

STAYING FOCUSED ON OUR TARGETS

Listen Understand Deliver

Annual Report 2019

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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)

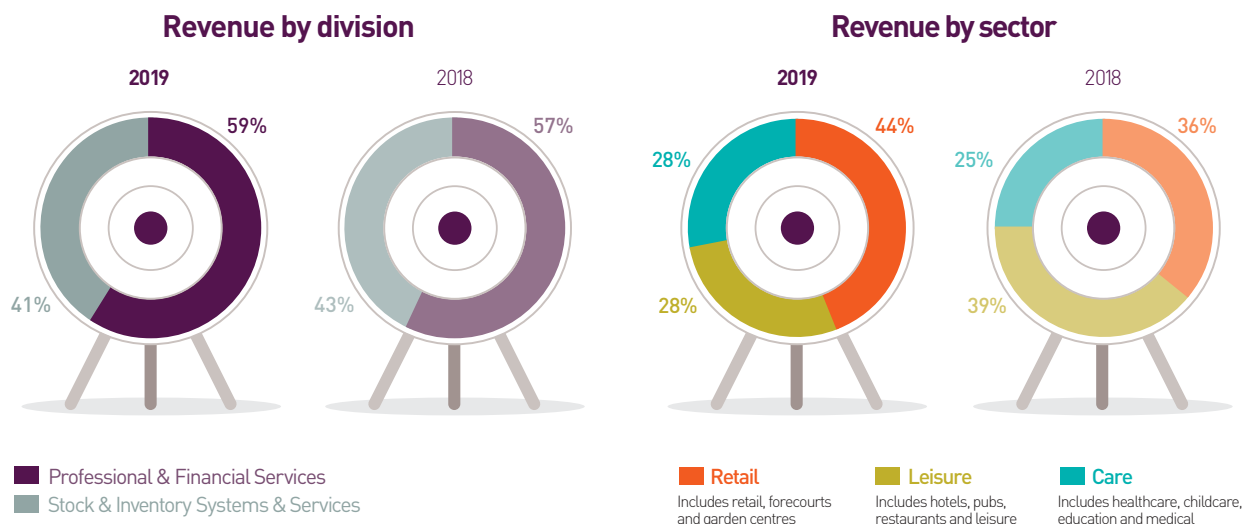
The expertise offered by Christie & Co, Christie Finance and Christie Insurance, covers all aspects of valuing, buying, selling, developing, financing and insuring a wide variety of businesses. Their scope is complemented by the comprehensive appraisal and project management services available from Pinders.

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 2.6% to £78.0m (2018: £76.1m)
- Operating profit up by 41.3% to £5.8m (2018: £4.1m)
- Earnings per share improved by 36.2% to 15.30p per share (2018: 11.23p per share)
- Strong performance for the PFS division with operating profit of £6.2m (2018 £5.6m)
- Concluded highly successful Wyevale garden centre disposal
- Poor retail stocktaking result. Business restructure commenced
- Record year for the hospitality stocktaking business
- Final dividend nil to give a total for the year of 1.25p per share (2018: 3.0p per share)
- Strong cash generation in the year and ended year with a healthy cash balance



Chairman and Chief Executive's review of the year



Following the extraordinary and unprecedented events of 2020, we took the decision to delay the release of our 2019 results. I am pleased to be able to set out a review of what was a successful year for the Group.

The Covid-19 pandemic has since caused us to re-assess our plans and expectations for 2020 and I am now able to update separately on the steps we have taken in recent months to position the Group for the recovery that is now underway.

EPS	REVENUE	OPERATING PROFIT
↑ 15.30p	↑ £78.0m	↑ £5.8m



**“2019 was another positive year for Christie Group.
The year ended strongly following the definitive
General Election result in the UK.”**

Review of 2019 results and performance

2019 was another positive year for Christie Group, in what was a period of lower mergers and acquisition activity and a reluctance of existing operators to increase operational spend commitments, amidst the prevailing Brexit uncertainty.

As a result, I am pleased to report an operating profit of £5.8m (2018: £4.1m), representing an increase of 41.3% on the previous year. This operating profit includes a gain of £1.5m on the sale and leaseback of office premises in Milton Keynes. As predicted at the time of the release of our Interim Results, we enjoyed a stronger second half to the year resulting in revenue of £78.0m (2018: £76.1m) and year-on-year growth of 2.6%. The year ended strongly following the definitive General Election result in the UK.

Our Professional & Financial Services (PFS) division enjoyed a year of progress. Operating profit from the division increased by 10% to £6.2m (2018: 5.6m) from revenue of £46.0m (2018: £43.4m).

This profit included an incentive fee relating to the highly successful Wyevale garden centres disposals, although much of our selling process to achieve this total transaction occurred in 2018.

Our Stock & Inventory Systems & Services (SISS) division experienced a challenging year where an undoubtedly disappointing financial result for the division masks progress that was made and that we are optimistic will contribute to more encouraging and profitable results in the future. Revenue fell by 1.9% to £32.1m (2018: £32.7m) and the operating loss for the division increased to £2.0m (2018: £0.7m).

Within the division, profitable trading from our hospitality stock audit, Pharmacy stocktaking and Benelux retail stocktaking operations were offset by further investment in our visitor attraction software business.

Our return to profit plan for our UK retail stocktaking business was slower to deliver improvements than we had originally planned. We are now seeing encouraging early signs of the required improvements in efficiency and productivity. As a result, we are optimistic that at existing volumes the business can now trade profitably on an annualised basis following Covid-19.

As we reported last year, the sale of an office building in Milton Keynes was completed in October 2019. The operating profit from the transaction, recognised in accordance with the requirements of IFRS 16, was significantly exceeded by the actual cash return from funds invested six years earlier.

Our improved 2019 result meant that earnings per share increased by 36.2% to 15.30p (2018: 11.23p).

2020 trading and the impact of Covid-19

2020 started well and our first quarter trading ended broadly in line with our expectations. By the last week of March, we had shut our physical offices across the UK and mainland Europe, in line with local government policy.

Our PFS division was transitioned to operating effectively online within a matter of days in late March. For Christie & Co, www.christie.com continued to operate successfully as our business sales portal through which buyers select establishments which match their particular requirements and may request further information.

The standalone – albeit linked websites – of Christie Finance and Christie Insurance have enabled our clients to continue to procure business mortgages, unsecured finance, life assurance, commercial risks cover and property insurance. Both Christie Finance and Christie Insurance have remained profitable throughout the downturn.

Our international offices which specialise in the hotel and tourism sector do not expect a notable pick up in transactional demand before September. The Consultancy work

Chairman and Chief Executive's review of the year continued

we are experiencing is normally a precursor to such activity. Tourist hotels which have reopened are concentrating on trading the shortened summer season, meanwhile most city centre business hotels will not reopen until September.

Large conferences and exhibitions which springboard activity have been postponed or cancelled and so the benefits that they bring for new business generation may come later in the year and beyond.

Immediately preceding lockdown we experienced reluctance on the part of vendors to bring businesses to the market, with practical difficulties impacting the opportunity to do so throughout lockdown. Advisory work continues for the banks and, in line with the government's support for businesses during the pandemic, they appear supportive of trading businesses and reluctant to force recoveries. The Corporate Insolvency & Governance Bill has effectively suspended creditors' ability to issue statutory demands and winding up petitions. The return of Crown Preference will see HMRC once again ranked as a preferential creditor when this come into effect in December.

Our transaction pipeline which had been stalled is now flowing again. We are experiencing a return of known investors and a healthy flow of new buyers. These include private equity buyers looking for good businesses which have faced Covid-19 disruption, private buyers looking to relocate to country and coastal locations and even entrepreneurs utilising 'bounce back' loans to acquire additional trading units.

The sectorised model which has enabled our Medical and Child Centric profit centres to flourish in recent years is to be expanded across Christie & Co. Closer collaboration among our

sector-specialised agency and advisory teams will create business generation opportunities and even greater sharing of sector-knowledge to deliver client-focused solutions.

Pinders have seen a steady return of business since early June. By virtue of the furlough system they have been able to optimise staffing against recovering demand. We are optimistic that all of Pinders' valuers and building surveyors will once again be required full time by the end of October.

Our past and continuing investment in information technology enabled us to immediately and seamlessly transition all of our office-based staff to home working. We continued – albeit at much reduced volume – to provide information to buyers, submit offers to owners, negotiate sales, arrange finance and insurance and carry out desk top valuations, business appraisals and consultancy.

In our SISS division a small amount of pub stocktaking was undertaken as they closed in order to confirm stock in hand. Similarly, some essential counts for pharmacies continued for a short while. Our UK retail stocktaking and supply chain activities were completely inactive throughout April and May before the former resumed activity in early June.

Stocktaking for the licensed trade has initially commenced at 40% of former pre-Covid-19 volume. Many city-based hotels, pubs, restaurants and events locations have yet to re-open. We anticipate a ramp up of activity in September. Encouragingly, retail stocktaking operations have initially resumed at 65% of our anticipated normalised monthly revenue, with further progress expected as activity levels continue to recover.

Invariably the aggregate volume of stock counts is influenced by the level of stock

turnover through the outlets concerned. We therefore reasonably anticipate further recovery in stock count volumes as retail customer spend increases. New business enquiries are flowing in.

Venners took the decision to exit its health & safety advisory work in the light of new and unascertainable Covid-related risks. They also exited their physical stocktaking presence in Eire, which was of insufficient scale.

Vennersys saw a virtual cessation of business as all visitor attractions closed in the UK. From early July centres have been reopening and currently around 10% remain closed, with plans to re-open in the coming weeks, but with limited access. We have seen a strong move to online presales of entry-timed tickets to avoid onsite queues and manage capacity. Food has substantially moved to pre order online, additionally routing that revenue through our online system.

Vennersys have closed their physical office in Canada where it had become a virtual cinema support operation.

Across the group, from 1 April 2020, over 1,300 UK employees, day-rate staff and casual workers were furloughed. Internationally we were able to benefit from the various localised government support packages available.

From 1 August we commenced a phased office reopening programme. We recognise that, while continued home working may remain desirable or necessary for some due to their personal circumstances, there are many of our staff who ideally need to be office based for their work or who benefit from the traditional office environment. We have therefore, after consultation, made available a reduced amount of Covid-secure workspace.

1 July brought increased and welcome flexibility to the UK furlough



“In the absence of any resurgence of the pandemic we should return to profitable UK trading in aggregate in 2021. We therefore view our future with cautious optimism.”

scheme, as increasing demand for our services has allowed us to steadily increase staff resourcing. At the time of writing, approximately 70% of our employees have returned from furlough in some capacity, with many of those returning on a part time basis initially. Alongside this we have returned a growing number of day rate and casual stocktaking staff where required to support the recovering demand for our services.

Management changes and developments

Steve Mayne retires as Managing Director of Venners on 31 December. Steve Mayne joined Venners in London as the office junior and post boy in 1975. He has been promoted through the ranks and formally took over as MD at the beginning of 2018. His last three years have encompassed Venners' best two years' trading and Venners' Covid-attributed worst.

Steve has been the backbone of our business but has also both initiated and embraced the change required, to keep our core stock valuation and related advisory assignments both current and relevant. Computerised diagnostic analysis of sales and thereby stock results are the latest tools in Venners' armoury. We wish Steve and his wife Carol a fulfilling and mobile retirement centred around their son and daughter.

Our established succession plan has enabled Scott Hulme, Venners Deputy MD, to step up to the Managing Director role after a brief transition period.

I am pleased to announce that Chris Day has kindly agreed to continue to serve as a Group director on a non-executive basis until our AGM in 2021. His knowledge of your businesses is particularly helpful as we reboot activity in these unprecedented times.

Conclusion

On your behalf I thank our dedicated and enthusiastic teams of management and staff. Together they face the current difficulties with equanimity and some personal financial sacrifice. We are poised to further gear up activity when our markets allow.

In light of the current economic uncertainty we do not propose to add to the interim dividend which was paid in November 2019. It would, however, be our intention to pay a dividend for 2021 if we trade in line with our expectations.

Each of our services remains in demand. We have seen the flexible benefits of remote working which we have already embraced where it is appropriate to do so. In the absence of any resurgence of the pandemic we should return to profitable UK trading in aggregate in 2021. We therefore view our future with cautious optimism.

I remain ever aware of the importance of ensuring that we regularly engage with you, our shareholders. The AGM is ordinarily a key part of this. Regretfully, this year, in light of the Covid-19 situation, the AGM, which is held in our own offices, will be held as a closed meeting. We are committed to the

well-being of both our staff and our shareholders. Attendance will be strictly restricted to specified individuals to ensure that the meeting is quorate to conduct the necessary business.

We do, however, invite shareholders to submit via email to executive@christiegroup.com a topic regarding the company's business which is of particular interest to them at this time. Our intention is to group together points of interest, not already covered in our latest Annual Report & Accounts, AGM Statement or to be covered in our forthcoming Interim Results. Where possible and commercially desirable we intend to address a selection of these points in an investor presentation. The presentation will be placed on our website www.christiegroup.com following our AGM.

Due to the Covid-19 induced delay in issuing our 2019 AR&A there is insufficient time to enable us to immediately publish our Interim Results to 30 June 2020. For this reason, we sought and have been granted permission to delay the publication of our Interim Results which will now be published on or before 31 October 2020.

David Rugg
Chairman and Chief Executive
3 September 2020

Chief Operating Officer's review



In the PFS division the success was tangible with an operating profit of £6.2m (2018: 5.6m) reflecting an excellent year in every sense. In the SISS division the operating loss of £2.0m (2018: £0.7m) is clearly disappointing, but we are encouraged by the progress we are now seeing in those businesses within the division which were unable to contribute positively in 2019. A profitable SISS division, re-achieved within a foreseeable timeframe, remains of paramount importance.

Mainland European
network increase in
fee income in the year

↑ **44%**

We sold 66% of the
individually transacted
care homes in the UK

↑ **66%**

Finance brokerage
business increased
its headcount by 20%

↑ **20%**

Venners Consultancy
and Compliance
revenues grew by 13%

↑ **13%**



“Investor interest in our markets was reflected in average values on business sales, with the strongest increases in the Dental, Care and Child Centric sectors.”

Professional & Financial Services Division

Within the Professional & Financial Services (PFS) division, our agency and advisory business, Christie & Co, enjoyed a very positive year. The headline-grabbing Wyevale project aside, we could point to a successful year across our various sectors, where investor interest in alternative assets and property-backed trading businesses remained strong, despite ongoing political commentary that might have sought to suggest otherwise.

This was reflected in average values on business sales across a number of our sectors. With the exception of the Restaurant and Pharmacy sectors, we saw average business values increase in all of our core sectors with the strongest increases coming in Dental (5.4%), Care (5.5%) and Child Centric (4.6%). The slight softening in prices in Pharmacy were once again impacted by Category M clawbacks alongside a shortage of drug supplies which impacted drug pricing and squeezed operators' margins. Against this sector backdrop, we strengthened our sector presence with a significant growth in brokerage instructions.

Our Child Centric team had another excellent year. Demand in the sector remained buoyant – particularly for children's day nurseries – driving the

value growth referred to. As portfolio transactions became fewer, we saw an increase in single asset deals. Bank support for the private education and specialist childcare sectors continued.

In our hospitality sectors, we were encouraged by a resurgence of activity in Pubs, with tenanted estate disposals proving attractive to private equity, and with a range of international investors engaged in acquisition and disposal activity. Amid ongoing challenges for the Restaurant sector with CVAs and restructuring, we were instructed by joint administrators to market a group of twenty restaurants from within the Jamie Oliver Restaurant Group.

The hotel market remains an attractive sector for investors, both in the UK and Internationally.

A very encouraging year for our international network saw our mainland European network achieve a 13% increase in fee income in the year. Highlights included the sale of Romantik Hotel Schloss Rheinfels in the Rhine Valley, and we assisted easyHotels in their acquisition of ibis Nice Palais des Congres. As we ended the year, we had anticipated deal flow being further unlocked in 2020 but this now appears unlikely in the short term.

Our Care team produced an excellent performance in both advisory and

brokerage. We sold 66% of the individually transacted care homes in the UK while demand from institutional investors remained strong and forward funds continued to show great interest in the development market.

In Retail, alongside our breakthrough into the Garden Centre sub-sector, we saw strong levels of interest from investors in petrol filling stations, reflecting the consumer move towards convenience retail more generally where trading fundamentals remained robust.

For Christie Finance, its Unsecured division almost doubled income year-on-year, while our more established Core and Corporate divisions delivered a more modest but impressive 15% growth. This growth in Unsecured was reflected in a lower average loan size compared to a year earlier. This expansion was reflected in a 20% increase in headcount within the business. Recognising their achievements, Christie Finance received award nominations from both Coutts and the industry renowned Moneyfacts Awards in their respective Commercial Mortgage Broker of the Year categories.

Christie Insurance remains ideally placed to provide our clients with sector-tailored insurance cover, addressing the operating risks of their businesses and the life assurance required to secure commercial mortgages.



“Within our UK retail stocktaking operation, we are now seeing encouraging productivity improvements which, if maintained, will mean the business can return to profit in 2021.”

Pinders celebrated its 50th anniversary by making further progress in growing its average appraisal fees. The focus on growing their white coat sectors' presence continued, while instruction volumes increased sizably from a selection of lenders, reflecting the regard in which Pinders are held.

Our operational KPIs illustrate the scale of our business brokerage and valuation operations. We sold over 1,100 businesses in 2019 in what represented a 22.5% increase in agency volumes compared to 2018. This volume growth was assisted by the Wyevale disposal, where 40 sites were sold in 2018 and the balance in 2019.

The mix of business was the prevailing factor behind the 21.4% fall in our average fee, where, as previously noted, within each sector business values tended to show an increase. That was shown by the £1.44bn worth of businesses we sold in the year (2018: £1.37bn) at an average business value of £1.3m (2018: £1.5m).

Valuation fee levels remained competitive and relatively stable, with over 6,300 valuations carried out and the total value of businesses we inspected exceeding £9.5bn (2018: £10.9bn).

Stock & Inventory Systems & Services Division

On the Stocktaking & Inventory Systems & Services (SISS) side of our business, the year was a mixture of success, progression and a degree of frustration.

I presented a 'return to profit' plan for our UK retail stocktaking operation within

Orridge at the AGM in June 2019 and set out a timetable for returning the operation to an annualised profit in 2020. A combination of delayed traction with the required productivity improvements and the disruption which has since ensued in 2020 means that this annualised return to profit will not happen before 2021. However, having resumed UK stocktaking as the retail sector re-opened, we are now seeing very encouraging productivity improvements beginning to come through which, if maintained, will mean the business can return to profit in 2021.

This follows from a much-improved last quarter in 2019 where we re-stabilised operational delivery and restored service levels following a period of change and transformation for the business in the first half of 2019. Our strategic view that sustainable pricing remains preferable over low-margin volume has been maintained.

Elsewhere in the UK, our Pharmacy and Supply Chain businesses both delivered profitable performances in 2019 from what remain significantly higher margin businesses than their retail stocktaking counterpart. Indeed, both saw gross profit margin improve in the year.

Our European retail stocktaking businesses benefit from a less competitive pricing environment. Our Benelux operation produced an excellent performance both commercially and operationally, delivering double-digit revenue growth and improved profitability. Our German operation experienced a more challenging year.

