

Adapting to change

Annual Report 2020

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Christie Group provides an extensive portfolio of professional services for the hospitality, leisure, healthcare, medical, childcare & 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.

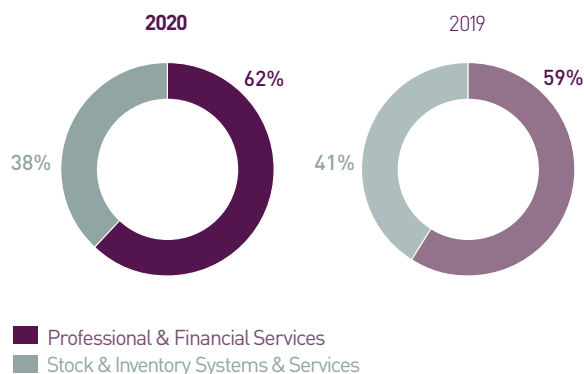
Stock & Inventory Systems & Services (SISS)

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.

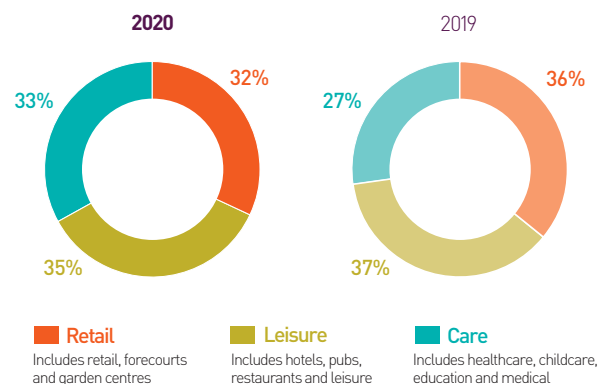
Highlights of the year

- Revenue of £42.2m (2019: £78.0m) impacted by the pandemic
- Operating profit pre exceptionals for the 2nd HY £1.1m
- Operating loss for the full year pre exceptionals contained to £4.4m loss (2019: £5.8m profit)
- Sectorisation of Christie & Co – more flexibility, efficiency and lower cost base going forward
- All our sectors remain in demand and pricing of businesses is robust
- Retail stocktaking restructured
- Prudently foregone a final dividend (2019 total dividend: 1.25p per share)
- Ended year with a healthy cash balance of £10.3m (2019: £9.8m)
- Earnings per share (19.32p) – 2019: 15.30p
- 2021 has started positively and look forward to remainder of year with enthusiasm

Revenue by division



Revenue by sector



Chairman and Chief Executive's review of the year



Following an unprecedented first half to the year, we are pleased to report the return to operating profit in the second half of the year. Our operating loss before restructuring costs for the year was contained to £4.4m (2019: £5.8m operating profit) derived from decimated revenue of £42.2m (2019: £78.0m). We have risen from an extraordinary year with transformed businesses, tight-knit focused teams and a renewed sense of purpose.

£10.3m

CASH BALANCE OF £10.3m
AT YEAR END

£42.2m

REVENUE OF £42.2m
(£78.0m 2019)

RECOVERY UNDERWAY,
REFLECTED IN SECOND
HALF OPERATING PROFIT



“In 2020 we proved our resilience, adaptability and the value of the roles we undertake for our clients across all our businesses.”

Review of 2020 results and performance

Despite the considerable adverse financial impact and ongoing effect of the Covid-19 pandemic, 2020 was a positive year for Christie Group as we proved our resilience, adaptability and the value of the roles we undertake for our clients across all our businesses.

We experienced an encouraging first quarter, boosted by the certainty of a decisive general election result. However, the pandemic's arrival meant that business effectively stalled for three months, with our physical offices closed and systems and people adapting to the demands of remote working to the extent required.

Professional & Financial Services

Our Professional & Financial Services (PFS) division achieved revenue of £26.3m (2019: £46.0m). Despite a reduction in revenue of £19.7m, through prompt and decisive action we limited the derived operating loss to £1.9m, compared to an operating profit of £6.2m in the prior year.

The outstanding attitude of our people drove a broadly positive performance across the PFS division. For example, Christie & Co, our business intelligence, valuation and consultancy firm, following sectorisation focused more effectively than ever on clients' key priorities, enabling it to make efficiency gains and achieve better margins. Our brilliant Childcare & Education team

won the 'Broker – of Educational Institutions' award at the Education Investor awards 2020. Our Christie Insurance brokerage successfully placed business in a historically challenging market, winning new business while also achieving its budgeted client-retention figures.

An encouraging first quarter was progressively curtailed by Covid-19. Our last major pre-Covid event was the successful Healthcare Design Awards held on 11 March run by Pinders, our business appraisal practice.

Our continuing teams assumed the transactions and assignments of their furloughed colleagues. With their on-site management duties largely in abeyance we enjoyed a period of great productivity.

Our agency business adopted a sector focus. This proved the sectorised model with which we reorganised the business.

The continued stamp duty holiday should ensure a vibrant residential market releasing capital for first-time business buyers.

Our FCA-authorised Christie Finance operation saw increased demand for the services of all its divisions, benefiting from its positive relationships with a very wide array of niche lenders at a time of reduced appetite from the big banks. In addition, the availability of the UK government's Coronavirus Business

Interruption Loan Scheme (CBILS) and bounce-back loans effectively created a new marketplace for the firm which was busily engaged throughout arranging loans predominantly through challenger banks.

Pinders, our specialist business appraisal, valuation and consultancy company, continued to build a solid platform for growth, ending 2020 with a stronger new business pipeline than the previous year.

Our territories in Europe were the most affected by the pandemic in view of their focus on the hotel industry. Hotels coming to the market are now generating strong interest, where appropriately priced. As recently announced, Christie & Co have been ranked as the most active agent in the hotel sector across Europe for 2020 based on the number of hotels sold, according to Real Capital Analytics.

Stock & Inventory Systems & Services

Our Stock & Inventory Systems & Services (SISS) division achieved revenue of £16.0m for 2020 (2019: £32.1m). Taking into consideration, our constrained trading periods, we showed a marked improvement to the rate of loss, when the trading result is compared on a pro rata basis to the prior year.

There were encouraging developments for our SISS division too. The services of our Venners hospitality stocktaking

business, for example, were in considerable demand prior to lockdowns, as business success and even survival for many players depends on understanding stock levels and eliminating waste.

With our Retail stocktaking business closed in the UK, we took the opportunity to plan a new start. We focused upon developing tight-knit teams, with flexible but client-focused skills and efficiencies. These teams comprised a smaller number of empowered cross-function management.

From January 2021 we are seeing the benefit of our new approach with increased efficiency and high accuracy of counts. The extension of flexible furlough has given us the ability to recall stocktakers into operations in line with our hospitality clients' resumption of trade.

Vennersys, meanwhile, continued to prove it is positioned at the forefront of providing advanced online ticketing solutions for the UK leisure industry. Additionally, demand grew for Orridge's retail, pharmacy and supply-chain stocktaking services in the UK and Europe. You can read in more detail about the performance of our subsidiaries elsewhere in this report.

The Government's culture grant to museums and heritage attractions was augmented in the recent Budget. This funding is enabling new Vennersys SAAS clients to open in a Covid-19 secure manner through joining our online timed ticketing facility.

The advent of Brexit has made no discernible impact to our businesses performance to date.

The impact of Covid-19

Despite such reasons for encouragement, we cannot ignore the fact that our business environment overall was extremely challenging during the year, and our revenues for the first half of the year were only approximately half of those we generated in 2019. We therefore undertook a number of actions to minimise the long-term impact on our business. These are set out in our Finance Director's review. For example, as previously reported we availed ourselves of a £6m loan from the CLBILS.

In addition, we took action across the organisation to reduce our running costs and reduced permanent employee numbers by 7.5%, in line with our new ways of working. I am also extremely grateful to our staff and directors who willingly accepted a reduction in their remuneration while trading was either stalled or interrupted. I must also thank and congratulate our many colleagues who during this difficult time continued to support their communities, often through charitable activities. We continue to admire, encourage and support their selfless endeavours.

While at the time of writing we have been blessed in that none of our employees have succumbed to the virus, many of us have lost friends and relations during the pandemic. Several of our clients have lost colleagues and other loved ones, as have

many of the businesses with which we partner to deliver our services. Our thoughts and condolences are with all those affected.

None of the year's achievements would have been possible without the ongoing diligence, energy and commitment of our extremely hard-working management and staff. Their performance was exemplary throughout the year, and I am enormously grateful to each and every one of them.

We saw some significant changes at the trading entity Board level during the year. My congratulations go to Scott Hulme, who was appointed to the role of Venners Managing Director. Likewise, congratulations are deservedly due to Darren Flack, who has been appointed as Managing Director of Orridge UK Retail and Pharmacy. I am pleased to announce that Mr Simon Herrick will be joining the Group Board as a Non-executive Director from the 1 May 2021. Simon brings with him a wealth of experience in multinational FMCG, property, consultancy, food, software, manufacturing and retail sectors.

Strategy

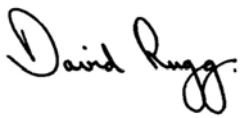
During the year we continued our strategic objectives. We accelerated our application of technology and used lockdown periods to test solutions that best require systems shut down. Our reorganisations reflected our strategic objective to increase operating margins as revenue rebuilds.

Outlook

We have come into the year with a strong cash position, having already repaid £1.0m of our CLBILS facility.

Your Directors have prudently opted not to propose a dividend for 2020. It is our intention to reconsider dividend payments once supported by more normalised trading.

Following business reorganisations in 2020 we have created the ability to generate higher levels of profitability from the levels of revenue previously achieved. The year has started positively for our Professional and Financial Services and Retail stocktaking businesses. As these activities are joined by hospitality stocktaking and visitor attractions are reopened we shall be firing on all cylinders. After allowing for inevitable lead time and lags associated with sector reopening, for each quarter that our Group is permitted to trade unimpeded we expect to do so profitably.



David Rugg
Chairman and Chief Executive
16 April 2021

Adapting to change

Despite the considerable adverse financial impact and ongoing impact of the Covid-19 pandemic, 2020 was a positive year for Christie Group as **we proved our resilience, adaptability and the value of the roles we undertake** for our clients across all our businesses. None of the year's achievements would have been possible without the ongoing diligence, energy and commitment of our extremely hard-working management and staff. Their performance was exemplary throughout the year.

Professional & Financial Services

- Christie & Co's sectorisation means it can now focus more effectively than ever on clients' key priorities, enabling it to make efficiency gains and better margins.
- Our brilliant Childcare & Education team won the 'Broker of Educational Institutions' award at the 2020 Education Investor Awards and Christie & Co were also ranked as the most active hotel agent in Europe.
- Christie Finance saw increased demand for the services of all its divisions, benefitting from its positive relationships with a wide array of niche lenders.
- Pinders, our specialist business appraisal, valuation and consultancy company, ended 2020 with a stronger new business pipeline than the previous year.

Stock & Inventory Systems & Services

- Venners hospitality stocktaking business were in considerable demand prior to lockdowns, as business success and even survival for many players depends on understanding stock levels and eliminating waste.
- Vennersys continued to prove it is positioned at the forefront of providing advanced online ticketing solutions for the UK leisure industry.
- With our Retail stocktaking business closed in the UK, we took the opportunity to plan a new start. We focused upon developing tight-knit teams, with flexible but client-focused skills and efficiencies.

Chief Operating Officer's review



The prevailing theme when looking back at 2020, across both our PFS and SISS divisions, is of a year where the scale of what we were able to offer was significantly disrupted by the pandemic, but the flexibility, value and quality of our services when provided were undiminished, if not enhanced.

While the headline financial results for the year – and particularly the fall in revenue compared to 2019 – illustrate the impact of that reduction in activity, within that – for those periods where each of our businesses and the sectors they serve were able to trade – there was much to be encouraged by. We saw enough from each of our businesses during a profitable second half of the year for the Group as a whole, to be confident that all of our trading brands can be profitable contributors to the Group in future.



“Our financial services businesses, Christie Finance and Christie Insurance, were well placed to support clients throughout the pandemic, with little or no disruption to their services.”

Professional & Financial Services Division

Our agency and advisory business, Christie & Co, remained active across all of its sectors throughout the year, and continued to serve clients in both the UK and internationally from its European network.

While brokerage activity in terms of the number of businesses sold in the year was 45% lower than achieved a year earlier, average commissions received held up well. Indeed, the average fee per business sold was up 29% on a year earlier, although it should be noted this was partly a reversal of the mix of types of businesses sold which last year explained a 21% fall. A comparison across a slightly longer period of reflection shows average brokerage fees per business sold were at a level broadly consistent with 2018 and 2017.

There were several notable transactions across our sectors. In Hotels, highlights included the sale of the Grade II-listed Warren House in Surrey to Sun Hotel Limited, with Christie & Co acting for the private vendors as well as advising Peel Hotels on their sale of The Cosmopolitan Hotel in Leeds to the newly-formed Belfont Hotels. Internationally the second half brought more success than a very subdued H1, with the sale of the Schlosshotel Klink in Germany reflective of a more active summer.

In Care, where once again Christie & Co was the most active broker in the UK, we successfully supported the retiring directors of Waverley Care Centre Limited in their sale of the leading South Wales care home to Bellavista Care Homes in one of the largest single-asset care home transactions in Wales.

Our Medical teams were busy throughout the year in both the Dental and Pharmacy markets. In the latter, we continued to support Boots and Rowlands on their respective multi-site disposal projects while also seeing a 17% increase in independent pharmacy instructions. In the former, it was a year where brokerage activity gathered momentum, with the value of offers received in the second half of 2020 being a 300% increase on that received in the first six months.

Our award-winning Childcare & Education team were somewhat stopped in their tracks by the impact of Covid on the sector after an initially buoyant level of activity at the beginning of the year. Values in the sector have nonetheless held up and activity began to pick up again from Easter. Highlights in a very challenging year included the sale of Heathfield Knoll School to KSI Education, and the sale of Futurepath Childcare to Grandir UK, the expanding French childcare operator.

Our Retail team were able to support a buoyant level of demand for convenience stores and forecourts. Our appointment by Bestway Retail Ltd to market 37 stores across the UK illustrated our standing in the sector.

For the pub sector, we saw very little in the year in terms of large-scale portfolio transactions, although the volume of single-asset transactions rose, partly as a reflection of first-time buyer appetite.

For Pinders, their decentralised national team of business appraisers were already 'Covid ready' in their working practices. They were therefore very quickly able to transition to undertaking inspections in a Covid-secure manner.

Nonetheless, the first lockdown brought a sharp decline in new instructions for a short period. The subsequent recovery in activity levels represented an almost-symmetrical reversal of the second-quarter decline, so that by the end of the year weekly activity levels and volumes were back to levels comparable with the last quarter of 2019. Indeed, in the final month of 2020, the number of valuation reports issued was actually 14% higher than the same period a year before, boding well for 2021 demand.

With Christie & Co's own valuation teams experiencing a similar trend in the year, the number of valuations carried out in the division for the year as a whole fell to 42% of the previous year's volume. Despite this, fee levels held up well with a small increase in the average fee per valuation, reversing an almost equivalent fall seen in 2019.

Within the PFS division, our financial services businesses, Christie Finance and Christie Insurance, were well placed to support clients throughout the pandemic with little or no disruption to their services. As owners and operators sought ways to access both traditional funding and the attractively-priced government funding schemes, Christie Finance were expertly positioned to support clients in securing it for them.

A 2% increase in the number of loan offers secured illustrates that borrower demand remained strong throughout the year, despite the disruption to the level of transactionally-led referral volumes that would normally come across from Christie & Co's agency teams. Indeed, Christie Finance experienced increased

**"We saw demand return quickly when allowed,
reconfirming that the range of services we offer our
clients are as valuable to them as they have ever been."**

demand in its Core, Corporate and Unsecured divisions as businesses were able to access commercial mortgages through CBILS.

For our insurance intermediary business, securing new business was challenging in sectors where, due to the impacts of Covid and insurers' own caution regarding their own business interruption liabilities, appetite for taking on new client risk among underwriters was severely limited, particularly in the Care sector.

Nonetheless, Christie Insurance were able to support clients across our chosen sectors in understanding the insurance market as it applied to them. As the ability to shift insurers became more challenging, premiums hardened and retention rates improved.

Stock & Inventory Systems & Services Division

The impact on our ability to carry out stocktakes during the year as lockdown restrictions were applied to the retail and hospitality sectors in particular, is starkly illustrated by the fact that we were only able to complete 57% of the volume of jobs we achieved in 2019. Our hospitality stock audit business, Venners, bore the heaviest burden in that regard, with only 48% of the previous year's volume of work possible.

