Building our capabilities

Huntsworth plc Annual Report and Accounts 2018

About us

Huntsworth plc

is an international healthcare and communications group.

The Group's principal area of focus is Health, which provides marketing and medical communication services and immersive experiences to healthcare clients, which are primarily large and mid-size pharmaceutical and biotech companies. It also has a smaller Communications group, which provides a wide range of communications and advisory services including strategic communications, public affairs, investor relations and consumer marketing.

Huntsworth is listed on the London Stock Exchange (LSE: HNT).

Marketing
Pg 18

Medical
Pg 19

Immersive
Pg 20

Communications
Pg 21

Strategic Report

Corporate Governance

Financial Statements

Other Information

2018 Highlights

Financial Highlights

- Revenue up 14% (1.4% on a like-for-like[1] basis) at £225.0 million (2017: £197.0 million)
- Headline[2] operating profit up 26% (12% on a like-for-like basis) at £33.2 million (2017: £26.4 million), representing a margin of 14.8% (2017: 13.4%)
- Headline profit before tax up 26% (15% on a like-for-like basis) at £30.9 million (2017: £24.4 million)
- Headline diluted earnings per share up 24% at 7.1p (2017: 5.8p)
- Leverage ratio reduced to 1.9x EBITDA from 2.5x post the acquisition of Giant
- Proposed final dividend up 10% to 1.6p per share (2017: 1.45p per share) giving a total dividend for the year of 2.3p per share (2017: 2.0p per share)

Operational Highlights

- Healthcare remains our focus for growth and investment and grew like-for-like revenues by 6% in the period. This performance was led by strong organic growth from the Medical and Immersive divisions and a return to growth of the Marketing division in H2 as anticipated
- Acquisitions of Giant, Navience and AboveNation to broaden our Marketing offer; all now integrated
- Continued margin improvement reflecting operational efficiencies and focus on high-quality work
- Improved confidence in the financial stability of the Communications division

Summary Financial Performance

Revenue

£225.0m

(2017: £197.0m)

Dividend per share

2.3p

(2017: 2.0p)

Headline Operating Profit

£33.2m

(2017: £26.4m)

Headline Diluted EPS

7.1p

(2017: 5.8p)

1 Like-for-like revenues are stated at constant exchange rates and excluding the effect of acquisitions and disposals. A reconciliation of IFRS revenues and operating profit to like-for-like results is included in Appendix 1.
2 Unless otherwise stated, headline results have been adjusted to exclude highlighted items. An explanation of how all non-IFRS measures have been calculated is included in Appendix 1.

Company Overview

Huntsworth operates from **46** principal offices in **20** countries, with over **90%** of revenues from the US, UK and western Europe.

Investment case

Healthcare and US focused
With 85% of profits derived from Healthcare and 71% from the US, Huntsworth is weighted towards a higher growth, defensive sector in a stable political and economic environment.

Integrated offering
The Group continues to develop a full service, digitally driven offering to support its customers. The acquisitions of Giant Creative Strategy, Navience Healthcare Solutions and AboveNation Media demonstrated our progress in this area with all three acquisitions adding key new capabilities in our Marketing division.

Strong balance sheet
Despite the acquisitions made during 2018, the Group ended the year with net debt 1.9x EBITDA, comfortably within our covenant limits. Cash generation is strong and will facilitate further deleveraging.

Good organic growth, supported by M&A
The Group's healthcare divisions grew 6% on a like-for-like basis, with a further £34 million of annualised revenues added through acquisition.

Progressive dividend
The Group once again increased its full year dividend in line with profits, by 15%. The full year dividend continues to represent approximately one third of the Group's diluted headline earnings per share.

Health

huntsworth health

Huntsworth Health has three main divisions. Marketing focuses on post-approval marketing of drugs to payers, healthcare professionals and consumers, primarily in the US. Medical focuses on communicating evidence on new scientific and drug developments and educating healthcare professionals and payers on the appropriate use of therapy. Immersive provides live experiences, communications and interactive content.

Marketing

Divisional Revenue

36%

2018: £82.0m

Medical

Divisional Revenue

15%

2018: £34.2m

Immersive

Divisional Revenue

16%

2018: £35.4m

Communications

huntsworth communications

Communications contains three main communication and advisory agencies. Grayling is a global integrated communications network, covering corporate and consumer public relations and public affairs. Citigate Dewe Rogerson is an international financial and corporate public relations consultancy. Red is a strategic communications consultancy offering PR, digital and content expertise.

Divisional revenue

33%

2018: £73.4m

Geographies

UK and Europe

USA

Rest of the World

Chairman's Statement

Record financial performance

In my final year as Chairman, I'm pleased to report a record financial performance at Huntsworth. We have made further significant progress in executing our strategy of transforming the Group into a Healthcare services-focused business, helped by the acquisitions of Giant, Navience and AboveNation Media within our Marketing division.

Our continued focus on operational excellence and client service has produced strong like-for-like growth in headline profit before tax of 15%.

That growth has been led by the Medical and Immersive divisions which both had outstanding years, producing double-digit revenue growth. The Immersive division, which was formed in July 2017 following the acquisition of The Creative Engagement Group, is an example of how the Group is able to harness new capabilities and provide high-quality management teams with the ability to focus and expand their businesses.

We have made further significant progress in executing our strategy of transforming the Group into a Healthcare services-focused business

Derek Mapp Chairman

The Marketing division was our major investment focus this year as we responded to growing client demand for agencies that can offer a more complete suite of services. To that end we brought three agencies into the Marketing division, all of which have integrated well, and we are beginning to see the benefits of this approach as we are now able to compete for bigger mandates. As previously announced, financial performance from the division was disappointing, with like-for-like revenue declines of 3% reflecting a mix of delayed client project expenditure and drug failures, in addition to its exposure to tough comparatives. We saw an improvement in the second half and, as those comparatives unwind and the benefits of the broader offering are realised, we remain confident for an improved performance in 2019.

It was a steady year in our Communications division. Red had a good year, despite the effects of client attrition in 2017, and ended the year with a return to growth. Strong wins in the year emphasise its fundamental strength and provide a positive outlook for 2019. Citigate Dewe Rogerson again had a solid year despite a much quieter IPO market in the Netherlands and Asia. Grayling's performance was mixed, with strong growth in the UK being offset by a deteriorating position in Europe. We look forward to an improved financial performance in 2019 as we have now completed the restructuring of this business and right-sized the cost base.

As I mentioned in last year's Annual Report, given my other commitments, I will be stepping down as Chair of the Group. Following a thorough search process, I'm delighted that the Group has appointed David Lowden as my successor. David joined the Board on 1 January 2019 and will take over as Chair on 6 March 2019. David has extensive executive experience in global marketing services as well as a wealth of public company board experience. I'm pleased to be able to leave David with a fast-growing, dynamic and exciting business to chair.

On behalf of the Board, I would like to thank the management team and staff for their hard work in achieving the growth we have enjoyed this year. The Group looks forward to more success during 2019.

Derek Mapp
Chairman
5 March 2019

Revenue

£225.0m

(2017: £197.0m)

Headline Profit before tax

£30.9m

(2017: £24.4m)

Headline Diluted EPS

7.1p

(2017: 5.8p)

Our Market

The trends and drivers that influence our markets.

Range of businesses

Huntsworth comprises a broad range of businesses, with a diverse geographic and sector reach. As such each of our businesses operates in markets with their own characteristics and dynamics.

However, there are also overarching trends and drivers which are common across our businesses, at both a macro and micro level, which influence demand trends for our products and services and help shape the Group's future strategy and focus.

Growing Healthcare and US focus

Revenues by Market

Revenues by Geography

Macro developments

Economic and political uncertainty

The Group is overwhelmingly weighted to lower risk jurisdictions, with 93% of the Group's revenues generated from the US, UK and western Europe. Whilst the political environment, particularly in the UK where questions remain over the nature and timing of its departure from the EU, does carry uncertainty, the wider economic and regulatory environment in our countries of operation has remained relatively stable. Nevertheless, significant policy changes may have an impact, whether in respect of US tax reform, healthcare reform in the US, and wider economic policy.

Exchange rate fluctuations

Largely as a result of the political developments above, exchange rates have proved relatively volatile over the past 24 months. The result has been a material impact on the Group's results. In light of this, to enable a better understanding of the Group's results, our like-for-like measures exclude the impact of exchange rate movements. Currency tailwinds are currently anticipated into 2019, primarily as a result of the stronger US Dollar.

Healthcare

huntsworth health

Sector trends

The world is getting older
The global population is getting older all the time. Within 10 years there will be one billion individuals over the age of 60. Over the next thirty years the changes will be even more significant, with global life expectancy rising by 8 years, the number of over-65-year-olds doubling and the number of over-80-year-olds tripling.

The world is getting sicker
Demand for healthcare is rising globally, and especially quickly in the US. 133 million Americans currently have at least one chronic disease, a number expected to rise to 164 million in the next 10 years. This is mirrored in the global demand for prescription drugs, which is expected to grow at an average annual rate of over 6% for at least the next 5 years.

Drugs are getting more complex
Whilst overall demand for prescription drugs and other treatments is growing strongly, more complex drugs are growing particularly quickly. Biotech products are expected to account for 29% of total drug sales by 2022, up from 26% in 2017. This creates additional opportunities for agencies which are best able to navigate the complex regulatory and institutional environment surrounding these drugs.

Healthcare is becoming more digital
Healthcare providers and consumers are both becoming increasingly digital. Healthcare professionals are twice as likely to use online sources than print when making clinical decisions. Globally, over 60% of people use the internet to search for advice on health, medicines or medical conditions, a figure which rises to 80% in the US.

Communications

huntsworth communications

Sector trends

Increasing pressure on client budgets
Pressures on marketing budgets continue to intensify and there is increasing pressure to justify spend. As a result there is a demand for better measurement to quantify success and a need to see new ideas and new ways of solving problems.

Disruption of traditional marketing and consultancy
The lines between traditional marketing, advertising, communications and public relations are becoming increasingly blurred. This has led to intensifying competition from new entrants and established players, leading clients to more frequently review the solutions available to them. In this environment, innovative offerings are increasingly rewarded over established ways of doing things.

Integrated offering
Clients increasingly demand an integrated offering, to avoid the friction and inefficiencies of working with multiple agencies. Within this context it is important to shift away from siloed thinking and to focus on the wider client needs to determine how best to achieve their goals.

Business Model

Huntsworth generates value through a network of specialist agencies.

Resources and relationships

Strong brands
Huntsworth's businesses, in both the Healthcare and Communications divisions, operate under a range of strong, well-respected brands. Brands continue to be essential in a market which places a premium on trustworthy, quality businesses.

Experienced talent
The experience, knowledge and creativity of our people is integral to the success of our business. We have in place employment policies and practices that enable us to attract, retain and develop our talent and ensure the Group retains its market-leading position.

huntsworth health

huntsworth communications

Robust client base
Huntsworth works with a range of longstanding clients, big and small; nearly two thirds of our clients have been a customer for more than 5 years. In our Healthcare divisions we work with the biggest pharma companies in the world, including all of the top 20, as well as a number of smaller, nimble biotech companies. In our Communications division we work with a range of blue-chip companies and household names.

Global network
All of our businesses operate globally which means that we can be where our clients are. Whilst each business is focused on the specific needs of its clients, we can create integrated teams - within or across our divisions - to address challenges that require a multidisciplinary solution.

Enabling growth
Huntsworth the Parent Company enables innovation and growth in the agencies, by taking on much of the administrative burden in areas such as financial control, treasury, tax, M&A, investor relations, legal services and internal audit. This frees up the agencies to provide better quality service to their clients.

For more information:
Delivering our strategy
Pgs 12–13

Returns generated

Revenue growth
Our strong brands, quality people and global network combine to support revenues which are both resilient and which can grow sustainably. Growth in revenue sustains the long-term growth in the earnings of the business. Whilst we continue to remove unprofitable revenues in the Communications division, our Healthcare divisions saw good growth in aggregate.

+6%

like-for-like revenue growth in Healthcare

Profit growth
Growth in profits is driven by both revenue growth and a continued focus on operational and cost efficiencies. Over the past two years we have reorganised our business in order to maximise the efficiency in the way that we operate, and we continually review how, when and why we do things in order to identify further improvements.

+15%

like-for-like headline profit growth

Cash flow
Strong cash flows are underpinned by good profit generation combined with sensible working capital management. Our businesses deliver to sustainable but tightly managed working capital targets which delivers both visibility over cash flows and ensures that we minimise our debt requirements. Short and long term cash flow forecasting also ensures that we continue to operate well within our facility limits whilst delivering an optimum capital structure. Whilst cash flows were impacted by one-off factors in the first half of 2018, the Group's balance sheet remains strong.

1.9x

net debt to pro-forma EBITDA

Stakeholder outcomes

Customers
We help our customers engage, adapt and evolve in fast-changing landscapes, building brand resilience and creating measurable advantage to achieve their business objectives – whether that's building awareness, affinity or improving reputation leading to increased sales, visits or sign-ups.

Employees
Our employees benefit from working in a stimulating and rewarding environment, doing high-quality work alongside talented colleagues. Our employees have access to a number of training initiatives, as well as an annual appraisal and performance evaluation, to further their development.

Investors
We aim to maximise value for our shareholders and other investors through sustainable growth in earnings and cash flows.

+24%

growth in headline diluted EPS

Healthcare Business Explained

Building our integrated offer

Increasingly, clients are looking for opportunities to work with fewer agency partners on larger remits - consolidating business to those with proven and differentiated credentials and expertise in all key brand areas.

Within our divisions we have been building our offering to accommodate this market shift, a process which has been accelerated in the Marketing division in 2018 through M&A.

Successfully marketing a prescription drug requires targeting three main audiences: consumers, who need to want the drug; healthcare professional (HCPs), who need to prescribe it; and payers, such as insurance companies, who need to fund it. Increasingly pharmaceutical and biotech companies are looking for an integrated approach to all three audiences, and our M&A activity has been focused on enhancing our offering to ensure we can provide such an approach.

AboveNation Media

Consumer: amongst a range of market-leading offerings from the core Evoke business, consumer marketing was at the heart of the existing business. This was strengthened by the acquisition of AboveNation Media, which brought in-house media buying capabilities, reflecting the convergence of media and technology which has changed the way brands and companies connect with their customers.

Marketing

Unified branding: the collection of health and wellness marketing and communication agencies that made up our Marketing division have been integrated under the singular, global, market-leading Evoke brand. Our integrated approach provides greater strategic connectivity across customer audiences and affords greater efficiency across the agency, providing clients with a single, agile agency solution.

Integrated offering: the acquisitions that we made in the year have been quickly integrated into our offering. Together with the combination of our existing agencies under a single brand, this has allowed us to win multiple cross-discipline opportunities, including a global mandate with a leading pharmaceutical company to provide combined consumer and HCP agency of record services for a high-value franchise of launch brands.

HCPs: already well-served by our existing Evoke business, the acquisition of Giant has significantly enhanced our HCP marketing credentials, as well as bringing expanded geographic reach. With 150 expert staff and a roster of premier biotech, pharmaceutical, medical device and diagnostic clients, Giant brought with them the reputation of one of the most progressive and trusted healthcare agencies in the market.

Payers: In September 2018 we acquired Navience Healthcare Solutions, a specialist payer advisory and marketing agency. Navience occupies a fast-growing niche in pharma marketing by helping clients develop and execute market access and pricing strategies, supported by extensive data analytics.

For more information: Divisional summary **Pg 18**

Our Strategy

We are continuing to deliver against our plans.

Initiatives

Strengthen the Group's focus on Healthcare marketing services

The Healthcare industry has a good long-term outlook, underpinned by strong fundamentals, including an ageing population and a rise in chronic health conditions. At the same time it is becoming increasingly competitive with the established pharma companies facing challenges from small biotech firms and other niche players. In this environment, Healthcare marketing services have an increasingly important role to play.

Extend and grow our capabilities and services

The lines between traditional marketing, advertising, communications and public relations are becoming increasingly blurred. With clients critically reviewing the solutions available to them, and with a premium placed on innovative solutions, it is important to continually review our service offering and to extend and develop new capabilities and services.

Improve profitability across the Group

The Group has made significant progress over the past two years in improving its profitability but we aim to drive further operational efficiencies, as well as focusing on higher value-add services, in order to deliver market-leading margins.

Progress and Outlook

Increased share of revenue and profits from Healthcare

85%

Healthcare share of Group profits

Healthcare now accounts for 85% of Group profits, up from 79% in 2017. The increase has been driven by a combination of strong organic growth, combined with the acquisitions of Giant, Navience and AboveNation during the year. Further growth in 2019, combined with the annualisation of the acquisitions, is likely to increase Healthcare as a proportion of the Group.

Development of new capabilities and services

Huntsworth has a culture which incentivises the creation of new capabilities, and our businesses are constantly challenged to think about what they do and why. Close links are also encouraged between the agencies to develop cross-selling and cross-fertilisation.

The acquisitions made during the year have strengthened our offering in a number of key areas, including media buying, HCP and payer marketing. Over the course of 2019 we expect to continue to develop our service offering, and add capabilities where appropriate.

Improve profitability

15%

headline operating margin

Group headline operating margins have risen from 10% in 2016, through 13% in 2017 to 15% in 2018. Our aim is to further improve this margin as we develop higher margin businesses, together with the impact of cost savings actioned mid-way through 2018, and the effect of gearing on our fixed cost base.

KPIs

Healthcare share of Group profits

85%

(2017: 79%)

New capabilities and services

+6%

LFL revenue growth in Healthcare

LFL revenue growth is an indicator of how well our service offering address market needs. Notwithstanding planned declines in our Communications division, our core Healthcare divisions have shown good growth in aggregate.

Enterprise Value acquired

> $100m

Acquisition spend helps to grow our capabilities in new areas

Improved operating margin

15%

(2017: 13%)

Risk

Healthcare share of Group profits

Overreliance on Healthcare sector
Whilst the fundamentals of the Healthcare sector are good and offer a strong platform for sustainable growth, being overweight in Healthcare means that any changes to the political, economic or regulatory regime could have a disproportionate effect on the Group. This risk is currently deemed low, given the current and growing importance of the Healthcare sector in the wider economy.

Acquisitions or investments do not deliver expected benefits
There is a risk that acquisitions or investments do not deliver the expected benefits. This would mean an opportunity cost in terms of both cash and management time and attention, together with lower growth rates than anticipated. This risk is mitigated through careful due diligence and strategic appraisal on acquisition targets, appropriate incentives for acquired management teams, and clear implementation plans and exit routes for organic investments.

New capabilities and services

Service offering does not meet market needs
If the service offering does not meet market needs, this would lead to a failure to retain clients or to win new clients. In turn this would impact upon the Group's ability to grow its revenues and deliver for its stakeholders. This risk is mitigated through a continual critical review of our service offering and a detailed assessment of low growth regions.

Acquisitions or investments do not deliver expected benefits
There is a risk that acquisitions or investments do not deliver the expected benefits. This would mean an opportunity cost in terms of both cash and management time and attention, together with lower growth rates than anticipated. This risk is mitigated through careful due diligence and strategic appraisal on acquisition targets, and clear implementation plans and exit routes for organic investments.

Improved profitability

Underinvestment in future growth
There is a risk that a focus on profitability and margin performance leads to a failure to invest in the business, which would impact on the longer-term growth prospects. This risk is mitigated by a culture which prioritises long-term sustainable growth over short-term margin, an approach which is reflected in the incentive plans for key management.

Chief Executive's Statement

We have materially expanded our capabilities this year

Introduction

The Group continued to make strong progress in 2018. Revenue grew by 14% to £225.0 million and headline profit before tax by 26% to £30.9 million. On a like-for-like basis, this represents growth of 1% and 15%, respectively. Huntsworth's growth was led by the combined Healthcare divisions which grew revenues by 6% on a like-for-like basis.

Healthcare remains our focus for growth and investment, and continues to be a fast-growing sector led by increasing global demand for new drugs to help ageing populations. This demand is driving a complex market place that requires a combination of higher margin consultancy services, medical affairs and more effective marketing which is being seen in client demand patterns across all of our healthcare-focused divisions. Increasingly, clients are looking for a full service and digitally driven offering to help launch, distribute and differentiate their products.

Our acquisitions have given us the opportunity to compete for mandates which would previously have been unavailable, as a result of our greater size, geographical reach and service capabilities

Paul Taaffe Chief Executive Officer

huntsworth health

To further support our evolution in this direction, we acquired three agencies in the Marketing division this year, all adding key new capabilities as we seek to create a full service offering for post-approval medicines. Evoke already had a strong US consumer and digital marketing capability, healthcare public relations and healthcare professional communications in both Europe and in the US. On 22 February 2018 we bought AboveNation Media, a specialist media buying agency, for an initial consideration of £1.1 million. On 17 July 2018, we purchased San Francisco-based Giant Creative Strategy for an initial consideration of £52.2 million. Giant is the leading west coast healthcare professional and consumer marketing agency and adds considerable strength to the Group's offering, plus a roster of new clients. On 27 September 2018, we purchased Navience Healthcare Solutions, a specialist payer and advisory marketing services agency for an initial consideration of £18.9 million. All these acquisitions have been integrated well and, when combined with the capabilities of the existing Marketing division, form compelling offerings which are already leading to more client opportunities.

While the Group is firmly focused on developing and adding to its Healthcare assets, the Communications division continues to remain an important part, contributing 15% of profits before central costs. This remains a mixed group of agencies in terms of their individual performance and development, although it has been pleasing to see improving performance in key agencies this year. One-off costs borne within the year totalled around £1 million, related to further reorganising and right-sizing elements of the offering, and the benefits of these will be seen in improved financial returns in the coming years.

Headline profit before tax was £30.9 million (2017: 24.4 million), an increase of 26% or 15% on a like-for-like basis. Operating profits were £31.4 million (2017: £24.9 million), an increase of 26%. The following table reconciles statutory to headline profits:

£'m	**2018**	2017
Operating profit	**31.4**	24.9
Amortisation	**3.5**	1.4
Other highlighted items	**(1.7)**	0.1
Operating profit before highlighted items	**33.2**	26.4
Margin	**14.8%**	13.4%
Interest before highlighted items	**(2.3)**	(2.0)
Headline profit before tax	**30.9**	24.4

The Group's effective tax rate has decreased to 18% (2017: 21%) principally as a result of tax reductions in the United States. Looking forward we expect to have a stable tax rate at around this level.

Diluted earnings per share were 6.1p (2017: 4.7p). Adjusted diluted earnings per share were 7.11p (2017: 5.75p), an increase of 24%.

Group performance overview

The Group's performance this year reflects a combination of strong growth from the Medical and Immersive divisions and the impact of acquisitions, offset by an adverse movement in exchange rates and a decline in performance in the Communications division. The following bridge shows the key movements in headline profits in 2018:

Headline profit before tax

A stronger Sterling in 2018 compared to 2017 has resulted in a translational loss of £0.4 million, with a further £2.5 million incremental loss on hedging instruments. Acquisitions impacting for the first time in the year added £5.3 million to profits, net of interest. Overall divisional trading, including savings in central costs which are largely related to lower variable compensation, added a further £3.6 million. Adjusting for all these factors, like-for-like headline profits before tax were up 15% reflecting strong organic growth.

Revenues were £225.0 million in 2018 (2017: £197.0 million), after adverse currency movements of £3.2 million. On a like-for-like basis, revenues grew by 1%, reflecting strong organic growth from the Medical and Immersive divisions, offset by decreases in revenues from the Marketing and Communications divisions.

Chief Executive's Statement continued

Divisional performance overview

Divisional performance overview

huntsworth health

Marketing
Marketing is led by US-based Evoke, the Group's largest agency, which primarily specialises in the marketing of prescription drugs directly to patients. As previously highlighted, the division experienced a more difficult year in 2018 than in recent years, with tough comparatives compounded by a mix of delayed client project expenditure, drug failures and the loss of certain drug mandates due to regulation and competition. Despite this, revenue grew by £8.5 million (12%) to £82.0 million as a result of the acquisitions made in the year. Although this was a decline of 3.2% on a like-for-like basis, this was largely a first half issue, with the division returning to growth in the second half of the year. Operating profit increased by £4.5 million to £20.0 million, an increase on a like-for-like basis of 4% as margin was managed within the revenue decline.

Marketing's longer-term outlook remains positive despite the slowdown in performance this year. Putting the division into a wider context, the addition of the key capabilities of Giant Creative Strategy (the largest healthcare agency on the west coast and in the heart of the biotech hub), Navience Healthcare Solutions (market access) and AboveNation Media (adtech-enabled media planning and buying) has produced one of the top three independent specialist healthcare marketing groups in the industry: a group that is now capable of handling increasingly complex multi-audience, multi-geography client briefs and that is appearing on pitch rosters that were previously the preserve of the larger holding companies. The division remains nimble and has expanded its talent pool to take advantage of these opportunities. We expect to see a return to stronger growth during H2 2019.

New brands

AboveNation Media

Specialist adtech-enabled media planning and buying agency.

For more information:
www.evokehealth.com

The largest healthcare agency on the west coast and in the heart of the biotech hub.

For more information:
www.evokeglant.com

Specialist market access and payer marketing agency.

For more information:
www.evokenavience.com

Medical
Medical is led by UK and US based ApotheCom, which specialises in medical affairs and communications, underpinned by data and analytics. The division continued to grow strongly in 2018, posting its third successive year of double-digit organic revenue growth. This was driven by increased focus on consultancy services and innovative data products, giving access to larger client budgets. The division grew revenue by 11% (13% on a like-for-like basis) to £34.2 million with operating profit increasing by 18% (19% on a like-for-like basis) to £9.8 million.

Immersive
The Immersive division is led by The Creative Engagement Group, which joined Huntsworth in July 2017 and is focused on providing deeply immersive experiences in exhibitions, events, training and internal communications, with a particular strength in healthcare. In addition, it now contains Huntsworth's pharmaceutical sales training agency, Axiom, which benefits from the creative capacity of TCEG. This is the division's first full year under the Group's ownership and it has performed very strongly, growing revenues by 34% on a like-for-like basis to £35.4 million and profits by over 60% on a like-for-like basis to £5.1 million. Success has been driven by expansion in both the US and Europe from existing clients and the development of relationships with a number of new healthcare clients in Europe.

huntsworth communications

Communications
The Communications division is comprised of Grayling, Red and specialist financial agency Citigate Dewe Rogerson. As previously outlined, we have continued to focus on rightsizing the operations within the division, which led to an expected decline in revenue this year. Revenue for the year was £73.4 million (2017: £77.6 million), which represents a decline of 5% on a like-for-like basis. Operating profit of £6.0 million (2017: £7.0 million) includes c. £1 million of one-off reorganisation costs. Excluding these costs, profits were flat year-on-year.