We took the opportunity to centralise its operating structure, making it more streamlined as we commenced 2020.

Venners, the largest provider of stocktaking services and related systems to the UK hospitality sector, focused on improving profit margins in 2019 while expanding its advisory capabilities. It consolidated its position as the leading stock audit provider to the licensed trade in the UK, once again carrying out over 41,000 audits during the year and improving stock audit profit margins in the process. New clients included Michel's & Taylors and Jury's Hotels.

Higher margin Consultancy and Compliance revenues increased by nearly 13% in the year, albeit stock audit revenues continue to remain the major revenue stream; our focus on growing our non-audit income streams will continue.

In Vennersys, our SaaS business for visitor attractions, we saw a progressive year. Revenues from our UK operation grew by 22.6%. Clients continued to increase the level of admissions sales via our VenPos Cloud system, with online sales amounting to 22% of our clients' admissions. While a number of clients were already taking 100% of their ticket sales online in 2019, many others remained in single-digit numbers by comparison. The scope for growth in our online revenues was therefore significant as we finished the year. 2020 has, undoubtedly, further focused operators on the advantages of online sales and the benefits of multi-functional visitor management technology.



Summary

Having finished the year with excitement and anticipation of what can be achieved in the future, that long-term ambition is undimmed by the events of 2020. The successes of 2019 combined with our diversity, brand strength, flexibility and infrastructure mean we can continue to look beyond the short term.

We have since added to our end-of-year cash resources with the £6m Coronavirus Large Business Interruption Loan Scheme (CLBILS) loan announced in May. It is a prudent but sensible step to supplement our self-generated cash resources in light of the disruption caused by Covid-19 and enhance our resilience in the face of unprecedented events.



Daniel Prickett
Chief Operating Officer
3 September 2020



“Our operational KPIs illustrate the scale of our business brokerage and valuation operations, while Venners consolidated its position as the leading stock audit provided to the UK licensed trade sector.”

Divisional KPIs

Professional & Financial Services Division	2019	2018
Total businesses sold	1,127	920
% Increase/(decrease) in average fee per business sold	(21.4%)	12.2%
Total value of businesses sold (£m)	1,444	1,367
Total valuations carried out	6,346	6,314
% increase/(decrease) in average fee per valuation	(0.7%)	0.9%
Value of businesses valued (£m)	9,532	10,935
% increase in number of loan offers secured	13.9%	32.9%
Average loan size (£'000)	481	533

Total businesses sold in 2019

↑ **1,127**

Total value of businesses sold

↑ **£1,444m**

Increase in number of loan offers secured

↑ **13.9%**

Stock & Inventory Systems & Services Division

	2019	2018
Total stocktakes and audits carried out (number of jobs)	68,055	70,541
% increase in average income per job	1.5%	4.0%

Revenue from our UK visitor attraction operation grew by

↑ **22.6%**

Increase in Consultancy and Compliance revenues

↑ **13%**

Total stocktakes and audits carried out in 2019

↑ **68,005**



Creating value for our stakeholders

Our vision and strategic ambition

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

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 core values and attributes

Trustworthiness: It is vital that our clients and suppliers 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. Inherent in these responsibilities are a recognition of the importance of human rights and a respect for local culture.

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.

Our competitive advantages



LISTEN

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 and live event stock taking. 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



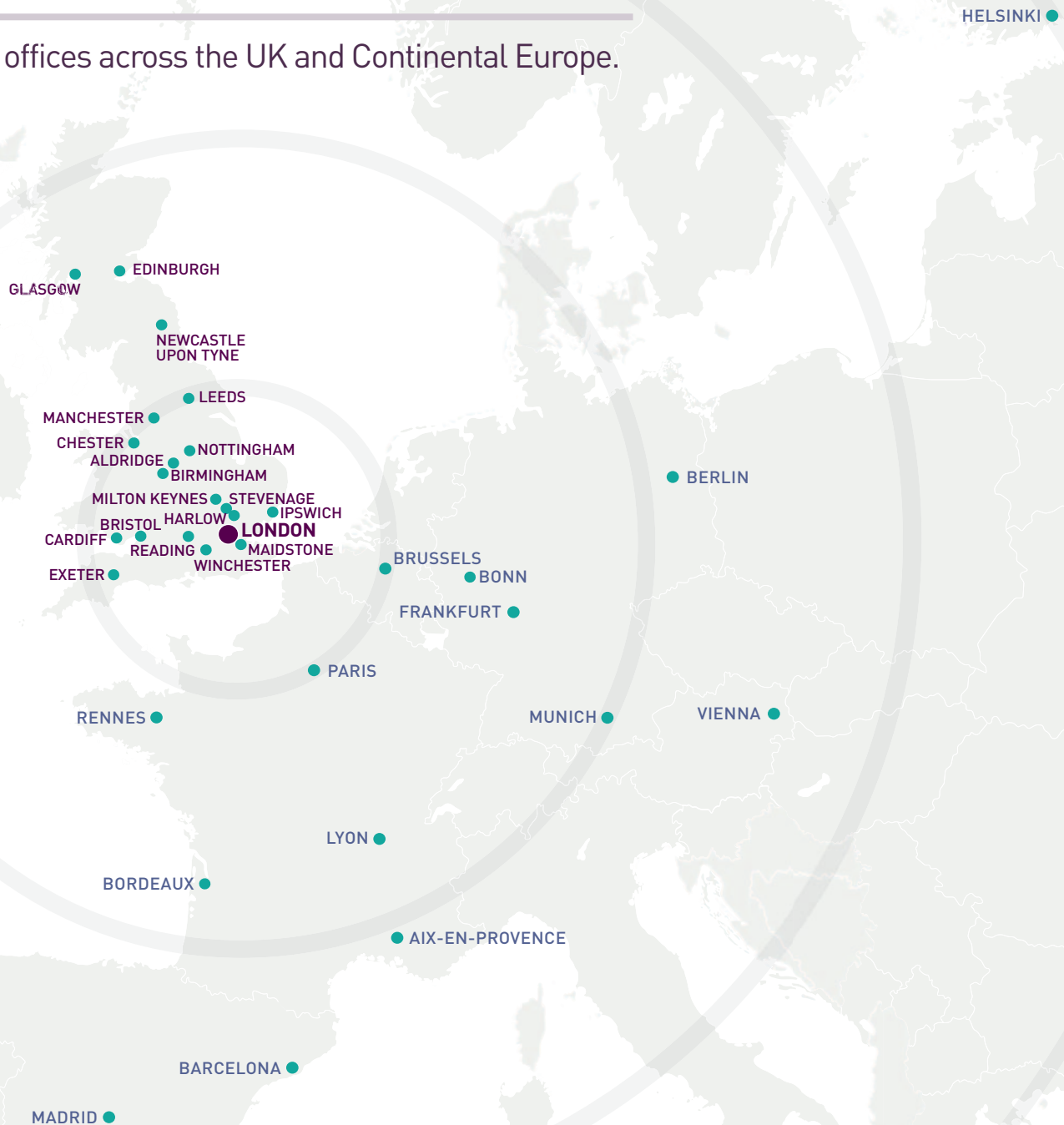
Vennersys operates in the UK and delivers online Cloud-based ticketing sales and admission Systems to visitor attractions such as historic houses and estates, museums, zoos, safari parks, aquaria and cinemas. It has over 25 years' experience delivering purpose-designed solutions for clients' ticketing, admissions, EPoS and food and beverage sales requirements.

www.vennersys.co.uk

Where we operate

The area we cover

42 offices across the UK and Continental Europe.



Our strategy

What we do

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

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.

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.



UNDERSTAND

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 and 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 and 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 and 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 and contracts to realise value.



DELIVER

Divisional review

Professional & Financial Services



Christie & Co is a leading strategic partner for anybody buying or selling a business, from major M&A and portfolio transactions to standalone deals in the UK and internationally. Our expertise lies in a range of core sectors: hotels, pubs, restaurants, retail, leisure, healthcare, medical and child centric.



“We will remember 2019 as a year where the market for operational real estate businesses remained buoyant, attracting interest and action from a diverse range of operators and investors.”

Darren Bond, Global Managing Director,
Christie & Co

Many people will remember 2019 as a year dominated by Brexit and the uncertainty leading up to a late general election. At Christie & Co, we will remember it as one where the market for operational real estate businesses remained buoyant, attracting interest and action from a diverse range of operators and investors across our chosen sectors. Bank funding for a number of our sectors was readily available to support investor appetite.

This is not to say that many organisations did not find 2019 challenging, with the slowest economic growth rate since the global financial crisis of 2008. Factors including continued operational cost pressures, such as wages, business rates and rent, added to macro-economic pressures to continue the trend towards more distressed businesses on which we reported last year. This led to increased demand for strategic disposal advice, asset sales and other related services.

The undoubted highlight of our year was in our retail division, with the completion of the sale of Wyevalle Garden Centre. This involved 145 units being sold in 57 separate transactions to 44 buyers, ranging from established operators to first-time entrants. Our revenues from the project spanned two years, with a success fee in 2019 which reflected an outstanding process from start to finish.

Breaking the business up into its individual units and selling them

individually was a unique and highly successful approach that realised significantly more value for our client. In many ways, the transaction showcased all that is best about Christie & Co, demonstrating how our structured and controlled approach enables us to deliver a better outcome than any competing broker or advisory business, whether in the UK or Europe.

This is the same skillset that enables us to identify and structure opportunities for end investors, ‘pre-priming’ deals by bringing together all constituent elements before they need to make a decision.

The Wyevalle transaction also opened up new opportunities for us in the wider retail sector, as well as in this specific niche. We saw a particular rise in transactional activity in the convenience sector, which is becoming increasingly

CASE STUDY: Wyevalle Garden Centres

Following their appointment by Terra Firma to market all 145 Wyevalle Garden Centres, Christie & Co completed the final deals in November 2019. Christie & Co brokered 57 individual transactions while signing 3,246 non-disclosure agreements in order to provide interested parties with information. 817 Phase 1 unconditional offers were received, exceeding the aggregated asking price. The carefully targeted marketing campaign reached over 60,000 people from Christie & Co’s extensive global database and promoted an aggregate guide price of c.£444 million.

popular among consumers. The ongoing rationalisation of large retail portfolios and disposal of surplus assets by large chains also continued to drive engagements for us.

Our pub team also had an excellent year, which was the first in a decade to end with more UK pubs trading than it started. In fact, at a combined value of more than £8 billion, the pub portfolio transactions we were involved with were worth more than those from the previous 10 years combined.

Our activities included handling acquisitions and disposals on behalf of a wide diversity of players, from international investors and national brewers to regional pub companies, multiple operators and new market entrants such as Davidson Kempner. We were delighted to support Marston’s on the sale of 137 pubs to Admiral Taverns in a single-package transaction which completed in November.

Both the leisure and hospitality sectors continued to deliver opportunities for us. Investor interest in leisure was healthy and there was a significant level of M&A activities, including the opportunistic purchases of several distressed portfolios. In hospitality, we sold the 162-bedroom Days Inn Waterloo in Central London to Palm Holdings, and the Buckinghamshire-based Horwood Estate on behalf of De Vere Hotels to ZIZ Hospitality. We also managed the £40m sale of Cotswold Inns & Hotels.





“Within our overseas teams France had a stand-out year, driven by a very strong provincial market outside Paris, while Austria and Germany both benefited from more investors looking for opportunities outside the UK.”

With demand outpacing supply for quality dental practices, our transaction levels continued to grow as they have over the five years since we launched services in this area. From a standing start, we have achieved the number two position in this sector, benefiting from the increasing sophistication and regional diversity of the market.

Despite a more challenging year in the pharmacy sector than we have seen recently, our unrivalled market reach enabled us to secure an increase of nearly 45% in the number of instructions received.

Our child centric team saw demand for children’s day nurseries continuing to exceed supply, fuelling further growth in values. As a result, we saw an increase in single-asset transactions. In education, the appetite for good-value schools remained strong, driving growing demand for our transactional and valuation services. Demand for these services also grew in the specialist childcare sector, where multiple bids for several regional groups have delivered rapid sales.

Our performance in the care sector was outstanding in 2019, with our team selling two-thirds of all the individually transacted care homes in the market. We were also at the forefront of the development market, facilitating the sale of more than 3,000 new to industry beds. We continued to advise a number

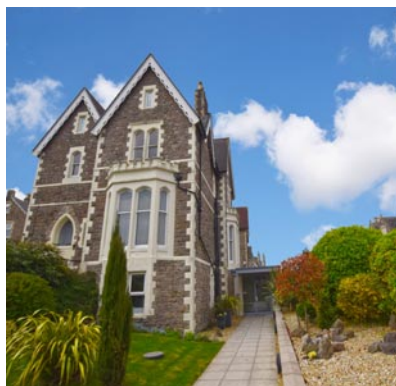
of the large corporate operators with rationalisation strategies for their portfolios. This created opportunities for smaller regional and independent operators to acquire older, underperforming homes and revive their fortunes.

Our overseas teams were broadly successful in 2019. France had a stand-out year, driven by a very strong provincial market outside Paris, while Austria and Germany both benefited from more investors looking for opportunities outside the UK. Our Spanish operation was led by strong consultancy activity, following a highly successful brokerage performance in 2018. Our pipeline of transactions across Europe were very strong ensuring that we should make a strong start to 2020.

We ended a successful 2019 with an encouraging pipeline and optimism for what we can achieve in the future. Across our agency and advisory teams, both in the UK and internationally, we can provide our clients with sector-specialist knowledge and an excellent understanding of regional nuances. As we began 2020, we were encouraged by the potential within all of our sectors and buoyed by a very progressive year across our international network.

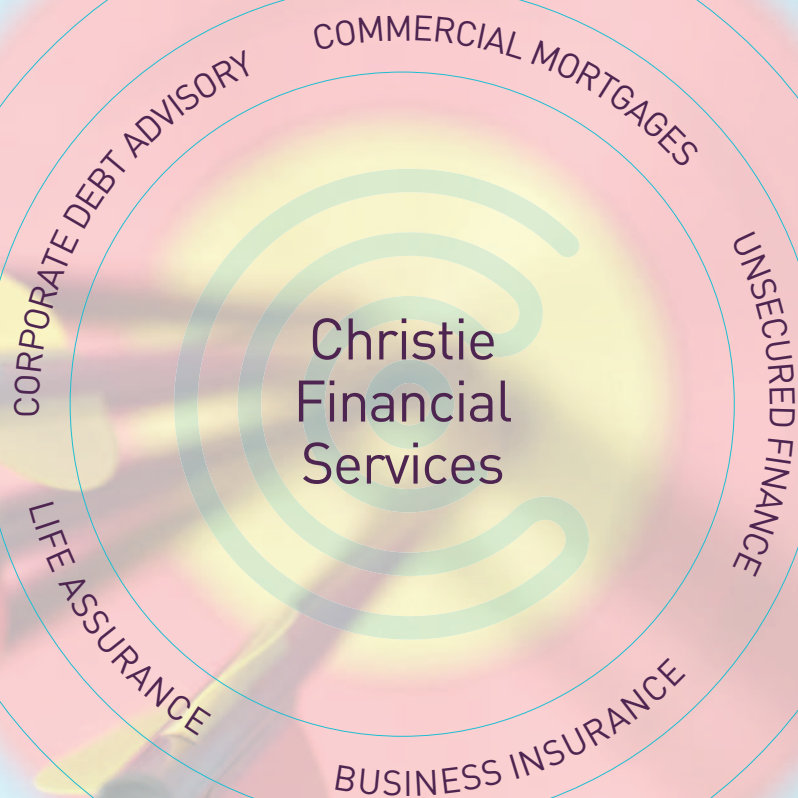
CASE STUDY: Houston Dental Group

Established in 1990 as a single site practice, Houston Dental Group evolved to be one of the leading independent groups in the UK, with 44 surgeries across the South West. Its owners approached Christie & Co for preliminary advice. As the Houston Group’s valuers, Christie & Co had an excellent knowledge of the business, and this resulted in their appointment to market the business for sale, attracting significant interest from dental and financial buyers. Several substantial offers were received resulting in the sale of the business and property portfolio to Alliance Dental Care, a developing force in UK dentistry.



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.





“The range of our lending contacts, from the high street as well as emerging players, enabled us to approach more than 50 lenders in the year.”

CHRISTIE FINANCE

Christie Finance has been building its skills and experience in financing businesses from the hospitality, leisure, healthcare, medical, childcare, education and retail sectors for more than 40 years. Today, our primary strengths lie in our rapid response to client opportunities and strong relationships with finance providers.



“2019 saw a significantly increased demand for our services across all our trading divisions, with client instructions up by 18.5% overall.”

John Mitchell, Managing Director,
Christie Finance

During 2019, we saw a significantly increased demand for our services across all our trading divisions – Core, Corporate, and Unsecured & Asset Finance. Client instructions grew by 18.5% overall, the number of finance offers we secured increased by 14%, and the overall level of debt provided rose by £3m.

This success and our commitment to further expansion drove us to grow our headcount by 33% across all divisions in 2019, strengthening our offering and establishing a greater presence in our chosen areas of expertise through an excellent blend of youth and experience.

All our divisions continued to help a diverse client base across our specialist sectors, from new market entrants to organisations we have supported for many years across a range of different projects.

Many of these involved working alongside other Christie Group businesses across both our PFS and SISS divisions.

Stand-out transactions we helped with included facilitating a debt package to help the Canary Trading Company buy a group of five pharmacies that were brought to market by Christie & Co with life assurance for the principal being provided via Christie Insurance.

In another transaction that demonstrated the breadth of capability across the Group, we successfully secured finance for a care operator who wished to further expand their portfolio with the acquisition of North Hill Care Home in Sheffield. Christie & Co identified the appropriate opportunity, while Christie Insurance brokered life and business insurance for the client.

Part of our success during the year was due to more potential clients preferring to use brokers, as banks continued to cut back their client-facing teams. Ever since its launch in 2017, our Unsecured & Asset Finance division has demonstrated that speed in accessing finance is key for many established owners looking to invest in their businesses. In our experience, lenders are still willing to make fast and flexible facilities available within days of the application. During the year, we successfully applied for unsecured investment funding on our clients' behalf with 14 different lenders.

In our Core and Corporate divisions, which broker traditional long-term debt for acquisitions or refinancing, our banking relationships can be mission-critical for our clients. Many banks took a conservative view during the year, increasing demand for our services from individuals and organisations that understand the value of our experience and banking relationships.

Funding for certain 'green light' sectors such as Dental and Pharmacy, remained readily available and our increased presence helped us to gain 38% more instructions in these areas than in 2018.

High street lenders became particularly wary of supporting organisations in sectors such as Care and Hospitality, creating opportunities for us to help existing operators to find new banks willing to provide debt facilities. New entrants also struggled to secure finance from these lenders, and we focused on accessing debt finance through channels such as smaller banks, specialist debt funds and fintech providers.

That said, we continued to be an important source of business to the traditional lenders as well. In total, the range of our lending contacts, from the high street as well as emerging players, enabled us to approach more than 50 lenders, securing offers of finance from 28 different sources. With such a diverse choice open to borrowers, our clients benefit from being able to engage a broker with an in-depth knowledge of our chosen sectors.

