

Aspiring to new heights

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Christie Group provides a portfolio of over 80 professional services for the leisure, retail and care 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 Business Services

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

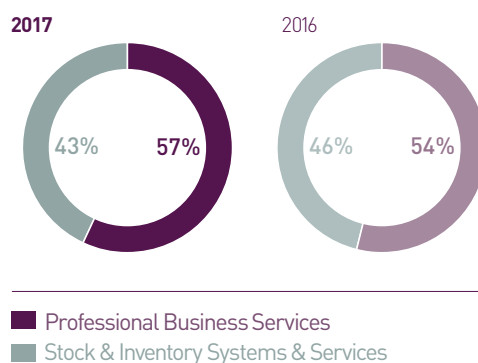
Stock & Inventory Systems & Services

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

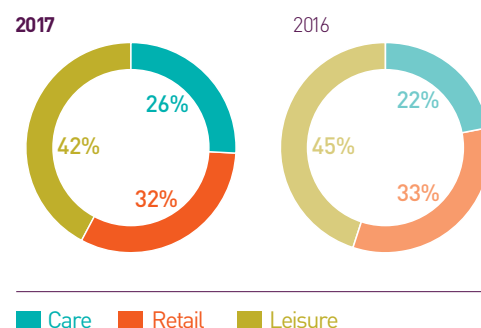
Highlights of the year

- Revenue growth of 11.1% to £71.6m (2016: £64.5m)
- Operating profit of £3.8m (2016: £1.1m before exceptional items)
- Earnings per share of 9.47p per share (2016: 5.41p per share)
- Total dividend for the year increased to 2.75p per share (2016: 2.50p per share)
- Strong recovery in revenue and operating profit from the PBS division, with revenue up 15.9% on the prior year
- PBS operating profit up to £5.3m (2016: £1.7m before exceptional items)
- Stronger revenues from Client M&A activity set to continue in 2018
- Challenging year for retail stocktaking within the SISS division
- Improved terms on a number of major contracts should have a marked and positive impact on SISS performance in 2018

Revenue by division



Revenue by sector



Chairman and Chief Executive's review of the year



“Looking ahead, 2018 has started well. We are a Group with the scale, scope and ambition to broaden and deepen its services and profit from its international footprint. We approach the future with energy and enthusiasm.”

Results for the year

We achieved full-year revenue of £71.6m in 2017, an increase of 11% on the prior year (2016: £64.5m). Operating profit before exceptional items, at £3.8m (2016: £1.1m), was broadly in line with expectations and represented a solid recovery to 2015 levels. Earnings per share rose to 9.47p per share (2016: 5.41p per share), an encouraging rebound in performance following the previously referred to disruption to our markets caused by the referendum on the UK's continued membership of the European Union.

The increase in overall revenue was mainly attributable to higher volumes in transaction-related business, but with

simultaneous growth in stocktaking revenue our two main divisions continue to remain well balanced with 57% of our revenues generated by Professional Business Services (“PBS”) and 43% is attributable to Stock and Inventory Systems and Services (“SISS”).

The strong recovery in PBS revenues translated to a much-improved operating profit from the division. Conversely, we continued to deal with some challenges in our SISS division but, having made significant progress in this division in recent months, we are optimistic of its prospects for 2018.

Continuity and change

This is my first report to you since becoming your Chairman in September 2017. Since then we have implemented a board refresh and, whilst retaining continuity amongst the current executive directors, we have sought to bring on board new non-executive directors with appropriate business backgrounds and skills.

It was over 40 years ago that my predecessor as Chairman, Philip Gwyn, assembled a small nucleus of colleagues at Christie & Co, then a small business sales agency. Motivated by a desire to provide clients with the high-quality services they required to acquire and operate their businesses, we developed the diverse international Group that our shareholders own today. The unique nature of Christie Group stands as a tribute to Philip. We appreciate the brilliance and fortitude with which Philip directed our Group and grew the business through recurring business cycles. It is fitting that he has agreed to become our Life President.

I would also like to place on record our gratitude to Pommy Sarwal who has recently stepped down as an independent non-executive director. His incisive



Our Group is built on the strength of its people. Venners' were delighted to be able to deploy a team of twenty five stocktakers to Royal Ascot, helping to make this famous festival of horse racing an even more successful event.

“People are key to our businesses and the services we provide. We recognise that our future success lies in attracting and retaining the best talent.”

advice has made an immense contribution over the past 12 years.

Along with these changes, we have taken the opportunity to refresh the make-up of the board. I now combine both the Chair and Chief Executive functions. Dan Prickett has stepped into the new role of Chief Operating Officer, while Simon Hawkins – formerly Finance Director at Christie & Co, Christie Finance and Christie Insurance – has been promoted to Group Finance Director.

We were also delighted to welcome two new non-executive directors to the board this year who will add fresh perspectives to our deliberations. Hwfa Gwyn joined the board in September as an advocate for shareholder interests. Laurie Benson joined the board in November following an independent selection process. Laurie brings the benefit of three decades in the communications, digital media and technology sector.

The Group Board oversees its constituent businesses as a cooperating portfolio of branded services. The trading businesses operate within a framework set at Group level. The Group Board formulates overall strategy; it seeks to maximise synergies and pursue growth opportunities, as well as safeguard the Group's commercial resilience by maintaining a balanced portfolio and controlling centralised treasury operations.

The subsidiaries maintain strong operational structures, each with their own managing directors, finance directors and senior management.

We are also taking the opportunity to review our professional advisors and in December announced the appointment of Grant Thornton UK LLP as auditors.

We have initiated a strategy review to look afresh at our businesses and our services. This encompasses looking at the niches we dominate or have a strong presence in to ensure that operating margins remain worthwhile, while also identifying available markets that may warrant further investment. As part of this process we have identified management succession in each of our trading businesses.

People are key to our businesses and the services we provide. We commissioned an external review of our recruitment processes. We recognise that our future success lies in attracting and retaining the best talent. Following on from this we will be taking the opportunity to ensure we continue to develop the skills and experiences of future leaders by circulating those throughout the group both through a transfer of employment and on a project basis.

On a related note, we have instigated a review of the training which we carry out in our businesses and the accreditations and qualifications we pursue to ensure that these are best aligned to our business requirements. Equally important is to offer our staff a visible opportunity for career development and progression. We are taking the opportunity to evaluate what financial assistance may be available to us through recouping the apprenticeship levy.

Our outsourced services

Our stocktaking businesses provide an outsourced service for our clients. Given recent press comment on revenue recognition of contracting in the outsourced sector, I am pleased to be able to take this opportunity to clarify that our revenue – whilst invariably contracted – is provided on a per job or per diem basis. We are entitled to invoice the full value of the services provided as and when work has been

carried out and this we do. We hold no outsource contracts where it is necessary to calculate, estimate and apportion revenue and profits across the lifespan of a several years' contract.

Professional Business Services

Our PBS division drove revenue to a total of £40.6m (2016: £35.0m) an increase of 15.9% over the previous year. The primary drivers were an increase in regional transactional derived income emanating from additional hires engaged in the proceeding 3 years, as well as strong revenue from client M&A activity in certain key and emerging markets. Our financial services income also continues to grow.

Increases in the Living Wage have hit those labour-intensive sectors we operate in. For example, Care Homes employ large numbers of staff at the minimum wage. In Restaurants & Retail shops this has been compounded by an increase in property rates. As a result, our Agency business Christie & Co has seen some increase in distress based transactions. Through the advent of C.V.A.s some distress will transfer to landlords through increased voids and the prospect of re-letting at reduced rents. Inevitably, distress leads to increased business advisory and disposal work.

Stock and Inventory Systems and Services

Notwithstanding a challenging year in retail stocktaking, we nonetheless succeeded in growing total revenue by 5.3% to £31.0m for (2016: £29.5m). A strong performance by our hospitality stocktaking business was augmented by continued growth in our European retail stocktaking activity.

Orridge negotiated a difficult trading period during 2017. The company sharpened its focus by separating its

Chairman and Chief Executive's review of the year continued

activities into three main areas – Retail, Supply Chain and Pharmacy – but it faced tough trading conditions. The retail sector has proved particularly challenging but growth in the supply chain services has continued. The pharmacy-related business continues to win accounts.

In the past, some of our competitors have tried to grow or retain market share by agreeing contracts on uneconomic terms, but the unsustainability of this policy is increasingly clear. Pricing is at last beginning to return to more sensible levels. Orridge has been able to negotiate improved terms for a series of major contracts. This new pricing should have a marked and positive impact on its profitability in 2018.

Outside of the UK, Orridge's German operation grew into profit during the second half of 2017 and its Belgian business continues to add profitable work in France.

In 2017, Venners faced unprecedented demand for its services and we expect this strong level of demand to continue. This demand, combined with an ability to efficiently train the skilled stocktakers who are key to delivering its services, provide the foundation for further growth in 2018.

Vennersys has broadly completed the development of its online ticketing business as a cloud-based application offered via a SaaS delivery model. The successful migration of existing major clients, together with several client wins this year, creates a solid platform for future profitable growth.

Business intelligence

Our 30-strong hotel consultancy team shares its expertise with a growing

roster of international investors. Its 2017 report, European Travel Trends and Hotel Investment Hot Spots presented the key factors most likely to affect hotel occupancy and revenue rates in European destinations, such as airport capacity and connectivity, average spend per day and the relative importance of particular feeder markets for specific locations. This kind of detailed business intelligence is highly prized by potential investors.

We have again been reviewing the UK healthcare market in depth. Our Adult Social Care 2017 report built on a 2016 report on nursing staff. The 2017 report focused on the problem of bed-blocking and the associated funding and staffing challenges. The report highlighted a 96% drop in EU citizens taking up nursing positions in the UK since the EU referendum. It identified the lack of district and community nurses as a key contributory factor perpetuating bed blocking and concluded that the UK urgently needs to take steps globally to attract skilled nursing staff from elsewhere.

European integration

We have looked at the implications of Brexit. These we believe, so far, are operationally neutral. The property based businesses we serve are immovable. Our staff serving these businesses are primarily domestically-based in the countries concerned. Our pan-European consulting team can be based in any convenient hub.

As a service business, we are less likely to be directly affected by the ultimate shape of the Brexit deal. Our international network is founded not on regulatory harmonisation but on the underlying forces driving globalisation.

The hotel sector, for example, which is an important European market for us,

is built on the internationalisation of brands. Because demand is brand-driven, the underlying ownership of the branded assets can be traded by us without effecting performance. Brexit is, in our view, unlikely to affect demand for the businesses we sell or the services we provide.

Looking ahead

Our core objective remains to initially regain previous profit levels by continuing to provide a unique but deliberately constructed combination of professional services for business owners and operators in our sectors.

Looking ahead, 2018 has started well. We have a good volume of Client M&A transactions in progress. As a result, we anticipate our first half performance will be significantly ahead of last year's first half performance. We have assumed no material adverse impact from current events in Syria.

We are a Group with the scale, scope and ambition to broaden and deepen its services and profit from its international footprint. We approach the future with energy and enthusiasm.

Your directors recommend a final dividend of 1.75p per share (2016: 1.5p per share), increasing the dividend to a total of 2.75p for the year (2016: 2.5p). If approved the dividend will be paid on 6 July 2018 to those shareholders on the register on 8 June 2018.

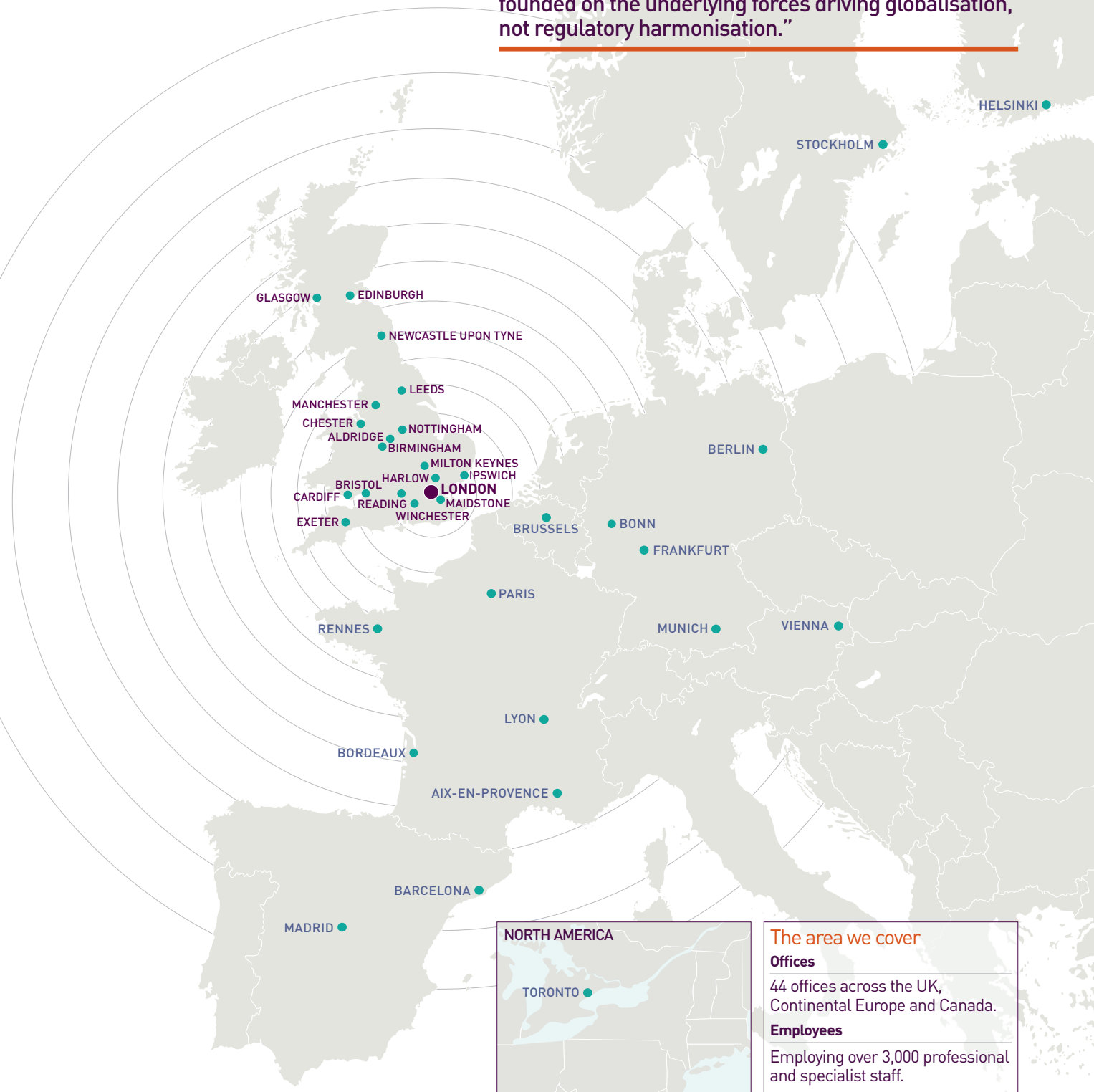
David Rugg

Chairman and Chief Executive
16 April 2018



Detailed business intelligence is highly prized by potential investors in our sectors. Christie & Co's report on European Travel Trends and Hotel Investment Hot Spots presented the key factors most likely to affect hotel occupancy and revenue rates in European destinations.

“As a service business, we are less likely to be directly affected by the ultimate shape of the Brexit deal. Our pan-European consulting team can be based in any convenient hub and our international network is founded on the underlying forces driving globalisation, not regulatory harmonisation.”



Our brands

Professional Business Services

CHRISTIE & CO

Christie & Co is a leading specialist firm providing business intelligence working in the hospitality, leisure, healthcare, medical, childcare and education and retail sectors. A market leader in its sectors, it employs the largest teams of sector specialists in the UK providing professional agency, valuation and consultancy services.

www.christie.com



CHRISTIE FINANCE

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

www.christiefinance.com



CHRISTIE INSURANCE

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

www.christieinsurance.com



PINDERS

Pinders is the UK's leading specialist business appraisal, valuation and consultancy company, providing professional services to the licensed, leisure, retail and care sectors, and also the commercial and corporate business sectors. Pinders staff use business analysis and surveying skills to look at the detail of businesses to arrive at accurate assessments of their trading potential and value.

www.pinders.co.uk



Stock & Inventory Systems & Services



Venners is the leading supplier of stocktaking, inventory, consultancy services and related stock management systems to the hospitality sector. 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 & factory operations, pharmacy and supply chain services. Orridge prides itself on the speed in supplying high quality management information to its clients.

www.orridge.eu



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

www.vennersys.co.uk

www.vennersys.ca



Our strategy

Our strategy is to develop our businesses in ways which guarantee a resilience that will create growth and sustainable value for all our stakeholders.

Creating sustainable 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.

Focusing rigorously on our core sectors

We maintain a rigorous focus on strengthening our capabilities within our core sectors. This disciplined approach aligns our activities with clients' interests and creates more opportunities to extend our services and broaden our client base.

Developing our international reach

Our divisions provide portfolios of interconnected services to facilitate our clients' business activities in the UK, Continental Europe and North America. Our risks and opportunities are increasingly diversified across economies, market sectors and the services we offer.

Maximising our synergies

Individually, our companies acquire in-depth understanding in their chosen markets. Together, they have the resources to deliver services and skills which are highly complementary. They can add more value when they combine their strengths on behalf of our clients.

Flexible approach

We aim for flexibility in the way we meet our clients' needs. In these changing and challenging times, we consider one of our key strengths to be the ability to adapt our resources and services to meet the ever-changing demands of the marketplace.



Aspiring to new heights

Supporting our clients

We are sector specialists, with a passion to help our clients climb higher, see further and achieve their own ambitions.”

In June, Christie & Co sold a portfolio of 35 care homes on behalf of Embrace Group to Sanctuary Group in an off market deal, strengthening Sanctuary Group's national presence. Christie & Co's Care team expect to see the themes of funding and staffing continuing to drive the operational agenda in the sector in 2018, with operators and investors targeting the private pay market.



There have been positive signs of rising international demand for UK leisure assets

from private equity, which is expected to grow in 2018. Transaction highlights were spread across a variety of segments. August 2017 saw the sale by Christie & Co's Leisure team of the award-winning Academy Health Club in Harrogate, North Yorkshire. The 65,000 ft health club and spa was sold on behalf of Academy Leisure to David Lloyd Leisure ("DLL") with the creation of a new 25 year lease, and with DLL planning a subsequent £3.2m investment in the business.



In June, Christie & Co's Pubs team sold, on behalf of Whitbread, seven destination and premium managed houses to Marston's.

Whitbread appointed Christie & Co to market the properties as part of their continued focus on rooms with restaurants. After a confidential process which generated a high level of interest, Marston's were selected, enabling them to continue with opening premium bars and restaurants on strategically-selected sites. Looking forwards, a shortage of stock and an increase in demand from private equity and trade buyers should positively influence pub values, while leading to some rationalisation of estates as rising cost pressures bite.



Christie & Co is the big seller of UK hotels.