Grayling revenues fell by 7.6% on a like-for-like basis to £38.3 million (2017: £41.7 million), whilst one-off costs of c. £1 million contributed to an overall loss for the period of £0.4 million (2017: profit of £0.7 million). This performance is largely the result of a decline in profitability in Grayling Europe and one-off contract profits in the Middle East last year, which offset improvements in profitability in the UK and the US.

Red's revenue declined by 4% on a like-for-like basis in the period, which was expected following the loss of its largest client in H2 2017 via a procurement-led process. Performance has improved sharply in H2 with the agency back in growth mode as the comparatives unwind and the benefits of recent client wins start to come through. We anticipate this growth trend to continue in 2019. Margins continue to hold at strong levels.

Citigate Dewe Rogerson has performed well during the period with revenues broadly flat on the prior period at £21.9 million but profitability sharply improving by 19% to £4.1 million. Margin has increased to 18.8% (2017: 15.9%) due to the impact of last year's restructuring and the focus on more profitable clients. All business units made progress against the prior year with the exception of the Netherlands where the transaction environment was softer than last year.

Dividend
Given the strength of the Group's performance, the Company will be proposing to increase its final dividend by 10% to 1.6p, giving a total dividend for the year of 2.3p, an increase of 15% on the previous year.

Group outlook
The Group remains focused on enhancing the services we provide to our Healthcare clients by developing and adding capabilities. The enhanced capability of the Marketing division following the recent acquisitions positions it for a return to growth in 2019. The Medical and Immersive divisions are continuing to grow on the back of multiple client wins. The Communications division continues to make progress and, whilst its revenue growth will remain modest, its profitability will improve as a result of measures taken over the past year. The Group's balance sheet remains strong, further enhanced by the recent renewal of our facilities, and we continue to aim to manage the business between 1.5x and 2.0x leverage. Overall, we are well-positioned for future growth and look forward to reporting further progress in 2019.

On behalf of the Board, I would like once again to thank our Chair Derek Mapp for his leadership in guiding us all to where we are today. His contribution through a period of significant change and into a period of rapid growth can be seen in these results.

Paul Taaffe
Chief Executive Officer
5 March 2019

Healthcare Divisional Summary

huntsworth health

Marketing

Purpose-built to navigate the complexities of today's health and wellness landscape, the Marketing division is a leading global marketing, media and communications agency bound by a common purpose – to make Health more Human.

The Marketing division, led by Evoke, is a full-service global marketing, media and communications agency purpose-built for today's complex healthcare landscape. With roots in digital, Evoke has shaped its offering to meet the ever-changing demands of the market with collective talent and expertise in six core focus areas: Professional Marketing, Consumer and Patient Marketing, Market Access, PR & Influence, Media, and Consulting.

The agency's client base includes a broad spectrum of the healthcare marketplace - from biotech and pharma to OTC, wellness, and lifestyle brands. With more than 550 professionals worldwide, Evoke has been named one of the Best Places to Work for four years running and continues to attract the industry's best and brightest talent. Evoke has offices in New York, Philadelphia, San Francisco, Princeton, Chicago, Los Angeles, and London, as well as two outposts in Singapore and Dubai.

Revenue

-3%

Like-for-like

2018: £82.0m (2017: £73.5m)

Profits

+4%

Like-for-like

2018: £20.0m (2017: £15.5m)

We make Health more Human

For more information:
www.evokehealth.com

For more information:
Chief Executive's Statement
Pgs 14-17

Medical

Science and medicine are evolving at a rate never seen before with advances in genomics, gene editing technologies, innovative drug delivery, biomarker identification and testing and use of artificial intelligence. That is why our Medical division - operating under the group name of MEDiSTRAVA and including the medical agency ApotheCom - focuses on supporting late stage biotech and innovative pharmaceutical companies in bringing to market specialised medicines and technologies to the stakeholders who need them most.

MEDiSTRAVA works with medical, clinical, health economics and market access stakeholders to accelerate the availability and understanding of scientific, clinical and economic evidence for new treatments and health technologies. Core services include medical affairs strategy, operations and effectiveness evaluation, scientific strategy and medical communications, publications, medical education, market access, health economics and outcomes research and real-world evidence design and solutions.

In a record-breaking year for FDA drug approvals in 2018, MEDiSTRAVA supported launch preparedness for 11 out of 59 new approvals. The division's client base includes large pharma and a broad spectrum of late-stage biotech companies spanning West Coast, US and Cambridge, Boston who are increasingly taking assets through to launch. Adding in 13 new client organisations, the Medical division has a rapidly expanding and diverse client base supported by growing teams in San Francisco and Boston as well as our global hubs in London, NYC and Philadelphia. This has led to an increased volume of consultancy projects drawing on the Group's 20 years of experience in medical affairs strategy and operational excellence. In addition, new proprietary tools to enable fast access to medical information together with advanced analytics allows us to support the increasing requirements of industry and evaluate the effectiveness of approach - focusing on accelerating the speed at which new, innovative technologies and medicines are available to patients.

Revenue

+13%

Like-for-like

2018: £34.2m (2017: £30.9m)

Profits

+19%

Like-for-like

2018: £9.8m (2017: £8.3m)

Integrating medical strategy, value and analytics

For more information:
www.apothecom.com

For more information:
Chief Executive's Statement
Pgs 14-17

Healthcare Divisional Summary continued

huntsworth health

Immersive

The Immersive division, led by The Creative Engagement Group, engages business and consumer audiences through the creation and delivery of live experiences, film, immersive, interactive, learning, training and scientific content. The Creative Engagement Group works with an international blue-chip client base with a particular strength in healthcare.

Making the complex, simple

The nature of engagement with internal and external audiences is changing and our Immersive division supports its clients by providing expertise across a range of engagement channels:

- Live Events and Meetings, which, given their ability to create deeper levels of engagement, is a category which has recently seen 19 consecutive quarters of increased client marketing confidence and spend. Other types of 'experiences' are also on the rise, for example pop-up shops are growing in popularity as a way of building intimate relationships with customers and creating unique experiences.
- Film, which is of increasing importance with video streaming accounting for 58% of global online data traffic and 82% of online traffic expected to be video by 2021. With origins in film production, we create and produce a full range of films from short-form internal engagement films, to broadcast-quality documentaries, to mode of action demonstrations.
- VR, AR and Instructional Design – with the global Immersive market predicted to reach $215 billion by 2021, we develop immersive experiences that cover a range of client requirements, from training employees to explaining complex science.
- Interactive channels play a key role: internet marketing continues to grow year-on-year and so our capabilities in digital strategy and development are utilised for a range of clients and audiences.
- Employee Engagement is key – as there is a greater corporate requirement for employee engagement, and a sharp rise in employees working remotely, we design a range of strategic and creative programmes to engage internal audiences for global businesses across a range of sectors.
- Given the growing requirement for employees to understand and learn increasingly complicated information in categories including healthcare, we provide our clients with training and learning solutions that change behaviour and improve performance.

Revenue

+34%

Like-for-like

2018: £35.4m (2017: £14.9m)

For more information:
www.tceg.com

Profits

+63%

Like-for-like

2018: £5.1m (2017: £1.9m)

For more information:
Chief Executive's Statement
Pgs 14–17

Communications Divisional Summary

We create measurable advantage for our clients

Grayling is a global integrated communications network, providing public relations and public affairs solutions.

The agency's focus is on creating measurable advantage, operating on the basis that communication should always be in service of a client's commercial or organizational objectives.

For more information:
www.grayling.com

Citigate Dewe Rogerson is an international financial and corporate public relations consultancy.

It provides seamless communication consultancy across the world's business centres, with a particular focus on major cross-border financial transactions and large multi-nationals looking to broaden their global footprint.

For more information:
www.citigatedewerogerson.com

Red is a strategic communications consultancy offering PR, digital and content expertise.

The agency develops and manages campaigns, runs major press offices and steers brands and businesses through engagement with media, consumers, customers, stakeholders and internal audiences within the UK and beyond.

For more information:
www.redconsultancy.com

Revenue

-5%

Like-for-like

2018: £73.4m (2017: £77.6m)

Profits

-16%

Like-for-like

2018: £6.0m (2017: £7.0m)

For more information:
Chief Executive's Statement
Pgs 14–17

Principal risks

How we manage risk

The Risk Committee, on behalf of the Board, undertakes a comprehensive assessment of the principal risks facing the Group. Our risk management approach is designed to identify risks to the Group using both a bottom-up and top-down approach. The Group considers risks arising from our macro environment and strategic and operational priorities.

The likelihood and impact of each risk is determined using a risk scoring system. Appetite is set for each risk and indicators established to determine whether the Group is operating within the risk appetite set by the Board. The Group obtains various forms of ongoing assurance over the controls in place to mitigate each of the risks identified. All risks are documented in the Group's risk register which is reviewed at least six monthly or more frequently as required, including a review of the risk indicators.

Further details of the risk management processes undertaken in the year are included in the Corporate Governance Report.

Risk	Risk and impact	Mitigating factors	Trend
MACRO			
Economic downturn	Any economic downturn may result in fewer new client mandates, longer procurement processes and a squeeze on pricing, or an outright reduction in business. This can impact both revenue growth and operating margins. Subdued global financial markets can result in reductions to the level of transactional activity, reducing client mandates. Weak economic conditions can increase the length of time that clients take to pay for services, which can put pressure on the Group's working capital. There is also an increased risk of bad debts occurring as a result of clients' financial problems.	The Group has a wide spread of clients and products across both geography and industry sector, reducing reliance on any one particular economic environment. Geographical and sector diversification is monitored by the Risk Committee and the Board. Our significant and growing exposure to the healthcare sector mitigates the impact of an economic downturn, because demand for pharmaceutical products is relatively inelastic and therefore is less affected by an economic downturn. This protects our clients, which in turn means their spend with us is less likely to be impacted. Costs are managed in each business such that they can be flexed where needed in a downturn. However, where there are protracted economic difficulties in the Group's key markets, the ability of the Group to minimise the impact is constrained and performance may deteriorate. The Group closely reports and monitors aged debts, and ensures local management have action plans in place to minimise the risk of any loss.	
Political instability	Political or regulatory instability or change in our countries of operation may impact on our ability to operate, for example through licensing or regulatory changes. The political environment can also have an impact on the wider economic conditions, either through the direct impact of government policies in our countries of operation, or through the impact on business confidence.	The Group operates primarily within low-risk jurisdictions, with 93% of revenues coming from the US, UK and western Europe. Although the Healthcare sector is regulated, our agencies have extensive experience in navigating the regulatory environment and in providing compliant solutions to clients. In addition, the underlying sector fundamentals are strong and give protection against the possibility of material adverse regulatory change. Whilst there remains uncertainty about the timing and nature of the UK's departure from the EU, we do not anticipate a material impact on the Group's operations, on the basis that: the majority of our business is in the US; our businesses do not typically trade across borders; and we do not have complex supply chains. We anticipate that the main impact on the Group will be the financial impact of any movement in exchange rates.	
Currency risk	A substantial proportion of the Group operates outside of the UK, with significant operations in the US. As a result, the Group's reported profits and asset values are impacted by any fluctuation of Sterling relative to other currencies, particularly the US Dollar. The Group may also suffer restrictions on the ability to repatriate cash. The proportion of the Group's profits made in the US is increasing which increases the level of risk when exchange rates fluctuate. Exchange rates have also continued to prove volatile, particularly in light of the ongoing uncertainty over Brexit.	Most of the Group's revenue is matched by costs arising in the same currency. Foreign exchange exposure is continually monitored, and the Group uses derivative financial instruments and intercompany positions to mitigate this risk where deemed necessary. Borrowings are also available to be drawn down in US Dollars and Euros if required to hedge foreign currency exposure. Surplus cash balances are swept to the UK to minimise any exposure to particular currencies or locations.	

Principal risks continued

Risk	Risk and impact	Mitigating factors	Trend
STRATEGIC			
Overreliance on Health sector	One of the Group's strategic aims is to strengthen its focus on the Healthcare sector. In doing so, the Group's exposure to a single sector increases. Given the strength of the Healthcare sector in the US, and the fact that consumer marketing of prescription drugs is largely confined to the US, an increased focus on Healthcare is also likely to lead to an increased exposure to the US economy. By increasing the Group's exposure to a single sector and single geography, there is a risk that the Group will be more materially affected by a downturn in these markets. Given the increased proportion of revenues from Healthcare and the US, this risk is increased.	The fundamentals of the Healthcare sector are strong, as a result of ageing populations and increasing prevalence of chronic diseases, particularly in the US. This leads to growing end-user demand which is relatively unaffected by economic cycles, thereby mitigating against the risk of a downturn. In addition, the Healthcare marketing services sector is fragmented, which means there would be continued opportunity for growth even if the overall sector were to enter a downturn. The Group is also expanding its suite of services, both organically and through acquisition, which increases the diversity of its offering within the Healthcare sector.	
Service offering fails to evolve to meet changing market needs	The communications industry is always changing, driven by client changes, technological change or emergence of competitors. The Group needs to be proactive in identifying and delivering solutions to changing client needs. Failure to evolve can result in loss of market share, client losses and pressures on pricing, which can impact on revenue and margins.	The Group's range of services and international footprint increasingly allows us to offer clients an integrated portfolio of services across geographical locations which are attractive to new clients and help to strengthen existing client relationships. The Group continues to diversify its service offering, both organically and through acquisition, to provide a full spectrum of healthcare communications and public relations services. Reviews of all new business opportunities won and lost across the Group are performed regularly. Appropriate actions are taken where new business conversion rates are below expectations.	
Acquisitions or investments fail to deliver expected growth	The Group's strategy includes investing in new business opportunities, talent, start-ups and the acquisition of businesses which will broaden and enhance existing business operations. There is a risk that investments are based on inaccurate information or assumptions which fail to meet client needs and which may result in the investment being less financially beneficial than anticipated. Given the Group's acquisition activity during the year, this risk is increased.	All significant investments are supported by a business case, which must be approved by Executive Management and the Board, where appropriate. Rigorous due diligence procedures are performed prior to all acquisitions in order to identify and evaluate potential risks to the extent possible. In addition to the receipt of legal warranties and indemnities, the total consideration paid for a business typically includes an element of deferred consideration contingent upon future performance which mitigates the risk of overpaying for a business.	

Risk	Risk and Impact	Mitigating factors	Trend
OPERATIONAL			
Client dissatisfaction and loss of key clients	Any loss of a key client would result in reduced revenues and profits and potentially an inability to recover amounts due under the contract.	The Group endeavours to build long-term relationships with its clients and to obtain preferred supplier and agency of record status where possible. The Group has a large portfolio of clients and seeks to expand and diversify its client base where possible. Within each of our large healthcare clients, the Group typically provides services to multiple brands within that client. Client satisfaction reviews are also undertaken periodically to evaluate service quality, and client retention plans are in place for all top tier clients. The Risk Committee monitors the extent of customer concentration to identify potential exposure.	
Loss of key talent	The Group's talent base is its most important resource. There is strong competition within the industry for experienced healthcare communications and PR professionals. Recruitment and retention of key individuals is important both for maintaining client relationships and ensuring that our services are of the highest quality.	The Group's policy is to recruit both Directors and employees of the highest quality and to remunerate them accordingly. The Group carries out succession planning and provides promotion opportunities as well as operating both short-term and long-term incentive plans to motivate and retain key individuals. The Risk Committee and Remuneration Committee review the nature and extent of incentive plans offered to key individuals to ensure that the risk of talent loss is minimised. Restrictive covenants are included in employee contracts where legally enforceable.	
Poor profitability	Overservicing or underpricing may lead to poor profitability on client contracts, which could mean static or reduced returns to shareholders even if revenues are increasing.	The Group monitors the profitability of its operations, at both a business and a contract level. Poor profitability is quickly highlighted and remedial action - such as removing costs, closing an office or improving pricing discipline - is taken where appropriate.	
Information systems access and security	Any information systems failure could negatively impact the Group's business operations, including delays to client work. Unauthorised access to confidential information held by the Group could compromise our client relationships and have a detrimental effect on our reputation. Cyber security risks are perceived to be increasing across the industry at the moment, particularly with the implementation of GDPR and increased focus on data protection.	Business and IT disaster recovery plans have been implemented to minimise any disruption in the event of an IT failure. External access to data is protected by the Group's IT security, which is reviewed and tested frequently to ensure that the Group's network is as secure as possible. Internal access to data is restricted appropriately. The Risk Committee monitors the number and extent of IT incidents and will take mitigating actions where appropriate. During the year we also engaged external cyber consultants to help develop a cyber framework to improve security.	

OPERATIONAL

Principal risks continued

Risk	Risk and Impact	Mitigating factors	Trend
OPERATIONAL			
Unethical business practices	Both reputational and operational damage may arise if the Group engages in actual or perceived unethical client work. Ethical matters that are not identified or managed appropriately could cause reputational damage to the Group.	The Group strives to foster a culture of openness, responsibility and ethical behaviour and has an externally managed whistleblowing process for the reporting of any unethical conduct. During the year the Group created and published on our website a new Code of Ethics which outlines the key principles which govern the Company's behaviour, mirroring an already established internal Ethics Policy. This Code applies to all Group staff, workers, employees, contractors, freelancers and Directors, without exception, and is intended to promote a heightened awareness of ethical considerations and individual responsibilities relating to all of the Group's activities. Referral processes, including divisional committees, are in place to manage all perceived ethical and conflict issues. During 2018, an external firm continued to provide access to a confidential multichannel 24/7 whistleblowing service across the Group, available in local languages. The Whistleblowing Policy encourages the reporting of any instances of malpractice for investigation, and action is taken as required. The Group's weighting towards the heavily regulated healthcare sector adds further protection against the risk of unethical business practices.	
Loan facility and covenant headroom risk	Any liquidity issues could result in reputational damage and potentially impair the Group's ability to make future acquisitions or settle existing obligations.	Following the refinance of the Group's facilities in February 2019, the Group has £130 million of multi-currency revolving credit facilities with a syndicate of banks maturing in 2023, with an accordion option for a further £50 million as well as two uncommitted overdrafts of £5 million and $10 million. Management closely monitors all covenants on the Group's facilities and actively manages undrawn headroom. The Group has robust cash management processes including weekly cash reporting from our operations and cash pooling arrangements.	
Legal and regulatory compliance	Any failure to adhere to legislative requirements, including imposed sanctions on the supply of services to certain individuals, businesses and countries, could lead to reputational as well as financial damage to the Group.	The Group uses internal and external legal counsel throughout the world to advise on local legal and regulatory requirements and minimise the risk of loss. In-house training is conducted on key legislative matters such as GDPR, health and safety, and the UK Bribery Act. Policies on gifts, entertainment, anti-bribery and corruption, electronic communications, share trading and confidentiality are communicated to all employees using dedicated Policy Management Software.	

Going concern

The Group's activities, financial performance, position, cash flows and borrowing facilities, together with the factors likely to affect its future development, performance and position over the 12 months from the date of this report are described in this report.

After reviewing the Group's performance, future forecasted profits and cash flows, and ability to draw down on its facilities, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the Company's and the Group's financial statements.

Viability Statement

In accordance with provision C.2.2 of the Corporate Governance Code 2014, the Directors have assessed the prospects of the Company over a period longer than 12 months. The Board has conducted this review over a period of three years, which was selected because it is in line with the Group's long-term strategic planning period.

The Group has developed an annual business planning process which comprises a strategic plan; a detailed budget for the next financial year; and financial projections for the two years thereafter, which combine to form a three-year plan. This process produces consolidated and divisional three-year plans which are reviewed and approved by the Board and used to monitor performance. These plans form the basis of detailed cash flow and covenant forecasting used by the Board to assess the ongoing liquidity and solvency of the Group.

In reviewing the three-year plan in 2018, the Board assessed the principal risks associated with the business model and strategy, including the likelihood and potential impact of these occurring. These risks formed the basis of the reverse stress testing undertaken to assess the longer-term viability of the Group. This considered severe but plausible scenarios and the effectiveness of any mitigating actions.

In making their assessment, the Board considered the diversity of the Group's operations, including the number of different agencies which make up the Group, our diverse client portfolio operating in a number of industry sectors and our broad geographic base. This naturally limits the impact on the Group of any individual severe event. The Group's current committed loan facilities, which expire after the period of review, financial covenants, and other requirements set out therein were also considered.

Based on the results of this analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period of their assessment.

Chief Financial Officer's Statement

Strong like-for-like growth in profits

Revenue

In 2018 the Group delivered revenues of £225.0 million, up from £197.0 million in 2017. On a divisional basis, 36% of revenue came from Marketing, 15% from Medical, 16% from Immersive and 33% from Communications.

Geographically, 50% of Group revenue in 2018 was from the US; 35% from the UK; 10% from Europe; and 5% from Asia, the Middle East and Africa.

Currency

Changes in exchange rates versus 2017 decreased revenues by £3.2 million and operating profits by £2.9 million.

The weakening of Sterling against the Dollar between 31 December 2017 and 31 December 2018 has also resulted in a £7.3 million credit to Other Comprehensive Income and Expense due to the retranslation of the Group's overseas assets.

Our focus on higher margin business and operational efficiencies has seen a significant improvement in operating margins this year

Neil Jones Chief Financial Officer

Operating profit

Operating profit was £31.4 million (2017: £24.9 million). The increase primarily reflects organic growth (£3.1 million) and the impact of acquisitions (£6.2 million), offset by adverse foreign exchange movements (£2.9 million). Before highlighted items, operating profit was £33.2 million (2017: £26.4 million), which represents a margin of 14.8% (2017: 13.4%).

Central costs decreased from £7.6 million to £6.6 million, with the majority of the decrease relating to variable executive remuneration, being lower annual bonuses and share option charges.

Highlighted items

Highlighted items of £2.2 million comprise the following:

	£'m
Amortisation of intangible assets	3.5
Acquisition and transaction-related costs	1.0
Remeasurement of deferred consideration & put options	(1.8)
Disposal-related credit	(0.9)
Imputed interest charges	0.4
	2.2

The disposal-related credit relates to an increase in deferred consideration receivable from Whiteboard Advisors, which was disposed of in early 2017.

Cash Flow and Net debt

Cash conversion of operating profit into operating cash flows before highlighted items was 71% (2017: 113%).

Operating cash flow before highlighted items was £23.5 million (2017: £29.8 million). Free cash flow (after interest, tax and capital expenditure) was £12.7 million (2017: £20.7 million). Dividend payments, including £0.2 million paid to non-controlling interests, were £6.1 million (2017: £4.9 million). Net expenditure on acquisitions and disposals was £65.5 million, with £17.6 million raised through the issue of shares to partially fund these acquisitions.

The resulting net debt at year-end was £77.0 million, up from £36.3 million at 31 December 2017 as a result of the acquisition spending. This represents a gearing ratio of 1.9x EBITDA on a pro forma basis, comfortably within our covenant terms of 3.0x EBITDA.

Financial covenants based on the Group's facility agreements continue to be comfortably met. After the year end the Group amended and extended its existing facility, as a result of which the Group has total committed facilities of £130 million available until March 2023, with a further accordion option of £50 million and two uncommitted overdrafts of £5 million and $10 million respectively.

Dividends

At the forthcoming AGM, the Board will propose a final dividend of 1.6 pence, bringing the total dividend for 2018 to 2.3 pence, up 15% from 2.0 pence in 2017 and reflecting the strong growth in earnings. Subject to shareholder approval, the final dividend will be paid on 4 July 2019 to all shareholders on the register at 24 May 2019. The shares will trade ex-dividend on 23 May 2019. A scrip dividend alternative will be available. The dividend payout ratio for 2018 is 32% (2017: 34%).

Tax

The total tax charge of £6.8 million (2017: £7.3 million) comprises an underlying tax expense of £5.5 million (2017: £5.1 million) together with a charge of £1.3 million on highlighted items (2017: £2.1 million). The full year underlying tax rate is 18% (2017: 21%). The highlighted tax charge of £1.3 million relates primarily to deferred tax on intangible assets.

Net corporation tax paid in the year was £4.1 million (2017: £3.3 million).

Earnings per share

Profits attributable to ordinary shareholders before highlighted items were £24.9 million (2017: £19.3 million). Profits after highlighted items attributable to ordinary shareholders are £21.4 million (2017: £15.7 million).

Before highlighted items, basic earnings per share for 2018 is 7.5p (2017: 5.9p) and diluted earnings per share is 7.1p (2017: 5.8p).

After highlighted items, basic earnings per share is 6.4p (2017: 4.8p) and diluted earnings per share is 6.1p (2017: 4.7p).

Neil Jones
Chief Financial Officer
5 March 2019

Margin

14.8%

(2017: 13.4%)

Dividend

2.3p

(2017: 2.0p)

Revenues by Division

Revenues by Geography

Environmental, Social and Governance (ESG) Report

Recognising our impact as a business

Huntsworth recognises the impact of its business operations on a diverse range of stakeholders, including our employees and the wider community. We are committed to monitoring all of our environmental, social and governance aims.

Huntsworth is committed to the highest standards of integrity and honesty and expects all employees to maintain the same standards in everything they do at work. We recognise that open and honest communication is essential to maintain our values and to ensure that any instances of business malpractice are detected and dealt with.

As well as complying with all applicable laws and respecting internationally recognised human rights standards in every location in which we operate, we aim to make a positive contribution to human rights through our choice of suppliers and our own HR policies and practices.

Environmental

The Group recognises its responsibilities to conserve resources and is committed to continuous monitoring of and improvement in the environmental impact of its operations. Due to the nature of our businesses, the Group does not have a high environmental impact. Our principal impact arises from energy, paper and water consumption.

The Group has received a CDP score of C. Whilst this is higher than both the sector average and regional average of D, the Group will continue to aim for further progress in reducing the environmental impact of its operations.

Greenhouse gas emissions

We annually measure and report on our greenhouse gas (**GHG**) emissions from our global operations. The Group measures GHG emissions based on financial control boundaries, so that all operations which are consolidated as subsidiaries in the Group's financial statements are included in the measurement exercise.

We have identified the following key activities as being within the GHG reporting requirements:

- Scope 1: Natural gas, company cars, on-site fuel consumption and refrigerants;
- Scope 2: Purchased electricity, heat and steam.