Covid-secure operating requirements dictated that where it was possible to carry out stocktaking, it was necessary to undertake smaller assignments with reduced team sizes to limit people interactions. That dynamic is reflected by a 12.5% fall in the average income we earned per job, but the productivity improvements achieved in Orridge in the

UK meant that the profitability per job was increased, despite the lower per-event income.

Positively – and demonstrating the value that independent stocktaking has to our clients – we saw demand return quickly when allowed. For Orridge, trading in both the UK and Europe was encouraging through much of the second half of 2020, before the onset of winter lockdowns and traditional seasonal demand effects in the UK combined to curtail activity in the final few weeks of the year.

For the traditionally-profitable Venners, from a complete lockdown through April and May we then saw revenues recover steadily through the third quarter to levels which, while still significantly lower than normalised pre-Covid invoicing, were sufficient for the business to return to trading profitably in the month of September.

No sooner had we reached this point of recovery, it was then immediately followed by the introduction of tier-based restrictions on hospitality in October before the further national lockdowns that followed thereafter, and which have remained in place throughout the first quarter of 2021.

Nonetheless, this demonstrated how swiftly the business can expect to scale back up and return to profit. We have retained a nationwide team of over 150 BII-accredited licensed-trade stocktakers who will be key to our future success and we have been grateful for their support and endurance through an exceptionally difficult period for the hospitality sector.

Despite these frustrations, Venners were still able to secure new business

with a number of clients including Alton Towers Group, the Savini Group and HF Holidays, all of which we look forward to working with when restrictions come to an end.

For Vennersys, our visitor attraction software provider, it was a not-dissimilar story of continued progress offset by the frustration of our clients being unable to trade for large periods of the year.

Working from home presented no obstacles to the business in itself, with staff and management able to transition quickly to remote – but still collegiate and creative – working.

For the summer months of 2020, attractions saw strong consumer demand return, particularly for those who were able to offer outdoor experiences and events, and Vennersys's own revenues and performance were strong through that period as a result, as pre-booked ticketing became a 'must-have' even for many of those clients who had previously opted for more reduced functionality alongside their traditional ticketing processes.

Cross-selling initiatives have also gathered pace. Vennersys has worked collaboratively with other group companies, such as Christie Finance, enabling them to help their clients to access funding to support their own investment plans.

Against this backdrop, growth continued. By the end of 2020, the total number of sites using VenPos Cloud had increased by 31% compared to a year earlier, and total new sales orders confirmed in the year equated to 33% of 2019 revenues.

Summary

I wrote in early September when we released the then-delayed 2019 results, the events of 2020 have certainly not curtailed our optimism or belief in what can be achieved by the Group in the years ahead. 'Unprecedented' is a word which has been as overused in the last 12 months as any, but our businesses and brands have showed themselves to be resilient to the task.

If anything, 2020 has allowed us to review our operating models and enhance efficiency and productivity where it was appropriate to do so, while also re-confirming that the range of services we offer our clients – underpinned by sector specialist knowledge and with client relationships at the very heart of what we do – are as valuable to them as they have ever been.

We look forward to the remainder of 2021 with enthusiasm.



Daniel Prickett
Chief Operating Officer
16 April 2021

Divisional KPIs

Professional & Financial Services Division	2020	2019
Total businesses sold	624	1,127
% Increase/(decrease) in average fee per business sold	29.3%	(21.4%)
Total value of businesses sold (£m)	823	1,444
Total valuations carried out	2,642	6,346
% increase/(decrease) in average fee per valuation	0.8%	(0.7%)
Value of businesses valued (£m)	3,889	9,532
% increase in number of loan offers secured	2.3%	13.9%
Average loan size (£'000)	413	481

Stock & Inventory Systems & Services Division	2020	2019
Total stocktakes and audits carried out (number of jobs)	38,930	68,055
% increase / (decrease) in average income per job	(12.5%)	1.5%

Total businesses sold in 2020

624

Value of businesses valued

£3.9bn

Total value of businesses sold

£823m

% increase in average fee per valuation

0.8%

% increase in average fee per business sold

29.3%

Total stocktakes and audits carried out in 2020

38,930

Creating value for our stakeholders

Our vision and strategic ambition

“To be the recognised knowledge leader and pre-eminent adviser 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

Our brands

Professional & Financial Services

CHRISTIE & CO

Christie & Co is the leading specialist firm providing business intelligence in the hospitality, leisure, healthcare, medical, childcare & education and retail sectors. A leader in its specialist markets, it employs the largest team of sector experts in the UK providing professional agency, consultancy and valuation 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 & 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 has over 40 years' experience arranging business insurance in the hospitality, leisure, healthcare, medical, childcare & education and retail sectors. 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 and compliance services and related stock management systems to the hospitality sector. Consultancy and compliance services include control audits and 'live' event stocktaking. 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 in its ability to deliver high-quality management information to its clients effectively and conveniently.

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

40 offices across the UK and Continental Europe.

GLASGOW • EDINBURGH

NEWCASTLE
UPON TYNE

LEEDS •

MANCHESTER •

CHESTER •

ALDRIDGE •

• NOTTINGHAM

• BIRMINGHAM

MILTON KEYNES •

HARLOW •

BRISTOL •

WINCHESTER •

EXETER •

• STEVENAGE

• IPSWICH

• MAIDSTONE

• LONDON

BRUSSELS •

BONN •

• FRANKFURT

• PARIS

VIENNA •

• RENNES

MUNICH •

LYON •

• BORDEAUX

AIX-EN-PROVENCE •

BARCELONA •

MADRID •

HELSINKI •

BERLIN •

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.



Creating sustainable value

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 three to five 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 five-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.



Our key strategic values

Divisional review

Professional & Financial Services



Christie & Co is a respected, long-established and market-leading strategic partner for anybody seeking to buy or sell a business in a range of core sectors, from healthcare, medical and child-oriented, to hotels, pubs, restaurants, retail and leisure. Our expertise covers deals of all sizes, from stand-alone agreements to major M&A and portfolio transactions in the UK and internationally.



“Across all the sectors in which we operate, we have witnessed resilience in the face of exceptional challenges and our own people have proved essential to our market-leading performance.”

Darren Bond, Global Managing Director, Christie & Co

On the whole, 2020 was a year from which we can take considerable encouragement as it showed that Christie & Co's business model, expertise and flexibility are what the market needs, no matter how extraordinary the circumstances may be. Following a very positive first quarter, transactional activities effectively stalled in April and May as businesses across our UK and European footprint collectively paused to draw breath and consider the way ahead.

We were extremely active behind the scenes during this period, putting in place the systems and structures required to support our clients by using a decentralised model, with up to 300 of our team working remotely from home. By the time recovery was underway in the third quarter, we were fully equipped and empowered to deliver our full range of services, with new, technology-based, sustainable and highly efficient ways of meeting and communicating with clients and buyers alike.

For example, we had to adapt our marketing strategy, with a shift to online, digital and social media, as well as

delivering remote ways of selling businesses in an environment where potential buyers are unable to visit the property, such as high-quality video tours and the enhanced use of photography and floor plans. Getting to this point involved innovating and implementing smarter ways of working, based on the more efficient use of time and other resources. Combined with the underlying resilience of our marketplace, this supported a recovery and strong performance in the second half of the year.

Across all the sectors in which we operate, we have witnessed resilience in the face of exceptional challenges. In the Dental market, for example, activity recovered quickly after the first lockdown

CASE STUDY: Waverley Care Centre, South Wales

Christie & Co's position as the UK's most active Care agent in the UK continued in 2020, with demand for assets in the sector remaining strong as. In October, Christie & Co announced the sale of The Waverley Care Centre in Pennarth, South Wales, in one of the largest single-asset care home transactions in Wales. We saw a 9% increase in the number of cash offers received.

and the reopening of businesses on 8 June 2020, driving deal pipelines and increasing transaction numbers from September onwards. Interest in the Pharmacy sector remained high during the pandemic among new and existing buyers, with completions and sales agreed recording higher numbers than in 2019 – by 14% and 9.5% respectively.

Demand for assets in the Care sector was also strong, with a 9% increase over the previous year in the number of cash offers received. Following a pause in demand for larger portfolios, M&A activities also picked up later in the year, spearheaded by the sale of The Priory Group to Waterland Private Equity for a reported £1.08bn. Buyers in the Child-centric sector also regained their appetite following a pause in market activity, and we ultimately saw a 9% increase in offers per transaction with no significant diminution in values.

On the Retail front, we witnessed a dramatic increase in demand, particularly from cash-buyers, for opportunities with a convenience offering. Convenience retail was a big benefactor of the pandemic and during lockdown as people increasingly shopped locally. The forecourt sector was also particularly resilient despite lower fuel volumes, owing to travel restrictions. Businesses in the Leisure sector experienced an abrupt change to consumer habits. Despite facing significant challenges, they showed great resilience and we anticipate that the sector should bounce back positively.

Hospitality too had an especially challenging year. Despite this, after



restrictions lifted during the summer we saw a strong surge in enquiries for Hotel opportunities. We were the clear UK market leader in this area during 2020, successfully completing more than 70 deals. Our international business was reliant on the hotels sector, and after a buoyant start to the year it slowed prior to a resurgence following the first lockdown. Successes included the sale of France's largest Holiday Inn, when Extendam and Catella Hospitality Europe (CHE) acquired the 262-room business hotel based at Porte de Clichy in Paris's vibrant 17th arrondissement.

In the Pubs sector, while there was a decline in portfolio deals, the number of single deals grew as demand for high-quality pubs outstripped supply. As a result, we saw a 13% increase in offers per instruction. While there were many well-documented casualties in the Restaurants sector, the resilience and adaptability of many operators gives cause for a more optimistic outlook.

The lessons learned during this period are important takeaways from the Covid-19 period, and we are determined to continue using them as appropriate in the years ahead. In particular, we need to be more agile and adaptive to remote working in the future, and our use of offices will continue to evolve in anticipation of a changing market and future business requirements.

We have therefore already acted on several key strategic decisions, which will enable us to focus more closely on our clients' most mission-critical priorities. Key changes already delivered include the closure of our Shanghai-based Asia desk and the transition from a region-based management structure to sector-based teams. This latter change has meant there is now no duplication of resources across our different locations, enabling us to deploy a more efficient and focused approach to our business. We expect to see important efficiency gains and margin improvements emerge during 2021 as a result of these changes.



Case study: Christie & Co ranked as the most active hotel agent in Europe

Despite a challenging year for Hospitality, Christie & Co remained prominent in the sector in both the UK and Europe. Alongside more than 70 Hotel deals completed in the UK, Christie & Co successfully brokered several transactions across Europe such as the acquisition by EXTENDAM and Catella Hospitality Europe of the Holiday Inn Paris-Porte de Clichy, the largest Holiday Inn in France.

It cannot be denied that the year was a challenging one. At the peak of the crisis in April 2020, a significant proportion of our UK employees were on furlough. In addition, the focus of our European operations on the hotel sector was exposed during the two periods of lockdown, when the industry ceased trading for long periods and the sale of assets declined significantly. Before year end, however, we were already seeing signs of increasing sales volumes to be expected in 2021.

Overall, the strength, resilience and creativity of our people have once again proved essential to our market-leading performance and retaining our professional team of industry experts is a top priority. We were also pleased to make some important appointments early in the year (all of whom remain with us) and several other recruits during the final quarter.

We do appreciate that some of the sectors in which we operate will be permanently affected following the pandemic, hospitality most of all. Other sectors too will need to evolve and reinvent the way they provide their services, and we therefore need to be prepared to support our clients as never before and be ready for a changing business landscape.

We will also continue to concentrate on working wherever possible with our sister companies, Christie Finance in particular, as we believe the ability to provide a true one-stop solution for all professional services around buying, operating and selling a business will be crucial. As we look ahead, we are confident that the decline of the pandemic will enable a substantial recovery in our markets, driving significant growth in our business.

CHRISTIE FINANCE

With more than 40 years' experience in financing businesses in the hospitality, leisure, medical, childcare & education and retail sectors, Christie Finance is widely recognised today for its strong lender relationships and commitment to converting client opportunities.



“Despite the challenges of 2020, we achieved a 15% increase in client instructions, accessing funding from a broad range of institutions.”

John Mitchell, Managing Director, Christie Finance

Despite the unprecedented challenges presented by 2020, Christie Finance saw increased demand for our services. We not only achieved a 15% increase in client instructions (688, up from 598 in 2019), we also grew the number of finance offers received (from 345 to 353), and the number of completions also grew, from 238 to 244.

The proportion of Christie & Co deals completed in the year which Christie Finance have arranged funding for increased by 17%.

Given the disruption to our operations and the wider market caused by the Covid-19 pandemic, this was a pleasing performance. However, following a very strong first quarter, the uncertainty and turmoil caused by the first national lockdown had a powerful impact on our business. This was particularly significant as high-street lenders became increasingly conservative and risk-averse,

prioritising their existing client base to provide emergency funding via the government's Bounce Back Loan Scheme and the Coronavirus Business Interruption Loan Scheme (CBILS).

However, while this effectively caused these banks to cease lending to new customers, many of the smaller niche players we work with were able to provide funding. This had an important positive effect on our performance.

For example, since its foundation in October 2017, our Unsecured and Asset Finance Division has proven that the ability

to access finance quickly is essential for many established business owners. The availability of CBILS funding enabled us to access funding for our clients significantly quicker than many high-street lenders, driving a 65% increase in the number of finance applications received and a 70% rise in the average unsecured loan value (from £98,000 to £165,000).

In addition, as the year progressed growing numbers of lenders were able to use CBILS funding to help businesses with their expansion plans, both organic and inorganic, creating opportunity for our Core and Corporate divisions. This too brought about a shift in the source of the mortgages we arrange for our clients, with just 35% of our transactions being supported by high-street lenders – down from 60% in 2019.

At and beyond the year end, we continued to access funding from a broad range of institutions, including high-street and challenger banks, fin-techs, specialist funds and other new market entrants. We believe that this performance will have a long-term positive impact on our business, as we have created working relationships with many new lenders and new clients alike. We expect to maintain and grow these relationships in the years ahead as the market normalises, presenting new opportunities for our clients and ourselves.

The need to respond fast and decisively to the threats posed by the pandemic has

CASE STUDY: Christie Finance helps award winning day nursery in Richmond with their expansion plans

Having originally opened in 2018 and having been voted to feature in the “Top twenty nurseries in London”, the owners of My Sunshine Day Nursery were seeking funding to aid its expansion. Christie Finance were able to support, introducing the owners to specialist lenders who understood the sector and who were keen to support the launch of the family's second nursery setting.



also, we believe, helped us create new efficiencies that will stand us in good stead in future. With most employees working from home for most of the year, we have been able to effectively continue business as usual.

During the first lockdown, we were quick to introduce new systems and ways of working that limited the potential impact on business performance or service quality. The second half of the year at least matched 2019 in terms of market opportunity, and we believe that continuing to apply some of the lessons learned during the pandemic will help us operate more effectively and competitively in the years ahead.

The time and cost efficiencies in using technology for meetings have thrown into question the value of returning to as much face-to-face contact as took place before March 2020, although we do appreciate its importance in relationship-building. Until now, we have exclusively used Christie & Co premises as our offices. In 2020, of course, we suspended our use of the bricks-and-mortar network in line with prevailing social distancing requirements.

Among other notable highlights, we received two important award nominations – highly commended ‘SME Champion’ recognition at the inaugural National Association of Commercial Financial Brokers (NACFB) awards and a nomination at the Moneyfacts Awards for Commercial Mortgage Broker of the Year. Once again, as an ‘Authorised’ business from the Financial Conduct Authority (FCA), we are pleased to report no compliance issues arising either from the FCA’s annual audit or our own internal monitoring procedures.



Case study: CBILS success for Leicestershire care home

Following an introduction to a long-standing client of Christie & Co, Christie Finance were able to source funding for the well-established group care home operator, Welford Healthcare Ltd. Despite the business’ stable financial footing and excellent reputation, funding was required to bridge the revenue gap and increased operating costs caused by Covid-19. Once Christie Finance became involved, the whole application process from initial discussion to completion took less than seven days, enabling the client to focus their attention on operating the business and investing to maintain a safe and reliable service for their residents.

CHRISTIE INSURANCE

Christie Insurance has a unique and important advantage over other brokers. Our close working relationships with other members of the Christie Group not only give us early opportunities to work with their clients, but they also enable us collectively to add value by delivering fully bespoke and joined-up solutions.