CASE STUDY: County Inn, Aycliffe, County Durham

Award-winning restaurant with rooms, The County at Aycliffe, was acquired in October 2019 by a first time buyer, with funding secured by Christie Finance after the sale was brokered by Christie & Co. The County is a pub & restaurant with seven en-suite letting rooms, and has earned the coveted TripAdvisor Certificate of Excellence Award four years running. The purchase of The County enabled first time buyer Michael Parkin to fulfil his long-term ambition to become a publican. A delighted Parkin commented, “Working with Christie Finance was an absolute pleasure. They offered excellent advice and devised a clear strategy to obtain finance on the best possible terms.”

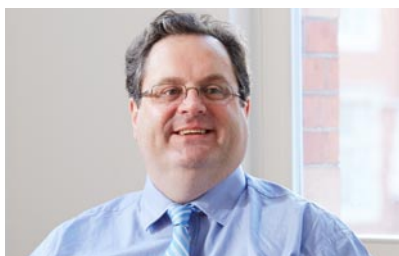




"Christie Insurance is uniquely placed to support borrowers and provide competitive life assurance solutions. This is an exciting opportunity yet to be maximised."

CHRISTIE INSURANCE

Christie Insurance is a broker with a very important difference – as a member of the Christie Group, we gain early opportunities to work with other Group company clients, bringing us a stream of excellent introductions and deepening our collective offer to clients by providing joined-up solutions.



"We enjoyed an improved year in 2019, benefitting from a period when premiums bottomed out and began to grow again following two decades of downward pressure."

Walter Murray, Managing Director,
Christie Insurance

If people come to look back on 2019 in the years ahead, they will recognise it as the year when premiums bottomed out and began to grow again following some two decades of downward pressure. The rise was not large at 2.9% overall, but this was the sixth consecutive quarterly increase. It was a significant indicator of a change in the market, recognising the need to address the 'under-pricing' in the view of insurers of recent years.

At the same time, reinsurance capitalisation was particularly buoyant throughout 2019 and into the early part of 2020, meaning costs for insurers to cover themselves against losses were relatively low. Taken together, these trends meant a more positive insurance environment prior to the Covid-19 pandemic providing insurers with previously unforeseen challenges.

We enjoyed an improved year within this more positive context for the industry as a whole, measuring our performance in a number of ways.

We gauge our success in retaining our existing book of clients through the annual renewal cycle with over 90% (2018: 90%) of the book value of existing clients successfully renewed in 2019, albeit benefitting from increased premiums on renewal due to the hardening insurance market. We entered 2020 with an objective to improve the number of successful policy renewals to a similar level, while also improving our record in making additional sales to these clients.

Fundamental to achieving growth is to ensure we are effective in a targeted approach of quoting and selling to those businesses advised by our sister companies, Christie & Co and Christie Finance in particular. We can undoubtedly do better in this regard and, while gradual, we are seeing steady improvement in this respect.

We benefit from Christie Finance's own client relationships, where business owners seeking commercial mortgages often find life cover as a pre-condition of

drawdown. Christie Insurance is uniquely placed to support borrowers and provide competitive life assurance solutions. Further penetration of the referrals we receive is an exciting opportunity yet to be maximised.

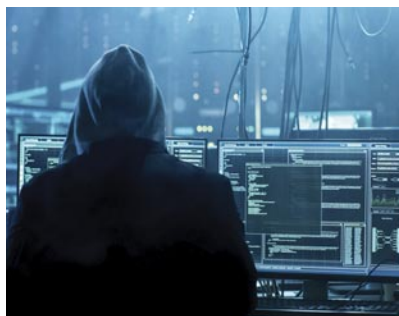
We are at our best when we successfully leverage our position alongside Christie & Co and Christie Finance, using a well-embedded electronic and personal flow of client introductions that enable us together to offer a virtual turnkey service to business purchasers. We aim to work virtually as one to get our clients up and running in their new businesses. We receive all the information we need from our network partners, so avoid the need to ask new clients a long-winded, time-consuming set of questions. This makes us an attractive option and ensures that our clients have a fully fit-for-purpose insurance package at the moment they take possession of their new business.

We also worked closely with Christie Finance during the year to provide a solution to one of the biggest worries facing clients who need to provide a personal guarantee when taking out a loan. As a result, in 2020 we will be launching an insurance that covers up to 80% of the sum guaranteed for secured borrowing, to a maximum of £400,000. For unsecured lending, cover will be for 60% of the sum guaranteed, to a maximum of £300,000. This improves the Christie Finance offering, by giving clients the reassurance that they are protected if the worst should happen.

Insurance is all about managing risk, and 2019 was notable for an increase in the threat businesses face from ransomware – malicious software that typically encrypts and blocks access to a victim's files until they pay for them to be decrypted. The popular wisdom tells us that backing up all files is the answer to this threat, but claims data shows us time and again that many back-up systems are not effective.

Fortunately, insurance is available to provide protection against ransomware attacks, and we expect this to be an important growth area for Christie Insurance in 2020 and the years ahead.

2019 saw an increase in the threat to businesses posed by cyber crime as 32% of UK businesses identified cyber security breaches or attacks over a 12 month period (source: Department for Digital, Culture, Media and Sport Cyber Security Breaches Survey 2019). With malicious software and hacking attacks now increasingly part of sophisticated and organised crime, insurance to provide protection against ransomware attacks is increasingly important for businesses. We expect this to be an important growth area for Christie Insurance as traditional protection via regular system backups is increasingly shown to be ineffective.



“We are at our best when we successfully leverage our position alongside Christie & Co and Christie Finance, using a well-embedded electronic and personal flow of client introductions.”



“As in previous years, a number of our clients have asked us to help in understanding the complexities involved in the health and social care sectors.”

PINDERS

Pinders’ team of RICS-qualified surveyors delivers appraisal and valuation, consultancy, dispute resolution, building surveying, project management and business recovery services for businesses in the healthcare and education, licensed, retail and catering, manufacturing, services, and leisure and hospitality sectors.



“We believe that continuing to deliver an excellent quality of service, on time, every time, will help us further increase our market share in the years ahead.”

Justin Cain, Managing Director, Pinders

2019 saw another solid performance from Pinders. We celebrated our 50th anniversary by setting a number of records across our different divisions for average appraisal fees, instruction numbers and business levels.

This built successfully on our performance over the last two years, during which we have witnessed a consistent ‘flight to quality’. This is taking place as businesses and lenders increasingly recognise the value of working with appraisal and valuation experts who use evidence-based data and insight to support their recommendations.

Right across the lending landscape, from the largest and longest-established lending sources to new ‘challenger’ organisations, Pinders has a reputation as a safe pair of hands that does the right

thing. This profile is particularly important when there is market uncertainty, and we experienced significant rises in instruction numbers from some lenders as a result. Once the disruption caused by Covid-19 is behind us, we are optimistic that this trend can continue. We believe that continuing to deliver an excellent quality of service, on time, every time, will help us further increase market share in the years ahead.

Lloyds Bank, for example, increased the volume of work they gave us by 5%, building yet further on the close-to 10% increase of 2018. We deepened our relationship with Lloyds further during the year, again providing training for new staff members joining the bank’s Social Care division. Instructions from Santander grew even more significantly, with a rise of 32%.

Rising levels of demand for our services also applied upward pressure on our fee rates. The 6% increase in our average appraisal fee for the year saw it rise to the highest level we have ever achieved.

A number of our divisions performed particularly strongly during the year. For example, our White Coat division valued more businesses than ever before, generating fee income of more than £1m for the second successive year. This included work for a potential purchaser on a group of 15 pharmacies as part of a corporate strategic disposal project.

Our Care division, meanwhile, achieved growth of 4% in the volume of instructions it handled, which helped to drive an 8% increase in fee income. Our Leisure division increased average fees by 9%, focusing on higher value instructions over volume. Prior to Covid-19, we had planned a number of initiatives to boost its growth during 2020 and the years ahead, including increased attendance at trade shows as soon as conditions allow.

Our Building Services division delivered an encouraging 7% increase in revenue in the year, reaffirming the value it has to the business after the 15% growth it delivered a year earlier.

As in previous years, a number of our clients have asked us to help their people understand the complexities involved in the health and social care sectors. To do so, we always provide in-depth insight as

CASE STUDY: All Saints Chapel, Eastbourne

Pinders were commissioned to undertake a valuation of this striking chapel building, which had been originally constructed in 1869 as part of a hospital complex. The valuation was in connection with the acquisition and the broker was mindful that a lender would want to consider the ability of the business to service a loan secured against it, given that it did not have any formal accounts. Planning consent had been granted to redevelop the main part of the site for residential use, but the chapel was excluded as it was Grade II* Listed. A lease had been granted to a Tenant in order that they could establish a wedding/function venue from the premises. The operator had developed a successful business from the premises, which they established in January 2019 and they had been given the opportunity to acquire the long-leasehold interest in the property.



part of our appraisal reports. In addition, during the year we gave our views to a number of banks, operators, developers and investors.

We also presented to large seminar audiences, including groups from the Department of Health, the Surrey and Sussex Care Association, The Dementia Trust, the Stirling University Dementia Forum and an audience at the Henry Stewart Conference.

Such activities serve to increase the quality of relationships we have across our markets, and we look forward to building further on these in the future.

CASE STUDY: Jinney Ring Craft Centre, Worcestershire

Pinders provided a valuation for the lender to support a loan to the purchaser of this converted 16th century former farmstead, set within 21 acres. With revenues coming from a mix of wet and dry restaurant sales, the onsite shop, gallery, events and the craft workshops themselves, the transaction – itself being handled by Christie & Co – demonstrated the ongoing mainstream lender support for niche businesses.



“We celebrated our 50th anniversary by setting a number of records across our different divisions for average fees, instructions and business levels.”

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.



“Our non UK operations had a broadly successful year, working with an expanded market for our services across mainland Europe.”

Paul Harding, Orridge Group Chairman
and a Christie Group plc Director

Stocktaking services remain in significant demand from retailers across the UK and Europe, and the Orridge brand continues to be synonymous with placing the client at the centre of our service delivery. This reputation is important to us, as it underpins our strategy where pricing reflects the professional service we provide in a sector where the costs of poor stock control and shrinkage can become significant for retailers.

Our UK retail stocktaking operation saw a number of changes and developments in the year as we progressed with plans to return the business to profit. Appropriate pricing, consistent service delivery, and improved efficiency were all key as we began 2019.

We agreed contract extensions in the UK with clients including Poundland and Wilko, for whom service quality is an important differentiator. Our view on pricing meant that we did not take on or continue a number of contracts during 2019 where the client placed a higher value on price competitiveness than service quality.

We also had a very clear strategic focus on improving our internal infrastructure to provide a platform for improved productivity and efficiency. This now gives us an ability to select stocktakers for counts based on their productivity and reliability and provides our teams with real-time visibility of their productivity while counts are in progress. Alongside this, we implemented a new incentivised

pay structure for our stocktakers, which rewards speed and accuracy while ensuring the pay model remains flexible to mirror client work patterns.

As we ended 2019, we began to see the first signs of progress. Improved recruitment in the final quarter of the year boosted our labour pool of available stocktakers. This is vital to ensure we can allocate work based on individuals' performances which we are now able to do.

We also began to see an improved service delivery in the final quarter of 2019, which continued into the first quarter of 2020. While we did not achieve the required progression in financial results in 2019, we are now seeing encouraging performance post-Covid-19 to underpin our view that the division can trade profitably again on an annualised basis moving forwards.

In the profitable UK pharmacy sector, we continued to win high-margin new contracts with private and smaller group operators, and we expect this trend to continue. The completion of our work on two contracts has been balanced with new work for Cohens and several valuation counts relating to the Rowland disposal project.

Our non-UK operations had a broadly successful year, working within an expanding market for our services across mainland Europe. This success was supported by a particularly strong

performance from our Brussels-based organisation, which is responsible for the Benelux countries, northern France and Spain, where we delivered our best ever results. We revised the structure of our German operations, resulting in a sales function that is now working more cohesively across Europe and the UK.

Overall, further efficiency savings achieved during the year have enabled us to deliver attractive gross margins while charging competitive fee rates. Together with our reputation for reliability and quality of service, this enabled us to attract new business while growing our relationships with existing clients such as Swarovski, Carrefour and Adidas.

We also invested in competitiveness and growth during 2019, including a larger fulltime workforce, new technology for enhanced flexibility and the efficiency and accuracy of count rates by our centralised function.

Our Supply Chain division carried out a major strategic shift during 2019, with a clear focus on margin improvement. We have also developed a new approach to marketing, with the aim of using social media to become thought-leaders in the supply-chain audit arena. The early results of both moves are positive. The Co-op continues to be our biggest customer for whom we conduct individual delivery checks. Our partnership with Co-op has led us to be an integral part of their 'Pay in Aisle' trials throughout the year. We also won business with Wilkinson's and Joseph Fashion during 2019. Our sales pipeline is as healthy as it has ever been and contains some large retail businesses.

Finally, we were delighted to win the title of the 'Most Innovative Distribution Supply Chain Solution' at the 2019 Retail Risk Fraud Awards for our work on developing an all-encompassing survey for retail businesses.

In summary, we ended a challenging 2019 having taken important steps towards returning our UK Retail operation to profit but with work still to do. Our German business now runs off a reduced cost base while all other parts of the Orridge group traded profitably in 2019. We are optimistic for the future.



“Stocktaking services remain in significant demand from retailers across the UK and Europe, and the Orridge brand continues to be synonymous with placing the client at the centre of our service delivery.”



“The growth of our newer divisions- Compliance, which identifies key areas of risk, and Consultancy, which address issues raised in the compliance phase – was also highly encouraging.”



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, providing a wide range of specialist business services in the UK and Europe.



“The UK hospitality sector remained dynamic in 2019. Where margins in the food and beverage sector are under pressure, Venners is an excellent partner for owners and operators wishing to improve profits.”

Steve Mayne, Managing Director, Venners

Following on from a sustained period of strong growth and a record year in 2018, 2019 was a year of consolidation where our success translated to an improved profit margin and we maintained a double-digit operating profit return on revenue.

It was a performance which saw us strengthen our position as the industry's leading supplier of stock and profit control solutions to food and beverage operators.

The UK hospitality sector remained dynamic in 2019, with opportunities and challenges for operators. Where margins in the food and beverage sector are under pressure, the need to maximise profits and profit control makes Venners an excellent partner for investors, owners and operators wishing to identify, understand and unlock profit improvement potential that resides in their businesses.

We provide value-adding advice using knowledge built and retained over our 124 year history. To complement this, we have continued to focus on technological innovation in order to enhance our service offering.

A year ago, we talked about the ongoing investment in our technology. We made considerable progress in 2019 in developing digital reporting suites that are fully adaptable to the individual needs of clients across all divisions. When these are launched in 2020 through the Venners Online portal, they will improve the speed and precision of

KPI-based records and recommendations to help customers run their businesses more profitably and compliantly.

Our successes in 2019 position us well to build further momentum in the years ahead. We are the premier choice for operators across the sector who wish to outsource their stocktaking, which was evidenced by an upswing in new business in the latter part of the year. Recognising the benefits, we can bring to owners and operators in other sectors, we began focusing on targeting the Care and Franchise sectors with transferable services.

This was also a year in which we sought to work more closely and productively with our sister companies. This has led to a number of successful collaborations, particularly with Christie

& Co, who have involved us in several valuation projects. This progress will enable us to develop new referral-specific services in future.

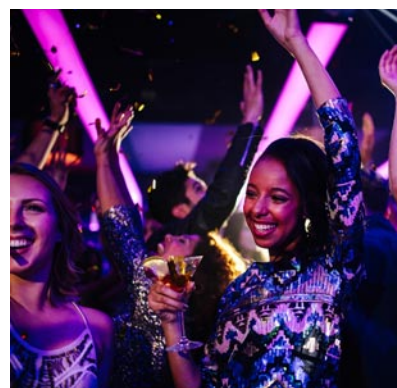
During the year, our longest-established divisions – those focusing on stock-auditing, management and control – delivered the majority of our income. Their strength is particularly clear to see when considering our increased European presence. We have increased the volume of work we carry out in mainland Europe today, regularly completing stocktaking jobs across eight countries and supporting clients like Moxy Hotels.

The growth of our newer divisions – Compliance, which identifies key areas of risk, and Consultancy, which address issues raised in the compliance phase – was also highly encouraging. We achieved combined growth in these two divisions of 12.8% in the year. This was in part due to innovative new auditing and advice solutions we introduced during the year – complementing existing services such as, night-time audits, project-based investigations and support services for whistle-blowing incidents – and reflected increased demand for our services from restaurant operators.

Our Consultancy team adopt a range of tactics to add value. Operational service surveillance, in-depth analysis of control system, and complete trading business reviews can all be highly effective in identifying profit improvement areas.

CASE STUDY: Night time businesses benefit from improved admissions controls.

A number of night time economy businesses are benefiting from Venners Compliance night audits, having identified that cash controls weaken at peak times. Venners Compliance has developed an inspection service with our auditors visiting sites at weekends, after midnight. Till checks highlight staff compliance to policy, reinforces the perception of control to the staff and deters theft. The service provides a third-party tool to the national management team supporting the sites and allows a more detached review of operations.



The Compliance division's focus, on the other hand, is on identifying key areas of risk, improving corporate governance and safeguarding profit retention.

We created and successfully filled a number of new roles during 2019, helping us to manage growing interest in our new services. At the same time our staff retention levels improved following increased investment in our people.

We ended 2019 with the platform in place for future success. We have a strong infrastructure and a suite of services which will remain in-demand across the sectors we serve.

CASE STUDY: University stems losses and brings control to own catering operation.

A growing, three campus university contacted Venners Consulting seeking help stock control across the estate. The university controlled a large number of catering outlets and had a sense that stock was poorly controlled and waste was high. Our consultancy team identified and reported on a number of concerns. Many of the reporting practices had failed and the fast growth of the university had caused stock controls to weaken. The consultancy team were able to provide a table of recommendations, create an action plan and introduce a standard set of reports and operational practices and controls across the estate. The regular audits have brought stability to the operation and have allowed management to regain control with measured testing of the operation.



“We created a number of new roles during 2019, while at the same time our staff retention levels improved following increased investment in our people.”



Vennersys is our software-as-a-service (SaaS) business that serves enterprise and SME clients in the UK. It provides bespoke cloud-based online ticketing sales and visitor-management solutions for attractions ranging from historic houses and museums to zoos, safari parks and aquaria.



"2019 was a year in which interest from customers and SME prospects exceeded our expectations, while our performance against KPIs, including system availability and client retention, was excellent."

Paul Harding, Managing Director, Vennersys and a Christie Group plc Director

This was a good year for Vennersys, during which interest from customers and SME prospects exceeded our expectations. While the enterprise environment was somewhat more challenging, the sector also showed strong indications of rising demand, reflected in encouraging growth of our business with organisations including 360 Play and Nickelodeon.

This success was supported by our ongoing commitment to continuous improvement, which was evident in many areas of the business, from streamlining processes to sharpening our performance management. We also substantially developed our Venpos Cloud suite of back-office applications, which is further improving our clients' operational efficiency.

Our performance against KPIs, including system availability (99.9%) and client retention 100% was excellent too, showing the positive impact of continuous improvement. We are improving our KPIs into 2020, developing them to better capture key metrics as the business grows.

To ensure positive momentum behind our new business activities, we attended many conferences and events during the year, which have proved to be excellent for lead generation and developing relationships with prospective customers in several sectors.