In May 2017, Christie & Co sold a collection of three MGallery by Sofitel hotels on behalf of Lone Star Funds / Hudson Advisors. The Hotels team were able to utilise their understanding of the local markets and investment community to achieve a sale price in excess of asking price in an off market transaction. Investor demand in the sector is expected to remain strong from UK, European and Far Eastern investors.

Cha Cha Moon, the Carnaby Street restaurant, was sold in early 2017 by Christie & Co on behalf of Kout Food Group. The vendors were exiting the UK along with Little Chef and Maison Blanc to focus back in the Middle East. The sale of the leasehold interest was secured after two rounds of bidding in excess of £1m, significantly ahead of the offers-in-excess-of £700,000 originally sought by the seller. Both Christie & Co's and Venners' knowledge of the restaurant sector makes them value-adding strategic advisors for owners, operators and purchasers in a sector which is under pressure to stay ahead after 3,000 new businesses opened their doors in the prior three years. Plenty of opportunity remains.



In July, our market-leading Childcare & Education team sold Bramleys Nursery Group the much sought after children's day nurseries group in Oxfordshire and Wiltshire. The group was sold to Busy Bees Holdings, after a confidential introduction to market which generated multiple bids. The sector saw a near 11% increase in prices in 2017, and Christie & Co advised on nearly £2bn worth of childcare and education businesses in the period. We expect to see a continuing demand for quality, renowned independent schools across the UK and especially in the South East.



During the year, Christie Finance successfully arranged a seven-figure funding package for its client Blue Cube Travel, assisting the travel solutions provider with the purchase and refurbishment of new commercial office premises at Kew Bridge in London. The fundraising showcased Christie Finance's ability to prioritise and negotiate with a wide range of lenders to find the right lender and the offer for their client.



Aspiring to new heights

Shared success to inspire others

Within Christie Group, we know that how we connect with, and contribute to, the wider world is of growing importance. We look outwards – and continually upwards – through a growing use of social media to engage others...



We know that being able to attract bright and ambitious individuals into our businesses from across the world, is increasingly key to our future. Social media provides us with the ability to engage with our employees of today and tomorrow both at home and abroad, sharing with them what it means to work within the Christie Group of companies and the fantastic opportunities that it can bring. It is an increasingly powerful recruitment tool.

Our businesses increasingly use social media on a daily basis to share their news, successes and sector intelligence. As a marketing tool to connect with potential future clients, a way of existing clients staying in-touch, or as a means for shareholders and other stakeholders to follow the news of what we are doing, social media provides a real-time connection with the world.





We are delighted that our businesses and employees support a wide variety of charitable endeavours. We encourage

them to do so. And we are proud of their efforts. We know how valuable it is and the life-changing impact it can have for all involved. From Christie & Co's nomination and support of its annual Charity of the Year, Pinders own long term sponsorship of the Healthcare Design Awards, Venners sponsorship of the Licensed Trade Charity and a wide variety of individual and team initiatives across our businesses, the benefits extend far beyond our day-to-day working lives.

...and we recognise our social responsibility to help others meet their own challenges through our support of charitable endeavours.



Christie & Co's nominated Charity of the Year for 2018 is Seashell Trust which provides invaluable support to children and young adults

with complex and severe learning disabilities, including little or no language abilities. Christie & Co's involvement with the charity began in September 2017. Several months on, the partnership has been a fantastic experience for all involved.

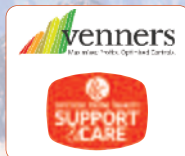


The Christie & Co Network Charity of the Year 2017 was the Myotubular Trust. Since the trust was established in

2006, Christie & Co have been a supporter and were proud to become an official sponsor for 2017. Our staff were delighted to take part in a number of events throughout 2017 to raise money for the Trust which was established in 2006 to promote the study of, and research into, the treatment and cure of the muscle weakness caused by myotubular myopathy.

Venners is pleased to have sponsored The Licensed Trade Charity in 2017,

which helps pub, bar and brewery people in need of help. The charity continues to support hundreds of people facing a crisis with practical, emotional and financial support.



Divisional review

Professional Business Services



"2017 saw increased activity in almost every sector accompanied by rising prices, and we entered 2018 with pipelines in many sectors well ahead of the previous year." **Chris Day**, Global Managing Director, Christie & Co and a Christie Group plc Director

Christie & Co

Christie & Co is active regionally, nationally and internationally and is an effective strategic partner for business buyers and sellers. We offer complete market coverage – from local standalone deals to major European portfolio transactions. We aim to be the most trusted expert and adviser in our sectors - hotels, pubs, restaurants, childcare, healthcare, convenience retail, leisure and medical.

The past year has been very busy for Christie & Co with increased activity across many of our sectors. Our transaction volumes were significantly higher, from private buyers as well as corporate and private equity investors. We achieved a substantial improvement in fee income with good momentum heading into 2018.

The reassertion of corporate interest was a notable feature in many of our sectors. Large-scale deals had been conspicuously absent in 2016, largely due to the uncertainty before and after the EU referendum. The feared post-Brexit recession failed to materialise in 2017; instead, the UK enjoyed higher than expected growth. Although uncertainty still surrounds the shape of a final EU deal the dominant sense this year has been one of economic positivity.

There was increased activity in almost every sector, accompanied by rising average prices in many of them. There was particularly strong interest in the dental and childcare and education sectors, with double-digit percentage increases in both. As we entered 2018, pipelines in many of our sectors were well ahead of the start of the previous year.

Some of this revival stems from the growing trend towards private ownership born out of the gig economy. It is fuelled too by increased international interest stemming from the weakness in the Pound. But fundamentally this is a vote of confidence in the UK economy.

Consolidation was a key feature in the dental sector in 2017. A busy round of mergers and acquisitions, affecting some of the largest providers left a markedly different corporate landscape by the end of the year. In a record year for us, our agency team completed over £90m in transactions. We also undertook more than 350 dental practice valuations on behalf of a wide variety of banks.

Our pharmacy team also saw a record increase in sales. Funding was widely available as banks continued to view pharmacy businesses positively. Transactions were up by 31% on the previous year. Notable deals included the sale of 11 pharmacies in an estate rationalisation by The Midcounties Co-operative Society. We also acted for Lloydspharmacy, handling 14 disposals resulting from its acquisition of Sainsbury's pharmacy portfolio.

Christie & Co is growing fee-based income with knowledge-based advisory services.

Investors in our sectors have varying criteria. They can be opportunistic funds focusing on turnarounds, private equity houses building up national portfolios and international brands, traditional property investors or financial investors valuing businesses as income-generating alternative assets. There are also smaller investors: among them franchisees, first-time buyers and leaseholders.

Whatever their perspective, what they all have in common is a requirement for accurate, industry-specific data and guidance. We have embedded RICS-registered valuers in our sector teams. They contribute specialist knowledge of the business dynamics in the industries they assess. They valued over £7.4bn worth of assets in 2017.

We are strengthening our specialist consultancy offering. Our Consultancy division has continued to develop its business analytics and reporting capabilities. The granular knowledge it provides can be mission-critical for corporate investors managing business asset portfolios. It can call on the company's extensive direct experience in its chosen sectors as well as regional and international expertise. It is backed up by market-leading data analytics.

There was continuing strong demand for our healthcare consultancy services during the year. As well as responding to client requirements, the team published Adult Social Care 2017. This comprehensive report examined the mounting pressure on staffing, funding and capacity in the system and showed why these remain critical issues for the industry.

Consolidation was a key feature in the dental sector in 2017. Christie & Co's success in brokering the sale of two Metrodental practices to Bupa Dental Care towards the end of 2017, taking Bupa Dental Care's portfolio to over 460 practices across the UK and Ireland, was typical of this and that consolidation trend looks set to continue in 2018.



“2017 was a very strong year for our healthcare business, with activity reaching levels not seen since pre-recession days.”

Christie & Co is one of the UK's biggest sellers of hotels, alongside which we have a strong team across Europe who are active in 31 European locations. That wide international reach was illustrated by the sale of two mid-market hotels in the Baltic region in 2017, where we successfully brokered the sale of the locally branded Pro Kapital Group hotels in Tallinn, Estonia and Riga, Latvia.

The expansion of our hotels consultancy team across 14 European offices this year reflects the thirst for detailed, location-specific knowledge in these markets. We have brought in more staff with in-depth experience of local markets and introduced new services to support clients that are buying, selling or running hotels. Our 2017 report, European Travel Trends and Hotel Investment Hot Spots delivered precise, localised research that will inform decision-making for international investors.

Christie & Co is one of the UK's biggest sellers of hotels. We have a strong team across Europe offering a comprehensive suite of services. Team members are fluent in 23 languages. They are active in 31 European locations and know their local markets intimately. We continue to expand our cross-border work and advance our market share. In pursuit of this, we are developing a more integrated offering that retains the benefits of local knowledge.

In the retail sector, the forecourt market continues to evolve, delivering consistent growth over the past three years. In one of the most active periods we have seen, we transacted or valued almost a quarter of UK independently owned and operated petrol stations.

This was also a very strong year for our healthcare business, with activity across the sector reaching levels not seen since pre-recession days. In a marketplace where we are acknowledged as a leading provider, the off-market sale of 35 care homes on behalf of Embrace Group to Sanctuary Group was just one of several high-profile transactions. We have also seen a surge in new development activity. Our consultancy team advised on a range of acquisition and portfolio-shaping strategies.

We are also market leaders in the Childcare & Education sector. We repositioned this team as a separate division this year. In an extremely buoyant market this is already paying dividends. The year began promisingly with our appointment to manage the sale of Magic Nurseries' a 16-strong UK nursery portfolio, which amid much competitive tension was sold to Les Petits Chaperons Rouges, one of Frances leading private nursery chains, backed by Eurazeo. This transaction represented the first major inward investment in the UK nursery sector from an overseas provider for over twenty years. We advised on nearly £2.0bn of nursery and education assets during the year.

As well as being very active in the UK, the new division is making good progress



alongside the Asia desk with brand-led opportunities overseas. British education continues to be well respected internationally and acquirers are prepared to pay a premium for established, successful schools. Demographic trends and regulatory change in countries such as China are fuelling interest domestically. With strong credentials in this sector we are advising on co-branding and partnership opportunities.

There was strong investor interest in the UK from Asia during the year. With a weaker pound this looks set to continue. There are numerous opportunities to develop and expand our business in 2018. We will focus on bolstering teams at home and internationally to capitalise on our ability to attract and support both well-established and new clients who need help navigating these markets.

Christie & Co are market leaders in the Childcare & Education sector, having repositioned the team as a separate division in the year. The team's success in 2017 included larger scale transactions to international investors in the UK sector, alongside individual asset deals for brand owners making strategic disposal of individual assets, such as the sale of the Dizzy Duck nursery in Haverhill, Suffolk, to first-time private buyers.



Creating a new division Christie Financial Services

As our financial services businesses continue to grow and evolve, it was decided this year that we will create a dedicated financial services subsidiary in order to provide further scope to market and expand our service lines. As such, from 2018 Christie Finance and Christie Insurance will become divisions of Christie Financial Services. In the coming years, Christie Financial Services will offer an expanding portfolio of specialist financial products and services.

While our most senior personnel will play the pivotal roles in delivering on strategy, we want everyone within this new structure to feel engaged and empowered. We will maintain open channels of communication across the company. All our people will have direct access to management, either to support our efforts or to suggest improvements. Their involvement will help us continue to focus on improving client outcomes and stakeholder returns.



“For the second year in succession Christie Finance was named Commercial Mortgage Introducer of the Year at the 2017 Business Moneyfacts Awards.”

Christie Finance

Christie Finance's detailed knowledge in our specialist sectors allows us to negotiate the best possible financing packages for our customers. We work closely with Christie Group companies to identify and deliver financing structures that align with specific client needs.

Having celebrated our 40th birthday in 2017, Christie Finance continues to innovate. We remain focused on developing our positioning as a premium, value-added advisory service that can help unlock the right finance from the right source at the right price for our clients.

The business has achieved double-digit growth every year since 2013. In 2017, the number of clients we acted for grew again, by 16%. We are sustaining that growth by investing in people and processes. We are developing communications and marketing tools, including an improved web presence and a suite of sector-specific marketing materials.

Our core markets remain stable and resilient. Despite political noises around the UK's EU withdrawal, we find that many SMEs have identified attractive trading opportunities and are keen to pursue them. Conditions in the commercial finance market remain positive. A wide range of lenders stand ready to assist clients seeking funding across our specialist sectors, including

challenger banks, foreign banks and a raft of specialist lenders, many of them technology-led.

In 2017, we worked with over 50 different lenders, including challengers, fintech's and specialists. In such a diverse market, getting access to the right finance can be a challenge – many businesses do not know where to turn. This is where we add value. We use our in-depth knowledge and experience as a specialist commercial finance broker to help our clients navigate this terrain. When Blue Cube Travel found larger premises at Kew Bridge having outgrown their Richmond base they were inundated with lender offers. We could prioritise these and negotiate on their behalf to match them with the right lender and the right offer.

Our sector knowledge and close links with UK lenders are particularly valuable for international investors. We assisted investors from Singapore and the US in raising finance for hotel acquisitions at opposite ends of the country. Respected Singapore-based businessman Mohan Mulani acquired the 95-bed Doubletree

Christie Finance assisted investors from Singapore by successfully arranging a funding package to assist them in the acquisition of the well-known DoubleTree by Hilton Hotel, in Dundee. This reflected the increasing trend for more and more overseas hotel operators and investors looking outside of London which Christie Finance's regional network are ideally suited to service.



“In 2017, we worked with over 50 different lenders, including challengers, fintech’s and specialists.”



Hilton hotel in Dundee and a US family-owned hotel business took on the recently upgraded Dolphin Hotel in St Ives.

We have structured our business around five regional hubs that combine local knowledge, national insight and specialist sector expertise. We continue to focus on building up their capabilities. Our teams work closely at a regional level, while retaining access to a best-in-class national network of funders.

Christie Finance extended its service lines into two new areas. In March 2017, we launched Christie Finance Corporate. This focuses on larger transactions for corporate borrowers and we have been winning mandates by offering diverse funding alternatives for corporates in

Christie Finance is structured around five regional hubs.
Our teams work closely at a regional level, while retaining access to a best-in-class national network of funders.

search of Senior Term Debt. Christie Finance Unsecured came to market in October 2017. It offers smaller borrowers very fast turnaround for unsecured facilities, which are typically used for managing working capital and short-term obligations. We have swiftly discovered that there is clear demand for this service. By the end of the year less than 3 months later, we had already received 28 instructions.

Experienced, highly skilled individuals are at the core of our offer. We invest

in individual development plans for many of our staff to sustain and develop our competitive edge.

For the second year in succession, Christie Finance was named Commercial Mortgage Introducer of the Year at the prestigious 2017 Business MoneyFacts Awards. In that context, we were delighted to again be named as a finalist at the 2018 Awards. We remain committed to continuing to build the best brokerage team in our markets.

Christie Finance brokered funding for a new owner of Shrigley Hall. The Grade II, 148 room, Victorian country house Golf & Country Club, set within 262 acres on the edges of the Peak District National Park was formerly part of the Hotel Collection Group portfolio. There was strong demand for the purchase of the hotel, but CF helped the buyers secure committed funding which was fundamental in their bid succeeding.



“Personal service is at the heart of our offering with a bespoke approach which is both uncommon and highly popular.”



“Our interaction with Christie & Co and Christie Finance brings benefits to both our company and our clients, with the opportunity to work with clients well in advance of a renewal date or business purchase.”

Walter Murray, Managing Director, Christie Insurance

Christie Insurance

Christie Insurance is ideally placed to advise on commercial insurance needs for Christie & Co and Christie Finance clients. We add value by using our sector knowledge, skills and tenacity to place business quickly and efficiently.

Our bespoke insurance service is informed by in-depth understanding, both of particular businesses and of the issues and priorities for our specialist industry sectors.

Christie & Co undertakes over 13,000 business inspections throughout the UK every year. For Christie Insurance this opens the opportunity to advise, quote and sell our services to a broad and receptive constituency.

Our interaction with Christie & Co and Christie Finance brings benefits to both our company and our clients. We gain early introductions and the opportunity to work with clients well in advance of a renewal date or business purchase.

We use that to design packages that suit their particular requirements more precisely. We worked, for example, with Christie & Co's Consultancy team to identify gaps in existing coverage for their client DoDo Pub Company and designed cover that included – among other elements – a more comprehensive lost-profits replacement clause.

As one of the few insurance brokers with a sector focus, we are able to deliver a premium service informed by detailed industry knowledge. We look to design pragmatic policies that align relevant benefits and protections with the practical priorities of each client in the most cost-effective way.

An introduction from Christie's business recovery team put us in touch with the restructuring services team at Smith & Williamson LLP. They had been paying significantly higher premiums for businesses in administration. We determined that there was no clear logic for this discrepancy and were able to place alternative cover, saving them 70% of their annual insurance cost.

Personal service is at the heart of our offering. Every client receives an annual one-to-one health check. We act on their behalf should they need to make a claim. If large insurers try to shooehorn our clients into pre-existing policies, we are there to fight their corner.

In an increasingly homogenised industry our bespoke approach is both uncommon

and highly popular. This is reflected in our high client retention rates. Each year, over 85% of our clients renew with us; many have stayed for more than a decade.

We advised clients in the hospitality, care and retail sectors across the UK during the year. These included independent owners, mid-sector corporate companies and private equity investors.

In the care sector, abuse claims are still having an impact on insurers' perceptions of the risk of harm to vulnerable people. This was highlighted again with recent claims against sporting and voluntary organisations. For those working in these sectors having the right policies and procedures in place to respond to allegations efficiently and sensitively is now a pre-requisite.

Cybercrime is becoming a more substantial risk for businesses as the technology required to conduct malicious cyber-attacks gets more accessible. With the adoption of the EU's general data protection regulation (GDPR) in May 2018, privacy and cyber security issues are coming together.

Business liabilities and risks are constantly evolving. To protect their data and their reputations, businesses not only need to review and improve their systems and policies, but also ensure they have the right insurance cover.

We will continue to work closely with Christie Group companies to provide tailor-made policies for a wide constituency of both current business owners and new buyers of those businesses.

 **13,000+**

Christie Insurance benefits from its relationship with Christie & Co and Christie Finance. The former undertakes over 13,000 business inspections throughout the UK each year, opening the opportunity for Christie Insurance to advise, quote and sell its services to a broad client base.



“Our ability to scale new heights depends on a team approach. Whether the goal is our own ambitions, our clients’ desired outcomes or our employees’ career development, the ascent is easier with the right support.”



"Pinders enjoyed a very positive year in 2017 with our reputation for high-quality specialist work attracting some substantial consultancy assignments."

Justin Cain, Managing Director, Pinders

Pinders

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

The majority of our revenue is earned through appraisals and valuations. Bank panel memberships are the primary source for introductions. Mainstream bank commissions accounted for approximately 75% of appraisal income in 2017, with challenger banks providing a further 10%. Less than 10% of our business now comes to us directly from the broking community, with Christie Finance nonetheless remaining extremely prominent in our sectors.