“The uncertainties of 2020 and the challenging insurance market it has created are set to continue into 2021. It is times like these that an intermediary’s true quality is revealed. We operate with a mindset that there is always a solution.”

Walter Murray, Managing Director, Christie Insurance

The unprecedented events of 2020 were a major cause of a challenging insurance market, with UK rates increasing by an average of 15% to 20% across many sectors, and professional liability pricing increasing by as much as 50%. UK insurers took an increasingly cautious approach to new business, and the economic uncertainty that the pandemic has brought about continues to impact on confidence. The resulting uncertainties are set to continue well into 2021.

However, it is in times like these that an intermediary’s true quality is revealed, and we have successfully proved our resilience despite this extremely challenging market.

Our approach has always been to consistently acknowledge the challenges we face and then to work hard to create solutions. We never accept that a business or an individual cannot be insured. We operate with a mindset that there is always a solution. For us, it is

about finding the right insurer and working closely with the client to present their business in the best possible light.

By applying this approach throughout 2020, Christie Insurance successfully ended the year with the budgeted client-retention figure. We were pleased to provide our clients with a total level of life cover amounting to £23m. And, across all sectors, we were able to support new clients with their insurance requirements.

With no staff placed on furlough, we were able rapidly and effectively to transfer all employees to working from home without any interruption of our client service levels.

Our performance was achieved despite the significant issues faced by client firms operating in some of the sectors where we specialise. In the care sector, for example, insurers have taken actions including the total withdrawal of offering cover, the suspension of offering terms to new clients and excluding Covid-19 from their public liability covers. Insurers may also now prohibit other communicable infections such as norovirus and even the flu.

The hospitality sector, too, is facing some unprecedented challenges. For example, with many sites having been effectively unoccupied for a long period, some

CASE STUDY: Christie Insurance step in to find insurance cover to support clients’ pharmacy purchase

Christie Insurance were introduced by A&F Pharma to Christie Insurance by Christie Finance, who were acting on the client’s behalf to source the funds for their pharmacy purchase. Christie Insurance became involved in the purchase process early on and it was clear that they had a good understanding of the business continuity risks associated with not having a financial back up plan in place should the worst happen to one of the client’s key people. Christie Insurance’s understanding of the client’s business, their needs and the appropriate insurance solutions helped secure a positive outcome with the insurance cover required.

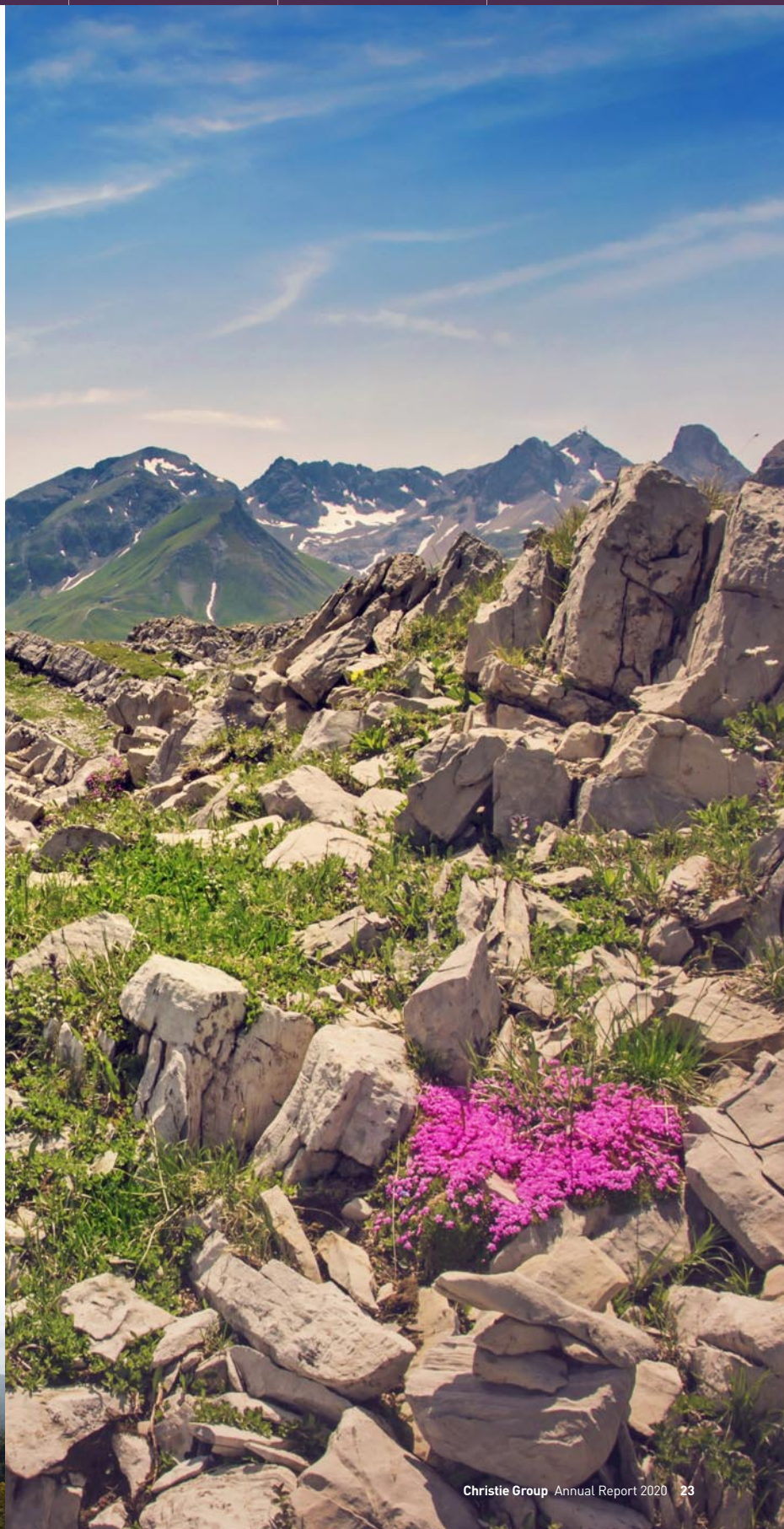


insurers are concluding that hospitality is now a higher-risk category, due to the absence of the normal early warnings signs for claims involving water damage, break-ins, and other threats.

In January 2021, the Supreme Court handed down its ruling on the test case for Business Interruption brought by the Financial Conduct Authority. The case was brought to provide clarity as to whether and the extent to which insurers were obliged to indemnify relevant business interruption policyholders for financial losses incurred following interruption to their businesses resulting from the Covid-19 pandemic and the lockdown measures imposed by the UK Government. The ruling, which is the final step in the test case process, is binding on the eight insurers involved in the test case but will also influence the way in which insurers not involved but who sell similar policies assess claims for these types of losses. The complex judgment ran to 112 pages. A summary of the Supreme Court ruling is on our web site <https://www.christieinsurance.com/pdfs/Covid-19-and-FCA-Business-Interruption-Cover-Test-Case.pdf>

In 2021 we recommend that businesses prepare early for insurance renewal, ensuring they have available the complete and accurate information required to ensure a smooth renewal. As a result of challenges in the care sector we have determined that in future we will contact those clients ahead of their policy-renewal dates to ensure all concerned have sufficient time to consider all the options open to them.

Looking ahead, we anticipate some normalisation of the insurance market once all the concerns about Covid-19 litigation have been removed. While this might occur relatively far into the future, we are confident that we have the right team in place and excellent insurer and client relationships to maximise opportunities throughout 2021 and beyond.



PINDERS

With its nationwide team of RICS-qualified surveyors, Pinders delivers a unique portfolio of services for businesses in the healthcare, leisure & hospitality, education, retail & catering, manufacturing and service sectors, covering appraisal, valuation, consultancy, dispute resolution, project management and building surveying.



“We saw instructions increase month-on-month from July onwards, with our workload in the fourth quarter comparable to 12 months before and a strong pipeline of work to begin 2021.”

Justin Cain, Managing Director, Pinders

2020 has clearly been a year of huge challenges and our team has responded magnificently in adapting our systems and procedures, so we could maintain our high quality of customer service. We are particularly proud that we were able to find new ways to operate during the restrictions of lockdown, enabling our clients to seamlessly progress new cases and review existing loans, even whilst property inspections weren't possible.

This was clearly appreciated by our many long-standing clients who have shown their support through accelerated invoice payment and increased instruction levels.

Despite these unique challenges, 2020 was a progressive year for Pinders – one that we believe has given us a platform from which to deliver a stronger performance than ever before in the years ahead. We continued to nurture the shared sense of loyalty that unites us with our clients, which we sought to enhance further through a sharpened focus on client communication.

Unlike many businesses, which decided to reduce their marketing activities during the pandemic, we have provided regular sector updates for clients and took the opportunity to create a new

website, which went live in January 2021. We believe this investment of time and creativity in communications will deliver considerable value over the next year and beyond.

With regard to instructions, we have already seen month-on-month volume increases from July onwards and our workloads in the fourth quarter were directly comparable with those of 12 months before. In a subdued market, this indicates that we increased market share during the year, demonstrated by a 14% year-on-year uplift in our December output and a strong pipeline of work to begin 2021.

Despite the pressure exerted by some competitors who have reduced fees in an effort to secure instructions, we have also been able to maintain our average fee levels.

We attribute our success in 2020 to three fundamental strengths. First, we had the flexibility and resilience to adapt quickly, decisively and effectively to the impact of the pandemic; seamlessly moving to a 'work from home' model, with no adverse impact on productivity, audit trails or client communication.

This was made possible by our ongoing investment in technology, which gives all of our team real-time remote access to our systems with the ability to add more users as instruction volumes increase.

CASE STUDY: Pinders' Project Management team refresh client's staff canteen

Pinders were appointed to design and project manage the refurbishment of a dated office staff canteen while offices were unoccupied. The five-week makeover project converted the 1970s staff canteen into an inviting and relaxed mix of formal seating and coffee shop lounge and included refurbishment of the kitchen finishes, services and equipment.



We were also disciplined enough to address and, where necessary, revise our core business processes, to improve efficiency, remove unnecessary duplication and focus on key priorities.

Secondly, our exceptional database, which is built from having undertaken more than 200,000 cases, assisted us in offering a modified service to clients during lockdown, in full accordance with regulatory requirements. In many cases, we were able to draw on reports we had written following a previous inspection of business premises, giving us a distinct advantage over competitors with narrower databases.

Finally, and most importantly, there is the exceptional quality of our people. They have adapted, without fuss, to the necessary changes to work practices and, in some cases, borne the peculiar pressures of furlough during the first lockdown period.

Perhaps the most pleasing aspect of 2020 was that we lost no staff through redundancy and, indeed, made additions to our team in Q4, as we recruited resources to match our increasing pipeline of work. This means we are better equipped than many of our competitors to deliver against future client requirements.

Overall, we look forward to further success in 2021 and the years ahead as we build on our advantages of scale, profile and experience to apply the new strengths we created during 2020 within an increasingly normalised and growth-oriented market environment.



Case study: Felstead School, Essex

Pinders ability to appraise and value businesses throughout 2020 was possible due to their previous investment in technology which enabled remote access and mobile working to continue, alongside modified services enabling inspections and valuations to proceed despite the pandemic disruption.

Its multi-sector expertise and national coverage were illustrated by the valuation of Felstead School, Essex. The school, which was founded in 1564, is regularly featured in Tatler's Schools Guide, as well as the Good Schools Guide. Having been shortlisted for 'Boarding School of the Year' 2020 by the Times Education Supplement, the lender's requirements for a valuation saw them instruct Pinders.

Divisional review

Stock & Inventory Systems & Services



Orridge's leadership position in providing a wide range of stocktaking and supply chain services to retailers and pharmacies from operational bases in the UK, Germany and Belgium is based on our long-established reputation for consistent high-quality service.



"The UK retail business achieved real progress through margin improvement, productivity increases and other efficiency improvements as we embraced remote working."

Darren Flack, Managing Director,
Orridge Retail & Pharmacy

In many ways, 2020 was a positive and successful year for Orridge's retail stocktaking operations, both in the UK and Europe. Despite the undoubted disruption to trading caused by the pandemic, the UK retail business achieved real progress through a continued focus on margin improvement, productivity increases and other efficiency improvements.

When all UK retail stocktaking ceased in March 2020 at the onset of the first lockdown, we took the opportunity to pause and assess how we could more effectively provide our services. With over 90% of management and employees placed on furlough by 1 April, the small team that remained active worked swiftly and diligently over the next 10 weeks to ready the business for the reopening of the retail sector and the resumed demand for our services which accompanied it. This enabled us to recommence stocktaking in early June supporting clients in essential retail, before then scaling up our activity as we entered the third quarter.

In doing so we implemented Covid-secure operations, built around dedicated,

committed and incentivised core teams, often conducting stocktakes at client premises outside of core trading hours in order to minimise contact with shoppers. We worked collaboratively with clients to tailor our traditional services to meet their needs, while progressing further with de-centralising our operations and embracing the opportunities that remote working provided.

These developments had a major positive impact on Orridge's UK retail performance, delivering the key operational improvements we have been aiming for and providing a strong operational foundation for future growth. Indeed, in between the lockdown-disrupted second and fourth quarters, we were pleased to see the business deliver a profitable third quarter trading performance when unhindered.

Orridge's Belgium and Germany-based European operations both delivered encouraging performances, even though revenue was suppressed due to the pandemic. Belgium delivered an operating profit despite the challenges it faced, while

in Germany we saw gathering momentum as the year progressed, resulting in a second half operating profit. Both were significant achievements in a challenging trading environment where conditions underwent fast and significant change. As in the UK, we pride ourselves on the quality of our service delivery, and the efficiency with which we can deliver it.

Our ambition for further growth on the continent is undiminished. Looking ahead, we are optimistic that revenues will return strongly as we move through 2021, as there were no material client losses during the year and most work that did not take place has been postponed rather than cancelled.

During 2021, we also aim to enhance senior-level cooperation across northern Europe for better efficiency and increasing profitability. The market there remains highly attractive. Not only is there less competition for us than in the UK, it also has a large population of retailers of the size we seek, many of whom are looking to outsource their stocktaking for the first time.

Within Orridge's pharmacy stocktaking operation, the beginning of the first lockdown in March 2020 unfortunately coincided with the end of the fiscal year for many of our independent clients, which is the moment when we traditionally experience our highest levels of demand. While we closed our services to non-essential retailers, we therefore remained available to work for pharmacies in supporting what remained classified as an essential service, but demand was nonetheless significantly subdued throughout the second quarter of the year.

As pharmacists focused on their own operations, many took the decision to avoid proceeding with their normal external stocktake while Covid-secure operating practices and guidance were yet to be implemented. Mirroring the retail

stocktaking part of the business, we saw activity recover strongly throughout July as more normalised demand returned.

We continued to benefit from referrals from Christie & Co where clients required stock-valuation services to facilitate a change of ownership.

Overall, our client retention was excellent during such a difficult period, underlining the loyalty of our customers and their appreciation of our efforts to provide an unbroken service where demand remained.

During 2020, the immense potential in our relatively new Orridge Supply Chain business became increasingly clear as we built on key retail relationships with major players such as Wilko and the Co-op, whilst also making effective inroads into the logistics and online sectors. This strong performance was enabled by our continuing ability to deliver a consistent service, tailored to client need and provided 24/7 throughout the year, with additional resource provided to meet seasonal peaks in demand.

The division delivered an impressive performance given the impact of the pandemic on so many sectors. Operating with a very efficient cost base and able to provide its services seven days a week, it delivers a consistent profitable income stream.

We expect it to continue delivering strong returns in the years ahead, achieving full self-sufficiency in 2022 with no further need for support from the Retail division. Looking to 2021 in particular, we built an excellent pipeline of prospects during the last quarter of 2020, and more businesses have already expressed an interest in our services for the year ahead.

Taken together, the Orridge group of companies is one of the largest UK stocktaking businesses which trades on a pan-European basis.



Case study: Orridge successfully partnered with valued clients during the pandemic to deliver stocktaking services safely and flexibly

The onset of the first UK lockdown in March saw retail stocktaking activities cease, as even leading essential retailers such as Co-op were forced to pause and evaluate how they could maintain their traditional stocktaking requirements in a pandemic.

Reflecting our long-standing relationship with the Co-Op, we were pleased to work collaboratively with them to identify how we could continue to provide the service they needed despite the restrictions created by Covid-19. We quickly implemented Covid-secure operations, built around committed core teams conducting stocktakes outside of core hours, who could provide the client with the safe, accurate and efficient stocktaking which is our hallmark.



Venners is the clear market leader in stocktaking, inventory, and related services and systems for the UK hospitality sector, delivering a wide-ranging portfolio of solutions across the UK and Europe.