At present, Scope 3 activities, including business travel, are excluded from the reporting scope.

We have identified GHG emissions per employee as the most appropriate KPI for the Group.

We have collected data from offices across the Group. We have followed the 2013 UK Government Environmental Reporting Guidelines and used emission factors from the UK Government's GHG Conversion Factors for Company Reporting. The results are presented in the table below.

In some offices in the Group's portfolio, electricity and heating costs are included in the office rental charges and therefore information on the exact amounts consumed by those particular businesses is not available. In these instances, we have calculated an estimate based on the size of the property being let and usage data from similar properties. In addition, it has not been practicable to measure the Group's emissions from refrigerants, although these are not expected to be significant.

We are pleased to report a reduction in our carbon emissions per employee this year, due to continued efficiencies in the use of our property portfolio.

Our work

We apply our sustainability principles across all of our operations and wherever possible we make use of technologies that enable us to limit our environmental impact. Employees are trained in video-conferencing and webinar facilities, with virtual meetings being conducted where possible. When travel is the only option, our policy is that public transport should be used where possible.

	Tonnes of CO_2e 2018	Tonnes of CO_2e 2017
Scope 1	**58**	67
Scope 2	**1,503**	1,465
Total GHG emissions	**1,561**	1,532
Average number of employees	**1,902**	1,561
Emissions per employee	**0.82**	0.98

Actions

A network of Employee Champions promote positive environmental actions around the Group. We aim to minimise energy and water consumption, through encouraging staff to switch off electronic appliances and using electricity generated from renewable sources.

Paper wastage is minimised through promoting reuse, use of electronic communications and using paper from sustainable forests.

By recycling, the Group's UK businesses together saved the equivalent of

573 trees and

60 tonnes of CO_2 in 2018

We strive to achieve the most energy efficient use of our office space. We are pleased to report that our Evoke Giant office in San Francisco is LEED Gold certified. LEED, or Leadership in Energy and Environmental Design, is the most widely used green building rating system in the world, and LEED certification is a globally recognized symbol of sustainability achievement.

Social

Community

The Group recognises its responsibility towards the communities in which its businesses operate. In support of our communities, Group businesses throughout the world organise activities for staff to raise money for a wide range of charities as well as offering pro bono support to non-profit projects, helping to raise money and awareness for good causes. The Group also made formal contributions of over £21,000 to 33 different charities around the world.

Over the last few years, our Dutch office, CFF Communications, along with Grayling in the US and Europe, provided pro bono support (valued at over £40,000) for 'The Ocean Clean Up', a Dutch non-profit foundation founded in 2014 by then 18-year-old inventor Boyan Slat, with the aim to clean up the tonnes of plastic waste that enter our oceans every year. We are proud to have been providing support to this foundation from its very first year and were delighted to see the launch of its first operational system from San Francisco into the Pacific Ocean this year.

Grayling UK donated books to the 'Doorstep Library Network' charity which encourages literacy and education to local communities. Additionally, responding to the increasing awareness over mental health issues, Grayling UK encouraged their staff to not work at lunchtime but to partake in team activities.

People

People are at the heart of our business. We are committed to having a culture which stimulates and rewards our workforce.

Employee health and wellbeing

The Board recognises the need to maintain a safe and healthy working environment for all employees. Each business is responsible for ensuring that they operate in compliance with Group policies and local health and safety legislation.

The Group deploys policies and practices which assist its employees in achieving an appropriate work/life balance, including policies on parental, maternity and paternity leave, emergency time off and, where applicable, flexible working practices. Initiatives to promote health and wellbeing vary by company and include:

- Flexible working is promoted through a range of schemes including work-from-home schemes and flexible starting times and flexi-hours;
- Flexible benefits packages allowing employees to take their entire package as remuneration or opt for a range of benefits, including private medical insurance, staff pension schemes, life assurance, childcare vouchers, cycle to work schemes, discounted lifestyle vouchers or extra holiday days;
- Employee assistance programmes which provide confidential advice and counselling support across a range of areas;
- Measures to promote a healthy working environment for employees, including on-site facilities for breaks, provision of showers for employees who wish to exercise in lunch breaks or cycle/run to work, provision of fruit and healthy refreshment options; and
- Measures to support mental health awareness amongst the Group's employees. Our Mental Health awareness initiative focuses on prevention, intervention, treatment and education. Huntsworth continues to develop and implement health and wellness programs in its continued support of its employees.

Environmental, Social and Governance (ESG) Report continued

Employee training and development

We are committed to the development of our talent with a focus on offering opportunities for career development for all employees. Our operating companies foster career development through regular performance evaluations, career pathing and continual coaching feedback.

The Group provides access to a number of training initiatives which enable our people to develop skills which will support our businesses' development and strategy.

Each of our Group companies also operate their own internal training programmes to keep staff up to date with developments in their sectors and provide additional skills in areas such as people management, leadership development, client management and international client director training.

Training programmes include a mixture of externally and internally facilitated courses. A number of our businesses allocate a mentor or coach to support personal development, perform appraisals and identify training needs. Our talent management programmes aim to recognise our best talent through both monetary incentives and providing additional development opportunities, for example through secondments into other areas of the business.

Employee communication

As referred to in the Corporate Governance report on page 37, during 2018 Pat Billingham was appointed as the designated Non-Executive Director for engagement with the workforce. During 2019 processes and procedures will be implemented to ensure that the Board continues to engage with the workforce to understand their views and communicate Board decisions.

The Group makes use of its intranet as a communication tool and each division also has its own intranet site and communication tools which deliver specialised information and tools which enable our people to work effectively and keep in touch with local news and developments.

Employees have opportunities to attend conferences on matters of significance to their division as a whole. On a local scale, regular meetings are held between local management and employees to facilitate employee involvement in decision-making and businesses performance.

Succession planning

Succession planning was an area of focus for the Board and Nomination Committee during 2018, both at the Board and senior management level. As well as appointing David Lowden to succeed Derek Mapp as Chairman of the Company, the Nomination Committee also reviewed succession planning at a senior management level, both on an emergency and long-term basis, identifying any retention risks.

We will continue to review succession planning processes across the Group, in order to identify the leaders of the future, cognisant of the importance of diversity within our senior management team and the requirements of The UK Corporate Governance Code effective from 1 January 2019 (the **New Code**).

Diversity

We recognise that the Board sets the tone for diversity across the Group and that it is important that we have a diverse leadership to support good decision-making. We actively deploy recruitment policies and practices which enable us to attract the widest possible sources of talent into our business, which develops an inclusive culture.

We promote inclusive working practices and support our companies' efforts to increase diversity of all kinds through best practice in recruitment, training, mentoring, parental leave and flexible working.

Huntsworth provides equal employment opportunities to all employees and applicants without regard to race, colour, religion, sex, sexual orientation, national origin, age, disability, military status, or status as a disabled veteran in accordance with applicable UK and US laws. In addition, Huntsworth strictly complies with all US applicable federal, state and local equal opportunity and anti-discrimination laws.

The Group's equal opportunities policy is designed to ensure that disabled people are given the same consideration as others and enjoy the same training, development and prospects as other employees.

We are committed to gender diversity across the Group. As at 31 December 2018, women accounted for

48%

(12) of executive management

42%

(34) of senior management

63%

(1,198) of total employees

The appointment on 1 January 2018 of Elizabeth McKee Anderson as Non-Executive Director, has increased the percentage of women on the Board to 43%, which exceeds the Lord Davies target of 33% female representation on the Board by 2020 applying to FTSE 350 companies. The Board understands the benefits of boardroom diversity and its aspiration and expectation is to maintain the proportion of women on the Board at least at the current level, while maintaining flexibility to ensure that all appointments are made on the individual's ability and competency to fulfil the requirements of the role.

Gender Pay

We are committed to ensuring our people have the best opportunities to succeed and are fairly remunerated, regardless of gender. During 2018 the Board considered the gender pay gap position amongst the workforce both in the UK and across the Group, and work is ongoing in this regard.

Governance

Our overriding aim is to continue to build and support a culture which values openness, accountability and disclosure.

As an organisation, we are committed to the highest standards of ethics and corporate governance and recognise the importance of operating within a strong corporate governance framework. Indeed, more and more of our clients expect this.

We acknowledge that there is always more that can be done, but our aim is to continually strengthen our position each year.

All Company policies

The Company has a number of policies, statements and notices, which are reviewed regularly, with new policies presented to the Board as appropriate. We have statements which are available on our website, notably our Code of Ethics and Modern Slavery Statement. These, together with the policies applying to all our workforce, are set out below.

All our policies are available to our workforce via a 24/7 online policy management portal. Any new joiners to our workforce, are obliged to formally acknowledge their acceptance of and agree to comply with all policies. Each year, all our workforce are reminded of their responsibility for upholding the principles and practices set out within our policies. Furthermore, senior management are required to successfully complete an on-line UK Bribery Act training module.

Publicly available policies, statements and notices:

1 Code of Ethics - http://www.huntsworth.com/about-us/responsible-business/;
2 Modern Slavery Statement - http://www.huntsworth.com/about-us/responsible-business/; and
3 Privacy Notice - http://www.huntsworth.com/privacy-notice/.

Policies, statements and notices available to the workforce:

1 Anti-Bribery, Corruption and Tax Evasion Policy;
2 Data Protection Policy;
3 Dealing in Huntsworth plc shares;
4 Electronic Communications and Acceptable Usage Policy;
5 Ethical Trading Policy;
6 Ethics Policy;
7 Guidance on Gifts and Entertainment Policy;
8 Sanctions Policy;
9 Share Trading Policy for dealing in securities of other companies; and
10 Whistleblowing Policy.

Code of Ethics

We believe that the honesty, integrity and ethical behaviour of all our workforce is fundamental to the reputation and success of the Group as a whole.

Hence in the year we created and published on our website a new Code of Ethics which outlines the key principles which govern the Company's behaviour, mirroring an already established internal Ethics Policy.

This Code applies to all Group staff, workers, employees, contractors, freelancers and Directors, without exception, and is intended to promote a heightened awareness of ethical considerations and individual responsibilities relating to all of the Group's activities.

A copy of the policy is available on the Company's website (http://www.huntsworth.com/about-us/responsible-business/).

Whistleblowing Policy

The Company's Whistleblowing Policy has procedures for disclosing malpractice and is intended to act as a deterrent to fraud or other corruption or serious malpractice. It is also intended to protect the Group's business and reputation. During 2018, an external firm continued to provide access to a confidential multichannel 24/7 whistleblowing service across the Group, available in local languages. The Whistleblowing Policy encourages the reporting of any instances of malpractice for investigation, and action is taken as required. During the year, one issue was raised, which was investigated and appropriate action was carried out to resolve the matter.

Modern Slavery Statement

We are opposed to any form of slavery or human trafficking (together, **Modern Slavery**), and the Group's policy is to ensure that it is eradicated from both our business and from our supply chains.

The Company publishes a Modern Slavery Statement, which is annually reviewed, detailing the steps that the Company has taken during the financial year to ensure that Modern Slavery is not taking place in any of its supply chains or in any part of our business. During 2018 we commenced a review of our supply chain portfolio, with a view to having suppliers acknowledge their compliance with the UK's Modern Slavery Act 2015 in any new contractual agreements.

A copy of our Modern Slavery Statement is available on the Company's website (http://www.huntsworth.com/about-us/responsible-business/).

Data Protection

We are committed to:

- when required, seeking consent for the collection, use and sharing of personal data;
- notifying data subjects in a timely manner in case of data breach (as required);
- limiting the collection and retention of essential personal data;
- implementing appropriate data security safeguards; and
- having clear terms and conditions for the use of personal data.

The Company has a Privacy Notice which is available on the Company's website (http://www.huntsworth.com/privacy-notice/), and a Data Protection Policy which is available to the workforce.

Huntsworth is a constituent company in the FTSE4Good Index Series. The FTSE4Good Index Series is designed to identify companies that demonstrate strong environmental, social, and government practices against globally recognised standards.

Board of Directors

Derek Mapp
Chairman and Independent Non-Executive Director

Paul Taaffe
Chief Executive Officer

Neil Jones
Chief Financial Officer

Andy Boland
Independent Non-Executive Director

Derek Mapp was appointed to the Huntsworth Board as Chairman and Independent Non-Executive Director on 1 December 2014, and is Chairman of the Nomination Committee. Derek won the Non-Executive Director of the year award in 2017 for quoted companies for his work as Chairman of Huntsworth. He is also Chairman of Informa plc, Chairman of Mitie Group plc and has a number of private business interests in property and hospitality. Derek has had a career in private equity as the founder of the Tom Cobleigh pub chain, Leapfrog Day Nurseries and is currently Chair of Imagesound Limited. He held the public appointments of Chairman of the East Midlands Development Agency, Board of English Partnerships and Chairman of Sport England and was pro-bono Chairman of the British Amateur Boxing Association up to the London 2012 Olympics. He will step down as Chairman from the Board and Nomination Committee on 6 March 2019, and on the same day will resign as a Director of the Company.

Paul Taaffe was appointed as CEO of Huntsworth on 7 April 2015. Paul has wide experience in communications and marketing, most recently as the director of Communications at Groupon, the international e-commerce company. Prior to that, he enjoyed a 20-year career with Hill & Knowlton Inc, the global communications consultancy and subsidiary of WPP plc, including nine years as its Chairman and CEO. Throughout this time he advised many clients across all geographies and services.

Neil was appointed as Huntsworth's CFO in February 2016, having held senior financial positions in the exhibitions industry for over 15 years, the majority of which in public companies. Prior to Huntsworth he was CFO of international trade exhibition organiser, ITE Group plc, and before that he was Group Finance Director of Tarsus Group plc, another international trade exhibition organiser. Neil is also a non-executive director of Taptica International, an AIM listed Ad-Tech business. Neil is a member of the Institute of Chartered Accountants in England & Wales, qualifying with Price Waterhouse in 1990.

Andy Boland was appointed to the Huntsworth Board as Independent Non-Executive Director on 11 August 2014, and was appointed as Huntsworth's Senior Independent Director with effect from 1 January 2018. Andy is a member of the Audit Committee and Nomination Committee. Andy previously served as Audit Committee Chair up until 22 March 2017. Andy is the Chief Executive Officer of Addison Lee Limited, where he was previously Chief Financial Officer. Prior to joining Addison Lee in 2015, Andy served as the Chief Financial Officer of AA plc for six years. He spent the earlier part of his career in the marketing services industry and was Group Finance Director at Taylor Nelson Sofres plc, a FTSE 250 market research company, from 2004 to 2008. During his time at Taylor Nelson Sofres, he helped integrate acquisitions, strengthened the financial control environment and was responsible for all external reporting and investor relations activities. Andy qualified as a Chartered Accountant in 1995 and as an Associate Corporate Treasurer in 1998.

Elizabeth McKee Anderson
Independent Non-Executive Director

Liz was appointed to the Huntsworth Board on 1 January 2018, and is a member of the Audit Committee. Liz has extensive experience in the pharmaceuticals industry, notably having held a number of senior executive roles at Johnson & Johnson. Liz is a board director of a number of biotechnology companies, namely Bavarian Nordic A/S (listed on the Danish stock exchange), Insmed Inc. (listed on NASDAQ), Aro Biotherapeutics, Inc. and REVOLUTION Medicines, Inc where she also chairs the Compensation Committee. She holds a number of other positions in both commercial and non-profit spheres, including serving on the Executive Committee of The Wistar Institute. Liz holds an MBA from Loyola University and has a degree in Engineering.

Nicky Dulieu
Independent Non-Executive Director

Nicky Dulieu was appointed to the Huntsworth Board as Independent Non-Executive Director on 1 January 2015, is Chair of the Remuneration Committee and is a member of both the Audit Committee and Nomination Committee. Nicky trained as an accountant with Marks & Spencer plc and undertook numerous strategic and financial roles in the company over a 23-year period, including Finance Director of the Food Division from 2004 to 2005. From 2006 to 2008, Nicky was Finance Director/Chief Operating Officer at Hobbs Limited and was Chief Executive between 2008 and 2014. She is a non-executive director of Adnams plc, Chair of Notcutts Group Limited and a Commercial board member of the Royal Horticultural Society.

Pat Billingham
Independent Non-Executive Director

Pat was appointed to the Huntsworth Board as Independent Non-Executive Director on 1 December 2015 and has been Chair of the Audit Committee since 22 March 2017. Pat is also a member of both the Remuneration Committee and Nomination Committee. Pat was a tax partner at Ernst & Young, the multinational professional services firm from 1995 to 2012. Whilst at Ernst & Young Pat obtained broad experience in various sectors and also performed a range of executive duties within the firm. Pat currently holds non-executive directorships with Aldwyck Housing Group, where she is Group Chair, RenaissanceRe, where she is the Chair of the Audit Committee, B+CE People's Pensions, where she is the Chair of the Audit and Risk Committees and Syndicate Management Limited.

David Lowden
Chairman and Independent Non-Executive Director

David Lowden was appointed to the Huntsworth Board, effective from 1 January 2019, and will become the Chairman of the Board and Nomination Committee on 6 March 2019. David has extensive executive experience in global marketing services businesses. From 1999 to 2008, he was a member of the board of Taylor Nelson Sofres Plc, the marketing services business, becoming its CEO in January 2006. Before this, he held several other senior executive positions, including at AC Nielsen Corporation and Federal Express Corporation. David is currently the Non-Executive Chairman of PageGroup Plc, the specialist FTSE 250 recruitment agency. He also currently holds non-executive positions at William Hill Plc and Morgan Sindall Plc. He will be stepping down from his role at William Hill Plc on 4 March 2019. David has previously held other non-executive roles, including at Cable & Wireless Worldwide Plc and Berendsen Plc.

Martin Morrow
Company Secretary

Martin Morrow was appointed as Huntsworth's Company Secretary on 14 December 2012. He initially joined the Company as Group Tax Director in early 2008. Martin spent the early part of his career in professional services firms, including Deloitte & Touche, starting in general practice before focusing on corporate taxation. From 2002 to 2008 he worked in industry within the head office tax department of Compass Group PLC, the multinational FTSE 100 food service company. He qualified as a Chartered Accountant in 1994 and as an Associate of the Chartered Institute of Taxation in 1998.

Chairman's Introduction

Letter from the Chairman

On behalf of the Board, I present Huntsworth plc's Corporate Governance Report for the year ended 31 December 2018.

In this section of the 2018 Annual Report and Accounts (**Annual Report**) insight is provided into the activities which have supported the Company's corporate governance during 2018. I also highlight the changes that are underway in response to The UK Corporate Governance Code 2018, applicable for periods commencing on or after 1 January 2019 (the **New Code**).

Board and Committee composition and changes:

On 6 March 2018, it was announced that I had notified the Board of my intention to step down as the Company's Chair, with Andy Boland, the Senior Independent Director (**SID**), heading the search for a successor to lead the Board into its next phase. After an extensive search process, the Board were delighted to announce on 19 December 2018 that David Lowden was to be appointed as Chairman of the Company's Board and Nomination Committee. David joined as an independent Non-Executive Director of the Board with effect from 1 January 2019 and, following an orderly succession period, will succeed me as Chairman of the Board and Nomination Committee on 6 March 2019. On the same day, I will resign as a Director of the Company.

On 6 March 2018, we also announced that Andy Boland was appointed as a member of the Remuneration Committee.

Lastly, as mentioned in last year's Annual Report 2017, on 1 January 2018:

- Elizabeth McKee Anderson joined the Board of Huntsworth as an Independent Non-Executive Director and member of the Audit Committee, bringing extensive pharmaceutical industry experience to the Board, particularly in the US - the key area of strategic focus for the Group.
- Nicky Dulieu and Pat Billingham were appointed as members of the Nomination Committee.
- Andy Boland was appointed as SID.

Succession planning, diversity and gender pay:

Succession planning was an area of focus for the Board and Nomination Committee during 2018, both at the Board and senior management level. We recognise that the Board sets the tone for diversity across the Group and that it is important that we have a diverse leadership to support good decision-making. We will continue to review succession planning processes across the Group, in order to identify the leaders of the future, cognisant of the importance of diversity within our senior management team and the requirements of the New Code. Further details can be found on pages 32 and 33.

Following an orderly succession period, David Lowden will succeed me as Chairman of the Board on 6 March 2019

Derek Mapp Chairman

We are committed to ensuring that our workforce have the best opportunities to succeed and are fairly remunerated. As noted in the ESG Report on page 32, during 2018 the Board considered the gender pay gap position both in the UK and across the Group, and work is ongoing in this regard.

Code of Ethics:

During 2018, in addition to the internal Ethics Policy, the Company developed and published on its website a Code of Ethics; a copy of the policy is available at http://www.huntsworth.com/about-us/responsible-business/.

This Code applies to all Group staff, workers, employees, contractors, freelancers and Directors, without exception, and is intended to promote a heightened awareness of ethical considerations and individual responsibilities relating to all of the Group's activities.

Remuneration Policy:

Our current Directors' Remuneration Policy will expire in 2019 and the proposed policy, which is intended to apply for the three years commencing 1 January 2019 (i.e. the **2019 Policy**), will be put to shareholders for their approval at the AGM on 9 May 2019. The 2019 Policy has been designed to ensure close alignment between executive reward and the delivery of our business strategy. Details of the 2019 Policy, and the outcome of the shareholder consultation process that was undertaken prior to the 2019 Policy being finalised, can be found on page 49.

Shareholder engagement:

Throughout the year, the Board actively engaged with its principal shareholders. In particular, in advance of finalising the 2019 Policy, as noted above an extensive consultation process was undertaken with the Company's key shareholders and investor bodies, and shareholders were given the opportunity to raise wider business issues (i.e. other than 2019 Policy matters) as well.

Mindful of the need for the Board to take into consideration all of its shareholders, Dowgate Capital Stockbrokers and Numis Securities have continued to act as the Company's Joint Broker to assist the Board in engaging with smaller investors.

There were a number of changes of note in the shareholder base of the Company during 2018, the most notable of which were the acquisitions of sizeable shareholdings by Merian Global Investors (UK) Limited (formerly known as Old Mutual Global Investors (UK) Limited), Kames Capital Plc and Aviva Plc and its subsidiaries. Further details in respect of the Company's major shareholders can be found on pages 72 and 73.

Response to the New Code:

In addition to any comments made above, the changes that are underway in response to the New Code are set out below. We look forward to reporting further on these matters in the next Annual Report.

Culture and values

Huntsworth businesses operate under a range of strong, well-respected brands, with which we can create integrated teams within and across our businesses, for a multi-disciplinary solution. We actively encourage innovation and growth within our agencies, allowing them to provide better quality service to our clients.

Having said that, our businesses must operate within a framework of values which, as a Board, we are responsible for assessing and monitoring. During 2019 we will monitor our progress against this framework, with the objective of ensuring a healthy, responsible, corporate culture that aligns Company values with strategy, in order to promote the long-term sustainable success of the Company for the benefit of all our stakeholders.

Workforce engagement

The Board has evaluated the options available for workforce engagement, and has appointed Pat Billingham as the designated Non-Executive Director for engagement with the workforce. During 2019 processes and procedures will be implemented to ensure that the Board continues to engage with the workforce to understand their views and communicate Board decisions. This will extend to reviewing workforce related remuneration policies to enable us to explain how executive remuneration aligns with wider Company pay policy.

Extending the remit of the Remuneration Committee

We have already agreed and implemented processes and procedures to enable the Committee to set remuneration for senior management. We are taking the opportunity as part of our workforce engagement process (as noted above) to review workforce remuneration and related policies.

Compliance with the 2016 UK Corporate Governance Code (the **Code**):

I am pleased to be able to report that the Board has been able to operate effectively and within the principles of good governance, and confirm that the Company has complied throughout the year ended 31 December 2018 with all of the provisions of the Code that are relevant to a smaller company outside of the FTSE 350.

Derek Mapp
Chairman

Corporate Governance Report

The role of the Board

The Board is responsible for delivering shareholder value over the long term, in line with the Group's culture, strategy, values and governance. The Non-Executive Directors have a particular responsibility for challenging the Group's strategy and monitoring the performance of Executive Directors against goals and objectives.

The formal Schedule of Matters reserved for the Board includes various strategic, financial, operational and governance responsibilities. A summary of the key activities of the Board during the year, in accordance with the formal Schedule, can be found below and on page 39.

The Board is supported by the Audit, Remuneration and Nomination Committees. Each Board Committee has defined terms of reference, which can be found online at www.huntsworth.com. The activities of each of these Board Committees are set out in separate sections of this Report. The Audit Committee is, in turn, supported by the Risk Committee.

Decisions on operational matters and the day-to-day management of the business are delegated to the Executive Directors and divisional management. This includes implementing Group policy, managing client service, monitoring financial performance and human resource management.

Key roles and responsibilities

Effective operation of the Board relies on a collaborative approach and clarity of the various roles and responsibilities of the individual Board members. Of particular importance are the roles of the Chairman and Chief Executive, whose job descriptions are set out in writing and have been agreed by the Board. The key responsibilities of these roles, and those of the Senior Independent Director, are set out below:

Chairman: Derek Mapp (to be succeeded by David Lowden on 6 March 2019)

Key responsibilities:
- running the Board and ensuring its effectiveness in all aspects of its role;
- ensuring that the Directors receive accurate, timely and clear information;
- identifying development needs of Directors and ensuring that the Directors continually update their skills and their knowledge and familiarity with the Group;
- ensuring that the performance of the Board, its Committees and individual Directors are evaluated at least once a year; and
- maintaining contact with major shareholders and ensuring that their views are communicated to the Board.

The other significant commitments of the Chairman are set out on pages 34 and 35.

Chief Executive: Paul Taaffe

Key responsibilities:
- development and implementation of the Group's strategy;
- management of the day-to-day operations of the Group;
- recommending to the Board an annual budget;
- identifying and executing new business opportunities and investments;
- managing the Group's risk profile and ensuring appropriate internal controls are in place; and
- ensuring effective communication with shareholders

Senior Independent Director: Andy Boland

Key responsibilities:
- providing a sounding board to the Chairman;
- serving as an intermediary for the other Directors when necessary;
- being available to shareholders if they need to convey concerns to the Board;
- leading a performance evaluation of the Chairman; and
- responsibility for leading an orderly succession process for the Chairman.

Activities of the Board

Nine Board meetings were held during the year as well as an additional strategy meeting. If a Director is absent from a meeting, his or her views are sought in advance where possible and then put to the meeting. The table below sets out the number of meetings attended out of meetings eligible to attend. There was full attendance by all Board Directors during the year.