The company enjoyed a very positive year in 2017. Our appraisal business benefitted from the general recovery in UK markets, while our reputation for high-quality specialist work attracted some substantial consultancy assignments.

After the market hiatus around the EU referendum in 2016, UK lenders returned to the market en masse in 2017. Both mainstream and challenger banks were more supportive of some sectors that had fallen out of favour in the post-recession period. Pubs, hotels and development projects of various

kinds were able to attract funding and required the specialist appraisal and valuation that Pinders provides. CAF Bank, the bank for charities and not-for-profits, was one of many to commission us. It asked for our help in assessing a series of specialist development projects, which required our sector-specific expertise.

We have always aimed to offer tangible value for our clients, but we are aware this comes at a cost. In 2014, we took the decision to move our appraisal business away from the high volume/low fee work favoured by some of our competitors. In the years that followed, driving up average fee income to more sustainable levels became a strategic priority. This hard-fought campaign was largely achieved by 2016.

There is an inevitable trade-off between fee levels and the volume of instructions. We aim to strike a balance that will allow us to maintain the high-quality reporting that is synonymous with the Pinder name. We believe this serves our clients' long-term interests.

Because of our strong representation on panels for both mainstream and challenger banks we see a steady flow of valuation opportunities. However, while competitors remain ready to lower their fees to gain market share, our resistance to discounting inevitably caps our conversion rates.

We continually monitor the relationship between the number of instructions and the level of fees. Commercially, we seek to generate the maximum return from the resource employed. In 2017, we managed a slight increase in average fee levels and conducted more appraisals in every specialist sector apart from leisure and hospitality. This excellent performance on appraisals would have been even better had we not also won a substantial consultancy assignment that took over significant appraisal resources in the first three months of 2017.

Our consultancy practice had a very strong year. It was instructed by one major legal firm to act as an expert witness, providing testimony based on detailed valuations of a £1bn portfolio of purpose-built student accommodation. This project required our extended involvement and generated sizeable fees in both the pre-court phase and during court proceedings.

On appraisals, we have taken on diverse projects in the education sector. A retiring nursery owner asked us for a pre-sale valuation of the 88-place nursery they had built next to their home. A bank asked for our valuation of an independent school in Leominster, which dates from 1708, when Queen Anne was on the throne. Another school in Kent, founded in what was once

Transaction levels across the pharmacy sector were strong in 2017, with demand fuelled by a robust appetite among lenders. Pinders' own activity in the sector included the valuation of a 35-store pharmacy group considering expansion, and the provision of benchmark data to assist an accountancy practice in performing their own portfolio valuation.



“Our strong representation on panels for mainstream and challenger banks means we see a steady flow of valuation opportunities.”

Charles Dickens' home, had major development work done, with more being planned. Its bank lender commissioned our business appraisal in its review of an existing facility.

In the healthcare and education sector Pinders is an acknowledged market leader. We have been one of the UK's leading care home valuers for over 40 years, assessing hundreds of care homes annually. During 2017, we helped numerous clients to understand the complexities of the health and social care sectors.

Our healthcare specialists presented at conferences and seminars around the UK, including The Dementia Trust, Stirling University Dementia Forum, Department of Health, Surrey and Sussex Care Association and the Henry Stewart Conference. We also delivered training sessions to share our sector knowledge with our partner banks. We ran programmes for Lloyds Bank to help train staff joining its Social Care division.

We are also hosts to the Pinders Healthcare Design Awards, an event which has by now become an industry institution. Over 600 healthcare professionals gathered at our nineteenth annual event in London in March to recognise the UK's best care facilities. We are delighted that, over this period, the Awards have generated over £0.5m in contributions to a variety of charities.

Traditionally part of the retail and catering division, white coat sector operations performed particularly strongly, with bank support fuelling demand for new businesses and buyout transactions. During 2017, we took the decision, because of the specialist



Pinders' presence in the education sector continues to strengthen. It carried out an appraisal of Lucton, an independent school in Leominster dating from 1708, to assist its lender in their review of the existing bank facilities.

nature of this sector and our extensive experience, to separate it out from other retail activities.

In September, we were instructed to provide a business valuation of a 35-store, pharmacy group. The bank was considering providing additional funding for further acquisitions. Also, during the year, we generated crucial benchmark data that enabled an accountancy practice to perform a desktop valuation of a multi-million-Pound pharmacy portfolio. This information came from our own database, which has detailed

figures on every business we have inspected during the past 15 years. This assignment has demonstrated a potentially lucrative new line of business.

Our building monitoring service complements our sector expertise and extends the scope for panel appointments.

We are confident that our quality-led approach will continue to be successful and that we can grow market share by fostering strong relationships with the most active lenders in our sectors.

Pinders reviewed three franchises held as security by one lender who was considering advancing further funds to assist the franchisee with other investment opportunities. The case demonstrates the appetite among lenders for advancing funds against franchise opportunities where they would not consider it if the same operations were independently branded.



Divisional review

Stock & Inventory Systems & Services



“Venners delivered a record breaking performance in 2017 following increased demand for our services. As a result we entered 2018 with a strong pipeline and have made ourselves well positioned for further growth.” **Steve Mayne** Managing Director, Venners

Venners

Venners is the UK's leading supplier of food and beverage stocktaking, compliance, inventory, consultancy and related stock management systems to the hospitality sector. We are viewed by many of our clients as a strategic partner delivering added value and exceptional ROI.

Venners delivered a record breaking performance in 2017, posting several monthly revenue figures that exceeded company expectations following increased demand for our services. The company saw a fifty percent increase in demand of enquires via its website generating hundreds of business leads throughout the year, in particular the last two quarters. As a result, we increased turnover and entered 2018 with a strong pipeline across each of our verticals. New customers this year included Amber Taverns, Laine Pubs and Malmaison Hotels. We took on additional work with Greene King, Ei Group, formerly Enterprise Inns and Bespoke Hotels.

However, with the growth of Venners and the rate of new business acquisition positive and constant, our approach to recruitment has had to develop to keep pace. Turnover has almost doubled in the last seven years and in 2018 we are forecast to employ over 250 people. We therefore find ourselves well-positioned for further growth over the next five years.

Retaining our reputation for customer-focused service delivery is a key priority.

We are focused on listening to customers and adapting our services to their changing needs. It is with the same entrepreneurial spirit and culture that has brought us our success up to now that we start to develop and introduce disruptive technologies to satiate the requirements of our customers and the wider industry.

2017 saw the migration of our internal stocktaking technology to a cloud-based platform, with roll outs to all our customers planned across 2018. Utilising the power of this newer technology will help enrich our customer's reports with more immediate analytics, insightful dashboard summaries and key visuals to highlight areas of potential concern.

Technology is changing the focus of our operations, but it does not alter the core of the business. We add real value not just through auditing, but by understanding the implications of the resulting data and delivering that insight to our customers. Therefore, the industry knowledge our people, notably our stock auditors, bring is our key differentiator.

The company founded in 1896 by the scion of a vertically integrated London brewery family is today a recognised industry leader in improving food and beverage profits and controls. By staying true to our roots in the hospitality industry, we have extended our scope without diluting the Venners brand.

We are broadening and deepening our management structure, delegating more responsibility across the management team and pushing decision-making closer to customers so that we remain flexible, responsive and potent.

Our timely, expert intervention can be invaluable. A leading Scottish golf course recently asked us to put a control system in place to reduce waste and improve profitability for its liquor-based stock. We not only set up this system, we delivered stock management action plans, staff training and clear, informative reporting. Within 12 months, the club's consumption yields had risen by 2.9%, its liquor profitability was up by 4.2%.

We undertake compliance audits that compare a company's operations with industry best practice and identify areas for improvement. Stonegate Pubs and the Creams Café chain were among new clients taking this service in 2017.

Our comprehensive range of health and safety services includes kitchen, food safety and full H&S audits. With food especially, these are time-critical services. Our cloud-based compliance platform, sends real-time data and audit information direct to the customer. It also links with customers' internal systems, so the most critical data can be continuously monitored by the customers themselves.



Improving GP across an estate
Venners currently provides stocktaking services for over 300 pubs across a large estate.

A sample of **90 pubs** have had regular, monthly stocktakes this year.

Over the space of five months, from February to June, Venners services have helped that 90 pub sample **boost their gross profit...**

£0.28 m + So much so, that they saw a £0.28 million GP increase...

3.21% + That is an incredible increase of 3.21% GP



98% of the 90 sites improved their GP



16% of the sample improved their GP% by more than 5%



74% of the sample improved their GP% by more than 2%



“Venners Consulting has become the go-to supplier for menu costings and revenue prototyping, with increased interest from across Europe.”



Venners provides a range of time-critical services for food and beverage operators. Our market leading position and ability to compare business intelligence from across the sector gives us an ability to compare operations with industry best practice and identify areas for improvement, driving profit improvement for clients.

In one recent assignment, we were called in by a large, food-led pub business which had been suffering from reduced footfall in the wake of a two-star hygiene rating. After following Venners recommendations, they won a five-star rating at their next assessment. Customer complaints ceased, confidence amongst management and staff soared; the business is back on track.

Venners Consulting has become the go-to supplier for menu costings and revenue prototyping. We are getting increased interest from right across Europe for our consultancy services. Our loss prevention services are also in demand. A recent assignment for a global hotel chain typifies the approach. Senior management called us in after identifying a persistent shortfall in revenue at an airport venue.

We conducted a covert observational audit, which confirmed that two staff members were regularly diverting takings and defrauding the group by as much as £44,000 a year.

We have grown our business alongside what are now some of the largest participants in the UK hospitality sector. In 2018, we will continue to apply our experience to develop and refine our services so we continue to meet their changing requirements.



"We grew our overall revenues in 2017, gaining significant new business in our supply chain division and internationally."

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

Orridge

Orridge is a pan-European stocktaking business, co-ordinated from operational bases in the UK, Germany and Belgium. We have a leading market position in our sectors and a reputation for consistent, high-quality service. We provide stocktaking and supply chain services to retailers and pharmacies.

Orridge continues to trade effectively. We grew our overall revenues in 2017, gaining significant new business in our supply chain division and internationally. The supply chain division will benefit from our retail contacts as we leverage benefit from these relationships.

The renegotiation of existing contracts with key major retail clients was an important development this year. This will have a significant positive impact on our overall profitability in 2018.

The UK retail stocktaking environment continues to be highly competitive and cost-conscious. Our supply chain business is still at an early stage but has a large pipeline of activity borne out of retail contacts. We recorded a solid performance in Pharmacy, where we have strong heritage and an extensive client list which continues to increase.

Shopping habits have changed. Consumers are both comparing prices and buying more goods online as well as purchasing on-line and picking up from store. We see this as a distinct

advantage as high street retailers are forced to have even more accurate stock position files for when the customer picks up from store.

Stocktaking businesses operate in a crowded market and economies of scale are key to our profitability. We continue to increase our client base and reduce our reliance on a handful of key clients.

We quote competitively but profitably and deliver a high level of service. Where required we increase fees to suit the level of service required by our client

We have been addressing this issue directly. We opened negotiations during the year with four key retail clients to increase their profitability to the required level, whilst still remaining competitive. By the end of the year, we had reached agreements with all of them. Improved terms will allow us to deliver these services sustainably in future.

There are further signs that the market is acknowledging the importance of sustainable fee structures. Early in 2017,

a longstanding client, a major retailer with 800 UK stores, opted to transfer their business to a competitor with a lower priced offer. By mid-2017, the client was back with Orridge. It turned out the competitor had been unable to deliver a quality service at the quoted price.

The supply chain division is developing steadily through our retail contacts. Our solutions give clients end-to-end stock accuracy, helping them manage their supply chains more effectively and realise large-scale efficiencies. We focus on primary trade sectors, including grocery, health and beauty and fashion. We took up invitations to conduct work for Boots and Poundland in 2017. We expect additional work from these retailers in 2018.

Another important win for the division was a new supply chain contract with Co-op Food. We are conducting sample audits for Co-op in various stores to test delivery completeness of selected suppliers. The initial phase involves random sample audits of Allied Bakeries' daily bread deliveries as well as other suppliers.

Co-op Food's contractual arrangement with Allied Bakeries uses sample counts to measure the reliability of the delivery and its accuracy. We deliver weekly management information as to accuracy of these deliveries which is used by Co-op retail.

This has two important effects: first, self-evidently, under-delivering a sample carries a high potential cost to the supplier. Since these are done at random, to create a representative sample through the

There are growing signs in the UK retail sector of an acknowledgement of sustainable fee structures. Orridge won back a major retail client with over 800 UK stores during the year, within months of losing the contract to a competitor who were unable to deliver a quality service at the price they'd quoted.



“Shopping habits have changed but online purchasing forces high street retailers to maintain even more accurate stock positions.”

whole delivery cycle, the supplier has to monitor all of its deliveries more carefully, thus improving reliability. Second, since most deliveries are not checked, there are significant time savings for both parties. With the count completed by Orridge, an expert external provider, they can both trust in the integrity of the process and data supplied. We see considerable growth potential for this kind of service, both with Co-op Food and with other like-minded retailers.

Orridge has particular expertise in pharmacy. We are one of only two major players in the sector. The division is rolling out technology that allows it to provide, line-by-line data with larger pharmacy groups. We earn higher than average yields with smaller pharmacy clients and GP surgeries. We are putting more emphasis on these types of customer.

We develop bespoke technological solutions rather than relying on off-the-shelf systems. Both internal and client-facing reporting systems are supported in-house by our own development teams. This approach allows us to respond more flexibly to changing client requirements.

We have built up a large and loyal client base. Many of our customers have been with us for at least a decade or more, including, in the retail sector, household names like Lloydspharmacy, Wilkos and Arcadia.

International business now accounts for a significant proportion of total Orridge revenues. We offer pan-European solutions to international retailers in many different sectors from our centres in the UK, Belgium and Germany. We have invested in a dedicated



Orridge remains one of only two major players in the pharmacy stocktaking sector from which it originated in 1846. Our technology allows us to provide larger pharmacy groups with line-by-line data, while smaller clients and GP surgeries deliver higher than average yields.

resource in France to provide enhanced knowledge of the French market and are making rapid inroads in France and with French speaking Belgium clients.

In Europe, we gained significant additional work with Carrefour and Claire's. New clients included Hugo Boss, Adidas, Damart, Intermarche, Maison du Monde and Pandora.

Orridge continues to focus on building a firm foundation for profitability and future growth by stressing operational excellence, responsiveness and high-quality service at sustainable prices.

Orridge's supply chain division remains at an early stage, but is developing steadily through Orridge's retail contacts. It helps clients manage their supply chains more effectively and realise large-scale efficiencies. We are focused on primary trade sectors, including grocery, health and beauty and fashion.





“We charge clients a flat proportion of all revenue earned online. As functionality increases and clients earn more online revenue, our fees will increase.” **Paul Harding** Managing Director, Vennersys and a Christie Group plc Director

Vennersys

Vennersys delivers online ticketing, specialist transaction and e-commerce systems for the visitor attraction & leisure market. Our core product Venpos Cloud, is a suite of fully integrated specialist back-end applications for managing visitor attractions. Our clients include historic houses, farm parks, family entertainment centres, museums and heritage sites, theme parks, zoos and aquariums.

Vennersys has been providing specialist software solutions to UK visitor attractions for a quarter of a century. More recently, we strategically re-engineered our proprietary Venpos software to build a cloud-based application that would ultimately be available to global markets.

Venpos Cloud is a scalable product, catering to both SMEs and larger, multi-sited ‘Enterprise’ clients. It provides integrated online functionality, EPoS which is ideal for managing single-site attractions. For the larger and multi-sited clients, we install Venpos Enterprise providing a more strategically capable online and EPoS presence, with centralised management reporting.

The launch of Venpos cloud in 2016 was a key event in the company’s development. It marked the completion of our transformation into a cloud-based, software-as-a-service (SaaS) provider.

Operating in the Cloud simplifies support. The SaaS delivery model has clear advantages for all parties.

We charge clients a flat proportion of all revenue earned online. This revenue model works well for all parties; the pricing structure makes income more predictable. For Vennersys, this can be an accretive model. As functionality increases and clients earn more online revenue our fees will increase, but the cost of sales for the customer remains low.

We attracted a number of new clients in 2017. New Enterprise customers included Leicestershire County Council, 360Play and the sports and leisure centre specialist, Active Tameside. Among SMEs subscribing were the National Wallace Monument, Bentley Priory Museum, The Greensands Trust and Spa Valley Railway.

Our top priority in 2017 has been the complete migration of all larger legacy Venpos users onto the Venpos Cloud. This complex process has been achieved. Our legacy solution contained customised functionality developed for many of our larger clients and we wanted to ensure they retained that.

We are targeting four sectors and have an affinity group in Scotland with Venpos these being play centres, farm attractions, historic houses, museums and Scotland. In 2017 we acquired accounts across all of these sectors with the Venpos Cloud solution.

As one of the largest play centre chains in the UK, 360 Play was an important new client for Venpos Enterprise in 2017. We gained the business by introducing them to the functionality that met both their current and future requirements. The first two of six sites were installed in 2017.

In the farm attraction sector, we showed the flexibility of our solution. Walby Farm Park needed a stable system in a very short timeframe. We completed their installation within four weeks of securing the contract.

Bentley Priory Museum was the HQ for fighter command during the Battle of Britain and is now a small independent museum and charity. They chose Venpos Cloud for its overall simplicity. They wanted an integrated, user-friendly EPoS system and a way to streamline gift aid donations.

In the zoo sector, we have worked with Folly Farm for some time. We developed additional services for them in 2017, integrating Tesco API functionality and installing new Epos tills in their new reception and retail area.

The Scottish Seabird Centre is a registered charity and wildlife attraction. They wanted to integrate their Epos tills and streamline the gift aid process. We installed a robust system, which

Vennersys have a growing presence in the farm attraction sector, one of four sectors being targeted alongside Scotland. Folly Farm (pictured) were an existing client before 2017, but we were able to provide them with additional functionality and hardware in 2017 to aid them in their own growth journey.



“Venpos Cloud is a scalable product, catering to both SMEs and larger, multi-sited ‘Enterprise’ clients and providing integrated online functionality.”



automates all admissions and integrates retail, food and beverage sales.

Our development effort is now focused on supporting and extending Venpos Cloud. The product’s modular design greatly simplifies this process. In 2017, we enhanced the multi-site pricing capability in the enterprise product with multi-sited attractions now able to offer combination tickets. We also added a direct debit payment option via an integration with a third-party provider.

System resilience is increasingly important for all users, for Enterprise

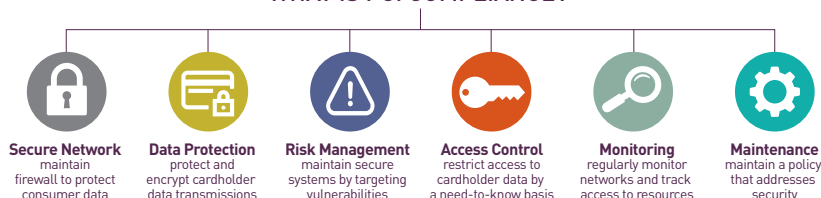
As one of the largest play centre chains in the UK, 360 Play was a major new client won in 2017 with two of six site installations completed during the year. The range of integrated functionality within Venpos Cloud was a key feature of the successful tender.

users it is absolutely critical. The product is PCI-certified and has been subjected to independent penetration testing. It is hosted on secure Amazon Data Centres with 99.999% availability. The software source code is protected with access controls and check in and out audit

trails. The system is fully GDPR-compliant.