This improving performance across many areas brings us the agility we need to continuously respond to fresh opportunities, both by moving into

markets with the potential to deliver new sources of income and to build new revenue streams for existing clients.

This agility extends to our highly configurable core product, which meets an expanding range of needs as the market grows more diverse. We constantly work on increasing both its depth of functionality and security against vulnerabilities.

During 2019, for example, we reconfigured and strengthened our cloud-based servers for heightened security. We also introduced two new modules targeting different market sectors. One is for zoos and petting farms, enabling children to 'adopt' animals. The other, aimed at the travel trade, supports block booking, making it easy for operators to organise a whole day of events at different attractions using the module. Both illustrate our ability to respond positively to real client needs.

This work is paying off in the shape of growing relationships with existing clients and strong levels of new business acquisition. Blenheim Palace was a high-profile example of the former, continuing its commitment to innovation with new developments, including the use of live data via dashboards to monitor and control factors including Gift Aid and membership conversions.

Cardiff Castle, which completed its first full season using the system, which

CASE STUDY: Cardiff Castle complete first full season with VenPos Cloud

Cardiff Castle, one of Wales' leading heritage sites, needed a modern and intuitive software solution when their existing system became outdated. With the Castle open seven days a week, 362 days a year, and offering a restaurant and gift shop, they needed a unified, online solution which could comfortably deal with more 300,000 visitors a year. Vennersys was able to offer a completely new integrated admissions, membership, reporting and online booking system for events at the castle, alongside 24 hour, seven-day support.

Lloyd Glanville, Front of House Manager at Cardiff Castle said: "The Vennersys system has saved us a lot of administration time while modernising the way we work. VenPos Cloud has significantly improved our admissions process, giving us the opportunity to sell advance tickets, timed tickets and capacity limited tickets."



featured a specially commissioned Welsh language version. New client wins in the year included Hall Place & Gardens near Bexley in Kent, who will be using it for all online and onsite admissions from 2020 onwards, and Dorset County Museum which placed an order to support its relaunch in 2020.

We saw strong growth in our Family Entertainment Centre ("FEC") business during the year. As mentioned above, 360 Play added a new site during the year, at Rushden Lakes in Northamptonshire, as part of its ongoing work to identify and exploit new sites and market opportunities.

Nickelodeon is using VenposCloud for online and onsite admissions to its first Family Entertainment Centre in the UK. Other implementations included Wentworth Woodhouse in Rotherham.

Elsewhere, our Farm Parks business grew with additional orders coming from Cattle Country Adventure Farm Park, north of Bristol, and Park Hall Countryside Experience at Oswestry. In our Zoos businesses, Woodside Wildlife Park in Lincolnshire will use Venpos Cloud to grow visitor admissions, both online and onsite.

"We introduced two new modules in 2019, illustrating our ability to respond positively to client needs. This work is paying off in the shape of growing relationships with existing clients."



Financial review



In a challenging macro and political environment impacted by Brexit, we achieved encouraging revenue and excellent profit growth in the year, making some encouraging progress against our main financial KPIs.

Revenues improved on the prior year by 2.6% to £78.0m (2018: £76.1m), whilst operating profit increased by an impressive 41.3% (£1.7m) to £5.8m (2018: £4.1m). Similarly, we delivered excellent growth in earnings per share ("EPS") to 15.30p – an increase of 36.2% year-on-year.

Cash and net debt

As a result of this improved profitability, cash generated in the year was strong and the Group ended the year with net funds of £4.8m (2018: £2.3m net debt). The Group continues to invest in capital expenditure (£0.9m) including development of its proprietary visitor attraction software and the group believe that this investment in

capital expenditure will yield positive returns for the group in future years. Working capital management remains a key focus and our bad debt experience continues to be excellent, as it has been for many years.

Pension schemes

In the year, the pension liability reduced by £2.1m compared with 2018, following a strong performance in equities, however this does not affect the amounts we have previously agreed to pay under our deficit repair obligations. Since 2016, our total pension liability has reduced by £6.1m, measured in accordance with IAS 19.

The challenges around the valuation of final salary scheme pension liabilities continue as long-term gilt yield rates remain at what is a historically 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. These are contributing to the reduction in the deficit.

Our percentage of employees in defined benefit schemes is only 2% of our average total number of employees, with the remaining eligible employees in defined contribution schemes.

Key performance indicators (KPIs)

In addition to the non-financial KPIs included in the COO report, the principal financial KPIs for the Group and the individual operating divisions are set out in the table below.

- **Revenue growth %** – is a key indicator that the group monitor.
- **Operating profit %** – an important part of our strategy is the profitable growth percentage of our businesses and one measure of this is the operating profit percentage margin. This is measured as operating profit (before exceptional items) as a percentage of revenue.

- **Earnings per share (EPS) growth** – an important part of our strategy is the growth in our EPS. This is measured both in absolute terms and year-on-year % growth.

Group

At a Group level, we have made strong progress in all the KPIs in the year. Operating profit margin increased to 7.4% (the highest it has been in the last five years), whilst EPS continued its upwards trend over the last few years with a 36.2% increase year-on-year.

PFS

We continued to make progress in the PFS division with another year of solid growth in both revenues and operating profit, with the latter as a percentage of revenue increasing to 13.6%. Our ambitions for the division remain unaltered: profitable growth through the strategic expansion of our service offering, and geographical footprint while remaining focused on our specialist sectors. The investment we have made has created an international infrastructure, capacity and operational gearing which make further improvement of these KPIs a realistic objective, notwithstanding the more immediate disruption that the Covid-19 pandemic will have caused in 2020.

SISS

As noted above, the SISS division had a challenging year for reasons which are expanded on in the Operational Reviews which precede this Financial Review. While the operating loss increased in comparison to 2018, we have confidence for the reasons set out that we are now on-track to return the division to profit within a relatively short timeframe following the resumption of activity since the Covid-19 lockdown has ended.

Taxation

The absolute tax charge for the year was a charge of £0.4m (2018: £0.7m charge).

In the year there was a reduction in the deferred tax asset of £0.2m (2018: £0.2m reduction) and this is principally



“Cash generated in the year was strong and the Group ended the year with net funds of £4.8m.”

reflective of the movement in the retirement benefit obligations during each of the years.

IFRS 16

As of the 1 January 2019, we adopted IFRS 16 Leases and applied the modified retrospective basis. The impact on the opening reserves (net of a deferred tax asset) was a negative adjustment of £1.8m. The interest charge for lease liabilities in the year was £0.8m.

Earnings per share (EPS)

As noted above, I am pleased to say that the EPS increased by 4.07p (36.2%) in the year to 15.30p, 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.

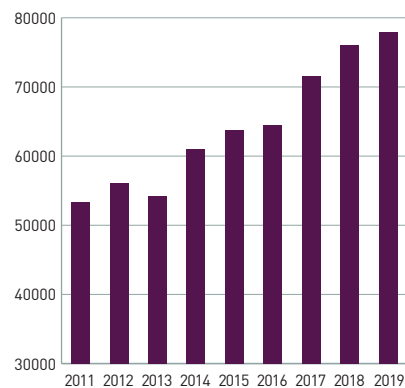
Simon Hawkins
Group Finance Director
3 September 2020

KPIs

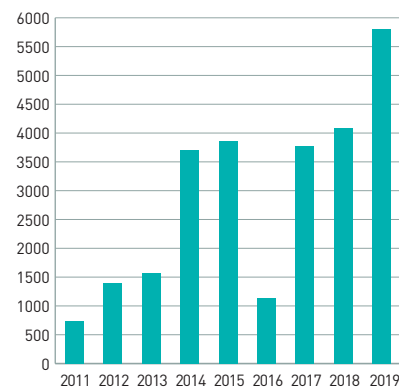
	Group	Professional & Financial Services	Stock & Inventory Systems & Services
Revenue growth %			
2019 on 2018	2.6%	5.9%	(1.9%)
2018 on 2017	6.2%	6.8%	5.5%
2017 on 2016	11.1%	15.9%	5.3%
2016 on 2015	1.2%	(3.4%)	7.2%
2015 on 2014	4.5%	9.1%	(1.1%)
Operating profit/(loss) before exceptionals as % of revenue			
2019	7.4%	13.6%	(6.2%)
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%)
	Group	Movement	Movement %
EPS			
2019	15.30p	4.07p	36.2%
2018	11.23p	1.76p	18.6%
2017	9.47p	4.06p	75.0%
2016	5.41p	(4.95p)	(47.8%)
2015	10.36p	1.02p	10.9%

The KPIs shown above are based on continuing activities only

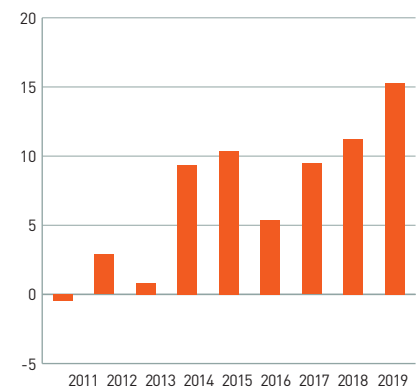
Revenue (£'000)



Operating profit before exceptionals (£'000)



Basic earnings per share (pence per share)



Principal 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 provide an extensive portfolio of professional services for the hospitality and leisure, care and education, medical and retail sectors, 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 may adversely affect our markets and businesses:

Professional & Financial Services (PFS)

- changes in interest rates; and
- lack of bank liquidity and more conservative lending criteria.

Stock & Inventory Systems & Services (SISS)

- changes in employee and business legislation, including changes in the interpretation and application of national minimum wage regulations;
- a decrease in the availability of labour;
- the availability of labour;
- increases in transport costs;
- 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. Global and national disruptive economic events – notably the potential impact of climate change, Brexit and the Covid-19 pandemic – are not risks that are considered unique to any of the services we provide.

Section 172(1) statement

Section 172 of The Companies Act 2006 states that: a Director of the company must act in the way he / she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a. the likely consequences of any decision in the long term;
- b. the interests of the company's employees;
- c. the need to foster the company's business relationship with suppliers, customers and others;
- d. the impact of the company's operations on the community and environment;
- e. the desirability of the company maintaining a reputation for high standards of business conduct; and
- f. the need to act fairly as between members of the company.

The Board reviews strategy annually, and reviews annual business plans and budgets of each trading subsidiary annually. When reviewing those plans, the Directors have regard to how those plans may deliver profitable performance in the immediate year ahead but also how investment might support longer term visions for the growth and expansion of profitable revenue streams. This longer-term outlook is reflected in the five key strategic principles of the Group which have been endorsed by all of the Directors.

The interests of the employees of the Company and the wider Group are reflected in the key strategic principle of aiming to secure and retain knowledge-rich client-oriented colleagues. Engagement with and the recruitment and development of employees and workers is explained on page 44 of the Directors report.

Included within the 10 core values and attributes of the Group are a client-centric focus on how the company and its employees operate. Excellence & quality, Integrity, Flexibility and Trustworthiness are central to how the Directors believe they and all employees within the Group should conduct themselves in all business relationships.

Alongside this, the Directors recognise that their responsibilities extend beyond the Group's most immediate stakeholders. The Board recognises that the well-being of the people and communities in which the Group and its trading businesses operate are fundamental to achieving success.

Board of directors



David Rugg Chairman & 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, Property, Investor Relations and Financial PR matters. Dan is a fellow of the Institute of Chartered Accountants in England and Wales and holds a Bachelor of Laws (LLB) degree.



Simon Hawkins Group Finance Director

Simon has over 25 years' 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.



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.



Chris Day Non-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 had 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 29 offices throughout Europe. Chris retired from Christie & Co on 5 June 2020 but will remain on the Christie Group plc board as a Non-executive Director until our 2021 AGM, to benefit from his vast experience and to help navigate our way through the Covid -19 recovery.



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 Intellectual Property Office and The Medical Algorithms Company Limited. 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. 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, Schroder Income Growth Fund plc, State Street Trustees Ltd and Smith & Williamson Fund Administration Ltd. Victoria is Chair of State Street Managed Accounts Services Ltd. Victoria Chairs the Nomination Committee and is also a member of both the Remuneration and Audit Committees.

Corporate governance report

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.

Establish a strategy and business model which promote long-term value for our shareholders

The Board last collectively reviewed the Group strategy in May 2019, 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.

Seek to understand and meet our shareholders' needs and expectations and build trust

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, although, as outlined in the Chairman and Chief Executive's Review of the Year, special arrangements will be in place for the 2020 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.

Take into account wider stakeholder and social responsibilities and their implications for our long-term success

The Board acknowledges a wide range of stakeholders, including but not restricted to, customers, employees, suppliers and shareholders.

The Company places compassion, people and communities among its core values and attributes and seeks to foster a strong moral and ethical climate which underpins how it conducts business.

Feedback from all employees and stakeholders is encouraged and welcomed, with various processes in place across the group and its trading subsidiaries to capture that feedback and, where appropriate, consider it at Board level.

Embed effective risk management, considering both opportunities and threats, throughout the Group

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.

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.

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 below);
- 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.

Risks and uncertainties

See page 34.

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.

Maintain the Board as a well-functioning, balanced team led by the Chair

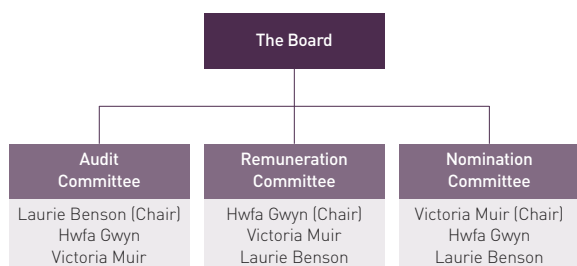
The Board

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.

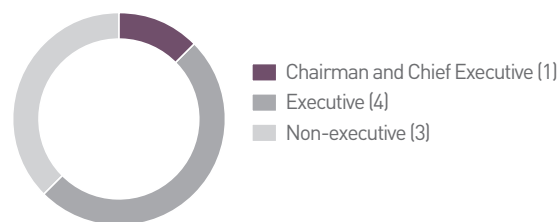
The Board of Directors meet at least five times a year to review the performance of the Group, led by the Chairman and Chief Executive. All Directors receive regular information on the performance of the Group. Relevant information is circulated to Directors in advance of meetings.

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.

Governance structure



Board composition



As at 31 December 2019 the Board comprised five Executive Directors and three Non-executive Directors. Chris Day became a Non-executive Director on 6 June 2020. Two of the Non-executive Directors are fully independent, having been appointed through a process focussed on ensuring neither had any prior connection to the Group or pre-existing relationships with any members of the management.

The combined role of Chairman and Chief Executive was instigated in September 2017 by the retiring Chairman and 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.

All Directors retire by rotation and are subject to election by shareholders at least once every three years.

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.

Board Committees

The Board is supported by three Committees: Audit Committee, Remuneration Committee and Nomination Committee, each having written terms of reference, which can be viewed on the Company's website.

The reports of the Audit Committee and Remuneration Committee are reported separately on page 43 for the Audit Committee and 46 to 48 for the Remuneration Committee.

All of the Non-executive Directors sit on all three Committees. The Board, in their collective assessment, are satisfied that all three Non-executive Directors discharge their duties and responsibilities with appropriate objectivity and independent judgement.

Attendance at Board and Committee Meetings

Board and Committee meetings are scheduled in advance for each calendar year with the exception of the Nomination Committee where meetings are held on an ad hoc basis. Additional meetings are arranged as necessary. The scheduled Board and Committee meetings and attendance of the members during the year ended 31 December 2019 were as follows:

	Board (6 meetings inc. AGM)	Audit Committee (2 meetings)	Remuneration Committee (3 meetings)
David Rugg (Chairman and Chief Executive)	6	2*	3*
Dan Prickett (Chief Operating Officer)	6	2*	3*
Simon Hawkins (Group Finance Director)	6	2*	
Chris Day (Executive Director)	6		
Paul Harding (Executive Director)	6		
Hwfa Gwyn (Non-executive Director)	5	2	3
Laurie Benson (Non-executive Director)	6	2	3
Victoria Muir (Non-executive Director)	6	2	3

*Asterisk denotes attendance by invitation

In addition to the above, the Board met for one full day to review Strategy, and an additional two full days to thoroughly review the trading subsidiaries' business plans and budgets.

The Executive Directors and subsidiary Managing Directors all work full-time for the Company or its subsidiaries.

The Non-executive Directors sit on Committees and Boards outside of Christie Group plc. These are summarised in the Board biographies on pages 36 to 37. All Non-executive Directors are able to devote an appropriate portion of their time to Company matters and this is monitored by the 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.

Shares and shareholdings

The interests of Directors are set out on page 48.

Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

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.

At the end of 2019 the Board carried out a skills evaluation. The evaluation identified that the skills held by the board in aggregate include a wide range of relevant skills and experience in areas of commercial, governance and financial expertise which are appropriate to the group and its trading businesses, risks and opportunities. There were no gaps that the board considered critical to address at the time. Several technical skills were identified within the subsidiary company boards. Arrangements are made for the Group board to avail itself of such expertise as the requirement may arise.

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.

Evaluate the Board performance based on clear and relevant objectives, seeking continuous improvement

In late 2018, the Chairman initiated a review by the Board of the way in which the Board operates, its effectiveness and areas of potential improvement with the results collated during the first quarter of 2019. In completing this process, consideration was made of the FRC's Guidance on Board Effectiveness. Each Board member was invited by the Chairman to provide responses to a series of questions with the option that responses could be treated as confidential if each individual so desired. The results were collated by the Chairman and common themes and observations discussed by the Board. Actions were taken where agreed as appropriate, including the separation of the Company Secretary role which had previously been performed by one of the Executive Directors

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.

Promote a corporate culture that is based on ethical values and behaviours

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 and quality
- Client-focus
- Knowledgeable

A fuller explanation of the company's core cultural values and attributes are set out on the Company website and form an intrinsic part of the published strategy.

Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

We have set out above details of our approach to Corporate governance, the governance structures in place and why they are appropriate for the Company.

The above also sets out the roles and responsibilities of the Chair, the Chief Executive, the other Executive Directors and the Non-executive Directors and matters that are reserved for the Board.

The roles of the Board Committees setting out any terms of reference and matters reserved by the Board for their consideration can be found in the respective Committee reports and the terms of reference published on the Company's website.

In addition, our website contains a Corporate Governance page containing further details.

Audit committee report

Committee composition

The Audit Committee consists of the Non-executive Directors with Laurie Benson as Chair. Biographies of each Non-executive Director are set out on pages 36 to 37.

Role and responsibilities

The Audit Committee meets no less than twice a year with the auditors in attendance. 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.

Following a review of the effectiveness of Grant Thornton UK LLP as auditors for the 2018 accounting year, the Audit Committee recommended to the Board the appointment of Mazars LLP as statutory auditors and their appointment was confirmed on 17 September 2019. An effectiveness review of Mazars' own performance is intended to be carried out following the publication of the 2019 Annual Report and Accounts and the completion of the 2019 statutory audit process. The Audit Committee felt it necessary to extend the statutory audit process for 2019 as a result of the impacts of the Covid-19 pandemic on the financial reporting timetable. In this respect the Audit Committee are appreciative of Mazars LLP support, objectivity and co-operation throughout this period. The reappointment of statutory auditors remains subject to approval at the Company's Annual General Meeting each year.