Board meetings attendance

Derek Mapp	9 of 9
Paul Taaffe	9 of 9
Neil Jones	9 of 9
Andy Boland	9 of 9
Nicky Dulieu	9 of 9
Pat Billingham	9 of 9
Elizabeth McKee Anderson	9 of 9
David Lowden[1]	n/a

1 David Lowden was appointed as a Non-Executive Director with effect from 1 January 2019.

A summary of some of the Board's activities in the year is set out below:

Responsibilities	Activities
Annual budget	Approved the 2019 Budget
Strategy	• Debated ongoing strategy including presentations from divisional management teams • Review of portfolio and approval of closure or disposal of non-core businesses • Monitored the Company's acquisition strategy and its implementation by the Executive Directors
Performance and operational matters	• Monitored performance of the individual business divisions • Presentations on performance from divisional management teams

Responsibilities	Activities
Financial Statements	• Approved the 2017 Annual Report and recommended final dividend • Approved the 2018 Interim Report and recommended interim dividend
Finance and capital	• Reviewed the Group's capital structure • Reviewed the options for raising capital with respect to the acquisition of Navience Healthcare Solutions LLC, and approved a placing of new ordinary shares to fund the acquisition • Monitored going concern and long-term viability • Assessed the impact from US tax reform
People	• Review and approval of the appointment of the new Chairman of the Board and the Nomination Committee • Review of the Group's gender pay gap position
Acquisitions and disposals	• Reviewed potential acquisition and transaction opportunities • Reviewed and approved the acquisition of AboveNation Media, LLC (**Above Nation**), Giant Creative Strategy LLC (**Giant**) and Navience Healthcare Solutions LLC (**Navience**)
Governance	• Reviewed reports from Board Committees • Received updates on key governance changes such as firstly, the New Code and secondly, legislative changes including the EU General Data Protection Regulation (the **GDPR**) • Reviewed and agreed amendments to the Group's key compliance policies • Developing and publishing an external Code of Ethics on the Company's website • Reviewed and approved the Company's Modern Slavery Act Statement for the year ended 31 December 2017. As part of this process, the Company's supply chain was reviewed
Risk and internal control	• Robust assessment of principal risks • Debating and approving the Group's risk appetite • Reviewed reports from Board and Audit Committees on risk management • Reviewed the effectiveness of the Group's risk management and internal control systems • Oversight of the creation of a cyber security framework • Considered the Group's risk appetite in light of its strategic priorities • Discussed the implications of the UK leaving the European Union in 2019
Investor communications	• Discussed analyst and investor feedback on strategic and operational review • Received feedback from meetings with shareholders, in particular from the Chair of the Remuneration Committee with respect to the consultation for the 2019 Remuneration Policy • At each Board meeting the Chief Financial Officer presented a paper summarising investor activity
Board evaluation	• Discussion of the results of the Board, Committee and Director evaluations

The Board was particularly engaged with the acquisitions which were undertaken during the year, namely AboveNation, Giant and Navience. Furthermore, the Executive Directors continue to present a summary of potential and ongoing M&A activity to enable the Board to better assess the Group's strategy for growth.

Dowgate Capital Stockbrokers as joint broker with Numis Securities continued to assist the Board in engaging with smaller investors.

The Board again held a strategy meeting during which it discussed and considered a number of items, including, amongst other matters:

- the progress against the current strategy, focusing on the marketing division in Huntsworth Health;
- challenging whether the current strategy remained the correct strategy;
- competitive and competitor landscape and opportunity areas;
- analysis of what the organic business can deliver;
- how growth can be accelerated through M&A investment, including the potential impact of geographic diversification; and
- financing considerations and structure (leverage and equity).

The holding of a separate strategy meeting enabled the Board to focus on developing the Company's strategy. It is intended to continue to hold an annual strategy day in future years.

The Board receives periodic (typically annually) updates in respect of IT, tax, property, insurance and treasury matters.

Furthermore, the Board approves the Group's key policies.

How the Board operates

Board information

Board papers containing, amongst other things, current and forecast trading results, governance, and treasury and shareholder information, are distributed in advance of the meetings to allow the Directors sufficient time for preparation. Minutes of the meetings are also circulated to all Directors. The Board receives presentations from Executive Directors. Furthermore, presentations from divisional management are provided to the Board. All Directors have direct access to senior operational management within the Group as required. Executive Directors are also members of operating company boards and are involved in regular meetings to consider financial, operational and compliance matters arising throughout the year.

Corporate Governance Report continued

Independent advice
All Directors have access to the advice and services of the Company Secretary who, through the Chairman, is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. In addition, all Directors have access to independent professional advice, if required, at the Company's expense. The Chairman also holds meetings with the Non-Executive Directors without the Executive Directors being present.

Induction and personal development
All Board members receive updates on regulatory and legal changes as well as operational briefings. Training and development needs are kept under review by the Chairman.

The Chairman is responsible for ensuring that induction and training is provided for each Director. Each new Director receives an induction pack and undertakes a bespoke induction programme that provides them with information on the Group, their responsibilities, and obligations.

In order to give new Directors insight into the various businesses within the Group, a series of meetings are held with the Board members and senior executives. Meetings are also held with the external auditor and/or other advisors as appropriate.

As noted in the 2017 Annual Report, Elizabeth McKee Anderson received a Board induction, which included: meetings with the Executive Directors and senior management; law and regulation pertinent to the role; the Group's commercial strategy; and details of the Company's shareholders, bank facilities and insurance arrangements.

In early 2019, David Lowden received a Board induction, which included, amongst other matters: meetings with the Executive Directors, senior management and brokers; law and regulation pertinent to the role; the Group's commercial strategy; and details of the Company's shareholders, bank facilities and insurance arrangements.

Board performance evaluation
Following the externally facilitated performance evaluation undertaken in 2017, in 2018 the Chairman conducted an internal Board evaluation process, covering the individual members of the Board and its Committees. The evaluation was carried out using structured interviews with each Director. The evaluation results were presented to the Board at its 19th July 2018 meeting. Progress has been monitored against all action points. The Senior Independent Director also led an evaluation of the Chairman.

It was noted that overall the Board, its Committees and individual directors were functioning well and were all operating within a strong corporate governance framework. Set out below are some of the action points the Board considered, together with progress, as follows:

Action	Progress
Ensure the successful appointment of a new Chair with the right skill set to lead the Board through the next stage of its strategic development.	David Lowden was appointed to the Board with effect from 1 January 2019, and Chairman with effect from 6 March 2019. The Board has determined that David Lowden is the right individual to chair the Company's Board and Nomination Committee.
M&A papers to demonstrate the full integration benefits and synergies that will be achieved with the acquisition.	In the acquisition papers presented to the Board, additional narrative detail of integration process is being included.
Reference M&A activity, ongoing monitoring post acquisition, including review of divisional cross fertilisation benefits and ensuring they are delivered.	At a Board meeting following the anniversary of an acquisition, the Board is to be provided with an assessment of the relevant acquisition including details of any lessons learned/points forward.

Composition of the Board
The Board aims to have a diversity of skills, experience, length of service, knowledge and gender, details of which are set out on pages 34 and 35. These demonstrate a broad range of experience, expertise, and sufficient calibre to bring independent judgement on issues of strategy, performance, resources and standards of conduct, which are vital to the success of the Group.

Independence
The Board considers that all of the current Non-Executive Directors are independent of the management of the Group and are free from any business or other relationship which is likely to affect, or could appear to affect, the exercise of their independent judgement. The interests of the Non-Executive Directors in the shares of the Company are set out in the Report of the Directors on Remuneration.

In accordance with the Company's Articles of Association, all Directors are already subject to reappointment by shareholders at the first Annual General Meeting after their appointment and annually thereafter. All Non-Executive Directors are appointed for an initial period of three years, subject to election at the AGM following appointment, and annual re-election at each AGM thereafter.

Conflicts of interest
The Company's Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company. The Board has put in place a formal system for Directors to declare conflicts to be considered for authorisation by those Directors who have no interest in the matter being considered. Furthermore, the Board has in place measures to manage any actual or potential conflict of interest situations that may arise, which operate effectively. In deciding whether to authorise a potential or actual conflict, the non-conflicted Directors are required to act in the way that they consider would be most likely to promote the success of the Company. They may impose limits or conditions when giving authorisation or subsequently, if they think this is appropriate.

Risk management and internal control

The Board has ultimate responsibility for establishing, monitoring and maintaining the Group's risk management and internal control systems. These systems are designed to enable the Board to be confident that such risks are mitigated or controlled as far as possible, although no system can eliminate the risks entirely.

The Board has established a number of ongoing processes to identify, evaluate and manage the key financial, operating and compliance risks faced by the Group and for determining the appropriate course of action to manage and mitigate those risks. The Board delegates the monitoring of these internal control and risk management processes to the Audit Committee. These measures have been in place throughout the year and up to the date of this Annual Report.

Given the Group's divisional structure, a flexible approach to risk management has been implemented so that each operating business can tailor and adapt its processes to its specific circumstances. The Group's operating divisions have some autonomy with regards to the implementation of risk management and internal control systems which meet their particular business risks and requirements.

A representative from each division is included on the Group's Risk Committee, which reports to the Audit Committee on all risk management matters, including the design and effectiveness of these risk management and internal control systems.

The key features of the risk management and internal controls system, which the Directors have established with a view to providing effective internal control are:

- ongoing review of strategy by the Board, which aims to identify potential strategic risks facing the Group;
- establishing and monitoring of the formal Schedule of Matters reserved for decision by the Board;
- establishing a defined list of authority and approval limits;
- monitoring of actual performance against budget and forecasts. A detailed monthly management pack is prepared, which includes consolidated results and summarised results for each individual business and division. The performance of each business is reviewed monthly by the Executive Directors and reported to the Board at each meeting;
- frequent Executive Director meetings with the management team of each division, which cover any emerging operational, financial, strategic or compliance issues and controls;
- at least annually, the Board reviews the principal risks identified;
- confirmations of key internal controls, including financial controls, are received quarterly from each business. The purpose of these confirmations is to confirm the operation of an appropriate system of internal controls and to highlight any potential new risks facing the business;
- the Executive Directors are responsible for appraising investments; those which are above pre-specified limits are put to the Board for approval;
- the Audit Committee reports to the Board at each Board meeting. Risks and controls are reviewed through the Risk Committee to ensure effective management of appropriate strategic, financial, operational and compliance issues; and
- internal audit provides an independent assessment of the systems and controls in place across the Group. Businesses are selected for internal audit on a risk-focused basis; the results of internal audits are reported to management and to the Audit Committee.

The Board and Group management continue to review and enhance the Group's risk management framework to ensure that they are actively identifying and managing risks in the most efficient and effective way for the Group.

Investor relations

Relations with shareholders

The Company is committed to ongoing dialogue with all of its shareholders.

During 2018, an extensive consultation process with the Company's key shareholders and investor bodies was undertaken with regard to the 2019 Policy. Further details on this consultation process can be found on page 49.

The Company holds presentations and conducts meetings with its institutional shareholders and City analysts throughout the year. The Chairman and the Executive Directors, as appropriate, also meet with various institutional shareholders from time to time. The outcomes of the meetings are reported to the Board to ensure that the Board keeps in touch with shareholder views.

All shareholders are welcome to attend the Company's Annual General Meeting and are encouraged to take advantage of the opportunity to direct questions to members of the Board. An overview of the Company's results and future plans is given by the Chairman at the Annual General Meeting prior to the commencement of the formal business of the meeting.

Information on share capital and other matters

The information on share capital required to be included in this Report can be found in the Report of the Directors.

Audit Committee Report

Members:	Attendance at meetings during 2018
Pat Billingham (Chair)	3 of 3
Nicky Dulieu	3 of 3
Andy Boland	3 of 3
Elizabeth McKee Anderson	3 of 3

Key responsibilities:

- reviewing and providing a recommendation to the Board for the adoption of the Interim Report and Annual Report and Accounts;
- reviewing significant financial reporting judgements contained within those reports, including challenging assumptions and estimates used in the preparation of the financial statements;
- monitoring the financial reporting process;
- advising the Board whether the Committee believes that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- monitoring and reviewing the effectiveness of the Group's internal controls, including review and approval of the scope of the internal audit programme, reviewing the findings of internal audits completed in the period, and conducting an overall review of the effectiveness of the risk management and internal audit functions; and
- oversight of all aspects of the relationship with the external auditor, including independence, objectivity and effectiveness of the audit process and the provision of additional services by the external auditor.

The Committee's Terms of Reference are available on the Company's website at www.huntsworth.com.

Members of the Audit Committee are provided with sufficient resources, and have broad business and financial experience which has been gained in a variety of disciplines, which the Board considers provides recent and relevant experience to enable the Committee to carry out its responsibilities. Further details on the members of the Committee can be found on pages 34 and 35.

Audit Committee meetings

The Audit Committee held three meetings during the year. The Audit Committee provides a forum for reporting by the Group's external auditors. Meetings were also attended, by invitation, by the Chairman, Chief Financial Officer and Chief Executive Officer, the Head of Finance and KPMG, the Group's internal auditor. Provision is made for the external auditor and internal auditor to discuss any concerns they may have with the Committee in the absence of management.

Activities of the Committee

The activities of the Committee are designed to assist the Board in carrying out its responsibilities in respect of financial reporting, risk management and internal control. In forming its opinions, the Audit Committee reviews, challenges and takes into account representations made by the Company's subsidiaries in respect of financial statements and internal controls; the results presented by the Company's internal auditor in respect of the operation of the Company's internal controls; the findings of the Company's external auditor; and the work of the Risk Committee.

The Committee considered, discussed and made decisions in relation to a range of matters throughout the course of the year, the most significant of which are highlighted below:

Financial reporting

The Committee reviewed with management and the external auditor:

- whether the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy;
- the appropriateness of adopting the going concern basis of accounting and whether the Group can meet its liabilities as they fall due over a three-year period (the viability assessment); and
- the significant issues and material judgements which were made in preparing the Interim Report, and the Annual Report and Accounts.

The primary issues and areas of judgement considered by the Committee in relation to the 2017 Interim Report and 2017 Annual Report and Accounts were:

Goodwill impairment	
The assumptions underlying the calculation of value in use require significant judgement to be exercised, primarily in respect of the achievability of budgets and medium-term forecasts.	The Committee has addressed these issues through review, and raising challenge where appropriate, of reports prepared by management outlining the basis of their assumptions and analysing the impact of a number of different scenarios. Individual business forecasts are reviewed and approved by the Board. Further detail is included in Note 12.
Covenant compliance, going concern and viability	
The Group has to demonstrate that it can continue to meet the covenants of its banking facility for a period of at least 12 months from the date of approval of the financial statements in order for the Board to conclude that the Group is a going concern. The Board also has to make an assessment of the prospects of the Company over a longer period of three years and state whether they consider the Group to be viable over this period.	Budgets, forecasts and assumptions underlying the cash flow and covenant compliance model are approved by the Board and different scenarios are prepared by management for the Committee to consider. The Committee reviewed the processes undertaken by management in preparing the viability assessment, including the potential impact of principal risks and mitigating actions. Management and the Board considered a number of scenarios and performed stress testing before concluding they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment. *Further detail on the viability assessment process can be found on page 27.*
Revenue recognition	
Revenue reflects the fair value of the proportion of the work carried out in the year and therefore judgement exists over revenue cut off at year end.	Management reports to the Committee on this matter, including details of any significant judgements made.
Highlighted items	
Certain acquisition and transaction related costs and amortisation charges have been classified as highlighted items, in line with the Group's accounting policies.	Particular consideration was given to the consistency of classification of highlighted items and whether their presentation can be considered fair, balanced and understandable. The Committee addressed this judgement by reviewing with management the definition of highlighted items as per the Group's accounting policy and the items disclosed to satisfy themselves that they are in accordance with this policy. Refer to detailed disclosure in Note 6.
Acquisition Accounting	
The Group has to determine the value of separately identifiable intangible assets in a business combination, and the Group is required to make judgements when utilising valuation methodologies. There are significant judgements involved in assessing what amounts are recognised as the estimated fair value of assets and liabilities acquired through business combinations, particularly the amounts attributed to separate intangible assets such as brands and customer relationships. These judgements impact the amount of goodwill recognised on acquisitions. Any provisional amounts are subsequently finalised within the 12-month measurement period, as permitted by IFRS 3. Details of acquisitions in the year are set out in Note 3.	The Committee reviewed the methodologies used, including the use of discounted cash flows, revenue forecasts and the estimates for the useful economic lives of intangible assets.

All of the above were key areas of audit focus and the auditor also provided detailed reports to the Audit Committee on its procedures, findings and conclusions.

Having undertaken the review processes detailed above, the Audit Committee is satisfied with the underlying assumptions and judgements made in respect of these issues and supports the conclusions reached by management.

Audit Committee Report continued

Notably, the Committee also reviewed the impact on the Company of the new accounting standards IFRS 15 'Revenue Recognition' and IFRS 16 'Leases'.

Risk management and internal control
The Audit Committee monitors controls which are in force and any perceived gaps in the control environment, and also considers and determines relevant action in respect of any control issues raised by the external and internal auditors. The findings of the Audit Committee are communicated to the Board.

In this area of risk and control, the main activities for the Audit Committee during the year were:

- reviewing reports provided by the Risk Committee on risk management activities in the year, including a proposal for the Company's risk appetites and how to monitor the Group's current status against the appetite;
- reviewing the Group's risk documentation and challenging the classification and completeness of the risks identified;
- reviewing the Group's risk register;
- reviewing the controls which are in force to ensure the integrity of the information reported to shareholders;
- monitoring the Group's litigation register;
- assessing the effectiveness of the Group's risk management systems, including fraud, bribery, IT breaches and legal and regulatory risk and controls; and
- reviewing the Group's ongoing IT and cyber security arrangements, including the creation of a cyber security framework.

The Committee reviewed and challenged a number of reports prepared by management in conducting these activities.

Role of the Risk Committee
The Risk Committee reports to the Audit Committee on risk management activities undertaken by the Group. The Committee currently comprises senior management representatives from each division, Group management and the Chair of the Audit Committee, Pat Billingham. The Committee has a formal schedule of matters delegated to it which includes:

- developing and maintaining risk management policies and procedures as appropriate;
- developing and maintaining the Company's overall risk appetite, tolerance and strategy;
- developing and maintaining a risk register and report to the Audit Committee on the key risks the Company is exposed to;
- assigning responsibilities to manage specific risks, as appropriate and review the Company's capability to identify and manage new risks and assess the steps taken to mitigate them;
- reviewing Group policies to ensure that they are up to date and relevant to risk management objectives;
- reviewing the Company's annual statement on Internal Controls, with specific reference to risk management, prior to endorsement by the Audit Committee; and
- taking appropriate action relating to findings from the work of the internal auditor.

During 2018, the Risk Committee provided the Audit Committee and Board with proposals for the Company's risk appetite as well as key indicators to enable effective monitoring of risk.

Internal audit
Internal audit performs reviews as part of a programme approved by the Audit Committee. KPMG LLP were engaged to provide internal audit services.

The internal auditor has a direct reporting line to the Chairman of the Audit Committee. The Committee considers any issues or risks arising from internal audit reviews and monitors the implementation of actions arising.

During the year the main activities of the Audit Committee regarding internal audit matters were:

- reviewing and approving the scope of internal audit activities for 2018 and KPMG LLP's proposed internal audit plan for 2019;
- monitoring the effectiveness of internal audit activities, including reviewing the results of all internal audit procedures and reports undertaken during the year; and
- monitoring the status of any deficiencies in the control environment, ensuring active follow up and resolution.

External audit
The remit of the Audit Committee includes:
- advising the Board on the appointment, reappointment and removal of the external auditor and on their remuneration both for audit and non-audit work;
- approving the nature and scope of the external audit with the external auditor;
- discussing the findings of the external audit with the external auditor and assessing the effectiveness of the audit; and
- reviewing the independence and objectivity of the external auditor, including the level of fees paid.

Audit effectiveness
One of the key responsibilities of the Audit Committee is to assess the effectiveness of the external audit process. Since December 2016, PricewaterhouseCoopers LLP (PwC) has served as the Company's external auditor.

During the year, the Committee reviewed the reports they received from PwC in their capacity as the auditor, including the audit plan and the results of the audit work performed. The Committee challenged, where necessary, the risks identified and the results of the work performed, and sought feedback from management on the effectiveness of the audit process.

The Audit Committee has reviewed the cost effectiveness, independence, objectivity and expertise of the external auditors and following this review recommended to the Board that PwC be proposed for reappointment as the external auditors for 2019.

Auditor's independence and objectivity and non-audit services
It is the Committee's policy to ensure that there is audit partner rotation every five years to safeguard the external auditor's objectivity and independence. PwC were initially appointed in December 2016, following a tender process, and their reappointment was approved by shareholders at the 2018 AGM. The audit partner for PwC retired during the year and a new partner, Arif Ahmad, was chosen. This is therefore the first year for the new audit partner.

The Committee continually reviews the nature and extent of non-audit services provided to the Group by the external auditor and receives confirmation from them, at least annually, that in their professional judgement, they are independent with respect to the audit. The Audit Committee oversees the nature and amount of non-audit work undertaken by the external auditor each year to ensure that external auditor independence and objectivity is safeguarded.

The Audit Committee has a policy governing the use of the external auditor for non-audit related services. The policy prohibits the external auditor from engaging in certain services that may give rise to actual or perceived audit independence issues. A copy of the policy is available on the Company's website (http://www.huntsworth.com/investor-relations/corporate-governance/). This policy was reviewed by the Audit Committee during the year and it was agreed to amend the policy to remove the category of services considered to be 'pre-approved' by the Audit Committee (thereby ensuring that all non-audit services require the approval of the Audit Committee), and remove a monetary approval level, thereby meaning that all new engagements with the incumbent auditor for non-audit services required specific Audit Committee approval, regardless of the level of fees involved.

Details of the non-audit fees paid to the external auditors are set out on page 100. The provision of non-audit services, within the constraints of applicable UK rules, is assessed on a case-by-case basis so that the best-placed advisor is engaged.

Nomination Committee Report

Members:	Attendance at meetings during 2018
Derek Mapp (Chair)	5 of 5
Andy Boland	5 of 5
Pat Billingham	5 of 5
Nicky Dulieu	5 of 5

Key responsibilities:

- identifying and recommending candidates to the Board to be appointed as Directors;
- making recommendations to the Board on the composition of the Board Committees;
- considering succession planning for Directors and other senior executives, taking into account the challenges and opportunities facing the Group, and what skills and expertise are therefore needed on the Board in the future; and
- consideration of the Group's people strategy and culture.

The Nomination Committee meets as necessary and ensures that for all senior and main Board appointments, including the composition of the Board Committees, due consideration of both external and internal candidates is given prior to making recommendations to the full Board.

Appointments are made on merit alone, with due consideration of the benefits of diversity in its broadest sense, including gender. During 2018, the Board had 43% female representation (3 out of 7). The Committee understands the benefits of boardroom diversity and its aspiration and expectation is to maintain the current proportion of women on the Board, while maintaining flexibility to ensure that all appointments are made on merit, regardless of gender. Similarly, the Committee recognises the importance of having a diverse leadership to support good decision-making, amongst its senior management.

During the year, the activities of the Nomination Committee included, amongst other things:

- Assessing the skill set and composition of the existing Board and its Committee.
- Reviewing the composition of the Remuneration Committee following the resignation of Tim Ryan, and considering that Andy Boland would be an appropriate person to join the Committee.
- Reviewing the continued contribution and effectiveness of Pat Billingham, whose first three-year term expired on 1 December 2018. The Nomination Committee recommended the extension of the appointment of Pat Billingham for a further three-year term to the Board, subject to annual re-election at each Annual General Meeting in accordance with the Company's Articles of Association.
- Following Derek Mapp's decision to step down as the Company's chair and resign from the Board, the Nomination Committee agreed to engage Korn Ferry, an external search consultancy, to assist in the appointment of a Chairman. Korn Ferry has no other connection with the Company. This search was led by Andy Boland, Senior Independent Director and was successfully concluded with the appointment of David Lowden as a Non-Executive Director and chairman-elect of the Board and Nomination Committee. Derek Mapp did not participate in any of the discussions concerning the appointment of his successor as Chairman.
- Discussing succession planning both in respect of Board members and senior management within the business, both on an emergency and long-term basis, identifying any retention risks.
- Discussing the output of the 2018 evaluation exercise of the Board and its Committees. Please refer to page 40 for further details.
- Discussing its remit and future role, including reviewing its terms of reference.
- Discussing the requirement under the New Code to have greater formal engagement between the Board and the Group's workforce, and agreeing that Pat Billingham would be appointed the designated Non-Executive Director to undertake this role.

Report of the Directors on Remuneration

The Remuneration Committee

Members:	**Attendance at meetings during 2018**
Nicky Dulieu (Chair)	**8 of 8**
Pat Billingham	**8 of 8**
Andy Boland[1]	**6 of 6**

1 Andy Boland was appointed as a member of the Remuneration Committee with effect from 6 March 2018.

Key responsibilities:

- setting the remuneration policy for Executive Directors and the Company's Chairman;
- determining the total remuneration packages for each Executive Director and the Chairman;
- from 1 January 2019, under the New Code, determining the salaries for the senior management including the Company Secretary;
- approving the design of, and determining targets for, performance-related pay schemes;
- selection of remuneration consultants as required; and
- approving the new Remuneration Policy and Report of the Directors on Remuneration.

The Committee endeavours to ensure that the Group's remuneration strikes an appropriate balance between the interests of the Company's shareholders and rewarding and motivating the Executive Directors and Senior Management of the Group. The Committee is responsible for the design and development of remuneration policies for the Executive Directors of the Company and Senior Management of the Group.

Other Directors attend Remuneration Committee meetings by invitation only. The Board as a whole reviews the policy and sets the remuneration for Non-Executive Directors.

Report of the Directors on Remuneration continued
Annual Statement

Dear Shareholder,

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 31 December 2018. This report has been split into three parts:
- This Annual Statement, setting out the key remuneration decisions during the year;
- The Annual Remuneration Report, detailing the implementation of the Company's Remuneration Policy during the 2018 financial year and for the 2019 financial year; and
- The new 2019 Directors' Remuneration Policy (the **2019 Policy**), which will be put to shareholders for approval at the 2019 AGM. The 2019 Policy reflects a new remuneration strategy and I set out below the key drivers behind the changes made. I also detail the process undertaken which involved consultation with major shareholders and investor bodies, and incorporating feedback received in the construction of the 2019 Policy.

