

Focused Flexible & Resilient



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Christie Group provides an extensive portfolio of professional services for the hospitality, leisure, healthcare, medical, childcare and education and retail sectors.

These include surveying, valuation, agency, consultancy, finance, insurance, stock control and business software solutions.

Our focus on a limited number of sectors gives us an unrivalled market awareness in each of these areas.

The results: a greater understanding of our clients' operations and a heightened ability to help them improve efficiency, enhance trading profits and increase the value of their businesses. In these ways, and through our innovative use of technology, we have built a reputation for making a significant contribution to our clients' commercial success.

Professional & Financial Services (PFS)

The expertise offered by Christie & Co, Christie Finance and Christie Insurance, covers all aspects of valuing, buying, selling, developing, financing and insuring a wide variety of businesses. Their scope is complemented by the comprehensive appraisal and project management services available from Pinders.

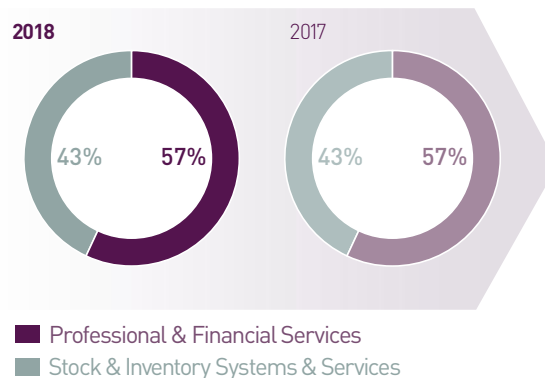
Stock & Inventory Systems & Services (SISS)

Orridge and Venners are the leading specialists in stock control and inventory management services. Orridge specialises in all fields of retail, Venners focuses on the hospitality sector and Vennersys provides software and systems to the leisure and hospitality sectors.

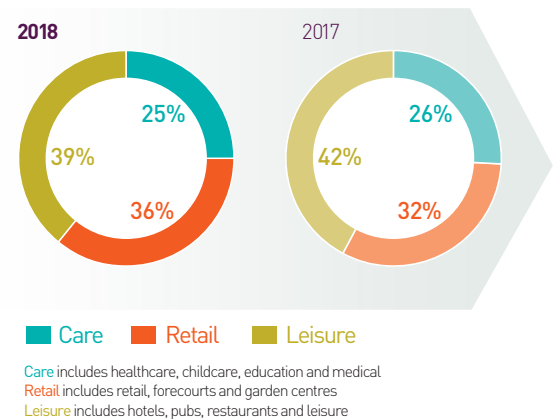
Highlights of the year

- Revenue growth of 6.3% to £76.1m (2017: £71.6m)
- Operating profit up by 8.4% to £4.1m (2017: £3.8m)
- Significant improvement in the performance of our international operations
- Earnings per share improved to 11.23p per share (2017: 9.47p per share)
- Total dividend for the year increased to 3.0p per share (2017: 2.75p per share)
- Strong performance for the PFS division with operating profit of £5.6m (2017: £5.3m)
- Challenging year for retail stocktaking within the SISS division, however a return to profit strategy implemented for UK retail stocktaking
- Record year for the hospitality stocktaking business

Revenue by division



Revenue by sector



Chairman and Chief Executive's review of the year



REVENUE

↑ £76.1m

INCREASE IN OPERATING PROFIT

↑ 8.4%

EPS

↑ 11.23p

DIVIDEND PER SHARE

↑ 3.0p

Our Professional & Financial Services Division ("PFS") moved ahead again, recording an operating profit of £5.6m (2017: £5.3m) from increased revenue of £43.5m (2017: £40.7m). Our Stock & Inventory Systems & Services Division ("SISS") increased revenue to £32.7m (2017: £31.0m). A reduced operating loss of £0.7m was achieved (2017: £1.1m).

We began to implement our return to profit strategy for our UK Retail stocktaking operation in the second half of 2018. Already, a number of initiatives have been accomplished.

"This was the first year of implementing our new strategy. We increased operating profit by over 8%, making progress towards realising our significant inherent potential."

“Today we have businesses based from 18 European cities and our progress in these centres suggests that Europe can deliver a significant proportion of the growth in revenues and profits that our strategy is designed to support.”

2018 was a year during which the Christie Group, its two divisions and its seven mutually complementary operating companies made tangible progress towards fully realising their significant inherent potential.

I believe there are several important reasons for this progress:

- the opportunity each company has to benefit from each other's activities, collectively delivering an integrated set of advisory and transactional services that are desirable for anybody buying, running or selling a property-based business;
- the existence of a proven, robust and scalable administrative platform that enables our client-facing professionals to deliver valuable services;
- the high profile and leading reputation of our brands;
- the increasing traction and profit contribution being achieved by operations based outside the UK; and
- the unique mix of digital expertise and specialist sector related expertise across many professional disciplines that our multi-generational workforce, built through a strategy of investment, training and development of our own people, brings to optimising the opportunities and solving the challenges our clients face.

This was also the first year of implementing our new five-year growth strategy and individually tailored company-level plans. Our strategy is based on a set of principles enabling us to focus more closely on the efficient delivery of the margin-accretive services our clients most require.

These principles include the need to:

- do more of what we do already, through increased emphasis in those of our existing markets with the greatest growth potential; and
- provide profitable, in-demand new services that are aligned with our existing skillsets (such as the unsecured lending offering that traded through its first full financial year in 2018).

In particular, I believe this year will be mainly remembered for the growing importance to Group performance of our European operations. In fact, 2018 marked 20 years since the launch of our first international operation in France, and 2019 sees the 20th anniversary of our first move into Germany.

Today, we have businesses based from 18 European cities, and our progress in these centres suggests that Europe can deliver a significant proportion of the growth in revenues and profits that our strategy is designed to support. The approximate £20 million that we have invested in developing our European operations since 1998 appears well placed to pay off in the years ahead.

I would like to thank everybody involved with the business – including our clients, advisers, shareholders and (most particularly) our teams – for the valuable contribution they all made to our performance during 2018.

As previously notified, after some 35 years of inspired service, my esteemed colleague, Chris Day, has notified the board of his intention to retire in June 2020. We have commenced a process which will lead to a new appointee to assume Chris's roles and responsibilities.

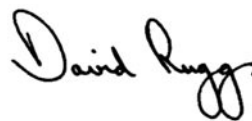
I congratulate our head of Internal Audit, Charlotte French, on her appointment as our Group Company Secretary.

Currently, the uncertainty surrounding Brexit is causing UK transaction related activity to slow. We do have, however, an increased pipeline of transactions. We fully expect these to flow through to completed assignments once investors have more certainty of the Brexit outcome.

We are a well-diversified Group offering best in class services to our strategically selected business sectors.

We expect the second half to be our stronger performance.

Your directors recommend a final dividend of 1.75p per share (2017: 1.75p per share), increasing the dividend to a total of 3.0p for the year (2017: 2.75p). If approved the dividend will be paid on 5 July 2019 to those shareholders on the register on 7 June 2019.



David Rugg
Chairman and Chief Executive
10 April 2019

Chief Operating Officer's review



“This was a year of encouraging progress for Christie Group and its operating subsidiaries. Significant potential resides in mainland Europe within both of our divisions.”

At a Group level, this was a quiet year on the compliance front by comparison with 2017, when the introduction of GDPR regulations and other key regulatory developments demanded an intensive focus on this area. This 'return to normal' enabled us to focus more single-mindedly on growing our business, particularly on expanding our reach with new and existing clients in the UK and on increasing the depth and breadth of our presence in mainland Europe, where significant potential resides.

During 2018, therefore, Christie Group and our operating companies concentrated on implementing our group strategy and complementary company-level plans, designed to increase revenues and profits over the years to come.

Professional & Financial Services Division

On the Professional & Financial Services (PFS) side of the Group, our agency and advisory business, Christie & Co, grew its transactional pipeline by 12%.

Year-on-year profit improvement came principally from achieving encouraging growth from its overseas operations. A 24% increase in employee numbers in its mainland Europe operations underlined our determination to continue to deliver growth from our continental offices.

Christie & Co's newer divisions performed particularly well. Highlights for Childcare & Education included the sale of the Yellow Dot and Mace Montessori portfolios, while key achievements for the Medical division included brokering the sale of Scotland's largest dental practice and a number of key assignments in the pharmacy sector.

“We continue to provide solutions to help our clients succeed and by doing so further establishing our own service and knowledge leadership position in our sectors.”

Our Pharmacy team began 2019 in a similar fashion, securing the instruction to sell 70 pharmacies on behalf of Rowlands Pharmacy.

Christie Finance, our specialist funding-market company, secured offers of funding from more than 40 different lenders in 2018, emphasising its position as a premier introducer of business. It also received nearly 30% more instructions than in 2017, with its new Unsecured division delivering a significant proportion of this increase.

The primary focus during 2018 of our commercial insurance arm, Christie Insurance, was on scanning the future direction of the insurance market to ensure we have the resources and flexibility required to act with pace and precision for clients throughout our chosen sectors. This approach enables the company to maximise the opportunities to work with the clients of other Group companies in advance of renewal or business purchase.

Pinders, the UK's leading specialist business appraisal, valuation and consultancy company, delivered a robust performance in 2018 with a 10% increase in the volume of appraisal instructions received. This included a 40% growth in the volume of business received from Barclays Bank, recognising the company's very high standards of service.

The company's 'White Coat' division grew particularly strongly, with a 47% revenue increase. A key highlight of the year was our valuation of the Manichem Group of 19 pharmacies, which resulted in its acquisition by Enimed, the independent regional community pharmacy group.

Stock & Inventory Systems & Services Division

On the Stocktaking & Inventory Systems & Services (SISS) side of our business, the Orridge brand remains a real strength in attracting and retaining clients in what continues to be a competitive retail sector in the UK. We have responded to the challenges the sector faces by implementing a strategic review of our operational practices as part of our plan to return the UK Retail stocktaking business to profit. As well as ensuring we are operating at maximum efficiency, we believe strongly in remaining a client service focused business. These two fundamentals are central to delivering the future growth which is attainable through the provision of stocktaking services to high street, warehouse and distribution centre locations.

Elsewhere in Orridge, our Pharmacy stocktaking capabilities continue to provide stronger margins while also offering a complementary service to Christie & Co clients who are buying and selling pharmacies. 2018 was also a successful and progressive year for our European operations with revenues up 5% and a 6% improvement in profit margin. We expect further growth and profit improvement in the years ahead.

Venners, the largest provider of stocktaking services and related systems to the UK hospitality sector, broke its turnover record in 2018. This was due in no small part to the excellent performance of its Stock Audit, Compliance and Consultancy divisions. The business achieved a number of client wins, including Millennium Hotels, Gigging Squid, Thorley Taverns and the Doncaster

Trust. The company's growth in recent year has driven staff numbers from 200 in 2013 to 269 in 2018.

Vennersys, which develops and provides cloud-based ticketing, admission and retail systems to the visitor attractions industry, focused a great deal of attention during 2018 on improving and broadening the functionality of its core Venpos Cloud software suite.

As a result, it has been able to extend its range with existing clients, including Blenheim Palace, Burghley House, 360 Play and Folly Farm. The company also won major new contracts with Dunvegan and Cardiff castles, Kelmarsh Hall and Wentworth Woodhouse.

Summary

Overall, this was a year of encouraging progress for Christie Group and its operating subsidiaries, providing a solid foundation for further advances in the years ahead. By continuing to provide solutions that address the specific challenges our clients face, we not only help them to succeed but also further establish our own service and knowledge leadership position within the sectors we serve.



Daniel Prickett
Chief Operating Officer
10 April 2019

Creating value for our stakeholders

Who We Are

Christie Group is a balanced, broadly-based organisation with proven defensive qualities with a structure that underpins its resilience across the business cycle.

We provide an extensive portfolio of professional services for the hospitality, leisure, healthcare, medical, childcare and education and retail sectors.

Our goals recognise that business intelligence lies at the heart of the services we provide.

We have committed management teams running our businesses. As a professional services conglomerate, we benefit from a diversity of sectors and services. Our shareholders support our profitable activities and those that can become so in a realistic timeframe.

The Group has two divisions.

Professional & Financial Services

Professional & Financial Services provides transaction-related professional services, supporting sales and acquisitions of business assets in our core sectors, as well as a range of advisory services supporting operators. Its profitability is linked to transaction activity. It outperforms during the growth phase of the cycle.

Stock & Inventory Systems & Services

Stock & Inventory Systems & Services enhances operational efficiency for the businesses we serve. There is sustained demand for its services across the economic cycle.

Each division generates a significant proportion of Group revenue.

Our vision and strategic ambition

“To be the recognised knowledge leader and pre-eminent advisor in our sectors.”

Our competitive advantages



Our core values and attributes

Trustworthiness: It is vital that our clients know they can trust us to act truthfully and honestly at all times and to know that our commitment to delivering what we promise does not waiver.

Compassion, people & communities: Our responsibilities extend beyond our most immediate stakeholders. We recognise that the well-being of the people and communities in which we operate are fundamental to achieving success.

Integrity: We take pride in maintaining independence and objectivity in the services we provide and the advice we offer our clients. We believe our clients, our staff and our shareholders have a right to expect our ethics to be enduring and without compromise.

Flexibility: We recognise that no two clients are the same. Our ability to listen and be willing to adapt to meet their needs is a fundamental aspect of the client service we seek to provide.

Collaboration: We are certain that the best results are achieved through sharing ideas, listening positively to all contributions, and sharing knowledge. Working collaboratively is vital to delivering the best outcomes for our clients, and enhancing the knowledge and experience of our own people.

Passion: Energy, enthusiasm and desire are vital characteristics of our teams. We know that our clients apply the same values to their own businesses and have every right to expect the same of us when they choose us as a partner to work with.

Innovation: Our knowledge, flexibility and passion are key to delivering solutions which meet our clients' specific needs. We know that fresh thinking and constant re-evaluation of how best to deliver solutions for our clients is critical to achieving the best outcomes and remaining at the forefront of our sectors.

Excellence & quality: We pride ourselves on the quality of service we provide, and the professionalism with which we provide it. Our clients do not engage us to receive anything but the best service available, and we strive to meet their expectations.

Client-focus: The client is always at the very centre of what we do. All of our values and the way we operate are directed towards providing our clients with a service they value and which they feel has delivered for them, so that they want to come back to us in future and would not hesitate to recommend us to others.

Knowledge: The value of the services we provide to our clients is built on the sector-specialist knowledge we possess, accumulated over many decades of operating in our sectors. It also makes a career within our group an enriching and rewarding experience.

We take pride in maintaining objectivity and independence

We achieve the best results through sharing ideas and experiences



Energy and enthusiasm combined with sector-specialist knowledge

Client-focus and innovative & flexible solutions are key

Our brands

Professional & Financial Services

CHRISTIE & CO

Christie & Co is the leading specialist firm providing business intelligence in the hospitality, leisure, healthcare, medical, childcare and education and retail sectors. A market leader in its sectors, it employs the largest teams of sector specialists in the UK providing professional agency, valuation and consultancy services. Internationally, it operates from offices in the UK, Austria, Finland, France, Germany and Spain.

www.christie.com

CHRISTIE FINANCE

Christie Finance has over 40 years' experience in financing businesses in the hospitality, leisure, healthcare, medical, childcare and education and retail sectors. Christie Finance prides itself on its speed of response to client opportunities and its strong relationships with finance providers. Christie Finance is authorised and regulated by the Financial Conduct Authority.

www.christiefinance.com

CHRISTIE INSURANCE

Christie Insurance, with over 40 years' experience arranging business insurance in the hospitality, leisure, healthcare, medical, childcare and education and retail sectors, is a leading company in its markets. It delivers and exceeds clients' expectations in terms of the cost of their insurance and the breadth of its cover.

www.christieinsurance.com

PINDERS

Pinders is the UK's leading specialist business appraisal, valuation and consultancy company, providing professional services to the licensed, leisure, retail and care sectors, and also the commercial and corporate business sectors. Its Building Consultancy Division offers a full range of project management, building monitoring and building surveying services. Pinders staff use business analysis and surveying skills to look at the detail of businesses to arrive at accurate assessments of their trading potential and value.

www.pinders.co.uk

Stock & Inventory Systems & Services



Venners is the leading supplier of stocktaking, inventory, consultancy services and related stock management systems to the hospitality sector. Consultancy services include control audits, 'live' event stocktaking and Health & Safety implementation and control. Bespoke software and systems enable real-time management reporting to customers using the best available technologies. Venners is the largest and longest established stock audit company in the sector in the UK.

www.venners.com



Orridge is Europe's longest established stocktaking business specialising in all fields of retail stocktaking including high street, warehousing and factory operations, pharmacy and supply chain services. It also has a specialised pharmacy division providing valuation and stocktaking services. Orridge prides itself on its speed in supplying high-quality management information to its clients.

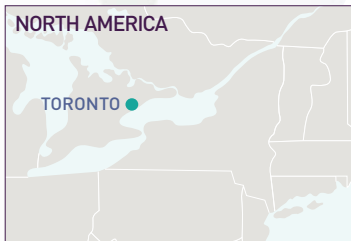
www.orridge.eu



Vennersys operates in the UK and North America and delivers online Cloud-based ticketing sales and admission Systems to visitor attractions such as historic houses and estates, museums, zoos, safari parks, aquaria and cinemas. It has over 20 years' experience delivering purpose-designed solutions for clients' ticketing, admissions, EPoS and food and beverage sales requirements.

www.vennersys.co.uk www.vennersys.ca

Where we operate



The area we cover

Offices

43 offices across the UK, Continental Europe and Canada.

Our strategy

Creating value

The Christie Group has been able to distinguish itself and gain market share by developing a range of demand services for our clients.

The range of services provided by our businesses are designed to provide a full suite of professional services through the life cycle of owning and operating businesses in our chosen specialist sectors, through acquisition, development, operations and disposal.

This has been achieved by nurturing and creating a talent among the group to collaborate and inspire – and to spot the opportunities in the market place.

This has allowed us to create value and opportunity for all our stakeholders: clients, investors, equity markets and employees.

What we do

We partner with our clients throughout their business life cycle to optimise and enhance value.



CASE STUDY: Wyevale Garden Centres

Terra Firma, the private equity fund, appointed Christie & Co to advise on the process of selling 145 Wyevale Garden Centres. Showcasing Christie & Co's ability to broker deals across a national spread of locations and to both independent and corporate buyers, Christie & Co reached over 60,000 potential buyers and through a two-phase offer process supported management in the sale of 40 garden centres by the end of 2018. Subgroup deals were concluded to Blue Diamond (9), Dobbies (6), In Excess (4) and the rest to a mix of garden centre operators and speculative investors. Woodcote Green was quoted in the trade press as being "the UK's most expensive garden centre purchase ever".



Why customers choose us

How we add value...

We exist to help our clients buy, operate, develop and sell their businesses. We do this through supplying a range of demand services that they require with a focus on quality of service.

- We focus on sectors covering a wide range of property-based businesses
- We operate in those sectors where we believe sufficient volumes exist to generate a market in business transactions
- Our clients benefit from knowing they are being served by specialists
- We enjoy the synergistic benefits of common markets and client bases

Regardless of whether a client is looking to develop, improve, invest in, acquire or dispose of a business or asset, our companies combine to provide support throughout the client life cycle.

We never compete with our clients, nor do we adopt a principal position or co-invest. We operate in those sectors in which our experience allows us to deliver intelligent solutions. The result is a greater understanding of our clients' operations and a heightened ability to help them improve efficiency, enhance trading profits and increase the value of their business.

How we generate revenue

Quality of service and scale...

Many of our businesses are high-volume operations with a quality, breadth and depth of service which sets them apart from their competitors.

61,000

Christie & Co ended 2018 with over 61,000 prospective purchasers on their website and over 2,050 businesses actively for sale.

£1bn

Christie & Co sold nearly 900 businesses in the UK in 2018, with those assets valued at over £1bn.

£14bn

Pinders and Christie & Co valued over 8,000 individual assets in 2018 with a combined value in excess of £14bn.

£165m

Christie Finance secured offers of finance for its clients of over £165m in 2018, with access to more than 40 lenders.

42,000

Venners remains the UK's largest hospitality stock auditor, carrying out over 42,000 audits in 2018.

24,000

Orridge carried out nearly 24,000 stock counts in the UK alone in 2018, supplemented by its growing European operations.

Our businesses continually benefit from the opportunities created elsewhere in the group, where owners and operators have access to a unique 'one stop shop' of professional services underpinned by sector-specialist knowledge.

CASE STUDY: SI Centrum & SI Suites

Acting on behalf of balandis real estate ag, one of Germany's prime mixed-use investment assets, Christie & Co brokered the investment sales of SI Centrum & SI Suites, a class-leading leisure & entertainment complex and Aparthotel in Stuttgart to a real estate fund managed by Brookfield. SI Centrum was originally constructed in 1960, with significant extensions in 1994 and 1997, as well as annual investments by balandis.



Our key strategic principles

Our strategic values

Growth

We aim to grow revenues and profits consistently and sustainably. That means identifying new service line opportunities, expanding internationally where we can replicate our UK business models and services, ensuring that any growth plans are based on delivering profitable returns within an achievable timeframe and actively encouraging and enabling cross-group selling.

Return on investment

Key for any investment we make is the expectation that it can deliver profitable returns over a foreseeable timeframe to enhance the value of the Group. All service lines should have, or be capable of (in a foreseeable time frame of 3 to 5 years) achieving, a critical mass of revenue and thereby contributing an operating profit. We believe that the objective for operating profit returns on revenue should be no less than 20% for cyclical businesses, and no less than 10% for non-cyclical businesses. All investment principles will be considered in the context of profits achievable over a 5 year timeframe and the payback period on investment.

People

We aim to secure and retain knowledge-rich client-oriented colleagues and to identify and develop future leaders. To achieve that, we know that our group must be an attractive place to work which enables people to fulfil their potential. Key elements required to achieve that include knowledge capture from individuals, diversity, training and professional development, the creation of an environment for 'generation now', flexible working, attractive incentivisation plans, visible career paths, defined succession planning, fostering a culture of teamwork and collaboration, cross group events and empowerment and engagement.

Resilience and sustainability

We believe that it is vital to retain a core central resilience to support sustainability across the group. For us, that means ensuring the following:

- Holding a sufficient level of cash or liquid assets via a central treasury function
- Owning our own assets
- Building non-cyclical services to 50% of revenue
- Increasing contracted & recurring income
- Employing a flexible business model
- Retaining key management and continually attracting new talent
- Maintaining subsidiaries as legally distinct entities
- Cyber, legal and fiduciary compliance
- Insuring risks
- Maintaining quoted status and thereby the ability to issue shares & bonds

Technology

Never has it been more important to optimise the use of technology to deliver efficiencies and generate value. In this context, we seek to identify strategic areas where centralisation may create benefits. We believe it important to create a data & information strategy to identify data products that can be monetised. We seek to introduce a customer-first approach to customer facing products including employee interfaces. We know it is vital to continually explore new tech platforms available across all of our businesses that may help us service the life cycle of our clients' businesses, and to apply centralised commercial rules on all development & contracts to realise value.



Divisional review

Professional & Financial Services



Christie & Co is a leading strategic partner for business buyers and sellers, covering the market from standalone deals to international portfolio transactions. Our consulting and transactional teams cover the core sectors of hotels, pubs, restaurants, childcare and education, healthcare, retail, leisure and medical.



“Much of our growth in 2018 came from our continental operations. Spain performed particularly well with attractive investment opportunities in urban and resort markets.”

Chris Day

Global Managing Director, Christie & Co
and a Christie Group plc Director

The financial year 2018 was a satisfactory one for Christie & Co as a whole, with a particularly strong performance from our relatively new Childcare & Education and Medical divisions. Our consultancy teams won several significant M&A due diligence projects for buying organisations, reflecting our growing recognition as a go-to provider for buy-side delivery. Additionally, our transactional pipeline grew by around 10% during the year, reflecting a solid overall performance.