In 2018, we plan to add further fee generating modules dependent on client demands.

WHAT IS PCI COMPLIANCE?



For Vennersys, the resilience of Venpos Cloud resilience of Venpos Cloud is a key assurance customers seeks when selecting a solution. Our product is PCI-certified, is hosted on secure Amazon data centres with 99.99% availability, and has been subjected to independent penetration testing.

“Our core objective remains to initially regain previous profit levels by continuing to provide a unique combination of services in our sectors.”

David Rugg, Chairman and Chief Executive



Chief Operating Officer's review



“We benefit from being able to pool knowledge and resources, where appropriate, to ensure regulatory compliance without detriment to our client-centric service approach which is so fundamental to what we do.”

Christie Group shares a common challenge with so many businesses today to ensure that the seemingly ever-increasing challenges around good governance, regulatory compliance and efficient administration are not achieved at the risk of resulting in any detriment to the client-centric service approach which remains so fundamental to what we do.

Against this backdrop, it is key that we ensure the administrative and procedural platform exists for our client-facing teams to do what they do best. We try and achieve that by ensuring we remain robust in a number of areas.

Investing in our support and compliance functions

There is no doubt that the administrative and support infrastructure required to achieve this comes at a cost. Nonetheless, we recognise the value of that investment, and 2017 has seen significant time dedicated across our group businesses.

The range of regulatory obligations we must comply with are broad. Some of the key regulatory bodies overseeing our areas of operation include The Royal Institute of Chartered Surveyors (“RICS”), the FCA, The Pensions Regulator and – in relation to Anti-Money Laundering and National Minimum Wage compliance – HMRC, to name but a few.

We benefit from being able to pool knowledge and resources, where appropriate to do so, and we are able to rely on complete support from our senior management for ensuring that compliance gets the focus it warrants. Top down ‘buy in’ is key and absolutely necessary to ensure compliance with wide-reaching regulations such as GDPR.

Alongside the skills we have in each business in the group, our Internal Audit & Compliance function which sits outside of our trading businesses, provides a responsive resource to scrutinise our operations and practices where risks are identified. It is an increasingly valuable resource, with a recognised and visible presence across our businesses.

Strong banking relationships

Simon Hawkins expands in more detail on the Group’s cash generation for the year in his Financial Review. We continue to place a strong emphasis on a risk-averse approach to financial gearing, with no recourse term debt and working capital facilities which support our trading aspirations.

We are pleased to be able to move forward in 2018 with appropriate facilities in place for the year ahead and we will continue to maintain a positive and constructive dialogue with all of our key banking relationships.

We benefit from operating a centralised accounting and treasury function, under Simon’s stewardship. It is a key aspect of a sensible ‘checks and balances’ approach to our governance and provides assurance that, at any time, the financial data of the group and its subsidiaries can be scrutinised centrally and policies can be consistently applied.

Value-adding advisors

Unsurprisingly given what we do, we recognise the value of having strong advisory relationships to call on when needed, in a world where the knowledge required in many areas is increasingly specialised. Nonetheless, we are committed to ensuring that our advisors combine first-class specialist knowledge in the area in which we engage them, with competitive fees and objectivity.

As David mentions in his Review of the Year, we were pleased to appoint Grant Thornton UK LLP as the Group’s auditors during the year and we will not be reluctant to review any of our advisory relationships if we feel shareholder value is better served by doing so.

Daniel Prickett
Chief Operating Officer
16 April 2018

Financial review



“We achieved encouraging revenue and profit growth in the year, with revenues up on the prior year by 11.1% to take revenues to £71.6m (2016: £64.5m). Operating profit pre exceptionals increased by £2.7m to £3.8m (2016: £1.1m).”

Cash and net debt

The Group cash and net debt position improved considerably during the year and the group ended the year with net debt of £2.6m (2016: £5.7m). This improvement was achieved as a result of the strong cash generation from the underlying improvement in operating profit, complemented with excellent working capital controls which yielded benefits, especially given the 11.1% increase in top line growth. Moreover, this reduction in net debt of £3.1m, illustrates the fact that our operational gearing quickly turns operating profit into operating cashflow. This was exemplified by the capability of the business to quickly convert increased revenues into operating profit, demonstrated by the £2.8m second half PBS operating profit which then ensued.

In addition, the Group continues to invest in capital expenditure (£1.0m), which we believe will yield positive returns for the business in future years. Working capital management remains a key focus and our actual bad debt experience remains excellent as it has done for many years.

Pension schemes

In the year there was a positive movement in the pension liability, with a £3.9m reduction compared with 2016, however this does not affect the amounts we have previously agreed to pay under our deficit repair obligations.

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

Key performance indicators

In accordance with the Strategic Report we have included our main KPIs for

the Group and the individual operating divisions in the table below. As a group we have many key areas that these indicators measure:

- **Revenue growth %** – an important part of our strategy is the profitable growth of our businesses, and one measure of this is the year-on-year increase in revenue.
- **Productivity** – being in the service sector, employee costs are our largest single cost. It is important to remain competitive and continue to improve our productivity. This KPI looks at the total cost of employees (including benefits, the cost of company cars, company pension contributions and local employer taxes) required to produce £1,000 of revenue. For this KPI, a reducing figure reflects an improvement.
- **Operating profit %** – this is measured as operating profit (before exceptional items) as a percentage of revenue

Group

At a Group level, we have delivered notably progress across the group KPI's above, reflecting the group's healthy performance in 2017, with the operating profit margin back above the 5% level and heading towards the level we achieved in 2014 and 2015.

PBS

Strong progress has been made in the PBS division across all the KPI's, following the difficult first half of 2016 in the leading up to the EU referendum. Our aspirations for the productivity and profitability of the division remain focused on delivering an enhancement on the KPIs we achieved in 2015, while at the same time continually grow revenues as we expand our service offering. The investment we have made (and continue to make) in our people to further penetrate all areas of our market gives us the capacity and the operational gearing to make further improvement of these KPIs realistic ambitions.

SISS

The SISS division has had a testing year in 2017 and the progress made is not reflective yet in the KPI's numbers. The target of delivering further improvements and returning the division to an operating profit lie in improving these KPI's, as shown by the comparison to earlier years. We achieved encouraging revenue growth of 5.3% on the prior year, as our strategy of negotiating improved pricing terms for a series of major contracts begin to come through. This new pricing will have a marked positive impact on its bottom line in 2018. Whilst we are still clearly short of the absolute profitability required, we have confidence that we are on-track to return the division to profit in a foreseeable timeframe.

Taxation

The absolute tax charge for the year was a charge of £0.7m (2016: £0.5m charge). The total effective rate of tax for the Group was 22.2% (2016: 29.1%).

In the year there was a reduction in the deferred tax asset of £0.8m (2016: £0.6m increase) and this is principally reflective of the movement in the retirement benefit obligations during each of the years.

Earnings per share (EPS)

I am pleased to say that the EPS increased by 4.06p in the year to 9.47p, reflecting the encouraging growth in profitability. This is comparable to the levels we achieved in 2014 & 2015 and offers us a good foundation for future growth.



Simon Hawkins
Group Finance Director
16 April 2018

KPIs

	Group	Professional Business Services	Stock & Inventory Systems & Services
Revenue growth %			
2017 on 2016	11.1%	15.9%	5.3%
2016 on 2015	1.2%	(3.4%)	7.2%
2015 on 2014	4.5%	9.1%	(1.1%)
2014 on 2013	12.7%	17.5%	7.4%
2013 on 2012	(3.4%)	(6.9%)	0.6%
Productivity – employee costs (before exceptionals) per £1,000 of revenue			
2017	684	575	745
2016	711	615	737
2015	673	546	747
2014	660	550	709
2013	675	605	683
Operating profit/(loss) before exceptionals as % of revenue			
2017	5.3%	13.0%	(3.5%)
2016	1.8%	4.0%	(0.6%)
2015	6.1%	12.8%	(3.5%)
2014	6.1%	9.9%	0.7%
2013	2.9%	3.3%	4.3%

The KPI's shown above are based on continuing activities only

Board of directors



David Rugg
Chairman & Chief Executive



Dan Prickett
Chief Operating Officer



Simon Hawkins
Group Finance Director



Chris Day
Executive Director



Paul Harding
Executive Director

David Rugg Chairman and Chief Executive

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

Dan Prickett Chief Operating Officer

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

Simon Hawkins Group Finance Director

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

Chris Day Executive Director

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

Paul Harding Executive Director

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



Tony Chambers
Senior Non-executive Director



Hwfa Gwyn
Non-executive Director



Laurie Benson
Non-executive Director

Tony Chambers Senior Non-executive Director

Tony was previously Head of Banking and Director of Robert Fleming, a Director of Save and Prosper Group and Chairman of Gartmore High Income. Tony chairs the Remuneration Committee and is also a member of both the Audit and Nomination Committees.

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.

Laurie Benson Non-executive Director

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

Strategic report

for the year ended 31 December 2017

The Directors present their Strategic Report on the Group for the year ended 31 December 2017.

Review of the business

Principal Activities and Business Review

Christie Group plc is the parent undertaking of a group of companies covering a range of related activities. These fall into two divisions – Professional Business Services and Stock & Inventory Systems & Services. Professional Business Services principally covers business valuation, consultancy and agency, mortgage and insurance services, and business appraisal. Stock & Inventory Systems & Services covers stock audit and counting, compliance and food safety audits, inventory preparation and valuation, hospitality and cinema software. A description of the Group's activities and a detailed business review of the year and future developments are given in the Review of the Year and Financial Review. In addition, the Group's main Key Performance Indicators are explained in the Financial Review on page 31 and the risks and uncertainties are shown below.

Risks and uncertainties

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

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

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

The following can adversely affect our markets and businesses:

Professional Business Services (PBS)

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

Stock & Inventory Systems & Services (SISS)

- changes in employee and business legislation;
- increase in transport costs;
- trends towards a cashless society; and
- economic slowdown and technology changes affecting the retail and hospitality sectors.

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

Key Performance Indicators:

For an analysis of key performance indicators see Financial Review on page 31.

Review of strategy and business model

For a review of the Group's strategy and business model see the Review of the Year on pages 2 to 4.

This report was approved by the board on 16 April 2018.

D R Prickett

Company Secretary

Whitefriars House
6 Carmelite Street
London EC4Y 0BS

Registered No. 01471939

Directors' report

for the year ended 31 December 2017

The Directors present their report and the audited financial statements for the year ended 31 December 2017.

Results and Dividends

The results for the year are set out in the consolidated income statement on page 46, and the consolidated statement of comprehensive income on page 47. The Directors recommend the payment of a final dividend of 1.75p (2016: 1.5p) per share which together with the interim dividend of 1.0p (2016: 1.0p) per share, makes a total of 2.75p (2016: 2.5p) per share totalling £729,000 (2016: £663,000) for the year. The profit for the year before tax and before other comprehensive income was £3,146,000 (2016: £1,844,000) and the profit attributable to equity holders of the Group for the financial year, after taxation and including other comprehensive income, was £5,184,000 (2016: £5,436,000 loss).

Future developments

For information on future developments see the Review of the Year on pages 2 to 4.

Directors

The Directors of the Company in office at the date of this report, together with their biographical details, are shown on pages 32 and 33. During the year, Simon Hawkins was appointed to the Group Board as Group Finance Director, while Hwfa Gwyn and Laurie Benson were appointed during the year in a non-executive director capacity. All three offer themselves for re-election at the forthcoming Annual General Meeting. Dan Prickett and Paul Harding retire by rotation in accordance with the Company's Articles of Association and both, being eligible, also 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.

Employees

The Directors recognise the benefits which accrue from keeping employees informed on the progress of the business and involving them in the Group's performance. Each individual operating company adopts employee consultation as appropriate. The Group is committed to providing equality of opportunity to all staff and workers regardless of nationality, ethnic origin, age, sex or sexual orientation and continues to be supportive of the employment and advancement of disabled persons.

Acquisition of Own Shares

During the year the Company funded the purchase of 205,000 (2016: 184,000) of its own ordinary shares, through an Employee Share Ownership Trust, for a consideration of £221,000 (2016: £181,000). To enable it to meet awards under its SAYE and other share schemes, during the year the Company also sold 209,000 (2016: 237,000) of its own ordinary shares, through an Employee Share Ownership Trust, for a consideration of £202,000 (2016: £313,000). The total holding of the Employee Share Ownership Trust as at 31 December 2017

was 178,000 shares (2016: 182,000 shares), which represents 0.67% (2016: 0.68%) 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 on page 59.

Health, Safety and the Environment

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

Going Concern

The Directors have considered cash flow forecasts for the Group for the period extending to 30 April 2019, alongside five year business plans prepared by each trading subsidiary, which indicate that the Group expects to have adequate financial resources continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements, which appear on pages 46 to 92.

Auditors

Grant Thornton UK LLP was appointed in the year as auditors of the company. Grant Thornton UK LLP will be proposed for reappointment in accordance with the provisions of section 489 of the Companies Act 2006.

Disclosure of Information to Auditors

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

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

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

This report was approved by the board on 16 April 2018.

D R Prickett

Company Secretary

Whitefriars House, 6 Carmelite Street, London EC4Y 0BS

Registered No. 01471939

Corporate governance

The Directors consider that full compliance with the UK Corporate Governance Code would be too onerous, but nevertheless, the company acts with regard to its main provisions as far as is practicable and appropriate for a public company of its size. The Quoted Companies Alliance has published a Corporate Governance Code for Small and Mid-Size Quoted Companies (QCA Code). The Company is committed to incorporating its recommendations and guidelines where it considers appropriate to do so.

The Directors are committed to delivering high standards of corporate governance to the Company's shareholders and other stakeholders including employees, suppliers and the wider community. The Board of Directors operates within the framework described below.

The Board

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

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

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

Organisational structure and control environment

The Board of Directors meet at least five times a year to review the performance of the Group. It seeks to foster a strong ethical climate across the Group. There are clearly defined lines of responsibility and delegation of authority from the

Board to the operating subsidiaries. The Christie Group plc Board appoints the Managing Directors and Finance Directors to each subsidiary trading company who, together with the other statutory directors of each subsidiary, form the executive management of those businesses. The Directors of each trading subsidiary meet on a monthly basis with normally at least two members of the Group Board in attendance.

Internal control

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

- Regular Board meetings to consider the schedule of matters reserved for Directors' consideration;
- A risk management process (see below);
- An established organisational structure with clearly defined lines of responsibility and delegation of authority;
- Appointment of staff of the necessary calibre to fulfil their allotted responsibilities;
- Comprehensive budgets, forecasts and business plans approved by the Board, reviewed on a regular basis, with performance monitored against them and explanations obtained for material variances (see page 37);
- An Audit Committee of the Board, comprising Non-executive Directors, which considers significant financial control matters as appropriate;
- Documented whistle-blowing policies and procedures; and
- Internal audit function.

The Internal Auditor, reporting to the Chief Operating Officer, operates with a mandate to perform their duties under the authority from the Chairman & Chief Executive and to examine all areas of compliance across the Group as he may consider appropriate or necessary from time to time.

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. 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. Business Continuity Plans are maintained across the Group to ensure that any potential disruption to trading is minimised in the event of an unscheduled event or occurrence.

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 their assessment by reference to five-year plans relating to each of the trading subsidiaries of the Group and in doing so considered the following:

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

In doing this the Board also considers the following:

- The strength and continual promotion of our trading company brands;
- The recurrent nature of certain of our business services;
- The opportunity to raise further capital as an AIM listed enterprise;
- The qualifications, expertise and skills of our multidiscipline workforce;
- The wide age range and diversity of our staff;
- Our proactive recruitment, training & succession plans;
- Our continuous systems development for both internal & external application;
- Investment in research & development resulting in the launch of new products & services;
- The general policy of incurring short term leasing commitments;
- The performance and productivity link to variable commission and bonus payments;
- Our protection of Copyright & Trademarks & our retention of IPR; and
- The maintenance of our operational policies, procedures & protocols.

Financial planning, budgeting and monitoring

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

Non-executive Directors

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

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

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

Tony Chambers and Laurie Benson are considered by the Board to be independent in both character and judgement and have no relationships or any circumstances that are likely to affect their judgement as Directors of the Company.

Tony Chambers was appointed to the Board on 24 February 2004 and therefore reached nine years' service with effect from 24 February 2013. Taking into consideration all other tests of independence, the Board do not consider this to impair Mr Chamber's independence or his ability to fulfil his role with impartiality.

Laurie Benson was appointed to the Board on 12 November 2017 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 former Executive Chairman and significant shareholder, Philip Gwyn.

Audit Committee

The Audit Committee meets no less than twice a year with the auditors in attendance. It also assists the Board in observing its responsibility for ensuring that the Group's accounting systems provide accurate and timely information and that the Group's published financial statements represent a true and fair reflection of the Group's financial position and its performance in the period under review. The Committee also ensures that internal controls and appropriate accounting policies are in place, reviews the scope and results of the audits, the independence and objectivity of the auditors and establishes that an effective system of internal financial control is maintained.

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

Remuneration Committee

The Remuneration Committee meets no less than twice a year and is responsible for determining main Board Directors' and subsidiary company Managing Directors' remuneration together with the terms and conditions of their service contracts. It has access to relevant comparable information in respect of similar businesses. The Committee is also responsible for the allocation of options under the Company's executive share option scheme. The Committee also maintains a watching brief over the general employment terms and pay structures, existing or proposed, for the subsidiary trading companies. The Remuneration Committee consists of the Non-executive Directors with Tony Chambers as Chairman.

Nomination Committee

The Nominations Committee is chaired by the senior non-executive director and is comprised of co-opted board members. Appointments are considered by the board as a whole upon the recommendation of the Committee.

Risks and Uncertainties

See the Strategic Report on page 34.

Dialogue with Institutional Shareholders

The Directors seek to build on a mutual understanding of objectives between the Company and its institutional shareholders. This is done through meetings following the publication of the year-end and interim results.

Shares and Shareholdings

The interests of Directors are set out on page 40.

Remuneration report

Part 1 of this report sets out the Company's remuneration policies for the Directors for the year ended 31 December 2017. 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 2017.

Part 1. Remuneration Committee (not subject to audit)

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

- Base salary is reviewed annually and in setting salary levels the Remuneration Committee considers the experience and responsibilities of the Executive Directors and their personal performance during the previous year. The Committee also takes account of external market data, as well as the rates of increases for other employees within the Company. Base salary going forward is the only element of the package to determine future pensionable earnings.
- Annual bonuses are calculated as a percentage of pre-tax profits in excess of a threshold. For employees of trading businesses within the Group, bonuses are designed to contribute approximately 25% of total earnings, but the formulae applied may be uncapped. In isolated cases of truly exceptional performance bonuses have more than doubled base salaries.
- Benefits are primarily the provision of cars and health insurance.
- Share options are granted having regard to an individual's seniority within the business and, together with the Group's Save As You Earn scheme (SAYE), are designed to give Executive Directors an interest in the increase in the value of the Group.