Key Decisions made by the Committee in 2018:
2018 was a year of strong progress which saw record financial performance and further significant progress towards the Company's strategic aims. This was reflected in the share price, which grew by 33% over the course of the year.

All Remuneration Committee (**Committee**) decisions were made with a view to ensuring that Executive remuneration arrangements remain aligned to the long-term performance of the Company and targets continued to be as equally stretching as originally envisaged.

2018 Performance Targets and Annual Bonus outcome
The Remuneration Committee set the performance targets for Paul Taaffe and Neil Jones (together the **Executive** or **Executive Directors**) in respect of their 2018 Annual Bonus.

The 2018 Annual Bonus Scheme was based upon achieving headline profit before tax (**HPBT**) and revenue targets of £27.0m and £208.9m respectively, with HPBT having an 85% weighting and revenue a 15% weighting. As was the case in previous years, the Remuneration Committee agreed that any bonus would only be payable to the extent that it did not reduce HPBT to below £27.0m, being the threshold target.

In setting the 2018 bonus performance targets, the Committee determined that the 2018 Annual Bonus Scheme may include a contribution towards the achievement of targets from 'in period' unbudgeted acquisitions, but only after achieving organic growth targets at 105% of threshold. As the organic growth performance targets were not met by the Executive, there was no inclusion of any profits or revenue arising from the M&A activity during 2018.

Hence after removing the impact of M&A activity, the Company achieved HPBT of £27.9m (or 103.5% of the HPBT threshold target) and revenues of £210.7m (representing 100.9% of the revenue threshold target). The 2018 Annual Bonus payable to the Executive Directors represented 90% of their salary during the year (which equates to 60% of the maximum bonus opportunity).

Under the policy applying during 2018, 100% of any bonus payment in excess of 100% of salary is subject to compulsory deferral under The Huntsworth Deferred Share Bonus Plan 2016 (**2016 DSBP Scheme**). However, as bonus payments did not exceed 100% of salary, no awards will be made under the 2016 DSBP Scheme.

Further details on the performance targets for the 2018 Annual Bonus and outcomes against these can be found on pages 51 and 52.

Long-term incentive plan (LTIP) awards made in 2018
As referred to in the Company's 2017 Annual Report & Accounts, awards were made in 2018 to the Executive under the 2016 LTIP Scheme rules with award sizes of 100% of salary. The vesting of LTIP awards made in 2018 is based on a stretching headline earnings per share (**HEPS**) target, which includes conditions to accommodate M&A activity within acceptable gearing levels.

For Paul Taaffe, as per the approach for his annual bonus, the award under the 2016 LTIP Scheme continued to be based on his GBP£ denominated salary of £600,000.

Further details on the performance targets can be found on page 53.

Long-term incentive outcomes in respect of 2018 performance
The following awards are due to vest in 2019 following the completion of the performance period ended on 31 December 2018:
- An award granted to Paul Taaffe in 2016 under The Huntsworth Long Term Incentive Plan 2016 (**2016 LTIP Scheme**) (the **2016 LTIP Award**);
- The long-term incentive award granted to Neil Jones in 2016, being an award under The Huntsworth Performance Share Plan (**PSP Scheme**) (the **2016 PSP Award**), and
- The award granted to Neil Jones under The Huntsworth Executive Share Option Scheme 2006 (**2006 ESOS Scheme**) (the **2016 ESOS Award**), as compensation for the loss of awards from his previous employment.

Vesting of the 2016 PSP Award and the 2016 LTIP Award, are subject to the achievement of stretching HEPS and total shareholder return (**TSR**) performance targets, whilst the 2016 ESOS Award is subject to a HEPS performance target.

Given the Company's strong financial performance since the grant of the awards, the 2016 LTIP Award, 2016 PSP Award and the 2016 ESOS Award, are all expected to vest in full.

Further details on the performance targets and the performance outcomes can be found on pages 52 and 53.

M&A activity
2018 saw the acquisitions of AboveNation, Giant and Navience (together, the **2018 Acquisitions**). To take into account the impact of the Company's M&A activity during 2018, the Remuneration Committee made amendments to the existing performance targets of the 2016 LTIP Award and the 2016 PSP Award. In addition awards made in 2017 under the 2016 LTIP Scheme, were similarly amended. With regard to the 2016 ESOS Award, it was agreed to remove the HEPS impact of the 2017 and 2018 Acquisitions.

As noted above, the 2018 Annual Bonus Scheme and the 2018 awards under the 2016 LTIP Scheme, both have a built-in mechanism for dealing with M&A activity.

2019 Policy:

Our current Remuneration Policy was approved by a majority of shareholders at the 2016 AGM, and therefore we are required to seek approval for a new remuneration policy at the 2019 AGM under the usual three-year cycle. We intend to set Executive remuneration arrangements under the 2019 Policy for the three-year period commencing with 2019.

The Committee considers that the current remuneration policy has served the Company well in what was a turnaround period for the business. Since this policy was introduced and up until the end of 2018, Huntsworth has experienced share price growth of circa 140% and the Executive have effectively stabilised and grown the business, both in terms of financial size and profitability. However, going forward we need to structure our executive incentives in a way that better reflects the changing needs of our business, with a greater focus on longer-term performance and the expectations of our shareholders.

Consultation Process
In constructing our 2019 Policy, an extensive consultation process with the Company's largest shareholders (representing circa 74% of equity) and investor bodies was undertaken. The feedback received during this consultation process was carefully considered by the Committee and fed into our final proposals. The Committee considers that the 2019 Policy is reflective of the various views of our shareholders. As Remuneration Committee Chair, I would personally like to thank those shareholders and investor bodies who took part in the consultation process, your feedback has been invaluable.

Key Changes
The Committee considers it paramount for the 2019 Policy to align with the future direction and expected growth of the business, while remaining relevant for the competitive business and talent markets in which Huntsworth operates. Going forward variable pay will have a greater long-term focus, more closely aligning the Executive and wider management with our shareholders. Furthermore, the Committee are mindful of the latest developments in market practice and corporate governance standards and have reflected these in the 2019 Policy.

The proposed key changes are summarised as follows:

1. Annual Incentive Plan (AIP)

- **Reduction in annual opportunity levels** – a decrease in the maximum award from 150% to up to 120% of salary.
- **Enhance deferral requirements** – 30% of any annual incentive payable will be deferred for a period of two years.

2. LTIP

- **Increase in long-term incentive opportunity** – increasing the normal award level from 100% to up to 150% of salary (no change to exceptional maximum of 200% of salary).

3. Pension

- **Reduction in pension provision for new hires** – whilst the current Executive do not receive a pension benefit, for future Executive Director appointments we will reduce pension contributions from 20% of salary to the average contribution for the wider workforce.

4. Shareholding Guidelines

- **Increase shareholding guidelines** – the Executive will now be required to build up a shareholding of at least 200% of salary (previously 100% of salary).
- **Introduce a post-employment shareholding policy** – cognisant of the new UK Corporate Governance Code, the Committee is introducing a post-employment shareholding policy, under which the Executive will typically be required to hold interests in shares equal to 100% of salary for one-year post-cessation of employment.

Under the above proposals, total variable pay opportunity for the Executive would increase from 250% to 270% of salary. The Committee consider this appropriate taking into account the growth of the business over the last few years and the strong performance of the Executive since their appointment. Furthermore, the increase in long-term opportunity is balanced by the reduction in AIP opportunity, which historically has a greater likelihood of pay-out.

Report of the Directors on Remuneration continued

Annual Statement continued

Application of the 2019 Remuneration Policy:

Salaries
Salaries for Executive Directors have been increased by 3% for 2019, in line with the average increase awarded to all-employees. Therefore, Paul Taaffe's annual salary increases to $964,080 and Neil Jones's to £370,800 for 2019. Paul Taaffe's variable pay arrangements will still be determined against a GBP£ denominated salary figure, which likewise increases by 3% from £600,000 to £618,000.

AIP and LTIP
While reviewing the 2019 Policy the Committee also considered the choice of performance measures to be used for both the AIP and LTIP in 2019. It was felt that the current framework (AIP primarily based on PBT and the LTIP based on EPS) no longer aligns with shareholder returns on their investments, especially in the scenario where we use Company profits or seek support from shareholders to grow the business. To address this, the Committee is introducing the following new measures in addition to HPBT and EPS:

- **Organic revenue growth** - to ensure growth is driven not just from acquisitions;
- **Cash Conversion** - providing a focus on cash efficiency and thereby reducing debt, with the aim of generating the funds to grow by acquisition; and
- **Return on Invested Capital (ROIC)** - taking into account the Company's pre-tax weighted average cost of capital (**WACC**), we are looking to ensure the business achieves iterative improvement in ROIC which will form a base line of tolerance for any new acquisitions.

Further details on the proposed changes to both the 2019 Policy and its application for 2019, can be found on pages 58 to 71.

New Code considerations:
Following the publishing in July 2018 of the new UK Corporate Governance Code (the **New Code**), steps have been taken by the Company to ensure compliance from 1 January 2019 onwards. The steps taken include:

- A review of the Company's variable remuneration arrangements, including share plan rules, to, amongst other matters, ensure the Committee has sufficient flexibility to exercise discretion to override formulaic outcomes.
- Agreeing and implementing processes and procedures to enable the Committee to set remuneration for senior management, including the Company Secretary.
- An ongoing review of engagement with the workforce to enable the Committee to explain how executive remuneration aligns with wider Company pay policy.

Prior to the publication of the New Code, the Company had already implemented a two-year holding period for LTIP awards granted to the Executive from 2018, thereby extending the total time horizon to five years and hence ensuring that the Company was already in compliance with this aspect of the New Code.

Lastly, the Committee has reviewed its processes to ensure it has robust systems in place to demonstrate that the Executive have agreed to malus and clawback terms across all variable remuneration arrangements.

Conclusion

We have taken steps to ensure that the Company's remuneration arrangements and structure continue to reflect the needs of our business and expectations of our shareholders.

At the AGM on 9 May 2019, shareholders will be invited to vote on the Annual Remuneration Report for 2018 (advisory vote) and the 2019 Policy (binding vote). We were pleased to receive high levels of shareholder support at our 2018 AGM and I look forward to receiving your support once more.

Lastly, I wish to thank my Committee colleagues for their full support over the year.

Nicky Dulieu
Chair, Remuneration Committee
4 March 2019

Annual Remuneration Report

In this section of the report, we provide details of the payments made to the Directors relating to the 2018 financial year and the implementation of our 2019 Policy for the 2019 financial year.

Single total figure of remuneration – Executive Directors (audited)

The table below sets out the single total figure of remuneration and breakdown for each Executive Director in relation to the 2018 financial year, together with comparative figures for 2017. Details of Non-Executive Directors' fees are set out on page 53.

	Paul Taaffe		Neil Jones	
£'000	**2018**	2017	**2018**	2017
Salary[1]	**699**	727	**360**	350
Benefits[2, 3, 4]	**28**	24	**11**	9
Short term incentive (i.e. annual bonus)	**542**	712	**325**	415
Long-term incentives (**LTIP**)	**1,445**	3,590	**1,259**	–
Pension[5]	**–**	–	**–**	–
Total	**2,714**	5,053	**1,955**	774

1. Paul Taaffe's salary continues to be denominated in USD. This gives a salary figure of £699k during the full year 2018 at an average exchange rate of 1.34. However, for calculation of his 2018 bonus and LTIP award, Paul Taaffe's pre-1 October 2016 GBP£ denominated base salary of £600,000 has been used.
2. Benefits received by Paul Taaffe are private medical insurance, life assurance and UK tax return preparation services.
3. Benefits received by Neil Jones are private medical insurance, private health insurance and life assurance.
4. The 2017 benefits figure for Neil Jones has been restated to include the £4,427 cost of providing private health insurance during 2017.
5. Under the terms of their service agreements, neither Executive Director receives a pension benefit or payment in lieu of a pension.

In the above table, Paul Taaffe's LTIP figure for 2018 of £1,445k relates to the vesting of his 2016 LTIP Award. Of this figure £845k relates to share price growth over the vesting period. Neil Jones' LTIP figure for 2018 of £1,259k relates to the vesting of both his 2016 PSP Award and 2016 ESOS Award. Of this figure £909k relates to share price growth over the vesting period. These figures are calculated based on the three-month average share price to 31 December 2018.

The equivalent figure for 2017 of £3,590k relates to the vesting of Paul Taaffe's award under the PSP Scheme in 2015 (**2015 PSP Award**) and his award under the 2006 ESOS Scheme. This figure has been restated to reflect the actual TSR performance outcome for the 2015 PSP Award and the actual share price on 10 May 2018 and 20 April 2018 respectively, being the third anniversary of each date of grant. There was no change from the estimated outcome of the TSR element as stated in the 2017 Director's Remuneration Report. Of the total £3,590k, £2,581k relates to share price growth.

Neil Jones is a non-executive director of Taptica International, an AIM listed Ad-Tech business, for which he receives an annual fee of £40,000 per annum.

The following sections of the report explain how each element of remuneration was calculated.

Annual Bonus (audited)

The Annual Bonus targets for 2018 were based upon achieving a stretching adjusted profit before tax target (HPBT Performance Target), based on normalised earnings, and a stretching revenue target (Revenue Performance Target).

As described on page 48, in setting the 2018 bonus performance targets, the Committee determined that the 2018 Annual Bonus Scheme may include a contribution towards the achievement of targets from 'in period' unbudgeted acquisitions, but only after achieving organic growth targets at 105% of threshold. As the organic growth performance targets were not met by the Executive, there was no inclusion of any profits or revenue arising from the M&A activity during 2018 when assessing performance.

The amount of Annual Bonus payable was based on actual performance as a percentage of each target, as shown in the table below. In addition, the Committee determined, consistent with prior years, that the Annual Bonus would only be payable to the extent that it did not reduce post-bonus HPBT below the threshold target of £27.0m (i.e. the payment of any Annual Bonus is contingent on the threshold level of HPBT being achieved).

% of threshold targets achieved	% of salary payable
<90%	0%
100%	75%
105%	100%
120%	150%

Report of the Directors on Remuneration continued

Annual Remuneration Report continued

The table below summarises the amounts payable in total to the Executive Directors. The Annual Bonus payable amounted to £542,000 to Paul Taaffe and £325,000 to Neil Jones, based upon Paul Taaffe's 2018 salary being £600,000 and Neil Jones's 2018 salary being £360,000.

					Total Actual Bonus payable	
	Weighting	Threshold target	Maximum target	Actual	as a percentage of salary	as a percentage of the maximum opportunity of 150%
HPBT Performance Target	85%	£27.0 million	£32.4 million	£27.9 million	78%	52%
Revenue Performance Target	15%	£208.9 million	£250.68 million	£210.7 million	12%	8%
				Total:	90%	60%

Under the policy applied during 2018, the 2018 Annual Bonus is subject to the compulsory deferral of 100% of any bonus payment in excess of 100% of salary. As the 2018 Annual Bonus outcome is less than 100% of salary, no share awards will be made to Paul Taaffe and Neil Jones under the 2016 DSBP Scheme.

Malus and clawback provisions apply to the 2018 Annual Bonus.

Paul Taaffe's 2015 PSP Award – restatement of outcome following the end of the TSR performance period:

The 2015 PSP Award was subject to achieving a HEPS target for the year ended 31 December 2017 and a TSR target calculated on 10 May 2018, and last year's Directors' Remuneration Report included an estimation of the TSR element. The Company's TSR performance as at 10 May 2018 put Huntsworth plc in the upper quartile. Therefore, consistent with the estimated outcome, 100% of the TSR element vested, resulting in the total number of shares that vested for this award being 2,502,258.

Paul Taaffe 2016 LTIP Award and Neil Jones 2016 PSP Award:

In 2016, Paul Taaffe was granted an award under the 2016 LTIP Scheme equivalent to 1,318,681 shares (i.e. 2016 LTIP Award) and Neil Jones was granted 848,484 shares under the PSP Scheme (i.e. 2016 PSP Award). Both these awards were subject to the same targets, being a HEPS target and TSR performance over the three-year period ended 31 December 2018. The value of these awards, based on the number of shares vesting, has been included in the single total figure table on page 51.

As explained on page 49, the HEPS performance targets attaching to both the 2016 LTIP Award and the 2016 PSP Award were adjusted (i.e. by increasing the targets) during 2018 to take into account the impact of the 2018 Acquisitions. This follows the adjustments made in 2017 to reflect acquisitions during the 2017 financial year. Furthermore, as disclosed on page 49 of the 2017 Directors' Remuneration Report, it was agreed that the impact of the Tax Disclosure Change should be removed from HEPS in the performance outcome of, amongst other awards, the 2016 LTIP Award and the 2016 PSP Award. The Committee is of the opinion that the adjusted performance targets remain as stretching as originally intended.

The table below sets out sets out details of the revised performance targets as well as actual performance outturns.

		Performance targets			
	Weighting	Threshold vesting[1] (25% of maximum)	Maximum vesting[1] (100% of maximum)	Actual	Total LTIP vesting as a percentage of maximum
Cumulative HEPS	67%	10.91p	12.11p	15.03p[2]	100%
Relative TSR[3]	33%	Median	Upper quartile	Above upper quartile	100%
				Total:	100%

1. Straight-line vesting between threshold and maximum, with no vesting for performance below threshold.
2. Adjusted EPS performance for the years ended 31 December 2016, 2017 and 2018 was 3.4 pence, 5.03 pence and 6.6 pence, respectively.
3. TSR is measured relative to the FTSE 250 excluding financial services and extraction companies.

Hence the 2016 LTIP Award and the 2016 PSP Award will vest in full, meaning that:
- The total number of shares that will vest on 9 June 2019 to Paul Taaffe from the 2016 LTIP Award is 1,318,681 shares.
- The total number of shares that will vest on 14 March 2019 to Neil Jones under the 2016 PSP Award is 848,484 shares.

Neil Jones' 2016 ESOS Award:

Upon Neil Jones's appointment to the Board in February 2016, by way of compensation for awards forfeited at his previous employment, he was awarded an option under the Company's 2006 ESOS Scheme over 501,853 shares with an exercise price being calculated as the market value of a share on the date of grant plus 5% (i.e. 43.84p).

This award vests on 14 March 2019 subject to HEPS for the year ended 31 December 2018 being greater than 3p. As disclosed on page 49 of the 2017 Directors' Remuneration Report, it was agreed that the impact of the Tax Disclosure Change should be removed from HEPS in the performance outcome of the 2016 ESOS Award, and as noted on page 49, the HEPS impact of the 2017 and 2018 Acquisitions was also removed.

The Company's actual HEPS reported for the year ended 31 December 2018 is 7.1 pence. After removing the impact of the Tax Disclosure Change and the 2017 and 2018 Acquisitions, the adjusted HEPS for the year ended 31 December 2018 is 5.2 pence, resulting in this award vesting in full.

Pension entitlements and cash allowances (audited)

Neither Paul Taaffe nor Neil Jones receive an annual pension contribution or allowance.

Long-term incentives awarded in 2018 (audited)

The table below sets out the details of the long-term incentive awards granted in the 2018 financial year where vesting will be determined according to the achievement of performance conditions that will be tested in future reporting periods.

	Award type	Basis on which award made	Face value of award	Maximum percentage of face value that could vest	Performance period end date
Paul Taaffe	2016 LTIP Scheme	2018 awards (100% salary)	£600,000[1]	100%	31 December 2020
Neil Jones	2016 LTIP Scheme	2018 awards (100% salary)	£360,000	100%	31 December 2020

1. As described on page 48, Paul Taaffe's awards under the 2016 LTIP Scheme are based on the GBP£ denominated salary of £600,000.

A two-year holding period applies to the awards made to the Executive in 2018.

Performance conditions for 2018 awards (audited)

2016 LTIP Scheme

The 2018 awards were based solely on achieving stretching HEPS targets that grow the core business and deliver accretive M&A activity as detailed below.

Cumulative HEPS for the 3 years ending 31 December 2020 as follows:	
Less than 20.0 pence	0% vests
Equals 20.0 pence = threshold vesting	25% vests
More than 20.0 pence but less than 22.8 pence	Straight-line vesting between 25% and 100%
Greater than or equal to 22.8 pence	100% vests

As noted in the 2017 Directors' Remuneration Report, the cumulative HEPS required for maximum vesting (22.8 pence) is approximately 54% higher than the cumulative HEPS required for maximum vesting in respect of the 2017 awards (being 14.77 pence), illustrating the stretching nature of the targets.

The awards also include conditions to accommodate M&A activity within acceptable gearing levels.

The 2018 share awards are subject to malus and clawback provisions.

Payments to past Directors (audited)

No payments to past Directors were made during the year.

Payments for loss of office

No payments for loss of office were made to Directors during the year.

Single total figure of remuneration – Non-Executive Directors (audited)

The table below sets out the single total figure of remuneration and breakdown for each Non-Executive Director who served during 2018.

£'000	**2018**	2017
Derek Mapp[1]	**140**	135
Andy Boland[1,2]	**48**	40
Nicky Dulieu[1,3]	**50**	44
Pat Billingham[1,3]	**50**	43
Elizabeth McKee Anderson[1]	**43**	-

1 The fees payable to the Non-Executive Directors and Chairman were increased with effect from 1 January 2018 as detailed in last year's Directors' Remuneration Report.
2 Andy Boland's pay includes a fee element to reflect his appointment as Senior Independent Director from 1 January 2018.
3 Nicky Dulieu and Pat Billingham each received a fee increase for their role as chairs of the Remuneration Committee and Audit Committee respectively.

Report of the Directors on Remuneration continued

Annual Remuneration Report continued

Statement of Directors' shareholdings (audited)

The number of shares in the Company in which Directors had a beneficial interest and details of relevant long-term incentive interests as at 31 December 2018 are set out in the table below.

No awards were exercised by Neil Jones in the 2018 financial year.

Paul Taaffe received 2,502,258 shares pursuant to his 2015 PSP Award on 9 October 2018. After selling sufficient shares to cover his tax and social security liabilities, dealing costs and related charges, he retained 1,258,813 shares.

There were no changes in the shareholdings of Directors in office as at 31 December 2018 between the year-end and the announcement date.

					Vested awards		Unvested awards		
Executive Director	Shareholding requirement (% of salary/fees)	Target number of shares to hold	Current shareholding guidelines met?	Interests in shares	Market priced awards	Nil cost awards	Awards with performance conditions	Awards not subject to performance conditions	Total interests in shares
Paul Taaffe	100%[3]	555,556	Yes	1,658,813	2,000,000	-	3,564,268[1]	144,845[1]	3,803,658
Neil Jones	100%[3]	333,333	Yes	400,000	-	-	2,673,149[2]	84,407[2]	484,407

1 Paul Taaffe has 3,564,268 unvested awards under the 2016 LTIP Scheme, and 144,845 unvested nil cost awards under the 2016 DSBP Scheme. Further details on these awards can be found on page 55.
2 Neil Jones has 501,853 unvested market priced awards (with an option price of 43.84p) under the 2006 ESOS Scheme, 848,484 unvested awards under the PSP Scheme, 1,322,812 unvested awards under the 2016 LTIP Scheme, and 84,407 unvested nil cost awards under the 2016 DSBP Scheme. Further details on these awards can be found on page 55.
3 The share price of 108.0 pence (as at 31 December 2018) has been taken for the purpose of calculating the current shareholding as a percentage of salary/fees. Unvested share awards do not count towards satisfaction of the shareholding guidelines. Vested share awards and shares awarded under the 2016 DSBP Scheme are counted towards the shareholding requirement. Vested but unexercised awards count towards the shareholding requirement based on the intrinsic gain in the award as at 31 December 2018. For vested market-priced awards, the number of shares which count toward the shareholding guideline is calculated as the number of shares that could be purchased based on the intrinsic value of such awards, i.e. the value of shares less the exercise price. Where the exercise price is above the value of the shares, no value is attributed to these awards.

Shareholding policy – Executive Directors

Under the current Company's shareholding policy, all Executive Directors are expected to hold shares (including vested share awards where applicable) equivalent in value to a minimum of one times their salary. Executive Directors will be required to retain 50% of after-tax vested share awards until their shareholding requirement is met.

Under the 2019 Policy, Executive Directors will be expected to hold shares (including vested share awards where applicable) equivalent in value to a minimum of two times their salary. Consistent with the current Company's shareholding policy, Executive Directors will be required to retain 50% of after-tax vested share awards until their shareholding requirement is met.

Under the 2019 Policy, Executive Directors will typically be required to hold interests in shares equal to 100% of salary for one-year post-cessation of employment.

Shareholding policy – Non-Executive Directors

Non-Executive Directors are not subject to a minimum shareholding requirement. However, they are encouraged to hold shares in the Company.

Details of shares held in the Company by Non-Executive Directors are shown in the table below.

Non-Executive Director	Total interests in shares
Derek Mapp	525,906
Andy Boland	89,496
Nicky Dulieu	-
Pat Billingham	-
Elizabeth McKee Anderson	-
David Lowden[1]	-

1 David Lowden was appointed as a Non-Executive Director with effect from 1 January 2019.

Directors' interests in share awards (audited)

The interests in share awards of the Executive Directors at 31 December 2018 are as set out below.