There were other continued economic challenges for business during the year, with 2017 having marked the first increase in the volume of distressed businesses that we were instructed to sell since 2011. The trend of rising distress continued on an upward trajectory into 2018, albeit at a slightly slower rate.

Our own progress during 2018 is reflected by the 10% increase in the number of people we employ. Much of our growth came from our continental operations in countries including France, Germany and Austria. Spain performed particularly well, with attractive investment opportunities continuing to come to the fore and driving an increase in portfolio deals, particularly in urban and resort markets.

Our valuation services were in strong demand across many sectors, including the hospitality market where we received

instructions on several major pub portfolios, including Marston's and Greene King. The hotel portfolios we valued included glh Hotels and RF Hotels. Valuations in other sectors included Barchester Healthcare and Choice Care Group, while in the retail sector we valued a portfolio of almost 350 UK petrol stations for Euro Garages.

Turning to our market-specific transactional teams, I have already referred to the success of Childcare & Education, operating in a market where the most desirable businesses achieved premium prices throughout 2018. Highlights of the year included the sale of both Yellow Dot and Mace Montessori portfolios, which attracted buyers from across the UK, Europe and Asia. Both transactions were particularly noteworthy due to the premium tone of offers received from carefully vetted buyers in an off-market process.

Both our largest medical sectors – dentistry and pharmacy – performed well in 2018, with significant interest in dentistry from private equity investors and more pharmacies coming to the market in England. Among many other transactions, we brokered the sale of Scotland's largest dental practice – Caledonian Dental Care, which has 19 surgeries and 40,000 registered patients – for more than the asking price.

CASE STUDY: International offers for Yellow Dot & Mace Montessori, UK

Christie & Co's Childcare & Education team brought both Yellow Dot and Mace Montessori portfolios to the market in 2018, which were subject to competitive processes and extensive offers from a host of UK, European and wider international buyers from across Asia, Hong Kong and China.

Multiple portfolio sales have been brokered by the team this year, but these two transactions are especially noteworthy due to the volume of offers presented by carefully vetted potential buyers in an off-market process, and the premium tone of offers received.



Despite staffing challenges in the care sector, investor interest and opportunities both grew during 2018, with competition for prime sites increasing. A typical transaction we managed was the sale, following a confidential marketing campaign, of the 87-bed Andover Nursing Home in Hampshire to a growing local group operator. Our healthcare consultancy team also received record demand for its services, particularly in the areas of commercial due diligence, market studies and development advisory mandates.

When our retail team was instructed by Terra Firma Capital Partners, the private equity firm, to sell Wyevalle Garden Centres on its behalf, we reached over 60,000 potential buyers and supported management in the sale of 40 garden centres by the end of the year. These included Woodcote Green, which was described by the trade press as “the UK’s most expensive garden centre purchase ever”.

The leisure and hospitality sectors both delivered opportunities for Christie & Co in 2018, including our sale of the investment of David Lloyd Leisure in Harrogate to CBRE Global Investors. Hotels showed extremely strong occupancy and average daily rates in London and the regions, and the transactions we handled included the sale of five Marriott hotels to Britannia Hotels for materially more than the asking price.

CASE STUDY: City Plaza, Tallinn, feasibility study to maximise earning potential

Christie & Co prepared a feasibility study for the City Plaza development site in Tallinn, concluding that the combination of two hotels, one internationally branded mid-market concept and a smaller economy product, would maximise the earning potential of the proposed development site and location. This then led to them assisting the developer with the operator search and selection process.

We believe that 2018 may prove to be the turning point for the pub sector, with turnover remaining similar to that of the heady days of 2008. Among many transactions during the year, we sold Ribble Valley Inns, a consortium of four pubs in Lancashire, to Brunning & Price – an existing Christie & Co client with whom we have been working for more than seven years.

Despite the widely reported issues affecting mid-market multisite restaurants, there were opportunities for independent and smaller operators. In one transaction, we sold Church’s Mansion – a Grade 1 listed landmark building in Cheshire – to an independent operator planning to open a quality seafood restaurant.

Opportunities for 2019 exist across all of our sectors and our markets. We will continue to focus on serving our clients. Quality businesses should continue to thrive in an economy where the availability of capital has not been an issue to date and where there is plenty of opportunity for businesses who continue to innovate.



Our strategy in action

In Christie & Co our vision is to develop our reputation as the most trusted business advisor and broker, based on local knowledge, with a global reach. Our purpose is to enable clients to make better informed decisions.

Growth: 2018 saw real progress in our continental operations, while newer sectors in the UK, such as Childcare and Education and Medical, have been strong performers.

Return on investment: Having invested significantly in building our European operations since our first mainland European office was opened in Paris in 1998, our focus now is on maximising the profit potential within.

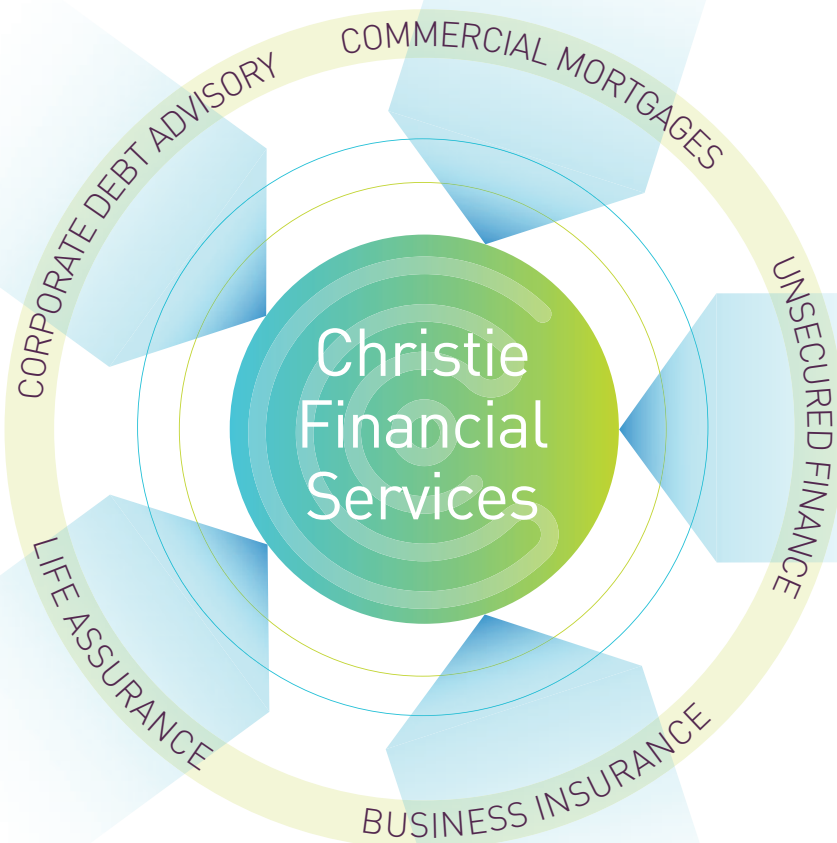
People: We are a business which seeks to empower talent within our business, encouraging innovative thoughts and actions. We strive for continual improvement and believe in rewarding excellence.

Resilience and sustainability: We have developed a strength in a variety of sectors, across various geographies, with services which are both transactional and advisory. Our Consultancy teams work on a pan-European basis providing clients with access to sector-specific business intelligence.

Technology: We have developed our own systems which allow our teams to share information and collaborate on projects, irrespective of their location and across sector-specialisms. That capability has been key in delivering large-scale disposal projects on a nationwide basis.

Christie Financial Services

In 2018 we established Christie Financial Services in order to provide further scope to market and expand our service lines within our financial services sphere. This includes Christie Finance and Christie Insurance. In the coming years, Christie Financial Services has plans to offer an expanding portfolio of specialist financial products and services.



CHRISTIE FINANCE

Christie Finance has more than 40 years' experience in financing businesses in the hospitality, leisure, healthcare, medical, childcare and education and retail sectors. We pride ourselves on our speed of response to client opportunities and our strong relationships with finance providers.

It is the expert knowledge of Christie Finance's funding-market specialists that enables us quickly and competitively to access mortgage finance for clients who wish to buy, develop or expand a business in our specialist sectors: hotels, pubs and restaurants; pharmacies and dental practices; care and childcare; retail; leisure; and development.

During 2018, we secured offers of funding from more than 40 different lenders, again emphasising our unparalleled position in the marketplace as a premier introducer of business. Marking this, we were shortlisted as Commercial Introducer of the Year, both at the Business Moneyfacts Awards and for the first time at The Mortgage Awards.

As a member of the Christie Group, we benefit strongly from a healthy pipeline of high-quality leads and referrals for clients needing us to identify and deliver bespoke financing structures. The more

we collaborate with our sister companies, the better the opportunities we receive, giving us a powerful resource to help us achieve our aim of being the go-to provider of business finance.

Our performance in 2018 was solid, driven by stable target markets and strong demand for financing from new entrants and established operators wishing to add to their portfolios or seeking finance to invest in existing assets. During the year, we received a close-to 30% increase in instruction numbers.

A significant proportion of this increase was driven by our new Unsecured division, which traded through its first full financial year in 2018. The creation of the new division, specialising in our clients' short, cyclical and medium-term borrowing needs, was a clear demonstration of our ongoing strategic commitment to developing the business in line with changing market demands.

In particular, by streamlining our clients' ability to access lending, we are making it as easy as it can be for them to invest in their businesses. In an environment where individuals are finding it difficult or slow to gain approval from the banks, this is a service that clients are finding increasingly valuable.

Our strategic commitment was also behind our continuing focus in 2018 on building our Corporate division, which we launched in 2017 to handle the larger

and more complex debt requirements of our clients.

Our Core division, operating from five regional hubs across the UK, continued to align itself with the day-to-day activities of other Group companies, with an ongoing focus on acquisition and refinancing opportunities arising within our specialist sectors. In particular, we saw a very strong return on our decision to appoint specialist brokers to focus on the pharmacy and dental markets. During the year, our income from these sectors grew by 75%.

As a result of increasing demand for the services of all three divisions, we recruited new team members for each of them during the year. We opened a new office for our Unsecured division in Chester in early 2018, taking additional space in the same building later in the year to enable us to invest further in the workforce during 2019 and beyond.

We also intensified our marketing activities, recruiting a number of specialists to help us maintain the highest possible standards. As well as working collaboratively with other Group companies on joint initiatives, we focused successfully on web-based marketing and social media channels, driving a notable increase in direct enquiries.

One of the reasons for our continuing success with lenders is our understanding of the ongoing diversification of the market, with new challenger banks and FinTech's

CASE STUDY: Totley Rise Dental Practice, Yorkshire

Christie Finance worked with their colleagues at Christie & Co on the purchase of Totley Rise Dental Practice in Sheffield, South Yorkshire. The practice was purchased by first time buyers who had been searching for the 'perfect' practice for some time but had failed to find the right one.

The new owners were supported by the finance broker at every stage of the buying process, understanding their requirements to secure funding at a competitive rate for their first purchase.



offering increasingly discrete services as more traditional lenders either dilute their interest in certain sectors or exit them altogether. With new lenders specialising more and more closely on a specialist 'sweet spot', we can use our unparalleled knowledge of individual markets to satisfy their requirements, resulting in growing numbers of offers through Christie Finance from challenger banks.

Looking ahead, we plan to further develop our corporate offering by providing senior debt facilities and mezzanine finance for private equity funds and corporate operators. We also plan to launch a Commercial Investment Property division to bring our expertise to the fast-growing alternative sectors real estate investment market.

CHRISTIE INSURANCE

We have two fundamental advantages over the great majority of our competitors. First, as a member of the Christie Group, we gain early introductions to the clients of other Group companies, giving us the opportunity to work with them in advance of their business purchase or if we are not engaged at inception by the client, the opportunity to re-approach the client arises at the anniversary of their purchase of the business.

This provides us with access to a broad base of actual and potential clients for many years to come.

Secondly, our focus on the discrete hospitality, care and retail sectors gives us the specialist understanding and knowledge we need to place clients' business quickly, efficiently and cost-effectively.

Our focus is on optimising the business acquisition and retention opportunities that these advantages bring us. To do so, we need to be certain that we have the correct strategy, processes, practices and people to provide a premium service that gives clients the protection they need in the most cost-effective way.

Much of our attention during 2018 was therefore on ensuring that we are in line strategically with the Christie Group as a whole, scanning the future direction of our markets to ascertain that we have the resources and flexibility to compete successfully in a fast-changing world.

Insurers felt in 2018 that the premiums they were able to charge were less than ideal. This was partly to do with the relatively benign insurance landscape that we saw in 2018, with few shocks occurring to drive premium growth.

We have identified and analysed three major trends that we seek to address for our clients through the offerings we have evolved. Understanding and responding to these insurable risks helps our clients to ensure that they are protected against some already powerful and growing threats. It also provides us with opportunities for dialogue and relationship-building with existing and new clients.

The first of these is insurance against cybercrime. It has been conservatively estimated that cybercrime costs the global economy some \$1.5 trillion in losses during 2018^[1]. If the cybercrime 'industry' was a nation state, this would make it the world's 13th largest economy.

So, while in the past the focus for general insurance was simply on protecting assets like buildings and equipment against fire, theft and other threats, today an entirely

CASE STUDY: Elmwood Nursery, Renfrewshire

Christie Finance worked with highly experienced childcare operators on the purchase of Elmwood Nursery in Newton Mearns, East Renfrewshire. The nursery was purchased by a pioneering educator and CEO of Iceland's biggest recruitment agency, who both resided in Iceland before moving to Glasgow to operate the business.

The nursery presented an excellent opportunity, with the vendor having operated in Newton Mearns for over 18 years and enjoying a long-standing relationship with both East Renfrewshire Council and the Care Inspectorate. As is typical of the client's experience when using Christie Finance, the new owners were supported throughout the process, with the finance broker making sure they understood their specific requirements with the objective of securing funding at a rate the client could have every confidence was competitive.



[1] <https://www.thesslstore.com/blog/2018-cybercrime-statistics/>

new mindset is required. Criminals can attack a business from a laptop without coming near their victims – and the potential financial losses are far greater than from a theft or a building fire. Insurance protection does exist and having cyber cover in place should be a top priority for businesses. Much of our attention is now on opening people's eyes to this reality so that they can put appropriate insurance protection in place.

The second trend is terrorism. This is a concern that should far extend beyond the potential for direct injury to employees and customers or damage to assets. We saw in 2018 following the Salisbury nerve-agent attack how some hospitality businesses were closed for many months during ongoing police investigations. Had they not been parts of larger chains, these businesses would almost certainly not have survived. We are increasingly focused on ensuring that clients understand what the terrorist threat means to their businesses and seeking to gain for our clients cover that includes events where there is no damage to their tangible assets.

And the third is underinsurance, which remains an issue that affects all sectors. Businesses often tend not only to underestimate their rebuilding costs, they also fail to accurately predict the time it takes for restoration to its pre-loss revenue. For example, many businesses are covered against loss of income for just 12 months. But an event such as a fire will usually have a much longer impact, particularly when a rebuild is required. This is another key area for us to highlight to clients, now and into the future, to help them insure against any such potential exposure.

We believe that the outlook for the insurance industry – and for Christie Insurance – in 2019 is positive, as long as there are no material changes based on a growing supply outpacing the current demand for cover, which would drive premiums down.

Our strategy in action

Christie Finance and Christie Insurance aim to be recognised as the 'go to' providers of business finance and insurance respectively in their chosen sectors, partnering with clients throughout their business life cycle.

Growth: During 2018, Christie Finance received a close-to 30% increase in instruction numbers, a significant proportion of which was driven by its new Unsecured division. Looking ahead Christie Finance plans to launch a Commercial Investment Property division and develop their corporate debt offering further.

Return on investment: Both Christie Finance and Christie Insurance benefit from referrals from and collaboration with the other companies within Christie Group. This gives both of them the unique head start in generating revenue and profits without the need to invest the costs which would otherwise be required to identify those new client opportunities.

People: We continue to develop our teams with a mixture of experienced and graduate calibre appointments, whilst building hubs across the Christie & Co network. The expertise of our staff is continually developed through training, support and encouragement making them ideally placed to provide clients with sector-specific solutions.

Resilience and sustainability: Both Christie Finance and Christie Insurance benefit from recurring instructions and established relationships, whether that be with insurers, a wide range of lenders, or clients who have been supported from when they were may have brought their first business. The services they provide to clients are often recurring, with annual renewal of insurances and regular refinancing and unsecured borrowing requirements providing both businesses with revenue streams that need not be reliant on transactional activity.

Technology: The rise of new challenger banks and Fintechs has created opportunity for Christie Finance. With new lenders in the market and a rise of new funding sources, the need for an experienced and trusted broker who can navigate towards the best product for the client has never been greater.

PINDERS

Pinders' RICS-qualified surveyors provide reporting for businesses in five broad sectors: healthcare and education; licensed, retail and catering; leisure and hospitality; services; and manufacturing. Our services fall into six main categories: appraisal and valuation; consultancy; dispute resolution; building surveying; project management; and business recovery.



"Pinders saw impressive growth in a number of key sectors in 2018. Our professionalism, insight, market-leading knowledge and experience are greatly valued by lenders."

Justin Cain
Managing Director, Pinders

Particularly in a tough market, lenders seek the assurance of a business appraisal and valuation firm that can back up its recommendations with relevant data and insight, supported by market-leading knowledge and experience.

This was one of the key drivers behind Pinders' very strong performance in 2018. We saw a 10% increase in the volume of appraisal instructions we received compared with 2017, which itself was a very positive year.

For more than 15 years, we have retained the data we access in every valuation and appraisal, which means that we can assess a business's performance against its market and sectoral peer groups, enabling us to provide valuations that are based on robust data analysis rather than intuition.

Our professionalism and expertise is greatly valued by lenders, who provide us with over 75% of our instructions, as demonstrated by our experience with two of the UK's largest lending sources.

The volume of business we received from Barclays Bank grew by just under 40% during the year, reflecting our very high service standards, as evidenced by our market-leading compliance rates.

Lloyds Bank awarded us a significantly larger volume of business, growing by just under 10%, while associated fee income increased at above this level. In a mark of their esteem, Lloyds also

asked us to provide training for staff joining their Social Care division.

Pinders also saw impressive growth in a number of key sectors in 2018.

For example, our Leisure division grew by 15% over the year, delivering results that were 8% ahead of budget. To deliver a performance of this strength was particularly gratifying at a time when the sector as a whole is under pressure due to consumer concerns over the possible impact of Brexit. We expect to grow activity in this division further during 2019, with a number of new initiatives and increased attendance at trade shows to raise our profile.

Our White Coat division (covering pharmacies and dental/medical practices) significantly outperformed the market in 2018, with a 47% increase in revenues that was 37% ahead of budget. In a major landmark, this division delivered fee income of more than £1m for the first time.

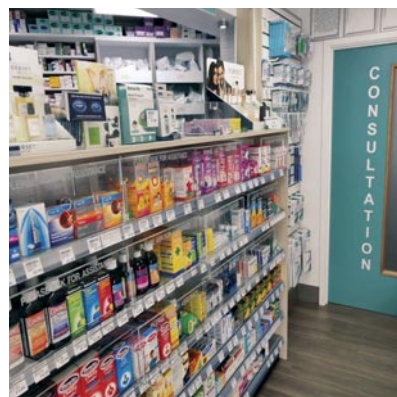
Fee income generated by our Building Services division also grew substantially, by just under 15%.

Our status in the healthcare sector was once again highlighted when the 2018 Pinders Healthcare Design Awards sold out. 2019 will mark our 20th anniversary of hosting the event, which is widely regarded as an industry institution.

In addition, clients regularly called upon us in 2018 to help them understand the

CASE STUDY: Manichem Pharmacy Group

Pinders undertook a detailed review of this group of 19 pharmacies – being sold as a single group and principally located in the Home Counties – on behalf of the purchasers' lender, while also undertaking a review and valuation of the six pharmacies the purchaser already owned. In a sector which has benefitted from rising prices and strong demand in recent years, experienced operators, often with a good mixed portfolio, continue to consider the market to identify further opportunities for expansion and consolidation.



complexities of the health and social care sectors. We presented to large seminar audiences for bodies including the Department of Health, the Henry Stewart Conference, Surrey & Sussex Care Association, The Dementia Trust and Stirling University Dementia Forum.

However, we do not believe in resting on our laurels and are seeking further opportunities to increase market share by improving the quality and speed of the services we provide. We continue to refine the content of our Appraisal and Valuation reports and in 2018 focused on developing a new reporting format that will further differentiate Pinders during 2019 and beyond.

We therefore look ahead positively going forward in 2019, when we are delighted to be celebrating our 50th anniversary.

CASE STUDY: Swinton Park Hotel

Pinders provided an update on the trading profile of the Swinton Park Hotel for a proposed refinance in early 2018, having originally inspected the business in late 2014. Both assignments were carried out in order to support further development of the business by the owners and highlight that mainstream lenders continue to support the development and expansion of well-run businesses in the sector, where owners' plans can be supported by a professional appraisal and valuation report. The hotel forms part of the 22,000 acre Swinton Estate within the Nidderdale Area of Outstanding Natural Beauty which itself comprises a Grade II Listed Castle dating from the early 18th Century.



Our strategy in action

The Pinders objective is to be recognised as the market leader in the provision of business appraisals, valuations and associated services in all of our chosen sectors.

Growth: Pinders grew its volume of appraisal instructions by 10% in 2018, and that progress was delivered across a number of sectors, with our Leisure and White Coat divisions performing strongly. We remain committed to continuing to increase our average fees while growing the volume of business appraisals we undertake each year.

Return on investment: 2018 saw another year of positive cash generation for Pinders for the Group. We measure our success, in part, against an objective of consistently delivering double-digit profit margins to Christie Group plc.

People: We are a business which values our staff extremely highly, borne out by high retention levels. Succession planning allied with committed and engaged staff are key to our continuing success. We operate a nationally-spread business appraisal team whose experience of local markets is key in us being able to provide the knowledge and insight that underpins our reports.

Resilience and sustainability: We are a business which values our staff extremely highly, borne out by high retention levels. Succession planning allied with committed and engaged staff are key to our continuing success. We operate a nationally-spread business appraisal team whose experience of local markets is key in us being able to provide the knowledge and insight that underpins our reports.

Technology: Our self-developed systems have been fundamental to establishing the operational efficiency, accuracy and knowledge we bring to our clients. Through that technology we retain access to the data gathered from every valuation performed over the last 15 years, providing us with a depth of benchmarking data when carrying out our valuations and advisory assignments.

Divisional review

Stock & Inventory Systems & Services



Orridge supplies stocktaking and supply-chain services to retailers and pharmacies from operational bases in the UK, Germany and Belgium. Our leadership position in our sectors is supported by a long-established reputation for consistent high-quality service.



“Stocktaking continues to be a key service for retailers across the UK and Europe. Our European operations offer exciting potential for growth in a European market which we believe has a potential value of approximately £1bn.

Paul Harding

Orridge Group Chairman and
a Christie Group plc Director

Stocktaking continues to be a key service for retailers across the UK and Europe, and the strength of the Orridge brand resulted in encouraging levels of interest in our services during 2018. We continue to focus on customer service and reliability, supporting our position as a go-to stocktake service provider for many of the UK and Europe's largest and most high-profile retail chains.

Alongside providing first-class service, operational efficiency is fundamental and underpins the strength of that service. We operate in a sector where we undertake many millions of individual actions, on each of which we gain a fractional return. Every efficiency gain, therefore, has an immediate and discernible positive impact on margin. Improved operational efficiency is our key focus as we ended 2018 and began 2019. Alongside the specific and well-documented challenges currently facing the high-street retail sector in the UK, we took the decision in the second half of the year to commence a programme aimed at re-optimising our core business processes.

A number of initiatives are underway in our UK Retail operation, including the wider use of telematics to optimise our fleet performance, greater use of web-based recruitment to ensure we can meet robust demand for our services and a greater focus on KPIs to support management decision-making. There is more to be done as we move through

2019 to deliver on our plan to return the UK Retail operation to profit.