Service contracts and/or letters of appointment

Executive Directors

It is the Group's policy to appoint Executive Directors under service agreements terminable by either party giving a minimum of 6 months' notice. David Rugg has a two year notice period that was agreed on flotation of the Company and this is still considered appropriate.

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

Non-executive Directors

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

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

Outside directorships

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

Remuneration report continued

Information required to be audited.

PART 2. Directors' Emoluments

	Salary, Commissions & Fees £'000	Long Term Share Schemes £'000	Bonus £'000	Benefits £'000	Pensions £'000	2017 £'000(*)	2016 £'000
David Rugg	400	–	47	53	–	500	473
Chris Day	357	–	81	26	33	497	415
Dan Prickett	184	52	35	12	11	294	219
Paul Harding	258	–	21	18	–	297	422
Simon Hawkins	43	–	14	3	3	63	–
Tony Chambers	32	–	–	–	–	32	32
Phillip Gwyn	122	–	–	15	–	137	192
Pommy Sarwal	57	–	–	–	–	57	57
Hwfa Gwyn	9	–	–	–	–	9	–
Laurie Benson	4	–	–	–	–	4	–
	1,466	52	198	127	47	1,890	1,810

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

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

	2017 £'000	2016 £'000
Defined benefit arrangement:		
Accrued pension at end of year	51	50

Directors' pension entitlements

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

Directors' interests

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

	31 Mar 2018	31 Dec 2017	31 Dec 2016
Philip Gwyn	11,515,961	11,515,961	11,515,961
David Rugg	2,827,844	2,827,844	2,811,046
Chris Day	762,847	762,847	712,847
Paul Harding	337,870	337,870	312,870
Dan Prickett	25,000	25,000	–
Simon Hawkins	126,240	126,240	–
Tony Chambers	131,975	131,975	131,975
Hwfa Gwyn (*)	–	–	–
Laurie Benson	–	–	–

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

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

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

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

The market price of the shares at 31 December 2017 was 132.5p (31 December 2016: 83.0p) and the range during the year was 76.5p to 132.5p (year to 31 December 2016: 75.0p to 152.5p).

Chris Day exercised 50,000 options granted under the share options scheme during the year. Paul Harding exercised 25,000 options granted under the share options scheme during the year. The aggregate of the theoretical gains made on these exercises, calculated on the difference between the option and the mid-market price on the date of option maturity, was £48,500 (2016: £14,500), of which £nil (2016: £nil) related to the highest paid Director. Neither Chris Day nor Paul Harding have, however, actually disposed of the shares arising from the exercise of their options.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

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

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

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

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

Independent auditor's report

To the members of Christie Group plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Christie Group Plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2017 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of financial position, consolidated statement of cash flows, company statement of changes in shareholders' equity, company statement of financial position, company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2017 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of matter – prior year restatement

We draw attention to note 32 – Prior year restatement, of the financial statements, which describes the impact of prior year adjustments in order to consolidate the entities which were not previously identified as subsidiaries. Our opinion is not modified in respect of this matter.

Who we are reporting to

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.

Conclusions relating to going concern

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

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

Overview of our audit approach

- overall materiality: £136,000, which represents 4% of the preliminary group profit before taxation.
- we performed full scope audits of all UK entities and targeted procedures or analytical review of overseas subsidiaries based on size and an assessment of risk.
- key audit matters were identified as:
 - Group - the carrying value of goodwill;
 - Group - defined benefit pension obligation assumptions; and
 - Parent entity only - recoverability of investments and intercompany debtors.

Key audit matters

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

Key audit matter	How the matter was addressed in the audit	Key observations
Group – Carrying value of goodwill The value of goodwill at the year-end is £1.8m (2016: £1.8m). An impairment assessment of goodwill is required on an annual basis. There is a risk of material misstatement, due to the degree of uncertainty involved in forecasting and discounting future cash flows associated with such impairment assessments. We therefore identified this risk as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included but was not restricted to: • assessment of the Board paper produced by management to support the carrying value of goodwill. This included challenging key assumptions applied in the impairment assessments which are growth rates and changes in costs and discount rates based on our understanding of the business and expected market outturn. • testing the accuracy of historic estimates by comparing the 2017 budgeted sales and net cash flows to the results achieved for the year and performing sensitivity analysis of expected revenue for 2018 onwards for reasonableness. The Group's accounting policy on goodwill is disclosed in note 2.7 to the financial statements and related disclosures are included in note 13.	Our testing did not identify any material misstatements.
Group – Defined benefit pension obligations – assumptions The Group has a defined benefit pension liability of £14.2m (2016: £18.1m). The calculation of the retirement benefit obligation is based on a number of assumptions which have a significant impact on the value of the liability. We therefore identified this risk as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included but was not restricted to: • assessment of the annual actuarial report from the scheme actuaries using our internal actuarial experts. This includes the evaluation of assumptions applied for consistency with prior year and assessment of the assumptions for reasonableness compared to similar schemes. The Group's accounting policy on defined benefit pension obligations is disclosed in note 2.1 to the financial statements and related disclosures are included in note 24.	Our testing did not identify any material misstatements.
Parent company only – Recoverability of investments and intercompany debtors The parent entity has investments in subsidiaries of £2.1m (2016: £2.5m) and amounts owed by subsidiaries of £13.5m (2016: £13.8m). The assessment of the recoverability of such balances requires a significant degree of judgement and estimation in respect of expected future cash flows. We therefore identified this risk as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included but was not restricted to: • testing the application of the Group policy on provisions in respect of funding losses in overseas subsidiaries by confirming that increases in loan balances due from overseas entities were immediately written off in line with Group policy. • challenging key judgements and assumptions applied in the assessment of recoverability which are mainly related to the expected future payments and returns to be received based on our understanding of the business and expected market outturn. • testing the underlying information used is consistent with the information held within the budgets and cashflow forecast. The Group's accounting policy on Impairment of Assets is disclosed in note 2.10 and Investments in note 2.11 to the financial statements. The disclosures in relation to Intercompany Debtors are included in note 21. The disclosures in relation to Investments are included in note 17.	Our testing did not identify any material misstatements.

Independent auditor's report continued

Our application of materiality

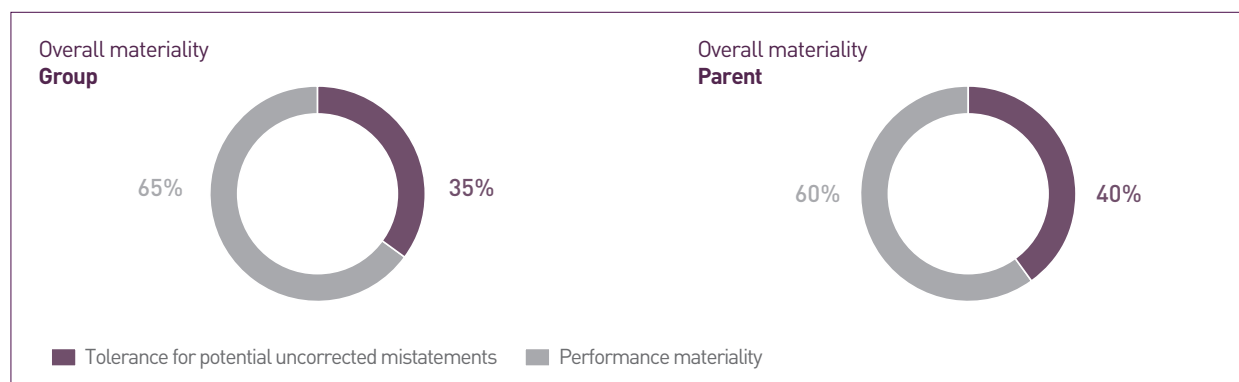
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in

determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	£136,000 which is 4% of preliminary Group profit before taxation. This benchmark is considered the most appropriate as the Group is a commercial organisation with profit based KPI's. Materiality for the current year is lower than the level that the predecessor auditor determined for the year ended 31 December 2016 to reflect emerging market practice and guidance issued by the Financial Reporting Council.	£80,000 which is based on 0.5% of total assets but restricted to reduce it to be below group performance materiality. This benchmark is considered the most appropriate because the parent has no revenue and holds investments in and loans to subsidiaries and is therefore considered to be an asset based business. Materiality for the current year is lower than the level that the predecessor auditor determined for the year ended 31 December 2016 to reflect emerging market practice and guidance issued by the Financial Reporting Council.
Performance materiality used to drive the extent of our testing	65% of financial statement materiality.	60% of financial statement materiality.
Specific materiality	We also determined a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions of £1,000 due to the inherent sensitivity of these transactions and related disclosures.	We also determined a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions of £1,000 due to the inherent sensitivity of these transactions and related disclosures.
Communication of misstatements to the audit committee	£7,250 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£4,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

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



An overview of the scope of our audit

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

- evaluation by the Group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality. Significance was determined as a percentage of the Group's total assets, revenues and profit before taxation;
- full scope audit procedures performed at Christie Group plc and its UK subsidiaries. Targeted or Analytical audit procedures performed in relation to the European subsidiaries;
- no component auditors were used either in the audit or performance of the work on overseas entities;
- the total percentage coverage of full-scope and targeted procedures over the Group's revenue was 95%; and
- the total percentage coverage of full scope and targeted procedures over the Group's total assets was 93%.

Other information

The directors are responsible for the other information. The other information comprises the information on pages 1 to 41 and on pages 92 to 96. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Giles Mullins

Senior Statutory Auditor
for and on behalf of

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

16 April 2018

Consolidated income statement

For the year ended 31 December 2017

	Note	2017 Total £'000	Restated (*) 2016 Total £'000
Revenue	6	71,635	64,488
Employee benefit expenses	7	(48,978)	(45,866)
Depreciation and amortisation	6	22,657	18,622
Impairment reversal/(charge)	21	(902)	(798)
Other operating expenses		61	(194)
		(18,048)	(16,489)
Operating profit before exceptional items		3,768	1,141
Exceptional items	5	–	1,328
Operating profit after exceptional items		3,768	2,469
Finance costs	8	(162)	(193)
Pension scheme finance costs	8	(463)	(432)
Finance income	8	3	–
Total finance costs	8	(622)	(625)
Profit before tax	9	3,146	1,844
Taxation	10	(699)	(537)
Profit after tax		2,447	1,307
Profit for the period after tax attributable to:			
Equity shareholders of the parent		2,496	1,423
Non-controlling interest		(49)	(116)
		2,447	1,307
Earnings per share attributable to equity holders – pence			
Profit attributable to the equity holders of the Company			
– Basic	12	9.47	5.41
– Fully diluted	12	9.43	5.32

All amounts derive from continuing activities.

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

(*) Refer to note 32 for full details of the restatement of 2016 figures. This restatement has resulted in no change to the previously reported revenue, an increase in operating profit before and after exceptional items of £121,000, an £82,000 increase in finance costs and a £39,000 increase in profit before tax. Profit after tax has increased by £18,000. Basic earnings per share for 2016 are restated at 5.41 pence per share (previously 5.35 pence per share).

Consolidated statement of comprehensive income

For the year ended 31 December 2017

	2017 Total £'000	Restated (*) 2016 Total £'000
Profit after tax	2,447	1,307
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	3	184
Net other comprehensive income to be reclassified to profit or loss in subsequent years	3	184
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gains/(losses) on defined benefit plans	3,233	(8,054)
Income tax effect	(548)	1,011
Net other comprehensive income/(losses) not being reclassified to profit or loss in subsequent years	2,685	(7,043)
Other comprehensive income/(losses) for the year net of tax	2,688	(6,859)
Total comprehensive income/(losses) for the year	5,135	(5,552)
Total comprehensive income/(losses) attributable to:		
Equity shareholders of the parent	5,184	(5,436)
Non-controlling interest	(49)	(116)
	5,135	(5,552)

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

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

Consolidated statement of changes in shareholders' equity

As at 31 December 2017

	Attributable to the Equity Holders of the Company					
	Share capital £'000	Fair value and other reserves (Note 23) £'000	Cumulative translation reserve £'000	Retained earnings £'000	Non-controlling interest £'000	Total equity £'000
For the year ended 31 December 2016						
Balance at 1 January 2016 (*)	531	5,207	472	(9,025)	(454)	(3,269)
Profit/(loss) for the year after tax	–	–	–	1,423	(116)	1,307
Items that will not be reclassified subsequently to profit or loss	–	–	–	(7,043)	–	(7,043)
Items that may be reclassified subsequently to profit or loss	–	–	184	–	–	184
Total comprehensive income/(losses) for the year	–	–	184	(5,620)	(116)	(5,552)
Movement in respect of employee share scheme	–	20	–	–	–	20
Employee share option scheme:						
– value of services provided	–	238	–	–	–	238
Acquisition of non-controlling interest	–	–	–	(241)	241	–
Dividends paid	–	–	–	(657)	–	(657)
Balance at 31 December 2016 (*)	531	5,465	656	(15,543)	(329)	(9,220)

	Attributable to the Equity Holders of the Company					
	Share capital £'000	Fair value and other reserves (Note 23) £'000	Cumulative translation reserve £'000	Retained earnings £'000	Non-controlling interest £'000	Total equity £'000
For the year ended 31 December 2017						
Balance at 1 January 2017	531	5,465	656	(15,543)	(329)	(9,220)
Profit/(loss) for the year after tax	–	–	–	2,496	(49)	2,447
Items that will not be reclassified subsequently to profit or loss	–	–	–	2,685	–	2,685
Items that may be reclassified subsequently to profit or loss	–	–	3	–	–	3
Total comprehensive income/(losses) for the year	–	–	3	5,181	(49)	5,135
Movement in respect of employee share scheme	–	(82)	–	–	–	(82)
Employee share option scheme:						
– value of services provided	–	229	–	–	–	229
Dividends paid	–	–	–	(657)	–	(657)
Balance at 31 December 2017	531	5,612	659	(11,019)	(378)	(4,595)

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

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

Consolidated statement of financial position

At 31 December 2017

	Note	2017 £'000	Restated (*) 2016 £'000	Restated (*) 2015 £'000
Assets				
Non-current assets				
Intangible assets – Goodwill	13	1,841	1,812	1,703
Intangible assets – Other	14	1,368	1,241	1,066
Property, plant and equipment	15	3,565	3,559	3,227
Deferred tax assets	16	3,142	3,901	3,266
Available-for-sale financial assets	17a	635	635	635
Other receivables	18	182	182	182
		10,733	11,330	10,079
Current assets				
Inventories	19	25	29	6
Trade and other receivables	21	14,873	13,226	12,027
Current tax assets		4	357	45
Cash and cash equivalents	20	4,692	1,638	3,621
		19,594	15,250	15,699
Total assets		30,327	26,580	25,778
Equity				
Share capital	22	531	531	531
Fair value and other reserves	23	5,612	5,465	5,207
Cumulative translation reserve		659	656	472
Retained earnings		(11,019)	(15,543)	(9,025)
		(4,217)	(8,891)	(2,815)
Non-controlling interest		(378)	(329)	(454)
Total equity		(4,595)	(9,220)	(3,269)
Liabilities				
Non-current liabilities				
Trade and other payables	25	436	249	–
Retirement benefit obligations	24	14,241	18,106	11,958
Borrowings	26	734	753	837
Provisions	27	188	167	155
		15,599	19,275	12,950
Current liabilities				
Trade and other payables	25	11,703	8,916	9,085
Current tax liabilities		230	152	–
Borrowings	26	6,526	6,596	5,260
Provisions	27	864	861	1,752
		19,323	16,525	16,097
Total liabilities		34,922	35,800	29,047
Total equity and liabilities		30,327	26,580	25,778

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

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

These consolidated financial statements have been approved for issue by the Board of Directors on 16 April 2018.

D B Rugg
Chairman and Chief Executive

S J Hawkins
Group Finance Director

Consolidated statement of cash flows

For the year ended 31 December 2017

	Note	2017 £'000	Restated(*) 2016 £'000
Cash flow from operating activities			
Cash generated from/(used in) operations	28	5,171	(826)
Interest paid		(162)	(193)
Tax paid		(160)	(243)
Net cash generated from/(used in) operating activities		4,849	(1,262)
Cash flow from investing activities			
Purchase of property, plant and equipment (PPE)		(575)	(855)
Proceeds from sale of PPE		3	16
Intangible asset expenditure – software		(460)	(453)
Interest received		3	–
Net cash used in investing activities		(1,029)	(1,292)
Cash flow from financing activities			
Repayment of bank loan		(17)	(85)
(Repayments)/proceeds from invoice finance		(12)	371
Repayment of finance lease liabilities		(6)	(6)
Dividends paid		(657)	(657)
Net cash used in financing activities		(692)	(377)
Net increase/(decrease) in cash		3,128	(2,931)
Cash and cash equivalents at beginning of year		(2,932)	17
Exchange losses on euro bank accounts		(20)	(18)
Cash and cash equivalents at end of year	20	176	(2,932)

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

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

Company statement of changes in shareholders' equity

As at 31 December 2017

	Attributable to the Equity Holders of the Company			
	Share capital £'000	Fair value and other reserves (Note 23) £'000	Retained earnings £'000	Total equity £'000
For the year ended 31 December 2016				
Balance at 1 January 2016	531	4,207	1,211	5,949
Profit for the year after tax	–	–	1,082	1,082
Items that will not be reclassified subsequently to profit or loss	–	–	(227)	(227)
Total comprehensive income for the year	–	–	855	855
Movement in respect of employee share scheme	–	20	–	20
Employee share option scheme:				
– Value of services provided	–	23	–	23
Dividends paid	–	–	(657)	(657)
Balance at 31 December 2016	531	4,250	1,409	6,190

	Attributable to the Equity Holders of the Company			
	Share capital £'000	Fair value and other reserves (Note 23) £'000	Retained earnings £'000	Total equity £'000
For the year ended 31 December 2017				
Balance at 1 January 2017	531	4,250	1,409	6,190
Profit for the year after tax	–	–	510	510
Items that will not be reclassified subsequently to profit or loss	–	–	35	35
Total comprehensive income for the period	–	–	545	545
Movement in respect of employee share scheme	–	(82)	–	(82)
Employee share option scheme:				
– Value of services provided	–	20	–	20
Dividends paid	–	–	(657)	(657)
Balance at 31 December 2017	531	4,188	1,297	6,016

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

Company statement of financial position

As at 31 December 2017

	Note	2017 £'000	2016 £'000
Assets			
Non-current assets			
Investments in subsidiaries	17	2,115	2,463
Deferred tax assets	16	213	272
Available-for-sale financial assets	17a	635	635
Other receivables	18	451	451
		3,414	3,821
Current assets			
Trade and other receivables	21	14,967	14,830
Cash and cash equivalents	20	873	5
		15,840	14,835
Total assets		19,254	18,656
Equity			
Share capital	22	531	531
Fair value and other reserves	23	4,188	4,250
Retained earnings		1,297	1,409
Total equity		6,016	6,190
Liabilities			
Non-current liabilities			
Retirement benefit obligations	24	1,246	1,365
		1,246	1,365
Current liabilities			
Trade and other payables	25	7,476	6,531
Current tax liabilities		–	–
Borrowings	26	4,516	4,570
		11,992	11,101
Total liabilities		13,238	12,466
Total equity and liabilities		19,254	18,656

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

As permitted by section 408 of the Companies Act 2006 the Income Statement and Statement of Comprehensive Income of the Parent Company is not presented as part of these financial statements. The Parent Company made a profit after tax of £510,000 (2016: £1,082,000).