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.

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	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Audit services				
– audit of the parent company and consolidated financial statements	12	15	12	15
– audit of the subsidiary company financial statements	102	99	–	–
Total audit fees	114	114	12	15
Other services – other	2	9	2	9

Consideration of the financial statements

In making its recommendation that the financial statements be approved by the Board, the Audit Committee has considered the audit findings of Mazars LLP and discussed them with both the auditors and the Executive Directors. Specifically, the Audit Committee has considered and approved the audit approach to be undertaken by Mazars and gave specific consideration to Mazars' significant findings. Those significant findings identified, examined and reported on a number of key risks and areas, including:

- Revenue recognition
- Management override of controls
- Recoverability of investments and intercompany debtors
- The carrying value of goodwill
- The assumptions used in valuing the group's defined benefit obligations
- The assumptions used by management in applying IFRS 16 to right-of-use assets and lease liabilities
- The accounting policies and disclosures and their compliance with International Accounting Standards
- Compliance with the QCA Corporate Governance Code

The Committee also considered Mazars findings and recommendations in relation to Internal Controls, as well as ensuring that the financial statements were free from any material misstatements. It should be noted that in doing so, no material misstatements or material internal control weaknesses were identified during the audit process. Where the Committee has felt it necessary to make further enquiries on assumptions or calculations used by management, it has done to ensure it has a full understanding of the issues raised and the accounting methodologies used.

Directors' report

for the year ended 31 December 2019

The Directors present their report and the audited financial statements for the year ended 31 December 2019.

Results and Dividends

The results for the year are set out in the consolidated income statement on page 56, and the consolidated statement of comprehensive income on page 57. The Directors recommend the payment of a final dividend of 0.00p (2018: 1.75p) per share which together with the interim dividend of 1.25p (2018: 1.25p) per share, makes a total of 1.25p (2018: 3.0p) per share totalling £332,000 (2018: £790,000) for the year. The profit for the year before tax and before other comprehensive income was £4,422,000 (2018: £3,599,000) and the profit attributable to equity holders of the Group for the financial year, after taxation and including other comprehensive income, was £4,870,000 (2018: £2,486,000).

Important events since the end of the period and likely future developments

As permitted under section 414C(11) of the Companies Act 2006, the Directors have chosen to include in the strategic report (on pages 2 to 35) particulars of important events affecting the group which have occurred since the end of the period and an indication of likely future developments in the Group's business.

Directors

The Directors of the Company in office at the date of this report, together with their biographical details, are shown on pages 36 and 37. All Directors served throughout the year. David Rugg and Hwfa Gwyn retire by rotation in accordance with the Company's Articles of Association and, being eligible, offer themselves 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.

Director indemnities

Directors' and officers' insurance cover has been established for all Directors to provide appropriate cover for their reasonable actions on behalf of the Company. Where considered appropriate, deeds have been executed which indemnify certain Directors of the Company as a supplement to the Directors' and officers' insurance cover. The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were first enacted from 21 November 2019 and remain in force for all current and past Directors of the Company to whom an indemnity has been awarded.

Employees

The Directors recognise the benefits which accrue from keeping employees informed on the progress of the business and involving them in the Group performance. The Company operates an employee share ownership scheme which provides eligible employees with the opportunity to become a shareholder in Christie Group plc and further align their own interests with those of other shareholders. In terms of employee information and updates, each individual employer within the group engages with employees and workers as the

Board of each business considers appropriate and to the extent that is permissible noting Christie Group plc's obligations to comply with the requirements of AIM and the Market Abuse Regulations.

The Group is committed to providing equality of opportunity to all employees and workers regardless of sex, gender, marital status, race, religion, nationality, age, disability or sexual orientation. When recruiting, all of the Group's businesses do so on the basis of an objective assessment of applications received and whether candidates have the appropriate skills and experience required for the role. Promotions and appointments are made on the basis of merit and should be without regard to any other factors. Each of the Group's businesses is committed to the continual development of its employees and workers where that development is considered appropriate in enabling the better performance of an individual's role.

The importance of the interests of all Group employees and workers is recognised by the Directors and reflected in the Strategic Values of the Group. One of the Group's five key strategic values is the reward, retention and development of people, and the Directors place a number of core values and attributes at the heart of its strategy.

Customer and supplier interests

The core values and attributes of the Group, as set out on page 42, capture the Directors' fundamental beliefs on how the Group does business.

Acquisition of own shares

During the year the Company funded the purchase of 165,000 (2018: 384,000) of its own ordinary shares, through an Employee Share Ownership Trust, for a consideration of £157,000 (2018: £561,000). To enable it to meet awards under its SAYE and other share schemes; the Company also sold 169,000 (2018: 274,000) of its own ordinary shares during the year, through an Employee Share Ownership Trust, for a consideration of £255,000 (2018: £321,000). The total holding of the Employee Share Ownership Trust as at 31 December 2019 was 283,000 shares (2018: 288,000 shares), which represents 1.07% (2018: 1.08%) 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 detailed and extensive financial forecasts, produced and presented by each trading business within the group, in light of the disruption caused by Covid-19. Those detailed business plans cover a period up to 31 December 2021, using the information available to management at the time.

The Board of Christie Group plc have considered the aggregation of these forecasts and reviewed the implications of them in terms of cash flow and the available cash resources and facilities in place. Having done so, the Board have satisfied themselves that there is sufficient headroom in place to ensure the Company may continue to trade as a Going concern until at least 31 December 2021 and that, where the Board of Christie Group plc believes it appropriate to do so, there are sufficient resources to support the normal trading of any trading subsidiary within the Group to the extent that such trading is materially consistent with the financial forecasts produced by that subsidiary's management. Having reached this conclusion, the Board are satisfied that they should continue to adopt the Going concern basis in preparing the financial statements which appear on pages 50 to 104.

These financial forecasts were produced in June 2020 and they therefore take account of actual financial performance up to that date, with forecasts for the subsequent period up to 31 December 2021. As such, they reflect the trading disruption experienced from Covid-19 in the first half of 2020, and include appropriate modelling to reflect any financial support schemes available including, but not restricted to, the CLBILS loan drawn by the Company, and the utilisation of the UK government's Coronavirus Job Retention Scheme.

These financial forecasts and Going concern assessments have been shared with the statutory auditors, Mazars LLP.

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;
- 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 & protocols.

The Group Board's conclusions on Going concern as set out above are consistent with this viability statement.

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution proposing Mazars 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 3 September 2020.

C E French

Company Secretary

Whitefriars House
6 Carmelite Street
London EC4Y 0BS

Registered No. 01471939

Remuneration Committee report

The Remuneration Committee meets no less than twice a year and 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.

Part 1 of this report sets out the Company's remuneration policies for the Directors for the year ended 31 December 2019. 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 2019.

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 normally 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 – is 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. Operating profit is considered an appropriate measure of performance as it is expected to correlate to cash generation and earnings per share, and in doing so align with enhancing shareholder value. Bonuses for Executive Directors are normally uncapped so as not to disincentivise the achievement of significant outperformance potential, where that may exist. 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. Bonus arrangements are subject to annual review by the Remuneration Committee.

- 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 Group's share value.

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 the 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	2019 £'000
David Rugg	450	–	125	48	–	623
Chris Day	381	–	116	27	24	548
Dan Prickett	225	46	76	12	18	377
Paul Harding	240	–	16	16	18	290
Simon Hawkins	174	–	66	12	14	266
Hwfa Gwyn	31	–	–	–	–	31
Laurie Benson	31	–	–	–	–	31
Victoria Muir	31	–	–	–	–	31
	1,563	46	399	115	74	2,197

	Salary, Commissions & Fees £'000	Long-Term Share Schemes £'000	Bonus £'000	Benefits £'000	Pensions £'000	2018 £'000
David Rugg	450	–	76	45	–	571
Chris Day	371	–	87	21	33	512
Dan Prickett	220	56	47	12	13	347
Paul Harding	240	–	12	18	18	288
Simon Hawkins	170	–	40	12	11	233
Hwfa Gwyn	30	–	–	–	–	30
Laurie Benson	30	–	–	–	–	30
Victoria Muir	19	–	–	–	–	19
Tony Chambers	15	–	–	–	–	15
Pommy Sarwal	4	–	–	–	–	4
	1,549	56	261	108	75	2,049

Directors' pension entitlements

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

	2019 £'000	2018 £'000
Defined benefit arrangement:		
Accrued annual pension at end of year	54	53

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 which are reported above within the pensions column for both his 2018 and 2019 remuneration.

Chris Day is a deferred member of the Christie Group plc Pension & Assurance Scheme administered by the Broadstone Group. Since ceasing active membership on 31 March 2019, Chris received salary in lieu of pension contributions, included within the pensions column of his 2019 remuneration as set out above.

Remuneration Committee report continued

Directors' interests

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

	31 Aug 2020	31 Dec 2019	31 Dec 2018
David Rugg (*)	1,272,760	2,852,844	2,827,844
Chris Day	762,847	762,847	762,847
Paul Harding	337,870	337,870	337,870
Dan Prickett	75,000	75,000	50,000
Simon Hawkins	126,240	126,240	126,240
Hwfa Gwyn (**)	–	–	–
Laurie Benson	–	–	–
Victoria Muir	10,000	10,000	2,500

(*) Included within the 4.80% shareholding shown above for David Rugg is a 4.76% beneficial holding of Mrs T C Rugg. Individually Mr Rugg holds 0.04% and holds no beneficial interest in Mrs Rugg's 4.76% shareholding.

(**) 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, 50,000 granted in October 2013 at 75.0p and 100,000 granted in May 2015 at 127.5p, exercisable between October 2016 and May 2025.

Paul Harding holds 100,000 share options, granted in May 2014 at 134.5p, exercisable between May 2017 and May 2024.

The market price of the shares at 31 December 2019 was 114.5p (31 December 2018: 93.5p) and the range during the year was 92.5p to 160.0p (year to 31 December 2018: 86.5p to 125.0p).

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

We have audited the financial statements of Christie Group plc ('the Parent Company') and its subsidiaries ('the Group') for the year ended 31 December 2019 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 financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group and Parent Company 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 2019 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 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.

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) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Area of focus	How we addressed the area of focus
Revenue recognition (Group and Parent Company) Refer to Accounting Policies (Note 2); and Note 5 of the financial statements. There is a risk of fraud in revenue recognition due to the potential to inappropriately shift the timing and basis of revenue recognition, as well as the potential to record fictitious revenues or fail to record actual revenues. Due to there being a risk of fraud in revenue recognition, as it is linked to profit (a key metric to users), there is a potential incentive to misstate revenue. As such it is presumed to be a significant risk. Specifically: • The Parent Company trades exclusively with holding entities within the Christie Group. As these revenues are typically invoiced on a monthly or quarterly basis, the risk concerns principally the cut off of such revenues. • Stocktaking revenues are recognised immediately after the occurrence of the counting event. Accordingly, the risk of inappropriate revenue recognition primarily concerns cut off. • License fees earned for inventory systems and services are obtained on the date of the agreement and then deferred and subsequently released over the term of the agreement, leaving significant balances of deferred revenue at the year end. There is a cut off risk in relation to the deferral and subsequent release of such revenue. • Agency, consultancy and valuation fees earned by the Professional Services division are contract-based and can be long term, spanning across the financial year end. Accordingly, the risk of revenue recognition primarily concerns cut off.	Intercompany revenues earned by the Parent Company were reconciled to the corresponding expenditure incurred by the other entities within the Group. For the stocktaking division, our audit work focused on ensuring revenues were recognised immediately after performance of the stock count by performing sample testing which included: • Obtaining final sales invoice and agreeing the details to revenues recognised per the general ledger; and • Agreeing receipt of payment of said invoices to bank statements. In addition, stocktaking revenues earned either side of the year end were sample tested by agreeing the ledger details back to the customer satisfaction form signed by the customer on the date of the count, to ensure these revenues had been recognised in the correct period. License fees earned for inventory systems and services were agreed on a sample basis back to the applicable contracts in place. The deferral and subsequent release of such income was recalculated to ensure revenues were recognised in the correct financial year. Controls testing was performed over the agency, consultation and valuation fees earned by the Professional Services division. We were satisfied with the internal controls in place as regards revenue recognition. Sample testing performed over pre and post year end revenues (agreeing dates that the service was provided to the customer) provided further assurance over cut off. Key observations On the basis of the audit procedures performed, we are satisfied that revenue has been recognised in the correct period.
Recoverability of investments and intercompany receivables (Parent Company) Refer to Accounting Policies (Note 2); and Notes 16 and 20 of the financial statements. There is a risk that investments in subsidiaries may be impaired and intercompany receivables balances due from such subsidiaries may not be recovered. Significant provisions have been made in the past against both investment values and amounts due from subsidiaries. Management performs annual impairment reviews of all investments held by the Parent Company, looking for indications of impairment. Where required, investment values will be impaired. Management regularly assesses the recoverability of intercompany receivables. Where recoverability is deemed unlikely, provisions are raised against balances owed.	We assessed the impairment reviews produced by management and their conclusions. This included assessing whether any adjustments were required to the carrying value of investments based on the five-year subsidiary forecasts included within managements' impairment review. We obtained post year end management accounts to corroborate the completeness of the forecasts provided to confirm the level of headroom was accurate, as well as sufficient to ensure no impairment was required. We carried out a review over the companies from which material intercompany receivables are owed and in which material investments are held to assess the completeness of provisions in place at the year-end. The workings of provisions against intercompany loans and balances were also obtained and the need for such a provision discussed with management. Key observations On the basis of the audit procedures performed, we are satisfied that investments are being held at appropriate values and that all intercompany receivables unlikely to be recovered have been sufficiently provided for.

Independent auditor's report continued

Area of focus	How we addressed the area of focus
Carrying value of goodwill (Group) Refer to Accounting Policies (Note 2); and Note 12 of the financial statements. There is a risk that the fair value of goodwill arising on investments made by the Group exceeds its recoverable amount and therefore may be impaired. Management produce an annual board paper to support the carrying value of goodwill or any impairment they consider necessary.	The annual board paper produced by management supporting the carrying value of goodwill was obtained and reviewed. Assumptions including revenue growth rates and cash flow projections used in the board paper to forecast future performance were assessed. Information from the forecasts was reviewed to ensure it was consistent with that provided in the going concern review. The sensitivity analysis performed by management was scrutinized to ensure it was sufficiently robust, and models reasonably possible scenarios. Key observations On the basis of the audit procedures performed, we are satisfied that goodwill is being held at an appropriate carrying value at the year end.
Defined Benefit Pension Schemes (Group) Refer to Accounting Policies (Note 2); and Note 26 of the financial statements. The Group operates three defined benefit pension schemes (closed to new members), providing pensions based on final pensionable pay. The contributions are determined by qualified actuaries, based on the latest triennial valuations in 2018, using the projected unit credit method. One of these schemes is valued internally. There is a risk that assumptions applied by the actuaries in making the IAS 19 calculations used in the financial statements may not be appropriate to the circumstances of the Group. In addition, there is a risk that all the assets of such schemes are not correctly valued.	Mazars' internal actuarial team was engaged to review the reasonableness of management's assumptions applied by the actuaries for changes in the year and against similar schemes. The scheme movements were recalculated and agreed to payroll information submitted to the actuaries, which has been separately tested as part of our testing of employee benefit expenses. Membership data used to assess the scheme movements was obtained to corroborate the movements in relation to ex-employees of the Group. We obtained third party confirmations of the valuation of all scheme assets at the year-end to corroborate the valuation per the IAS 19 reports provided. Key observations On the basis of the audit procedures performed, we are satisfied that the year-end retirement benefit obligation has been appropriately valued and that the valuation of assets held within the Group's various defined benefit schemes is reasonable.
Impact of the outbreak of Covid-19 on the financial statements (Group) Refer to going concern accounting policy (Note 2.1); and page 3 of the financial statements. Since the balance sheet date there has been a global pandemic from the outbreak of Covid-19, the potential impact of Covid-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world. As the Group trades internationally, the risk extends beyond the UK impact. The Directors' consideration of the impact on the financial statements are disclosed in the Strategic Report on pages 2 to 35 and going concern assessment on page 45. While the situation continues to evolve, based on the information available at this point in time, the Directors have assessed the impact of Covid-19 on the business and have concluded that adopting the going concern basis of preparation is appropriate. As per Note 34 to the financial statements, the Directors have also concluded that Covid-19 is a non-adjusting post balance sheet event.	We assessed the Directors' conclusion that the matter be treated as a non-adjusting post balance sheet event and that adopting the going concern basis for preparation of the financial statements is appropriate. We considered: • The timing of the development of the outbreak across the world and in the UK; and • How the financial statements and business operations of the Group might be impacted by the disruption. In forming our conclusions over going concern, we evaluated how the Directors' going concern assessment considered the impacts arising from Covid-19 as follows: • We reviewed the Directors' going concern assessment, including Covid-19 implications based on a base case and stressed scenario, as approved by the Board of Directors. We made enquiries of the Directors to understand the period of their assessment; • We evaluated the key assumptions applied by the Directors in their forecasts and considered whether these appeared reasonable; • We examined the cash inflow headroom under the base case cash flow forecasts and evaluated whether the Directors' conclusion that liquidity headroom remained in all events was reasonable; and • We evaluated the adequacy and appropriateness of the Directors' disclosures in respect of Covid-19 implications. Key observations On the basis of the audit procedures performed, we are satisfied that the matter has been appropriately reflected in the financial statements. Our conclusions on going concern are set out under the 'Conclusions relating to going concern' section of this report.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group	
Overall materiality	£349,919
How we determined it	8% of Profit before Tax
Rationale for benchmark applied	Profit before tax has been taken as the benchmark for materiality for the Group as it has significant trading activity when compared to net assets. As revenues would have skewed materiality to an unrealistically high level, profit before tax has been deemed an appropriate benchmark to substantially reflect the activities of the Group whilst maintaining an appropriate level of materiality.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. Performance materiality of £227,447 was applied.
Reporting threshold	The reporting threshold is the materiality level below which audit differences would not be communicated to those charged with governance. We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £10,498 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.
Parent Company	
Overall materiality	£341,769
How we determined it	1.5% of Total Assets
Rationale for benchmark applied	Total Assets has been taken as the benchmark for materiality of the Parent Company due to the significant number of investments held; specifically, when compared to its trading activity which is limited to exclusively within the Christie Group.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. Performance materiality of £222,150 was applied.
Reporting threshold	The reporting threshold is the materiality level below which audit differences would not be communicated to those charged with governance. We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £10,253 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The range of financial statement materiality across components, audited to the lower of local statutory audit materiality and materiality capped for Group audit purposes, was between £6,680 and £341,769, being all below Group financial statement materiality.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements such as making assumptions on significant accounting estimates.

We gained an understanding of the legal and regulatory framework applicable to the Group and the Parent Company, the structure of the Group and the Parent Company and the industry in which they operate. We considered the risk of acts by the Group and the Parent Company which were contrary to the applicable laws and regulations including fraud. We designed our audit procedures to respond to those identified risks, including non-compliance with laws and regulations (irregularities) that are material to the financial statements.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006.