Scheme	At 1 January 2018	Granted during year	Vested/ Exercised during year	Lapsed during year	**At 31 December 2018**	Share price at date of award (pence)	Exercise price (pence)	Award exercise period/Vesting date
Paul Taaffe								
Performance Share Plan (PSP)[1]	3,057,324	-	(2,502,258)	(555,066)	**0**	-	-	-
2006 Executive Share Option Scheme	2,000,000	-		-	**2,000,000**	40.13	42.14	April 2018 - April 2025
The Huntsworth Long Term Incentive Plan 2016:								
- award granted in 2016[2]	1,318,681			-	**1,318,681**	45.50	nil	9 June 2019
- award granted in 2017[2]	1,472,392			-	**1,472,392**	40.75	nil	20 March 2020
- award granted in 2018[3]	-	773,195		-	**773,195**	77.6	nil	6 March 2021
The Huntsworth 2016 Deferred Share Bonus Plan (2016 DSBP Scheme):								
- award granted in 2018[4]	-	144,845		-	**144,845**	77.6	nil	6 March 2020
Total Paul Taaffe	**7,848,397**	**918,040**	**(2,502,258)**	**(555,066)**	**5,709,113**			

1 Paul Taaffe was granted the award as a Performance Share Unit Award (i.e. a conditional share award), which vested on 1 October 2018. The award vested at 82% of maximum (details on page 52). Paul Taaffe voluntarily agreed that a one-year holding period would apply to this award. Following vesting of the award, he sold sufficient shares to cover his tax and social security liabilities, dealing costs, and related charges with the remaining balance i.e. 1,258,813 shares, being retained.
2 Paul Taaffe was granted these awards as Conditional Share Awards. Paul Taaffe has voluntarily agreed that a one-year holding period would apply to these awards.
3 Paul Taaffe was granted the award as a Conditional Share Award. A two-year holding period applies to this award.
4 Under the terms of the 2017 Annual Bonus, half of any amount payable in excess of Paul Taaffe's GBP£ denominated salary of £600,000, is subject to deferral under the 2016 DSBP Scheme. However, whilst not included within the initial terms and conditions, Paul Taaffe voluntarily agreed to increase this and has deferred 100% of the bonus payment in excess of 100% of salary. Accordingly, an award was made under the 2016 DSBP Scheme equivalent in value to £112,400, in respect of 144,845 shares (£112,400 at a share price of 77.6 pence). The Remuneration Committee determined that this award would also attract dividend shares with a market value equal to the dividends which would have been received on the award as if they had been owned before vesting (i.e. additional shares will be given to Paul Taaffe based on the market value of dividends paid between the period between 6 March 2018 and 5 March 2020).

Scheme	At 1 January 2018	Granted during year	Vested/ Exercised during year	Lapsed during year	**At 31 December 2018**	Share price at date of award (pence)	Exercise price (pence)	Award exercise period
Neil Jones								
Performance Share Plan (PSP)[1]	848,484		-	-	**848,484**	41.25	nil	March 2019 - March 2026
2006 Executive Share Option Scheme	501,853		-	-	**501,853**	41.75	43.84	March 2019 - March 2026
The Huntsworth Long Term Incentive Plan 2016								
- award granted in 2017[1]	858,895	-	-	-	**858,895**	40.75	nil	March 2020 - March 2027
- award granted in 2018[2]	-	463,917	-	-	**463,917**	77.6	nil	March 2021 - March 2028
The Huntsworth 2016 Deferred Share Bonus Plan (2016 DSBP Scheme):								
- award granted in 2018[3]	-	84,407	-	-	**84,407**	77.6	nil	6 March 2020
Total Neil Jones	**2,209,232**	**548,324**	**-**	**-**	**2,757,556**			

1 Neil Jones has voluntarily agreed that a one-year holding period would apply to this award.
2 A two-year holding period applies to this award.
3 Under the terms of the 2017 Annual Bonus, half of any amount payable in excess of Neil Jones's salary of £360,000, is subject to deferral under the 2016 DSBP Scheme. However, whilst not included within the initial terms and conditions, Neil Jones voluntarily agreed to increase this and has deferred 100% of the bonus payment in excess of 100% of salary. Accordingly, an award was made under the 2016 DSBP Scheme equivalent in value to £65,500, in respect of 84,407 shares (£65,500 at a share price of 77.6 pence). The Remuneration Committee determined that this award would also attract dividend shares with a market value equal to the dividends which would have been received on the award as if they had been owned before vesting (i.e. additional shares will be given to Neil Jones based on the market value of dividends paid between the period between 6 March 2018 and 5 March 2020).

Report of the Directors on Remuneration continued
Annual Remuneration Report continued

Performance conditions

2018
Performance conditions for the awards under the 2016 LTIP Scheme made to Paul Taaffe and Neil Jones in 2018 are disclosed on page 53.

2017
Performance conditions for the awards under the 2016 LTIP Scheme made to Paul Taaffe and Neil Jones in 2017 are described in the Company's 2017 Annual Report and Accounts on page 53.

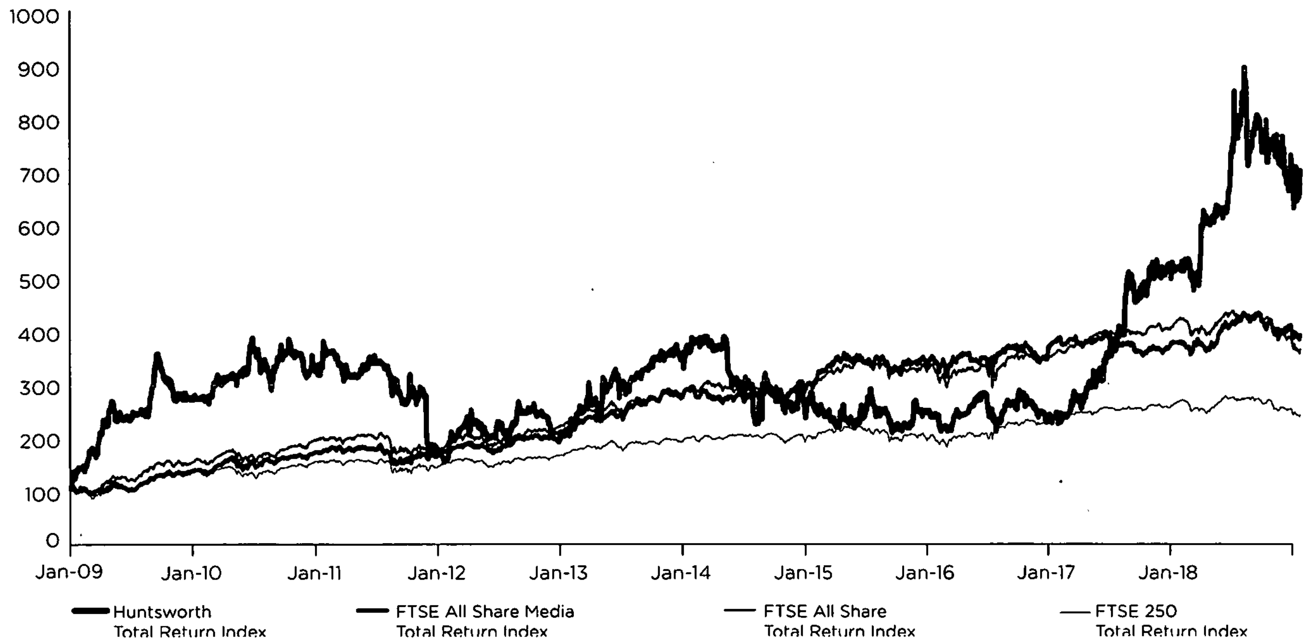
2016
The original performance conditions for the award of 1,318,681 shares made under the 2016 LTIP Scheme to Paul Taaffe in 2016, are described in the Company's 2016 Annual Reports and Accounts on page 45.

The original performance conditions for the award of 848,484 shares made under the PSP Scheme and the award of 501,853 shares (with an option price of 43.84p) under the 2006 ESOS Scheme to Neil Jones in 2016, are described in the Company's 2016 Annual Report and Accounts on page 45.

The outcomes in respect of the awards granted in 2016 can be found on pages 52 and 53.

Comparison of overall performance and pay

Total Shareholder Return
The graph below shows the Company's performance, measured by TSR, compared with the performance of the FTSE All Share Index, the FTSE All Share Media Index and the FTSE 250 also measured on a daily basis by TSR. The FTSE All Share Index, FTSE All Share Media Index and the FTSE 250 were selected as they represent broad equity market indices.



The market price of Huntsworth shares at 31 December 2018 was 108 pence and the range during 2018 was 74.6 pence to 139.0 pence.

Total CEO remuneration

The table below sets out the total remuneration delivered to the CEO over the last 10 years, valued using the methodology applied to the single total figure of remuneration together with incentive pay-outs (with the vesting level achieved expressed as a percentage of the maximum opportunity).

£000	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total remuneration	673	1,036	729	1,224	1,033	724	645	869	5,053[1,2]	2,714[2]
Annual bonus payment level achieved (% maximum opportunity)	0%	0%	0%	40%	41%	0%	0%	24%	79%	60%
LTIP vesting level achieved (% maximum opportunity)	0%	100%	100%	58%	0%	NA	NA	NA	89%[1]	100%

1 This includes the 2015 replacement award under the 2006 ESOS Scheme, which was made by way of compensation for the loss of awards from Paul Taaffe's previous employment.
2 Up to 31 December 2018, the Company's share price has increased by 141% since Paul Taaffe joined the Company on 7 April 2015.

Of total remuneration for 2018 of £2,713,944, £1,444,780 relates to achieving performance targets attaching to long-term incentive plans which has been calculated based on the three-month average share price to 31 December 2018, and includes an amount of £844,780 relating to share price growth over the vesting period.

Of total remuneration for 2017 of £5,053,703, £3,589,431 relates to achieving performance targets attaching to long-term incentive plans, being the 2015 PSP Award and his award under the 2006 ESOS Scheme. This figure has been restated to reflect the actual TSR performance outcome for the 2015 PSP Award on 10 May 2018 and the actual share price on 10 May 2018 and 20 April 2018 respectively, being the third anniversary of each date of grant. There was no change from the estimated outcome of the TSR element as stated in the 2017 Director's Remuneration Report. Of the total £3,589,431, £2,580,771 (split £1,463,571 for the 2015 PSP Award and £1,117,200 for his award under the 2006 ESOS Scheme), relates to share price growth to the third anniversary of the date of grant.

Percentage change in CEO's remuneration

The following table sets out the percentage change in the salary, taxable benefits and bonus paid to the CEO from 2017 to 2018 compared with the average percentage change for the Group's employees. The reduction in salary and bonus paid to the average Group employee from 2017 to 2018, is predominantly due to the different pay structures within the 2018 Acquisitions and a reduction in bonuses payable within the Marketing Division.

£000	**2018**	2017	Change %
CEO			
Salary	**699**	727	(4)%[1]
Benefits	**28**	24	17%
Bonus	**542**	712	(24)%
Total	**1,269**	1463	(13)%
Average Group employee			
Salary	**59**	63	(6)%
Benefits	**5**	5	-
Bonus	**2**	4	(50)%
Total	**66**	72	(8)%

1 Paul Taaffe's salary is denominated and paid in US Dollars. His US Dollar salary for 2018 was $936,000, which has applied since 1 October 2016. The percentage change represents an exchange rate difference when converting Paul Taaffe's salary from USD$ to GBP£.

Relative importance of spend on pay

The table below sets out the relative importance of spend on pay in 2018 and 2017 compared with other disbursements from profit.

£000	**2018**	2017	Change %
Profit distributed by way of dividend	**7,069**	5,878	20%
Overall spend on pay (including Directors)	**132,211**	120,765	9%

There were no other significant distributions and payments that assist in understanding the relative importance of spend on pay.

Report of the Directors on Remuneration continued

Annual Remuneration Report continued

Implementation of remuneration policy in 2019

Executive Directors
Implementation for 2019 will be in line with our 2019 Policy, subject to shareholder approval at the 2019 AGM.

Salary
The Committee reviewed Executive Director salaries and it was determined that Paul Taaffe and Neil Jones would each receive an increase in their respective salaries equivalent to 3%, with effect from 1 January 2019, which is in line with the average increases awarded to all-employees.

The annualised salaries for 2019 and 2018 are set out below:

Executive Director	2019 USD$000	2018 USD$000	Change
Paul Taaffe	**964**	936	3%[1]

1. Paul Taaffe's salary is denominated and paid in US Dollars. For all other payment arrangements, including any annual bonus payment or LTIP awards, Paul Taaffe's awards will be determined based on his GBP£ base salary figure of £618,000, an increase of 3% from £600,000.

Executive Director	2019 £000	2018 £000	Change
Neil Jones	371	360	3%

Annual Bonus performance targets
The maximum annual bonus opportunity for 2019 has decreased to up to 120% of salary (from 150% of salary in prior years). For Paul Taaffe the bonus is based on his increased 2019 GBP£ denominated base salary of £618,000, and for Neil Jones this will be based on his increased 2019 salary of £370,800.

Awards will be based on achieving specific HPBT and organic revenue performance targets.

The Committee is of the opinion that given commercial sensitivity, disclosing precise HPBT and organic revenue targets for the annual bonus in advance would not be in the interests of shareholders or the Company. Actual targets, performance achieved, and awards made will be disclosed after the end of the performance period so shareholders can fully assess the basis for any pay-outs.

In line with our 2019 Policy, 30% of any annual bonus payable will be deferred for a period of two years under the 2016 DSBP Scheme.

Awards will be subject to malus and clawback provisions.

Long-term incentive plan targets
The normal award level under the 2019 Policy is up to 150% of salary (from 100% of salary in prior years).

The awards to be made under the 2016 LTIP Scheme to Paul Taaffe and Neil Jones in 2019 will be based on the following measures:

	Weighting	Threshold vesting[1] (25% of maximum)	Maximum vesting[1] (100% of maximum)
Cumulative HEPS – for the three years ending 31 December 2021	50%	26.3p	30.0p
Cash conversion – average across the three-year performance period	30%	88%	98%
ROIC – average across the three-year performance period	20%	13.5%	14.0%

1. Straight-line vesting between threshold and maximum, with no vesting for performance below threshold.

The HEPS target is based on achieving stretching criteria that grow the core business and deliver accretive M&A activity. The cumulative HEPS required for maximum vesting (30.0 pence) is approximately 32% higher than the cumulative HEPS required for maximum vesting in respect of the 2018 awards (being 22.8 pence), illustrating the stretching nature of the targets.

With the Company's pre-tax weighted average cost of capital (WACC) for 2018 at 12.1%, the Committee is looking to ensure the business achieves iterative improvement in ROIC which will form a base line of tolerance for any new acquisitions. ROIC as at 31 December 2018 was 13.4%.

In addition to the above conditions, the awards also include conditions to accommodate M&A activity within acceptable gearing levels.

The 2019 share awards will include a two-year holding period after the end of the three-year performance period.

Awards will be subject to malus and clawback provisions.

Non-Executive Directors
The Non-Executive Directors did not receive a fee increase for 2019. The intention is that the increase in fees payable to the Non-Executive Directors and Chairman from 1 January 2018 would be fixed for two to three years (minimum two years). Non-Executive Directors are paid a base fee with an additional fee payable for chairing a Committee. No additional fee is payable to the Company Chairman where he also chairs the Nomination Committee. An additional fee is payable for performing the Senior Independent Director role.

David Lowden was appointed as a Non-Executive Director with effect from 1 January 2019. He will assume the role of the Chairman of the Board and Nomination Committee from 6 March 2019. The fee payable to David Lowden is considered appropriate given the scope of the role, the expected time commitment and the fees that might otherwise be commanded in the wider marketplace for a similar commitment, and the Board's determination that he is the right individual to lead the Board through the next phase of its strategic development.

£000	**Fee 2019**	Fee 2018
Independent NED base fee	**43**	43
Audit Committee Chairman	**7**	7
Remuneration Committee Chairman	**7**	7
Nomination Committee Chairman	**-**	-
Senior Independent Director	**5**	5

The following table sets out the expected annual fees payable to the Company's Non-Executive Directors for 2019:

£000	**2019**
Derek Mapp[1]	**25**
Andy Boland	**48**
Nicky Dulieu	**50**
Pat Billingham	**50**
Elizabeth McKee Anderson[2]	**45**
David Lowden	**175**

1 Derek Mapp will step down as Chairman from the Board and Nomination Committee on 6 March 2019 and on the same day will resign as a Director of the Company. The fee of £24,932 is the fee payable up until 6 March 2019.
2 With effect from 1 January 2019, Elizabeth McKee Anderson's fees are to be converted into US$ at the exchange rate prevailing on the date that her Letter of Appointment was signed, which was on 18 December 2017. The exchange rate on 18 December 2017 was 1.339699. Hence the annual fees commencing 1 January 2019 will be US$57,607.06.

Advisors to the Remuneration Committee
During 2018, the Committee engaged the services of Deloitte LLP as independent Remuneration Committee advisors.

Deloitte LLP were retained as advisors to the Remuneration Committee and provided advice to the Committee on executive and long-term incentive remuneration. Deloitte LLP also provided certain other tax advisory services to the Group during the year. The nature of these services was not considered to conflict with their role as external adviser to the Committee. Total fees payable to Deloitte in 2018 for Remuneration Committee matters were £54,282 and were based partially on a retainer and partially on a time and materials basis.

Deloitte is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the Group's Code of Conduct when providing advice on executive remuneration in the UK.

Shareholder voting
At the 2018 AGM, the following votes were cast in respect of the 2017 Annual Remuneration Report (advisory vote):

	2017 Annual Remuneration Report	
	Number of Votes	% of votes cast
For & Discretionary	250,025,013	97.49
Against	6,443,122	2.51
Withheld	4,349	0.0

The voting outcome for the remuneration policy approved by shareholders at the 2016 AGM, is shown below (binding vote).

	2016 Remuneration Policy	
	Number of Votes	% of votes cast
For & Discretionary	254,893,932	99.0
Against	2,578,757	1.0
Withheld	6,026	0.0

Report of the Directors on Remuneration continued

2019 Directors' Remuneration Policy (2019 Policy)

Introduction

In this section of the Report of the Directors on Remuneration we provide details of the Company's new remuneration policy for Directors that will govern the Company's future remuneration payments (the **2019 Policy**). The 2019 Policy is being introduced in order to implement the changes described in the Chair of the Committee's statement above and in response to the changes under The UK Corporate Governance Code effective from 1 January 2019 (the **New Code**).

Subject to approval by shareholders, the policy is intended to apply for three years with effect from the close of the 2019 AGM, although in practice is intended to apply from 1 January 2019.

The Remuneration Committee has established the policy on the remuneration of the Executive Directors and the Chairman, whereas the Board has established the policy on the remuneration of the Non-Executive Directors.

The policy is designed around the following key principles:

- providing a strong link between reward and the performance of both the individual and the Company in order to align the interests of Executive Directors with those of shareholders;
- maintaining a competitive package against comparable businesses, both in terms of size and sector, with reference to the breadth of the role and experience the role holder brings to the Company;
- encouraging a personal stake in the business and a long-term focus on sustained growth through long-term shareholding;
- providing a balanced remuneration package;
- ensuring compliance with the latest standards of best practice, including The UK Corporate Governance Code effective from 1 January 2019; and
- taking into account the associated risks of each aspect of remuneration.

Changes to the 2019 Policy from current policy

The following key changes from the Remuneration Policy approved by shareholders in 2016, are reflected in the 2019 Policy:

- Increases in salary for Executive Directors ordinarily to be limited to the average rate of increase awarded to the wider workforce;
- Reduction in potential for AIP;
- Enhanced deferral requirements for the AIP;
- Increase in long-term incentive opportunity;
- Formalisation of the long-term incentive holding period;
- Reduction in pension provision;
- Increased Executive Director shareholding guidelines;
- Introduction of a post-employment shareholding policy; and
- Reference to the proposed new performance measures for The Huntsworth Long Term Incentive Plan 2016 (**2016 LTIP Scheme**).

Shareholders will be asked to vote on this policy at the 2019 AGM on 9 May 2019.

Remuneration structure (Policy Table)

Policy for Executive Directors

The table below sets out the key elements of the Company's remuneration policy for the Executive Directors:

Remuneration Element	Base Salary
Objective and link to strategy	To provide a market competitive base salary which recognises individual contribution, changes in responsibilities and attracts and retains talent in the labour market in which the Executive Director is employed.
Operation	Base salary is normally set annually with any changes effective from 1 January. When determining the salary of the Executive Directors the Committee takes into consideration: • the level of base salary for similar positions with comparable status, responsibility and skills, in comparable organisations of broadly similar size and complexity; • the individual Executive Director's experience and responsibilities; and • pay and conditions throughout the Group.
Opportunity	Whilst the Committee has not set a monetary maximum on salary, any base salary increases will ordinarily be no greater than the average increase (in percentage terms) awarded to the wider workforce. Increases in excess of this may be awarded in appropriate circumstances including, but not limited to, in the event of an increase in the scope or responsibilities of the role, a change in the size and complexity of the Group and/or significant market movement The 2019 annual salaries for the Executive Directors are set out in the statement of implementation of remuneration policy on page 58.
Performance conditions and assessment	N/A

Remuneration Element	Annual bonus
Objective and link to strategy	Aligns reward to strategy by ensuring the annual performance targets which are set for the financial year are aligned with the Company's key performance indicators (**KPIs**). As such, the annual bonus targets are primarily based on key objectives relating to the Group's financial performance.
Operation	The annual bonus is reviewed annually at the start of the financial year to ensure bonus opportunity, performance measures and weightings support the Company's strategy. The performance period for the annual bonus targets is normally linked to the Company's financial year. At least 30% of any annual incentive payable will be typically deferred for a period of two years under the Huntsworth 2016 Deferred Share Bonus Plan (**2016 DSBP Scheme**). Where any element of the annual bonus is deferred, it will be deferred into a conditional award of, or nil-cost option over, Huntsworth shares. These shares will not be subject to any further performance conditions but are conditional on the individual's continued employment with the Group, will remain subject to malus and clawback provisions, and will normally vest at the end of the deferral period. For further details on malus and clawback provisions, please refer to the section on malus and clawback on pages 62 and 63.
Opportunity	Maximum bonus potential level: up to 120% of salary. Threshold bonus potential: 0% of salary.
Performance conditions and assessment	Each year the Committee determines the bonus measures and, if relevant, weightings. Measures will predominantly be based on financial performance but up to 20% may be based on individual or other strategic objectives. The precise nature and, if relevant, weighting of measures will depend on the strategic focus of the Company in any given year. Further details on the measures for 2019 are set out in the statement of implementation of remuneration policy on page 58.

Remuneration Element	The Huntsworth 2016 Long Term Incentive Plan (2016 LTIP Scheme)
Objective and link to strategy	Rewards and retains executives, aligning them with shareholder interests over a longer time frame. Ensures an alignment between the operation of the Company's remuneration policy and the Company's objectives of achieving strong longer-term performance.
Operation	Participants are eligible to receive a conditional allocation of shares or nil cost options subject to performance conditions set by the Committee. The Committee reviews the quantum of awards annually. Awards normally vest following the end of the performance period, although may vest early on leaving employment or on a change of control (see pages 70 and 71). A two-year holding period will apply to these awards after the end of the relevant performance period, other than as regards shares disposed of to satisfy tax liabilities arising in connection with vesting or exercise. Awards under the 2016 LTIP Scheme will be subject to malus and clawback provisions. For further details, please refer to the section on malus and clawback on pages 62 and 63.
Opportunity	Maximum awards under the 2016 LTIP Scheme in respect of any one year of 200% of salary. Normal awards will be up to 150% of salary in respect of any one year. Awards in excess of 150% will be made in exceptional circumstances only, at the discretion of the Committee. Threshold vesting level: 25% of maximum opportunity.

Report of the Directors on Remuneration continued

2019 Directors' Remuneration Policy (2019 Policy) continued

Remuneration Element	The Huntsworth 2016 Long Term Incentive Plan (2016 LTIP Scheme)
Performance conditions and assessment	Performance will be measured over at least a three-year period. Performance for awards will typically be based on financial measures (which may include but are not limited to earnings per share (**EPS**), Cash Conversion and Return on Invested Capital (**ROIC**)). Further details on the measures for 2019 are set out in the statement of implementation of remuneration policy on page 58.

Remuneration Element	Pension
Objective and link to strategy	To provide a competitive retirement benefit and ensure that Executive Directors' total remuneration remains competitive.
Operation	Executive Directors may receive a contribution to their personal pension plan. Executive Directors may elect for some or all of the contribution to be paid as a cash equivalent. Any cash equivalent would not be treated as salary for the purposes of determining bonus or incentive awards.
Opportunity	Pension contributions and/or cash equivalents for Executive Directors will be at a level which is no greater (in percentage terms) than average contributions for the wider workforce.
Performance conditions and assessment	N/A

Remuneration Element	Other benefits
Objective and link to strategy	To provide competitive employment benefits and support individuals in carrying out their roles.
Operation	The level of benefits provided is reviewed regularly to ensure they remain market competitive. Benefits may include: • car or car-related allowance or benefits; • private health insurance for the Executive Director and his family; • life and travel insurance; • permanent health insurance; and • assistance with the administrative burden of tax compliance arising from the directorship. Additional benefits may be provided based on individual circumstances. Where an Executive Director has to be relocated, the Company may provide compensation to reflect this cost of relocation in line with the policy as set out for new recruits on pages 66 to 67. The level of relocation benefit will be assessed on a case-by-case basis.
Opportunity	Although no changes are expected to the current benefits provided to the Executive Directors as disclosed above, benefit values will vary year-on-year depending on the cost of insurance or method of providing the benefits. Accordingly, no maximum monetary value of benefits has been set.
Performance conditions and assessment	N/A

Notes to the Future Policy table for Executive Directors

Measurement of performance targets

The Committee has the ability to override formulaic outcomes in relation to the number of shares which may vest under an individual's award under the 2016 LTIP Scheme and the extent to which any annual bonus may be earned.

Malus and clawback

In respect of future awards granted under the annual bonus, 2016 DSBP Scheme and 2016 LTIP Scheme, in accordance with the New Code and in line with best practice, the Committee has discretion to apply recovery provisions.
Malus and clawback provisions may be applied in the event of gross misconduct by the participant, a material misstatement of the Company's published accounts between grant and release (in the case of awards under the 2016 LTIP Scheme) or in respect of the bonus year (for annual bonus and awards under the 2016 DSBP Scheme), or a material breach of a law or regulation which resulted in significant reputational damage or harm to the Company during the same period. If the provisions are applied, the Committee may:

- in respect of a bonus, or an award under the 2016 DSBP Scheme or 2016 LTIP Scheme which has yet to be paid or to vest or to be exercised, in its absolute discretion, reduce or cancel the award;
- In respect of a bonus or an award under the 2016 DSBP Scheme or 2016 LTIP Scheme which has been paid or has vested, in its absolute discretion, claw-back the award (either in part or in full). This provision may be invoked for up to two years following payment of a bonus, two years following the original vesting date of a deferred bonus, or two years following the original release date of an LTIP award.

If the Committee decides that a clawback circumstance has arisen, the Committee may decide that, in its absolute discretion, rather than clawing back a paid bonus or vested share award, it could instead make a reduction of an equivalent amount to (i) any unvested share awards the individual may have under any share scheme operated by Huntsworth, and/or (ii) any future bonus payment which would otherwise be payable, and/or (iii) any salary payments or other remuneration which are due or would otherwise have been payable.

Minor amendments and waiver
An Executive Director may at any time waive any element of remuneration. Minor and administrative amendments may be made to the policy where, in the opinion of the Committee, it would be disproportionate to seek prior shareholder approval, in which case full disclosure will be made in the subsequent Annual Report on Remuneration.