We are capable of delivering real-time reporting that compares each store's theoretical stock position with the data captured during a stocktake, both validating our own accuracy and providing stores with the confidence that variances are legitimate. Clients of this service include Sainsbury's, Primark and Boots. We also have the technical capability to switch on ad hoc solutions at client requests, such as enabling them to ensure that product-recall orders have been carried out throughout the entire store network.

We continue to explore opportunities to provide alternative services, including in-store loss-prevention audits and 'direct from supplier' delivery checks. We are optimistic that these and other new services will gain further traction in the near future.

We successfully completed a number of client renegotiations in 2018 to achieve sustainable fee structures, which satisfied both parties by delivering a better margin while meeting the clients' cost and service objectives. We have also established annual fee adjustments with some clients to mitigate statutory pay increases applying to our workforce – when low-margin clients have not been willing to agree to this move, we have taken the decision to cease providing services.

CASE STUDY: Orridge supports Co-op with delivery-checking

Orridge have been working with The Co-op for a number of years providing stocktaking services across its entire estate which comprises over 3,750 outlets in the UK. When the Co-op wanted to enhance the accuracy and efficiency of their delivery checks from suppliers, they introduced a "Green-Laning" process accompanied by an independent audit by Orridge's Supply Chain team of supplier deliveries. The Orridge team now audits deliveries to the Co-op on a sample basis using Orridge's own 'Genius' technology. It's a quick and efficient process which provides additional assurance on supply accuracy to one of the UK's oldest and most established staples of the high street.



2018 was a solid year for new business wins, headed in the UK by a £0.5m contract with Primark. We also secured new work with Wyevale, Little Mistress and Musgrave, and have a pipeline of encouraging opportunities for 2019 and beyond. Opportunities continue to present themselves in a sector where stock control remains as important as ever albeit where the location of that stock is evolving. That in itself need not be a barrier to further opportunity for Orridge. In the pharmacy sector, new business wins drove a 10% increase in revenues.

We are taking what we are learning from our UK business to support continued best practice in our European centres in Belgium and Germany, where 2018 was a successful year for Orridge. We restructured our German operations during the year, and this has immediately resulted in significant efficiency gains and new business wins, together delivering an improvement in profitability.

Ultimately, our European operations offer greater potential for growth than those in the UK, which are significantly more mature. Based on our experience in the UK, we believe that the European market has a potential value of around £1bn, and we are initiating expansion programmes in Germany, France and Benelux to increase our share. We are very optimistic about our future in these countries and believe that by competing

on quality rather than price we can establish ourselves as the region's third-largest stocktaking business. New wins for our European operations in 2018 included Birkenstock, PepsiCo and McTrek.

Our roots are in the pharmacy sector and we have particular expertise in this area. Our pharmacy stocktaking operation was profitable in 2018. We successfully leveraged our relationships with supermarkets to make inroads into their in-store pharmacy departments. Looking ahead, we believe there are excellent opportunities for us to deliver on the massive potential of European pharmacy markets.

Our Supply Chain division, which remains in its relative infancy and enables UK clients to understand their stock and inventory levels at every stage of the value chain from manufacturer to retail, continued to develop steadily in 2018.

Our account managers serving major retail groups are ideally placed to build new relationships with logistics and contract managers who require support services, including depot picking accuracy, depot good faith receiving and direct-to-store supplier delivery checks. Our existing delivery-checking work with the Co-op is highly cost-effective, being timed to coincide with existing stocktake team visits.

CASE STUDY: Orridge helps German retailer with stock accuracy and efficiency

Intersport Voswinkel has grown consistently since its formation in Bochum in 1904, to its current size of over 60 stores in Germany. Their decision to outsource their stocktaking came after carrying it out themselves for two years but they found this to be inefficient and placed a strain on their employees whose requirement to long hours lead to accuracy errors. Orridge initially worked for two years providing an experienced manager to lead the client's own staff, before switching to a fully outsourced solution through Orridge using a full Orridge team and Orridge technology. Alongside impartiality, accuracy and efficiency benefits, the Intersport staff were now free to focus on sales and inventory losses were significantly reduced.



Our strategy in action

Orridge's strategic vision is to be the recognised quality stocktaking supplier in the UK and mainland Europe, providing retail, pharmacy and stocktaking solutions that are renowned for their quality of service and accuracy.

Growth: Orridge's European operations offer the greatest potential for growth, reflected in encouraging results from our mainland European businesses in 2018. With a European market with a potential value of approximately £1bn, we are optimistic of the opportunities that exist in Europe.

Return on investment: Profit margins in our European, Pharmacy and Supply Chain operations are stronger than our UK Retail business and 2018 saw improvements in gross profit margins in both of our European businesses. In our UK Retail operation, we have identified a pathway to restoring gross profit margins that if achieved will return the UK Retail operation to profit.

People: Orridge's success depends on the productivity of our people in the field, and our ability to recruit high calibre individuals for flexible work patterns. We have implemented a new pay system in our UK Retail business which better rewards our stocktakers for increased productivity, driving improved profitability in a labour market where people have more choice than ever.

Resilience and sustainability: While the UK retail sector continues to undergo change, demand for our services remains robust and improved productivity is capable of delivering a return to sustainable profits. As we work towards that goal, our European businesses are entering a period of opportunity.

Technology: Technology is key to what we do in Orridge, whether that is in relation to ensuring speed and accuracy of counting or the accessibility of real-time reporting for our clients. Client demands continue to evolve as do the ways in which we can use tech solutions to support our operations in areas such as fleet management, recruitment and count planning.



Venners is the largest, longest-established and leading supplier of stocktaking, inventory and consultancy services and related stock-management systems to the UK hospitality sector.



“Venners once again set a new high point for turnover in 2018. We have developed into compliance professionals, consultants and profit-protection analysts with a range of services which reduce risk and act as a catalyst for business growth.”

Steve Mayne

Managing Director, Venners

Following Venners' record-breaking performance in 2017, we once again set a new high-point for turnover in 2018. This was driven by further progress within our Stock Audit division alongside successes in our relatively new Compliance and Consultancy divisions, both of which delivered impressive growth. The growth in Consultancy and Compliance turnover had a positive impact on our wider business performance, due to the superior margins that both divisions can command.

Significantly, our ability to deliver compliance, consulting and stocktaking services enables us to provide services across the entire business cycle. We are now an entirely different entity from the pure auditing company of the past. We cross the boundaries of several vertical industries, supporting hospitality, franchise and care businesses with a range of micro and macro operational and financial controls and advisory services that reduce risk and act as a catalyst for business growth.

Our ability to adapt our services to new audiences in this way, through new skillsets and new technologies, has seen us develop into compliance professionals, consultants and profit-protection analysts. This is a key element of our strategic focus, shaping ourselves to meet a full range of needs as they emerge from new customers, and taking our newer value-added services to our core clients.

Stock auditing, management and control are still central to what we do. These remain critical elements of client companies' operating and financial

reporting, and new client wins for 2018 in this area included Millennium Hotels, Giggling Squid, Thorley Taverns and the Doncaster Culture and Leisure Trust. A particular area of growth in our core business during the year was among single-site businesses like golf clubs, tennis clubs and hotels, driven by the success of our regional sales programme.

We also did much to market the services of our newer divisions to our core stocktaking clients. Growth in demand for our compliance services highlighted how a challenging marketplace for our clients directly drives increased numbers of engagements for Venners, bringing about a doubling in turnover for this part of our business during 2018.

Recognition of the need for external benchmarking services such as those we provide was particularly in evidence among businesses in the casual dining sector. Such organisations were under major pressure during 2018 due to a saturated mid-market, higher operating costs, unprecedented increases in business rates and increasingly cautious consumers concerned by uncertainties over Brexit and the wider economy. In addition, corporate behaviour within the sector was under an increasingly intense spotlight during the year.

Such issues are increasingly causing operators to focus more on factors like profit retention and corporate governance. This has made our ability to ascertain whether clients are abiding by policies, practices and procedures ever-more attractive to operators who know our reputation for helping businesses identify

CASE STUDY: Hotel operator tackles serious risks of cash & stock abuse

The owner of a luxury country house hotel approached our consultancy team for a comprehensive operational review. We were tasked with analysing the food & beverage offer in the bar and restaurant. We covered everything from the customer experience journey through to the efficiency and robustness of the in-house systems. It resulted in improved security protocols and better financial performance.



where tighter financial and operational controls are required.

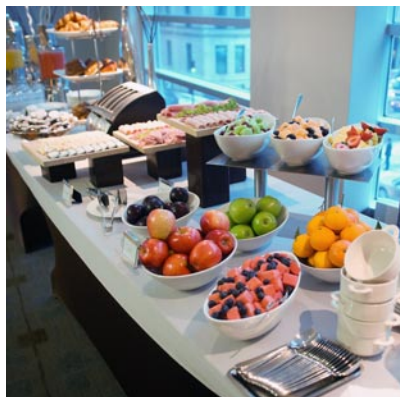
Our Consulting division is well placed to rectify the issues identified during the compliance phase, developing and delivering practical operational solutions that enable our clients to cut costs and reduce risk (see case studies).

The innovation and growth in our business have caused us to grow our team significantly, up from 200 just five years ago to 269 in 2018. We are an almost exclusively client-facing organisation, and some 220 of our people each day are out of the office delivering our professional services. This means we rely on all our people every day, placing significant importance on management controls. For this and strategic purposes, we did much in 2018 to strengthen our management team via coaching, development for growth and succession planning.

CASE STUDY: Hotel breakfast buffet wastage accounts for €23.8K per annum in lost profit

A Europe-wide hotel chain customer asked Venners consultancy team for support in successfully upgrading their breakfast offering across their German portfolio of hotels.

The customer was seeking to improve breakfast standards whilst maintaining a level cost base. Having completed detailed cost analysis of the old breakfast offering, our consultants were able to compare this against the new data collected to ascertain the potential impact the updated brand standards were having on franchisee breakfast offer operations and costs and make recommendations on standardisation and wastage reduction.



Our strategy in action

Our vision in Venners is to be the best and most effective supplier of profit, control and safety services to the hospitality sector. We aim to be renowned for our innovation and professionalism whilst delivering significant efficiencies and returns for our customers.

Growth: Venners delivered a record breaking year in 2018, with revenues growing strongly once more. This continued a strong growth story for the business which has seen revenues increase by 113% since 2010. Our Consultancy and Compliance divisions now offer the potential for continuing this growth story while opportunities continue to present themselves for our core Stock Audit operation.

Return on investment: Over this same 8 year period, Venners has been able to increase its operating profits by over 350% and consistently delivers strong cash generation for the Group. We have benefitted from being able to reinvest a proportion of those profits back into the business to support further growth, develop our technology, and develop new revenue streams.

People: Venners consistently invests in the training and development of our staff. All of our stocktakers are trained to an accredited standard within the hospitality industry. In recent years we have embraced the benefits of leadership delegation, broadening our management team and ensuring robust succession plans are in place with a deep pool of talent to draw on.

Resilience and sustainability: The services which Venners provides are ones required by our customers throughout economic cycles. While other businesses may have found the years following the 2008 financial crisis difficult, we thrived. We are the UK's largest and longest-established stocktaker to the hospitality sector, having been founded in 1896. We have now grown to a business employing over 260 staff and we ended 2018 with over 850 clients and carried out over 42,000 audits in the year.

Technology: Venners have invested in developing a new stocktaking system for their own staff which will improve our efficiency. As we move forwards, online reporting and enhanced corporate reporting packages will be key areas of focus for us to ensure we maintain our leading position in the industry.



Vennersys operates in the UK and North America, delivering purpose-designed online cloud-based ticketing sales and visitor management systems to visitor attractions including historic houses, museums, zoos, safari parks, aquaria and cinemas.



“We are extremely confident in the overall strength of our product. It is highly configurable, making it easy for clients to select functionality based on their scale and sophistication.”

Paul Harding

Managing Director, Vennersys
and a Christie Group plc Director

In a history which dates back more than 25 years, 2018 saw some of the greatest positive changes at Vennersys than at any time during our history.

Not only did we enhance the organisation, bringing in significant numbers of new people, streamlining processes and sharpening our focus on performance management, we also substantially developed our core Venpos Cloud suite of back-office applications to further improve the operational efficiency of the visitor attractions we serve.

Our focus on continuous improvement, responding to the constant evolution of our core market, gives us the flexibility we need to adapt to new opportunities and threats in this fast-changing environment. We can move quickly, whether into markets that offer the potential to develop new sources of income or to build new revenue streams for existing clients. And we can rapidly act on our deep market knowledge and insight to adapt our approach to sectors where returns appear likely to diminish.

We are extremely confident in the overall strength of our product, which continues to be highly saleable and sought-after in our target markets. We believe its clear competitive edge is due to a range of factors. First and foremost, we own the IP, as well as developing, marketing, selling and supporting the product in the UK. It is highly configurable to individual needs and straightforward to use. It offers a wide, growing and fully integrated range of modules to meet an

increasing range of needs as the market grows more complex and diverse, making it easy for clients to select functionality based on their scale and sophistication. And it is fully cloud-based, simplifying support and enabling automatic updates following a period of working offline.

In addition, we are also working to increase its depth of functionality and ensure that clients always see it as delivering excellent value for them and their business. Critically, as new security threats emerge, we are continually focused on addressing any vulnerabilities to ensure we stay ahead of emerging risks. As part of this ongoing work, we reconfigured and strengthened our cloud-based servers during 2018. This coincided with the implementation of the EU's GDPR legislation, which required a complete overhaul of our VenposCloud contact and CRM system.

The year's key product improvements included the addition of 'Go Cardless' direct debit functionality to our membership offering and a new online marketing layer to our CRM solution. We also worked on developing modules for adoptions – a particularly attractive option for zoos – and their online shops, which can leverage the power of the client brand. At the end of the year, and into the first quarter of 2019, we also focused on deepening the richness of our travel trade module. This ran in conjunction with the development of our powerful events API for use in customers' own websites promotions.

CASE STUDY: Museum streamlines their till system with Venpos Cloud

When they recognised that their existing till system no longer met the needs of the museum, the Trustees of Bentley Priory Museum turned to Vennersys for a new solution. Through the Venpos Cloud product, Vennersys was able to offer a completely new integrated admissions, membership, reporting and online booking system for events. The beautiful North West London attraction, which tells the story of how the Battle of Britain was won, attracts more than 8,000 visitors a year, offering a museum shop and café alongside the historic mansion house. Customers can now purchase tickets online in advance, with Vennersys providing full support to its staff and volunteers and a smooth customer journey.



Medium-term development work includes seeking significant growth in our addressable market by internationalising our product while continuing to build depth and traction in the UK.

We made important progress with many clients during the year, with Blenheim Palace, Burghley House and Scottish Seabird featuring among the most high profile of these. Blenheim continued to innovate, including the use of live data via dashboards to monitor and control factors like Gift Aid and membership conversions. Burghley started to use our remote scanning system to redeem tickets in real time for live events. And Scottish Seabird rationalised its member offering by integrating our membership module with direct debit functionality.

The year was also very strong for winning new clients across all our market sectors. Historic properties included Dunvegan Castle in Scotland, which completed its first full season using the system, Kelmarsh Hall opened the year using the system. Our order from Cardiff Castle included support for Welsh language requirements, and Wentworth Woodhouse will use Venpos Cloud to grow online and onsite visit admissions.

Museums joining us included the Leicestershire County Council museum services: not only is Venpos now live across all sites, its Trading Services sister division is also considering the product for a new site. Other museums going live in the year included Bentley Priory, the Museum of East Anglian Life

and the Green Howards Museum (our first military museum).

Our Family Entertainment Centre (FEC) business also grew strongly, with 360 Play now live across six sites, with a further order placed for its new Rushden Lakes centre. The company actively continues to seek new sites and market opportunities. Other new implementations included those at Adventure Land in Spalding, Wild'n' Wacky and Dynamic Earth.

Odds Farm Park adopted our online booking software for admissions and booking (including party booking) in 2018. And our largest farm site, Folly Farm, has installed our food and beverage tills in a new restaurant, with plans to replace the F&B tills in other restaurants across its estate. This adds to our existing admission, membership, retail and online business with them, and our current partnership work on developing a potentially lucrative adoptions offering for zoos.

To help keep up the new business momentum throughout 2019 and beyond, we attended conferences and other events during the year, including award presentations at the NFAN conference (for Digital Presence) and the BALPPA FEC dinner (for Large Attraction of the Year). Our new website went live in March, with an immediate positive impact on traffic growth. And we're aiming to drive more traffic to the site in 2019 through planned growth in our social media and Pay Per Click activities.

CASE STUDY: 360 Play

As a fast growing and popular family entertainment business, 360 Play needed a reliable and user-friendly system they could trust. Vennersys were able to provide exactly that. Offering a unique admissions journey with a comprehensive CRM and reporting system, Venpos Cloud provides 360 Play with a system they can rely on to check families in and out of their play centres safely and securely. Guests can also book parties online and create a whole birthday package including goody bags and food platters. Touch screen technology and a completely integrated solution facilitates faster admissions and great reporting for the client, with minimal staff training.



Our strategy in action

In Vennersys our aim is to become the leading UK Visitor Systems supplier by delivering world class integrated solutions to our customers to the benefit of our shareholders, staff and business partners.

Growth: Having invested significantly in developing the Venpos Cloud product, Vennersys is now focused on leveraging the saleability of the product to deliver tangible growth in revenues and profits. In 2018 we won new clients across our market sectors and the product is flexible enough to enable us to build new revenue streams for existing clients and, therefore, ourselves.

Return on investment: Our Venpos Cloud has been developed as a modular product, with functionality specifically designed to cater to client demand in the sectors. As it is our own product, we own the IP and we can make further investment decisions on development based on maximising returns.

People: 2018 saw Vennersys grow its team, recruiting in development and professional services. Our sales team also increased during the year as we sought to align our structure with the growth objectives of the business.

Resilience and sustainability: Vennersys has a history dating back over 25 years, evidencing our ability to respond to change and thrive. Our multi-functional, modular product can serve a variety of sectors without concentrated exposure to any one area of the economy and the accretive revenue business model means that, once a new client is won, there is significant opportunity to increase revenues as the client's own online revenues increase.

Technology: We are continually focused on addressing any perceived vulnerabilities at a time when new security threats are constantly emerging. We reconfigured and strengthened our cloud-based servers during the year as part of this continual security assessment process.

Financial review



“We achieved encouraging revenue and profit growth in the year, with revenues up on the prior year by 6.3% to take revenues to £76.1m (2017: £71.6m). Operating profit increased by 8.4% (£0.3m) to £4.1m (2017: £3.8m).”

Cash and net debt

The Group ended the year with net debt of £2.3m (2017: £2.6m). The Group continues to invest in capital expenditure (£1.2m), which we believe will yield positive returns for the business in future years. Working capital management remains a key focus and our actual bad debt experience remains excellent, as it has done for many years.

Pension schemes

In the year there was a reduction in the pension liability, with the liability reducing by £0.1m compared with 2017, however this does not affect the amounts we have previously agreed to pay under our deficit repair obligations.

The challenges around the valuation of final salary scheme pension liabilities continues as long-term gilt yield rates are still historically at a low point. However, as a Group we have endeavoured to mitigate pension risk exposure with our defined benefit schemes closed to new members since 1999 and 2000 respectively, as well as several sensible measures taken in recent years to limit cost risks, such as the capping of pensionable salary increases.

Key performance indicators

In accordance with the Strategic Report we have included our main KPIs for the Group and the individual operating divisions in the table below. As a Group we have many key areas that these indicators measure:

- **Revenue growth %** – an important part of our strategy is the profitable growth of our businesses, and one measure of this is the year-on-year increase in revenue.
- **Productivity** – being in the service sector, employee costs are our largest single cost. It is important to remain competitive and continue to improve our productivity. This KPI looks at the total cost of employees (including benefits, the cost of company cars,

company pension contributions and local employer taxes) required to produce £1,000 of revenue. For this KPI, a reducing figure reflects an improvement.

- **Operating profit %** – this is measured as operating profit (before exceptional items) as a percentage of revenue.

Group

At a Group level, there was some progress in KPIs in the year. The operating profit margin improved marginally to 5.4% despite an increase in employee costs relative to revenue.

PFS

Solid progress has been made in the PFS division following the excellent growth we achieved in 2017. Our aspirations for the productivity remains focused on delivering an enhancement on the KPIs we achieved in 2015, while at the same time continually growing revenues as we expand our service offering and geographical footprint. The investment we have made (and continue to make) in our people to further penetrate all areas of our market gives us the capacity and the operational gearing to make further improvement of these KPIs realistic ambitions.

SISS

As noted above, the SISS division had an improved year in 2018, albeit the progress made is not reflective yet in the KPIs numbers. The target of delivering further improvements and returning the division to an operating profit lie in improving these KPIs. We achieved encouraging revenue growth of 5.5% on the prior year, as our strategy of negotiating improved pricing terms for a series of major contracts begin to come through. Whilst we are still clearly short of the absolute profitability required, we have confidence that we are on-track to return the division to profit within a reasonable timeframe.

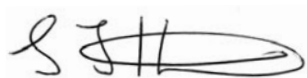
Taxation

The absolute tax charge for the year was a charge of £0.7m (2017: £0.7m charge). The total effective rate of tax for the Group was 18.4% (2017: 22.2%).

In the year there was a reduction in the deferred tax asset of £0.1m (2017: £0.8m reduction) and this is principally reflective of the movement in the retirement benefit obligations during each of the years.

Earnings per share (EPS)

I am pleased to say that the EPS increased by 1.76p (19%) in the year to 11.23p, reflecting the encouraging growth in profitability. This is the highest it has been in the last five years and offers us a good foundation for future growth.



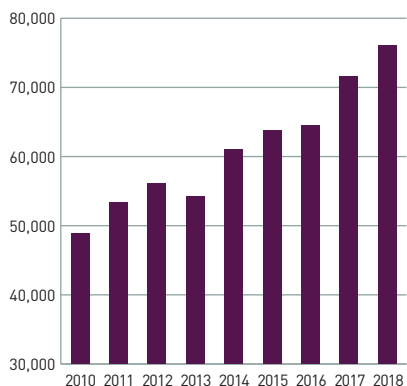
Simon Hawkins
Group Finance Director
10 April 2019

KPIs

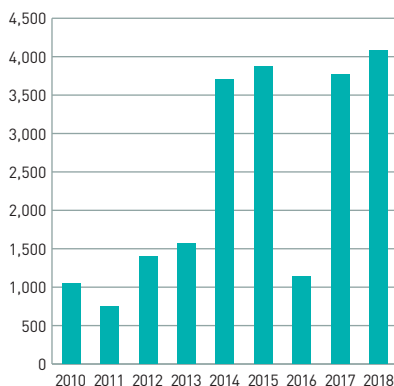
	Group	Professional & Financial Services	Stock & Inventory Systems & Services
Revenue growth %			
2018 on 2017	6.3%	6.8%	5.5%
2017 on 2016	11.1%	15.9%	5.3%
2016 on 2015	1.2%	[3.4%]	7.2%
2015 on 2014	4.5%	9.1%	[1.1%]
2014 on 2013	12.7%	17.5%	7.4%
Productivity – employee costs (before exceptionals) per £1,000 of revenue			
2018	693	590	730
2017	684	575	745
2016	711	615	737
2015	673	546	747
2014	660	550	709
Operating profit/(loss) before exceptionals as % of revenue			
2018	5.4%	13.0%	[2.2%]
2017	5.3%	13.0%	[3.5%]
2016	1.8%	4.0%	[0.6%]
2015	6.1%	12.8%	[3.5%]
2014	6.1%	9.9%	0.7%

The KPIs shown above are based on continuing activities only

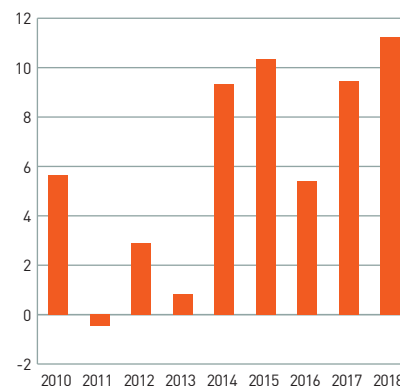
Revenue
(£'000)



Operating profit before exceptionals
(£'000)



Basic earnings per share
(pence per share)



Board of directors



David Rugg
Chairman & Chief Executive



Dan Prickett
Chief Operating Officer



Simon Hawkins
Group Finance Director



Chris Day
Executive Director



Paul Harding
Executive Director

David Rugg Chairman and Chief Executive

David is Chairman and Chief Executive of Christie Group plc which is the holding company for the Group's seven trading businesses. David has been responsible for the identification and integration of our principal business acquisitions and involved in the business start-ups which together now comprise the Group. David is appointed as a Companion member of the British Institute of Innkeeping, a Friend of the Royal Academy of Culinary Arts, and Life Patron of the Springboard Charity.