We tailored the scope of our Group audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the Group's and the Parent Company's accounting processes and controls and their environment and considered qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our tests included, but were not limited to, obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by irregularities including fraud or error, review of minutes of Directors' meetings in the year and enquiries of management. As a result of our procedures, except for the key audit matter on revenue recognition set out above, we did not identify any key audit matters relating to irregularities, including fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are discussed under 'Key audit matters' within this report.

Our Group audit scope included an audit of the Group and the Parent Company financial statements of Christie Group plc. Based on our risk assessment, significant components which included all UK subsidiaries of Christie Group plc, in addition to two overseas subsidiaries; Christie, Owen and Davies SL and Orridge Inventory Services GmbH within the Group were subject to full scope audit which was performed by the Group audit team.

At the parent level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In 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.

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

As explained more fully in the Directors' responsibilities statement set out on page 49, 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 the audit 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.

Stephen Eames (Senior Statutory Auditor)

For and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

3 September 2020

Consolidated income statement

For the year ended 31 December 2019

	Note	2019 Total £'000	2018 Total £'000
Revenue	5	78,041	76,090
Employee benefit expenses	6	(53,754)	(51,884)
		24,287	24,206
Depreciation and amortisation		(2,405)	(1,018)
Impairment reversal/(charge)	20	22	(22)
Gain on sale and leaseback of property	27	1,531	–
Other operating expenses		(17,664)	(19,083)
Operating profit		5,771	4,083
Finance costs	7	(1,351)	(485)
Finance income	7	2	1
Total finance costs	7	(1,349)	(484)
Profit before tax	8	4,422	3,599
Taxation	9	(409)	(661)
Profit after tax		4,013	2,938
Profit for the period after tax attributable to:			
Equity shareholders of the parent		4,013	2,956
Non-controlling interest		–	(18)
		4,013	2,938
Earnings per share attributable to equity holders – pence			
Profit attributable to the equity holders of the Company			
– Basic	11	15.30	11.23
– Diluted	11	14.87	10.73

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 2019

	Note	2019 Total £'000	2018 Total £'000
Profit after tax		4,013	2,938
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(145)	106
Net other comprehensive (losses)/income to be reclassified to profit or loss in subsequent years		(145)	106
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains/(losses) on defined benefit plans	26	1,207	(694)
Income tax effect		(205)	118
Net other comprehensive income/(losses) not being reclassified to profit or loss in subsequent years		1,002	(576)
Other comprehensive income/(losses) for the year net of tax		857	(470)
Total comprehensive income for the year		4,870	2,468
Total comprehensive income attributable to:			
Equity shareholders of the parent		4,870	2,486
Non-controlling interest		–	(18)
		4,870	2,468

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

Consolidated statement of changes in shareholders' equity

As at 31 December 2019

	Attributable to the Equity Holders of the Company				Non-controlling interest £'000	Total equity £'000
	Share capital £'000	Other reserves £'000	Cumulative translation reserve £'000	Retained earnings £'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 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)

	Attributable to the Equity Holders of the Company				Non-controlling interest £'000	Total equity £'000
	Share capital £'000	Other reserves £'000	Cumulative translation reserve £'000	Retained earnings £'000		
For the year ended 31 December 2019						
Balance at 1 January 2019	531	5,357	765	(9,032)	–	(2,379)
Impact of IFRS 16	–	–	–	(1,821)	–	(1,821)
Adjusted balance at 1 January 2019	531	5,357	765	(10,853)	–	(4,200)
Profit for the year after tax	–	–	–	4,013	–	4,013
Items that will not be reclassified subsequently to profit or loss	–	–	–	1,002	–	1,002
Items that may be reclassified subsequently to profit or loss	–	–	(145)	–	–	(145)
Total comprehensive income for the year	–	–	(145)	5,015	–	4,870
Movement in respect of employee share scheme	–	27	–	–	–	27
Employee share option scheme – value of services provided	–	59	–	–	–	59
Dividends paid	–	–	–	(790)	–	(790)
Balance at 31 December 2019	531	5,443	620	(6,628)	–	(34)

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

Consolidated statement of financial position

At 31 December 2019

	Note	2019 £'000	2018 £'000
Assets			
Non-current assets			
Intangible assets – Goodwill	12	1,810	1,856
Intangible assets – Other	13	1,243	1,387
Property, plant and equipment	14	1,557	3,664
Right-of-use assets	15	6,649	–
Deferred tax assets	17	2,649	3,009
Other receivables	18	1,901	1,913
		15,809	11,829
Current assets			
Inventories	19	35	29
Trade and other receivables	20	14,914	14,848
Current tax assets		240	156
Cash and cash equivalents	21	9,807	4,668
		24,996	19,701
Total assets		40,805	31,530
Equity			
Share capital	22	531	531
Other reserves	23	5,443	5,357
Cumulative translation reserve	24	620	765
Retained earnings	24	(6,628)	(9,032)
Total equity		(34)	(2,379)
Liabilities			
Non-current liabilities			
Trade and other payables	25	464	134
Retirement benefit obligations	26	12,011	14,119
Lease liabilities	27	8,737	–
Borrowings	28	–	602
Provisions	29	590	469
		21,802	15,324
Current liabilities			
Trade and other payables	25	11,574	11,292
Lease liabilities	27	1,122	–
Current tax liabilities		43	79
Borrowings	28	5,055	6,354
Provisions	29	1,243	860
		19,037	18,585
Total liabilities		40,839	33,909
Total equity and liabilities		40,805	31,530

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

These consolidated financial statements of Christie Group plc, registered number 01471939, have been approved for issue by the Board of Directors on 3 September 2020.

S J Hawkins
Group Finance Director

L Benson
Audit Committee Chair

Consolidated statement of cash flows

For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Cash flow from operating activities			
Cash generated from operations	31	6,535	2,948
Interest paid		(992)	(169)
Tax paid		(361)	(570)
Net cash generated from operating activities		5,182	2,209
Cash flow from investing activities			
Purchase of property, plant and equipment		(540)	(720)
Proceeds from sale of property, plant and equipment		5,082	14
Intangible asset expenditure		(326)	(442)
Interest received		2	1
Net cash generated from/(used in) investing activities		4,218	(1,147)
Cash flow from financing activities			
Repayment of bank loan		(653)	(144)
Drawdown/(repayment) of invoice finance		37	(110)
Repayment of finance lease liabilities		–	(1)
Repayment of lease liabilities		(1,596)	–
Dividends paid		(790)	(790)
Net cash used in financing activities		(3,002)	(1,045)
Net increase in cash		6,398	17
Cash and cash equivalents at beginning of year		201	176
Exchange gains on euro bank accounts		26	8
Cash and cash equivalents at end of year	21	6,625	201

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

Company statement of changes in shareholders' equity

As at 31 December 2019

	Attributable to the Equity Holders of the Company			Total equity £'000
	Share capital £'000	Other reserves £'000	Retained earnings £'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

	Attributable to the Equity Holders of the Company			Total equity £'000
	Share capital £'000	Other reserves £'000	Retained earnings £'000	
For the year ended 31 December 2019				
Balance at 1 January 2019	531	3,845	2,103	6,479
Profit for the year after tax	–	–	3,722	3,722
Items that will not be reclassified subsequently to profit or loss	–	–	(55)	(55)
Total comprehensive income for the period	–	–	3,667	3,667
Movement in respect of employee share scheme	–	(168)	–	(168)
Employee share option scheme	–	–	–	–
– value of services provided	–	1	–	1
Dividends paid	–	–	(790)	(790)
Balance at 31 December 2019	531	3,678	4,980	9,189

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

Company statement of financial position

As at 31 December 2019

	Note	2019 £'000	2018 £'000
Assets			
Non-current assets			
Intangible assets	13	3	3
Right-of-use assets	15	2,351	–
Investments in subsidiaries	16	7,615	4,115
Deferred tax assets	17	156	247
Other receivables	18	1,901	2,182
		12,026	6,547
Current assets			
Trade and other receivables	20	13,250	13,084
Cash and cash equivalents	21	1,480	1,450
		14,730	14,534
Total assets		26,756	21,081
Equity			
Share capital	22	531	531
Other reserves	23	3,678	3,845
Retained earnings	24	4,980	2,103
Total equity		9,189	6,479
Liabilities			
Non-current liabilities			
Retirement benefit obligations	26	1,360	1,534
Lease liabilities	27	2,110	–
Provisions	29	473	304
		3,943	1,838
Current liabilities			
Trade and other payables	25	10,103	8,297
Lease liabilities	27	275	–
Current tax liability		64	–
Borrowings	28	3,182	4,467
		13,624	12,764
Total liabilities		17,567	14,602
Total equity and liabilities		26,756	21,081

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

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 £3,722,000 (2018: £1,094,000).

These Company financial statements, of Christie Group plc, registered number 01471939, have been approved for issue by the Board of Directors on 3 September 2020.

S J Hawkins
Group Finance Director

L Benson
Audit Committee Chair

Company statement of cash flows

For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Cash flow from operating activities			
Cash generated operations	31	1,448	1,089
Interest paid		(192)	(116)
Tax paid		17	(42)
Net cash generated from operating activities		1,273	931
Cash flow from investing activities			
Interest received		446	513
Dividend received		3,950	1,975
Purchase of investment in wholly owned subsidiary		(3,500)	(2,000)
Intangible asset expenditure		–	(3)
Net cash generated from investing activities		896	485
Cash flow from financing activities			
Repayment of lease liabilities		(64)	–
Dividends paid		(790)	(790)
Net cash used in financing activities		(854)	(790)
Net increase in cash		1,315	626
Cash and cash equivalents at beginning of year		(3,017)	(3,643)
Cash and cash equivalents at end of year	21	(1,702)	(3,017)

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 public limited company incorporated in and operating from England. The Company's ordinary shares are traded on the AIM Market operated by the London Stock Exchange. 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, consultancy, compliance, inventory preparation & valuation and hospitality & software solutions.

2. Summary of significant accounting policies

Accounting policies for the year ended 31 December 2019

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.

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.

Going concern

Having reviewed the Group's budgets, projections and funding requirements to 31 December 2021, and taking account of reasonable possible changes in trading performance over this period, particularly in light of Covid-19 risks and counter measures, the Directors believe they have reasonable grounds for stating that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the Going concern basis in preparing this Annual Report and Accounts.

The forecasts for the combined Group projections, taking account of reasonably possible changes in trading performance, indicate that the Group has sufficient facilities

and headroom to continue in operational existence to 31 December 2021. As a consequence, the Board believes that the Group is well placed to manage its business risks, and longer-term strategic objectives.

New and amended standards adopted by the Company

In the year ended 31 December 2019, the Group has applied IFRS 16 Leases for the first time.

IFRS 16 Leases replaced IAS 17 Leases, with the key change being that lessee accounting will eliminate the IAS 17 distinction between operating leases and finance leases, treating most leases in the same manner as finance leases under IAS 17. IFRS 16 has introduced a single, on-balance sheet accounting model for lessees, eliminating the distinction between operating and finance leases.

As a result, the Group has recognised a number of right-of-use assets and corresponding lease liabilities on the balance sheet. Right-of-use assets are initially measured at cost, and subsequently measured at cost less any accumulated depreciation and accumulated impairment losses, if applicable. Lease liabilities are initially measured at the present value of the future lease payments discounted at the incremental borrowing rate. Lease liabilities are subsequently measured at amortised cost using the effective interest rate method.

When applying IFRS 16, the Group has applied the following practical expedients, on the date of initial application:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019

Lease costs are recognised in the form of depreciation of the right-of-use asset and interest on the lease liability, which may impact the phasing of operating profit and profit before tax, compared to the cost profiles and presentation in the income statement under IAS 17. This also impacted the classification of associated cash flows in the consolidated cash flow statement.

2. Summary of significant accounting policies continued

Short-term leases with a term not exceeding 12 months as well as leases where the underlying asset is of low value are not recognised using the option available under the standard. Christie Group plc is using the option under the standard to recognise all lease and non-lease components under IFRS 16.

We have applied the modified retrospective basis when adopting the standard. Prior to the Group's adoption of IFRS 16 on 1 January 2019, leases of property, plant and equipment were classified as either finance leases or operating leases. Under IFRS 16, leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the group. The weighted average incremental borrowing rate applied at the date of transition was 10.0%. This led to the capitalisation of £9,080,000 as right-of-use assets and corresponding lease liabilities of £10,751,000 split between current and non-current liabilities. The overall impact on equity, was a charge of £1,821,000 as shown in the consolidated statement of changes in shareholders' equity. Interest expense during the year on the above lease liabilities included in finance costs was £821,000 (2018: £nil).

The following reconciliation of the opening balance for the lease liabilities as at 1 January 2019 is based upon the operating lease obligations as at 31 December 2018:

	1 January 2019 £'000
Operating lease obligations at 31 December 2018	14,184
Discounting	(3,433)
Lease liabilities at 1 January 2019	10,751

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 2020 or later periods and have not been early adopted.

- Definition of Material – Amendments to IAS 1 and IAS 8 (effective 1 January 2020)
- IFRS 3 (amended) Business Combinations (effective 1 January 2020)
- IAS 1 (amended) Presentation of Financial Statements (effective 1 January 2020)
- IFRS 7 (amended) Financial Instruments: Disclosures (effective 1 January 2020)
- IAS 8 (amended) Accounting Policies, Changes in Accounting Estimates and Errors (effective 1 January 2020)

- IAS 1 (amended) Presentation of Financial Statements (effective 1 January 2022)

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.

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 2019. 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 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.

2. Summary of significant accounting policies continued

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 as a 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

To determine whether to recognise revenue, the Group follows the IFRS 15 five step process. Revenue from contracts with customers is recognised when the Group satisfies a performance obligation for a contracted service.

Revenue from principal activities are assessed using the following model:

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

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.

Performance obligations

Upon approval by the parties to a contract, the contract is assessed to identify each promise to transfer either a distinct service or a series of distinct services that are substantially the same and have the same pattern of transfer to the customer.

Services are distinct and accounted for as separate performance obligations in the contract if the customer can benefit from them either on their own or together with other

resources that are readily available to the customer and they are separately identifiable in the contract.

Where performance obligations require certain targets to be achieved, revenue is only recognised once the promised has been fulfilled.

Transaction price

At the start of the contract, the total transaction price is estimated as the fair value of consideration to which the Group expects to be entitled to for satisfying performance obligations and transferring the promised services to the customer, including expenses and excluding value added taxes and discounts.

The transaction price is generally determined by the stand-alone selling price. The total transaction price is allocated to the performance obligations identified in the contract in proportion to their relative standalone selling prices.

Revenue recognition

Performance obligations can be satisfied in a variety of ways through completion of specific obligations, or as services are rendered. Revenue recognised is the value allocated to the satisfied performance obligation over time or at a point in time.

Revenue 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 contract at which point the Group becomes contractually entitled to its agency fee.

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 agreed up service, consistent with the Group's entitlement to recognise the revenue.

Valuation and Appraisal

Valuation revenue is recognised once the report has been prepared and provided to the customer. 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 the proportion of the actual service completed against the final deliverable. At this point the company has an enforceable right to recognise revenues for works performed.

Business mortgage broking

Fee income is taken either when a loan offer is secured or when the loan is drawn down, dependant on the end beneficiary of the brokering arrangement.

2. Summary of significant accounting policies continued

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.

Where a visit spans a period end, revenue is assessed on the basis of the proportion of the actual service provided against the overall requirements. At this point the company has an enforceable right to recognise revenues for works performed.

Other

Dividend income

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

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 are stated at cost, whether purchased or developed internally, 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.

Trademarks	1 – 10 years
Software	3 – 5 years

Amortisation is charged to the income statement within the depreciation and amortisation classification.

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

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

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2. Summary of significant accounting policies continued

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold property	Lease term
Motor vehicles	4 years

The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses an incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Sale and leaseback

The transfer of an asset is accounted for as a sale or purchase, when both the seller-lessee and the buyer-lessor apply the requirements in IFRS 15. As control of the underlying asset passes to the Group, the transaction is accounted for as a sale or purchase of the asset and a lease liability.

Short-term lease and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase

option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

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 five 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 measures investments on purchase, at cost 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 using the expected credit loss model, less any provision for impairment. The Group applies the IFRS 9 simplified approach to measuring forward-looking expected credit losses ("ECL") which uses a lifetime expected loss allowance for all trade receivables and accrued income, including contract assets. Expected credit losses are

2. Summary of significant accounting policies continued

recognised from initial recognition based on the group's historical credit loss experience, factors specific for each receivable, the current economic climate and expected changes in forecasts of future events. Changes in expected credit losses are recognised in the income statement.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on a shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of the 12 months preceding 31 December 2019. The historical loss rates do not lead to any material adjustment.

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 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 Trust ("ESOT") 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 offsets 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 which are subject to an invoice finance facility are secured against such receivables where an advance has been received. 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.

2. Summary of significant accounting policies continued

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 22a. 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.

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.

Employee Benefit Trust

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

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.

3.1 Financial instruments

The Group does not trade in financial instruments.

3.2 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) 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 2019, 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 £97,000 lower (2018: £99,000 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 £57,000 (2018: £70,000).

(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.

At 31 December 2019 total borrowings by the Group amounted to £5,055,000 (2018: £6,956,000), with additional available unutilised credit facilities at 31 December 2019 of £2,068,000 (2018: £783,000). The maturity of financial liabilities is detailed in note 28.

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 2019 were £9,807,000 (2018: £4,668,000).

(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 2019, 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 (2018: £2,000).

3.3 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. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

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 and investments

Goodwill and investments 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 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 26, 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 17.

(d) Revenue recognition

In determining the amount to be recognised on incomplete contracts it is necessary to estimate the stage of completion and the amount of variable consideration. An element of judgement and estimate is inherent in this process.

(e) Property, plant and equipment

Depreciation is derived using estimates of its expected useful life and residual value, which are reviewed annually. Management determines useful lives and residual values based on experience with similar assets.

(f) Leases – estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease. Therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR therefore reflects what the Group 'would have to pay', which requires an estimate when no observable rates are available.

5. Segment information

The Group is organised into three main operating segments: Professional & Financial Services ("PFS"), Stock & Inventory Systems & Services ("SISS") and Other.

The segment results for the year ended 31 December 2019 are as follows:

	PFS £'000	SISS £'000	Other £'000	Group £'000
Total gross segment sales	46,063	32,088	3,333	81,484
Inter-segment sales	(110)	–	(3,333)	(3,443)
Revenue	45,953	32,088	–	78,041
Operating profit/(loss)	6,224	(1,984)	1,531	5,771
Finance costs	(915)	(382)	(52)	(1,349)
Profit before tax	5,309	(2,366)	1,479	4,422
Taxation				(409)
Profit for the year after tax				4,013

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

	PFS £'000	SISS £'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

Revenue recognised in the period has been derived from the provision of services provided when the performance obligation has been satisfied.

The segment assets and liabilities at 31 December 2019 and capital expenditure for the year then ended are as follows:

	PFS £'000	SISS £'000	Other £'000	Group £'000
Assets	15,913	7,393	14,610	37,916
Deferred tax assets				2,649
Current tax assets				240
				40,805
Liabilities	20,134	7,654	7,953	35,741
Borrowings				5,055
Current tax liabilities				43
				40,839
Capital expenditure	374	474	18	866

Notes to the consolidated financial statements continued

5. Segment information continued

Depreciation and amortisation, including the IFRS 16 impact in 2019 are included in the income statement for the years ended 31 December 2019 and 2018 are as follows:

	PFS £'000	SISS £'000	Other £'000	Group £'000
31 December 2019				
Depreciation and amortisation	914	1,378	113	2,405
31 December 2018				
Depreciation and amortisation	337	590	91	1,018

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

	PFS £'000	SISS £'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	4,127	26,874
Borrowings				6,956
Current tax liabilities				79
				33,909
Capital expenditure	204	750	81	1,035

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, intangible assets and excludes right-of-use leased 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. No single customer accounted for more than 10% of total revenue.