These Company financial statements have been approved for issue by the Board of Directors on 16 April 2018.

D B Rugg
Chairman and Chief Executive

S J Hawkins
Group Finance Director

Company statement of cash flows

For the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Cash flow from operating activities			
Cash used in operations	28	(193)	(1,793)
Interest paid		(121)	(172)
Tax (paid)/received		(53)	27
Net cash used in operating activities		(367)	(1,938)
Cash flow from investing activities			
Interest received		373	268
Dividend received		1,225	1,350
Sale of fixed asset investment to wholly owned subsidiary		348	–
Net cash generated from investing activities		1,946	1,618
Cash flow from financing activities			
Dividends paid		(657)	(657)
Net cash used in financing activities		(657)	(657)
Net increase/(decrease) in cash		922	(977)
Cash and cash equivalents at beginning of year		(4,565)	(3,588)
Cash and cash equivalents at end of year	20	(3,643)	(4,565)

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

Notes to the consolidated financial statements

1. General information

Christie Group plc is the parent undertaking of a group of companies covering a range of related activities. These fall into two divisions – Professional Business Services and Stock & Inventory Systems & Services. Professional Business Services principally covers business valuation, consultancy and agency,

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

2. Summary of significant accounting policies

Accounting policies for the year ended 31 December 2017

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

2.1 Basis of preparation

The consolidated and Company financial statements of Christie Group plc have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated and Company financial statements have been prepared under the historical cost convention with the exception of the defined benefit pension scheme, and on a going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and Company financial statements are disclosed in note 4.

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

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 2018 or later periods and have not been early adopted. It is anticipated that none of these new standards, amendments and interpretations currently in issue at the time of preparing the financial statements will have a material effect on the consolidated financial statements of the Group, except for IFRS 16 Leases which becomes mandatory for the Group's 2019 consolidated financial statements.

IFRS 16: 'Leases' was issued in January 2016. The impact on the Group will be as follows: it eliminates the classification of leases as either operating leases or finance leases for

a lessee. Instead all leases are treated in a similar way to finance leases. Leases will be 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. Where lease payments are made over time, the Group will also recognise a financial liability representing its obligation to make future lease payments. As set out in note 30, the Group has future aggregate minimum lease payments under non-cancellable operating leases at 31 December 2018 of £10,389,000 which would need to be fair valued and recognised as a liability on the SOFP. In 2017 the charge recognised in the consolidated income statement relating to operating leases was £2,096,000 (2016: £1,950,000) and was disclosed within operating expenses. Under IFRS16, this charge would be reversed and a depreciation charge for the right of use asset would be recognised as well as an interest charge on the liability.

IFRS 9: 'Financial Instruments'. This is part of a project to replace IAS 39 Financial Instruments: Recognition and Measurement and deals with the classification and measurement of financial assets and financial liabilities. In November 2009, the IASB published IFRS 9 Financial Instruments which covered the classification and measurement of financial assets. In October 2010 the requirements for classifying and measuring financial liabilities were added to IFRS 9.

IFRS 15: 'Revenue from Contracts with Customers'. The standard represents a single revenue recognition standard to be applied across various industries. The standard replaces IAS 11 Construction Contracts and IAS 18 Revenue.

The core principle of the Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The Standard also requires enhanced disclosures about revenue, provides guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improves guidance for multiple-element arrangements.

Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers; the main exceptions are leases, financial instruments and insurance contracts. Management has performed an initial review of

2. Summary of significant accounting policies continued

the effect of IFRS 15 on revenue recognition and consider the impact of its introduction is likely to be immaterial to the Group.

On 22 July 2015, The International Accounting Standards Board (IASB) confirmed a one-year deferral of the effective date of the revenue Standard, IFRS 15 Revenue from Contracts with Customers, to 1 January 2018.

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 2017. The results of businesses acquired or disposed of are included from or to the date of acquisition or disposal.

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

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

Non-controlling interests

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

2.3 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in sterling, which is the Group's and Company's functional and presentation currency.

Transactions and balances

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

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

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

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

2.4 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services provided in the ordinary course of the Group's activities. Revenue derived from the Group's principal activities (which is shown exclusive of applicable sales taxes or equivalents) is recognised as follows:

Agency, consultancy and valuations

Net agency fees are recognised as income on exchange of contracts at which point the Group becomes contractually entitled to its agency fee. Consultancy income is recognised in the accounting period in which the service is rendered, assessed on the basis of actual service provided as a proportion of the total services provided. In respect of valuations, turnover is recognised once the property or business has been inspected. Appraisal income is recognised in the accounting period in which the service is rendered, assessed on the basis of actual service provided as a proportion of the total services to be provided.

Business mortgage broking

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

Insurance broking

Insurance brokerage is accounted for when the insurance policy commences.

Software solutions

Hardware revenues are recognised on installation or as otherwise specified in the terms of the contract. 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.

2. Summary of significant accounting policies continued

Stock & inventory services

Fees are recognised on completion of the visit to client's premises.

Other income is recognised as follows:

Interest income

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

Dividend income

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

Rental income

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

2.5 Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

2.6 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 Business Services, Stock & Inventory Systems & Services, and Other. 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.

2.7 Intangible assets

Goodwill

On the acquisition of a business, fair values are attributed to the net assets acquired. Goodwill arises on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired. Goodwill arising on

acquisitions is capitalised and subject to impairment review, both annually and when there are indications that the carrying value may not be recoverable. Goodwill arising on acquisitions prior to the date of transition to IFRS has been retained at previous UK GAAP amounts as permitted by IFRS 1 'First time adoption of International Accounting Standards'.

Other

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

2.8 Property, plant and equipment

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

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

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

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

2.9 Leases

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

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased asset and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element

2. Summary of significant accounting policies continued

is charged to the consolidated income statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

2.10 Impairment of assets

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

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

2.11 Investments

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.

Purchases and sales of investments held as available for sale financial assets are recognised on trade date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active

(and for unlisted securities), the Group establishes fair value by using cost less 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. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired.

2.12 Inventories

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

2.13 Trade receivables

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

2.14 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.

2.15 Borrowings

Borrowings are recognised initially at fair value. Borrowings are subsequently stated at amortised cost; any difference between proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

2.16 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

2. Summary of significant accounting policies continued

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.

2.17 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.

2.18 Investment in own shares

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

The Group and Company 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.

2.19 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.

2.20 Invoice finance

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

2.21 Employee benefits

Pension obligations

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

Pension obligations – Defined benefit schemes

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

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

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

Pension obligations – Defined contribution scheme

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

Share based compensation

The fair value of employee share option schemes, including Save As You Earn (SAYE) schemes, is measured by a Black-Scholes pricing model. Further details are set out in note 22a. In accordance with IFRS 2 'Share-based Payments' the resulting cost is charged to the income statement over the vesting period of the options. The value of the charge is adjusted to reflect expected and actual levels of options vesting.

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

2. Summary of significant accounting policies continued

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

Commissions and bonus plans

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

2.22 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. Financial risk management

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

3.1 Financial risk factors

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

(a) Market risk

Foreign exchange risk

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

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

At 31 December 2017, if sterling had strengthened by 10% against the Euro, with all other variables held constant, the post-tax profit for the year would have been £38,000 lower (2016: £48,000 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 £60,000 (2016: £61,000).

(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 2017 total borrowings by the Group amounted to £7,260,000 (2016: £7,349,000), with additional available unutilised credit facilities at 31 December 2017 of £734,000 (2016: £680,000).

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Total cash and cash equivalents held by the Group at 31 December 2017 were £4,692,000 (2016: £1,638,000).

(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

3. Financial risk management continued

ended 31 December 2017, assuming all other variables remained equal but interest rates were 0.25% higher or lower throughout the year, the impact on post tax losses would be a maximum increase or decrease of £2,000 (2016: £5,000).

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern

in order to provide returns for shareholders and benefits for other stakeholders and to maintain a capital structure appropriate for its growth plans.

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

4. Critical accounting estimates and judgements

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

4.1 Critical accounting estimates and assumptions

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

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

Goodwill, investments and amounts owed by Group undertakings are subject to an impairment review both annually and when there are indications that the carrying value may not be recoverable, in accordance with the accounting policies stated in note 2.7 and 2.10. 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 13.

(b) Retirement benefit obligations

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

actuaries, trustees and management as appropriate.

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

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

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

(c) Deferred taxation

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

5. Exceptional items

	2017 £'000	2016 £'000
Reduction in past service costs relating to defined benefit pension schemes	–	1,328
	–	1,328

In relation to both of its defined benefit pension schemes the Group has completed consultations relating to the indexation increases which may be applied to future increases in pensionable salary for active members of both schemes. The result is a reduction in aggregated scheme liabilities of £nil (2016: £1,328,000).

6. Segment information

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

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

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

The segment results for the year ended 31 December 2016 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Restated (*) Group £'000
Total gross segment sales	35,139	29,455	3,533	68,127
Inter-segment sales	(106)	–	(3,533)	(3,639)
Revenue	35,033	29,455	–	64,488
Operating profit/(loss) before exceptional items (**)	1,664	(110)	(413)	1,141
Exceptional items	973	286	69	1,328
Operating profit/(loss) after exceptional items (**)	2,637	176	(344)	2,469
Finance costs	(314)	(142)	(169)	(625)
Profit before tax				1,844
Taxation				(537)
Profit for the year after tax				1,307

(*) Refer to note 32 for full details of the restatement of 2016 figures. (**) Operating profit/(loss) excludes intercompany royalties.

Other segment items included in the income statements for the years ended 31 December 2017 and 2016 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
31 December 2017				
Depreciation and amortisation	325	499	78	902
(Reversal)/charge of impairment of trade receivables	(128)	67	–	(61)
31 December 2016				
Depreciation and amortisation	332	394	72	798
Impairment of trade receivables	112	82	–	194

Notes to the consolidated financial statements continued

6. Segment information continued

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

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
Assets	10,431	10,129	6,621	27,181
Deferred tax assets				3,142
Current tax assets				4
				30,327
Liabilities	15,620	8,517	3,295	27,432
Borrowings				7,260
Current tax liabilities				230
				34,922
Capital expenditure	204	750	81	1,035

The segment assets and liabilities at 31 December 2016 and capital expenditure for the year are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Restated (*) Group £'000
Assets	9,088	7,571	5,663	22,322
Deferred tax assets				3,901
Current tax assets				357
				26,580
Liabilities	17,429	7,331	3,539	28,299
Borrowings				7,349
Current tax liabilities				152
				35,800
Capital expenditure	799	492	17	1,308

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

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

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

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

6. Segment information continued

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

	2017 €'000	2016 €'000
Revenue		
Europe	71,249	64,122
Rest of the World	386	366
	71,635	64,488

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

	2017 €'000	Restated (*) 2016 €'000
Total segment assets		
Europe	27,119	22,148
Rest of the World	62	174
	27,181	22,322

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

	2017 €'000	2016 €'000
Capital expenditure		
Europe	1,035	1,308
Rest of World	–	–
	1,035	1,308

	2017 €'000	2016 €'000
Analysis of revenue by category		
Sale of goods	115	148
Revenue from services	71,520	64,340
	71,635	64,488

7. Employee benefit expenses

Staff costs for the Group during the year	2017 £'000	2016 £'000
Wages and salaries	42,006	39,340
Social security costs	4,715	4,210
Pension costs	1,869	1,879
Post-employment benefits	133	143
Other long-term benefits	26	55
Cost of employee share scheme	229	239
	48,978	45,866

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

	2017 Number	2016 Number
Operational	2,773	2,820
Administration and support staff	284	268
	3,057	3,088

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

	2017 Number	2016 Number
Operational	939	935
Administration and support staff	275	262
	1,214	1,197

8. Finance costs

	2017 £'000	Restated (*) 2016 £'000
Interest payable on bank loans and overdrafts	52	71
Other interest payable	110	122
Pension scheme finance costs	463	432
Total finance costs	625	625
Bank interest (receivable)	(3)	–
Total finance (credit)	(3)	–
Net finance costs	622	625

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

9. Profit before tax

	Group	
	2017 £'000	Restated (*) 2016 £'000
Profit before tax is stated after charging/(crediting):		
Depreciation of property, plant and equipment		
– owned assets	563	514
– hire purchases	6	7
Amortisation of intangible fixed assets	333	277
(Profit) on sale of property, plant and equipment	(3)	(10)
Operating lease charges		
– buildings	1,222	1,133
– other	874	817
Impairment (reversal)/charge of trade receivables (see note 21)	(61)	194
Loss/(gain) on foreign exchange	20	(18)

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

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	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Audit services				
– audit of the parent company and consolidated financial statements	14	–	14	–
– audit of the subsidiary company financial statements	88	–	–	–
Total audit fees	102	–	14	–
Group pension scheme audit fees	–	–	–	–
Other services				
– other services	–	–	–	–

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

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Audit services				
– audit of the parent company and consolidated financial statements	–	19	–	19
– audit of the subsidiary company financial statements	–	115	–	–
Total audit fees	–	134	–	19
Group pension scheme audit fees	13	17	–	–
Other services				
– other services	7	8	7	8

10. Taxation

	2017 £'000	Restated (*) 2016 £'000
Current tax		
UK corporation tax at 19.25% (2016: 20%)	(418)	–
Foreign tax	(64)	(184)
Adjustment in respect of prior years	(8)	23
Total current tax charge	(490)	(161)
Deferred tax		
Origination and reversal of timing differences	(122)	(332)
Impact of change in the UK corporation tax rate	(87)	(44)
Total deferred tax charge	(209)	(376)
Tax charge on profit on ordinary activities	(699)	(537)

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 19.25% as follows:

	2017 £'000	Restated (*) 2016 £'000
Profit before tax	3,146	1,844
Tax at standard rate of UK corporation tax at 19.25% (2016: 20%)	(606)	(368)
Effects of:		
– expenses not deductible for tax purposes	69	36
– adjustment in respect of prior years	(11)	23
– foreign tax	(64)	(184)
Re-measurement of deferred tax asset due to changes in the UK corporation tax rate	(87)	(44)
Total tax charge	(699)	(537)

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

11. Dividends

A dividend in respect of the year ended 31 December 2017 of 1.75p per share, amounting to a total dividend of £464,000 is to be proposed at the Annual General Meeting on 14 June 2018. These financial statements do not reflect this proposed dividend.

12. 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.

	2017 £'000	Restated (*) 2016 £'000
Profit attributable to equity holders of the Company	2,496	1,423
	2017 Thousands	2016 Thousands
Weighted average number of ordinary shares in issue	26,346	26,295
Adjustment for share options	100	472
Weighted average number of ordinary shares for diluted earnings per share	26,446	26,767
	2017 Pence	Restated (*) 2016 Pence
Basic earnings per share	9.47	5.41
Fully diluted earnings per share	9.43	5.32

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

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.

13. Intangible assets – goodwill

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

Group	Total £'000
Cost	
At 1 January 2016	1,703
Foreign currency translation effects	109
At 31 December 2016	1,812

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 2017 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000
Goodwill	178	1,663

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 and long-term growth rates over a period of 5 years from the statement of financial position date. Management determined budgeted revenue growth based on past performance and its expectations for the market development. Discount rates were determined using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Terminal value is calculated as cash flows beyond the five-year period are extrapolated using estimated long term growth rates obtained from HM Treasury for both the UK and Continental Europe.

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

	Professional Business Services %	Stock & Inventory Systems & Services %
Discount rates	10.0	8.0
Long-term growth rates	2.5	2.5

14. Intangible assets – other

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

Group	Trademarks £'000	Software £'000	Total £'000
Cost			
At 1 January 2016	38	1,362	1,400
Additions	12	441	453
Disposals	(1)	(3)	(4)
At 31 December 2016	49	1,800	1,849
Accumulated amortisation and impairment			
At 1 January 2016	2	332	334
Charge for the year	2	275	277
Disposals	–	(3)	(3)
At 31 December 2016	4	604	608
Net book amount at 31 December 2016	45	1,196	1,241

Notes to the consolidated financial statements continued

15. 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 2017	2,237	51	4,505	6,793
Additions	–	–	575	575
Disposals	–	–	(161)	(161)
Foreign currency translation effects	–	–	(25)	(25)
At 31 December 2017	2,237	51	4,894	7,182
Accumulated depreciation				
At 1 January 2017	146	34	3,054	3,234
Charge for the year	41	4	524	569
Disposals	–	–	(161)	(161)
Foreign currency translation effects	–	–	(25)	(25)
At 31 December 2017	187	38	3,392	3,617
Net book amount at 31 December 2017	2,050	13	1,502	3,565

Group	Freehold property £'000	Short leasehold property £'000	Fixtures, fittings, computer equipment and motor vehicles £'000	Total £'000
Cost				
At 1 January 2016	2,237	33	3,686	5,956
Additions	–	18	837	855
Disposals	–	–	(60)	(60)
Foreign currency translation effects	–	–	42	42
At 31 December 2016	2,237	51	4,505	6,793
Accumulated depreciation				
At 1 January 2016	105	33	2,591	2,729
Charge for the year	41	1	479	521
Disposals	–	–	(53)	(53)
Foreign currency translation effects	–	–	37	37
At 31 December 2016	146	34	3,054	3,234
Net book amount at 31 December 2016 (*)	2,091	17	1,451	3,559

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

16. 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	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Deferred tax assets comprises:				
Decelerated capital allowances	110	158	–	–
Losses not yet utilised	302	335	93	104
Short-term timing differences	309	330	(92)	(64)
Deferred tax asset	721	823	1	40
Deferred tax asset on pension	2,421	3,078	212	232
At 31 December	3,142	3,901	213	272

Movements in the deferred tax asset:

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
At 1 January	3,901	3,266	272	300
Charged to income statement	(211)	(376)	(59)	(28)
(Charged)/credited to other comprehensive income	(548)	1,011	–	–
At 31 December	3,142	3,901	213	272

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

The UK government has announced future changes to the Corporation tax rate. These changes will result in a decrease in the standard rate of corporation tax to 17% from 1 April 2020. As at 31 December 2017 all such changes have been substantively enacted and have therefore been reflected in the calculation of deferred tax for the year ended 31 December 2017.