“Future success for hospitality businesses will increasingly depend on their ability to eliminate waste and maximise profits. This is precisely where Venners fits in: mitigating risk and driving profitability for clients.

Scott Hulme, Managing Director, Venners

Venners’ specialists focus on stocktaking, inventory and consultancy services for the hospitality sector, which enables businesses to maximise their revenues and take full control of their profits, has never been more important.

As the world starts to recover from the pandemic’s impact in 2021, future success and even survival for many hospitality businesses will increasingly depend on their ability to understand and eradicate all potentially expensive sources of wasted stock and other resources. This is where Venners fits in. Not only are we the largest

and longest-established stock audit company for the hospitality sector, we are also a leading specialist provider of consulting and compliance services for mitigating risk and driving profitability.

All our services are a vital source of support, providing a highly cost-effective means of achieving the insight businesses need, particularly as they look forward to trading restrictions being lifted. Following a long period during which our clients were unable to trade, there is clear evidence of pent-up demand for our services as the hospitality industry seeks every opportunity

to manage costs as efficiently as possible during 2021 and the years ahead.

Much of Venners’ success over the years has been due to our ability to develop knowledge and experience in-house. Wherever possible, we aim to retain experience from within through training and developing for the Company’s most senior roles. As a case in point, Scott became Venners’ MD in September 2020, following 25 years with the business and we would like to thank his predecessor, Steve Mayne, for his excellent work over many years.

The level of knowledge this approach gives us enabled our leadership team to quickly carry out in-depth analysis of all internal and external processes to support a rapid and sustained bounce-back from the downturn in work levels that was caused by the pandemic. Also, recognising the opportunity awaiting us during the forthcoming recovery period, we took the time provided by reduced trading levels during lockdown to upgrade our product portfolio and all aspects of our customer offering.

To sharpen our approach yet further, we also took the difficult decision to cease providing our Health & Safety service portfolio. The more focused approach that has resulted is now empowering us to strengthen our leadership position in

CASE STUDY: Venners help Pirate put a price on unscannable products

In a bid to improve transparency of investor-owned assets, Pirate, an international music and dance studio operator approached Venners for a bespoke valuation of specialist musical equipment. With 30 of its sites across the United Kingdom and Ireland, Venners was able to send a unit of its nationwide team of stocktakers to value thousands of non-barcoded products and presented an accurate inventory to Pirate, which amounted to several million pounds worth of assets.

Where many of these products were not able to be scanned, due to the nature of the products, they needed auditors that would be able to visit and count everything in the same way across all of their sites, something which Venners stocktakers are all too familiar with. Although Venners mainly concentrate on food and drink related stocktaking, its highly trained auditors easily adapted to this previously unknown territory of the music world, delivering to both the required specifications and deadlines.



hospitality, at the same time as developing other sectors. Regular contact with our clients was a key priority during the year, and we were committed to providing all existing and new customers alike with support at the exact moment they needed it most.

Innovation too is at the heart of our strategy, and we continued to refine our approach to improve the service and solutions we deliver. We therefore took the opportunity to further advance our use of technology and our software offering. In a key development during 2020, this included the launch of our new Client Portal. This now gives customers a single integrated view of everything relating to their stock results and will enable us to interface directly with clients' purchasing systems, streamlining service delivery and set a new standard for our sector.

The year was far from devoid of new business opportunities, however, and we also focused externally on client development. Our established reputation as a trusted market leader continued to make us attractive to new prospects, and we were delighted to be selected as their auditing partner by the Liberation Group when they acquired 17 hospitality venues from Wadworth Brewery in November 2020. We were also very pleased to win new business from outside the hospitality sector, when we were appointed to carry out nationwide equipment valuations for Pirate, one of the UK's largest operators of multi-site music and dance studios.

Stock auditing, management and control remain central to our business, but our Consultancy and Compliance divisions are also increasingly recognised as providing solutions that mitigate risk, improve controls and maximise profitability.

The Consultancy division, for example, which helps clients enhance their business performance and improve controls, worked with a range of businesses in 2020, covering all elements of site-specific financial and operational control through services including operational site



Case study: Alton Towers Resort gets to grips with stock control

Increasingly, tourist attractions and other leisure businesses are recognising the essential part that well controlled food and drink operations can play in growing overall profits. Well-known UK tourist attraction, Alton Towers Resort, contacted Venners to begin their stock control journey at four of their on-site hotels as part of their vision to increase controls and enhance profitability.

Following an initial consultation, our team of stocktakers began to work with the sites, providing detailed and accurate stock results and introducing the sites to variance monitoring to aid in maximising margins. Following the success of this initial service offering, our consultants were then able to provide further training courses and targeted coaching to their operational and finance teams on stock result analysis. The combined approach of traditional stocktaking and consultancy has been well received by the client as they focus on maximising the profit potential of their food and drinks operation.

surveillance, control system reviews and operational business health checks. And our Compliance division, which helps ensure businesses comply with operational and financial best practice and regulation, has helped clients address risk, to enhance their corporate governance and to maximise profit retention.

During the year, the benefits of the harmony between our divisional solutions became increasingly evident as clients recognised the value to be gained from a concerted approach. One of these was

a market-leading UK tourist attraction, which commissioned us to deliver a bespoke mix of traditional stocktaking, consultancy and coaching to help improve their overall stock performance.

We are determined that the improved customer focus, technology advancement and operational streamlining we gained in 2020 will continue into the years ahead, driving growth and an ever-improving return on investment for all stakeholders.



The VENPoS software-as-a-service (SAAS) product from Vennersys is a UK leading cloud-based ticketing and visitor-management solution for visitor attractions, including the sectors of historic houses, museums to zoos, safari parks and aquaria. During 2020, the Company widened its addressable market into new sectors including garden centres and art galleries with more to come.



“As a result of the Covid-19 pandemic, interest in our VENPoS product has been intense during 2020 as businesses increasingly appreciate that their ticketing operations need to be online.”

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

The Covid-19 pandemic and its significant impact on the operations of the UK's entire visitor attraction market has highlighted the position of Vennersys at the forefront of advanced ticketing solutions for the leisure industry.

Our VENPoS product, which is under continuous development for improved agility to meet fast-evolving client needs, gives leisure businesses the online flexibility they need to respond to changes in their trading environment. This is more essential than ever in a socially distanced world, where attractions have faced major periods of enforced closure and need to control customer visiting times and capacity management.

As a result, interest in the product has been intense during 2020, far greater than anticipated and driving significant order numbers as businesses increasingly appreciate that their ticketing operations need to be online for heightened efficiency and risk mitigation.

In addition, our services are based in the cloud, meaning that installation can be undertaken remotely. This has further encouraged clients to work with us during lockdown as they take the opportunity to update their operations during the slowdown in activity. Looking ahead, we expect our client-acquisition activities from 2020 to make a significant contribution to our business as recurring

service revenues combine with licence fees and online sales activity to drive increased income. We expect online revenues to remain high during 2021 when the sector is able to trade.

This has been an important outcome of our focus during the year in those market sectors where organisations are planning to invest in their technology infrastructure. These include historic houses, museums and other attractions, which are likely to have received government grants. Funding to support UK culture and the arts during the Covid-19 pandemic totalled some £500m in 2020, with further support of £400m being announced for 2021, and the grants made to charity-owned attractions are enabling many, for the first time, to invest in online marketing and ticketing solutions. This in turn has added impetus to our own progress.

To develop new revenue streams, we have also increasingly concentrated on new markets, often leveraging our synergies with other Christie Group companies. These include relatively small-scale operations such as art galleries, garden centres (through introductions from Christie & Co) and pubs (via Venners). We have also won our first contract with a Christie Finance client and have introduced Orridge to several of our clients who require stocktaking services.

In addition, we have developed new apps to appeal to specific markets. One example is the simple Food & Drink app that we have developed for the hospitality sector, which is enabling us to offer Venners' clients a straightforward new means of operational improvement.

The clear technology roadmap we have created for 2021 enables us to build on our progress from 2020 and gives us the capability to target enterprise clients with a realistic chance of winning their business. Our investments in the skills of our team during 2020 and commitment to promoting from within, as well as recruiting new talent, continue to build the quality and capability of our development team. Our focus on improved internal communication, with ongoing training for younger employees as well as daily team meetings and weekly management meetings, has helped improve our ability to react fast and cohesively to changing circumstances and emerging client demands. As might be expected, we have embraced technologies which enable us to work more efficiently.

We have continued to build a business with recurring revenues and expect it to make a sizeable contribution to the wider Group as the business continues to mature. As demonstrated during 2020, the business model also enables us to develop our client base from a growing number of sectors, providing long-term revenue resilience. In addition, our income streams are non-cyclical, and we are confident that Vennersys will achieve critical mass and successfully deliver the rate of return we are targeting for the business.



Case study: Vennersys launches Timed Ticketing and Gift Aid Integration with Lincolnshire Wildlife Park

Vennersys was delighted to be awarded the opportunity during the year to partner with Lincolnshire Wildlife Park to provide Timed Ticketing and Gift Aid Integration. Vennersys were able to very quickly implement Timed Ticketing at the park, with a fully brand-aligned website and the ability to sell timed tickets online for Admissions and Events.

The VENPoS Cloud solution also enables attractions to increase the take up of charitable donations by simplifying and speeding up the process at the point of sale. The client chose a service package which includes a Dedicated Account Manager, access to our support team seven days a week and powerful reporting tools including head count and financial reporting. Full implementation, training and setup was also included.

Financial review



As highlighted in the Chairman & Chief Executive reviews, the impact of Covid-19 had a significant impact on the Group's performance in 2020 particularly in the first half year, and as a result the 2020 full year results for the Group were depressed.

However, there were a number of positive actions taken, which benefited the Group in the second half year of 2020 and will continue to do so going forward. At the outset of the pandemic, swift action was taken to reduce operating costs whilst preserving and generating cash resources.

“As a result of the actions we took, we ended the year with an improved cash balance after achieving a second half profit before restructuring costs of £1.1m”



Some of the key operational actions were as follows:

- we utilised furlough and governmental schemes across the UK & Continental Europe where possible
- restructured Christie & Co into a more sectorised model, which will benefit our clients going forward whilst offering us a more flexible, agile, efficient and lower cost base in the future
- restructured our retail stocktaking business Orridge in the UK
- implemented operating costs initiatives to reduce non-essential expenditure

In terms of preserving and generating cash resources we:

- drew down a £6.0m three-year CLBILS loan in June 2020
- drove working capital improvements in debtors' collections
- negotiated payment term extensions and used all possible government tax payment extension schemes
- negotiated lease term improvements with lessors
- negotiated revised payment arrangement with our defined benefit schemes relating to deficit repair payments
- froze all non-essential capital investment in the short term

Income statement

	HY1 £'000	HY2 £'000	Total £'000	Var HY2 v HY1 £'000
Result by half years				
Revenue	18,844	23,380	42,224	4,536
Operating result pre restructuring	(5,478)	1,123	(4,355)	6,601
Restructuring	–	(672)	(672)	(672)
Operating result post restructuring	(5,478)	451	(5,027)	5,929

Income statement

For the full year, revenue was down by 46% to £42.2m (2019: £78.0m), whilst the result for the year pre restructuring costs was a loss of £4.4m (2019: £5.8m profit).

As the above highlights, we achieved a second half year profit pre restructuring of £1.1m – a significant improvement on the first half year result. This illustrates the impact of the swift actions taken, demonstrates the continued demand for our services, whilst more importantly enabling us to operate a lower gearing model going forward.

Cash and net debt

As a result of the actions taken above, cash generated in the year was strong and the Group ended the year with net funds of £4.1m (2019: £4.8m) and with an improved cash and cash equivalents of £10.3m (2019: £9.8m).

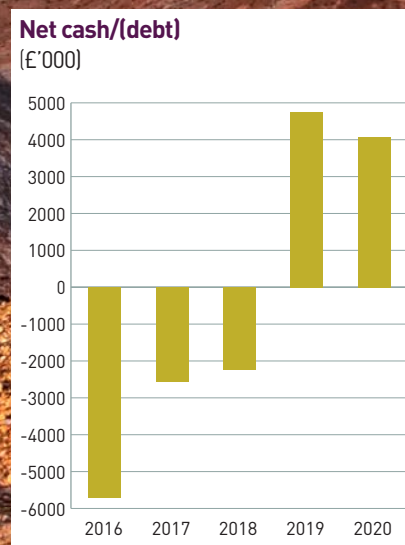
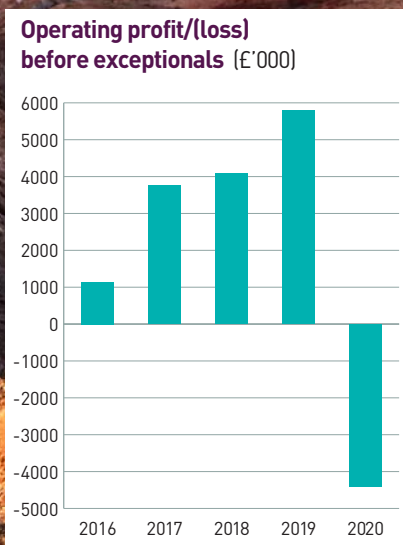
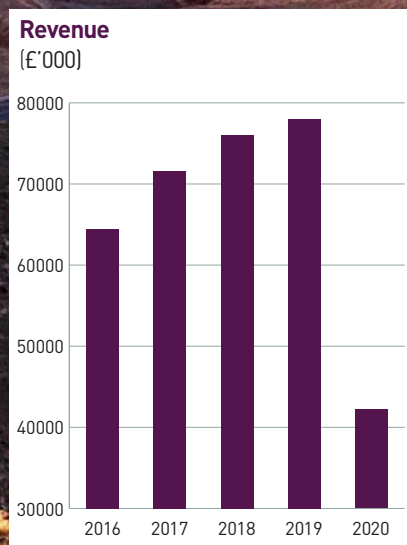
Cash generated from operations was £2.5m and this reflects a strong reduction in working capital in the year. Working capital management remains a key focus and our bad debt experience continues to be excellent, as it has been for many years.

Capital investment

Notwithstanding the trading environment in the year, the Group continued to invest in capital expenditure (£1.1m) 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.

KPIs			
	Group	Professional & Financial Services	Stock & Inventory Systems & Services
Revenue movement %			
2020 on 2019	(45.9%)	(43.0%)	(50.1%)
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%
Operating profit/(loss) before exceptionals as % of revenue			
2020	(11.9%)	(7.1%)	(19.8%)
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%)
	Group	Movement	
Net cash/(debt) £'000			
2020	4,078	(674)	
2019	4,752	7,040	
2018	(2,228)	280	
2017	(2,568)	3,143	
2016	(5,711)	3,235	

At a Group and divisional level, the revenue and operating result KPIs were significantly impacted by Covid-19 in the year.



Pension schemes

In the year, the pension liability as measured in accordance with IAS 19 increased by £8.1m compared with 2019. This was principally due to changes in actuarial assumptions particularly regarding the reduction in the discount rate. This increase in the IAS 19 liability does not affect the amounts we have previously agreed to pay under our deficit repair obligations.

While this year-on-year increase in the deficit attributable to the Group's two final salary schemes is unwelcome, the relative immaturity of the schemes alongside a contained and declining membership provides helpful context. It would not be unreasonable to expect the average member who is yet to begin drawing their pension to survive for a further 25 years, noting life expectancy assumptions and the relative ages of the 119 active and deferred members that remain. In this context, the deficit on both schemes equates to under £6,300 per year per member over this 25-year period, though the recovery plans on both schemes are targeted to achieve full funding of the schemes within a decade.

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.

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 opposite.

- **Revenue movement %** – is a key indicator that the Group monitors.
- **Operating result %** – an important part of our strategy is the profitable

growth of our businesses and one measure of this is the operating profit % margin. This is measured as operating result (before exceptional items) as a percentage of revenue.

- **Net cash/(debt)** – a key metric for the Group is its cash and debt resources. Net cash/(debt) position is closely monitored.

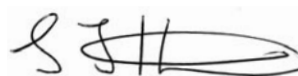
Taxation

The absolute tax charge for the year was a credit of £1.3m (2019: £0.4m charge).

In the year, there was an increase in the deferred tax asset of £2.5m (2019: £0.4m reduction) and this is principally reflective of the movement in the retirement benefit obligations during the year and the carry forward of 2020 losses.

Earnings per share (EPS)

Given the loss for the full year, EPS was negative at (19.32p) following a period of year-on-year growth in EPS. However, we would anticipate this to return to more normalised levels as the Group returns to profitability.