	2019 £'000	2018 £'000
Revenue		
Europe	77,632	75,710
Rest of the world	409	380
	78,041	76,090

5. Segment information continued

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

	2019 £'000	2018 £'000
Total segment assets		
Europe	40,738	31,405
Rest of the World	67	125
	40,805	31,530

Capital expenditure is allocated based on where the assets are located.

	2019 £'000	2018 £'000
Capital expenditure		
Europe	866	1,162

2019	PFS £'000	SISS £'000	Other £'000	Group £'000
Analysis of revenue by category				
Sale of goods	–	90	–	90
Revenue from services	45,953	31,998	–	77,951
	45,953	32,088	–	78,041

2018	PFS £'000	SISS £'000	Other £'000	Group £'000
Analysis of revenue by category				
Sale of goods	–	111	–	111
Revenue from services	43,381	32,598	–	75,979
	43,381	32,709	–	76,090

6. Employee benefit expenses

Staff costs for the Group during the year	2019 £'000	2018 £'000
Wages and salaries	46,045	44,541
Social security costs	5,284	5,048
Post-employment benefits	2,354	2,310
Other long-term benefits	12	(42)
Cost of employee share scheme	59	27
	53,754	51,884

6. Employee benefit expenses continued

Average actual number of people (including Executive Directors) employed by the Group during the year was

	2019 Number	2018 Number
Operational	2,775	2,723
Administration and support staff	280	291
	3,055	3,014

Average full-time equivalent number of people (including Executive Directors) employed by the Group during the year was

	2019 Number	2018 Number
Operational	1,034	977
Administration and support staff	273	222
	1,307	1,199

7. Finance costs

	2019 £'000	2018 £'000
Interest payable on bank loans and overdrafts	86	60
Other interest payable	98	109
Interest payable on lease liabilities	821	–
Pension scheme finance costs	346	316
Total finance costs	1,351	485
Bank interest receivable	(2)	(1)
Total finance credit	(2)	(1)
Net finance costs	1,349	484

8. Profit before tax

	2019 £'000	2018 £'000
Profit before tax is stated after charging/(crediting):		
Depreciation of property, plant and equipment		
– owned assets	666	598
– hire purchases	–	5
– lease liabilities	1,270	–
Amortisation of intangible fixed assets	469	415
(Profit) on sale of property, plant and equipment	–	(14)
Gain on sale and leaseback of property	(1,531)	–
Operating lease charges		
– buildings	–	1,281
– other	–	926
Leases with remaining lease terms of less than 12 months	462	–
Impairment (reversal)/charge of trade receivables	(22)	22
Loss/(gains) on foreign exchange	44	(41)

Amounts paid to auditors in respect to services provided has been disclosed within the Audit Committee Report.

9. Taxation

	2019 £'000	2018 £'000
Current tax		
UK corporation tax at 19% (2018: 19%)	(216)	(472)
Foreign tax	(26)	(26)
Adjustment in respect of prior years	(12)	89
Total current tax charge	(254)	(409)
Deferred tax		
Origination and reversal of timing differences	(155)	(252)
Total deferred tax charge	(155)	(252)
Tax charge on profit on ordinary activities	(409)	(661)

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:

	2019 £'000	2018 £'000
Profit before tax	4,422	3,599
Tax at standard rate of UK corporation tax at 19% (2018: 19%)	(840)	(684)
Effects of:		
– surrender of tax losses	–	70
– expenses not deductible for tax purposes	435	(149)
– adjustment in respect of prior years	–	89
– unutilised losses b/f	1	–
– foreign tax	(40)	(26)
– foreign tax used against UK tax liability	35	39
Total tax charge	(409)	(661)

10. Dividends

A dividend in respect of the year ended 31 December 2019 of 0.00p per share (2018: 1.75p), amounting to a total dividend of £nil (2018: £464,000) is to be proposed at the Annual General Meeting on 28 September 2020.

In the year the Group paid an interim dividend of 1.25p per share (2018: 1.25p) totalling £326,000 (2018: £326,000).

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.

	2019 £'000	2018 £'000
Profit attributable to equity holders of the Company	4,013	2,956

	Thousands	Thousands
Weighted average number of ordinary shares in issue	26,220	26,321
Adjustment for share options	755	1,224
Weighted average number of ordinary shares for diluted earnings per share	26,975	27,545

	Pence	Pence
Basic earnings per share	15.30	11.23
Diluted earnings per share	14.87	10.73

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 2019	1,856
Foreign currency translation effects	(46)
At 31 December 2019	1,810

Group	Total €'000
Cost	
At 1 January 2018	1,841
Foreign currency translation effects	15
At 31 December 2018	1,856

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 2019 are as follows:

	PFS €'000	SISS €'000
Goodwill	178	1,632

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 five years from the statement of financial position date. Management determined revenue growth based on past performance and its expectations for the market development. Discount rates were determined using pre-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 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.

	PFS %	SISS %
Discount rates	10.0	10.0
Long-term growth rates	2.5	2.5

Notes to the consolidated financial statements continued

13. Intangible assets – other

Group	Trademarks £'000	Software £'000	Total £'000
Cost			
At 1 January 2019	77	2,641	2,718
Additions	9	317	326
Disposals	–	(72)	(72)
At 31 December 2019	86	2,886	2,972
Accumulated amortisation			
At 1 January 2019	19	1,312	1,331
Charge for the year	6	463	469
Disposals	–	(71)	(71)
At 31 December 2019	25	1,704	1,729
Net book amount at 31 December 2019	61	1,182	1,243

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			
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

Company	2019 £'000	2018 £'000
Cost		
At 1 January	3	–
Additions	–	3
At 31 December	3	3
Accumulated amortisation		
At 1 January	–	–
Charge for the year	–	–
At 31 December	–	–
Net book amount at 31 December	3	3

Intangible assets held by the Company relate to trademarks.

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 2019	2,237	51	5,456	7,744
Additions	–	–	540	540
Disposals	(2,237)	–	(613)	(2,850)
At 31 December 2019	–	51	5,383	5,434
Accumulated depreciation				
At 1 January 2019	228	43	3,809	4,080
Charge for the year	31	2	633	666
Disposals	(259)	–	(610)	(869)
At 31 December 2019	–	45	3,832	3,877
Net book amount at 31 December 2019	–	6	1,551	1,557

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

15. Right-of-use assets

Group	Leasehold property £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January 2019	–	–	–
Impact of adoption of IFRS 16	6,507	2,573	9,080
Additions	2,085	436	2,521
Disposals	(131)	(653)	(784)
At 31 December 2019	8,461	2,356	10,817
Accumulated depreciation			
At 1 January 2019	–	–	–
Impact of adoption of IFRS 16	2,227	1,455	3,682
Charge for the year	609	661	1,270
Disposals	(131)	(653)	(784)
At 31 December 2019	2,705	1,463	4,168
Net book amount at 31 December 2019	5,756	893	6,649

Company	Total £'000
Cost	
At 1 January 2019	–
Additions	2,391
Disposals	–
At 31 December 2019	2,391
Accumulated depreciation	
At 1 January 2019	–
Charge for the year	40
At 31 December 2019	40
Net book amount at 31 December 2019	2,351

16. Investments in subsidiaries

Company	Total €'000
Cost	
At 1 January 2019	7,701
Additions	3,500
At 31 December 2019	11,201
Provision for impairment	
At 1 January 2019 and 31 December 2019	(3,586)
Net book amount at 31 December 2019	7,615

Company	Total €'000
Cost	
At 1 January 2018	5,701
Additions	2,000
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

Investment in subsidiary additions related to further investment in existing Group companies.

Subsidiary undertakings

At 31 December 2019 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	10 rue La Fayette, 75009 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

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
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 plc (*) (trading as Christie Finance)	UK	Whitefriars House, 6 Carmelite Street, London, EC4Y 0BS	100%	Business mortgage brokers
RCC Insurance Brokers plc (*) (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, Germany	100%	Stocktaking and inventory , management services
Inventory Service Austria GmbH (*) Austria		Karl Waldbrunner Platz 1, 1210 Vienna, Austria	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

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
Hostdale Limited (****)	Republic of Ireland	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.

(****) Previously known as Christie Business Property Advisers (Ireland) Ltd and entered into members' voluntary liquidation on 29 August 2019.

17. 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	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Deferred tax assets comprise:				
Decelerated capital allowances	73	157	–	–
Losses not yet utilised	137	138	93	93
Short-term timing differences	397	314	(168)	(107)
Deferred tax asset/(liability)	607	609	(75)	(14)
Deferred tax asset on pension	2,042	2,400	231	261
At 31 December	2,649	3,009	156	247

Movements in the deferred tax assets:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
At 1 January	3,009	3,142	247	213
Charged to income statement	(155)	(251)	(91)	(26)
(Charged)/credited to other comprehensive income	(205)	118	–	60
At 31 December	2,649	3,009	156	247

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.

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to reduce the tax expense for the period by £312,000 and to increase the deferred tax asset by £312,000.

18. Other receivables

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Non-current assets				
Restricted access financial assets	1,901	1,731	1,901	1,731
Other debtors	–	182	–	451
	1,901	1,913	1,901	2,182

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.

19. Inventories

	2019 £'000	2018 £'000
Finished goods and goods for resale	35	29

20. Trade and other receivables

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade receivables	8,922	9,769	11	3
Less: provision for impairment of receivables	(561)	(583)	–	–
Amounts owed by Group undertakings	–	–	13,119	13,517
Less: provision for impairment of amounts owed by Group undertakings	–	–	(827)	(860)
Other debtors	1,512	1,423	390	175
Prepayments and accrued income	5,041	4,239	557	249
	14,914	14,848	13,250	13,084

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

Notes to the consolidated financial statements continued

20. Trade and other receivables continued

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

	2019 £'000	2018 £'000
Provision at 1 January	583	559
Amounts provided in previous period not utilised	(173)	(305)
Provided in the period	151	327
(Reversal)/impairment recognised in the consolidated income statement	(22)	22
Provision at 31 December	561	583
Amounts written off in the year	–	2

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	
	2019 £'000	2018 £'000
Not overdue	5,309	5,288
Amounts past due:		
← 1 month	1,850	2,099
1 – 3 months	803	1,082
3 – 6 months	510	972
6 – 12 months	306	200
→ 1 year	144	128
Provision for impairment of trade receivables	(561)	(583)
Amounts past due but not impaired	3,052	3,898

The carrying value of trade receivables is reviewed and amounts not provided for are considered recoverable. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2019 or 1 January 2020 respectively and the corresponding historical credit losses experienced within this period. The impact of Covid-19, as outlined in the Chairman and Chief Executive review of the year and factors in the macro-economic environment have been incorporated in the ECL model. 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	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Sterling	12,604	12,073	13,250	13,084
Euros	2,268	2,741	–	–
Other	42	34	–	–
	14,194	14,848	13,250	13,804

21. Cash and cash equivalents

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Cash at bank and in hand	9,807	4,668	1,480	1,450

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

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Cash and cash equivalents	9,807	4,668	1,480	1,450
Bank overdrafts	(3,182)	(4,467)	(3,182)	(4,467)
	6,625	201	(1,702)	(3,017)

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 2019 the ultimate parent undertaking had utilised bank overdrafts to the value of £3,182,000 (2018: £4,467,000).

22. Share capital

	2019		2018	
	Number	£'000	Number	£'000
Ordinary shares of 2p each				
Authorised, 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 2019 the total payments by the Company to the ESOP to finance the purchase of ordinary shares were £3,081,000 (2018: £2,035,000). This figure is inclusive of shares purchased and subsequently issued to satisfy employee share awards. The market value at 31 December 2019 of the ordinary shares held in the ESOP was £324,000 (2018: £350,000). The investment in own shares represents 283,000 shares (2018: 288,000) with a nominal value of 2p each.

22. Share capital continued

22a. Share based payments

Certain employees hold options to subscribe for shares in the Company at prices ranging from 46.5p to 134.5p under share option schemes for the period from May 2010 to October 2019.

The remaining options outstanding under approved schemes (unapproved options marked *) at 31 December 2019 are shown below:

Number of shares		Option exercise price	Date granted	Option exercise period
2019	2018			
16,000	19,000	46.5p	May 2010	May 2013 – May 2020
27,000	27,000	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	22,833	75.0p	Oct 2013	Oct 2016 – Oct 2023
52,167	52,167	75.0p	*Oct 2013	Oct 2016 – Oct 2023
30,000	30,000	134.5p	May 2014	May 2017 – May 2024
100,000	100,000	134.5p	*May 2014	May 2017 – May 2024
6,000	6,000	125.0p	Oct 2014	Oct 2017 – Oct 2024
152,176	169,176	127.5p	May 2015	May 2018 – May 2025
264,190	264,190	127.5p	*May 2015	May 2018 – May 2025
46,000	56,000	138.5p	Sep 2015	Sep 2018 – Sep 2025
93,000	93,000	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
31,000	34,000	88.5p	May 2017	May 2020 – May 2027
–	10,000	88.5p	*May 2017	May 2020 – May 2027
61,501	64,501	113.5p	Oct 2017	Oct 2020 – Oct 2027
52,499	52,499	113.5p	*Oct 2017	Oct 2020 – Oct 2027
98,000	104,000	133.0p	May 2018	May 2021 – May 2028
23,000	29,000	133.0p	*May 2018	May 2021 – May 2028
22,000	29,000	106.5p	Oct 2018	Oct 2021 – Oct 2028
6,000	13,000	106.5p	*Oct 2018	Oct 2021 – Oct 2028
15,000	–	98.5p	Apr 2019	Apr 2022 – May 2029
111,000	–	97.5p	May 2019	May 2022 – May 2029
6,000	–	97.5p	*May 2019	May 2022 – May 2029
16,000	–	95.0p	Oct 2019	Oct 2022 – Oct 2029
6,000	–	95.0p	*Oct 2019	Oct 2022 – Oct 2029
1,373,366	1,498,366			

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 £500 per month over a three or five year period and use the savings to exercise options granted between 85.5p to 127.5p.

22. 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:

	2019	2018
Share price at grant date	46.5p – 157.0p	39.5p – 157.0p
Exercise price	46.5p – 138.5p	39.5p – 127.0p
Expected volatility	29.6% – 82.9%	29.5% – 82.9%
Expected life	3 – 5 years	3 – 5 years
Risk free rate	0.3% – 2.3%	0.2% – 4.7%
Dividend yield	0.7% – 3.2%	0.7% – 2.8%
Fair value per option	12.9p – 100.6p	15.4p – 103.2p

The expected volatility is based on historical volatility over the last five 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 2019 is shown below:

	2019		2018	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	1,498,366	102.16p	1,692,000	97.13p
Granted	154,000	99.07p	184,000	126.95p
Exercised	(101,000)	47.66p	(156,634)	45.28p
Forfeited	(73,000)	118.81p	(221,000)	124.59p
Expired	(105,000)	45.67p	–	–
Outstanding at 31 December	1,373,366	109.26p	1,498,366	102.16p
Exercisable at 31 December	925,366	96.70p	1,017,366	101.42p

Excluding SAYE schemes there were 101,000 share options exercised during the year (2018: 156,634). The weighted average share price at the date of exercise of these options was 94.28p (2018: 129.36p). The total charge for the year relating to employee share-based payment plans was £60,000 (2018: £278,000), all of which related to equity-settled share-based payment transactions. The weighted average remaining contractual life of share options outstanding at 31 December 2019 was 6.05 years (2018: 5.26 years).

23. 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 2019	4,831	951	(435)	10	5,357
Employee share option scheme: value of services provided	–	59	–	–	59
Movement in respect of employee share scheme	–	(84)	111	–	27
At 31 December 2019	4,831	926	(324)	10	5,443

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

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 2019	4,831	(650)	(435)	10	89	3,845
Employee share option scheme: value of services provided	–	1	–	–	–	1
Movement in respect of employee share scheme	–	(279)	111	–	–	(168)
At 31 December 2019	4,831	(928)	(324)	10	89	3,678

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

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”) 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.

24. 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.

25. Trade and other payables

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Current				
Trade payables	2,487	1,608	1,270	141
Amounts owed to Group undertakings	–	–	6,243	6,445
Other taxes and social security	3,398	3,246	1,335	905
Other creditors	1,177	759	473	290
Accruals and deferred income	4,510	5,679	782	516
	11,574	11,292	10,103	8,297
	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Non-current				
Accruals	464	134	–	–
	464	134	–	–

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	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Sterling	10,994	10,074	10,103	8,297
Euros	943	1,283	–	–
Other	100	69	–	–
	12,038	11,426	10,103	8,297

26. Retirement benefit obligation

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

	2019 £'000	2018 £'000
United Kingdom	12,011	14,119

United Kingdom

The obligation outstanding of £12,011,000 (2018: £14,119,000) includes £1,324,000 (2018: £1,281,000) payable to David Rugg by Christie Group plc, and £10,687,000 (2018: £12,838,000) 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.

	2019 £'000	2018 £'000
Present value of obligations	79,030	71,454
Fair value of plan assets	(67,019)	(57,335)
Liability in the statement of financial position	12,011	14,119

The principal actuarial assumptions used were as follows:

	2019 %	2018 %
Discount rate	2.05	2.80
Inflation rate	2.95	3.20 – 3.30
Future salary increases	1.00 – 2.00	1.00 – 2.00
Future pension increases	2.10 – 3.30	2.20 – 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:

	2019 Years	2018 Years
Male	21.3 – 21.9	21.8
Female	23.2 – 23.6	23.5 – 23.7

26. Retirement benefit obligation continued

The movement in the defined benefit obligation is as follows:

	2019 £'000	2018 £'000
At 1 January	71,454	73,647
Interest cost	1,946	1,801
Current service cost	386	422
Past service cost	–	60
Benefits paid	(1,664)	(1,756)
Actuarial losses/(gains) on assumption changes	7,159	(2,833)
Actuarial (gains)/losses on experience	(251)	113
At 31 December	79,030	71,454
Attributable to:		
Present value of funded obligations	67,019	57,335
Present value of unfunded obligations	12,011	14,119
	79,030	71,454

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

	2019 £'000	2018 £'000
At 1 January	57,335	59,406
Return on plan assets less interest income	8,116	(3,415)
Net interest income	1,605	1,485
Employee contributions	105	124
Employer contributions	1,469	1,439
Benefits paid	(1,611)	(1,704)
At 31 December	67,019	57,335

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

	2019 £'000	2018 £'000
Current service cost	386	422
Past service costs	–	60
Total included in employee benefit expenses	386	482
Net interest cost	346	316
Total included in finance costs	346	316
Actuarial (gains)/losses	(1,207)	694
Total included in other comprehensive (income)/losses	(1,207)	694

26. Retirement benefit obligation continued

Plan assets are comprised as follows:

	2019			2018		
	Quoted(*) £'000	Unquoted £'000	Total £'000	Quoted(*) £'000	Unquoted £'000	Total £'000
Equity	44,548	–	44,548	36,939	–	36,939
Debt	–	11,355	11,355	–	10,578	10,578
Property**	–	3,084	3,084	–	2,845	2,845
Other	–	8,032	8,032	–	6,973	6,973
	44,548	22,471	67,019	36,939	20,396	57,335

(*) Plan assets are held in unit trusts.