Notes to the consolidated financial statements continued

17. Investments in subsidiaries

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

Company	Total €'000
Cost	
At 1 January 2016	6,149
Additions	–
Disposals	(100)
At 31 December 2016	6,049
Provision for impairment	
At 1 January 2016 and 31 December 2016	(3,586)
Net book amount at 31 December 2016	2,463

Subsidiary undertakings

At 31 December 2017 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	5 Rue Meyerbeer, 75009 Paris	100%	Business valuers, surveyors and agents
Christie & Co GmbH (*)	Germany	Schillerstrasse 12, 60313 Frankfurt	100%	Business valuers, surveyors and agents
Christie, Owen & Davies SL (*)	Spain	Paseo de Gracia 11, Esc B, 4° 3a, 08007 Barcelona	100%	Business valuers, surveyors and agents
Christie & Co Oy (*)	Finland	Technopolis Ruoholahti 2/ Energiakuja 3, 00180 Helsinki	100%	Business valuers, surveyors and agents
Christie & Co Austria GMBH (*)	Austria	Stallburggasse 2/3a, 1010 Vienna	100%	Business valuers, surveyors and agents

17. Investments in subsidiaries continued

Company	Principal place of business and country of incorporation	Registered Address	Ownership	Nature of business
Christie Business Property Advisers (Ireland) Ltd (*)	Republic of Ireland	12 Whitefriars, Peter's Row, Aungier Street, Dublin 2, Ireland	100%	Business valuers, surveyors and agents
Christie Group Central Services Limited	UK	Pinder House, 249 Upper Third Street, Milton Keynes, Buckinghamshire, MK9 1DS	100%	Other professional activities
Pinders Professional & Consultancy Services Ltd	UK	Pinder House, 249 Upper Third Street, Milton Keynes, Buckinghamshire, MK9 1DS	100%	Business appraisers
Christie Financial Services Ltd	UK	Whitefriars House, 6 Carmelite Street, London, EC4Y 0BS	100%	Holding company
RCC Business Mortgage Brokers Ltd (trading as Christie Finance)	UK	Whitefriars House, 6 Carmelite Street, London, EC4Y 0BS	100%	Business mortgage brokers
RCC Insurance Brokers Ltd (*) (trading as Christie Insurance)	UK	Whitefriars House, 6 Carmelite Street, London, EC4Y 0BS	100%	Insurance brokers
Orridge Holdings Ltd	UK	Pinder House, 249 Upper Third Street, Milton Keynes, Buckinghamshire, MK9 1DS	100%	Holding company
Orridge & Co Ltd (*)	UK	Pinder House, 249 Upper Third Street, Milton Keynes, Buckinghamshire, MK9 1DS	100%	Stocktaking and inventory management services
Orridge Supply Chain Services Ltd	UK	Pinder House, 249 Upper Third Street, Milton Keynes, Buckinghamshire, MK9 1DS	100%	Stocktaking and inventory management services
Orridge PS Ltd	UK	Pinder House, 249 Upper Third Street, Milton Keynes, Buckinghamshire, MK9 1DS	100%	Stocktaking and inventory management services
Reedwall Limited (*)	UK	Pinder House, 249 Upper Third Street, Milton Keynes, Buckinghamshire, MK9 1DS	100%	Holding company
Orridge Inventory Service GmbH (*)	Germany	Godesberger Allee 189, 53175 Bonn, Germany	87.5%	Stocktaking and inventory management services
Inventory Service Austria GmbH (*)	Austria	Karl Waldbrunner Platz 1, 1210 Vienna, Austria	87.5%	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

Notes to the consolidated financial statements continued

17. Investments in subsidiaries continued

Company	Principal place of business and country of incorporation	Registered Address	Ownership	Nature of business
Vennersys Ltd (formerly Venners Systems & Services Ltd)	UK	Pinder House, 249 Upper Third Street, Milton Keynes, Buckinghamshire, MK9 1DS	100%	EPoS, head office systems and merchandise control
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 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 Ridgcop Limited is Belgium.

17a. Available-for-sale financial assets

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Non-current assets				
Cost				
At 1 January and 31 December	635	635	635	635

The available-for-sale financial assets are all denominated in sterling.

The available-for-sale financial asset represents an unquoted investment. The asset is held at cost less impairment.

18. Other receivables

	Group		Company	
	2017 £'000	Restated (*) 2016 £'000	2017 £'000	2016 £'000
Non-current assets				
Other debtors	182	182	451	451
Other receivables	182	182	451	451

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

The Company's non-current other receivables are denominated in sterling. Other debtors represent loans in respect of the Group's share schemes and deposits with third parties repayable after more than one year, none of which are impaired.

19. Inventories

	Group	
	2017 £'000	2016 £'000
Finished goods and goods for resale	25	29

Notes to the consolidated financial statements continued

20. Cash and cash equivalents

	Group		Company	
	2017 £'000	Restated (*) 2016 £'000	2017 £'000	2016 £'000
Cash at bank and in hand	4,692	1,638	873	5

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

	Group		Company	
	2017 £'000	Restated (*) 2016 £'000	2017 £'000	2016 £'000
Cash and cash equivalents	4,692	1,638	873	5
Bank overdrafts (note 26)	(4,516)	(4,570)	(4,516)	(4,570)
	176	(2,932)	(3,643)	(4,565)

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

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 2017 the ultimate parent undertaking had utilised bank overdrafts to the value of £4,516,000 (2016: £4,570,000).

21. Trade and other receivables

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade receivables	9,449	9,685	2	5
Less: provision for impairment of receivables	(559)	(617)	–	–
Amounts owed by group undertakings	–	–	15,368	14,573
Less: provision for impairment of amounts owed by Group undertakings	–	–	(892)	(747)
Other debtors	1,622	1,287	370	287
Prepayments	3,618	2,528	119	712
Accrued income	743	343	–	–
	14,873	13,226	14,967	14,830

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

21. Trade and other receivables continued

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

	2017 £'000	Group 2016 £'000
Provision at 1 January	617	423
Amounts provided in previous period not utilised	(234)	(234)
Provided in the period	173	428
Impairment of receivables recognised in the consolidated income statement	(61)	194
Amounts written off in the year	3	–
Provision at 31 December	559	617

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

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

	2017 £'000	Group 2016 £'000
Not overdue	5,476	5,123
Amounts past due:		
← 1 month	2,295	2,416
1 – 3 months	750	1,331
3 – 6 months	489	317
6 – 12 months	258	194
→ 1 year	181	304
Provision for impairment of trade receivables	(559)	(617)
Amounts past due but not impaired	3,414	3,945

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

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

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Sterling	11,861	11,366	14,967	14,830
Euros	2,980	1,709	–	–
Other	32	151	–	–
	14,873	13,226	14,967	14,830

22. Share capital

Ordinary shares of 2p each	2017		2016	
	Number	£'000	Number	£'000
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 2017 the total payments by the Company to the ESOP to finance the purchase of ordinary shares were £2,714,000 (2016: £2,639,000). This figure is inclusive of shares purchased and subsequently issued to satisfy employee share awards. The market value at 31 December 2017 of the ordinary shares held in the ESOP was £235,000 (2016: £151,000). The investment in own shares represents 178,000 shares (2016: 182,000) with a nominal value of 2p each.

22a. Share based payments

Certain employees hold options to subscribe for shares in the Company at prices ranging from 39.5p to 138.5p under share option schemes for the period from March 2009 to October 2017.

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

Number of shares		Option exercise price	Date granted	Option exercise period
2017	2016			
–	3,000	251.5p	Mar 2007	Mar 2010 – Mar 2017
20,000	20,000	39.5p	May 2009	May 2012 – May 2019
313,634	410,634	45.0p	May 2009	May 2012 – May 2019
6,000	6,000	45.0p	Jun 2009	Jun 2012 – Jun 2019
10,000	60,000	57.5p	Sep 2009	Sep 2012 – Sep 2019
28,000	44,000	46.5p	May 2010	May 2013 – May 2020
34,000	34,000	58.5p	Sep 2011	Sep 2014 – Sep 2021
19,000	26,000	67.0p	May 2012	May 2015 – May 2022
52,000	52,000	67.5p	Sep 2012	Sep 2015 – Sep 2022
45,833	58,833	75.0p	Oct 2013	Oct 2016 – Oct 2023
52,167	52,167	75.0p	*Oct 2013	Oct 2016 – Oct 2023
48,959	48,959	134.5p	May 2014	May 2017 – May 2024
121,041	121,041	134.5p	*May 2014	May 2017 – May 2024
36,000	36,000	125.0p	Oct 2014	Oct 2017 – Oct 2024
176,176	185,176	127.5p	May 2015	May 2018 – May 2025
264,190	264,190	127.5p	*May 2015	May 2018 – May 2025
68,635	78,635	138.5p	Sep 2015	Sep 2018 – Sep 2025
87,365	87,365	138.5p	*Sep 2015	Sep 2018 – Sep 2025
96,000	105,000	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
37,000	–	88.5p	May 2017	May 2020 – May 2027
10,000	–	88.5p	*May 2017	May 2020 – May 2027
61,501	–	113.5p	Oct 2017	Oct 2020 – Oct 2027
52,499	–	113.5p	*Oct 2017	Oct 2020 – Oct 2027
1,692,000	1,745,000			

22. Share capital continued

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

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

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:

	2017	2016
Share price at grant date	39.5p – 157.0p	39.5p – 251.5p
Exercise price	39.5p – 138.5p	39.5p – 251.5p
Expected volatility	29.6% – 82.9%	34.4% – 82.9%
Expected life	3 – 5 years	3 – 5 years
Risk free rate	0.2% – 4.7%	0.6% – 5.1%
Dividend yield	0.0% – 3.7%	0.0% – 3.7%
Fair value per option	15.4p – 103.2p	17.4p – 103.2p

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

A reconciliation of share option movements in the Company (excluding SAYE schemes) over the year to 31 December 2017 is shown below:

	2017		2016	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	1,745,000	94.47p	1,752,000	103.49p
Granted	164,000	81.49p	157,000	100.93p
Exercised	(117,000)	47.25p	(142,000)	68.24p
Forfeited	(97,000)	78.23p	(19,000)	70.11p
Expired	(3,000)	251.50p	(3,000)	130.50p
Outstanding at 31 December	1,692,000	97.13p	1,745,000	94.47p
Exercisable at 31 December	786,634	74.42p	766,634	53.94p

Excluding SAYE schemes there were 117,000 share options exercised during the year (2016: 142,000). The weighted average share price at the date of exercise of these options was 114.62p (2016: 93.80p). The total charge for the year relating to employee share based payment plans was £202,000 (2016: £238,000), all of which related to equity-settled share based payment transactions. The weighted average remaining contractual life of share options outstanding at 31 December 2017 was 5.90 years (2016: 6.25 years).

23. Fair value and other reserves

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

Group	Share premium £'000	Share based payments £'000	Own shares £'000	Capital redemption reserve £'000	Fair value and other reserves £'000
At 1 January 2016	4,831	675	(309)	10	5,207
Employee share option scheme: value of services provided	–	238	–	–	238
Movement in respect of employee share scheme	–	(112)	132	–	20
At 31 December 2016	4,831	801	(177)	10	5,465

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

Company	Share premium £'000	Share based payments £'000	Own shares £'000	Capital redemption reserve £'000	Other reserves £'000	Fair value and other reserves £'000
At 1 January 2016	4,831	(414)	(309)	10	89	4,207
Employee share option scheme: value of services provided	–	23	–	–	–	23
Movement in respect of employee share scheme	–	(112)	132	–	–	20
At 31 December 2016	4,831	(503)	(177)	10	89	4,250

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

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

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

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

24. Retirement benefit obligation

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

	2017 £'000	2016 £'000
United Kingdom	14,241	18,106

United Kingdom

The obligation outstanding of £14,241,000 (2016: £18,106,000) includes £981,000 (2016: £990,000) payable to David Rugg by Christie Group plc, and £13,260,000 (2016: £17,116,000) relating to pension benefits payable to members of the Christie Group Pension and Assurance Scheme and the Venners Retirement Benefits Scheme.

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 on the basis of triennial valuations using the projected unit method.

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

	2017 £'000	2016 £'000
Present value of obligations	73,647	71,430
Fair value of plan assets	(59,406)	(53,324)
Liability in the statement of financial position	14,241	18,106

The principal actuarial assumptions used were as follows:

	2017 %	2016 %
Discount rate	2.50	2.80
Inflation rate	3.10-3.30	3.30
Future salary increases	1.00-2.00	1.00-2.00
Future pension increases	2.10-3.50	2.30-3.50

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

	2017 Years	2016 Years
Male	21.9-22.3	21.9-22.3
Female	23.7-23.8	23.9

24. Retirement benefit obligation continued

The movement in the defined benefit obligation is as follows:

	2017 £'000	2016 £'000
At 1 January	71,430	58,106
Annuity policies assigned to individuals	–	(1,201)
Interest cost	1,956	2,227
Current service cost	438	587
Past service cost	–	(1,328)
Benefits paid	(1,614)	(1,676)
Actuarial losses on assumption changes	1,273	14,998
Actuarial losses/(gains) on experience	164	(283)
At 31 December	73,647	71,430
Attributable to:		
Present value of funded obligations	59,406	53,324
Present value of unfunded obligations	14,241	18,106
	73,647	71,430

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

	2017 £'000	2016 £'000
At 1 January	53,324	46,148
Annuity policies assigned to individuals	–	(1,201)
Return on plan assets less interest income	4,728	6,393
Net interest income	1,493	1,795
Employee contributions	147	160
Employer contributions	1,335	1,387
Benefits paid	(1,563)	(1,627)
Actuarial (losses)/gains	(58)	269
At 31 December	59,406	53,324

24. Retirement benefit obligation continued

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

	2017 £'000	2016 £'000
Current service cost	438	587
Total included in employee benefit expenses	438	587
Past service costs	–	(1,328)
Total included in exceptional items	–	(1,328)
Net interest cost	463	432
Total included in finance costs	463	432
Actuarial (gains)/losses	(3,233)	8,054
Total included in other comprehensive (income)/losses	(3,233)	8,054

Plan assets are comprised as follows:

	2017			2016		
	Quoted* £'000	Unquoted £'000	Total £'000	Quoted* £'000	Unquoted £'000	Total £'000
Equity	–	43,164	43,164	–	39,973	39,973
Debt	–	8,809	8,809	–	7,883	7,883
Property (**)	–	2,757	2,757	–	2,694	2,694
Other	–	4,676	4,676	–	2,774	2,774
	–	59,406	59,406	–	53,324	53,324

(*) Plan assets are held in unit trusts.

** Property assets shares held in Carmelite Property Ltd (See note 31).

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

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

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

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

Life expectancy – The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

24. Retirement benefit obligation continued

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	(7.4%)	8.1%
Salary growth rate	0.50%	0.0%	(0.5%)
Pension growth rate	0.25%	1.0%	(1.0%)
	Increase by 1 year in assumption		Decrease by 1 year in assumption
Life expectancy	2.9%		(2.8%)

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

Expected Group contributions to UK post retirement benefit schemes for the year ending 31 December 2018 are £1,309,000.

The weighted average duration of the defined benefit obligation is 18.8 years (2016: 18.7 years).

As at 31 December 2017	Less than a year £'000	Between 1-2 years £'000	Between 2-5 years £'000	Over 5 years £'000	Total £'000
Pension benefits	1,559	2,542	6,672	107,135	117,908

Company

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

	2017 £'000	2016 £'000
Beginning of the year	(1,365)	(1,202)
Expenses included in income statement (*)	(53)	(65)
Employer contributions	79	82
Pension paid	51	49
Actuarial gains/(losses)	42	(229)
End of the year	(1,246)	(1,365)

(*) This figure is net of the 2016 exceptional items (see note 5).

The amounts recognised by the Company in relation to the Christie Group defined benefit scheme has been allocated on the basis of actuary data.

25. Trade and other payables

	Group		Company	
	2017 £'000	Restated (*) 2016 £'000	2017 £'000	2016 £'000
Current				
Trade payables	1,327	1,485	199	199
Amounts owed to Group undertakings	–	–	5,814	4,907
Other taxes and social security	3,032	2,727	861	872
Other creditors	1,369	810	248	287
Accruals	5,468	3,287	354	266
Deferred income	507	607	–	–
	11,703	8,916	7,476	6,531
	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Non-current				
Accruals	436	249	–	–
	436	249	–	–

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

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

	Group		Company	
	2017 £'000	Restated (*) 2016 £'000	2017 £'000	2016 £'000
Sterling	10,402	7,802	7,476	6,531
Euros	1,695	1,187	–	–
Other	42	176	–	–
	12,139	9,165	7,476	6,531

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

Notes to the consolidated financial statements continued

26. Borrowings

	Group		Company	
	2017 £'000	Restated (*) 2016 £'000	2017 £'000	2016 £'000
Non-current				
Bank loans (**)	734	752	–	–
Finance lease liabilities	–	1	–	–
	734	753	–	–
Current				
Bank overdrafts	4,516	4,570	4,516	4,570
Bank loans (**)	63	62	–	–
Other borrowings (**)	910	910	–	–
Invoice finance (secured against debtors)	1,036	1,048	–	–
Finance lease liabilities	1	6	–	–
	6,526	6,596	4,516	4,570
Total borrowings	7,260	7,349	4,516	4,570

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

(**) Bank loans and Other borrowings shown above are payable by Atrium Holdings Limited and its immediate and wholly owned subsidiary undertaking, P.H. UK Limited. Atrium Holdings Limited and P.H. UK Limited are indirectly owned subsidiaries of Christie Group plc. Borrowings within these companies are without direct recourse to any other Group company, including Christie Group plc. The bank loan is secured against the freehold property shown at a cost of £2,237,000 in note 15. Freehold ownership of this property lies with P.H. UK Limited.

The Group is not subject to any contractual repricing.

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

27. Provisions

	Long-term benefits due to employees £'000	Dilapidations £'000	Total £'000
At 1 January 2017	823	205	1,028
Charged to the income statement			
– Additional provision	51	63	114
– Provision released	–	(42)	(42)
Utilised during the year	–	(48)	(48)
At 31 December 2017	874	178	1,052
	Long-term benefits due to employees £'000	Dilapidations £'000	Total £'000
At 1 January 2016	1,756	151	1,907
Charged to the income statement			
– Additional provision	116	96	212
– Provision released	(41)	(29)	(70)
Utilised during the year	(1,008)	(13)	(1,021)
At 31 December 2016	823	205	1,028

27. Provisions continued

Analysis of total provisions:

	2017 £'000	2016 £'000
Non-current	188	167
Current	864	861
	1,052	1,028

(a) Long-term benefits due to employees

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

(b) Dilapidations

Provision is held in respect of dilapidations arising on leasehold premises over the length of the lease in accordance with the lease terms.