Simon Hawkins
Group Finance Director
16 April 2021

UK 20 Year Bond Yield (percent) 1.3170



Long-term gilt yields fell to a historical low point at the end of 2020, inflating the pension deficit at the balance sheet date.

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 patterns 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;
- lack of bank liquidity and more conservative lending criteria; and
- rising professional insurance premiums.

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;
- 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 and the Covid-19 pandemic – are not risks that are considered unique to any of the services we provide.

The Board and Group's approach to risk and risk management is set out in the Corporate Governance report on pages 40 to 41 and the Audit Committee report on page 45.

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 47 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 & Officers



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 seven 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 27 offices throughout Europe. Chris retired from Christie & Co on 5 June 2020 but has agreed to remain on the Christie Group plc Board as a Non-executive Director until our 2021 Annual General Meeting.



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.



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 Select Trust plc, Premier Miton Global Renewables Trust plc, Schroder Income Growth Fund plc, State Street Trustees Ltd and Smith & Williamson Fund Administration Ltd. Victoria is also Chair of State Street Managed Accounts Services Ltd. Victoria Chairs the Nomination Committee and is a member of both the Remuneration and Audit Committees.



Charlotte French Company Secretary

Charlotte French joined the Group in July 2014 as Group Accountant and Internal Auditor and was promoted to Internal Auditor and Compliance Officer in 2017 before being appointed as Company Secretary in March 2019. As Company Secretary, Charlotte is responsible for monitoring and reporting on corporate governance to the Group Board. Charlotte administers our investor relations, internal audit and compliance functions. Charlotte is a qualified chartered accountant.

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 formulated the current Group strategy in July 2018, the details of which are published on the Christie Group plc website. The Board meets annually for the specific purpose of reviewing the strategy, thereby always ensuring that it remains appropriate and endorsed by the Board as a whole. The last meeting was held in November 2020. 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 subject to any ongoing Covid-secure protocols that may be necessary for 2021.

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 Annual General Meeting 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 considers necessary to ensure shareholders have access to relevant and timely information and an understanding of the strategic aims and objectives.

Consider 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 Group 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 Company 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, such as the recent Covid pandemic.

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 above);
- 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
- An 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 36.

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.

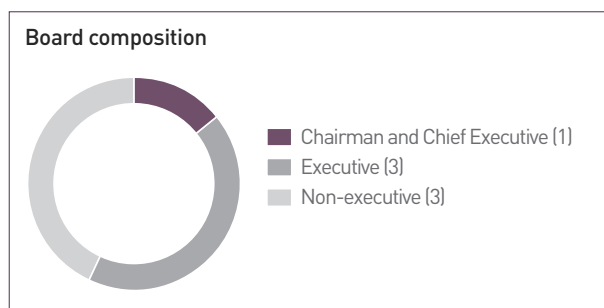
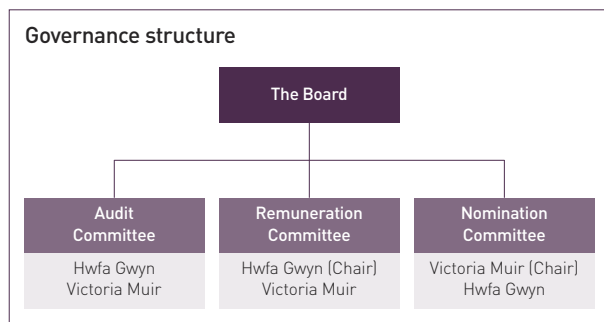
Maintain the Board as a well-functioning, balanced team led by the Chair

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 day-to-day 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.



As at 31 December 2020, the Board comprised four Executive Directors and three Non-executive Directors. Chris Day is due to retire at the June 2021 AGM. At 31 December 2020, there was only one fully independent Non-executive Director after Laurie Benson stepped down on 11 November 2020. Independent Non-executive Directors are appointed through a process focused on ensuring no 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 stand for re-election by shareholders, in accordance with the requirement that a number nearest to but not exceeding one third of the serving Directors who are otherwise not eligible for re-election under Article 107 stand for re-election at each Annual General Meeting.

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	Chris Day	Hwfa Gwyn	Laurie Benson*	Victoria Muir
Has been an employee of the Company or Group within the last five years?	Yes	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	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?	Yes	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	No
Holds cross-directorships or has significant links with other Directors through involvement in other companies or bodies?	No	No	No	No
Represents or is a significant shareholder?	No	Yes	No	No
Has served on the Board for more than nine years from the date of their first election?	Yes	No	No	No

*Laurie Benson was appointed to the Board on 12 November 2017 and stepped down from the Board on 11 November 2020. Laurie Benson was 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.

Chris Day was appointed as a Non-executive Director on 1 September 2020 and is not considered to be independent having been previously served as an Executive Director since 1996.

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 45 for the Audit Committee and pages 50 to 52 for the Remuneration Committee.

All of the Non-executive Directors sit on all three Committees with the exception of Chris Day who attended the meetings by invitation only. The Board, in their collective assessment, are satisfied that all 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 number of meetings in 2020 reflected the exceptional nature of the year in response to the Covid pandemic. The Board and Committee meetings and attendance of the members during the year ended 31 December 2020 were as follows:

	Board (14 meetings inc. AGM)	Audit Committee (4 meetings)	Remuneration Committee (12 meetings)
David Rugg (Chairman and Chief Executive)	14	3*	9*
Dan Prickett (Chief Operating Officer)	14	3*	9*
Simon Hawkins (Group Finance Director)	14	3*	5*
Chris Day (Executive Director)	14	–	2*
Paul Harding (Executive Director)	14	–	1*
Hwfa Gwyn (Non-executive Director)	14	4	12
Laurie Benson (Non-executive Director)	13	4	8
Victoria Muir (Non-executive Director)	14	4	12

*Asterisk denotes attendance by invitation

In addition to the above, the Board met to review strategy, and 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 38 to 39. 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, 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 52.

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.

Professional, 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 Company and its trading businesses, risks and opportunities. There were no gaps that the Board considered critical to address at the time. The skills evaluation was reviewed again at the Company's strategy day in November 2020 and the Board agreed that there were no fundamental gaps to address at that 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 the last quarter of 2020, a review was carried out by the Board of the way in which the Board operates, its effectiveness and areas of potential improvement with the results collated in late 2020. 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, observations and desired actions were circulated and discussed with the Board in early 2021.

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 Christie Group plc 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 & communities
- Integrity
- Flexibility
- Collaboration
- Passion
- Innovation
- Excellence & 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, the Company website contains a corporate governance page containing further details.

Audit Committee report

Committee composition

The Audit Committee consists of the Non-executive Directors, Hwfa Gwyn and Victoria Muir. Laurie Benson was a member and Chair of the Committee until she stepped down from the Board on 11 November 2020. Biographies of each Non-executive Director are set out on pages 38 to 39.

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 auditor.

Mazars LLP were appointed as statutory auditor on 17 September 2019. An effectiveness review of Mazars' own performance is intended to be carried out following the publication of the 2020 Annual Report and Accounts and the completion of the 2020 statutory audit process. The re-appointment of statutory auditor 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 auditor unless there are clear efficiencies and value-added benefits to the Company. Additionally, the auditor confirm their independence in writing each year. The Committee also monitors the level of non-audit fees paid to the external auditor.

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	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Audit services				
– audit of the Parent Company and consolidated financial statements	20	12	20	12
– audit of the subsidiary Company financial statements	155	102	–	–
Total audit fees	175	114	20	12
Other services – other	–	2	–	2

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 auditor and the Executive Directors. Specifically, the Audit Committee has considered and approved the audit approach to be undertaken by Mazars LLP 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
- Impact of the outbreak of Covid-19 on the financial statements
- 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.

Environmental reporting

Streamlined Energy and Carbon Reporting (SECR)

Summary of energy consumption

Christie Group plc's UK energy use associated with the Group's operations during the 2020 financial year have been calculated and are detailed below. The energy use relates to activities for which Christie Group plc are responsible:

- combustion of gas;
- combustion of fuel for the purposes of transport; and
- the purchase of electricity by the Company for its own use, including for the purposes of transport.

Summary of absolute energy

Division	Absolute energy (kWh)
Professional & Financial Services	1,538,139
Stock & Inventory Systems & Services	4,034,636
Total	5,572,775

GHG emissions summary

GHG emissions associated with Christie Group plc's operations during the 2020 financial year have been calculated and are detailed below. The emissions are from transport for all companies within the Group and also electricity and natural gas consumption. The emissions for 2020 have reduced substantially due to the impact of Covid lockdowns and restrictions. The total emissions for the whole UK Company is 1,364 tCO₂e.

Summary of absolute GHG emissions

Greenhouse Gas Scope	FY2020	
	Professional & Financial Services	Stock & Inventory Systems & Services
Scope 1 emissions (tCO₂e)		
Emissions from combustion of gas	77	1
Emissions from combustion of fuel for transport purposes	17	613
Scope 2 emissions (tCO₂e)		
Emissions from purchased electricity location based	111	24
Scope 3 emissions (tCO₂e)		
Emissions from business travel in employee-owned vehicles where the Company is responsible for purchasing the fuel	146	376
Total emissions (tCO₂e)	351	1,014

Carbon intensity ratio

A carbon intensity ratio has been established to assess the normalised carbon performance of operations based on the Company's annual turnover.

The establishment of a carbon ratio allows Christie Group plc to make more accurate comparisons of their carbon impact between financial years. The carbon intensity figure includes Scope 1, 2 and 3 GHG emissions and is based on the global revenue figure.

Summary of carbon intensity ratio (tonnes CO₂e per £ turnover)

Normalisation	FY2020
TCO ₂ e/£ turnover	0.000032

Energy management and energy efficiency measures undertaken

Christie Group plc continuously works to reduce energy consumption and improve energy efficiency across the Group. As transport contributes to the largest proportion of the total greenhouse gas emissions, we have focused our efforts in this area. In the most recent reporting period, a number of our companies have solely used video conferencing to conduct meetings that would otherwise be face to face. This will continue to be rolled out in future years in order to reduce associated travel emissions. Additionally, another company within our Group has purchased new nine-seater vehicles allowing more stocktakers to be transported to a single location in one vehicle, rather than using two to three vehicles. This reduces the vehicles on the road and associated travel emissions.

Quantification methodology

This assessment is produced in line with UK Government Environmental Reporting Guidelines: including streamlined energy and carbon reporting guidance (March 2019). The methodology used is the GHG Protocol Corporate Standard for quantification and reporting of greenhouse gas emissions and removals. The operation control approach was taken to determine the organisational boundary.

The assessment measures, where possible, are the carbon dioxide equivalent (CO₂e) emissions associated with business activities. CO₂e includes the six main GHGs covered by the Kyoto Protocol: carbon dioxide (CO₂), methane (CH₄), hydrofluorocarbons (HFCs), nitrous oxide (N₂O), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆). It is considered important to report these GHGs as the global warming potential (GWP) of certain GHGs may be many times greater than that of CO₂.

Greenhouse gas emissions have been calculated from energy consumption records reported by suppliers and mileage data from the internal finance team. Where actual data is not available, an estimated energy usage figure has been calculated by pro-rata extrapolation or from a comparable time-frame.

Directors' report

for the year ended 31 December 2020

The Directors present their report and the audited financial statements for the year ended 31 December 2020.

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (accounts and reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' report have been omitted as they are included in the Strategic Report instead. These matters relate to Business Review, Key Performance Indicators and Principal Risk and Uncertainties.

Results and dividends

The results for the year are set out in the consolidated income statement on page 60, and the consolidated Statement of Comprehensive Income on page 61. The Directors do not recommend the payment of a final dividend (2019: 0.00p) per share which together with the interim dividend of 0.0p (2019: 1.25p) per share, makes a total of 0.00p (2019: 1.25p) per share totalling £nil (2019: £326,000) for the year. The loss for the year before tax and before other comprehensive income was £6,339,000 (2019: £4,422,000 profit) and the loss attributable to equity holders of the Group for the financial year, after taxation and including other comprehensive income, was £11,378,000 (2019: £4,870,000 profit).

Directors

The Directors of the Company in office at the date of this report, together with their biographical details, are shown on pages 38 to 39. During the year, Laurie Benson stepped down from the Group Board and all related Committees on 11 November 2020. All other Directors served throughout the year. Dan Prickett and Paul Harding 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 in the Group's performance and share price. 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 44, capture the Directors' fundamental beliefs on how the Group does business.

Acquisition of own shares

During the year, the Company funded the purchase of 124,000 (2019: 165,000) of its own ordinary shares, through an Employee Share Ownership Trust, for a consideration of £89,000 (2019: £157,000). To enable it to meet awards under its SAYE and other share schemes; the Company also sold 51,000 (2019: 169,000) of its own ordinary shares during the year, through an Employee Share Ownership Trust, for a consideration of £68,000 (2019: £255,000). The total holding of the Employee Share Ownership Trust as at 31 December 2020 was 339,000 shares (2019: 283,000 shares), which represents 1.28% (2019: 1.07%) 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, in light of the disruption caused by Covid-19. Those detailed business plans cover a period up to 31 December 2022, 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 2022 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 60 to 108.

These financial forecasts were produced in January 2021 and updated in March 2021 and therefore reflect actual financial performance up to that date, with forecasts for the subsequent period up to 31 December 2022. These financial forecasts take account of the government roadmap announced on 22 February 2021 and include appropriate modelling to reflect any financial support schemes available including, but not restricted to, the utilisation – to the extent intended at the date of producing those models – of the UK Government's Coronavirus Job Retention Scheme which has been extended until September 2021 as announced by the Chancellor in the Budget on the 4 March 2021.

These financial forecasts and going concern assessments have been shared with the statutory auditor, 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 three-year plans relating to each of the trading subsidiaries of the Group and in doing so considered the following:

- The achievability of those three-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 multi-discipline 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.

Auditor

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

Disclosure of information to Auditor

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 auditor is 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 auditor is 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 16 April 2021.

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, Hwfa Gwyn and Victoria Muir, 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 2020. 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 2020.

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 any other Director 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.
- 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 performance 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, pensions 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 considered.

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	2020 £'000
David Rugg	232	–	33	60	–	325
Chris Day	200	–	–	14	10	224
Dan Prickett	172	–	33	11	9	225
Paul Harding	178	–	31	12	10	231
Simon Hawkins	136	–	33	12	6	187
Hwfa Gwyn	27	–	–	–	–	27
Laurie Benson	24	–	–	–	–	24
Victoria Muir	27	–	–	–	–	27
	996	–	130	109	35	1,270

Salaries, commission and fees shown above for 2020 recognise voluntary reductions in Executive Directors' salaries and Non-executive Directors' fees which took effect from 1 April 2020. Chris Day's emoluments reflect his service during the year as an Executive Director initially, prior to his appointment as a Non-executive Director on 1 September 2020.

	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

Directors' pension entitlements

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

	2020 £'000	2019 £'000
Defined benefit arrangement:		
Accrued annual pension at end of year	55	54

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 pension's column of his 2019 remuneration as set out above and this remained the case until 5 June 2020.

Dan Prickett and Simon Hawkins receive employer contributions as members of the Group defined contribution scheme and, to the extent that those contractual contributions exceed their annual allowance limits, the excess is paid as salary in lieu subject to income tax and national insurance deductions. All such contributions, whether paid as direct contributions into the defined contribution scheme or as salary in lieu of pension, are reported above within the pension column.

Paul Harding receives salary in lieu of pension contributions which are reported above within the pension's column for both his 2019 and 2020 remuneration.

Remuneration Committee report continued

Directors' interests

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

	31 Mar 2021	31 Dec 2020	31 Dec 2019
David Rugg (*)	1,272,760	1,272,760	2,852,844
Chris Day	762,847	762,847	762,847
Paul Harding	337,870	337,870	337,870
Dan Prickett	75,000	75,000	75,000
Simon Hawkins	126,240	126,240	126,240
Hwfa Gwyn	1,026,535	–	–
Laurie Benson	–	–	–
Victoria Muir	10,000	10,000	10,000

(*) 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.

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.

David Rugg, Dan Prickett, Paul Harding and Simon Hawkins are all participating members of the Group's SAYE scheme.

The market price of the shares at 31 December 2020 was 90.5p (31 December 2019: 114.5p) and the range during the year was 57.5p to 128.5p (year to 31 December 2019: 92.5p to 160.0p).