(**) Property assets include Whitefriars House, a leasehold property owned by Carmelite Property Ltd (see note 32).

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.

26. 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%	(7.80%)	9.40%
Salary growth rate	0.50%	0.10%	(0.20%)
Pension growth rate	0.25%	2.80%	(2.50%)
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy		2.50%	(2.50%)

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.

The weighted average duration of the defined benefit obligation is 18.0 years (2018: 18.2 years).

Expected maturity analysis of undiscounted pension benefits:

As at 31 December 2019	Less than a year £'000	Between 1-2 years £'000	Between 2-5 years £'000	Over 5 years £'000	Total £'000
Pension benefits	1,529	2,960	6,780	102,834	114,103

Company

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

	2019 £'000	2018 £'000
Beginning of the year	(1,534)	(1,245)
Expenses included in income statement	(7)	(70)
Employer contributions	194	81
Pension paid	54	52
Actuarial losses	(67)	(352)
End of the year	(1,360)	(1,534)

27. Lease liabilities

At 31 December 2019 the Group has liabilities under lease agreements for the leased assets disclosed in note 15. The maturity of these liabilities is as follows:

Group	2019 €'000
Undiscounted lease liabilities	
Due within 1 year	2,030
Due between 1 and 5 years	5,438
Due after 5 years	9,809
Total undiscounted lease payments	17,277
Interest component	(7,418)
Lease liabilities	9,859
Current	1,122
Non-current	8,737

The following are the amounts recognised in profit or loss:

Group	2019 €'000
Depreciation expense of right-of-use assets	1,270
Interest expense on lease liabilities	821
Expense relating to short-term leases	462
Total amount recognised in profit or loss	2,553

The Group made a gain on the sale and leaseback of property in the period of €1,531,000.

At 31 December 2019 the company has liabilities under lease agreements for the right-of-use assets disclosed in note 15. The maturity of these liabilities is as follows:

Company	2019 €'000
Undiscounted lease liabilities	
Due within 1 year	303
Due between 1 and 5 years	1,212
Due after 5 years	2,966
Total undiscounted lease payments	4,481
Interest component	(2,096)
Lease liabilities	2,385
Current	275
Non-current	2,110

The table below shows the maturity of lease liabilities.

	Group		Company	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Due less than one year	1,122	–	275	–
Due 1 – 2 years	1,063	–	275	–
Due 2 – 5 years	2,380	–	825	–
Due over 5 years	5,294	–	1,010	–
Total lease liabilities	9,859	–	2,385	–

28. Borrowings

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Non-current				
Bank loans	–	602	–	–
	–	602	–	–
Current				
Bank overdrafts	3,182	4,467	3,182	4,467
Bank loans	–	51	–	–
Other borrowings	910	910	–	–
Invoice finance (secured against debtors)	963	926	–	–
	5,055	6,354	3,182	4,467
Total borrowings	5,055	6,956	3,182	4,467

The Group is not subject to any contractual repricing.

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

The table below shows the maturity of borrowing.

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Due less than one year	5,055	6,354	3,182	4,467
Due 1 – 2 years	–	602	–	–
Due 2 – 5 years	–	–	–	–
Due over 5 years	–	–	–	–
Total borrowings	5,055	6,956	3,182	4,467

29. Provisions

Group	Employee benefits £'000	Dilapidations and other £'000	Total £'000
At 1 January 2019	821	508	1,329
Provided in the year	370	219	589
Released in the year	(5)	(80)	(85)
At 31 December 2019	1,186	647	1,833

Group	Employee benefits £'000	Dilapidations and other £'000	Total £'000
At 1 January 2018	874	612	1,486
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

Notes to the consolidated financial statements continued

29. Provisions continued

Analysis of total provisions:	2019 £'000	2018 £'000
Non-current	590	469
Current	1,243	860
	1,833	1,329

	Dilapidations and other £'000	Total £'000
Company		
At 1 January 2019	304	304
Provided in the year	169	169
At 31 December 2019	473	473

	Dilapidations and other £'000	Total £'000
Company		
At 1 January 2018	434	434
Utilised during the year	(130)	(130)
At 31 December 2018	304	304

Analysis of total provisions:	2019 £'000	2018 £'000
Non-current	473	304
	473	304

(a) Employee benefits

Employee benefits includes both i) long term benefits for employees as determined in line with the projected unit credit method and ii) additional costs which may arise in the event of changes in the interpretation and application of national minimum wage regulations. Discounting of these benefits is not considered to be material.

(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. Discounting of these benefits is not considered to be material.

30. Financial instruments

The Group has the following financial instruments:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Assets				
Other receivables	1,901	1,913	1,901	1,913
Trade and other receivables	14,914	14,848	13,250	14,848
Cash and cash equivalents	9,807	4,668	1,480	1,450
	26,622	24,429	16,631	16,714

30. Financial instruments continued

Liabilities	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Lease liabilities	9,859	-	2,385	-
Trade and other payables	12,038	11,426	10,103	8,297
Borrowings	5,055	6,956	3,182	4,667
	26,952	18,382	15,670	12,964

The carrying value of financial instruments is a reasonable approximation of fair value due to the short-term maturities of these instruments.

31. Notes to the cash flow statement**Cash generated from operations**

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Profit for the year after tax	4,013	2,938	3,722	1,096
Adjustments for:				
Taxation	409	661	-	10
Finance costs	1,000	168	250	116
Interest received	-	-	(425)	(513)
Dividends received	-	-	(3,950)	(1,975)
Past service costs	-	(60)	-	-
Depreciation	1,936	603	-	-
Amortisation of intangible assets	469	415	-	-
Impairment of investments in subsidiaries	-	-	-	17
Profit on sale of property, plant and equipment	(1,531)	(14)	-	-
Foreign currency translation	12	1	-	-
Net payments to ESOP	-	(303)	-	(303)
Increase/(decrease) in provisions	504	(157)	169	(130)
Share option charge	59	23	1	8
Movement in retirement benefit obligation	(900)	(756)	(240)	(15)
Movement in non-current other receivables	12	-	281	-
Movement in working capital:				
Increase in inventories	(6)	(14)	-	-
(Increase)/decrease in trade and other receivables	(54)	155	(166)	1,826
Increase/(decrease) in trade and other payables	612	(712)	1,806	822
Cash generated from operations	6,535	2,948	1,448	1,089

Reconciliation of movements of liabilities to cash flows arising from financing activities

Group In £'000	Bank overdraft	loans and borrowings	Invoice finance	Lease liabilities	Total
Balance at 1 January 2019	4,467	1,563	926	10,751	17,707
Repayment of borrowings	-	(653)	37	-	(616)
Net lease liabilities movement	-	-	-	(892)	(892)
Total changes from financing cash flows	-	(653)	37	(892)	(1,508)
Liability related					
Change in bank overdraft	(1,285)	-	-	-	(1,285)
Interest expense	(86)	(46)	(52)	(821)	(1,006)
Interest paid	86	46	52	821	1,006
Total liability related other changes	(1,285)	-	-	-	(1,285)
Balance at 31 December 2019	3,182	910	963	9,859	14,914

Notes to the consolidated financial statements continued

31. Notes to the cash flow statement continued

Group In £'000	Bank overdraft	loans and borrowings	Invoice finance	Lease liabilities	Total
Balance at 1 January 2018	4,516	1,809	1,035	1	7,361
Repayment of borrowings	–	(246)	(109)	–	(355)
Net lease liabilities movement	–	–	–	(1)	(1)
Total changes from financing cash flows	–	(246)	(109)	(1)	(356)
Liability related					
Change in bank overdraft	(49)	–	–	–	(49)
Interest expense	(99)	(35)	(35)	–	(169)
Interest paid	99	35	35	–	169
Total liability related other changes	(49)	–	–	–	(49)
Balance at 31 December 2018	4,467	1,563	926	–	6,956

Company In £'000	Bank overdraft	Lease liabilities	Total
Balance at 1 January 2019	4,467	–	4,467
Net lease liabilities movement	–	2,385	2,385
Total changes from financing cash flows	–	2,385	2,385
Liability related			
Change in bank overdraft	(1,285)	–	(1,285)
Interest expense	(86)	(58)	(144)
Interest paid	86	58	144
Total liability related other changes	(1,285)	–	(1,285)
Balance at 31 December 2019	3,182	2,385	5,567

Company In £'000	Bank overdraft	Lease liabilities	Total
Balance at 1 January 2018	4,516	–	4,516
Liability related			
Change in bank overdraft	(49)	–	(49)
Interest expense	(99)	–	(99)
Interest paid	99	–	99
Total liability related other changes	(49)	–	(49)
Balance at 31 December 2018	4,467	–	4,467

The bank overdraft is held for cash management purposes.

Details of other loans and borrowings are set out in note 28

32. 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 47, 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:

	2019 £'000	2018 £'000
Directors' remuneration per remuneration committee report	2,197	2,049
Employers' NI	251	256
Total remuneration	2,448	2,305
	2019 £'000	2018 £'000
Dividends paid to directors	124	123

The income statement charge in respect of share options held by directors is £3,000 (2018: £7,000).

Company

Transactions with Group undertakings:

	2019 £'000	2018 £'000
Provision of services	5,066	4,829
Purchase of services	1,524	1,319

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 £468,000 (2018: £457,000) 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 2019, Christie Group plc had a balance of £nil (2018: £6,000) owed to Phillip Gwyn in relation to his consultancy engagement, which formally ceased on 30 September 2019.

33. Contingent liabilities

At 31 December 2019 a subsidiary undertaking is subject to an ongoing enquiry by HMRC to ensure continued compliance of National Minimum Wage Regulations. This subsidiary has previously been subject to enquiries in 2015 and 2017, both of which concluded with confirmation of compliance having examined a period from 2009 to 2017. A third enquiry commenced in July 2019 and remains ongoing. As in 2015 and 2017, the subsidiary Directors continue to co-operate fully with HMRC to assist with them with their review.

34. Post balance sheet event

Post year end the Covid-19 pandemic was declared across the world. This has had no impact on any balances as at 31 December 2019 and any potential impact on the Going concern status of the Group has been assessed in the going concern within the Directors' report, including the drawdown of the £6m CLBILS loan.

Five-year record

Consolidated income statement

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Revenue	78,041	76,090	71,635	64,488	63,743
Operating profit before exceptional items	5,771	4,083	3,768	1,141	3,869
Exceptional items	–	–	–	1,328	–
Finance costs	(1,346)	(484)	(622)	(625)	(646)
Profit on ordinary activities before tax	4,422	3,599	3,146	1,844	3,223
Taxation	(409)	(661)	(699)	(537)	(604)
Profit on ordinary activities after tax	4,013	2,938	2,447	1,307	2,619
Non-controlling interest	–	(18)	49	116	165
Profit attributable to equity holders of the parent	4,013	2,956	2,496	1,423	2,784
Earnings per share					
- basic	15.30p	11.23p	9.47p	5.41p	10.36p
Dividends per ordinary share (payable in respect of the year)	1.25p	3.00p	2.75p	2.50p	2.50p

Consolidated statement of financial position

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Non-current assets	15,809	11,829	11,960	12,632	10,079
Current assets	24,996	19,701	19,594	15,250	15,699
Non-current liabilities	(9,791)	(1,205)	(1,792)	(1,678)	(992)
Current liabilities	(19,037)	(18,586)	(19,323)	(16,525)	(16,097)
	11,977	11,739	9,646	8,886	8,689
Retirement benefit obligations	(12,011)	(14,119)	(14,241)	(18,106)	(11,958)
Net (liabilities)	(34)	(2,380)	(3,802)	(8,427)	(3,269)

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-2019

Board of Directors

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

Company Secretary

Charlotte French

Registered office

Whitefriars House
6 Carmelite Street
London
EC4Y 0BS

Registered number

01471939

Nominated adviser and broker

Shore Capital

Principal solicitors

Dentons

Auditors

Mazars LLP

Financial calendar

Annual General Meeting

Whitefriars House 6 Carmelite Street London EC4Y 0BS	Monday 28 September 2020 at 10.00am
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Announcements

Half-year results for 2020	October 2020
Preliminary full-year results for 2020	April 2021

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

- By phone – UK – 0371 664 0300, from overseas call +44 (0) 371 664 0300 calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.
- By email – enquiries@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.

Shareholder information continued

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 – UK – 0371 664 0300, from overseas call +44 (0) 371 664 0300 calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.
- By email – enquiries@linkgroup.co.uk
- By post – Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

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.

Directory

Christie Group plc

Whitefriars House
6 Carmelite Street
London EC4Y 0BS
T: +44 (0) 207 227 0707
E: executive@christiegroup.com
W: www.christiegroup.com

Christie & Co

Head Office & London International

Whitefriars House
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W: www.christie.com

Austria – Vienna

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1010 Vienna
T: +43 (0) 18 90 53 570
E: vienna@christie.com

Finland – Helsinki

Technopolis Ruoholahti 2
Energiakuja 3
00180 Helsinki
T: +358 (0) 9 41 37 85 00
E: helsinki@christie.com

France – Bordeaux

81 Boulevard Piere 1^{er}
33110 Le Bouscat
T: +33 (0) 5 56 00 95 09
E: bordeaux@christie.com

France – Paris

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T: +33 (0) 1 53 96 72 72
E: paris@christie.com

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c/o Mama Works
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69003 Lyon
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France – Aix en Provence

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220 Rue Denis Papin
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E: Aix-en-provence@christie.com

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E: rennes@christie.com

Germany – Berlin

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T: +49 (0) 3020 00960
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Germany – Frankfurt

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60313 Frankfurt am Main
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Germany – Munich

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Spain – Barcelona

Paseo de Gracia 11
Escalera B, 4^o 3^a
08007 Barcelona
T: +34 93 34 361 61
E: barcelona@christie.com

Spain – Madrid

Regus Colón
Paseo de la Castellana 18, 7^o planta
28046 Madrid
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OTHER UNITED KINGDOM OFFICES

Birmingham

13th Floor Bank House
8 Cherry Street
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T: +44 (0) 121 456 1222
E: birmingham@christie.com

Bristol

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Queens Avenue
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Cardiff

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2 Fitzalan Road
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Edinburgh

Miller House
6th Floor
18 George Street
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T: +44 (0) 131 557 6666
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Exeter

Kings Wharf
The Quay
Exeter EX2 4AN
T: +44 (0) 1392 285 600
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Glasgow

4th Floor, 46 Gordon Street
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T: +44 (0) 141 352 7300
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Ipswich

Hyde Park House
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Leeds

Aquis House
12 Greek Street
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T: +44 (0) 113 389 2700
E: leeds@christie.com

London Whitefriars House 6 Carmelite Street London EC4Y 0BS T: +44 (0) 208 370 3100 E: london@christie.com	Maidstone Kestrel House Knightrider Street Maidstone ME15 6LU T: +44 (0) 1622 656 000 E: maidstone@christie.com	Manchester 7th Floor, The Chancery 58 Spring Gardens Manchester M2 1EW T: +44 (0) 161 833 3311 E: manchester@christie.com	Newcastle upon Tyne Shakespeare House 18 Shakespeare Street Newcastle upon Tyne NE1 6AQ T: +44 (0) 191 222 1740 E: newcastle@christie.com
Nottingham Suite 402, Bridlesmith House 38 Bridlesmith Gate Nottingham NG1 2GQ T: +44 (0) 115 948 3100 E: nottingham@christie.com	Reading 200 Brook Drive Green Park Reading RG2 6UB T: +44 (0) 118 402 1650 E: reading@christie.com	Winchester Star Lane House Staple Gardens Winchester SO23 8SR T: +44 (0) 1962 844 455 E: winchester@christie.com	

Christie Finance

The addresses are the same as Christie & Co with the exception of the Chester office which is only occupied by Christie Finance

Head Office T: +44 (0)207 227 0774 E: enquiries@christiefinance.com W: www.christiefinance.com	Birmingham T: +44 (0) 121 452 3717 E: birmingham@christiefinance.com	Cardiff T: +44 (0) 2920 022 960 E: cardiff@christiefinance.com	Chester Suite F1, First Floor Honeycomb West Chester Business Park Chester CH4 9QH T: +44 (0) 1244 207 685 E: chester@christiefinance.com
	Bristol T: +44 (0) 117 946 8502 E: bristol@christiefinance.com		
Edinburgh T: +44 (0) 131 524 3417 E: edinburgh@christiefinance.com	Exeter T: +44 (0) 1392 285 600 E: exeter@christiefinance.com	Glasgow T: +44 (0) 141 352 7300 E: glasgow@christiefinance.com	Ipswich T: +44 (0) 1473 256 588 E: ipswich@christiefinance.com
Leeds T: +44 (0) 113 389 2700 E: leeds@christiefinance.com	London T: +44 (0) 207 227 0745 E: london@christiefinance.com	Maidstone T: +44 (0) 1622 656 000 E: maidstone@christiefinance.com	Manchester T: +44 (0) 161 833 6902 E: manchester@christiefinance.com
Newcastle T: +44 (0) 191 222 1740 E: newcastle@christiefinance.com	Nottingham T: +44 (0) 115 945 4712 E: nottingham@christiefinance.com	Reading T: +44 (0) 118 402 1650 E: reading@christiefinance.com	Winchester T: +44 (0) 1962 844 455 E: winchester@christiefinance.com

Christie Insurance

Whitefriars House 6 Carmelite Street London EC4Y 0BS T: +44 (0) 207 448 8820 E: enquiries@christieinsurance.com W: www.christieinsurance.com	Stevenage Kings Court London Road Stevenage SG1 2GA T: +44 (0) 3330 107169 E: enquiries@christieinsurance.com
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Orridge Suite A Equity House 4-6 Market Street Harlow CM17 0AH T: +44 (0) 1279 775 600 E: contact@orridge.co.uk W: www.orridge.eu	Aldridge Centre House Court Parade Aldridge WS9 8LT T: +44 (0) 1922 472 000 E: contact@orridge.co.uk	Europe Avenue du Port 108/10 Bâtiment E, Entrée A 4ème Etage 1000 Brussels T: +32 (0) 26 46 25 47 E: contact@orridge.eu W: www.orridge.eu	Germany – Bonn Inventory Service GmbH Godesberger Allee 189 53175 Bonn T: +49 (0) 228 88 60 65 40 E: sales@orridge.de W: www.orridge.de
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Pinders Pinder House 249 Upper Third Street Milton Keynes MK9 1DS T: +44 (0) 1908 350 500 E: info@pinders.co.uk W: www.pinders.co.uk	Venners 3 Essex House Astra Centre Edinburgh Way Harlow CM20 2BN T: +44 (0) 1279 620 820 E: enquiries@venners.co.uk W: www.venners.com	Vennersys Pinder House 249 Upper Third Street Milton Keynes MK9 1DS T: +44 (0) 1908 350 650 E: contact@vennersys.com W: www.vennersys.co.uk	Aldridge Centre House Court Parade Aldridge WS9 8LT E: info@vennersys.com
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Christie Group plc

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