31 December	Group Year ended 31 December
All figures in £'000	2018	2017
Salaries and other short term benefits	808	1,055
Post employment benefits	13	13
	821	1,068

The highest paid director's emoluments were as follows:

	Group Year ended 31 December	Group Year ended 31 December
All figures in £'000	2018	2017
Salaries and other short term benefits	513	625
Post employment benefits	7	7
	520	632

The Group purchased services for £11,796 (2017: £23,032) from ELM Media Limited, a filming and production Company, to market the Group's products. Hamilton Matthews, a director of the Company, is related to a Director and shareholder of ELM Media Limited.

Hamilton Matthews, is a director of Protecture Limited which provided data protection services for £8,000 to the Group during the year (2017: £8,000).

Mergermarket Topco Limited

26 Related party transactions (cont'd)

Other related party transactions

On 16 August 2017, Euro Ventures PTE LTD, a subsidiary company of GIC, acquired a 31.0% interest in the Ordinary share capital of the Company.

During the year, the Company incurred Directors fees of £50,000 (2017: £90,187) from BC Partners LLP; £25,000 (2017: 9,375) from Euro Ventures PTE LTD; £9,627 (2017: £nil) from GIC(London) Private Ltd; and £100,000 (2017: £nil) from MM Acquisition Sarl.

Parent company related party transactions

The following amounts are receivable from subsidiary companies:

All figures in £'000 as at 31 December	2018	2017
Mergermarket Bidco Limited	241	241
	241	241

The following amounts are payable to subsidiary companies:

All figures in £'000 as at 31 December	2018	2017
Mergermarket Limited	(234)	(234)
Mergermarket US Limited	(20)	(20)
Mergermarket Midco 1 Limited	(771)	(771)
	(1,025)	(1,025)

Subsidiary undertakings

During the year Credit Rubric Limited, a 73% owned subsidiary, purchased research services from Mergermarket (India) Pte Limited on a cost plus basis to the value of £158k (2017: £nil). As at year end £163k (2017: £nil) was owed to Mergermarket (India) Pte Limited.

During the year Credit Rubric Limited, a 73% owned subsidiary, purchased research services from Mergermarket Consulting (Singapore) Pte Ltd on a cost plus basis to the value of £nil (2017: £39k). As at year end £39k (2017: £39k) was owed to Mergermarket Consulting (Singapore) Pte Ltd.

Mergermarket Topco Limited

27 Events after the reporting date

On 11th May 2019 the Company's shareholders entered an agreement with Ion Trading Ltd, incorporated in Ireland, for the sale of shares in the Company to Ion Trading Ltd. It is expected that on completion, Ion Trading Ltd will hold a 75% beneficial interest in the Group with the remainder held by funds controlled by BC Partners Limited.

Following the year end, the Group acquired the Blackpeak Group, a provider of complex due diligence, research and investigation services, with a particular focus on capital markets, M&A and private equity. The initial purchase price for the acquisition is US\$18m and will be funded from existing cash balances and revolver drawdowns. This acquisition has no effect on the current year accounts.

28 Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking is MM Acquisition Sarl, a company incorporated in Luxembourg. MM Acquisition Sarl is controlled by funds advised by BC Partners Limited. A copy of the company accounts is available from 10 Queen Street Place, London, EC4R 1BE.

Mergermarket Topco Limited is the parent undertaking of the smallest Group of undertakings to consolidate these financial statements at 31 December 2018.

29 Financial statements and audit exemptions

The Mergermarket Topco Limited subsidiary companies listed below are exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of section 479A:

Name	Company Registration Number
Mergermarket Bidco Limited	08743375
Mergermarket Limited	03879547
Mergermarket (Overseas) Limited	08694431
Hoxton Holdings Limited	05052993
Inframation Limited	04581107
Perfect Information Limited	02758652
C6 Data Intelligence Limited	08926950
Identity Theft Prevention Limited	09088791
C6 Enhanced Intelligence Limited	08928795
C6 Intelligence Information Systems Limited	05048084
Credit Rubric Limited	10609715
youDevise Limited	03331176
Creditflux Limited	04252806