Dan Prickett Chief Operating Officer

Dan joined Christie Group in December 2007 after previously having worked at Grant Thornton, MacIntyre Hudson and Inchcape Retail. Having been appointed to the Board in March 2010, Dan spent over 7 years as Chief Financial Officer before being appointed as Chief Operating Officer in September 2017. As COO, Dan has responsibility for Administration, Compliance, Legal, Regulatory, Insurance, Pensions, Corporate Banking, Taxation, Property, Investor Relations and Financial PR matters.

Simon Hawkins Group Finance Director

Simon has over 23 years' financial experience in managing all financial aspects of companies both in the UK and internationally. Simon qualified as a Chartered Accountant with KPMG and was a Manager in the manufacture, retail and distribution department responsible for preparation of financial and regulatory reporting, before spells at Rugby Cement and Texon International where he gained experience of working with private equity. In 2005, Simon joined Christie & Co as Finance Director, looking after the financial management of Christie & Co's UK and international businesses, Christie Finance and Christie Insurance, before being appointed as Group Finance Director in September 2017. Simon has a BSc Hons Degree in Accounting and Financial Management.

Chris Day Executive Director

Chris joined Christie & Co in 1985 and, having worked in the Manchester, Birmingham and London Offices, was appointed Managing Director in 1993. He has overall responsibility for all Christie & Co's specialist transactional and advisory activities. Chris has overseen the successful expansion of Christie & Co into a truly global firm, which currently has 30 offices throughout Europe and an active Asian Investment team.

Paul Harding Executive Director

Paul has worked for Orridge for over 30 years. When Christie Group acquired Orridge in December 2002, Paul was Sales Director. He was appointed as Managing Director in 2004 and has been responsible for developing the company into a pan-European retail stocktaking business. Paul was appointed Orridge Group Chairman in October 2018. Paul has also been the Managing Director of Vennersys since 2012.



Hwfa Gwyn
Non-executive Director



Laurie Benson
Non-executive Director



Victoria Muir
Non-executive Director

Hwfa Gwyn Non-executive Director

Hwfa has been CFO of Hybrid Air Vehicles Ltd since February 2014, having previously been a Non-executive Director of the business. He qualified as an accountant with PwC in London, specialising in the audit of small and mid-cap growth businesses. He worked for KordaMentha, a top corporate recovery firm in Australia. He has a BA (Hons) in Economics and Politics from Bristol University and is a Chartered Accountant. Hwfa chairs the Remuneration Committee and is also a member of both the Audit and Nomination Committees.

Laurie Benson Non-executive Director

Laurie has over 30 years' experience in advertising, digital media and digital technology, assisting and advising organisations to exploit the benefits of digital technology. Laurie's executive career was made up of several high-profile roles in the US and EMEA, including roles with Time Warner and Bloomberg, after an early career which focused on the media industry in New York. Laurie is a thought leader on new digital platforms, how to communicate with audiences and changing media consumption habits and her sector knowledge includes Finance, Healthcare, Transportation, Telecoms, Energy and Media. Laurie currently sits on the Board of Trustees for The Royal Air Force Museum and is a Non-executive Board member of both The Charity Commission for England and Wales and The Medical Algorithms Company Limited. Laurie also sits on the Audit and Risk Committee and the Policy and Guidance Committee of The Charity Commission for England and Wales. Laurie chairs the Audit Committee and is also a member of both the Remuneration and Nomination Committees.

Victoria Muir Non-executive Director

Victoria has over 25 years' experience in financial services, including asset management and inter-dealer broking. Her experience covers a wide range of products and services including investment trusts, segregated accounts, pension funds, insurance products, VCTs and hedge funds and a wide breadth of asset classes across both traditional and alternative investments. Victoria is a Chartered Director and a Fellow of the Institute of Directors and is an FCA Approved Person. She has held a variety of executive positions within the financial services sector, most notably with Royal London Asset Management Ltd and some of its sister companies, before pursuing a career as a Non-executive Director. Victoria currently holds a number of Non-executive Directorships, including Invesco Perpetual Select Trust plc, Premier Global Infrastructure Trust plc, State Street Trustees Ltd and Smith & Williamson Fund Administration Ltd. Victoria chairs the Nomination Committee and is also a member of both the Remuneration and Audit Committees.

Strategic report

for the year ended 31 December 2018

The Directors present their Strategic Report on the Group for the year ended 31 December 2018.

Review of the business

Principal Activities and Business Review

Christie Group plc is the parent undertaking of a group of companies covering a range of related activities. These fall into two divisions – Professional & Financial Services and Stock & Inventory Systems & Services. Professional & Financial Services principally covers business valuation, consultancy and agency, mortgage and insurance services, and business appraisal. Stock & Inventory Systems & Services covers stock audit and counting, compliance and food safety audits, inventory preparation and valuation, hospitality and cinema software. A description of the Group's activities and a detailed business review of the year and future developments are given in the Review of the Year (comprising the Chairman and Chief Executive's Review, the Chief Operating Officer's Review and the Divisional Review) and Financial Review. In addition, the Group's main Key Performance Indicators are explained in the Financial Review on pages 28 to 29 and the risks and uncertainties are shown below.

Risks and uncertainties

We operate in a world with a heightened awareness of risk. In growing and developing our businesses we have made a conscious decision to try and minimise unrewarded risk. We have done this in the following ways:

1. We are growing a European business in order that we are less dependent on the success or otherwise of one country's economy;
2. We service three sectors; hospitality and leisure, care and education, medical and retail, so that we are not dependent solely on the fortunes of one sector;
3. We offer a spread of services across our two divisions, for example, transactional, advisory and support; and
4. We have a spread of work which deliberately covers both corporate and private clients.

That stated, whilst we have endeavoured to reduce risks, we are not immune to movements in the global economy or changes in the economic or legislative environments in the countries in which we do business. In addition, such things as the psychological effect of natural disasters, terrorist attacks, banking crises, currency crises and changes in behaviour pattern due to environmental based legislation can all impact our businesses in unexpected ways. All of our activities rely on the recruitment and retention of skilled individuals. Each of our divisions, though, face certain risks that are unique to the services they provide and they are categorised under the divisional headings below.

The following can adversely affect our markets and businesses:

Professional & Financial Services (PFS)

- changes in interest rates;
- lack of bank liquidity and more conservative lending criteria; and
- the terms and impact of the UK's decision to leave the EU (also applicable to SISS).

Stock & Inventory Systems & Services (SISS)

- changes in employee and business legislation;
- the availability of labour;
- increase in transport costs;
- trends towards a cashless society which reduces cash handling risks;
- technology changes affecting the retail and hospitality sectors; and
- economic slowdown.

The above list of risks is meant to highlight, in addition to any noted elsewhere in this report, those we consider relevant today and is not intended to be an exhaustive list of risks facing the businesses.

Key Performance Indicators:

For an analysis of key performance indicators see Financial Review on page 29.

Review of strategy and business model

For a review of the Group's strategy and business model see the Chairman and Chief Executive's Review of the Year on pages 2 to 3.

This report was approved by the board on 10 April 2019.

C E French

Company Secretary

Whitefriars House
6 Carmelite Street
London EC4Y 0BS

Registered No. 01471939

Directors' report

for the year ended 31 December 2018

The Directors present their report and the audited financial statements for the year ended 31 December 2018.

Results and Dividends

The results for the year are set out in the consolidated income statement on page 48, and the consolidated statement of comprehensive income on page 49. The Directors recommend the payment of a final dividend of 1.75p (2017: 1.75p) per share which together with the interim dividend of 1.25p (2017: 1.0p) per share, makes a total of 3.0p (2017: 2.75p) per share totalling £790,000 (2017: £729,000) for the year. The profit for the year before tax and before other comprehensive income was £3,599,000 (2017: £3,146,000) and the profit attributable to equity holders of the Group for the financial year, after taxation and including other comprehensive income, was £2,486,000 (2017: £5,184,000).

Future developments

For information on future developments see the Chairman and Chief Executive's Review of the Year on pages 2 to 3.

Directors

The Directors of the Company in office at the date of this report, together with their biographical details, are shown on pages 30 and 31. During the year, Victoria Muir was appointed to the Group Board on 14 June 2018, in a Non-executive capacity. During the year Pommy Sarwal and Tony Chambers stepped down from the Group Board and all related Committees on 24 January 2018 and 14 June 2018 respectively. All other Directors served throughout the year. Chris Day retires by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election at the forthcoming Annual General Meeting. Directors' interests are shown in the Remuneration Report. During the year under review and as at the date of the Directors' report, appropriate directors' and officers' insurance was in place.

Employees

The Directors recognise the benefits which accrue from keeping employees informed on the progress of the business and involving them in the Group's performance. Each individual operating company adopts employee consultation as appropriate. The Group is committed to providing equality of opportunity to all staff and workers regardless of gender, marital status, race, religion, nationality, age, disability or sexual orientation.

Acquisition of Own Shares

During the year the Company funded the purchase of 384,000 (2017: 205,000) of its own ordinary shares, through an Employee Share Ownership Plan (ESOP) trust, for a consideration of £561,000 (2017: £221,000). To enable it to meet awards under its SAYE and other share schemes; the Company also sold 274,000 (2017: 209,000) of its own ordinary shares during the year, through an Employee Share Ownership Plan (ESOP) trust, for a consideration of £321,000 (2017: £202,000). The total holding of the Employee Share Ownership Trust as at 31 December 2018

was 288,000 shares (2017: 178,000 shares), which represents 1.08% (2017: 0.67%) of the current issued share capital.

Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. See note 3 for information.

Health, Safety and the Environment

The Directors consider the health, safety and environmental protection aspects of the business to be of great importance, as the prevention of personal injury, the avoidance of damage to health and the protection of the environment are important business and social responsibilities. Management practices within the Group are designed to ensure so far as is reasonably practicable, the health, safety and welfare at work of employees, contractors and visitors and the implementation of environmentally aware and friendly policies.

Going Concern

The Directors have considered cash flow forecasts for the Group for the period extending to 30 April 2020, alongside five-year business plans prepared by each trading subsidiary, which indicate that the Group expects to have adequate financial resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements, which appear on pages 48 to 92.

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution proposing Grant Thornton UK LLP be re-appointed as auditors of the Company will be put to the Annual General Meeting.

Disclosure of Information to Auditors

Directors of the Group have confirmed that in fulfilling their duties as a director:

- so far as they are each aware, there was no relevant audit information of which the auditors were unaware; and
- they have taken all reasonable steps that a director ought to have taken to make himself or herself aware of any relevant audit information and to establish that the Group's auditors were aware of that information.

This information is given and should be interpreted in accordance with the provision of s.418 of the Companies Act 2006.

This report was approved by the board on 10 April 2019.

C E French

Company Secretary

Whitefriars House, 6 Carmelite Street, London EC4Y 0BS

Registered No. 01471939

Corporate governance

The Directors are committed to delivering high standards of corporate governance to the Company's shareholders and other stakeholders, including employees, suppliers, clients and the wider community. The Board recognises the importance of strong corporate governance. The Directors consider that full compliance with the UK Corporate Governance Code is excessive and have instead chosen to apply the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code') as an alternative which it considers appropriate for AIM companies of its size. The Company applies the QCA Code to the extent detailed within this report when read in conjunction with the AIM Notice 50 disclosure on the Christie Group plc website.

The Board of Directors operates within the framework described below.

The Board

The Board sets the Company's strategic aims and ensures that necessary resources are in place in order for the Company to meet its objectives. All members of the Board take collective responsibility for the performance of the Company and all decisions are taken in the interests of the Company.

All Directors receive regular information on the performance of the Group. Relevant information is circulated to Directors in advance of meetings.

The Board comprises five Executive Directors and three Non-executive Directors. Two of the Non-executive Directors are fully independent, having been appointed through a process focused on ensuring neither had any prior connection to the Group or pre-existing relationships with any members of the management. The Board is supported by an Audit Committee, Remuneration Committee and Nominations Committee. All of the Non-executive Directors sit on all three committees.

The Board last collectively reviewed and formulated a Group strategy in July 2018, the details of which are published on the Group website. The Board plans to meet annually for the specific purpose of reviewing the strategy, thereby always ensuring that it remains appropriate and endorsed by the Board as a whole. As stipulated by the QCA code, this strategy encompasses a wider set of considerations than products and corporate structures, capturing the strategic vision and ambition of the Company, its core values and attributes and key elements required in implementing the strategy – Growth, Return on Investment, People, Resilience & Sustainability and Technology. The Board seeks to ensure that the strategies of its various subsidiary companies are aligned with this overarching Group strategy.

The Board has initiated an annual mutual review of its own performance to identify areas for improvement. Performance evaluation will consider the Financial Reporting Council's Guidance on Board Effectiveness. Where any individual training

requirements are identified the Board is fully supportive of each Director attending such training. In addition to this, individual Board members take responsibility for maintaining their own continued professional development as may be applicable.

Succession plans are required to be in place across trading subsidiaries and are submitted by each Managing Director to the Chairman and Chief Executive.

The Chairman and Chief Executive evaluates succession planning throughout the Group and will discuss with the Non-executive Directors as appropriate.

No Executive Director, nor the Chairman and Chief Executive, is present at any Remuneration Committee meeting when their own remuneration is discussed.

Whilst the Board has delegated the normal operational management of the Company to the Executive Directors and other senior management there are detailed specific matters subject to decision by the Board of Directors. These include acquisitions and disposals, joint ventures and investments and projects of a capital nature. The Non-executive Directors have a particular responsibility to challenge constructively the strategy proposed by the Chairman and Executive Directors; to scrutinise and challenge performance; to ensure appropriate remuneration and to ensure that succession planning arrangements are in place in relation to Executive Directors and other senior members of the management team. The Chairman holds informal meetings with individual Non-executive Directors without the other executives present. The senior executives enjoy open access to the Non-executive Directors with or without the Chairman being present. In short, the Directors talk to each other.

The Board is responsible for ensuring that a sound system of internal control exists to safeguard shareholders' interests and the Group's assets. It is responsible for the regular review of the effectiveness of the systems of internal control. Internal controls are designed to manage rather than eliminate risk and therefore even the most effective system cannot provide assurance that each and every risk, present and future, has been addressed. The key features of the system that operated during the year are described below.

Organisational structure and control environment

The combined role of Chairman and Chief Executive was instigated in September 2017 by the retiring Chairman & senior Non-executive Director with the support of the Board. While it is recognised that separation of the two roles is commonly perceived as a more desirable Corporate Governance standard, the Board, with the exclusion of the Chairman and Chief Executive, felt that the experience, stability, commitment and enthusiasm he could bring to the role offset this.

The Board of Directors held five full Board meetings, led by the Chairman and Chief Executive. All Board members were present. In addition, the Board met for one full day to review Strategy, and an additional two full days to review the annual budgets and business plans of its trading subsidiaries. All Executive Directors work full-time for the Company or its subsidiaries and the Non-executive Directors are able to devote an appropriate portion of their time to Company matters.

Internal control

The key procedures which the Directors have established with a view to providing effective internal control are as follows:

- Regular Board meetings to consider the schedule of matters reserved for Directors' consideration;
- A risk management process (see below);
- An established organisational structure with clearly defined lines of responsibility and delegation of authority;
- Appointment of staff of the necessary calibre to fulfil their allotted responsibilities;
- Comprehensive budgets, forecasts and business plans approved by the Board, reviewed on a regular basis, with performance monitored against them and explanations obtained for material variances (see page 36);
- An Audit Committee of the Board, comprising Non-executive Directors, which considers significant financial control matters as appropriate;
- Documented whistle-blowing policies and procedures; and
- Internal audit function.

The Internal Auditor, reporting to the Chief Operating Officer on a day-to-day basis, operates with a mandate to perform their duties under the authority from the Chairman and Chief Executive and to examine all areas of compliance across the Group as he may consider appropriate or necessary from time to time. The Internal Auditor may report to and take direction from the Audit Committee on matters which fall within its terms of reference.

Risk management

The Board has the primary responsibility for identifying the major risks facing the Group. The Board has adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, organisational and compliance issues. The Board has identified a number of key areas which are subject to regular reporting to the Board. The policies include defined procedures for seeking and obtaining approval for major transactions and organisational changes.

Risk reviews carried out by each subsidiary are updated annually as part of an ongoing risk assessment process, along

with Business Continuity Plans ("BCPs"). The focus of the risk reviews is to identify the circumstances, both internally and externally, where risks might affect the Group's ability to achieve its business objectives. An overall risk assessment for the Group is prepared. The management of each subsidiary periodically reports to the Board any new risks.

In addition to risk assessment, the Board believes that the management structure within the Group facilitates free and rapid communication across the subsidiaries and between the Group Board and those subsidiaries and consequently allows a consistent approach to managing risks. Certain key functions are centralised, enabling the Group to address risks to the business present in those functions quickly and efficiently. BCPs are maintained across the Group to ensure that any potential disruption to trading is minimised in the event of an unscheduled event or occurrence.

Alongside these controls, the Group maintains its trading subsidiaries as distinct legal entities in order to mitigate against the possibility that a risk in one entity may impact another.

Viability statement

The Directors have assessed the prospect of the Group over a longer period than the 12 months required under the traditional 'Going Concern' assessment. The Board made its assessment by reference to five-year plans relating to each of the trading subsidiaries of the Group and in doing so considered the following:

- The achievability of those five year plans;
- The inherent headroom within those plans, allowing for reasonable adjustments for foreseeable risks;
- The ensuing cash generative ability of each business relative to its projected profitability; and
- The diversified spread of revenue streams, currencies, market risks and geographical diversification inherent in the conglomerated composition of the Group.

In doing this, the Board also considers the following:

- The strength and continual promotion of our trading company brands;
- The recurrent nature of certain of our business services;
- The opportunity to raise further capital as an AIM listed enterprise;
- The qualifications, expertise and skills of our multidiscipline workforce;
- The wide age range and diversity of our staff;
- Our proactive recruitment, training & succession plans;
- Our continuous systems development for both internal & external application;

- Investment in research and development resulting in the launch of new products and services;
- The general policy of incurring short-term leasing commitments;
- The performance and productivity link to variable commission and bonus payments;
- Our protection of Copyright & Trademarks & our retention of Intellectual Property Rights; and
- The maintenance of our operational policies, procedures and protocols.

The Group Board's conclusions on Going Concern as set out in the Directors' Report are consistent with this viability statement.

Corporate culture

In formulating the Group strategy, the Board has identified a number of core values and attributes which it considers key to how all companies within the Group and their employees conduct themselves, including all members of the Group Board. These core values have been communicated on the Group website and disseminated among the management teams of the trading subsidiaries of the Group.

These core values and attributes comprise the following:

- Trustworthiness
- Compassion for people and communities
- Integrity
- Flexibility
- Collaboration
- Passion
- Innovation
- Excellence & quality
- Client-focus
- Knowledgeable

Financial planning, budgeting and monitoring

The Group operates a planning and budgeting system with an annual budget approved by the Board. There is a financial reporting system which compares results with the budget and the previous year on a monthly basis to identify any variances from approved plans. Rolling cash flow forecasts form part of the reporting system. The Group remains alert to react to other business opportunities as they arise.

Non-executive Directors

The Non-executive Directors do not have service agreements and have no automatic right of re-appointment. They are regarded by the Board as bringing experience to the Board from their fields of business and finance, and ensure that all matters of strategy, performance, progress and standards are debated thoroughly.

The table below shows the extent to which each of the Non-executive Directors complies with objective tests on independence:

Question	Hwfa Gwyn	Laurie Benson	Victoria Muir
Has been an employee of the Company or Group within the last five years?	No	No	No
Has, or had within the last three years, a material business relationship with the Company directly, or as a partner, shareholder, Director or senior employee of a body that has such a relationship with the Company?	Yes	No	No
Has received or receives additional remuneration from the Company apart from directors' fees, participates in the Company's share option or performance-related pay scheme, or is a member of the Company's pension scheme?	No	No	No
Has close family ties with any of the Company's Directors, senior employees or advisers other than disclosed separately?	No	No	No
Holds cross-directorships or has significant links with other Directors through involvement in other companies or bodies?	No	No	No
Represents or is a significant shareholder?	Yes	No	No
Has served on the Board for more than nine years from the date of their first election?	No	No	No

Laurie Benson was appointed to the Board on 12 November 2017 and is considered to be fully independent.

Victoria Muir was appointed to the Board on 14 May 2018 and is considered to be fully independent.

Hwfa Gwyn was appointed to the Board on 18 September 2017 and is not considered to be independent by virtue of his family connection to the Life President and significant shareholder, Philip Gwyn.

Remuneration Committee

The Remuneration Committee held three meetings during the year. All members of the Committee were present. The Committee is responsible for determining main Board Directors' and subsidiary company Managing Directors' remuneration together with the terms and conditions of their service contracts. It has access to relevant comparable information in respect of similar businesses.

The Committee is also responsible for the allocation of options under the Company's executive share option scheme. The Committee also maintains a watching brief over the general employment terms and pay structures, existing or proposed, for the subsidiary trading companies. The Remuneration Committee consists of the Non-executive Directors, with Hwfa Gwyn as Chairman.

Nomination Committee

The Nominations Committee meets as required from time to time and is comprised of Victoria Muir as Chair, the Chairman and Chief Executive, all other Non-executive Directors and co-opted Board members. Appointments are considered by the Board as a whole upon the recommendation of the Committee.

The Nominations Committee of the Board oversees the process and makes recommendations to the Board on all new Board appointments. Board appointments are considered on merit having due regard to the balance of skills required on the Board and the individual skills and experience of any proposed appointment, as well as the benefits of being able to draw on diverse experiences and backgrounds, including but not restricted to consideration of gender.

Professional and industry and sector-specific experience are considered objectively in the context of the requirements of the role.

Risks and Uncertainties

See the Strategic Report on page 32.

Dialogue with Institutional Shareholders

The Board seeks to respond quickly to all queries and enquiries received from shareholders, and the Chairman and Chief Executive welcomes feedback from all stakeholders. He is supported on Investor Relations matters by the Chief Operating Officer and Group Finance Director.

The Board recognises that the AGM provides an important opportunity to meet private shareholders in a transparent and open forum. The Directors are available to listen to the views of shareholders following the AGM.

The Company seeks to keep shareholders and potential investors informed of trading performance and outlook, to the best of its ability, through the release of its Annual Report and Accounts, Interim Results and AGM Statement.

The Company discloses the outcome of all shareholder votes in a clear and transparent manner by either publishing a market announcement or by reporting it on the Company website.

The Company website sets out details of the Investor Relations approach adopted, along with relevant contact information and all other information that the Board consider necessary to ensure shareholders have access to relevant and timely information and an understanding of the Company's strategic aims and objectives.

Shares and Shareholdings

The interests of Directors are set out on page 40.

Audit committee report

The Audit Committee met twice during the year with the auditors in attendance. All members of the Committee were present. The Committee also assists the Board in observing its responsibility for ensuring that the Group's accounting systems provide accurate and timely information and that the Group's published financial statements represent a true and fair reflection of the Group's financial position and its performance in the period under review. The Committee also ensures that internal controls and appropriate accounting policies are in place, reviews the scope and results of the audits, the independence and objectivity of the auditors and establishes that an effective system of internal financial control is maintained.