Dividend equivalents
Awards under the 2016 LTIP Scheme and 2016 DSBP Scheme may incorporate the right to receive (in cash or shares) the value of dividends which would have been paid on the shares that vest between the date of grant and the date of vesting (or in the case of awards under the 2016 LTIP Scheme that are subject to a holding period, the date of release). When calculating the relevant dividend amounts, the Committee may assume that the dividends were reinvested in the Company's shares on a cumulative basis.

Award adjustment
Awards granted under the Company's share plans may, at the discretion of the Committee, be settled in cash. They may also be adjusted in any manner considered appropriate by the Committee in the event of a variation of the Company's share capital or such other circumstances as the Committee considers appropriate.

Performance conditions applicable to 2016 LTIP Scheme awards may be amended if an event or series of events occurs as a result of which the Committee considers it fair and reasonable to make the change to take account of, amongst other matters, legal changes or to get or keep favourable tax, exchange control or regulatory treatment for the award, or unbudgeted 'in period' acquisitions provided that the amended conditions are not materially easier than the original conditions.

Variable remuneration opportunities
In line with the current practice for Paul Taaffe and as disclosed in relation to Paul Taaffe in the Annual Remuneration Report, if an Executive Director is paid their salary in a currency other than UK pounds Sterling, their variable remuneration opportunities may be determined by reference to a notional UK pounds Sterling salary. The notional UK pounds Sterling salary will be determined by reference to an exchange rate selected by the Committee and may be increased by the Committee to reflect increases to the Executive Director's actual salary in their applicable currency.

Comparison of Remuneration policy for other employees and Executive Directors
All employees of Huntsworth are entitled to base salary and benefits at levels commensurate with their role and local market practice.

Certain employees are eligible to receive an annual bonus based on key performance indicators measured at Group, divisional or local business level, alongside performance against personal objectives. The maximum opportunity available is based on the seniority and responsibility of the role.

Long-term incentive awards will be available to senior executives and selected employees throughout the organisation through the 2016 LTIP Scheme.

Typically the more senior the employee, the greater the proportion of their pay is based on performance. Executive Directors receive remuneration packages which reflect their role and responsibilities and consequently they are amongst the highest paid in the Group.

Remuneration scenario charts for Executive Directors
The chart below illustrates the remuneration that would be paid to each of the Executive Directors in 2019, based on the above policy, under four different performance scenarios: (i) Minimum; (ii) Meeting expectations; (iii) Maximum and (iv) Maximum including 50% share price growth.

The elements of remuneration have been categorised into three components: (i) Fixed; (ii) Annual variable; and (iii) Long-term variable, which are set out in the future policy table above.

Report of the Directors on Remuneration continued

2019 Directors' Remuneration Policy (2019 Policy) continued

Paul Taaffe

Neil Jones

Fixed:
Fixed elements do not vary with performance and comprise:
- Base salary; and
- Benefits.

The charts are based on salaries for 2019. For Paul Taaffe, this represents a salary of $964k i.e. equivalent to £714k at the 2019 Budget exchange rate of 1.35. However, for the calculation of his bonus and LTIP awards, a salary of £618k has been used.

Annual variable:
This comprises the Annual Bonus and is calculated as follows:

Minimum	Meeting expectations	Maximum
0%	60% salary	120% salary

Long-term variable:
This comprises awards under the 2016 LTIP Scheme and is calculated as follows:

Minimum	Meeting expectations	Maximum	Maximum including 50% share price growth
0%	37.5% salary	150% salary	225% of salary

Policy for Non-Executive Directors

The table below sets out the remuneration policy for Non-Executive Directors ('**NEDs**'):

Remuneration Element	Fees
Objective and link to strategy	To attract individuals of a suitable calibre for the Company and to pay fees which are reflective of responsibilities, competitive with peer companies.
Operation	The Board as a whole is responsible for setting the remuneration of the Non-Executive Directors, other than the Chairman whose remuneration is determined by the Committee and recommended to the Board. Typically: • NEDs are paid a base fee with an additional fee payable for chairing a Committee; • no additional fee is payable to the Company Chairman where he also chairs the Nomination Committee; and • an additional fee is payable for the Senior Independent Director role. Fees may also be paid for additional time spent on the Company's business outside of the normal duties. In some circumstances no fees will be paid. Fee levels reflect market conditions and are sufficient to attract individuals with appropriate knowledge and experience.

Remuneration Element	Fees
Maximum potential value	Current fees are set out in the statement of implementation of remuneration policy on page 59. Fee increases are determined by reference to individual responsibilities, inflation and an appropriate comparator group. The total aggregate fees which can be paid to the Chairman and other NEDs in any given financial year may not exceed the amount stated in the Company's Articles of Association. In the event that this limit set out in the Articles of Association is amended by way of ordinary resolution of the Company's shareholders, this amended limit will supplant the current limit within this policy as well.
Performance conditions and assessment	N/A

Remuneration Element	Benefits
Objective and link to strategy	To facilitate the NEDs performance of his or her role.
Operation	The Company pays travel and accommodation expenses in respect of attendance at Board meetings by NEDs, which may in some circumstances be taxed as benefits in kind. Additionally, the Company may provide office facilities for NEDs which are not restricted to use in respect of the Company's business.
Maximum potential value	Expense benefit values, if any, will vary year-on-year depending on the frequency and location of meetings. The value of any other benefits is considered to be minimal. No maximum level of benefits has therefore been set.
Performance conditions and assessment	N/A

Notes to the Future policy tables for all Directors

Shareholding policy

To ensure that Executive Directors' interests are aligned with those of shareholders over the long term, all Executive Directors are expected to hold shares (including vested share awards where applicable) equivalent in value to a minimum of two times their salary. Executive Directors will be required to retain 50% of all after-tax vested share awards until their shareholding requirement is met. Shares subject to DSBP awards, and shares subject to LTIP awards which are exercisable but unexercised count towards the shareholding on a net of assumed tax basis.

Non-Executive Directors are not subject to a minimum shareholding requirement. However, they are encouraged to hold shares in the Company.

Post-employment shareholding policy

For one year post-cessation of employment, Executive Directors will typically be required to hold interests in shares with a value (at cessation) equal to 100% of salary or, if less, all of the shares they have an interest in at cessation. Shares subject to DSBP awards, and shares subject to LTIP awards which are exercisable but unexercised count towards the shareholding on a net of assumed tax basis.

Service agreements

Huntsworth's policy is to have Executive Directors' service contracts of no fixed term and with notice periods of no more than one year and for those contracts to contain contractual termination payments in certain circumstances as set out in the table below. Executive Directors are subject to re-election at each Annual General Meeting. The Non-Executive Directors have letters of appointment which provide for an initial period of appointment of three years, subject to election at the Annual General Meeting following their appointment, and re-election at each subsequent Annual General Meeting.

The following table sets out the dates of each Director's service agreement or letter of appointment:

Executive	Date of contract	Notice period
Paul Taaffe	19 December 2014	1 year
Neil Jones	15 October 2015	1 year
Non-Executive[1]	**Date of original letter**	
Andy Boland	3 October 2014	3 months
Nicky Dulieu	19 December 2014	3 months
Pat Billingham	17 November 2015	3 months
Elizabeth McKee Anderson	18 December 2017	3 months
David Lowden	19 December 2018	3 months

1 Derek Mapp will be resigning as a director from the Company on 6 March 2019, and therefore has not been included in the above table.

Report of the Directors on Remuneration continued

2019 Directors' Remuneration Policy (2019 Policy) continued

With specific approval of the Board, Executive Directors may accept external appointments as non-executive directors of other companies and retain any fees paid to them.

Service contracts and letters of appointments are available for inspection at the Company's registered office.

Recruitment arrangements

The table below summarises the Company's key policies with respect to recruitment remuneration:

Remuneration Element	Policy
General	The Committee's approach to recruitment remuneration is to pay no more than is necessary to attract an appropriate candidate to the role. Our principle is that the pay of any new Director would be assessed on the basis of the same policy principles as for the Executive Directors or Non-Executive Directors (as appropriate), unless specific circumstances arise where the Committee deems it appropriate, to secure a desired candidate. The terms of any appointment should also be accompanied by a clear business case. The Committee is mindful that it wishes to avoid paying more than it considers necessary to secure the preferred candidate and is cognisant of guidelines and shareholder sentiment regarding one-off or enhanced short or long-term incentive payments made on recruitment and the appropriateness of any performance conditions associated with an award.
Notice periods	The policy of the Company is to have service contracts for Executive Directors with notice periods of one year.
Base salary or fee and benefits	The salary or fee level will be set taking into account the responsibilities and experience of the individual and the salaries paid for similar roles in comparable companies in line with the current process undertaken by the Committee when reviewing the salary/fee levels for its existing Directors. When an Executive Director is recruited on a below-market standard salary, larger than normal increases may be offered to transition him to a market standard salary in line with his experience in the role. The Director shall be eligible to receive benefits in line with Huntsworth's benefits policy as set out in the remuneration policy table above.
Pension	The Executive Director will be able to receive a pension contribution in line with the Company's pension policy as set out in the remuneration policy table.
Annual bonus and Long-term incentives	The Executive Director will be eligible to participate in the annual bonus arrangements and long-term incentive plans as set out in the remuneration policy table. Therefore, the maximum level of variable remuneration (excluding share buy-outs/replacement awards described below) which can be awarded to a new Executive Director (in line with the policy set out above) in respect of his recruitment is 320% of salary.

Remuneration Element	Policy
Share buy-outs / replacement awards	Awards may be granted to replace those forfeited by the Executive Director on taking up the appointment where considered by the Committee to be appropriate. Such awards may be made in addition to any annual bonus and long-term incentive awards described above. Such awards will normally be made in the form of an award under the 2016 LTIP Scheme. Executive Directors may receive one exceptional award under the 2016 LTIP Scheme, which may not be subject to performance conditions, where the terms of his recruitment provide for him to be granted any award in order to compensate (wholly or partly) for incentives lost at his previous employer. The maximum level of buyout award that may be granted under the plan rules is not restricted. The Committee will seek to structure any replacement awards such that overall they are no more generous in terms of quantum or vesting period than the awards due to be forfeited. In determining quantum and structure of these commitments, the Committee will seek to replicate the fair value and, as far as practicable, the timing and performance requirements of remuneration foregone. The Committee would seek to structure buyout and variable pay awards on recruitment to be in line with the Company's remuneration framework so far as practical, but, if necessary, the Committee may also grant such awards outside of the framework as permitted under Listing Rule 9.4.2 subject to the limits on variable pay set out above. The exact terms of any such awards (e.g. the form of the awards, time frame, performance conditions, and leaver provisions) would vary depending on the specific commercial circumstances.
Relocation policies	In instances where the Executive Director needs to be relocated, the Company may provide one-off or ongoing compensation as part of the Director's relocation benefits to reflect the cost of relocation for the Executive Director. The level of the relocation package will be assessed on a case-by-case basis but will take into consideration any cost of living differences, housing allowance, schooling and may include support with tax and other administrative obligations relating to the move.
Internal appointments	Where an internal candidate is appointed to the Board, the individual's existing contractual or award terms and conditions will continue to apply to any elements of remuneration (e.g. long-term incentive awards) made prior to his or her appointment. These will be disclosed to shareholders in the following year's Report of the Directors on Remuneration.

Payment for loss of office

When determining any loss of office payment for a departing individual, the Committee will always seek to minimise cost to the Company whilst seeking to reflect the circumstances in place at the time. The Committee retains overriding discretion to make loss of office payments appropriate to the circumstances and applying the overriding principle that there should be no element of reward for failure.

Report of the Directors on Remuneration continued

2019 Directors' Remuneration Policy (2019 Policy) continued

Remuneration Element	Approach	Committee discretion
General	The Company's policy on termination payments is to consider the circumstances on a case-by-case basis, taking into account the relevant contractual terms, the circumstances of the termination and any applicable duty to mitigate. It is the Committee's policy not to reward poor performance. The Committee will always seek to minimise cost to the Company whilst seeking to reflect the circumstances in place at the time.	Subject to existing contractual commitments, the Committee retains overriding discretion to make loss of office payments appropriate to the circumstances and applying the overriding principle that there should be no element of reward for failure.
Base salary or fee and benefits	Salary will be paid over the notice period. Benefits will normally be provided over the notice period. Non-Executive Directors' fees will be paid over the notice period. There is no entitlement to a payment in lieu of notice.	The Committee has discretion to make a payment in lieu of notice of up to 12 months' salary and benefits allowance and accrued but untaken holiday. This may be made in the form of a lump sum payment or in instalments. Subject to contractual provisions, the Company will seek to mitigate any payments due. The Company may provide benefits related to the termination such as outplacement advice, or tax and legal advice. It may additionally pay amounts which, based on legal advice, are required or recommended to be paid in settlement of any actual or potential lost legal rights.
Pension	No additional payments will be made in respect of pension contributions or cash equivalent for loss of office. Company pension contribution/cash equivalents will normally be provided over the notice period. In all cases the Company will seek to mitigate any payments due.	The Committee has discretion to make lump sum payments in lieu of pension contributions/cash equivalents payable over the notice period.

Remuneration Element	Approach	Committee discretion
Annual bonus	Where an Executive Director's employment is terminated after the end of a performance year but before the payment is made, the Executive Director may be eligible for an annual bonus award for that performance year subject to an assessment based on performance achieved over the period. No award will be made in the event of gross misconduct. Where an Executive Director's employment is terminated during a performance year, and if the individual is a good leaver, a pro-rata annual bonus payment for the period worked in that performance year may be payable subject to an assessment based on performance achieved over the period. **Unvested awards under the 2016 DSBP Scheme** Where an Executive Director's employment is terminated when he holds deferred bonus awards under the 2016 DSBP Scheme, and he is determined to be a good leaver for any reason other than due to his death, his awards will normally vest in accordance with the original terms of deferral. Where the Executive Director's employment terminates by reason of death or in such other circumstances as the Committee may determine, any shares so deferred will vest immediately. Where an Executive Director's employment terminates and he is determined by the Committee not to be a good leaver, his awards under the 2016 DSBP Scheme will lapse in full. **Leaver status** Good leavers are those leaving under the following specified conditions: • death; • ill-health, injury or disability; • redundancy; • sale of the employing Company, or the sale of the business for which he or she works, outside of the Group; or • any reason, at the absolute discretion of the Committee. All other leavers are bad leavers.	The Committee has discretion to determine whether an Executive Director is a good leaver for the purposes of the annual bonus arrangements. It is not the Committee's intention to exercise this discretion unless there is a strong business case to do so. Where discretion is exercised, the Committee will provide a full explanation of the basis of the exercise of its discretion to shareholders. Bonuses for good leavers will ordinarily be paid after the end of the relevant year once performance for the year can be assessed, but the Committee has discretion to pay the bonus following termination in appropriate circumstances.

Report of the Directors on Remuneration continued

2019 Directors' Remuneration Policy (2019 Policy) continued

Remuneration Element	Approach	Committee discretion
Long-term incentive	The treatment of unvested long-term incentive awards is governed by the rules of the 2016 LTIP Scheme and 2016 DSBP Scheme. Individuals are defined as either a good or bad leaver for the purposes of unvested incentive awards. Good leavers are those leaving under the following specified conditions: • death; • ill-health, injury or disability; • redundancy; • sale of the individual's employing company, or business outside of the Group; or • any other reason, with the approval of the Committee. All other leavers are bad leavers. If an individual is a bad leaver then unvested share awards will lapse in full. The following table sets out for good leavers examples of the potential application of the Committee's policy in certain circumstances:	

Reason for leaving	Timing of vesting	Calculation of Committee discretion
Resignation	Awards lapse.	N/A
Injury, ill health, disability, redundancy, sale of business or employing company, or other reason at the discretion of the Committee.	Awards will vest based on the performance achieved either up to the date of cessation or to the end of the performance period and pro-rated to reflect the proportion of the performance period served unless the Committee determines otherwise. Awards will normally vest and be released at the usual time, unless the Committee determines that awards should vest and/or be released at some earlier date following the individual's departure.	**Designation as good leaver** Where the specified good leaver circumstances do not apply and there is no contractual obligation to do so (see below), the Committee has discretion to determine whether an Executive Director is a good leaver for the purposes of the 2016 LTIP Scheme, PSP Scheme or 2006 ESOS Scheme. It is not the Committee's intention to exercise this discretion unless there is a strong business case. Where discretion is exercised the Committee will provide a full explanation of the basis of the exercise of its discretion to shareholders. **Vesting under the 2016 LTIP Scheme** The Committee retains discretion to disregard time pro-rating when determining the level of vesting. This would only be considered in exceptional circumstances.
Death	Immediately. Under the 2016 LTIP Scheme, the Committee may choose to apply the good leaver rules described above, or to deem any performance targets to be met in full at the date of death and/or to disapply any time pro-rating.	

Change of Control

Annual bonus

On a change of control of the Company, the Executive Directors will be entitled to receive a bonus payment based on performance level achieved during the performance period up to the change of control and the proportion of the performance period that has elapsed at the relevant date.

Where an Executive Director holds any awards under the 2016 DSBP Scheme, these will usually vest immediately on a change of control. However, the Committee retains absolute discretion to require deferred share awards to be rolled over into equivalent awards in the new entity.

Long-term incentive plans

In accordance with the rules of the 2016 LTIP Scheme, vesting will occur immediately on a change of control or winding up of the Company. Performance against targets will be assessed by the Committee on a change of control. The number of shares vesting under an award will, unless the Committee determines otherwise, be reduced pro rata to reflect the amount of time elapsed at the time of the change of control as a proportion of the original performance period (or vesting period, where no performance condition applies). The Committee retains discretion to disregard performance and/or time when determining the level of vesting having regard to, amongst other things, the underlying performance of the Company. Whether, and the extent to which, any discretion is applied will depend on the circumstances of the change of control. Alternatively, the Committee may choose to convert awards into equivalent awards in the acquiring company.

Payments from existing awards

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed (i) before the policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; or (ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

Consideration of employment conditions elsewhere in the Company in developing policy

The Company's approach to salary reviews is consistent across the Group, with consideration given to the level of responsibility, experience, individual performance, location and market, salary levels in comparable companies and the Company's ability to pay.

In setting the remuneration policy for Directors, the pay and conditions of other employees of Huntsworth are taken into account, including any base salary increases awarded.

The Company did not consult with employees when drawing up the policy report.

Consideration of shareholder views

The Committee takes the views of shareholders very seriously. The views of major shareholders are considered when evaluating and setting ongoing remuneration strategy and the Committee commits to consulting with major shareholders prior to any significant changes to its remuneration policy.

Directors' Report

The Directors' Report for the year ended 31 December 2018 comprises the Corporate Governance Report on pages 38 to 41 together with any sections of the Annual Report incorporated by reference. As permitted by legislation, some of the matters normally included in the Directors' Report have been included in the Strategic Report pages 1 to 33. These specifically include:

- an indication of likely future developments in the business of the Company, pages 12 and 13;
- details of the Group's financial risk management strategy, policies and instruments held are set out in Note 21 to the consolidated financial statements;
- details of the Group's branches are set out in Appendix 2 of the consolidated financial statements;
- details of the Group's going concern assessment; and
- employee matters and carbon emission disclosures set out in the ESG Report on pages 30 to 33.

Dividends

The Directors recommend a final dividend of 1.6 pence per share for the year ended 31 December 2018. An interim dividend of 0.7 pence per share was paid on 6 November 2018, making a total for ordinary dividends of 2.3 pence per share for the year (2017: 2.0 pence per share). The record date for the final dividend will be 24 May 2019 and it is payable on 4 July 2019. A scrip dividend alternative will be available.

Directors

The Directors that served during the year ended 31 December 2018 and as at the date of this report, are set out below:

Name	Appointment
Derek Mapp	Chairman and Chairman of the Nomination Committee
Pat Billingham	Independent Non-Executive Director and Chair of the Audit Committee
Andy Boland	Independent Non-Executive Director and Senior Independent Director
Nicky Dulieu	Independent Non-Executive Director and Chair of the Remuneration Committee
Elizabeth McKee Anderson	Independent Non-Executive Director
Neil Jones	Chief Financial Officer
Paul Taaffe	Chief Executive Officer
David Lowden	Independent Non-Executive Director (appointed 1 January 2019)

Biographical details of the Directors in office at the date of this report are set out on pages 34 and 35.

The interests of the Directors in office at 31 December 2018 in the shares of the Company and its subsidiary undertakings, together with their remuneration, are set out in the Report of the Directors on Remuneration (**Remuneration Report**) on pages 47 to 71.

In accordance with the Company's Articles of Association and the UK Corporate Governance Code, all Directors are subject to reappointment by shareholders at the first Annual General Meeting (**AGM**) after their appointment and annually thereafter. Hence at each AGM every Director shall retire from office and each Director wishing to serve again shall submit himself or herself for reappointment.

Except as disclosed in the Remuneration Report, none of the Directors were materially interested during the period in any contract which was significant in relation to the business of the Company.

Substantial shareholdings

In accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, as at 31 December 2018, the Company had been notified of the following interests in the Company's ordinary share capital:

Holder	% of share capital[1]	Number of shares	Nature of holding
Aberforth Partners LLP	11.96%	39,484,715	Indirect
Canaccord Genuity Group Inc.	10.9918%	38,422,775	Indirect
FIL Limited	9.13%	30,242,555	Indirect
Merian Global Investors (UK) Limited[2]	9.04%	29,703,036	8.96% Indirect; 0.08% Financial Instruments
Aviva plc & its subsidiaries	7.88%	27,400,775	7.08% Direct; 0.80% Indirect
Kabouter Management LLC	6.027%	21,066,492	Direct
Kames Capital Plc	5.97%	20,887,059	1.98% Direct; 3.99% Indirect
Michinoko Limited	5.0%	16,500,000	Direct
Miton Group plc	3.57%	11,813,720	Indirect

1 Percentages are based on date of notification as opposed to current issued share capital figure.
2 Formerly known as Old Mutual Global Investors (UK) Limited.

The above table is based on notifications made to the Company under Chapter 5 of the Disclosure Guidance and Transparency Rules (DTR 5). Under DTR 5, fund managers are obliged to notify the Company when their percentage of voting rights in the Company reaches (or falls below) a threshold of 5%, 10% and each 1% increase (or decrease) thereafter. Other shareholders are obliged to notify the Company when their percentage of voting rights in the Company reaches (or falls below) a threshold of 3% and each 1% increase (or decrease) thereafter.

During the period from 31 December 2018 to 4 March 2019 the following notifications were received:

Holder	% of share capital[1]	Number of shares	Nature of holding
Canaccord Genuity Group Inc	9.5150%	33,260,275	Indirect
Aviva plc & its subsidiaries	8.85%	21,707,180	8.03% Direct; 0.82% Indirect
Kames Capital Plc	6.21%	21,707,180	2.35% Direct; 3.86% Indirect
Kabouter Management LLC	6.01%	21,008,744	Direct

1 Percentages are based on date of notification as opposed to current issued share capital figure.

Directors' indemnities

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors, to the extent permitted by law and the Company's Articles of Association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as Directors of the Company or any of its subsidiaries.

Shares

As at 31 December 2018, the Company's issued share capital comprised 349,557,070 ordinary shares of 1p each; and 212,012,343 deferred shares of 49p each.

Changes in the Company's share capital during the year are given in Note 23 to the consolidated financial statements. Details of the Company's employee share schemes are set out in the Remuneration Report.

Purchase of own shares

At the Annual General Meeting in 2018 the Directors were granted the authority to purchase up to 10% of the Company's ordinary shares (either for cancellation or for placing into treasury) to support the Group's capital management policies. Further details of the Group's capital management policies are included in Note 21 to the Consolidated Financial Statements. The authority granted amounted to 33,017,000 ordinary shares. The Company may either retain shares purchased under this authority as treasury shares with a possible view to reissue such shares at a future date, or cancel them. This authority expires on the conclusion of the next AGM (or, if earlier, at the close of business on 23 August 2019). No ordinary shares were purchased during the year or up to the date of this report.

During the year ended 31 December 2018, 1,686,681 ordinary shares of 1p each held as treasury shares were transferred at nil cost to the Huntsworth Employee Benefit Trust to be used for satisfying awards under the Company's employee share schemes. There are nil ordinary shares held in treasury as at 31 December 2018 and at the date of this report.

Employment policies

The Group operates internationally and therefore has developed employment policies that meet local conditions and requirements. Further details of these policies including policies in relation to diversity, disabled persons and employee involvement, can be found in the ESG Report on pages 30 to 33.

Political donations

The Companies Act 2006 (the **Companies Act**) and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the **Regulations**) require disclosure of any political donation made to or political expenditure incurred in relation to any political party or other political organisation or any independent election candidate if such donation(s) or expenditure incurred in a year exceeds £2,000. Political parties, political organisations, political donation and political expenditure are all defined in the Companies Act.

As part of their normal work on behalf of clients and as part of their own marketing, certain companies in the Group need to attend or sponsor events which are organised by political parties or other political organisations, for which a charge is made. These companies also from time to time invite clients and prospective clients to attend events that fall within the meaning of the Companies Act's provisions. The Companies Act defines 'donations' and 'expenditure' very broadly such that this sort of activity falls within its ambit. It similarly defines 'political organisation' widely such that it includes, for example, bodies concerned with policy review and law reform, with representation of the business community or with the representation of their communities or special interest groups, which the companies may wish to support.

During the year, Group companies made the following payments that might be deemed to fall within the definition of 'political donation' or 'political expenditure' in the Companies Act: political expenditure amounting to £12,944 was paid attending conferences and to cover function expenses. This was made up of £7,377 paid to the Conservative Party, £4,962 to the Labour Party and £605 to the Scottish National Party.

Additional information for shareholders

The following information, which summarises certain provisions of the current Articles of Association (the **Articles**) of the Company and applicable English law concerning companies (including the Companies Act), is required to be provided to shareholders as a result of the implementation of the European Directive on Takeover Bids (2004/25/EC) into English law. This is a summary only and the relevant provisions of the Articles and the Companies Act should be consulted if further information is required.

Rights and obligations attaching to ordinary shares

Subject to applicable law and to any existing shareholders' rights, shares may be issued with or have attached to them such rights and restrictions as the Company may by ordinary resolution decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board (as defined in the Articles) may decide. Subject to the Articles, the Companies Act and to any resolution passed by the Company and without prejudice to any rights attached to existing shares, the Board may offer, allot, grant options over or otherwise deal with or dispose of shares in the Company to such persons, at such times and for such consideration and upon such terms as the Board may decide.