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) in conformity with the requirements of the Companies Act 2006 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 IFRS in conformity with the requirements of the Companies Act 2006; 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 31st December 2020 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 their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 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 have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended; and
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, as applied in accordance with the provisions 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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

In addition to those matters set out in the "Key audit matters" section below, we identified going concern of the Group and of the Parent Company as a key audit matter. This key audit matter has been raised specifically in regard to the Covid-19

pandemic and the impact it has had on the operations and results of the Group and of the Parent Company. 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 a going concern basis of preparation of the financial statements is appropriate (refer to note 2.1 in the financial statements).

Our audit procedures to evaluate the Directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern;
- Evaluating the key assumptions used and judgements applied by the Directors in forming their conclusions on going concern;
- Examining the headroom between the available and required cash resources of the Group under the base case forecasts and evaluating whether the Directors' conclusion that liquidity headroom remained was reasonable; and
- Reviewing the appropriateness of the Directors' disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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.

The matters set out on the next two pages are in addition to going concern which, as set out in the "Conclusions relating to going concern" section above, was also identified as a key audit matter.

Key audit matter	How our scope addressed this matter
Revenue recognition (Group and Parent Company) Refer to Accounting Policies (Note 2) and Note 5 of the financial statements. There is a presumed significant risk in relation to revenue recognition. We pinpointed this risk to revenue cut off, being the potential to inappropriately shift the timing and basis of revenue recognition. Specifically: • The Parent Company trades exclusively with holding entities within the Group. As these revenues are typically invoiced on a monthly or quarterly basis, the risk principally concerns 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. • Licence fees arise from contractual licensing agreements in place with customers, which licence the use of software systems over a given period of time. These revenues are deferred and subsequently released over the lifetime of a contract. There is a cut off risk in relation to the deferral and subsequent release of such revenues. • Agency, consultancy and valuation fees are contract-based and can be long-term, spanning one or several financial year ends. Accordingly, the risk of revenue recognition primarily concerns cut off.	Our audit procedures included, but were not limited to: • Reconciling intercompany revenues earned by the Parent Company to the corresponding expenditure incurred by other entities within the Group; • For the stocktaking division, focusing on ensuring revenues were recognised immediately after performance of a stock count by performing sample testing which included: – Agreeing sales invoice details to revenues recognised in the general ledger; – Agreeing payments to bank statements; and – For stocktaking revenues recognised either side of the year end, agreeing the ledger details back to customer satisfaction forms, as signed by the customer on the date of the count, to ensure these revenues had been recognised in the correct period; • Agreeing a sample of licence fees to the related contracts in place, and recalculating the deferral and subsequent release of such income to ensure revenues were being recognised in the correct financial year; • For agency, consultancy and valuation fees: – Testing the operating effectiveness of a key control related to matching invoices raised per the job costing software to the revenue recognised within the finance module; and – For a sample of revenue recognised either side of the year end, verifying that the revenue recognised corresponded with the date the related service was provided to the customer. Our observations On the basis of the audit procedures we performed, we are satisfied that revenue has been recognised appropriately.
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 the carrying value of investments in subsidiaries may be impaired and intercompany receivable balances may not be recovered due to a deterioration in financial performance during the year due to Covid-19 related factors. Significant provisions have been made in the past against both investment values and amounts due from subsidiaries. Management perform impairment reviews of all investments held by the Parent Company. Where required, investment values will be impaired. Management regularly assess the recoverability of intercompany receivables. Where recoverability is deemed unlikely, provisions are raised against balances owed. These assessments involve judgement and estimation uncertainty. We therefore identified these areas as a significant risk of material misstatement and a key audit matter.	Our audit procedures included, but were not limited to: • Assessing management's impairment reviews and their conclusions, including whether any adjustments were required to the carrying value of investments based on the three-year subsidiary forecasts included within managements' impairment review; • Assessing the accuracy of management's forecasts by reviewing post year end management accounts; • Carrying 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; and • Understanding, through discussions with management, the workings of provisions against intercompany loans and balances and the need for a provision. Our observations On the basis of the audit procedures we performed, we are satisfied that investments and intercompany receivables are being held at appropriate carrying values.

Independent auditor's report continued

Key audit matter	How our scope addressed this matter
Carrying value of goodwill (Group) Refer to Accounting Policies (Note 2) and Note 26 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 may therefore be impaired due to a deterioration in financial performance during the year due to Covid-19 related factors. Management produce an annual board paper to support the carrying value of goodwill or any impairment they consider necessary. This has been based upon a 3-year forecast, a long-term growth rate and discount rates. The value in use calculations involve judgement and estimation uncertainty. We therefore identified the valuation of goodwill as a significant risk of material misstatement and a key audit matter.	Our audit procedures included, but were not limited to: • Reviewing the annual board paper produced by management, including forecasts and calculations supporting the carrying value of goodwill; • Assessing the key assumptions in the board paper, including revenue growth rates and projections; • Reviewing the sensitivity analysis performed by management to ensure it was sufficiently robust and modelled reasonably possible scenarios; and • Ensuring information used in management's impairment assessment was consistent with that used by the Directors in their going concern assessment. Our observations On the basis of the audit procedures we performed, we are satisfied that goodwill is being held at an appropriate carrying value at the year end.

Our application of materiality and an overview of the scope of our audit

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	£316,680
How we determined it	1% of Total Revenues
Rationale for benchmark applied	We used total revenues as a benchmark because it is the most stable measure which best represents the underlying trading activities of the Group and is a key metric to users of the financial statements.
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 £221,676 was applied.
Reporting threshold	We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £9,500 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Parent Company	
Overall materiality	£309,330
How we determined it	1% 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 exclusively to within the 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 £216,531 was applied.
Reporting threshold	We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £9,280 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the Directors made subjective judgements, such as making assumptions on significant accounting estimates.

We tailored the scope of our 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 and Parent Company, their environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

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, of the Group's 26 reporting components, 18 were subject to full scope audits for Group purposes. For 8 components, we performed desktop analytical procedures to assess whether there were any significant risks of material misstatement within these entities. These procedures were performed by the Group audit team.

At the Parent Company 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 2020 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 the 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 53, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Group and the Parent Company and their industry, we identified the principal risks of non-compliance with laws and regulations related to the Bribery Act, Modern Slavery Act, health and safety regulation, employment regulation, UK GDPR, non-compliance with implementation of government support schemes relating to Covid-19 and, for certain components in the Group, breaches of regulatory requirements of the FCA or of duties to report on payment practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006 and UK tax legislation.

We evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, the presumed risk of fraud in revenue recognition (which we pinpointed to the cut-off assertion in specific revenue streams), as well as significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Directors and management their policies and procedures regarding compliance with laws and regulations.
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and the Parent Company which were contrary to the applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under “Key audit matters” within this report.

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

16 April 2021

Consolidated income statement

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue	5	42,224	78,041
Other income – government grants	6	8,182	–
Employee benefit expenses	7	(40,338)	(53,754)
		10,068	24,287
Impairment (charge)/reversal	22	(120)	22
Gain on sale and leaseback of property	29	–	1,531
Other operating expenses		(14,303)	(20,069)
Operating (loss)/profit before restructuring costs		(4,355)	5,771
Restructuring costs	8	(672)	–
Operating (loss)/profit post restructuring costs		(5,027)	5,771
Finance costs	9	(1,316)	(1,351)
Finance income	9	4	2
Total finance costs	9	(1,312)	(1,349)
(Loss)/profit before tax	10	(6,339)	4,422
Taxation	11	1,277	(409)
(Loss)/profit after tax		(5,062)	4,013
(Loss)/profit for the period after tax attributable to:			
Equity shareholders of the parent		(5,062)	4,013
Earnings per share attributable to equity holders – pence			
Basic	13	(19.32)	15.30
Diluted	13	(19.32)	14.87

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 2020

	Note	2020 Total £'000	2019 Total £'000
(Loss)/profit after tax		(5,062)	4,013
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(34)	(145)
Net other comprehensive losses to be reclassified to profit or loss in subsequent years		(34)	(145)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (losses)/gains on defined benefit plans	28	(8,052)	1,207
Income tax effect		1,770	(205)
Net other comprehensive (losses)/income not being reclassified to profit or loss in subsequent years		(6,282)	1,002
Other comprehensive (losses)/income for the year net of tax		(6,316)	857
Total comprehensive (losses)/income for the year		(11,378)	4,870
Total comprehensive (losses)/income attributable to:			
Equity shareholders of the parent		(11,378)	4,870

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

Consolidated statement of changes in shareholders' equity

As at 31 December 2020

	Share capital £'000	Other reserves £'000	Cumulative translation reserve £'000	Retained earnings £'000	Total equity £'000
For the year ended 31 December 2019					
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)

	Share capital £'000	Other reserves £'000	Cumulative translation reserve £'000	Retained earnings £'000	Total equity £'000
For the year ended 31 December 2020					
Balance at 1 January 2020	531	5,443	620	(6,628)	(34)
Loss for the year after tax	–	–	–	(5,062)	(5,062)
Items that will not be reclassified subsequently to profit or loss	–	–	–	(6,282)	(6,282)
Items that may be reclassified subsequently to profit or loss	–	–	(34)	–	(34)
Total comprehensive losses for the year	–	–	(34)	(11,344)	(11,378)
Movement in respect of employee share scheme	–	(27)	–	–	(27)
Employee share option scheme – value of services provided	–	46	–	–	46
Dividends paid	–	–	–	–	–
Balance at 31 December 2020	531	5,462	586	(17,972)	(11,393)

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

Consolidated statement of financial position

At 31 December 2020

	Note	2020 £'000	2019 £'000
Assets			
Non-current assets			
Intangible assets – Goodwill	14	1,855	1,810
Intangible assets – Other	15	1,038	1,243
Property, plant and equipment	16	1,819	1,557
Right-of-use assets	17	5,774	6,649
Deferred tax assets	19	5,114	2,649
Other receivables	20	2,263	1,901
		17,863	15,809
Current assets			
Inventories	21	24	35
Trade and other receivables	22	10,624	14,914
Current tax assets		976	240
Cash and cash equivalents	23	10,284	9,807
		21,908	24,996
Total assets		39,771	40,805
Equity			
Share capital	24	531	531
Other reserves	25	5,462	5,443
Cumulative translation reserve	26	586	620
Retained earnings	26	(17,972)	(6,628)
Total equity		(11,393)	(34)
Liabilities			
Non-current liabilities			
Trade and other payables	27	50	464
Retirement benefit obligations	28	20,136	12,011
Lease liabilities	29	7,999	8,737
Borrowings	30	3,000	–
Provisions	31	1,004	590
		32,189	21,802
Current liabilities			
Trade and other payables	27	13,316	11,574
Lease liabilities	29	1,296	1,122
Current tax liabilities		–	43
Borrowings	30	3,206	5,055
Provisions	31	1,157	1,243
		18,975	19,037
Total liabilities		51,164	40,839
Total equity and liabilities		39,771	40,805

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 16 April 2021.

D B Rugg
Chairman & Chief Executive

S J Hawkins
Group Finance Director

Consolidated statement of cash flows

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Cash flow from operating activities			
Cash generated from operations	33	2,503	6,535
Interest paid		(1,081)	(992)
Tax paid		(197)	(361)
Net cash generated from operating activities		1,225	5,182
Cash flow from investing activities			
Purchase of property, plant and equipment		(899)	(540)
Proceeds from sale of property, plant and equipment		15	5,082
Intangible asset expenditure		(184)	(326)
Interest received		4	2
Net cash generated (used in)/from investing activities		(1,064)	4,218
Cash flow from financing activities			
Proceeds from bank loan		6,000	–
Repayment of bank loan		(1,000)	(653)
Repayment of other loan		(910)	–
(Repayment)/drawdown of invoice finance		(476)	37
Repayment of lease liabilities		(825)	(1,596)
Dividends paid		–	(790)
Net cash generated/(used in) financing activities		2,789	(3,002)
Net increase in cash		2,950	6,398
Cash and cash equivalents at beginning of year		6,625	201
Exchange gains on Euro bank accounts		(10)	26
Cash and cash equivalents at end of year	23	9,565	6,625

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

Company statement of changes in shareholders' equity

As at 31 December 2020

	Share capital £'000	Other reserves £'000	Retained earnings £'000	Total equity £'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 year	–	–	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

	Share capital £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
For the year ended 31 December 2020				
Balance at 1 January 2020	531	3,678	4,980	9,189
Loss for the year after tax	–	–	(728)	(728)
Items that will not be reclassified subsequently to profit or loss	–	–	(245)	(245)
Total comprehensive losses for the year	–	–	(973)	(973)
Movement in respect of employee share scheme	–	22	–	22
Employee share option scheme	–	–	–	–
– value of services provided	–	1	–	1
Dividends paid	–	–	–	–
Balance at 31 December 2020	531	3,701	4,007	8,239

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

Company statement of financial position

As at 31 December 2020

	Note	2020 £'000	2019 £'000
Assets			
Non-current assets			
Intangible assets	15	3	3
Right-of-use assets	17	2,192	2,351
Investments in subsidiaries	18	8,355	7,615
Deferred tax assets	19	400	156
Other receivables	20	2,263	1,901
		13,213	12,026
Current assets			
Trade and other receivables	22	15,091	13,250
Current tax assets		85	–
Cash and cash equivalents	23	2,544	1,480
		17,720	14,730
Total assets		30,933	26,756
Equity			
Share capital	24	531	531
Other reserves	25	3,701	3,678
Retained earnings	26	4,007	4,980
Total equity		8,239	9,189
Liabilities			
Non-current liabilities			
Retirement benefit obligations	28	1,636	1,360
Lease liabilities	29	2,153	2,110
Borrowings	30	3,000	–
Provisions	31	836	473
		7,625	3,943
Current liabilities			
Trade and other payables	27	11,995	10,103
Lease liabilities	29	355	275
Current tax liability		–	64
Borrowings	30	2,719	3,182
		15,069	13,624
Total liabilities		22,694	17,567
Total equity and liabilities		30,933	26,756

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 loss after tax of £728,000 (2019: profit £3,722,000).

These Company financial statements, of Christie Group plc, registered number 01471939, have been approved for issue by the Board of Directors on 16 April 2021.

D B Rugg
Chairman & Chief Executive

S J Hawkins
Group Finance Director

Company statement of cash flows

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Cash flow from operating activities			
Cash (used in)/generated from operations	33	(737)	1,448
Interest paid		(69)	(192)
Tax paid		(150)	17
Net cash (used in)/generated from operating activities		(956)	1,273
Cash flow from investing activities			
Interest received		356	446
Dividend received		–	3,950
Purchase of investment in wholly owned subsidiary		(750)	(3,500)
Net cash (used in)/generated from investing activities		(394)	896
Cash flow from financing activities			
Proceeds from bank loan		6,000	–
Repayment of bank loan		(1,000)	–
Repayment of lease liabilities		(123)	(64)
Dividends paid		–	(790)
Net cash generated/(used in) financing activities		4,877	(854)
Net increase in cash		3,527	1,315
Cash and cash equivalents at beginning of year		(1,702)	(3,017)
Cash and cash equivalents at end of year	23	1,825	(1,702)

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.

The Financial Statements are presented in pounds sterling, the currency of the primary economic environment in which the Company operates and rounded to the nearest £'000.

2. Summary of significant accounting policies

Accounting policies for the year ended 31 December 2020

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 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 2022, 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 2022. 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 Group

Several new standards and amendments apply for the first time in 2020. However, they do not materially impact the annual consolidated financial statements of the Group.

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 2021 or later periods and have not been early adopted.

- IAS 1 (amended) Presentation of Financial Statements (effective 1 January 2022)
- IFRS 17 Insurance contracts (effective 1 January 2023)

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 2020. The results of businesses acquired or disposed of are included from or to the date of acquisition or disposal.

2. Summary of significant accounting policies continued

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 Statement of Comprehensive Income.

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 Statement of Comprehensive Income.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary 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 Statement of Comprehensive Income 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 Statement of Comprehensive Income 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 stand-alone selling prices.

2. Summary of significant accounting policies continued

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 upon 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 Group 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, dependent on the end beneficiary of the brokering arrangement.

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 Group 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.

Government grants

Government grants have been recognised in the consolidated income statement, under the category 'Other income – government grants', as they are received. Government grant income is recognised once grant requirements are fulfilled.

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. Summary of significant accounting policies continued

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 Statement of Comprehensive Income.

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 Statement of Comprehensive Income.

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.

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.

2. Summary of significant accounting policies continued

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 16. 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 three 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 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 Consolidated Income Statement.

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 2020. 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 Consolidated 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. Summary of significant accounting policies continued

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.

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 Statement of Comprehensive Income.

2. Summary of significant accounting policies continued

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 24a. 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 Statement of Comprehensive Income, 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 Consolidated 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 2020, if sterling had strengthened by 10% against the Euro, with all other variables held constant, the post-tax loss for the year would have been £87,000 lower (2019: £97,000 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 (2019: £57,000).