The Committee has primary responsibility for making a recommendation on the appointment or re-appointment of the external auditors. In order to maintain the independence of the external auditors, the Board has determined guidelines as to what non-audit services can be provided by the Company's external auditors and the approval processes related to them. Under those policies, work of a consultancy nature will not be offered to the external auditors unless there are clear efficiencies and value-added benefits to the Company. Additionally, the auditors confirm their independence in writing each year. The Committee also monitors the level of non-audit fees paid to the external auditors. The Audit Committee consists of the Non-executive Directors with Laurie Benson as Chair.

Services provided by the Group's auditor

During the year, the Group obtained the following services from the Group's auditor as detailed below:

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Audit services				
– audit of the parent company and consolidated financial statements	15	14	15	14
– audit of the subsidiary company financial statements	99	88	–	–
Total audit fees	114	102	15	14
Other services – other	9	–	9	–

During the year, the Group obtained the following services from the Group's previous auditor as detailed below:

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Group pension scheme audit fees	–	13	–	–
Other services – other	–	7	–	7

Consideration of the financial statements

In making its recommendation that the financial statements be approved by the Board, the Audit Committee has taken account of the following significant issues and judgement areas:

- Revenue recognition in accordance with IFRS 15.
- The application of IFRS 9, IFRS 10 and IAS 37 in relation to the measurement and disclosure of amounts previously disclosed as Available-for-sale financial assets.
- The assumptions used in measuring the Group's defined benefit and unfunded pension obligations.
- The trading results and outlook of all trading subsidiaries insofar as they relate to the carrying value of goodwill and the recoverability of investments and intercompany debtors.

Remuneration committee report

Part 1 of this report sets out the Company's remuneration policies for the Directors for the year ended 31 December 2018. These policies are likely to continue to apply in future years, unless there are specific reasons for change, in which case shareholders will be informed in future reports. Part 2 sets out details of the remuneration received by Directors during the year ended 31 December 2018.

Part 1. Remuneration Committee (not subject to audit)

The Remuneration Committee, which consists solely of Non-executive Directors, makes recommendations to the Board on the framework of executive remuneration and determines specific remuneration packages on their behalf. The Chairman and Chief Executive attends the Remuneration Committee meetings. Attendance by the Chief Operating Officer or any other Executive Director – as may from time to time be considered appropriate – are by invitation only. Neither the Chairman and Chief Executive, nor any other attending Executive Director is present when their own remuneration is being considered by the Committee.

- Base salary is reviewed annually and in setting salary levels the Remuneration Committee considers the experience and responsibilities of the Executive Directors and their personal performance during the previous year. The Committee also takes account of external market data, as well as the rates of increases for other employees within the Company. Base salary going forward is the only element of the package to determine future pensionable earnings.
- Annual bonuses for Executive Directors of the Christie Group plc are calculated by reference to the consolidated operating profit of the Group. Where Christie Group plc Executive Directors have responsibility for the operational performance of a particular trading subsidiary or subsidiaries within the Group, an appropriate element of their bonuses is determined by reference to the operating profit of those particular trading subsidiaries. Bonuses are designed to incentivise performance and to contribute a significant proportion of an individual's total earnings. Remuneration arrangements across the Group's various business are intended to reflect this approach.
- Benefits are primarily the provision of cars and health insurance.
- Share options are granted having regard to an individual's seniority within the business and, together with the Group's Save As You Earn scheme (SAYE), are designed to give Executive Directors an interest in the increase in the value of the Group.

Service contracts and/or letters of appointment

Executive Directors

It is the Group's policy to appoint Executive Directors under service agreements terminable by either party giving a minimum of six months' notice. David Rugg has a two-year notice period that was agreed on flotation of the Company and this is still considered appropriate.

There are no predetermined provisions for compensation on termination within Executive Directors' service agreements. However, the Group believes that severance arrangements should be restricted to base pay and consequential payments such as bonus and pension accrual. Nevertheless, the circumstances of the termination and the individual's duty and opportunity to mitigate loss would be taken into account.

Non-executive Directors

The Non-executive Directors have a letter of appointment, which specifies an initial appointment of 12 months. Their appointment is subject to Board approval and election by shareholders at the annual general meeting following appointment and, thereafter, re-election by rotation. There are no provisions for compensation payments on early termination in the Non-executives' letters of appointment.

The fees of the Non-executive Directors are determined by the Chairman and Chief Executive and are designed to reflect the time and experience which these Non-executive Directors bring to the Company.

Outside directorships

None of the Executive Directors hold external Non-executive directorship positions.

Part 2. Directors' Emoluments (information required to be audited)

	Salary, Commissions & Fees £'000	Long-Term Share Schemes £'000	Bonus £'000	Benefits £'000	Pensions £'000	2018 £'000(*)	2017 £'000(*)
David Rugg	450	–	76	45	–	571	500
Chris Day	371	–	87	21	33	512	497
Dan Prickett	220	56	47	12	13	347	294
Paul Harding	258	–	12	18	–	288	297
Simon Hawkins	170	–	40	12	11	233	63
Hwfa Gwyn	30	–	–	–	–	30	9
Laurie Benson	30	–	–	–	–	30	4
Victoria Muir	19	–	–	–	–	19	–
Tony Chambers	15	–	–	–	–	15	32
Philip Gwyn	–	–	–	–	–	–	137
Pommy Sarwal	4	–	–	–	–	4	57
	1,567	56	261	108	57	2,049	1,890

(*) Disclosed Directors' emoluments is only for the period that they were a Director of Christie Group Plc.

At the year end the highest paid Director had accrued benefits under company pension schemes as set out below:

	2018 £'000	2017 £'000
Defined benefit arrangement:		
Accrued annual pension at end of year	53	51

Directors' pension entitlements

Chris Day is a member of the Christie Group plc Pension & Assurance Scheme administered by Hanover Pensions Limited. Dan Prickett and Simon Hawkins receive employer contributions as members of the Group defined contribution scheme. Paul Harding receives salary in lieu of pension contributions.

Directors' interests

Details of the Directors' interests in the ordinary shares of the Company are set out below:

	31 Mar 2019	31 Dec 2018	31 Dec 2017
David Rugg	2,827,844	2,827,844	2,827,844
Chris Day	762,847	762,847	762,847
Paul Harding	337,870	337,870	337,870
Dan Prickett	50,000	50,000	25,000
Simon Hawkins	126,240	126,240	126,240
Hwfa Gwyn (*)	–	–	–
Laurie Benson	–	–	–
Victoria Muir	2,500	2,500	–

(*) Philip Gwyn holds 43.41% of the shares either directly or via connected family shareholdings which themselves include shares held directly or beneficially by Hwfa Gwyn, Non-executive Director.

In addition to interests shown above, the following Directors hold share options under company share option schemes:

Dan Prickett holds 150,000 share options, granted in October 2013 and May 2015, exercisable between October 2016 and May 2025.

Paul Harding holds 100,000 share options, granted in May 2014, exercisable between May 2017 and May 2024.

Simon Hawkins holds 20,000 share options, granted in May 2009, exercisable between May 2012 and May 2019.

The market price of the shares at 31 December 2018 was 93.5p (31 December 2017: 132.5p) and the range during the year was 92.5p to 160.0p (year to 31 December 2017: 76.5p to 132.5p).

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. 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 company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

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

The directors are also responsible for ensuring that they meet their responsibilities under AIM rules.

Independent auditor's report

To the members of Christie Group plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Christie Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated statement of financial position, the consolidated statement of cash flows, the company statement of changes in shareholders' equity, the company statement of financial position, the company statement of cash flows and notes to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

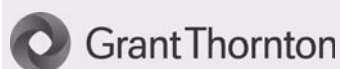
Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the 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 or the parent 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.



Overview of our audit approach

- overall materiality: £384,000, which represents 0.5% of the group's revenue
- we performed full scope audits on all UK entities and targeted procedures or analytical procedures at the group level on overseas subsidiaries.
- key audit matters were identified as:
 - Group – the carrying value of goodwill;
 - Group – defined benefit pension obligation assumptions; and
 - Parent – recoverability of investments and intercompany debtors.

Key audit matters

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

Key audit matter	How the matter was addressed in the audit	Key observations
Group – Carrying value of goodwill The value of goodwill at the year-end is £1.9m (2017: £1.8m). An impairment assessment of goodwill is required on an annual basis under IAS 36 'Impairment of assets'. There is a risk of material misstatement, due to the degree of uncertainty involved in forecasting and discounting future cash flows associated with such impairment assessments. We therefore identified the carrying value of goodwill as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included but was not restricted to: • assessment of management's consideration of the carrying value of goodwill including challenging key assumptions applied in the impairment assessments which are growth rates, changes in costs and discount rates based on our understanding of the business, expected market outturn and using the work of our internal valuation expert to assess the appropriateness of these assumptions. • testing the accuracy of historical estimates by comparing the 2018 budgeted sales and net cash flows to the results achieved for the year and performing sensitivity analysis of expected revenue for 2019 onwards for reasonableness. The Group's accounting policy on goodwill is disclosed in note 2.6 to the financial statements and related disclosures are included in note 12.	Based on our audit work, we found that management's impairment assessment including the cash flow forecast and underlying assumptions are balanced and consistent. We consider that the group's disclosures on page 68 appropriately describe the significant degree of inherent imprecision in the assumptions and estimates and the potential impact on future periods of revisions to these estimates. We found no arithmetic errors in calculations or forecasts.
Group – Defined benefit pension obligations – assumptions The group has three defined benefit pension schemes with a total liability of £14.1m (2017: £14.2m). The calculation of the retirement benefit obligation is based on a number of assumptions which have a significant impact on the value of the liability. We therefore identified the defined benefit pension obligations assumptions as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included but was not restricted to: • assessment of the annual actuarial reports from the scheme actuaries using our internal actuarial experts. This includes the evaluation of assumptions applied for consistency with prior year and assessment of the assumptions for reasonableness compared to similar schemes. • verification of pension assets to corroborating third party evidence. The Group's accounting policy on defined benefit pension obligations is disclosed in note 2.20 to the financial statements and related disclosures are included in note 24.	The directors accepted our view that a consistent discount rate for liabilities should be adopted for all of the defined benefit pension schemes and have amended the assumption and calculations accordingly. No other issues were noted from the work performed and we consider that the group's disclosures on pages 83 and 84 appropriately describe the significant degree of inherent imprecision in the assumptions and estimates and the potential impact on future periods of revisions to these estimates.

Independent auditor's report continued

Key audit matter	How the matter was addressed in the audit	Key observations
Parent company only – Recoverability of investments and intercompany debtors The parent entity has investments in subsidiaries of £4.1m (2017: £2.1m) and amounts owed by subsidiaries of £13.5m (2017: £15.4m). The assessment of the recoverability of such balances requires a significant degree of judgement and estimation in respect of expected future cash flows. We therefore identified the recoverability of investments and intercompany debtors as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included but was not restricted to: - challenging key judgements and assumptions applied in the assessment of investment recoverability which are mainly linked to expected future payments and returns to be received based on our understanding of the business and expected market outturn. - testing the assumptions applied to supporting evidence and checking for consistency with that applied in the prior year. - comparing current year budgeted performance with actual performance to assess reliability of management's forecasts. The Group's accounting policy on Impairment of Assets is disclosed in note 2.9 and Investments in note 2.10 to the financial statements. The disclosures in relation to Intercompany Debtors are included in note 20. The disclosures in relation to Investments in subsidiaries are included in note 16.	Based on our audit work, we found that management's impairment assessment including the cash flow forecast and underlying assumptions are balanced and consistent. Management's assessment is based on a similar approach to its assessment of the carrying value of goodwill. We consider that the group's disclosures on page 68 appropriately describe the significant degree of inherent imprecision in the assumptions and estimates and the potential impact on future periods of revisions to these estimates. We found no arithmetic errors in calculations or forecasts.

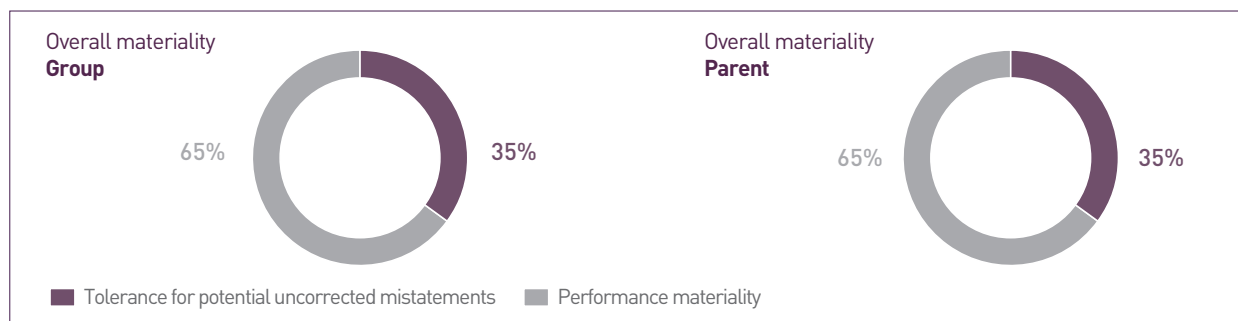
Our application of materiality

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

Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	£384,000 which represents 0.5% of group's revenue. This benchmark is considered the most appropriate because revenue is a key measure used by management and shareholders in assessing the performance of the business and is a generally accepted audit benchmark. For the year ended 31 December 2017 the benchmark for materiality was group profit before taxation. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2017 to reflect an increased knowledge of the business given this is our second year as auditors and the change in benchmark used (in the previous year, we calculated materiality as £136,000).	£224,640 which is 2% of total company assets restricted to reduce it to be below group performance materiality. This benchmark is considered the most appropriate because the parent has no revenue and only holds investments in and loans to subsidiaries and is therefore considered to be an asset based business. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2017 to reflect an increased knowledge of the business given this is our second year as auditors and the increased materiality of the group (in the previous year, we calculated materiality as £80,000).
Performance materiality used to drive the extent of our testing	65% of financial statement materiality.	65% of financial statement materiality.
Specific materiality	We also determined a lower level of specific materiality of £1,000 for certain areas such as directors' remuneration and related party transactions due to the inherent sensitivity of these transactions and related disclosures.	We also determined a lower level of specific materiality of £1,000 for certain areas such as directors' remuneration and related party transactions due to the inherent sensitivity of these transactions and related disclosures.
Communication of misstatements to the audit committee	£19,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£11,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

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



Independent auditor's report continued

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the group's business, its environment and risk profile and in particular included:

- evaluation by the group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality. Significance was determined as a percentage of the Group's total assets, revenues and profit before taxation;
- full scope audit procedures performed at Christie Group plc and its UK subsidiaries. Targeted and analytical audit procedures performed in relation to the overseas subsidiaries;
- no component auditors were used either in the audit or performance of the work on overseas subsidiaries;
- the total percentage coverage of full-scope and targeted procedures over the Group's revenue was 95%; and
- the total percentage coverage of full scope and targeted procedures over the Group's total assets was 96%.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the statement of directors' responsibilities set out on page 41, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Christopher Frostwick

Senior Statutory Auditor
for and on behalf of

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

10 April 2019

Consolidated income statement

For the year ended 31 December 2018

	Note	2018 Total £'000	2017 Total £'000
Revenue	5	76,090	71,635
Employee benefit expenses	6	(51,884)	(48,978)
		24,206	22,657
Depreciation and amortisation	5	(1,018)	(902)
Impairment (charge)/reversal	20	(22)	61
Other operating expenses		(19,083)	(18,048)
Operating profit		4,083	3,768
Finance costs	7	(169)	(162)
Pension scheme finance costs	7	(316)	(463)
Finance income	7	1	3
Total finance costs	7	(484)	(622)
Profit before tax	8	3,599	3,146
Taxation	9	(661)	(699)
Profit after tax		2,938	2,447
Profit for the period after tax attributable to:			
Equity shareholders of the parent		2,956	2,496
Non-controlling interest		(18)	(49)
		2,938	2,447
Earnings per share attributable to equity holders – pence			
Profit attributable to the equity holders of the Company			
– Basic	11	11.23	9.47
– Fully diluted	11	10.73	9.43

All amounts derive from continuing activities.

The accompanying notes are an integral part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2018

	2018 Total £'000	2017 Total £'000
Profit after tax	2,938	2,447
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	106	3
Net other comprehensive income to be reclassified to profit or loss in subsequent years	106	3
Items that will not be reclassified subsequently to profit or loss:		
Actuarial (losses)/gains on defined benefit plans	(694)	3,233
Income tax effect	118	(548)
Net other comprehensive (losses)/income not being reclassified to profit or loss in subsequent years	(576)	2,685
Other comprehensive (losses)/income for the year net of tax	(470)	2,688
Total comprehensive income for the year	2,468	5,135
Total comprehensive income/(losses) attributable to:		
Equity shareholders of the parent	2,486	5,184
Non-controlling interest	(18)	(49)
	2,468	5,135

The accompanying notes are an integral part of these financial statements.

Consolidated statement of changes in shareholders' equity

As at 31 December 2018

	Attributable to the Equity Holders of the Company					Total equity £'000
	Share capital £'000	Fair value and other reserves (Note 22) £'000	Cumulative translation reserve £'000	Retained earnings £'000	Non-controlling interest £'000	
For the year ended 31 December 2017						
Balance at 1 January 2017 (restated*)	531	5,465	656	(14,750)	(329)	(8,427)
Profit for the year after tax	–	–	–	2,496	(49)	2,447
Items that will not be reclassified subsequently to profit or loss	–	–	–	2,685	–	2,685
Items that may be reclassified subsequently to profit or loss	–	–	3	–	–	3
Total comprehensive income/(losses) for the year	–	–	3	5,181	(49)	5,135
Movement in respect of employee share scheme	–	(82)	–	–	–	(82)
Employee share option scheme:						
– value of services provided	–	229	–	–	–	229
Dividends paid	–	–	–	(657)	–	(657)
Balance at 31 December 2017 (restated*)	531	5,612	659	(10,226)	(378)	(3,802)

	Attributable to the Equity Holders of the Company					Total equity £'000
	Share capital £'000	Fair value and other reserves (Note 22) £'000	Cumulative translation reserve £'000	Retained earnings £'000	Non-controlling interest £'000	
For the year ended 31 December 2018						
Balance at 1 January 2018	531	5,612	659	(10,226)	(378)	(3,802)
Profit for the year after tax	–	–	–	2,956	(18)	2,938
Items that will not be reclassified subsequently to profit or loss	–	–	–	(576)	–	(576)
Items that may be reclassified subsequently to profit or loss	–	–	106	–	–	106
Total comprehensive income/(losses) for the year	–	–	106	2,380	(18)	2,468
Movement in respect of employee share scheme	–	(278)	–	–	–	(278)
Employee share option scheme:						
– value of services provided	–	23	–	–	–	23
Acquisition of non-controlling interest	–	–	–	(396)	396	–
Dividends paid	–	–	–	(790)	–	(790)
Balance at 31 December 2018	531	5,357	765	(9,032)	–	(2,379)

The accompanying notes are an integral part of these financial statements.

(*) Refer to note 32 for full details of the restatement the position at 1 January 2017 and 31 December 2017.

Consolidated statement of financial position

At 31 December 2018

	Note	2018 £'000	Restated (*) 2017 £'000	Restated (*) 2016 £'000
Assets				
Non-current assets				
Intangible assets – Goodwill	12	1,856	1,841	1,812
Intangible assets – Other	13	1,387	1,368	1,241
Property, plant and equipment	14	3,664	3,565	3,559
Deferred tax assets	15	3,009	3,142	3,901
Other receivables	17	1,913	2,044	2,119
		11,829	11,960	12,632
Current assets				
Inventories	18	29	25	29
Trade and other receivables	20	14,848	14,873	13,226
Current tax assets		156	4	357
Cash and cash equivalents	19	4,668	4,692	1,638
		19,701	19,594	15,250
Total assets		31,530	31,554	27,882
Equity				
Share capital	21	531	531	531
Fair value and other reserves	22	5,357	5,612	5,465
Cumulative translation reserve	23	765	659	656
Retained earnings	23	(9,032)	(10,226)	(14,750)
		(2,379)	(3,424)	(8,098)
Non-controlling interest		–	(378)	(329)
Total equity		(2,379)	(3,802)	(8,427)
Liabilities				
Non-current liabilities				
Trade and other payables	25	134	436	249
Retirement benefit obligations	24	14,119	14,241	18,106
Borrowings	26	602	734	753
Provisions	27	469	622	676
		15,324	16,033	19,784
Current liabilities				
Trade and other payables	25	11,292	11,703	8,916
Current tax liabilities		79	230	152
Borrowings	26	6,354	6,526	6,596
Provisions	27	860	864	861
		18,585	19,323	16,525
Total liabilities		33,909	35,356	36,309
Total equity and liabilities		31,530	31,554	27,882

The accompanying notes are an integral part of these financial statements.

(*) Refer to note 32 for full details of the restatement the position at 1 January 2017 and 31 December 2017.

These consolidated financial statements have been approved for issue by the Board of Directors on 10 April 2019.

S J Hawkins
Group Finance Director

L Benson
Audit Committee Chair

Consolidated statement of cash flows

For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Cash flow from operating activities			
Cash generated from operations	28	2,948	5,171
Interest paid		(169)	(162)
Tax paid		(570)	(160)
Net cash generated from operating activities		2,209	4,849
Cash flow from investing activities			
Purchase of property, plant and equipment		(720)	(575)
Proceeds from sale of property, plant and equipment		14	3
Intangible asset expenditure – software		(442)	(460)
Interest received		1	3
Net cash used in investing activities		(1,147)	(1,029)
Cash flow from financing activities			
Repayment of bank loan		(144)	(17)
Repayments of invoice finance		(110)	(12)
Repayment of finance lease liabilities		(1)	(6)
Dividends paid		(790)	(657)
Net cash used in financing activities		(1,045)	(692)
Net increase in cash		17	3,128
Cash and cash equivalents at beginning of year		176	(2,932)
Exchange losses on euro bank accounts		8	(20)
Cash and cash equivalents at end of year	19	201	176

The accompanying notes are an integral part of these financial statements.

Company statement of changes in shareholders' equity

As at 31 December 2018

	Attributable to the Equity Holders of the Company			
	Share capital £'000	Fair value and other reserves (Note 22) £'000	Retained earnings £'000	Total equity £'000
For the year ended 31 December 2017				
Balance at 1 January 2017	531	4,250	2,202	6,983
Profit for the year after tax	–	–	510	510
Items that will not be reclassified subsequently to profit or loss	–	–	35	35
Total comprehensive income for the year	–	–	545	545
Movement in respect of employee share scheme	–	(82)	–	(82)
Employee share option scheme:				
– Value of services provided	–	20	–	20
Dividends paid	–	–	(657)	(657)
Balance at 31 December 2017	531	4,188	2,090	6,809

	Attributable to the Equity Holders of the Company			
	Share capital £'000	Fair value and other reserves (Note 22) £'000	Retained earnings £'000	Total equity £'000
For the year ended 31 December 2018				
Balance at 1 January 2018	531	4,188	2,090	6,809
Profit for the year after tax	–	–	1,094	1,094
Items that will not be reclassified subsequently to profit or loss	–	–	(291)	(291)
Total comprehensive income for the period	–	–	803	803
Movement in respect of employee share scheme	–	(351)	–	(351)
Employee share option scheme:				
– Value of services provided	–	8	–	8
Dividends paid	–	–	(790)	(790)
Balance at 31 December 2018	531	3,845	2,103	6,479

The accompanying notes are an integral part of these financial statements.