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

28. Notes to the cash flow statement

Cash generated from/(used in) operations

	Group		Company	
	2017 £'000	Restated (*) 2016 £'000	2017 £'000	2016 £'000
Profit for the year after tax	2,447	1,307	510	1,082
Adjustments for:				
– Taxation	699	557	52	32
– Finance costs	159	193	121	172
– Interest received	–	–	(373)	(268)
– Dividends received	–	–	(1,225)	(1,350)
– Past service costs	–	(1,328)	–	(30)
– Depreciation	569	521	–	–
– Amortisation of intangible assets	333	277	–	–
– Impairment of investments in subsidiaries	–	–	65	43
– Profit on sale of PPE	(3)	(10)	–	–
– Foreign currency translation	16	18	–	(1)
– Increase/(decrease) in provisions	24	(879)	–	–
– Share option charge	229	238	20	23
– Movement in retirement benefit obligation	(632)	(578)	(77)	(37)
Movement in working capital:				
– Increase/(decrease) in inventories	3	(23)	–	–
– (Decrease) in trade and other receivables	(1,647)	(1,199)	(231)	(2,543)
– Increase in trade and other payables	2,974	80	945	1,084
Cash generated from/(used in) operations	5,171	(826)	(193)	(1,793)

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

Notes to the consolidated financial statements continued

28. Notes to the cash flow statement continued

In £'000	Note	Bank overdraft	Other loans and borrowings	Invoice finance	Finance lease liabilities	Retained earnings	Total
Balance at 1 January 2017		4,570	1,724	1,048	7	(15,543)	(8,194)
Repayment of borrowings	26	–	(17)	(12)	–	–	(29)
Payment of finance lease liabilities	26	–	–	–	(6)	–	(6)
Dividend paid	11	–	–	–	–	(657)	(657)
Total changes from financing cash flows		–	(17)	(12)	(6)	(657)	(692)
Liability related							
Change in bank overdraft	26	(54)	–	–	–	–	(54)
Interest expense	8	(52)	(62)	(48)	–	–	(162)
Interest paid		52	62	48	–	–	162
Total liability related other changes		(54)	–	–	–	–	(54)
Total equity related other changes		–	–	–	–	5,181	5,181
Balance at 31 December 2017		4,516	1,707	1,036	1	(11,019)	(3,759)

In £'000	Note	Bank overdraft	Other loans and borrowings	Invoice finance	Finance lease liabilities	Retained earnings	Total
Balance at 1 January 2016		3,604	1,809	677	13	(9,025)	(2,922)
Proceeds from borrowings		–	–	371	–	–	371
Repayment of borrowings		–	(85)	–	–	–	(85)
Payment of finance lease liabilities		–	–	–	(6)	–	(6)
Dividend paid	11	–	–	–	–	(657)	(657)
Total changes from financing cash flows		–	(85)	371	(6)	(657)	(377)
Liability related							
Change in bank overdraft		966	–	–	–	–	966
Interest expense	8	(71)	(82)	(40)	–	–	(193)
Interest paid		71	82	40	–	–	193
Total liability related other changes		966	–	–	–	–	966
Total equity related other changes		–	–	–	–	(5,861)	(5,861)
Balance at 31 December 2016		4,570	1,724	1,048	7	(15,543)	(8,194)

The bank overdraft is held for cash management purposes.

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

29. Financial assets & liabilities

The carrying value of financial assets and liabilities, which are principally denominated in Sterling, Euros, Canadian dollars, Swiss Francs or Czech Korunas (see notes 21 and 25 for an analysis of amounts held in foreign currencies) were as follows:

	Group		Company	
	2017 £'000	Restated (*) 2016 £'000	2017 £'000	2016 £'000
Assets				
Available-for-sale financial assets	635	635	635	635
Trade and other receivables	14,873	13,226	14,967	14,569
Cash and cash equivalents	4,692	1,638	873	5
	20,200	15,499	16,475	15,209
	Group		Company	
	2017 £'000	Restated (*) 2016 £'000	2017 £'000	2016 £'000
Liabilities				
Retirement benefit obligations	14,241	18,106	1,246	1,365
Provisions	1,052	1,028	–	–
Trade and other payables	12,139	9,165	7,476	6,531
Borrowings	7,260	7,349	4,516	4,570
	34,692	35,648	13,238	12,466

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

At 31 December 2017, if sterling had weakened/strengthened by 10% against the Euro with all other variables held constant, the retranslation of the year end foreign currency balances would have increased/decreased post-tax profit for the year by £38,000/£38,000 (2016: £48,000/£48,000). Applying the same variables to foreign exchange differences recognised directly in equity the effect would be a reduction in equity of £60,000 (2016: £61,000).

30. Commitments

a. Operating lease commitments

At 31 December 2017 the Group has lease agreements in respect of properties, vehicles, plant and equipment, for which the payments extend over a number of years.

	2017		2016	
	Property £'000	Vehicles and equipment £'000	Restated (*) Property £'000	Vehicles and equipment £'000
Commitments under non-cancellable operating leases due:				
Within one year	1,093	836	1,123	744
Within two to five years	3,087	1,145	3,474	1,154
After five years	6,209	–	7,882	–
	10,389	1,981	12,479	1,898

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

Operating lease payments represent:

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

31. Related-party transactions

Group

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

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

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

	2017 £'000	2016 £'000
Directors' remuneration per Directors' report	1,902	1,810
Employers' NI	230	235
Total remuneration	2,132	2,045
	2017 £'000	2016 £'000
Dividends paid to Directors	274	384

The Income Statement charge in respect of share options held by directors is £29,000 (2016: £46,000).

Company

Transactions with Group undertakings:

	2017 £'000	Restated (*) 2016 £'000
Provision of services	5,193	5,780
Purchase of services	937	1,269

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

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 21 and 25.

See note 21 for provisions against amounts due from Group undertakings.

During the period rentals of £435,000 (2016: £287,000) were paid to Carmelite Property Limited, a company incorporated in England and Wales, and jointly owned by The Christie Group Pension and Assurance Scheme, The Venners Retirement Benefit Fund and The Fitzroy Square Pension Fund, by Christie Group plc in accordance with the terms of a long-term lease agreement.

As at 31 December 2017, Christie Group plc had accrued £25,000 in relation to the engagement of Philip Gwyn for consultancy work in 2017, commencing from 1 October 2017.

32. Prior year restatement

The Board have reviewed their previously adopted accounting treatment in relation to two indirectly held subsidiary entities, which were previously not consolidated by virtue of being considered to be immaterial contingent net assets.

Having considered the requirements of IFRS 10 the Board have restated the Consolidated Statement of Financial Position as at 1 January 2016 and 31 December 2016, the Consolidated Income Statement for the year ended 31 December 2016, and all other elements of the financial statements so affected. In doing so, the consolidated financial statements are now prepared recognising Atrium Holdings Limited and P.H. UK Limited as indirectly but wholly owned subsidiaries of Christie Group plc (see note 17 – Investment in Subsidiaries) and recognise that indirect ownership of both entities has vested with Christie Group plc since 30 April 2015.

The effect on the Consolidated Income Statement for 2016 is set out below:

	Note	Previously reported 2016 £'000	Restated 2016 £'000	Impact of restatement £'000
Revenue	6	64,488	64,488	–
Operating expenses		[63,468]	[63,347]	121
Operating profit before exceptional items		1,020	1,141	121
Exceptional items	5	1,328	1,328	–
Operating profit after exceptional items		2,348	2,469	121
Finance costs	8	[543]	[625]	(82)
Profit before tax		1,805	1,844	39
Taxation	10	[516]	[537]	(21)
Profit after tax		1,289	1,307	18
Earnings per share attributable to equity holders – pence				
– Basic	12	5.35	5.41	0.06
– Fully diluted	12	5.25	5.32	0.07

The effect on the Statement of Financial Position as at 31 December 2016 was as follows:

	Note	Previously reported 2016 £'000	Restated 2016 £'000	Impact of restatement £'000
Property, plant and equipment	15	1,468	3,559	2,091
Other receivables	18	451	182	(269)
Cash and cash equivalents	20	1,637	1,638	1
Trade and other payables	25	[8,883]	[8,916]	(33)
Current borrowings	26	[5,624]	[6,596]	(972)
Non-current borrowings	26	[1]	[753]	(752)
Other assets and liabilities (net)		1,666	1,666	–
Net assets / (liabilities)		[9,286]	[9,220]	66

Property, plant and equipment has been restated to recognise P.H. UK Limited's ownership of the freehold property of Pinder House, 249 Upper Third Street, Milton Keynes, MK9 1DS (see note 15).

Current and non-current borrowings are restated to include amounts payable by Atrium Holdings Limited and its immediate and wholly owned subsidiary undertaking, P.H. UK Limited (see note 26). Borrowings within these companies are without direct recourse to any other Group company, including Christie Group plc. The bank loan is secured against the freehold property noted above.

The impact of the restatement of the opening Statement of Financial Position for 2016, as at 1 January 2016, was an increase in net assets at that date of £48,000.

Five-year record

Consolidated income statement

	2017 £'000	Restated (*) 2016 £'000	Restated (*) 2015 £'000	2014 £'000	2013 £'000
Revenue	71,635	64,488	63,743	61,011	54,154
Operating profit before exceptional items	3,768	1,141	3,869	3,706	1,567
Exceptional items	–	1,328	–	–	(442)
Finance costs	(622)	(625)	(646)	(347)	(584)
Profit on ordinary activities before tax	3,146	1,844	3,223	3,359	541
Taxation	(699)	(537)	(604)	(1,142)	(351)
Profit on ordinary activities after tax	2,447	1,307	2,619	2,217	190
Non-controlling interest	49	116	165	238	51
Profit attributable to equity holders of the parent	2,496	1,423	2,784	2,455	241
Earnings per share					
– basic	9.47p	5.41p	10.36p	9.34p	0.81p
Dividends per ordinary share (payable in respect of the year)	2.75p	2.50p	2.50p	2.25p	1.50p

Consolidated statement of financial position

	2017 £'000	Restated (*) 2016 £'000	Restated (*) 2015 £'000	2014 £'000	2013 £'000
Non-current assets	10,733	11,330	10,079	8,247	7,001
Current assets	19,594	15,250	15,699	14,873	12,756
Non-current liabilities	(1,358)	(1,169)	(992)	(258)	(561)
Current liabilities	(19,323)	(16,525)	(16,097)	(15,625)	(14,491)
	9,646	8,886	8,689	7,237	4,705
Retirement benefit obligations	(14,241)	(18,106)	(11,958)	(13,970)	(4,796)
Net liabilities	(4,595)	(9,220)	(3,269)	(6,733)	(91)

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

Shareholder information

Company information

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

Online copy

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

Board of directors

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

Secretary

Dan Prickett FCA

Registered office

Whitefriars House
6 Carmelite Street
London EC4Y 0BS

Registered number

01471939

Nominated adviser and broker

Panmure Gordon (UK) Limited

Principal solicitors

Royds
Dentons

Auditors

Grant Thornton UK LLP

Financial calendar

Annual General Meeting

Whitefriars House 6 Carmelite Street London EC4Y 0BS	Thursday 14 June 2018 at 10.00am
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Announcements

Half-year results for 2018	September 2018
Preliminary full-year results for 2018	April 2019

Final dividend 2017

Ex-dividend	07 June 2018
Record date	08 June 2018
Payment date	06 July 2018

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

Registrars

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

Link Asset Services

The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

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

shareholderenquiries@linkgroup.co.uk

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

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

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

Once you have registered, you can immediately:

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

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

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

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

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

ShareGift

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

www.sharegift.org/donate-shares

Unauthorised brokers ('boiler room' scams)

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

If you receive any unsolicited investment advice:

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

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

Identity theft

Tips for protecting your shares in the company:

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

Directory

Christie Group plc

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

Christie & Co

Head Office & London International

Whitefriars House
6 Carmelite Street
London EC4Y 0BS
T: +44 (0) 207 227 0700
E: enquiries@christie.com
W: www.christie.com

Austria – Vienna

Stallburggasse 2/3a
1010 Vienna
T: +43 (0) 18 90 53 570
E: vienna@christie.com

Finland – Helsinki

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

France – Bordeaux

Cours du 30 juillet
33064 Bordeaux Cedex
T: +33 (0) 5 56 00 95 09
E: bordeaux@christie.com

France – Paris

5 rue Meyerbeer
75009 Paris
T: +33 (0) 1 53 96 72 72
E: paris@christie.com

France – Lyon

Immeuble Danica B
21 Avenue Georges Pompidou
69486 Lyon Cedex 03
T: +33 (0) 4 72 91 30 50
E: lyon@christie.com

France – Aix en Provence

31 Parc du Golf
CS 90519
13593 Aix en Provence
T: +33 (0) 4 88 78 21 76
E: Aix-en-provence@christie.com

France – Rennes

Immeuble "Artemis"
Parc Monier
167 Route de Lorient
35000 Rennes
T: +33 (0) 2 99 59 83 30
E: rennes@christie.com

Germany – Berlin

Kurfürstendamm 182
10707 Berlin
T: +49 (0) 3020 00960
E: berlin@christie.com

Germany – Frankfurt

Schillerstraße 12
60313 Frankfurt am Main
T: +49 (0) 6990 74 570
E: frankfurt@christie.com

Germany – Munich

Pfisterstraße 6
80331 Munich
T: +49 (0) 892 00 00 070
E: munich@christie.com

Spain – Barcelona

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

Spain – Madrid

Regus Colón
Paseo de la Castellana 18, 7º planta
28046 Madrid
T: +34 91 794 26 40
E: madrid@christie.com

Sweden – Stockholm

Nybrogatan 34
Box 5216
102 45 Stockholm
T: +46 70 558 98 93
E: stockholm@christie.com

OTHER UNITED KINGDOM OFFICES

Birmingham

13th Floor Bank House
8 Cherry Street
Birmingham B2 5AL
T: +44 (0) 121 456 1222
E: birmingham@christie.com

Bristol

Embassy House
Queens Avenue
Clifton
Bristol BS8 1SB
T: +44 (0) 117 946 8500
E: bristol@christie.com

Cardiff

Brunel House
2 Fitzalan Road
Cardiff CF24 0EB
T: +44 (0) 29 2002 3123
E: cardiff@christie.com

Edinburgh

Miller House
6th Floor
18 George Street
Edinburgh EH2 2QU
T: +44 (0) 131 557 6666
E: edinburgh@christie.com

Exeter

Kings Wharf
The Quay
Exeter EX2 4AN
T: +44 (0) 1392 285 600
E: exeter@christie.com

Glasgow

4th Floor, 46 Gordon Street
Glasgow G1 3PU
T: +44 (0) 141 352 7300
E: glasgow@christie.com

Ipswich

Hyde Park House
Crown Street
Ipswich IP1 3LG
T: +44 (0) 1473 256 588
E: ipswich@christie.com

Leeds

Aquis House
12 Greek Street
Leeds LS1 5RU
T: +44 (0) 113 389 2700
E: leeds@christie.com

London

Whitefriars House
6 Carmelite Street
London EC4Y 0BS
T: +44 (0) 208 370 3100
E: london@christie.com

Maidstone

Kestrel House
Knightrider Street
Maidstone ME15 6LU
T: +44 (0) 1622 656 000
E: maidstone@christie.com

Manchester

2nd Floor, Acresfield
St Ann's Square
Manchester M2 7HA
T: +44 (0) 161 833 3311
E: manchester@christie.com

Newcastle upon Tyne

Shakespeare House
18 Shakespeare Street
Newcastle upon Tyne NE1 6AQ
T: +44 (0) 191 222 1740
E: newcastle@christie.com

Nottingham

Suite 402, Bridlesmith House
38 Bridlesmith Gate
Nottingham NG1 2GQ
T: +44 (0) 115 948 3100
E: nottingham@christie.com

Reading

200 Brook Drive
Green Park
Reading RG2 6UB
T: +44 (0) 118 402 1650
E: reading@christie.com

Winchester

Star Lane House
Staple Gardens
Winchester SO23 8SR
T: +44 (0) 1962 844 455
E: winchester@christie.com

Christie Finance

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

Head Office

T: +44 (0)207 227 0774
E: enquiries@christiefinance.com
W: www.christiefinance.com

Birmingham

T: +44 (0) 121 452 3717
E: birmingham@christiefinance.com

Bristol

T: +44 (0) 117 946 8502
E: bristol@christiefinance.com

Chester

Regus House, Herons Way
Chester CH4 9QR
T: +44 (0) 1244 207 685
E: chester@christiefinance.com

Edinburgh

T: +44 (0) 131 524 3417
E: edinburgh@christiefinance.com

Exeter

T: +44 (0) 1392 285 600
E: exeter@christiefinance.com

Glasgow

T: +44 (0) 141 352 7300
E: glasgow@christiefinance.com

Ipswich

T: +44 (0) 1473 256 588
E: ipswich@christiefinance.com

Leeds

T: +44 (0) 113 389 2700
E: leeds@christiefinance.com

London

T: +44 (0) 207 227 0745
E: london@christiefinance.com

Maidstone

T: +44 (0) 1622 656 000
E: maidstone@christiefinance.com

Manchester

T: +44 (0) 161 833 6902
E: manchester@christiefinance.com

Newcastle

T: +44 (0) 191 222 1740
E: newcastle@christiefinance.com

Nottingham

T: +44 (0) 115 945 4712
E: nottingham@christiefinance.com

Winchester

T: +44 (0) 1962 844 455
E: winchester@christiefinance.com

Christie Insurance

Whitefriars House
6 Carmelite Street
London EC4Y 0BS
T: +44 (0) 207 448 8820
E: enquiries@christieinsurance.com
W: www.christieinsurance.com

Brierley Hill

Custom House
Level Street
The Waterfront
Brierley Hill DY5 1XH
T: +44 (0) 207 444 0030
E: enquiries@christieinsurance.com

Orridge

Suite A
Equity House
4-6 Market Street
Harlow CM17 0AH
T: +44 (0) 1279 775 600
E: contact@orridge.co.uk
W: www.orridge.eu

Aldridge

Centre House
Court Parade
Aldridge WS9 8LT
T: +44 (0) 1922 472 000
E: contact@orridge.co.uk

Europe

100 Avenue du Port
1000 Brussels
T: +32 (0) 26 46 25 47
E: contact@orridge.eu
W: www.orridge.eu

Germany

Inventory Service GmbH
Godesberger Allee 189
53175 Bonn
T: +49 (0) 228 88 60 65 40
E: sales@orridge.de
W: www.orridge.de

Pinders

Pinder House
249 Upper Third Street
Milton Keynes MK9 1DS
T: +44 (0) 1908 350 500
E: info@pinders.co.uk
W: www.pinders.co.uk

Venners

3 Essex House
Astra Centre
Edinburgh Way
Harlow CM20 2BN
T: +44 (0) 1279 620 820
E: enquiries@venners.co.uk
W: www.venners.com

Vennersys

Pinder House
249 Upper Third Street
Milton Keynes MK9 1DS
T: +44 (0) 1908 350 550
E: contact@vennersys.com
W: www.vennersys.co.uk

Aldridge

Centre House
Court Parade
Aldridge WS9 8LT
E: info@vennersys.com

North America

Suite 200 – 1920
Yonge Street
Toronto, Ontario M4S 3E2
Canada
T: +1 416 572 7784
E: contact@vennersys.ca
W: www.vennersys.ca



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Christie Group plc

Whitefriars House
6 Carmelite Street
London EC4Y 0BS
United Kingdom

T: +44 (0) 20 7227 0707

F: +44 (0) 20 7227 0708

E: executive@christiegroup.com

www.christiegroup.com