(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 2020, total borrowings by the Group amounted to £6,206,000 (2019: £5,055,000), with additional available unutilised credit facilities at 31 December 2020 of £4,531,000 (2019: £2,068,000). The maturity of financial liabilities is detailed in note 30.

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 2020 were £10,284,000 (2019: £9,807,000).

(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 2020, 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 £19,000 (2019: £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 & cash equivalents, borrowings 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 14.

(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 28, 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 19.

(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 2020 are as follows:

	PFS £'000	SISS £'000	Other £'000	Group £'000
Total gross segment sales	26,320	16,014	3,123	45,457
Inter-segment sales	(110)	–	(3,123)	(3,233)
Revenue	26,210	16,014	–	42,224
Operating loss	(1,863)	(3,164)	–	(5,027)
Finance costs	(824)	(227)	(261)	(1,312)
Loss before tax	(2,687)	(3,391)	(261)	(6,339)
Taxation				1,277
Loss for the year after tax				(5,062)

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

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

Depreciation and amortisation are included in the income statement for the years ended 31 December 2020 and 2019 are as follows:

	PFS £'000	SISS £'000	Other £'000	Group £'000
31 December 2020				
Depreciation and amortisation	913	1,114	127	2,154
31 December 2019				
Depreciation and amortisation	914	1,378	113	2,405

Notes to the consolidated financial statements continued

5. Segment information continued

The segment assets and liabilities at 31 December 2020 and capital expenditure for the year then ended are as follows:

	PFS £'000	SISS £'000	Other £'000	Group £'000
Assets	13,039	6,901	13,741	33,681
Deferred tax assets				5,114
Current tax assets				976
				39,771
Liabilities	26,544	9,271	9,143	44,958
Borrowings				6,206
Current tax liabilities				–
				51,164
Capital expenditure	106	795	182	1,083

The segment assets and liabilities at 31 December 2019 and capital expenditure for the year 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

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.

	2020 £'000	2019 £'000
Revenue		
Europe	42,174	77,632
Rest of the World	50	409
	42,224	78,041

5. Segment information continued

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

	2020 £'000	2019 £'000
Total segment assets		
Europe	39,719	40,738
Rest of the World	52	67
	39,771	40,805

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

	2020 £'000	2019 £'000
Capital expenditure		
Europe	1,083	866

2020	PFS £'000	SISS £'000	Other £'000	Group £'000
Analysis of revenue by category				
Sale of goods	–	68	–	68
Revenue from services	26,210	15,946	–	42,156
	26,210	16,014	–	42,224

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

6. Other income – government grants

The Group has benefited from the Government support due to the Covid-19 business disruption, utilising the furlough scheme from its commencement which has provided financial assistance towards employee salaries in 2020. During 2020, £8,182,000 (2019: £nil) Government grants have been recognised in the Consolidated Income Statement, under the category Other income – government grants.

7. Employee benefit expenses

Employee costs for the Group during the year	2020 £'000	2019 £'000
Wages and salaries	35,575	46,045
Social security costs	4,061	5,284
Post-employment benefits	1,265	2,354
Other long-term benefits	19	12
Cost of employee share scheme	46	59
	40,966	53,754
Amounts shown in restructuring costs	(628)	–
	40,338	53,754

The pension cost charge represents contributions payable by the Group to the fund and amounted to £680,000 (2019: £856,000).

7. Employee benefit expenses continued

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

	2020 Number	2019 Number
Operational	1,258	2,775
Administration and support staff	278	280
	1,536	3,055

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

	2020 Number	2019 Number
Operational	834	1,034
Administration and support staff	273	273
	1,107	1,307

8. Restructuring costs

	2020 £'000	2019 £'000
Restructuring costs	672	–
	672	–

During the year, the Group incurred restructuring costs of £672,000, including £628,000 of employee related termination costs.

9. Finance costs

	2020 £'000	2019 £'000
Interest payable on bank loans and overdrafts	45	86
Other interest payable	79	98
Interest payable on lease liabilities	976	821
Pension scheme finance costs	216	346
Total finance costs	1,316	1,351
Bank interest receivable	(4)	(2)
Total finance credit	(4)	(2)
Net finance costs	1,312	1,349

10. (Loss)/profit before tax

	2020 £'000	2019 £'000
(Loss)/profit before tax is stated after charging/(crediting):		
Depreciation of property, plant and equipment		
– owned assets	628	666
– right-of-use assets	1,190	1,270
Amortisation of intangible fixed assets	390	469
Profit on sale of property, plant and equipment	(5)	–
Gain on sale and leaseback of property	–	(1,531)
Leases with remaining lease terms of less than 12 months	336	462
Impairment charge/(reversal) of trade receivables	120	(22)
Loss on foreign exchange	28	44

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

11. Taxation

	2020 £'000	2019 £'000
Current tax		
UK corporation tax at 19% (2019: 19%)	(8)	(216)
Foreign tax	(2)	(26)
Adjustment in respect of prior years	(49)	(12)
Losses carried back to previous periods	641	–
Total current tax credit/(charge)	582	(254)
Deferred tax		
Origination and reversal of timing differences	624	(155)
Impact of change in UK corporation tax rate	71	–
Total deferred tax credit/(charge)	695	(155)
Tax credit/(charge) on (loss)/profit on ordinary activities	1,277	(409)

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:

	2020 £'000	2019 £'000
(Loss)/profit before tax	(6,339)	4,422
Tax at standard rate of UK corporation tax at 19% (2019: 19%)	1,204	(840)
Effects of:		
– surrender of tax losses	(109)	–
– net income and expenses not deductible for tax purposes	495	435
– unutilised losses	(974)	1
– foreign tax	(2)	(40)
– foreign tax used against UK tax liability	–	35
– Group losses carried back	641	–
– tax in respect of previous years	(49)	–
– remeasurement of deferred tax due to changes in the UK corporation tax rate	71	–
Total tax charge	1,277	(409)

11. Taxation continued

The corporation tax rate for the year ended 31 December 2020 was 19% (2019: 19%). The corporation tax rate of 19% was enacted with effect from 1 April 2017 and the Finance Act 2016 legislated the UK corporation tax rate to decrease to 17% with effect from 1 April 2020. However, on 17 March 2020, using the Provisional Collection of Taxes Act 1968, the UK Government cancelled the proposed drop in corporation tax rate to 17%.

12. Dividends

A dividend in respect of the year ended 31 December 2020 of 0.00p per share (2019: 0.00p), amounting to a total dividend of £nil (2019: £nil) is to be proposed at the Annual General Meeting on 16 June 2021.

In the year, the Group paid an interim dividend of 0.00p per share (2019: 1.25p) totalling £nil (2019: £326,000).

13. 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.

	2020 £'000	2019 £'000
(Loss)/profit attributable to equity holders of the Company	(5,062)	4,013
	Thousands	Thousands
Weighted average number of ordinary shares in issue	26,220	26,220
Adjustment for share options	843	755
Weighted average number of ordinary shares for diluted earnings per share	27,063	26,975
	Pence	Pence
Basic earnings per share	(19.32)	15.30
Diluted earnings per share	(19.32)	14.87

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.

14. Intangible assets – goodwill

Group	Total €'000
Cost	
At 1 January 2020	1,810
Foreign currency translation effects	45
At 31 December 2020	1,855

Group	Total €'000
Cost	
At 1 January 2019	1,856
Foreign currency translation effects	(46)
At 31 December 2019	1,810

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 2020 are as follows:

	PFS €'000	SISS €'000
Goodwill	178	1,677

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 three 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 three-year period extrapolated using estimated long-term growth rates. Additionally, these value-in-use calculations were stress tested on a more prudent basis (assuming a mixture of 50% or 90% of revenue growth dependent upon the relevant CGU) 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

15. Intangible assets – other

Group	Trademarks £'000	Software £'000	Total £'000
Cost			
At 1 January 2020	86	2,886	2,972
Additions	1	183	184
Disposals	–	(6)	(6)
At 31 December 2020	87	3,063	3,150
Accumulated amortisation			
At 1 January 2020	25	1,704	1,729
Charge for the year	10	379	389
Disposals	–	(6)	(6)
At 31 December 2020	35	2,077	2,112
Net book amount at 31 December 2020	52	986	1,038

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

Company	2020 £'000	2019 £'000
Cost		
At 1 January	3	3
Additions	–	–
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.

16. 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 2020	–	51	5,383	5,434
Additions	–	–	899	899
Disposals	–	–	(79)	(79)
At 31 December 2020	–	51	6,203	6,254
Accumulated depreciation				
At 1 January 2020	–	45	3,832	3,877
Charge for the year	–	2	626	628
Disposals	–	–	(70)	(70)
At 31 December 2020	–	47	4,388	4,435
Net book amount at 31 December 2020	–	4	1,815	1,819

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

Notes to the consolidated financial statements continued

17. Right-of-use assets

Group	Leasehold property £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January 2020	8,461	2,356	10,817
Additions	158	108	266
Disposals	(137)	(995)	(1,132)
Foreign currency translation effect	70	16	86
At 31 December 2020	8,552	1,485	10,037
Accumulated depreciation			
At 1 January 2020	2,705	1,463	4,168
Charge for the year	708	482	1,190
Disposals	(137)	(995)	(1,132)
Foreign currency translation effect	25	12	37
At 31 December 2020	3,301	962	4,263
Net book amount at 31 December 2020	5,251	523	5,774

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 – leasehold property	2020 £'000	2019 £'000
Cost		
At 1 January	2,391	–
Additions	–	2,391
Disposals	–	–
At 31 December	2,391	2,391
Accumulated depreciation		
At 1 January	40	–
Charge for the year	159	40
At 31 December	199	40
Net book amount at 31 December	2,192	2,351

18. Investments in subsidiaries

Company	Total €'000
Cost	
At 1 January 2020	11,201
Additions	750
At 31 December 2020	11,951
Provision for impairment	
At 1 January 2020	(3,586)
Charge for the year	(10)
At 31 December 2020	(3,596)
Net book amount at 31 December 2020	8,355

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

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

Subsidiary undertakings

At 31 December 2020, 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

Notes to the consolidated financial statements continued

18. Investments in subsidiaries continued

Company	Principal place of business and country of incorporation	Registered address (***)	Ownership	Nature of business
Christie & Co Austria GmbH (*)	Austria	Stallburggasse 2/3a, 1010 Vienna, Austria	100%	Business valuers, surveyors and agents
Christie Group Central Services Limited	UK	Pinder House, 249 Upper Third Street, Milton Keynes, Buckinghamshire, MK9 1DS	100%	Other professional activities
Pinders Professional & Consultancy Services Ltd	UK	Pinder House, 249 Upper Third Street, Milton Keynes, Buckinghamshire, MK9 1DS	100%	Business appraisers
Christie Financial Services Ltd	UK	Whitefriars House, 6 Carmelite Street, London, EC4Y 0BS	100%	Holding company
RCC Business Mortgage Brokers 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

18. Investments in subsidiaries continued

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

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

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

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

(**) The place of business of Ridgescop Limited is Benelux and France.

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

19. 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	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Deferred tax assets comprise:				
Decelerated capital allowances	41	73	–	–
Losses not yet utilised	691	137	263	93
Short-term timing differences	556	397	(174)	(168)
Deferred tax asset/(liability)	1,288	607	89	(75)
Deferred tax asset on pension	3,826	2,042	311	231
At 31 December	5,114	2,649	400	156

Movements in the deferred tax assets:

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
At 1 January	2,649	3,009	156	247
Credited/(charged) to income statement	695	(155)	153	(91)
Credited/(charged) to other comprehensive income	1,770	(205)	91	–
At 31 December	5,114	2,649	400	156

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.

20. Other receivables

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Non-current assets				
Restricted access financial assets	2,263	1,901	2,263	1,901

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.

21. Inventories

	2020 £'000	2019 £'000
Group		
Finished goods and goods for resale	24	35

22. Trade and other receivables

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade receivables	4,985	8,922	–	11
Less: provision for impairment of trade receivables	(681)	(561)	–	–
Amounts owed by Group undertakings	–	–	15,388	13,119
Less: provision for impairment of amounts owed by Group undertakings	–	–	(1,041)	(827)
Other debtors	2,930	1,512	398	390
Prepayments and accrued income	3,390	5,041	346	557
	10,624	14,914	15,091	13,250

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

Notes to the consolidated financial statements continued

22. Trade and other receivables continued

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

	2020 £'000	2019 £'000
Provision at 1 January	561	583
Amounts provided in previous period not utilised	(120)	(173)
Provided in the period	240	151
Impairment/(reversal) recognised in the consolidated income statement	120	(22)
Provision at 31 December	681	561
Amounts written off in the year	–	–

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

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

	2020 £'000	2019 £'000
Not overdue	2,064	5,309
Amounts past due:		
← 1 month	1,456	1,850
1 – 3 months	678	803
3 – 6 months	227	510
6 – 12 months	337	306
→ 1 year	223	144
Amounts past due	2,921	3,613
Trade receivables	4,985	8,922
Provision for impairment of trade receivables	(681)	(561)
Amounts past due but not impaired	2,240	3,052

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 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	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Sterling	9,114	12,604	15,091	13,250
Euros	1,489	2,268	–	–
Other	21	42	–	–
	10,624	14,914	15,091	13,250

23. Cash and cash equivalents

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cash at bank and in hand	10,284	9,807	2,544	1,480

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

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cash and cash equivalents	10,284	9,807	2,544	1,480
Bank overdrafts	(719)	(3,182)	(719)	(3,182)
	9,565	6,625	1,825	(1,702)

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 2020 the ultimate parent undertaking had utilised bank overdrafts to the value of £719,000 (2019: £3,182,000).

24. Share capital

	2020		2019	
	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 2020, the total payments by the Company to the ESOP to finance the purchase of ordinary shares were £3,302,000 (2019: £3,081,000). This figure is inclusive of shares purchased and subsequently issued to satisfy employee share awards. The market value at 31 December 2020 of the ordinary shares held in the ESOP was £307,000 (2019: £324,000). The investment in own shares represents 339,000 shares (2019: 283,000) with a nominal value of 2p each.

24. Share capital continued

24a. Share-based payments

Certain employees hold options to subscribe for shares in the Company at prices ranging from 58.5p to 138.5p under share option schemes for the period from September 2011 to November 2020.

The remaining options outstanding under approved schemes (unapproved options marked *) at 31 December 2020 are shown below:

Number of shares		Option exercise price	Date granted	Option exercise period
2020	2019			
–	16,000	46.5p	May 2010	May 2013 – May 2020
20,000	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
20,000	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
142,176	152,176	127.5p	May 2015	May 2018 – May 2025
264,190	264,190	127.5p	*May 2015	May 2018 – May 2025
36,000	46,000	138.5p	Sep 2015	Sep 2018 – Sep 2025
80,000	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
28,000	31,000	88.5p	May 2017	May 2020 – May 2027
–	–	88.5p	*May 2017	May 2020 – May 2027
61,501	61,501	113.5p	Oct 2017	Oct 2020 – Oct 2027
52,499	52,499	113.5p	*Oct 2017	Oct 2020 – Oct 2027
84,000	98,000	133.0p	May 2018	May 2021 – May 2028
23,000	23,000	133.0p	*May 2018	May 2021 – May 2028
12,000	22,000	106.5p	Oct 2018	Oct 2021 – Oct 2028
6,000	6,000	106.5p	*Oct 2018	Oct 2021 – Oct 2028
15,000	15,000	98.5p	Apr 2019	Apr 2022 – May 2029
94,000	111,000	97.5p	May 2019	May 2022 – May 2029
6,000	6,000	97.5p	*May 2019	May 2022 – May 2029
3,000	16,000	95.0p	Oct 2019	Oct 2022 – Oct 2029
6,000	6,000	95.0p	*Oct 2019	Oct 2022 – Oct 2029
108,000	–	76.0p	Nov 2020	Nov 2023 – Nov 2030
19,000	–	76.0p	*Nov 2020	Nov 2023 – Nov 2030
1,384,366	1,373,366			

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 and the performance conditions attached to the options being achieved.

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 67.0p to 127.0p.