Company statement of financial position

As at 31 December 2018

	Note	2018 £'000	Restated (*) 2017 £'000	Restated (*) 2016 £'000
Assets				
Non-current assets				
Intangible assets	13	3	–	–
Investments in subsidiaries	16	4,115	2,115	2,463
Deferred tax assets	15	247	213	272
Other receivables	17	2,182	2,313	2,388
		6,547	4,641	5,123
Current assets				
Trade and other receivables	20	13,084	14,967	14,830
Cash and cash equivalents	19	1,450	873	5
		14,534	15,840	14,835
Total assets		21,081	20,481	19,958
Equity				
Share capital	21	531	531	531
Fair value and other reserves	22	3,845	4,188	4,250
Retained earnings	23	2,103	2,090	2,202
Total equity		6,479	6,809	6,983
Liabilities				
Non-current liabilities				
Retirement benefit obligations	24	1,534	1,246	1,365
Provisions	27	304	434	509
		1,838	1,680	1,874
Current liabilities				
Trade and other payables	25	8,297	7,476	6,531
Borrowings	26	4,467	4,516	4,570
		12,764	11,992	11,101
Total liabilities		14,602	13,672	12,975
Total equity and liabilities		21,081	20,481	19,958

The accompanying notes are an integral part of these financial statements.

(*) Refer to note 32 for full details of the restatement of 2017 figures.

As permitted by section 408 of the Companies Act 2006 the Income Statement and Statement of Comprehensive Income of the Parent Company is not presented as part of these financial statements. The Parent Company made a profit after tax of £1,094,000 (2017: £510,000).

These Company financial statements have been approved for issue by the Board of Directors on 10 April 2019.

S J Hawkins
Group Finance Director

L Benson
Audit Committee Chair

Company statement of cash flows

For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Cash flow from operating activities			
Cash generated/(used in) operations	28	1,089	(193)
Interest paid		(116)	(121)
Tax paid		(42)	(53)
Net cash generated/(used in) operating activities		931	(367)
Cash flow from investing activities			
Interest received		513	373
Dividend received		1,975	1,225
(Purchase)/sale of investment in wholly owned subsidiary		(2,000)	348
Purchase of intangible assets		(3)	–
Net cash generated from investing activities		485	1,946
Cash flow from financing activities			
Dividends paid		(790)	(657)
Net cash used in financing activities		(790)	(657)
Net increase in cash		626	922
Cash and cash equivalents at beginning of year		(3,643)	(4,565)
Cash and cash equivalents at end of year	19	(3,017)	(3,643)

The accompanying notes are an integral part of these financial statements.

Notes to the consolidated financial statements

1. General information

Christie Group Plc is a company incorporated in and operating from England. Christie Group plc is the parent undertaking of a group of companies covering a range of related activities. These fall into two divisions – Professional & Financial Services and Stock & Inventory Systems & Services. Professional & Financial

Services principally covers business valuation, consultancy & agency, business mortgages & insurance services and business appraisal. Stock & Inventory Systems & Services covers stock audit & counting, compliance, food & safety audits, inventory preparation & valuation and hospitality & cinema software.

2. Summary of significant accounting policies

Accounting policies for the year ended 31 December 2018

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

The Board have reviewed their previously adopted accounting treatment in relation to the asset previously classified as 'Available-for-Sale'. Having considered the requirements of IFRS 9, IFRS 10 and IAS 37 the Board have restated the Consolidated Statement of Financial Position as at 1 January 2017 and 31 December 2017 and all other elements of the financial statements so affected. In doing so, the consolidated financial statements are now prepared recognising non-current restricted access financial assets within Other receivables (see note 17) and Other provisions (see note 27). The restatement had no impact on previously reported profits or losses. Details of the restatement are disclosed in note 32.

2.1 Basis of preparation

The consolidated and Company financial statements of Christie Group plc 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 parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated and Company financial statements have been prepared under the historical cost convention with the exception of the defined benefit pension scheme, and on a going concern basis.

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 and Company financial statements are disclosed in note 4.

The Group has chosen, in accordance with the options provided by IAS 1, to present an income statement and a statement of comprehensive income as two separate statements to improve the presentation of the primary statements.

New and amended standards adopted by the Company

In the year ended 31 December 2018, the Group has applied IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' for the first time.

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations. It applies to all revenue arising from contracts with customers. As part of the adoption of IFRS 15, the Group has reviewed all key income streams and assessed the revenue recognition criteria against IFRS 15. Adoption of IFRS 15 has not resulted in any changes to the amounts recognised in these financial statements compared to the previous requirements, nor any restatement of the prior period comparative information.

In accordance with the transition provisions in IFRS 15, the Group has adopted the new requirements retrospectively.

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for periods beginning on or after 1 January 2018, bringing together all three aspects of accounting for financial instruments: classification and measurement; impairment; and hedge accounting which has been fully adopted by the Group.

The directors have chosen to present comparative periods in accordance with IFRS 9.

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

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group or Company's accounting periods beginning after 1 January 2019 or later periods and have not been early adopted. It is anticipated that none of these new standards, amendments and interpretations currently in issue at the time of preparing the financial statements will have a material effect on the consolidated financial statements of the Group, except for IFRS 16 'Leases' which becomes mandatory for the Group's 2019 consolidated and company financial statements.

IFRS 16, 'Leases' was issued in January 2016. The impact on the Group and company will be as follows: it eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases. Leases will be 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. Where lease payments are made over time, the Group will also recognise a financial liability representing its obligation to make future lease payments. As set out in note 30, the Group has future aggregate minimum lease payments under non-cancellable operating leases at 31 December 2018 of £14,184,000 which

2. Summary of significant accounting policies continued

would need to be fair valued and recognised as a liability on the SOFP. In 2018 the charge recognised in the consolidated income statement relating to operating leases was £2,207,000 (2017: £2,096,000) and was disclosed within operating expenses. Under IFRS16, this charge would be reversed and a depreciation charge for the right of use asset would be recognised as well as an interest charge on the liability.

2.2 Consolidation

The Consolidated financial statements include the results of Christie Group plc and all its subsidiary undertakings on the basis of their financial statements to 31 December 2018. The results of businesses acquired or disposed of are included from or to the date of acquisition or disposal.

A subsidiary is an entity controlled, directly or indirectly, by Christie Group plc. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

When the Group disposes of a subsidiary any gains/losses recognised at the date of disposal are taken to the income statement.

Non-controlling interests

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

Where non-controlling interest has been acquired the balance has been transferred to retained earnings.

2.3 Foreign currency translation

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 sterling, which is the Group's and Company's functional and presentation currency.

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.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary

economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (b) income and expenses for each income statement are translated at average exchange rates; and
- (c) all resulting exchange differences are recognised as a separate component of equity, the cumulative translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

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

2.4 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services provided in the ordinary course of the Group's activities. The impact of this classification by division can be seen in note 5 – segmental analysis. Revenue for 2018 would have been the same under IAS 18.

The Group and company have adopted IFRS 15 and retrospectively applied it to 2017. The application of this new standard has required revenue from principal activities to be assessed using the following model:

1. Identify the contract
2. Identify performance obligations
3. Determine the transaction price
4. Allocation the transaction price; and
5. Recognise revenue

Revenues are derived from the principal activities described below, the transaction price and performance obligations are set out and identifiable in a contract, between the Group entity and the customer. Revenue is derived from the Group's principal activities (which is shown exclusive of applicable sales taxes or equivalents) is recognised as follows:

Professional & Financial Services

Agency

Net agency fees are recognised as income on exchange of contracts at which point the Group becomes contractually entitled to its agency fee.

2. Summary of significant accounting policies continued

Consultancy

Consultancy income is recognised in the accounting period in which the service is rendered, assessed on the basis of actual service provided as a proportion of the total services provided.

Valuation and appraisal

Valuation revenue is recognised once the property or business has been inspected. Appraisal income is recognised in the accounting period in which the report has been issued, as the rewards of ownership exist with the customer. Where a report spans a period end, revenue is assessed on the basis of actual service provided as a proportion of the total services to be provided.

Business mortgage broking

Fee income is taken either when a loan offer is secured or when the loan is drawn down.

Insurance broking

Insurance brokerage is accounted for when the insurance policy commences.

Stock & Inventory Systems & Services

Software solutions

Software revenues are recognised on delivery or as otherwise specified in the terms of the contract. Revenues on maintenance contracts are recognised over the period of the contracts.

Revenue in respect of services, such as implementation, training, consultancy and e-ticketing, are recognised when the services are performed.

Stock & inventory services

Fees are recognised on completion of the visit to client's premises, as the promises associated with the performance obligation have been fulfilled by the SISS companies.

Other

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

2.5 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker as required by IFRS 8 "Operating Segments". The chief operating decision-maker, who is responsible for allocating

resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The Group operating segments are defined as Professional & Financial Services, Stock & Inventory Systems & Services, and Other, notably central service companies. Within these segments, the Board of Directors distinguish between European-based operations and those operations based in the rest of the world on the basis that the risks and returns may vary depending on the economic environment.

Segment assets and liabilities include items that are directly attributable to a segment plus an allocation on a reasonable basis of shared items. Any current and deferred tax assets and liabilities are not included in business segments and are thus unallocated.

All transactions between reportable segments are at arm's length.

2.6 Intangible assets

Goodwill

On the acquisition of a business, fair values are attributed to the net assets acquired. Goodwill arises on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired. Goodwill arising on acquisitions is capitalised and subject to impairment review, both annually and when there are indications that the carrying value may not be recoverable. Goodwill arising on acquisitions prior to the date of transition to IFRS has been retained at previous UK GAAP amounts as permitted by IFRS 1 'First time adoption of International Accounting Standards'.

Other

Intangible fixed assets such as software are stated at cost, net of amortisation and any provision for impairment. Amortisation is calculated to write down the cost of all intangible fixed assets to their estimated residual value by equal annual instalments over their expected useful economic lives. The expected useful lives are between one and ten years.

2.7 Property, plant and equipment

Tangible fixed assets are stated at cost, net of depreciation and provision for any impairment. Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are as follows:

Freehold property	50 years
Leasehold property	Lease term
Fixtures, fittings and equipment	5 – 10 years
Computer equipment	2 – 5 years
Motor vehicles	4 years

2. Summary of significant accounting policies continued

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the income statement.

2.8 Leases

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Rentals under operating leases (net of any incentives received) are charged to the income statement on a straight-line basis over the period of the lease.

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased asset and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated income statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

2.9 Impairment of assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is based on the present value of the future cash flows relating to the asset and is determined over periods which are deemed to appropriately reflect the minimum expected period that the cash generating unit will operate for. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units), and their carrying value assessed against management's projection of the present value of cash flows arising over a projected period of 5 years from the statement of financial position date, using growth rates determined by management.

Any assessment of impairment based on value in use takes account of the time value of money and the uncertainty or risk inherent in the future cash flows. The discount rates applied reflect current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

2.10 Investments

The Group classifies its investments depending on the purpose for which the investments were acquired. Management determines the classification of its investments on purchase and re-evaluates this designation at every reporting date. Fixed asset investments in subsidiaries are shown at cost less any provision for impairment.

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

2.11 Inventories

Inventories held for resale are valued at the lower of cost and net realisable value.

2.12 Trade receivables

Trade receivables are recognised initially at fair value, the value of the contract and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is assessed at both the point of initial recognition and when there is further objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the income statement.

2.13 Cash and cash equivalents

Cash and cash equivalents are recognised initially at fair value and subsequently measured at amortised cost. Cash and cash equivalents comprise cash in hand, deposits held on call with banks, other short-term, highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position.

2.14 Borrowings

Borrowings are recognised initially at fair value. Borrowings are subsequently stated at amortised cost; any difference between proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

2.15 Taxation including deferred tax

Tax on company profits is provided for at the current rate applicable in each of the relevant territories.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other

2. Summary of significant accounting policies continued

than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised, or the deferred 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. This is reviewed annually.

2.16 Share capital and share premium

Ordinary shares are classified as equity. Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with issuing of shares are deducted from share premium, net of any related income tax benefits.

2.17 Investment in own shares

Where any Group company or the Employee Share Ownership Plan (ESOP) trust purchases the Company's equity share capital (own shares), the consideration paid, including any directly attributable incremental costs (net of taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of, as an investment in own shares reserve. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the Company's equity holders. Such shares are held at cost.

The Group and Company offset the cost of own shares held, as a debit within the own shares reserve. These shares are held at cost and are typically used to satisfy share awards, at which point the cost is credited to the share-based payment reserve.

2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. In respect of interim dividends, which are paid prior to approval by the Company's shareholders, they are recognised on payment.

2.19 Invoice finance

Trade receivables are subject to an invoice finance facility whereby an advance is received based upon and secured upon trade receivables. The carrying value is stated at the fair value of the amount repayable at the date of the statement of financial position. Trade receivables are not derecognised until payment is received from the customer.

2.20 Employee benefits

Pension obligations

The Group has both defined benefit and defined contribution schemes. A defined benefit scheme is a pension scheme that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration. A defined contribution scheme is a pension scheme under which the Group pays fixed contributions into a separate entity. The schemes are generally funded through payments to insurance companies or trustee-administered funds, and in the case of defined benefit schemes, determined by periodic actuarial calculations.

Pension obligations – Defined benefit schemes

The liability recognised in the statement of financial position in respect of defined benefit pension schemes is the present value of the defined benefit obligation at the statement of financial position date less the fair value of scheme assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the income statement.

Pension obligations – Defined contribution scheme

Group companies contribute towards a personal pension scheme for their participating employees. These employees are currently entitled to such contributions after a qualifying period has elapsed. Payments to the scheme are charged as an employee benefit expense as they fall due. The Group has no further payment obligations once the contributions have been paid.

Share based compensation

The fair value of employee share option schemes, including Save As You Earn (SAYE) schemes, is measured by a Black-Scholes pricing model. Further details are set out in note 21a. In accordance with IFRS 2 'Share-based Payments', the resulting cost is charged to the income statement over the vesting period of the options. The value of the charge is adjusted to reflect expected and actual levels of options vesting.

The Group operates an equity-settled, long-term incentive plan designed to align management interests with those of

2. Summary of significant accounting policies continued

shareholders. The fair value of the employee's services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each statement of financial position date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity.

Commissions and bonus plans

The Group recognises a liability and an expense for commissions and bonuses, based on formula driven calculations. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed,

for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.22 Restricted access financial assets

Restricted access financial assets are recognised where the company has made payments to a separate legal entity but retains an entitlement to the risk and reward associated with those payments, subject to the contractual arrangements under which the payments have been made. They are included in non-current assets as management does not intend to realise those assets for at least 12 months from the statement of financial position date, although those assets may be applied to offset the cost of utilising or satisfying certain provisions.

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of restricted access financial assets, the fair value of the assets is arrived at by assessing their cash equivalent fair value at the date of the statement of financial position and no such impairment is therefore considered necessary.

3. Financial risk management

The Group uses a limited number of financial instruments, comprising cash, short-term deposits and overdrafts and various items such as trade receivables and payables, which arise directly from operations. The Group does not trade in financial instruments.

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk, liquidity risk and cash flow interest rate 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

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

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

At 31 December 2018, if sterling had strengthened by 10% against the Euro, with all other variables held constant, the post-tax profit for the year would have been £99,000 lower (2017: £38,000 lower) mainly as a result of foreign exchange gains/losses on translation of Euro denominated trade receivables, cash and cash equivalents, and trade payables. Applying the same variables to foreign exchange differences recognised directly in equity the effect would be a reduction in equity of £70,000 (2017: £60,000).

(b) Credit risk

The Group has credit limits in place and monitors the credit history of all clients, but the Group is not immune from credit risk. Diversification of the client base means that it is unusual for any single trade debtor to represent more than 2% of Group annual revenue.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and available funding through an adequate amount of committed credit facilities. The Group uses an invoice financing arrangement in a group undertaking to mitigate liquidity risk. The Group ensures it has adequate cover through the availability of bank overdraft facilities.

3. Financial risk management continued

At 31 December 2018 total borrowings by the Group amounted to £6,956,000 (2017: £7,260,000), with additional available unutilised credit facilities at 31 December 2018 of £783,000 (2017: £734,000).

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Total cash and cash equivalents held by the Group at 31 December 2018 were £4,668,000 (2017: £4,692,000).

(d) Cash flow and interest rate risk

The Group finances its operations through a mix of cash flow from current operations together with cash on deposit and bank and other borrowings. Borrowings are generally at floating rates of interest and no use of interest rate swaps has been made.

The Group's interest rate risk arises from cash balances and borrowings subject to variable interest rates. For the year ended 31 December 2018, assuming all other variables remained equal, but interest rates were 0.25% higher or lower throughout the year, the impact on post tax losses would be a maximum increase or decrease of £2,000 (2017: £2,000).

3.2 Capital risk management

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 a capital structure appropriate for its growth plans.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or alter debt levels.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill, investments and amounts owed by Group undertakings

Goodwill, investments and amounts owed by Group undertakings are subject to an impairment review both annually and when there are indications that the carrying value may not be recoverable, in accordance with the accounting policies stated in note 2.6 and 2.9. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates as set out in note 12.

(b) Retirement benefit obligations

The assumptions used to measure the expense and liabilities related to the Group's two defined benefit pension plans are reviewed annually by professionally qualified, independent actuaries, trustees and management as appropriate.

Management base their assumptions on their understanding and interpretation of applicable scheme rules which prevail at the statement of financial position date. The measurement of the expense for a period requires judgement with respect to the following matters, among others:

- the probable long-term rate of increase in pensionable pay;
- the discount rate; and
- the estimated life expectancy of participating members.

The assumptions used by the Group, as stated in note 24, may differ materially from actual results, and these differences may result in a significant impact on the amount of pension expense recorded in future periods. In accordance with IAS 19, the Group recognises all actuarial gains and losses immediately in other comprehensive income.

(c) Deferred taxation

Deferred tax assets are recognised to the extent that the Group believes it is probable that future taxable profit will be available against which temporary timing differences and losses from previous periods can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies, as set out in note 15.

5. Segment information

The Group is organised into two main operating segments: Professional & Financial Services and Stock & Inventory Systems & Services.

The segment results for the year ended 31 December 2018 are as follows:

	Professional & Financial Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
Total gross segment sales	43,491	32,709	3,502	79,702
Inter-segment sales	(110)	–	(3,502)	(3,612)
Revenue	43,381	32,709	–	76,090
Operating profit/(loss)	5,635	(720)	(832)	4,083
Finance costs	(178)	(230)	(76)	(484)
Profit before tax	5,457	(950)	(908)	3,599
Taxation				(661)
Profit for the year after tax				2,938

The segment results for the year ended 31 December 2017 are as follows:

	Professional & Financial Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
Total gross segment sales	40,726	31,018	2,992	74,736
Inter-segment sales	(109)	–	(2,992)	(3,101)
Revenue	40,617	31,018	–	71,635
Operating profit/(loss)	5,298	(1,085)	(445)	3,768
Finance costs	(342)	(187)	(93)	(622)
Profit before tax	4,956	(1,272)	(538)	3,146
Taxation				(699)
Profit for the year after tax				2,447

Other segment items included in the income statements for the years ended 31 December 2018 and 2017 are as follows:

	Professional & Financial Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
31 December 2018				
Depreciation and amortisation	337	590	91	1,018
Charge/(reversal) of impairment of trade receivables	119	(97)	–	22
31 December 2017				
Depreciation and amortisation	325	499	78	902
(Reversal)/charge of impairment of trade receivables	(128)	67	–	(61)

Notes to the consolidated financial statements continued

5. Segment information continued

The segment assets and liabilities at 31 December 2018 and capital expenditure for the year then ended are as follows:

	Professional & Financial Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
Assets	10,964	8,848	8,553	28,365
Deferred tax assets				3,009
Current tax assets				156
				31,530
Liabilities	15,489	7,258	3,738	26,874
Borrowings				6,956
Current tax liabilities				79
				33,909
Capital expenditure	325	757	80	1,162

The segment assets and liabilities at 31 December 2017 and capital expenditure for the year are as follows:

	Professional & Financial Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group (*) £'000
Assets	10,431	10,129	7,848	28,408
Deferred tax assets				3,142
Current tax assets				4
				31,554
Liabilities	15,620	8,517	4,127	27,866
Borrowings				7,260
Current tax liabilities				230
				33,909
Capital expenditure	204	750	81	1,035

(*) Refer to note 32 for full details of the restatement of 2017 figures.

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash. They exclude taxation.

Segment liabilities comprise operating liabilities. They exclude items such as taxation and corporate borrowings.

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

The Group manages its operating segments on a global basis. The UK is the home country of the parent. The Group's revenue is mainly generated in Europe.

Revenue is allocated below based on the entity's country of domicile.

	2018 £'000	2017 £'000
Revenue		
Europe	75,710	71,249
Rest of the World	380	386
	76,090	71,635

5. Segment information continued

Total segment assets are allocated based on where the assets are located.

	2018 £'000	Restated (*) 2017 £'000
Total segment assets		
Europe	31,405	28,346
Rest of the World	125	62
	31,530	28,408

	2018 £'000	Restated (*) 2017 £'000
Capital expenditure		
Europe	1,162	1,035

	2018 £'000	2017 £'000
Analysis of revenue by category		
Sale of goods	111	115
Revenue from services	75,979	71,520
	76,090	71,635

6. Employee benefit expenses

Staff costs for the Group during the year	2018 £'000	2017 £'000
Wages and salaries	44,541	42,006
Social security costs	5,048	4,715
Pension costs	2,159	1,869
Post-employment benefits	151	133
Other long-term benefits	(42)	26
Cost of employee share scheme	27	229
	51,884	48,978

Average actual number of people (including executive directors) employed by the Group during the year was

	2018 Number	2017 Number
Operational	2,723	2,773
Administration and support staff	291	284
	3,014	3,057

Average full time equivalent number of people (including executive directors) employed by the Group during the year was

	2018 Number	2017 Number
Operational	977	939
Administration and support staff	222	275
	1,199	1,214

Notes to the consolidated financial statements continued

7. Finance costs

	2018 £'000	2017 £'000
Interest payable on bank loans and overdrafts	60	52
Other interest payable	109	110
Pension scheme finance costs	316	463
Total finance costs	485	625
Bank interest receivable	(1)	(3)
Total finance credit	(1)	(3)
Net finance costs	484	622

8. Profit before tax

	Group	
	2018 £'000	2017 £'000
Profit before tax is stated after charging/(crediting):		
Depreciation of property, plant and equipment		
– owned assets	598	563
– hire purchases	5	6
Amortisation of intangible fixed assets	415	333
Profit on sale of property, plant and equipment	(14)	(3)
Operating lease charges		
– buildings	1,281	1,222
– other	926	874
Impairment charge/(reversal) of trade receivables	22	(61)
(Gain)/loss on foreign exchange	(41)	20

9. Taxation

	2018 £'000	2017 £'000
Current tax		
UK corporation tax at 19% (2017: 19.25%)	(472)	(418)
Foreign tax	(26)	(64)
Adjustment in respect of prior years	89	(8)
Total current tax charge	(409)	(490)
Deferred tax		
Origination and reversal of timing differences	(252)	(122)
Impact of change in the UK corporation tax rate	–	(87)
Total deferred tax charge	(252)	(209)
Tax charge on profit on ordinary activities	(661)	(699)

9. Taxation continued

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK of 19% as follows:

	2018 £'000	2017 £'000
Profit before tax	3,599	3,146
Tax at standard rate of UK corporation tax at 19% (2017: 19.25%)	(684)	(606)
Effects of:		
– surrender of tax losses	70	–
– expenses not deductible for tax purposes	(149)	69
– adjustment in respect of prior years	89	(11)
– foreign tax	(26)	(64)
– foreign tax used against UK tax liability	39	–
Re-measurement of deferred tax asset due to changes in the UK tax rate	–	(87)
Total tax charge	(661)	(699)

10. Dividends

A dividend in respect of the year ended 31 December 2018 of 1.75p per share, amounting to a total dividend of £464,000 is to be proposed at the Annual General Meeting on 12 June 2019. These financial statements do not reflect this proposed dividend.

11. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, which excludes the shares held in the Employee Share Ownership Plan (ESOP) trust.