24. 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:

	2020	2019
Share price at grant date	58.5 – 157.0	46.5p – 157.0p
Exercise price	58.5 – 138.5	46.5p – 138.5p
Expected volatility	29.5% – 82.9%	29.6% – 82.9%
Expected life	3 – 5 years	3 – 5 years
Risk free rate	0.0% – 1.6%	0.3% – 2.3%
Dividend yield	0.0% – 3.2%	0.7% – 3.2%
Fair value per option	12.9p – 100.6p	12.9p – 100.6p

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 2020 is shown below:

	2020		2019	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	1,373,366	109.26p	1,498,366	102.16p
Granted	127,000	76.72p	154,000	99.07p
Exercised	(23,000)	50.15p	(101,000)	47.66p
Forfeited	(93,000)	112.56p	(73,000)	118.81p
Expired	–	–	(105,000)	45.67p
Outstanding at 31 December	1,384,366	108.87p	1,373,366	109.26p
Exercisable at 31 December	1,008,366	109.01p	925,366	96.70p

Excluding SAYE schemes there were 23,000 share options exercised during the year (2019: 101,000). The weighted average share price at the date of exercise of these options was 73.82p (2019: 94.28p). The total charge for the year relating to employee share-based payment plans was £46,000 (2019: £60,000), all of which related to equity-settled share-based payment transactions. The weighted average remaining contractual life of share options outstanding at 31 December 2020 was 5.47 years (2019: 6.05 years).

Notes to the consolidated financial statements continued

25. Other reserves

Group	Share premium £'000	Share-based payments £'000	Own shares £'000	Capital redemption reserve £'000	Other reserves £'000
At 1 January 2020	4,831	926	(324)	10	5,443
Employee share option scheme: value of services provided	–	46	–	–	46
Movement in respect of employee share scheme	–	(10)	(17)	–	(27)
At 31 December 2020	4,831	962	(341)	10	5,462

Group	Share premium £'000	Share-based payments £'000	Own shares £'000	Capital redemption reserve £'000	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

Company	Share premium £'000	Share-based payments £'000	Own shares £'000	Capital redemption reserve £'000	Other £'000	Other reserves £'000
At 1 January 2020	4,831	(928)	(324)	10	89	3,678
Employee share option scheme: value of services provided	–	1	–	–	–	1
Movement in respect of employee share scheme	–	39	(17)	–	–	22
At 31 December 2020	4,831	(888)	(341)	10	89	3,701

Company	Share premium £'000	Share-based payments £'000	Own shares £'000	Capital redemption reserve £'000	Other £'000	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

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.

26. 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.

27. Trade and other payables

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Current				
Trade payables	2,568	2,487	1,310	1,270
Amounts owed to Group undertakings	–	–	8,166	6,243
Other taxes and social security	6,358	3,398	1,625	1,335
Other creditors	505	1,179	145	473
Accruals and deferred income	3,885	4,510	749	782
	13,316	11,574	11,995	10,103

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Contributions totalling £277,000 (2019:£167,000) were payable to the fund at the Statement of Financial Position date.

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Non-current				
Accruals	50	464	–	–
	50	464	–	–

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	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Sterling	12,425	10,995	11,995	10,103
Euros	863	943	–	–
Other	78	100	–	–
	13,366	12,038	11,995	10,103

28. Retirement benefit obligation

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

	2020 £'000	2019 £'000
United Kingdom	20,136	12,011

United Kingdom

The obligation outstanding of £20,136,000 (2019: £12,011,000) includes £1,449,000 (2019: £1,324,000) payable to David Rugg by Christie Group plc, and £18,687,000 (2019: £10,687,000) 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 credit 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.

	2020 £'000	2019 £'000
Present value of obligations	88,510	79,030
Fair value of plan assets	(68,374)	(67,019)
Liability in the statement of financial position	20,136	12,011

The principal actuarial assumptions used were as follows:

	2020 %	2019 %
Discount rate	1.40	2.05
Inflation rate	2.95	2.95
Future salary increases	1.00 – 2.00	1.00 – 2.00
Future pension increases	2.10 – 3.30	2.10 – 3.30

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:

	2020 Years	2019 Years
Male	22.4 – 23.1	21.3 – 21.9
Female	24.6 – 24.7	23.2 – 23.6

28. Retirement benefit obligation continued

The movement in the defined benefit obligation is as follows:

	2020 £'000	2019 £'000
At 1 January	79,030	71,454
Interest cost	1,558	1,946
Current service cost	375	386
Benefits paid	(3,933)	(1,664)
Actuarial losses on assumption changes	9,908	7,159
Actuarial losses/(gains) on experience	1,572	(251)
At 31 December	88,510	79,030
Attributable to:		
Present value of funded obligations	68,374	67,019
Present value of unfunded obligations	20,136	12,011
	88,510	79,030

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

	2020 £'000	2019 £'000
At 1 January	67,019	57,335
Return on plan assets less interest income	3,428	8,116
Net interest income	1,342	1,605
Employee contributions	86	105
Employer contributions	377	1,469
Benefits paid	(3,878)	(1,611)
At 31 December	68,374	67,019

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

	2020 £'000	2019 £'000
Current service cost	375	386
Total included in employee benefit expenses	375	386
Net interest cost	216	346
Total included in finance costs	216	346
Actuarial losses/(gains)	8,052	(1,207)
Total included in other comprehensive losses/(income)	8,052	(1,207)

28. Retirement benefit obligation continued

Plan assets are comprised as follows:

	2020			2019		
	Quoted* £'000	Unquoted £'000	Total £'000	Quoted* £'000	Unquoted £'000	Total £'000
Equity	46,194	–	46,194	44,548	–	44,548
Debt	–	11,638	11,638	–	11,355	11,355
Property**	–	3,289	3,289	–	3,084	3,084
Other	–	7,253	7,253	–	8,032	8,032
	46,194	22,180	68,374	44,548	22,471	67,019

* Plan assets are held in unit trusts.

** Property assets include Whitefriars House, a leasehold property owned by Carmelite Property Ltd (see note 34).

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.

28. Retirement benefit obligation continued

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	(8.30%)	9.40%
Salary growth rate	0.50%	0.10%	(0.20%)
Pension growth rate	0.25%	3.30%	(3.20%)
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy		4.10%	(4.10%)

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

Expected Company contributions to UK post retirement benefit schemes for the year ending 31 December 2020 are Enil.

The weighted average duration of the defined benefit obligation is 17.5 years (2019: 18.0 years).

Expected maturity analysis of undiscounted pension benefits:

As at 31 December 2020	Less than 1 year £'000	Between 1-2 years £'000	Between 2-5 years £'000	Over 5 years £'000	Total £'000
Pension benefits	2,053	2,334	7,719	104,203	116,309

Company

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

	2020 £'000	2019 £'000
Beginning of the year	(1,360)	(1,534)
Expenses included in income statement	(12)	(7)
Employer contributions	16	194
Pension paid	55	54
Actuarial losses	(335)	(67)
End of the year	(1,636)	(1,360)

Notes to the consolidated financial statements continued

29. Lease liabilities

At 31 December 2020, the Group has liabilities under lease agreements for the leased assets disclosed in note 17. The maturity of these liabilities is as follows:

Group	2020 £'000	2019 £'000
Undiscounted lease liabilities		
Due within 1 year	1,801	2,030
Due between 1 and 5 years	5,660	5,438
Due after 5 years	8,342	9,809
Total undiscounted lease payments	15,803	17,277
Interest component	(6,508)	(7,418)
Lease liabilities	9,295	9,859
Current	1,296	1,122
Non-current	7,999	8,737

The following are the amounts recognised in the income statement:

Group	2020 £'000	2019 £'000
Depreciation expense of right-of-use assets	1,190	1,270
Interest expense on lease liabilities	957	821
Expense relating to short-term leases	336	462
Total amount recognised in the income statement	2,483	2,553

The maturity of these liabilities is as follows:

Company	2020 £'000	2019 £'000
Undiscounted lease liabilities		
Due within 1 year	355	303
Due between 1 and 5 years	1,725	1,212
Due after 5 years	2,284	2,966
Total undiscounted lease payments	4,364	4,481
Interest component	(1,858)	(2,096)
Lease liabilities	2,506	2,385
Current	355	275
Non-current	2,151	2,110

The table below shows the maturity of lease liabilities.

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Due less than 1 year	1,296	1,122	355	275
Due 1 – 2 years	1,119	1,063	355	275
Due 2 – 5 years	2,440	2,380	1,066	825
Due over 5 years	4,440	5,294	730	1,010
Total lease liabilities	9,295	9,859	2,506	2,385

30. Borrowings

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Non-current				
Bank loan	3,000	–	3,000	–
	3,000	–	3,000	–
Current				
Bank overdrafts	719	3,182	719	3,182
Bank loan	2,000	–	2,000	–
Other borrowings	–	910	–	–
Invoice finance (secured against debtors)	487	963	–	–
	3,206	5,055	2,719	3,182
Total borrowings	6,206	5,055	5,719	3,182

On the 1 June 2020, the Group drew down a £6.0m CLBILS loan and this is repayable over 36 months on a monthly linear basis. Interest is accrued on a straight-line basis.

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	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Due less than 1 year	3,206	5,055	2,719	3,182
Due 1 -2 years	2,000	–	2,000	–
Due 2 – 5 years	1,000	–	1,000	–
Due over 5 years	–	–	–	–
Total borrowings	6,206	5,055	5,719	3,182

31. Provisions

Group	Employee benefits £'000	Dilapidations and other £'000	Total £'000
At 1 January 2020	1,186	647	1,833
Provided in the year	68	396	464
Released in the year	(136)	–	(136)
At 31 December 2020	1,118	1,043	2,161

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

Notes to the consolidated financial statements continued

31. Provisions continued

Analysis of total provisions:	2020 £'000	2019 £'000
Non-current	1,004	590
Current	1,157	1,243
	2,161	1,833

Company	Dilapidations and other £'000	Total £'000
At 1 January 2020	473	473
Provided in the year	363	363
At 31 December 2020	836	836

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

Analysis of total provisions:	2020 £'000	2019 £'000
Non-current	836	473
	836	473

(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 1 to 15 years. Discounting of these benefits is not considered to be material.

32. Financial instruments

The Group has the following financial instruments:

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Assets				
Other receivables	2,263	1,901	2,263	1,901
Trade and other receivables	7,234	9,873	14,745	12,693
Cash and cash equivalents	10,284	9,807	2,544	1,480
	19,781	21,581	19,552	16,074

32. Financial instruments continued

	Group		Company	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Liabilities				
Lease liabilities	9,295	9,859	2,508	2,385
Trade and other payables	7,008	8,460	10,370	8,768
Borrowings	6,206	5,055	5,719	3,182
	22,509	23,374	18,597	14,335

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

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

	Group		Company	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
(Loss)/profit for the year after tax	(5,062)	4,013	(728)	3,722
Adjustments for:				
Taxation	(1,277)	409	154	–
Finance costs	1,096	1,000	357	250
Interest received	–	–	(351)	(425)
Dividends received	–	–	–	(3,950)
Depreciation	1,818	1,936	159	–
Amortisation of intangible assets	390	469	–	–
Impairment of investments in subsidiaries	–	–	(10)	–
Profit on sale of property, plant and equipment	(5)	(1,531)	–	–
Increase in provisions	328	504	363	169
Foreign currency translation	45	12	–	–
Share option charge	46	59	1	1
Movement in retirement benefit obligation	(143)	(900)	(63)	(240)
Movement in non-current other receivables	(362)	12	(362)	281
Movement in working capital:				
Decrease/(increase) in inventories	11	(6)	–	–
Decrease/(increase) in trade and other receivables	4,290	(54)	(1,841)	(166)
Increase in trade and other payables	1,328	612	1,892	1,806
Cash generated from operations	2,503	6,535	(737)	1,448

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

Group In €'000	Bank overdraft	Bank loan	Other loans and borrowings	Invoice finance	Lease liabilities	Total
Balance at 1 January 2020	3,182	–	910	963	9,859	14,914
Proceeds from borrowings	–	6,000	–	–	–	6,000
Repayment of borrowings	–	(1,000)	(910)	(476)	–	(2,386)
Net lease liabilities movement	–	–	–	–	(825)	(825)
Total changes from financing cash flows	–	5,000	(910)	(476)	(825)	2,789
Liability related						
Change in bank overdraft	(2,463)	–	–	–	–	(2,463)
Interest expense	3	38	6	26	957	1,030
Interest paid	(3)	(38)	(6)	(26)	(696)	(769)
Total liability related other changes	(2,463)	–	–	–	261	(2,202)
Balance at 31 December 2020	719	5,000	–	487	9,295	15,201

Notes to the consolidated financial statements continued

33. Notes to the cash flow statement continued

Group In £'000	Bank overdraft	Other 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

Company In £'000	Bank overdraft	Bank loan	Lease liabilities	Total
Balance at 1 January 2020	3,182	–	2,385	5,567
Proceeds from borrowings	–	6,000	–	6,000
Repayment of borrowings	–	(1,000)	–	(1,000)
Net lease liabilities movement	–	–	(115)	(115)
Total changes from financing cash flows	–	5,000	(115)	4,885
Liability related				
Change in bank overdraft	(2,463)	–	–	(2,463)
Interest expense	3	38	238	279
Interest paid	(3)	(38)	–	(41)
Total liability related other changes	(2,463)	–	238	(2,225)
Balance at 31 December 2020	719	5,000	2,508	8,227

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

The bank overdraft is held for cash management purposes.

Details of other loans and borrowings are set out in note 30.

34. 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 50, 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:

	2020 £'000	2019 £'000
Directors' remuneration per Remuneration Committee report	1,270	2,197
Employers' NI	211	251
Total remuneration	1,481	2,448
	2020 £'000	2019 £'000
Dividends paid to Directors	–	124

The income statement charge in respect of share options held by Directors is £3,000 (2019: £3,000).

Company

Transactions with Group undertakings:

	2020 £'000	2019 £'000
Provision of services	5,453	5,066
Purchase of services	1,457	1,524

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 22 and 27.

See note 22 for provisions against amounts due from Group undertakings.

During the period, rental costs of £478,000 (2019: £468,000) were payable 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.

35. Contingent liabilities

On 6 November 2020, HMRC confirmed the closure of their National Minimum Wage (NMW) enquiry which had been ongoing since July 2019 in relation to one trading subsidiary within the Group. The closure notice issued by HMRC confirmed that (i) they had not identified any instances of underpayment of NMW, (ii) that no further action was required by the subsidiary in question, and (iii) that the enquiry was therefore now closed. As reported previously, the particular subsidiary which was the subject to the enquiry had been subject to two previous enquiries in 2015 and 2017, both of which had also concluded with confirmation of compliance, having reviewed records from 2009 onwards.

Five-year record

Consolidated income statement

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Revenue	42,224	78,041	76,090	71,635	64,488
Operating (loss)/profit before restructuring items	(4,355)	5,771	4,083	3,768	1,141
Restructuring items	(672)	–	–	–	1,328
Finance costs	(1,312)	(1,349)	(484)	(622)	(625)
(Loss)/profit on ordinary activities before tax	(6,339)	4,422	3,599	3,146	1,844
Taxation	1,277	(409)	(661)	(699)	(537)
(Loss)/profit on ordinary activities after tax	(5,062)	4,013	2,938	2,447	1,307
Non-controlling interest	–	–	(18)	49	116
(Loss)/profit attributable to equity holders of the parent	(5,062)	4,013	2,956	2,496	1,423
Earnings per share					
Basic	(19.32)	15.30p	11.23p	9.47p	5.41p
Dividends per ordinary share (payable in respect of the year)	0.00p	1.25p	3.00p	2.75p	2.50p

Consolidated statement of financial position

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Non-current assets	17,863	15,809	11,829	11,960	12,632
Current assets	21,908	24,996	19,701	19,594	15,250
Non-current liabilities	(12,053)	(9,791)	(1,205)	(1,792)	(1,678)
Current liabilities	(18,975)	(19,037)	(18,586)	(19,323)	(16,525)
	8,743	11,977	11,739	9,646	8,886
Retirement benefit obligations	(20,136)	(12,011)	(14,119)	(14,241)	(18,106)
Net liabilities	(11,393)	(34)	(2,380)	(4,595)	(9,220)

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-2020

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
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	Wednesday
6 Carmelite Street	16 June 2021
London EC4Y 0BS	at 10:00am

Announcements

Half year results for 2021	September 2021
Preliminary full year results for 2021	April 2022

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 email should, in the first instance, be directed to:

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

- By phone – You may call Link on 0371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. 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 Group 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 when resolutions are put to shareholders.
- 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 Group Shareholders Helpline, either:

- By phone – You may call Link on 0371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. 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 Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL.

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

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Christie & Co

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Christie Finance

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

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	Bristol T: +44 (0) 117 946 8502 E: bristol@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
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Nottingham T: +44 (0) 115 945 4712 E: nottingham@christiefinance.com	Winchester T: +44 (0) 1962 844 455 E: winchester@christiefinance.com		

Christie Insurance

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