	2018 £'000	2017 £'000
Profit attributable to equity holders of the Company	2,956	2,496

	Thousands	Thousands
Weighted average number of ordinary shares in issue	26,321	26,346
Adjustment for share options	1,224	100
Weighted average number of ordinary shares for diluted earnings per share	27,545	26,446

	Pence	Pence
Basic earnings per share	11.23	9.47
Fully diluted earnings per share	10.73	9.43

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has only one category of dilutive potential ordinary shares: share options.

The calculation is performed for the share options to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

12. Intangible assets – goodwill

Group	Total £'000
Cost	
At 1 January 2018	1,841
Foreign currency translation effects	15
At 31 December 2018	1,856
Cost	
At 1 January 2017	1,812
Foreign currency translation effects	29
At 31 December 2017	1,841

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment. The carrying amounts of goodwill by segment as at 31 December 2018 are as follows:

	Professional & Financial Services £'000	Stock & Inventory Systems & Services £'000
Goodwill	178	1,678

During the year, the acquired goodwill was tested for impairment in accordance with IAS 36 on the basis of the relevant CGUs. Following the impairment tests there has been no change to the carrying values. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on current business plans. The key assumptions for the value-in-use calculations are those regarding revenue growth rates, discount rates & long-term growth rates over a period of 5 years from the statement of financial position date. Management determined budgeted revenue growth based on past performance and its expectations for the market development. Discount rates were determined using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Terminal value is calculated as cash flows beyond the five-year period are extrapolated using estimated long-term growth rates. Additionally, these value-in-use calculations were stress tested on a more prudent basis (assuming only 50% of revenue growth) and gave rise to no change in the carrying value of goodwill.

The revenue growth rate does not exceed the long-term average growth rate for the businesses in which the CGUs operate.

	Professional & Financial Services %	Stock & Inventory Systems & Services %
Discount rates	10.0	10.0
Long-term growth rates	2.5	2.5

13. Intangible assets – other

Group	Trademarks £'000	Software £'000	Total £'000
Cost			
At 1 January 2018	68	2,227	2,295
Additions	9	433	442
Disposals	–	[19]	[19]
At 31 December 2018	77	2,641	2,718
Accumulated amortisation and impairment			
At 1 January 2018	11	916	927
Charge for the year	8	407	415
Disposals	–	[11]	[11]
At 31 December 2018	19	1,312	1,331
Net book amount at 31 December 2018	58	1,329	1,387

Group	Trademarks £'000	Software £'000	Total £'000
Cost			
At 1 January 2017	49	1,800	1,849
Additions	19	441	460
Disposals	–	[14]	[14]
At 31 December 2017	68	2,227	2,295
Accumulated amortisation and impairment			
At 1 January 2017	4	604	608
Charge for the year	7	326	333
Disposals	–	[14]	[14]
At 31 December 2017	11	916	927
Net book amount at 31 December 2017	57	1,311	1,368

Company	Trademarks £'000
Cost	
At 1 January 2017 and 2018	–
Additions	3
At 31 December 2018	3
Accumulated amortisation and impairment	
At 1 January 2017 and 2018	–
Charge for the year	–
At 31 December 2018	–
Net book amount at 31 December 2018	3

Notes to the consolidated financial statements continued

14. Property, plant and equipment

Group	Freehold property £'000	Short leasehold property £'000	Fixtures, fittings, computer equipment and motor vehicles £'000	Total £'000
Cost				
At 1 January 2018	2,237	51	4,894	7,182
Additions	–	–	720	720
Disposals	–	–	(138)	(138)
Foreign currency translation effects	–	–	(20)	(20)
At 31 December 2018	2,237	51	5,456	7,744
Accumulated depreciation				
At 1 January 2018	187	38	3,392	3,617
Charge for the year	41	5	557	603
Disposals	–	–	(120)	(120)
Foreign currency translation effects	–	–	(20)	(20)
At 31 December 2018	228	43	3,809	4,080
Net book amount at 31 December 2018	2,009	8	1,647	3,664

Group	Freehold property £'000	Short leasehold property £'000	Fixtures, fittings, computer equipment and motor vehicles £'000	Total £'000
Cost				
At 1 January 2017	2,237	51	4,505	6,793
Additions	–	–	575	575
Disposals	–	–	(161)	(161)
Foreign currency translation effects	–	–	(25)	(25)
At 31 December 2017	2,237	51	4,894	7,182
Accumulated depreciation				
At 1 January 2017	146	34	3,054	3,234
Charge for the year	41	4	524	569
Disposals	–	–	(161)	(161)
Foreign currency translation effects	–	–	(25)	(25)
At 31 December 2017	187	38	3,392	3,617
Net book amount at 31 December 2017	2,050	13	1,502	3,565

Assets held under finance lease had a net book value of £nil as at 31 December 2018 (2017: £1,000).

15. Deferred tax

Deferred tax assets have been recognised in respect of tax losses and other temporary differences giving rise to deferred tax assets where it is probable that these assets will be recovered.

The movements in deferred tax assets (prior to offsetting of balances within the same jurisdiction as permitted by IAS 12) during the year are shown below. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Deferred tax assets comprise:				
Decelerated capital allowances	157	110	–	–
Losses not yet utilised	138	302	93	93
Short-term timing differences	314	309	(107)	(92)
Deferred tax asset/(liability)	609	721	(14)	1
Deferred tax asset on pension	2,400	2,421	261	212
At 31 December	3,009	3,142	247	213

Movements in the deferred tax assets:

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
At 1 January	3,142	3,901	213	272
Charged to income statement	(251)	(211)	(26)	(52)
Credited/(charged) to other comprehensive income	118	(548)	60	(7)
At 31 December	3,009	3,142	247	213

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The UK government has announced future changes to the Corporation tax rate. These changes will result in a decrease in the standard rate of corporation tax to 17% from 1 April 2020. As at 31 December 2018 all such changes have been substantively enacted and have therefore been reflected in the calculation of deferred tax for the year ended 31 December 2018.

16. Investments in subsidiaries

Company	Total €'000
Cost	
At 1 January 2018	5,701
Additions	2,000
Disposals	–
At 31 December 2018	7,701
Provision for impairment	
At 1 January 2018 and 31 December 2018	(3,586)
Net book amount at 31 December 2018	4,115

Company	Total €'000
Cost	
At 1 January 2017	6,049
Additions	–
Disposals	(348)
At 31 December 2017	5,701
Provision for impairment	
At 1 January 2017 and 31 December 2017	(3,586)
Net book amount at 31 December 2017	2,115

Subsidiary undertakings

At 31 December 2018 the subsidiaries were as follows:

Company	Principal place of business and country of incorporation	Registered Address (***)	Ownership	Nature of business
Operating subsidiaries				
Christie, Owen & Davies Ltd (trading as Christie & Co) (*)	UK	Whitefriars House, 6 Carmelite Street, London, EC4Y 0BS	100%	Business valuers, surveyors and agents
Christie & Co (Holdings) Limited	UK	Pinder House, 249 Upper Third Street, Milton Keynes, Buckinghamshire, MK9 1DS	100%	Holding company
Christie & Co SAS (*)	France	7 rue de la Paix, 75002 Paris	100%	Business valuers, surveyors and agents
Christie & Co GmbH (*)	Germany	Schillerstraße 12, 60313 Frankfurt	100%	Business valuers, surveyors and agents
Christie, Owen & Davies SL (*)	Spain	Paseo de Gracia 11, Esc B, 4° 3a, 08007 Barcelona	100%	Business valuers, surveyors and agents
Christie & Co Oy (*)	Finland	Technopolis Ruoholahti 2/ Energiakuja 3, 00180 Helsinki	100%	Business valuers, surveyors and agents
Christie & Co Austria GmbH (*)	Austria	Stallburggasse 2/3a, 1010 Vienna	100%	Business valuers, surveyors and agents

16. Investments in subsidiaries continued

Company	Principal place of business and country of incorporation	Registered Address (***)	Ownership	Nature of business
Christie Business Property Advisers (Ireland) Ltd (*)	Republic of Ireland	12 Whitefriars, Peter's Row, Aungier Street, Dublin 2, Ireland	100%	Business valuers, surveyors and agents
Christie Group Central Services Limited	UK	Pinder House, 249 Upper Third Street, Milton Keynes, Buckinghamshire, MK9 1DS	100%	Other professional activities
Pinders Professional & Consultancy Services Ltd	UK	Pinder House, 249 Upper Third Street, Milton Keynes, Buckinghamshire, MK9 1DS	100%	Business appraisers
Christie Financial Services Ltd	UK	Whitefriars House, 6 Carmelite Street, London, EC4Y 0BS	100%	Holding company
RCC Business Mortgage Brokers Ltd (trading as Christie Finance)	UK	Whitefriars House, 6 Carmelite Street, London, EC4Y 0BS	100%	Business mortgage brokers
RCC Insurance Brokers Ltd (*) (trading as Christie Insurance)	UK	Whitefriars House, 6 Carmelite Street, London, EC4Y 0BS	100%	Insurance brokers
Orridge Holdings Ltd	UK	Pinder House, 249 Upper Third Street, Milton Keynes, Buckinghamshire, MK9 1DS	100%	Holding company
Orridge & Co Ltd (*)	UK	Pinder House, 249 Upper Third Street, Milton Keynes, Buckinghamshire, MK9 1DS	100%	Stocktaking and inventory management services
Orridge Supply Chain Services Ltd	UK	Pinder House, 249 Upper Third Street, Milton Keynes, Buckinghamshire, MK9 1DS	100%	Stocktaking and inventory management services
Orridge PS Ltd	UK	Pinder House, 249 Upper Third Street, Milton Keynes, Buckinghamshire, MK9 1DS	100%	Stocktaking and inventory management services
Reedwall Limited (*)	UK	Pinder House, 249 Upper Third Street, Milton Keynes, Buckinghamshire, MK9 1DS	100%	Holding company
Orridge Inventory Service GmbH (*)	Germany	Godesberger Allee 189, 53175 Bonn	100%	Stocktaking and inventory management services
Inventory Service Austria GmbH (*)	Austria	Karl Waldbrunner Platz 1, 1210 Vienna	100%	Stocktaking and inventory management services
Ridgecop Limited (*)	UK (**)	Pinder House, 249 Upper Third Street, Milton Keynes, Buckinghamshire, MK9 1DS	100%	Stocktaking and inventory management services
Venners Ltd	UK	Pinder House, 249 Upper Third Street, Milton Keynes, Buckinghamshire, MK9 1DS	100%	Licensed stock and inventory auditors and valuers
Vennersys Ltd	UK	Pinder House, 249 Upper Third Street, Milton Keynes, Buckinghamshire, MK9 1DS	100%	EPoS, head office systems and merchandise control

Notes to the consolidated financial statements continued

16. Investments in subsidiaries continued

Company	Principal place of business and country of incorporation	Registered Address (***)	Ownership	Nature of business
Vennersys Corp (trading as Vennersys)	Canada	100 King Street West, 1 First Canadian Place, Suite 1600, Toronto	100%	EPoS, head office systems and merchandise control
Venpowa Limited	UK	Pinder House, 249 Upper Third Street, Milton Keynes, Buckinghamshire, MK9 1DS	100%	Renting and leasing of office machinery and equipment
Atrium Holdings Limited (*)	Guernsey	Martello Court, Admiral Park. St Peter Port, Guernsey, C.I., GY1 3HB	100%	Holding company
P.H. UK Limited (*)	Guernsey	Martello Court, Admiral Park. St Peter Port, Guernsey, C.I., GY1 3HB	100%	Ownership and letting of freehold property

Company	Principal place of business and country of incorporation	Ownership	Nature of business
Non trading subsidiaries			
Venners Retail Systems (Holdings) Limited	UK	100%	Dormant
Flintshell Limited (*)	UK	100%	Dormant
Orridge Business Sales Limited (*)	UK	100%	Dormant
West London Estates Limited (*)	UK	100%	Dormant
Christie First Limited	UK	100%	Dormant
Pinderpack Limited	UK	100%	Dormant
Christie Consulting International Limited	UK	100%	Dormant
Christie Insurance Services Limited	UK	100%	Dormant
Venners Computer Systems Limited	UK	100%	Dormant
Venners Computer Systems (R & D) Limited	UK	100%	Dormant
Fourdean Limited	UK	100%	Dormant
Guardlevel Limited	UK	100%	Dormant
Quest for Quality Limited	UK	100%	Dormant
Nashdome Limited	UK	100%	Dormant
Courtmist Limited	UK	100%	Dormant
Chewil Limited	UK	100%	Dormant
VCS Epos Limited	UK	100%	Dormant
Orridge BV	Holland	100%	Dormant
Christie Corporate Finance Limited	UK	100%	Dormant
VCS Holdings Limited	UK	100%	Dormant

The registered office of all dormant companies is: Pinder House, 249 Upper Third Street, Milton Keynes, Buckinghamshire, MK9 1DS.

(*) The Company directly or indirectly owns ordinary share capital of each of the above companies. Those designated with an asterisk represent indirect ownership.

(**) The place of business of Ridgescop Limited is Belgium.

(***) Registered office listed is as at the date of signing the accounts.

17. Other receivables

	Group		Company	
	2018 £'000	Restated (*) 2017 £'000	2018 £'000	Restated (*) 2017 £'000
Non-current assets				
Restricted access financial assets	1,731	1,862	1,731	1,862
Other debtors	182	182	451	451
	1,913	2,044	2,313	2,388

(*) Refer to note 32 for full details of the restatement of 2017 figures.

The Company's non-current other receivables are denominated in sterling.

Restricted access financial assets are recognised where the company has made payments to a separate legal entity but retains an entitlement to the risk and reward associated with those payments, subject to the contractual arrangements under which the payments have been made. Further details are set out in note 2.22.

Other debtors represent loans in respect of the Group's share schemes and deposits with third parties repayable after more than one year, none of which are impaired.

18. Inventories

	2018 £'000	2017 £'000
Finished goods and goods for resale	29	25

19. Cash and cash equivalents

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Cash at bank and in hand	4,668	4,692	1,450	873

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Cash and cash equivalents	4,668	4,692	1,450	873
Bank overdrafts (note 26)	(4,467)	(4,516)	(4,467)	(4,516)
	201	176	(3,017)	(3,643)

The Group operates a centrally-controlled treasury function where the use of overdraft facilities is concentrated with the ultimate parent company. As a result, at 31 December 2018 the ultimate parent undertaking had utilised bank overdrafts to the value of £4,467,000 (2017: £4,516,000).

20. Trade and other receivables

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade receivables	9,769	9,449	3	2
Less: provision for impairment of receivables	(583)	(559)	–	–
Amounts owed by Group undertakings	–	–	13,517	15,368
Less: provision for impairment of amounts owed by Group undertakings	–	–	(860)	(892)
Other debtors	1,423	1,622	175	370
Prepayments	3,233	3,618	249	119
Accrued income	1,006	743	–	–
	14,848	14,873	13,084	14,967

The fair values of trade and other receivables approximates to the carrying value as detailed above.

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

	Group	
	2018 £'000	2017 £'000
Provision at 1 January	559	617
Amounts provided in previous period not utilised	(305)	(234)
Provided in the period	327	173
Impairment/(reversal) of receivables recognised in the consolidated income statement	22	(61)
Amounts written off in the year	2	3
Provision at 31 December	583	559

Amounts are written off when there is no expectation of recovering additional cash.

The following summary details trade receivables that are not overdue (where payment terms have not been exceeded) as well as an analysis of overdue amounts and related provisions.

	Group	
	2018 £'000	2017 £'000
Not overdue	5,288	5,476
Amounts past due:		
← 1 month	2,099	2,295
1 – 3 months	1,082	750
3 – 6 months	972	489
6 – 12 months	200	258
→ 1 year	128	181
Provision for impairment of trade receivables	(583)	(559)
Amounts past due but not impaired	3,898	3,414

20. Trade and other receivables continued

The carrying value of trade receivables is reviewed and amounts not provided for are considered recoverable. Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large and diverse. Due to this, management believe there is no further credit risk provision required in excess of the normal provision for doubtful receivables.

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

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Sterling	12,073	11,861	13,084	14,967
Euros	2,741	2,980	–	–
Other	34	32	–	–
	14,848	14,873	13,084	14,967

21. Share capital

	2018		2017	
	Number	£'000	Number	£'000
Ordinary shares of 2p each				
Allotted and fully paid:				
At 1 January and 31 December	26,526,729	531	26,526,729	531

The Company has one class of ordinary shares which carry no right to fixed income.

Investment in own shares

The Group has established an Employee Share Ownership Plan (ESOP) trust in order to meet its future contingent obligations under the Group's share option schemes. The ESOP purchases shares in the market for distribution at a later date in accordance with the terms of the Group's share option schemes. The rights to dividends on the shares held have been waived.

At 31 December 2018 the total payments by the Company to the ESOP to finance the purchase of ordinary shares were £2,035,000 (2017: £2,714,000). This figure is inclusive of shares purchased and subsequently issued to satisfy employee share awards. The market value at 31 December 2018 of the ordinary shares held in the ESOP was £350,000 (2017: £235,000). The investment in own shares represents 219,000 shares (2017: 178,000) with a nominal value of 2p each.

21. Share capital continued

21a. Share based payments

Certain employees hold options to subscribe for shares in the Company at prices ranging from 39.5p to 138.5p under share option schemes for the period from May 2009 to October 2018.

The remaining options outstanding under approved schemes (unapproved options marked *) at 31 December 2018 are shown below:

Number of shares		Option exercise price	Date granted	Option exercise period
2018	2017			
10,000	20,000	39.5p	May 2009	May 2012 – May 2019
177,000	313,634	45.0p	May 2009	May 2012 – May 2019
3,000	6,000	45.0p	Jun 2009	Jun 2012 – Jun 2019
10,000	10,000	57.5p	Sep 2009	Sep 2012 – Sep 2019
19,000	28,000	46.5p	May 2010	May 2013 – May 2020
27,000	34,000	58.5p	Sep 2011	Sep 2014 – Sep 2021
19,000	19,000	67.0p	May 2012	May 2015 – May 2022
52,000	52,000	67.5p	Sep 2012	Sep 2015 – Sep 2022
22,833	45,833	75.0p	Oct 2013	Oct 2016 – Oct 2023
52,167	52,167	75.0p	*Oct 2013	Oct 2016 – Oct 2023
30,000	48,959	134.5p	May 2014	May 2017 – May 2024
100,000	121,041	134.5p	*May 2014	May 2017 – May 2024
6,000	36,000	125.0p	Oct 2014	Oct 2017 – Oct 2024
169,176	176,176	127.5p	May 2015	May 2018 – May 2025
264,190	264,190	127.5p	*May 2015	May 2018 – May 2025
56,000	68,635	138.5p	Sep 2015	Sep 2018 – Sep 2025
–	87,365	138.5p	*Sep 2015	Sep 2018 – Sep 2025
93,000	96,000	101.5p	May 2016	May 2019 – May 2026
42,000	42,000	101.5p	*May 2016	May 2019 – May 2026
10,000	10,000	92.5p	Oct 2016	Oct 2019 – Oct 2026
34,000	34,000	88.5p	May 2017	May 2020 – May 2027
10,000	10,000	88.5p	*May 2017	May 2020 – May 2027
64,501	64,501	113.5p	Oct 2017	Oct 2020 – Oct 2027
52,499	52,499	113.5p	*Oct 2017	Oct 2020 – Oct 2027
104,000	–	133.0p	May 2018	May 2021 – May 2028
38,000	–	133.0p	*May 2018	May 2021 – May 2028
29,000	–	106.5p	Oct 2018	Oct 2021 – Oct 2028
13,000	–	106.5p	*Oct 2018	Oct 2021 – Oct 2028
1,498,366	1,692,000			

Under the Share Option Scheme the Christie Group plc Remuneration Committee can grant options over shares to employees of the Group. Options are granted with a fixed exercise price equal to the market price of the shares under option at the date of grant. The contractual life of an option is 10 years. Awards under the Share Option Scheme are generally reserved for employees at senior management level. Options granted under the Share Option Scheme will become exercisable on the third anniversary of the date of grant. Exercise of an option is subject to continued employment.

The ultimate holding company, Christie Group plc, also operates a Save As You Earn (SAYE) scheme which was introduced in 2002 and in which Company employees participate. Under the SAYE scheme eligible employees can save up to £250 per month over a three or five year period and use the savings to exercise options granted between 68.5p to 127.5p.

21. Share capital *continued*

Share options (including SAYE schemes) were valued using the Quoted Companies Alliance (QCA) share option valuer, which is based on Black-Scholes. No performance conditions were included in the fair value calculations. The key assumptions used in the calculations are as follows:

	2018	2017
Share price at grant date	39.5p – 138.5p	39.5p – 157.0p
Exercise price	39.5p – 138.5p	39.5p – 138.5p
Expected volatility	29.5% – 82.9%	29.6% – 82.9%
Expected life	3 – 5 years	3 – 5 years
Risk free rate	0.2% – 4.7%	0.2% – 4.7%
Dividend yield	0.0% – 2.8%	0.0% – 3.7%
Fair value per option	15.4p – 103.2p	15.4p – 103.2p

The expected volatility is based on historical volatility over the last 5 years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life.

A reconciliation of share option movements in the Company (excluding SAYE schemes) over the year to 31 December 2018 is shown below:

	2018		2017	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	1,692,000	97.13p	1,745,000	94.47p
Granted	184,000	126.95p	164,000	81.49p
Exercised	(156,634)	45.28p	(117,000)	47.25p
Forfeited	(221,000)	124.59p	(97,000)	78.23p
Expired	–	–	(3,000)	251.50p
Outstanding at 31 December	1,498,366	102.16p	1,692,000	97.13p
Exercisable at 31 December	1,017,366	101.42p	786,634	74.42p

Excluding SAYE schemes there were 156,634 share options exercised during the year (2017: 117,000). The weighted average share price at the date of exercise of these options was 129.36p (2017: 114.62p). The total charge for the year relating to employee share-based payment plans was £278,000 (2017: £202,000), all of which related to equity-settled share-based payment transactions. The weighted average remaining contractual life of share options outstanding at 31 December 2018 was 5.26 years (2017: 5.90 years).

22. Fair value and other reserves

Group	Share premium £'000	Share based payments £'000	Own shares £'000	Capital redemption reserve £'000	Fair value and other reserves £'000
At 1 January 2018	4,831	966	(195)	10	5,612
Employee share option scheme: value of services provided	–	23	–	–	23
Movement in respect of employee share scheme	–	(38)	(240)	–	(278)
At 31 December 2018	4,831	951	(435)	10	5,357

Group	Share premium £'000	Share based payments £'000	Own shares £'000	Capital redemption reserve £'000	Fair value and other reserves £'000
At 1 January 2017	4,831	801	(177)	10	5,465
Employee share option scheme: value of services provided	–	229	–	–	229
Movement in respect of employee share scheme	–	(64)	(18)	–	(82)
At 31 December 2017	4,831	966	(195)	10	5,612

Company	Share premium £'000	Share based payments £'000	Own shares £'000	Capital redemption reserve £'000	Other reserves £'000	Fair value and other reserves £'000
At 1 January 2018	4,831	(547)	(195)	10	89	4,188
Employee share option scheme: value of services provided	–	8	–	–	–	8
Movement in respect of employee share scheme	–	(111)	(240)	–	–	(351)
At 31 December 2018	4,831	(650)	(435)	10	89	3,845

Company	Share premium £'000	Share based payments £'000	Own shares £'000	Capital redemption reserve £'000	Other reserves £'000	Fair value and other reserves £'000
At 1 January 2017	4,831	(503)	(177)	10	89	4,250
Employee share option scheme: value of services provided	–	20	–	–	–	20
Movement in respect of employee share scheme	–	(64)	(18)	–	–	(82)
At 31 December 2017	4,831	(547)	(195)	10	89	4,188

Share premium – The balance on the share premium reserve represents the amounts received in excess of the nominal value of the ordinary shares.

Share based payments – The balance on the share based payments reserve represents the value of services provided in relation to employee share ownership schemes.

Own shares – Own shares represents Company shares held in the Employee Share Ownership Plan (ESOP) trust to meet the future requirements of employee share-based payment arrangements.

Capital redemption reserve – The balance on the capital redemption reserve represents the aggregate nominal value of all the ordinary shares repurchased and cancelled.

23. Reserves

Cumulative translation reserve – The balance on the cumulative translation reserve relates to exchange differences arising from translating non-monetary assets and liabilities at the current rate at balance sheet date rather than at historical rates are taken directly to the foreign currency translation reserve.

Retained earnings – Retained earnings include the realised gains and losses made by the Group and the Company.

24. Retirement benefit obligation

The amounts recognised in the Statement of Financial Position are determined as follows:

	2018 £'000	2017 £'000
United Kingdom	14,119	14,241

United Kingdom

The obligation outstanding of £14,119,000 (2017: £14,241,000) includes £1,281,000 (2017: £981,000) payable to David Rugg by Christie Group plc, and £12,838,000 (2017: £13,260,000) relating to pension benefits payable to members of the Christie Group Pension and Assurance Scheme and the Venners Retirement Benefits Scheme. The increase in the pension liability attributable to David Rugg's pension arises entirely from a change in the actuarial assumptions used and the discount rate applied. There have been no changes to the amounts payable to Mr Rugg.

The Group operates two defined benefit schemes (closed to new members) providing pensions based on final pensionable pay. The contributions are determined by qualified actuaries based on triennial valuations using the projected unit method.

When a member retires, the pension and any spouse's pension is either secured by an annuity contract or paid from the managed fund. Assets of the schemes are reduced by the purchase price of any annuity purchase and the benefits no longer regarded as liabilities of the scheme.

	2018 £'000	2017 £'000
Present value of obligations	71,454	73,647
Fair value of plan assets	(57,335)	(59,406)
Liability in the statement of financial position	14,119	14,241

The principal actuarial assumptions used were as follows:

	2018 %	2017 %
Discount rate	2.80	2.50
Inflation rate	3.20-3.30	3.10-3.30
Future salary increases	1.00-2.00	1.00-2.00
Future pension increases	2.20-3.50	2.10-3.50

Assumptions regarding future mortality experience are based on advice from published statistics and experience. The average life expectancy in years of a pensioner retiring at age 65 is as follows:

	2018 Years	2017 Years
Male	21.8	21.9-22.3
Female	23.5-23.7	23.7-23.8

Notes to the consolidated financial statements continued

24. Retirement benefit obligation continued

The movement in the defined benefit obligation is as follows:

	2018 £'000	2017 £'000
At 1 January	73,647	71,430
Interest cost	1,801	1,956
Current service cost	422	438
Past service cost	60	–
Benefits paid	(1,756)	(1,614)
Actuarial (gains)/losses on assumption changes	(2,833)	1,273
Actuarial losses on experience	113	164
At 31 December	71,454	73,647
Attributable to:		
Present value of funded obligations	57,335	59,406
Present value of unfunded obligations	14,119	14,241
	71,454	73,647

The movement in the fair value of plan assets is as follows:

	2018 £'000	2017 £'000
At 1 January	59,406	53,324
Return on plan assets less interest income	(3,415)	4,728
Net interest income	1,485	1,493
Employee contributions	124	147
Employer contributions	1,439	1,335
Benefits paid	(1,704)	(1,563)
Actuarial losses	–	(58)
At 31 December	57,335	59,406

The amounts recognised in the income statement and the Statement of Comprehensive Income are as follows:

	2018 £'000	2017 £'000
Current service cost	422	438
Past service costs	60	–
Total included in employee benefit expenses	482	438
Net interest cost	316	463
Total included in finance costs	316	463
Actuarial losses/(gains)	694	(3,233)
Total included in other comprehensive (income)/losses	694	(3,233)

24. Retirement benefit obligation continued

Plan assets are comprised as follows:

	2018			2017		
	Quoted(*) £'000	Unquoted £'000	Total £'000	Quoted(*) £'000	Unquoted £'000	Total £'000
Equity	–	36,939	36,939	–	43,164	43,164
Debt	–	10,578	10,578	–	8,809	8,809
Property**	–	2,845	2,845	–	2,757	2,757
Other	–	6,973	6,973	–	4,676	4,676
	–	57,335	57,335	–	59,406	59,406

(*) Plan assets are held in unit trusts.

(**) Property assets include Whitefriars House, a leasehold property owned by Carmelite Property Ltd [see note 31].

Through its defined benefit pension plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility – The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will increase the current scheme deficits but, by contrast, if plan assets outperform this yield the scheme deficits will be reduced. The Group's pension schemes currently hold a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term. As the plans mature, it is probable that the schemes' trustees will seek to reduce the level of investment risk by investing more in assets that better match the liabilities. Currently, the Group believes that due to the long-term nature of the plan liabilities and the strength of the supporting Group, a level of continuing equity investment is an appropriate element of the Group's long-term strategy to manage the plans efficiently.

Changes in bond yields – A decrease in corporate bond yields will increase the present value of plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk – Some of the Group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. However, for most such liabilities there are inflation cap mechanisms in place which significantly reduce this risk. The majority of the plan's assets are not directly affected by inflation although may be correlated to the impacts that inflation may have on macroeconomic factors, such as increases in interest rates which might be used if monetary policy were employed to reduce inflation.

Life expectancy – The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant in the UK plan, where inflationary increases result in higher sensitivity to changes in life expectancy.

24. Retirement benefit obligation continued

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	(8.7%)	8.5%
Salary growth rate	0.50%	0.3%	(0.3%)
Pension growth rate	0.25%	5.0%	(1.3%)
	Increase by 1 year in assumption		Decrease by 1 year in assumption
Life expectancy	2.7%		(3.3%)

The above sensitivity analyses are based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit pension obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the Statement of Financial Position. Salary growth assumption sensitivity recognises the enactment of appropriate indexation caps on future pensionable salary increases.

Expected Group contributions to UK post-retirement benefit schemes for the year ending 31 December 2019 are £1,352,000.

The weighted average duration of the defined benefit obligation is 18.2 years (2017: 18.8 years).

Expected maturity analysis of undiscounted pension benefits:

As at 31 December 2018	Less than a year £'000	Between 1-2 years £'000	Between 2-5 years £'000	Over 5 years £'000	Total £'000
Pension benefits	1,494	2,632	6,665	109,317	120,108

Company

The movement in the liability recognised in the Company Statement of Financial Position for the Group scheme is as follows:

	2018 £'000	2017 £'000
Beginning of the year	(1,245)	(1,365)
Expenses included in income statement	(70)	(53)
Employer contributions	81	79
Pension paid	52	51
Actuarial (losses)/gains	(352)	42
End of the year	(1,534)	(1,246)

Expected Company contributions to UK post-retirement benefit schemes for the year ending 31 December 2019 are £83,000.

25. Trade and other payables

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Current				
Trade payables	1,608	1,327	141	199
Amounts owed to Group undertakings	–	–	6,445	5,814
Other taxes and social security	3,246	3,032	905	861
Other creditors	759	1,369	290	248
Accruals	5,392	5,468	516	354
Deferred income	287	507	–	–
	11,292	11,703	8,297	7,476
	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Non-current				
Accruals	134	436	–	–
	134	436	–	–

The carrying value of all amounts shown above corresponds to their fair value.

Amounts due to Group undertakings are repayable on demand.

The carrying amounts of trade and other payables are denominated in the following currencies:

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Sterling	10,074	10,402	8,297	7,476
Euros	1,283	1,695	–	–
Other	69	42	–	–
	11,426	12,139	8,297	7,476

Notes to the consolidated financial statements continued

26. Borrowings

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Non-current				
Bank loans	602	734	–	–
	602	734	–	–
Current				
Bank overdrafts	4,467	4,516	4,467	4,516
Bank loans	51	63	–	–
Other borrowings	910	910	–	–
Invoice finance (secured against debtors)	926	1,036	–	–
Finance lease liabilities	–	1	–	–
	6,354	6,526	4,467	4,516
Total borrowings	6,956	7,260	4,467	4,516

The Group is not subject to any contractual repricing.

The carrying amounts of current borrowings approximate to their fair value.

27. Provisions

Group	Long-term benefits due to employees £'000	Dilapidations and other £'000	Total £'000
At 1 January 2018	874	612	1,486
Charged to the income statement			
Provided in the year	26	55	81
Released in the year	(79)	(24)	(103)
Utilised during the year	–	(135)	(135)
At 31 December 2018	821	508	1,329

Group	Long-term benefits due to employees £'000	Dilapidations and other £'000	Restated (*) Total £'000
At 1 January 2017	823	714	1,537
Charged to the income statement			
Provided in the year	51	63	114
Released in the year	–	(42)	(42)
Utilised during the year	–	(123)	(123)
At 31 December 2017	874	612	1,486

27. Provisions continued

Analysis of total provisions:

	2018 €'000	Restated (*) 2017 €'000
Non-current	469	622
Current	860	864
	1,329	1,486

Company	Dilapidations and other €'000	Total €'000
At 1 January 2018	434	434
Charged to the income statement		
Utilised during the year	(130)	(130)
At 31 December 2018	304	304

Company	Dilapidations and other €'000	Restated (*) Total €'000
At 1 January 2017	509	509
Charged to the income statement		
Utilised during the year	(75)	(75)
At 31 December 2017	434	434

Analysis of total provisions:

	2018 €'000	Restated (*) 2017 €'000
Non-current	304	434
	304	434

(*) Refer to note 32 for full details of the restatement of 2017 figures.

(a) Long-term benefits due to employees

Long-term benefits due to employees are determined in line with the projected unit credit method.

(b) Dilapidations and other

Provisions are held in respect of dilapidations arising on leasehold premises over the length of the lease in accordance with the lease terms. Other provisions relate to potential economic outflows which the Board considered probable at the statement of financial position date, in accordance with IAS 37.

The non-current liabilities are estimated to be payable over periods from one to fifteen years.

28. Notes to the cash flow statement

Cash generated from/(used in) operations

	Group		Company	
	2018 £'000	Restated (*) 2017 £'000	2018 £'000	Restated (*) 2017 £'000
Profit for the year after tax	2,938	2,447	1,096	510
Adjustments for:				
– Taxation	661	699	10	52
– Finance costs	168	159	116	121
– Interest received	–	–	(513)	(373)
– Dividends received	–	–	(1,975)	(1,225)
– Past service costs	(60)	–	–	–
– Depreciation	603	569	–	–
– Amortisation of intangible assets	415	333	–	–
– Impairment of investments in subsidiaries	–	–	17	65
– Profit on sale of property, plant and equipment	(14)	(3)	–	–
– Foreign currency translation	1	16	–	–
– Net payments to ESOP	(303)	–	(303)	–
– (Decrease)/increase in provisions	(157)	(50)	(130)	(74)
– Share option charge	23	229	8	20
– Movement in retirement benefit obligation	(756)	(632)	(15)	(77)
Movement in working capital:				
– (Increase)/decrease in inventories	(14)	3	–	–
– Decrease/(increase) in trade and other receivables	155	(1,573)	1,826	(154)
– (Decrease)/increase in trade and other payables	(712)	2,974	822	945
Cash generated from/(used in) operations	2,948	5,171	1,089	(193)

(*) Refer to note 32 for full details of the restatement of 2017 figures.

Reconciliation of movements of liabilities to cashflows arising from financing activities

In £'000	Note	Bank overdraft	Other loans and borrowings	Invoice finance	Finance lease liabilities	Retained earnings	Total
Balance at 1 January 2018		4,516	1,707	1,036	1	(10,226)	(2,966)
Repayment of borrowings	26	–	(246)	(110)	–	–	(356)
Payment of finance lease liabilities	26	–	–	–	(1)	–	(1)
Dividend paid	10	–	–	–	–	(790)	(790)
Total changes from financing cash flows		–	(246)	(110)	–	(790)	(1,147)
Liability related							
Change in bank overdraft	26	(49)	–	–	–	–	(49)
Interest expense	7	(99)	(35)	(35)	–	–	(169)
Interest paid		99	35	35	–	–	169
Total liability related other changes		(49)	–	–	–	–	(49)
Total equity related other changes		–	–	–	–	1,983	1,983
Balance at 31 December 2018		4,467	1,461	926	–	(9,032)	(2,179)

28. Notes to the cash flow statement continued

In £'000	Note	Bank overdraft	Other loans and borrowings	Invoice finance	Finance lease liabilities	Restated (*) Retained earnings	Total
Balance at 1 January 2017		4,570	1,724	1,048	7	(14,750)	(7,401)
Repayment of borrowings	26	–	(17)	(12)	–	–	(29)
Payment of finance lease liabilities	26	–	–	–	(6)	–	(6)
Dividend paid	10	–	–	–	–	(657)	(657)
Total changes from financing cash flows		–	(17)	(12)	(6)	(657)	(692)
Liability related							
Change in bank overdraft	26	(54)	–	–	–	–	(54)
Interest expense	7	(52)	(62)	(48)	–	–	(162)
Interest paid		52	62	48	–	–	162
Total liability related other changes		(54)	–	–	–	–	(54)
Total equity related other changes		–	–	–	–	5,181	5,181
Balance at 31 December 2017		4,516	1,707	1,036	1	(10,226)	(2,966)

(*) Refer to note 32 for full details of the restatement of 2017 figures.

The bank overdraft is held for cash management purposes.

Details of other loans and borrowings are set out in note 26.

29. Financial assets and liabilities

The carrying value of financial assets and liabilities, which are principally denominated in Sterling, Euros and Canadian dollars (see notes 20 and 25 for an analysis of amounts held in foreign currencies) were as follows:

	Group		Company	
	2018 £'000	Restated (*) 2017 £'000	2018 £'000	Restated (*) 2017 £'000
Assets				
Other receivables	1,913	2,044	2,182	2,313
Trade and other receivables	14,848	14,873	13,082	14,967
Cash and cash equivalents	4,668	4,692	1,450	873
	24,429	21,609	16,714	18,153
	Group		Company	
	2018 £'000	Restated (*) 2017 £'000	2018 £'000	Restated (*) 2017 £'000
Liabilities				
Retirement benefit obligations	14,119	14,241	1,534	1,246
Provisions	1,329	1,486	304	434
Trade and other payables	11,426	12,139	8,297	7,476
Borrowings	6,956	7,260	4,667	4,516
	33,830	35,126	14,602	13,672

(*) Refer to note 32 for full details of the restatement of 2017 figures.

30. Commitments

Operating lease commitments

At 31 December 2018 the Group has lease agreements in respect of properties, vehicles, plant and equipment, for which the payments extend over a number of years.

	2018		2017	
	Property £'000	Vehicles and equipment £'000	Property £'000	Vehicles and equipment £'000
Commitments under non-cancellable operating leases due:				
Within one year	1,305	824	1,093	836
Within two to five years	3,677	980	3,087	1,145
After five years	7,398	–	6,209	–
	12,380	1,804	10,389	1,981

Operating lease payments represent:

- rentals payable by the Group for certain of its office properties. The leases have varying terms, break clauses and renewal rights.
- rentals for vehicles and equipment under non-cancellable operating lease agreements.

31. Related-party transactions

Group

There is no controlling interest in the Group's shares.

The Group Executive Directors are considered to be the persons who have the authority and responsibility for planning, directing and controlling the Group. Details of the remuneration of the Group Executive Directors is included in the Directors' remuneration report on page 40, along with details of remuneration for Non-executive Directors.

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. In the opinion of the Board, the company's key management comprises the Directors and information regarding their emoluments stated in accordance with IFRS is set out below:

	2018 £'000	2017 £'000
Directors' remuneration per Remuneration Committee report	2,049	1,890
Employers' NI	256	230
Total remuneration	2,305	2,120
	2018 £'000	2017 £'000
Dividends paid to Directors	123	274

The income statement charge in respect of share options held by directors is £7,000 (2017: £29,000).

Company

Transactions with Group undertakings:

	2018 £'000	2017 £'000
Provision of services	4,829	5,193
Purchase of services	1,319	937

31. Related-party transactions continued

Sales and purchases to Group undertakings were carried out on commercial terms and conditions.

Year end balances arising from sales and provision of services to Group undertakings are disclosed in notes 20 and 25.

See note 20 for provisions against amounts due from Group undertakings.

During the period rentals of £457,000 (2017: £435,000) were paid to Carmelite Property Limited, a company incorporated in England and Wales, and jointly owned by The Christie Group Pension and Assurance Scheme, The Venners Retirement Benefit Fund and The Fitzroy Square Pension Fund, by Christie Group plc in accordance with the terms of a long-term lease agreement.

As at 31 December 2018, Christie Group plc had a balance of £6,000 (2017: £25,000) owed to Phillip Gwyn in relation to his consultancy work in 2018.

32. Prior year restatement

The Board have reviewed their previously adopted accounting treatment in relation to the asset previously classified as 'Available-for-Sale'. Having considered the requirements of IFRS 9, IFRS 10 and IAS 37 the Board have restated the Consolidated Statement of Financial Position as at 1 January 2017 and 31 December 2017 and all other elements of the financial statements so affected. This constitutes an error in the accounting treatment adopted in the prior period financial statements and has accordingly been treated as a prior year adjustment. In doing so, the consolidated financial statements are now prepared recognising non-current restricted access financial assets within Other receivables (see note 17) and Other provisions (see note 27). The restatement had no impact on previously reported profits or losses.

The effect on the Statement of Financial Position as at 1 January 2017 was as follows:

	Previously reported 2017 £'000	Restated 2017 £'000	Impact of restatement £'000
Available-for-sale financial assets	635	–	(635)
Other receivables	182	2,119	1,937
Non-current provisions	(167)	(676)	(509)
Net assets	650	1,443	793

The effect on the Statement of Financial Position as at 31 December 2017 was as follows:

	Note	Previously reported 2017 £'000	Restated 2017 £'000	Impact of restatement £'000
Available-for-sale financial assets		635	–	(635)
Other receivables	17	182	2,044	1,862
Non-current provisions	27	(188)	(622)	(434)
Net assets		629	1,422	793

The impact of the restatement of the opening Statement of Financial Position for 2017 as at 1 January 2017 was an increase in net assets at that date of £793,000.

Five-year record

Consolidated income statement

	2018 £'000	2017 £'000	2016 £'000	2015 £'000	2014 £'000
Revenue	76,090	71,635	64,488	63,743	61,011
Operating profit before exceptional items	4,083	3,768	1,141	3,869	3,706
Exceptional items	–	–	1,328	–	–
Finance costs	(484)	(622)	(625)	(646)	(347)
Profit on ordinary activities before tax	3,599	3,146	1,844	3,223	3,359
Taxation	(661)	(699)	(537)	(604)	(1,142)
Profit on ordinary activities after tax	2,938	2,447	1,307	2,619	2,217
Non-controlling interest	(18)	49	116	165	238
Profit attributable to equity holders of the parent	2,956	2,496	1,423	2,784	2,455
Earnings per share					
– basic	11.23p	9.47p	5.41p	10.36p	9.34p
Dividends per ordinary share (payable in respect of the year)	3.00p	2.75p	2.50p	2.50p	2.25p

Consolidated statement of financial position

	2018 £'000	Restated (*) 2017 £'000	Restated (*) 2016 £'000	2015 £'000	2014 £'000
Non-current assets	11,829	11,960	12,632	10,079	8,247
Current assets	19,701	19,594	15,250	15,699	14,873
Non-current liabilities	(1,205)	(1,792)	(1,678)	(992)	(258)
Current liabilities	(18,586)	(19,323)	(16,525)	(16,097)	(15,625)
	10,947	9,646	8,886	8,689	7,237
Retirement benefit obligations	(14,119)	(14,241)	(18,106)	(11,958)	(13,970)
Net liabilities	(2,380)	(3,802)	(8,427)	(3,269)	(6,733)

(*) Refer to note 32 for full details of the restatement of 2016 and 2017 figures.

Shareholder information

Company information

Investor and shareholder-related information can be found on our website at: www.christiegroup.com

Online copy

An electronic version of this annual report is available on our website in the Investors/Reports section at: www.christiegroup.com/investors/reports/year-2018

Board of directors

David Rugg	Chairman and Chief Executive
Dan Prickett	Chief Operating Officer
Simon Hawkins	Group Finance Director
Chris Day	Executive Director
Paul Harding	Executive Director
Laurie Benson	Non-executive Director
Hwfa Gwyn	Non-executive Director
Victoria Muir	Non-executive Director

Company Secretary

Charlotte French

Registered office

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Registered number

01471939

Nominated adviser and broker

Stockdale Securities

Principal solicitors

Royds
Dentons

Auditors

Grant Thornton UK LLP

Financial calendar

Annual General Meeting

Whitefriars House 6 Carmelite Street London EC4Y 0BS	Wednesday 12 June 2019 at 10.00am
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Announcements

Half-year results for 2019	September 2019
Preliminary full-year results for 2019	April 2020

Final dividend 2018

Ex-dividend	6 June 2019
Record date	7 June 2019
Payment date	5 July 2019

Dates are correct at the time of printing, but are subject to change.

Registrars

All administrative enquiries relating to shareholdings and requests to receive corporate documents by e-mail should, in the first instance, be directed to:

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

0871 664 0300 from the UK and +44 (0) 371 664 0300 from overseas. (Calls cost 12 pence per minute plus network extras. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open from 9am to 5:30pm Mon – Fri, excluding public holidays in England and Wales).

shareholderenquiries@linkgroup.co.uk

Shareholders who receive duplicate sets of company mailings because they have multiple accounts should write to Link Asset Services to have their accounts amalgamated.

Voting online and the shareholder portal – www.signalshares.com

You will need your investor code, which can be found on your share certificate(s) to register for the shareholder portal.

Once you have registered, you can immediately:

- Cast your proxy vote online.
- Elect to receive shareholder communications electronically.

And, after you have activated your account, you can benefit from a number of other online services:

- View your holding balance and indicative share price and valuation.
- View transactions on your holding and dividend payments you have received.
- Update your address or register a bank mandate instruction to have dividends paid directly to your bank account.
- Access a wide range of shareholder information including downloadable forms.

If you need any help with voting online, please contact the Link Asset Services Shareholders Helpline, either:

- by phone on 0871 664 0300 from the UK and +44 (0) 371 664 0300 from overseas. (Calls cost 12 pence per minute plus network extras. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open from 9am to 5:30pm Mon – Fri, excluding public holidays in England and Wales) OR
- by e-mail at shareholderenquiries@linkgroup.co.uk

ShareGift

ShareGift is a charity share donation scheme for shareholders who may wish to dispose of a small number of shares where the market value makes it uneconomic to sell them on a commission basis. The scheme is administered by the Orr Mackintosh Foundation. For further information, please contact the foundation: 020 7930 3737.

www.sharegift.org/donate-shares

Unauthorised brokers ('boiler room' scams)

Shareholders are advised to be wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turns out to be worthless or high risk shares in US or UK investments. These are commonly known as 'boiler rooms'.

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation.
- Check that they are properly authorised by the FCA before getting involved. You can check at: <https://register.fca.org.uk>
- Report the matter to the FCA by calling 0800 111 6768.
- If the calls persist, hang up.

Details of any share dealing facilities that Christie Group endorses will only be included in company mailings.

Identity theft

Tips for protecting your shares in the company:

- Ensure all your certificates are kept in a safe place or hold your shares electronically in CREST via a nominee.
- Keep correspondence from us and Link in a safe place and destroy any unwanted correspondence by shredding.
- If you change address, inform Link in writing or update your address online via the shareholder portal. If you receive a letter from Link regarding a change of address but have not moved, please contact them immediately.
- Consider having your dividend paid directly into your bank. This will reduce the risk of the cheque being intercepted or lost in the post. If you change your bank account, inform Link of the details of your new account. You can do this by post or online via the shareholder portal.
- If you are buying or selling shares, only deal with brokers registered and authorised to carry out that type of business.
- Be wary of phone calls or e-mails purporting to come from us or Link asking you to confirm personal details or details of your investment in our shares. Neither we nor Link will ever ask you to provide information in this way.

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Christie Finance

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