Directors' Report continued

Additional information for shareholders continued

Voting rights

Upon a show of hands every member who is present in person at a general meeting of the Company and entitled to vote shall have one vote. On a poll every member who is present in person or by proxy shall have one vote for every share held. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and seniority shall be determined by the order in which the names stand in the register in respect of the joint holding. All resolutions put to members at electronic general meetings shall be voted on by a poll. A member who participates in a general meeting held by electronic means shall have the right to vote on a poll.

The notice of any general meeting of the Company shall specify the deadlines in relation to exercising voting rights with respect to each resolution to be proposed at such meeting. Votes are exercisable at the general meeting of the Company in respect of which the business being voted upon is being heard. Votes may be exercised in person or by proxy. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for holding the meeting, except in the case of a poll taken subsequently to the date of the meeting or adjourned meeting, for which proxy forms must be received not less than 24 hours before the time appointed for the taking of the poll.

No member shall be entitled in respect of any share held by him to attend or vote (either personally or by proxy) at any general meeting or class meeting of the Company or upon a poll or to exercise any other right conferred by membership in relation to general meetings or polls unless all calls or other sums presently payable by him in respect of that share have been paid. In addition, no member shall be entitled to vote if he has been served with a restriction notice (as defined in the Articles) after the failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Act. The Company is not aware of any agreements between shareholders that may result in restrictions on the exercise of voting rights.

Dividends and other payments

Subject to the provisions of the Companies Act, the Company may by ordinary resolution from time-to-time declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. The Board may pay such interim dividends as appear to the Board to be justified by the financial position of the Company and may also pay any dividend payable at a fixed rate at intervals settled by the Board whenever the financial position of the Company, in the opinion of the Board, justifies its payment. If the Board acts in good faith, it shall not incur any liability to the holders of any shares for any loss they may suffer in consequence of the payment of an interim or fixed dividend on any other class of shares ranking pari passu with or after those shares.

Variation of rights

Subject to the Companies Act, all or any of the rights attached to any existing class of shares may from time to time be varied either with the consent in writing of the holders of not less than 75% in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares.

Restrictions on transfer of shares

The Board may permit title to shares of any class to be held in uncertificated form and, subject to the Articles, title to uncertificated shares may be transferred by means of a relevant system. Provisions of the Articles do not apply to any uncertificated shares to the extent that such provisions are inconsistent with the holding of shares in uncertificated form or with the transfer of the shares by means of a relevant system. Registration of a transfer of an uncertificated share may be refused in the circumstances set out in the uncertificated securities rules (as defined in the Articles) and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

Subject to the Articles, any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) the transferee. The transferor of a share shall be deemed to remain the holder of the share concerned until the name of the transferee is entered in the register in respect of it. The Board may, in its absolute discretion and without giving any reason for so doing, decline to register any transfer of any share which is not a fully paid share. The Board may also decline to register any transfer of a certificated share unless:

(i) the instrument of transfer is duly stamped or duly certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty and accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require;
(ii) the instrument of transfer is in respect of only one class of share; and
(iii) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four.

Other restrictions on the transfer of shares in the Company may from time to time be imposed:

(i) by applicable laws and regulations (for example, insider trading laws and market requirements relating to closed periods);
(ii) pursuant to the Company's Share Dealing Code whereby employees require the approval of the Company to deal in the Company's securities; and
(iii) in relation to shares issued pursuant to acquisitions made by the Company.

As at 31 December 2018 there were no shares of the Company subject to lock-in restrictions. The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of shares.

Rights and obligations attaching to the deferred shares

The holders of deferred shares are not entitled to receive dividends when declared nor the Company's report and accounts. The holders of deferred shares have no right as such to receive notice of or to attend or vote at any general meeting of the Company unless a resolution to wind up the Company or to vary or abrogate the rights attaching to the deferred shares is proposed.

The deferred shares are also subject to the following terms:

(a) the deferred shares may not be transferred without the prior written consent of the Directors of the Company;

(b) holders of deferred shares are not entitled to receive any share certificate in respect of their holdings;
(c) any cancellation of the deferred shares for no consideration by way of reduction of capital shall not involve a variation or abrogation of the rights attaching thereto;
(d) the Company has irrevocable authority at any time to appoint any person to execute on behalf of the holders of the deferred shares a transfer thereof and/or an agreement to transfer the same, in either case, to Numis Securities Limited, Dowgate Capital Limited or such other person as the Company may determine and to execute any other documents which such person may consider necessary or desirable to effect such transfer, in each case without obtaining the sanction of the holder(s) and without any payment being made in respect of such acquisition; and
(e) the entitlement of a holder of a deferred share on a return of assets on a winding up of the Company is limited to the repayment of the amount paid up or credited as paid up on such share up to a maximum of 49 pence per share and shall be paid only after the holders of any and all ordinary shares then in issue shall have received payment in respect of such amount as is paid up or credited as paid up on those ordinary shares held by them at that time plus the payment in cash or specie of £10,000,000 for every 1p paid up or credited as paid up on those ordinary shares.

The rights attached to the deferred shares shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking in priority to or pari passu with or subsequent to such shares or by any amendment or variation to the rights of any other class of shares of the Company.

Significant direct or indirect holdings of securities and special rights
Directors' interests in the share capital of the Company are shown in the table on page 55. Major interests in the share capital of the Company of which the Company has been notified are shown in the table on pages 72 and 73. There are no securities which carry special rights with regard to the control of the Company.

Employee share trust
The Huntsworth Employee Benefit Trust (**EBT**) currently holds less than 0.2% of the issued share capital of the Company on trust for the benefit of employees of the Huntsworth Group and their dependants. The voting rights in relation to these shares are exercised by the Trustees. The Trustees of the EBT may vote or abstain from voting on shares held in the EBT in any way they think fit and in doing so may take into account both financial and non-financial interests of the beneficiaries of the EBT or their dependants. The EBT waived its rights to both the 2017 final dividend and the 2018 interim dividend.

Appointment and replacement of Directors
Unless otherwise determined by ordinary resolution of the Company, the Directors (disregarding alternate directors) shall be not less than two nor more than 12 in number. Directors may be appointed by the Company by ordinary resolution or by the Board. Any Director appointed by the Board shall retire at the next AGM of the Company and shall then be eligible for election. At every AGM all Directors shall retire from office and may offer themselves for re-appointment by the members.

In addition to the power to remove a Director under the Companies Act, the Company may by special resolution remove any Director before the expiration of his term of office.

The office of Director shall be vacated if:
(i) he resigns or offers to resign and the Board resolves to accept such offer;
(ii) his resignation is requested by all of the other Directors and all of the other Directors are not less than three in number;
(iii) he is or has been suffering from mental ill health;
(iv) he is absent without permission of the Board from meetings of the Board for six consecutive months and the Board resolves that his office is vacated;
(v) he becomes bankrupt or compounds with his creditors generally;
(vi) he is prohibited by law from being a Director;
(vii) he ceases to be a Director by virtue of the Companies Act; or
(viii) he is removed from office pursuant to the Articles.

Amendment to the Articles
Any amendments to the Articles may be made in accordance with the provisions of the Companies Act by way of a special resolution.

Powers of the Directors
Subject to the provisions of the Companies Act, the Articles and to any directions given by the Company in general meeting by special resolution, the business of the Company shall be managed by the Board which may exercise all the powers of the Company whether relating to the management of the business of the Company or not. In particular, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company, to issue debentures and other securities and to give security, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

Repurchase of shares
Subject to authorisation by shareholder resolution, the Company may purchase its own shares in accordance with the Companies Act. Any shares which have been bought back may be held as treasury shares or, if not so held, must be cancelled immediately upon completion of the purchase, thereby reducing the amount of the Company's issued share capital. The Company has the power to buy back up to 33,017,148 ordinary shares. This authority expires at the conclusion of the next AGM of the Company or, if earlier, 23 August 2019. The minimum price which must be paid for such shares is 1 pence and the maximum price payable is the higher of: (i) 5% above the average of the closing middle market quotations for ordinary shares (as derived from the London Stock Exchange Daily Official List) for the five dealing days immediately preceding the date of purchase; and (ii) the higher of the price of the last independent trade and the highest current independent purchase bid on the London Stock Exchange Official List at the time the purchase is carried out.

Directors' Report continued

Additional information for shareholders continued

Significant agreements

The following significant agreement contains provisions entitling the counterparties to exercise termination or other rights in the event of a change of control of the Company:

- Under the £130 million revolving credit and up to £50 million accordion facilities agreement dated 26 February 2019 between, amongst others, the Company, Lloyds Bank plc (as facility agent) and the banks named therein as lenders (The **New Facilities Agreement**), upon a change of control, the agent may, if the lenders so require, cancel the facilities by giving not less than 30 business days' notice and declare all outstanding amounts under the facilities, together with accrued interest, immediately due and payable.

The New Facilities Agreement replaced a £75 million revolving credit and up to £40 million accordion facilities agreement dated 28 February 2018 between, amongst others, the Company, Lloyds Bank plc (as facility agent) and the banks named therein as lenders (the Previous Facilities Agreement). Under the Previous Facilities Agreement, upon a change of control, the agent was permitted, if the lenders so required, to cancel the facilities by giving not less than 30 business days' notice and to declare all outstanding amounts under the facilities, together with accrued interest, immediately due and payable.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

Auditor

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the 2019 Annual General Meeting on 9 May, together with a resolution to authorise the Directors to determine the auditor's remuneration.

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Report of the Directors are listed on pages 34 and 35. Having made enquiries of fellow Directors and of the Company's auditor, each of these Directors confirms that:

- so far as each Director is aware, there is no information relevant to the preparation of the Company auditor's report of which the Company's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor are aware of that information.

Annual General Meeting

The Annual General Meeting will be held at 12 noon on Thursday 9 May 2019 at the registered offices of Huntsworth plc, 8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN. The notice convening the AGM, together with the details of the business to be considered and explanatory notes for each resolution, is contained in a separate circular sent to shareholders, it is also available to be viewed on the Company's website.

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (**IFRSs**) as adopted by the European Union and Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group and Parent Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

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

The Directors are also responsible for safeguarding the assets of the Group and Parent 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 Group and Parent 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 consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Parent Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed on pages 34 and 35 confirm that, to the best of their knowledge:

- the Parent Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that it faces.

This Directors' Report has been approved by the Board and signed on its behalf by Martin Morrow, Company Secretary.

Martin Morrow
Company Secretary
4 March 2019

Independent Auditor's Report

To the members of Huntsworth plc

Report on the audit of the Group financial statements

Opinion

In our opinion, Huntsworth plc's Group financial statements ('the financial statements'):

- give a true and fair view of the state of the Group's affairs as at 31 December 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report and Accounts ('the Annual Report'), which comprise: the Consolidated Balance Sheet as at 31 December 2018; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income and Expense, the Consolidated Cash Flow Statement, and the Consolidated Statement of Changes in Equity for the year then ended; and the notes to the consolidated financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group.

Other than those disclosed in note 5 to the consolidated financial statements, we have provided no non-audit services to the Group in the period from 1 January 2018 to 31 December 2018.

Our audit approach

Overview

Materiality	• Overall Group materiality: £1.54 million (2017: £1.22 million), based on 5% of profit before tax adjusted for highlighted items as defined in note 2 to the financial statements.
Audit Scope	• We carried out procedures on parts of the business which accounted for 73% (2017: 76%) of Group revenues and 81% (2017: 53%) of Group profit before tax and highlighted items. • Audits of the complete financial information were performed on the plc Company, The Creative Engagement Group in the UK and the Huntsworth Health businesses, Evoke and Apothecom, in the US, which accounted for 47% (2017: 55%) of Group revenue. • Audit procedures were performed over revenue in eight further components, which accounted for a further 26% (2017: 21%) of Group revenue.
Key Audit Matters	• Risk of fraud in revenue recognition in relation to cut-off – with a particular focus on stage of completion of project-based revenues. • Impairment of goodwill and other intangible assets. • Measurement and presentation of highlighted items. • Acquisition accounting for Giant, AboveNation and Navience.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group and significant component level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the Group and Parent Company financial statements, including, but not limited to the Companies Act 2006, the Listing Rules and UK tax legislation. Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation, review of correspondence with the regulators, review of correspondence with legal advisors, enquiries of management and review of internal audit reports in so far as they related to the financial statements. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We found risk of fraud in revenue recognition in relation to cut-off to be a key audit matter, and this is discussed further below. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, 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. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Risk of fraud in revenue recognition in relation to cut-off - with a particular focus on stage of completion of project-based revenues *Refer to page 43 (Audit Committee Report) and note 2 to the financial statements for the Directors' disclosures of the related accounting policies, judgements and estimates.* Our specific audit focus was on the risk that revenue may be recorded in the incorrect period in respect of stage of completion of project-based revenues. Assessment of the stage of completion can be judgemental in nature, and increases the risk in relation to the timing of revenue recognition.	We evaluated the revenue recognition policy of the Group and on a sample basis we determined that the related revenue had been recognised in conformity with the Group's policy and applicable IFRSs. For a sample of transactions close to the year end, we examined supporting documentation, such as underlying contracts, approved purchase orders and statements of work, to determine that these sales had taken place and the amount recognised in the year was appropriate. Where amounts recorded were based on the percentage of the project's completion, we further verified that the income was correctly calculated through agreement to timesheet records and expected completion costs and/or corroborated amounts recorded through discussion and evidence with the responsible project managers. There were no material issues identified by our testing of revenue recognition in the year.
Impairment of goodwill and other intangible assets *Refer to page 43 (Audit Committee Report), page 95 (Significant Accounting Policies) and page 105 (notes).* The Group carried £287.3 million of goodwill and other intangible assets at 31 December 2018 (2017: £181.2 million). The carrying values of goodwill are contingent on future cash flows of the underlying cash generating units ('CGUs') and there is a risk that if these cash flows do not meet the Directors' expectations, the assets will be impaired. Determining if an impairment charge is required involves significant judgements about the future results and cash flows of the business, including forecast growth in future revenues and operating profit margins, as well as determining an appropriate discount rate and long term growth rate. The Directors aggregate CGUs into segments which represent the level at which the cash flows of the businesses (and goodwill) are monitored and therefore this is the level at which the Directors perform their impairment assessment.	We evaluated and sensitised the Directors' future cash flow projections and evaluated the process by which they were formulated, and tested the underlying value in use calculations. We challenged: • the key assumptions for short and long-term growth rates in the projections by comparing them to historical results, as well as economic and industry forecasts and comparable companies; and • the discount rate used in the calculations by assessing the cost of capital for the CGU and comparable organisations. We considered the Directors' potential bias through performance of our own sensitivity analysis on key assumptions, to understand the impact of reasonable changes in the key assumptions on the available headroom. This included sensitising the discount rate applied to the future cash flows, and the short and longer-term growth rates and profit margins. In performing these sensitivities we considered the historical budgeting accuracy and how the assumptions compared to the actual values achieved in prior years.

Independent Auditor's Report continued

To the members of Huntsworth plc

Key audit matter	How our audit addressed the key audit matter
The Directors used a value in use model to compute the present value of forecast future cash flows for each segment which was then compared to the carrying value of the net assets of each segment (including goodwill and intangible assets) to determine if there was an impairment. The Directors' impairment assessment showed that all segments had headroom above the carrying value of the net assets including goodwill. This assessment also considered sensitivities on key assumptions.	With regard to the above procedures, including the reflection of historical levels of variance from budget into the future forecasts, we determined that the inputs to the value in use model were appropriate. This provided sufficient evidence to support management assessments that no impairment charge is required. For all CGUs, we found that this assessment was supported by reasonable assumptions that would require significant downside changes before any impairment charge would be necessary.
Measurement and presentation of highlighted items *Refer to page 43 (Audit Committee Report), page 95 (Significant Accounting Policies) and pages 100 to 101 (notes).* The Group presents profit before taxation adjusted for highlighted items to enable users of the financial statements to gain a better understanding of the underlying results. The classification of items as highlighted is an area of judgement, and we therefore focused on whether each item was properly classified as a highlighted item. This included assessing the completeness of items, in that it includes items that both increase and decrease the adjusted profit measure. Current year highlighted charges relate to the £3.5 million amortisation of intangible assets, £1.0 million acquisition related costs, £0.4 million imputed interest on deferred consideration and redemption liability, a £1.8 million credit in respect of a reassessment of deferred consideration payable on in year acquisitions, and a £0.9m credit relating to a reassessment of deferred consideration due to the Group on a disposal recognised in 2016.	We considered the appropriateness of the adjustments made to statutory profit before taxation to derive profit before tax and highlighted items. We understood the rationale for classifying items as highlighted and considered whether this is appropriate and consistent, in that it includes items that both increase and decrease the adjusted profit measure, and are in accordance with the Group's accounting policy. Our work in relation to each type of highlighted item is summarised below. • Amortisation of intangible assets - the cost of amortising acquired intangible assets including trademarks, brands and customer relationships has been treated as highlighted, consistent with prior years. We obtained the amortisation schedules and performed analytical procedures to gain comfort over the charge in the Consolidated Income Statement and determined this to be accurate. • Acquisition-related costs - costs associated with the acquisition of Giant, Navience and AboveNation. We tested the accuracy and completeness of the costs incurred, by agreeing a sample of expenses to underlying invoice. • Imputed interest - interest recognised in relation to the unwinding of the financing component associated with deferred consideration and redemption liability on acquisition. We obtained and tested the supporting calculations and agreed the inputs to our acquisition accounting audit work. We determined these to be accurate. • Reassessment of deferred consideration payable - conditions post recognition of the acquisitions during the year resulted in a revised deferred consideration. We obtained and tested the underlying assumptions in the revised calculation of deferred consideration. We compared this to the balance recognised at acquisition. The additional credit has been appropriately recognised. • Disposal-related credit - the estimated deferred consideration receivable associated with a disposal recognised in 2016 was adjusted to reflect the final position. We vouched the cash receipt to bank and compared this to the amounts recognised to date through the Consolidated Income statement. We determined this additional credit to be accurate.

Key audit matter	How our audit addressed the key audit matter
	We concluded that treatment of the above items as highlighted was appropriate and consistent with prior years. We also tested the reconciliation of adjusted profit to statutory profit in note 6 to the consolidated financial statements, and agreed material adjustments to underlying accounting records and our audit work performed over other balances. We determined that the rationale for including or excluding items from adjusted profit has been consistently applied. We reviewed the disclosures explaining the rationale for providing alternative profit measures in the accounting policy note, as well as the clarity of reconciliations of these measures to their statutory equivalent.
Acquisition accounting for Giant, Above Nation and Navience *Refer to page 43 (Audit Committee Report), page 91 (Accounting Policies) and pages 96 to 98 (notes).* During the year, the Group made three acquisitions: Giant, AboveNation and Navience a cash consideration of £52.2m, £1.1m and £18.9m, respectively. The Group also recorded deferred consideration of £1.9m and £11.5m for AboveNation and Navience respectively. The Directors' provisional purchase price allocation of the identifiable assets acquired and the liabilities assumed has resulted in the recognition of intangible assets of brands (£9.6m) and customer relationships (£21.3m). The remaining in excess of the net asset value resulted in the recognition of provisional goodwill balance of £71.6m.	We evaluated the Directors' provisional purchase price allocation for the fair value of the acquired assets and liabilities including the acquired intangibles assets. We evaluated the process by which the assets were valued, and tested the underlying discounted cash flow valuation models used in calculations. We considered the Directors' assumptions and judgements through challenge of the following: • auditing the opening balances and provisional fair value adjustments which feed into the allocation model, including the completeness of the liabilities assumed based on known and potential liabilities; • the discount rate used in the calculations by assessing the cost of capital for the business and comparing this with comparable companies; • the royalty rate and contributory asset charges by reviewing the underlying workings and comparing them with industry practice and benchmarking against companies in similar industries; • the forecast cash flows from customers including customer retention rates and operating margin assumptions used in the valuation of customer relationships; We have confirmed the consideration to underlying records and the sale and purchase agreement. We determined that the provisional fair values agree to the underlying accounting records and the valuation models used and key assumptions made were appropriate based on the information available. We have also reviewed the disclosures within the financial statements and consider these to be appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which it operates.

Taken together, our audit procedures accounted for 73% of Group revenues and 81% of Group profit before tax adjusted for highlighted items.

The Group consists of the Company ('plc') and four divisions: Communications, Medical, Marketing, and Immersive.

The Group's accounting process is structured around a local finance function for each division who maintain their own accounting records and controls and report to the plc finance team in the UK through submission of management reporting packs. The plc finance team consolidates the reporting packs of Communications, Medical, Marketing, and Immersive and the central functions.

Independent Auditor's Report continued

To the members of Huntsworth plc

In our view, due to their significance and/or risk characteristics, as defined in our areas of focus, The Creative Engagement Group in the UK, Evoke within the Marketing division and Apothecom US within the Medical division in the US, required an audit of their complete financial information. These procedures accounted for 47% of the Group's revenues.

Specific risk-based audit procedures were performed over revenue in the Grayling UK, the Citigate Dewe Rogerson Financial and Corporate businesses, Apothecom UK and four further marketing businesses based on the audit risks we had identified in these areas. These procedures accounted for 26% of the Group's revenues.

The Group consolidation, financial statement disclosures and a number of complex items were audited at the Group's head office. These included goodwill and intangible assets, acquisition accounting, highlighted items, tax and share-based payments.

Taken together, these procedures gave us the evidence we needed for our opinion on the financial statements as a whole.

Materiality

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

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	£1.54 million (2017: £1.22 million).
How we determined it	5% of profit before tax adjusted for highlighted items as defined in Note 2 to the financial statements.
Rationale for benchmark applied	Based on our professional judgement, we determined materiality by applying a benchmark of 5% of profit before tax and highlighted items. We believe that profit before tax and highlighted items is the most appropriate measure as it eliminates any disproportionate effect of one-off charges and provides a consistent year-on-year basis for our work.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £225,000 and £1.25 million.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £73,000 (2017: £59,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements.	We have nothing material to add or draw attention to. As not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the Group's trade, customers, suppliers and the wider economy.
We are required to report if the Directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. *(CA06)*

Corporate Governance Statement
In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (page 41) about internal controls and risk management systems in relation to financial reporting processes and about share capital structures in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA ('DTR') is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we did not identify any material misstatements in this information. *(CA06)*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (page 41) with respect to the Parent Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. *(CA06)*

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Parent Company. *(CA06)*

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group
We have nothing material to add or draw attention to regarding:
- The Directors' confirmation on page 72 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on pages 76 to 77 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code ('the Code'); and considering whether the statements are consistent with the knowledge and understanding of the Group and its environment obtained in the course of the audit. *(Listing Rules)*

Independent Auditor's Report continued

To the members of Huntsworth plc

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the Directors, on page 76 to 77, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group obtained in the course of performing our audit.
- The section of the Annual Report on pages 42 to 45 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The Directors' statement relating to the Parent Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on pages 76 to 77, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's 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 to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- certain disclosures of Directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the Directors on 6 December 2016 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is three years, covering the years ended 31 December 2016 to 31 December 2018.

Other matter

We have reported separately on the Parent Company financial statements of Huntsworth plc for the year ended 31 December 2018 and on the information in the Directors' Remuneration Report that is described as having been audited.

Arif Ahmad
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
4 March 2019

Consolidated Income Statement

For the year ended 31 December 2018

	Notes	2018 £000	2017 £000
Turnover		**352,455**	259,797
Revenue	4	**224,956**	196,976
Operating expenses	5	**(193,860)**	(172,237)
Share of profit from associate	14	**267**	167
Operating profit	5	**31,363**	24,906
Finance income	7	**15**	5
Finance costs	7	**(2,774)**	(1,977)
Profit before tax	4	**28,604**	22,934
Comprising:			
Profit before tax and highlighted items	6	**30,857**	24,401
Highlighted items	6	**(2,253)**	(1,467)
	4	**28,604**	22,934
Taxation expense	9	**(6,883)**	(7,269)
Profit for the year		**21,721**	15,665
Attributable to:			
Parent Company's equity shareholders		**21,291**	15,665
Non-controlling interests		**430**	-
Profit for the year		**21,721**	15,665

	Notes	2018 pence	2017 pence
Earnings per share			
Basic	11	**6.4**	4.8
Diluted	11	**6.1**	4.7

Consolidated Statement of Comprehensive Income and Expense

For the year ended 31 December 2018

	Notes	2018 £000	2017 £000
Profit for the year		**21,721**	15,665
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to the income statement			
Amounts recognised in the income statement on interest rate swaps		**176**	248
Movement in valuation of interest rate swaps		**(170)**	56
Tax expense on interest rate swaps	9	**(1)**	(57)
Tax credit on share-based payments	9	**400**	-
Currency translation differences		**7,264**	(8,242)
Tax credit on currency translation differences	9	**54**	418
Total items that may be reclassified subsequently to the income statement		**7,723**	(7,577)
Other comprehensive income/(expense) for the year		**7,723**	(7,577)
Total comprehensive income for the year attributable to Parent Company's equity shareholders		**29,444**	8,088

Consolidated Balance Sheet

As at 31 December 2018

	Notes	2018 £000	2017[1] £000
Non-current assets			
Intangible assets	12	**287,288**	181,228
Property, plant and equipment	13	**9,751**	10,180
Investment in associate	14	**479**	212
Other receivables	15	**2,594**	2,339
Deferred tax assets	20	**205**	32
		300,317	193,991
Current assets			
Work in progress		**8,440**	9,327
Trade and other receivables	15	**81,997**	61,907
Current tax receivable		**1,077**	613
Cash and short-term deposits	21	**22,787**	10,054
		114,301	81,901
Current liabilities			
Obligations under finance leases	18, 21	**(2)**	(2)
Bank overdraft	21	**(357)**	(399)
Trade and other payables	16	**(69,423)**	(63,100)
Current tax payable		**(2,258)**	(1,508)
Derivative financial liabilities	21	**(122)**	(170)
Provisions	19	**(6,396)**	(559)
		(78,558)	(65,738)
Non-current liabilities			
Bank loans	21	**(99,214)**	(45,686)
Obligations under finance leases	18, 21	**(1)**	(2)
Trade and other payables	16	**(4,105)**	(2,978)
Derivative financial liabilities	21	**(93)**	(51)
Deferred tax liabilities	20	**(8,705)**	(2,691)
Provisions	19	**(27,975)**	(1,345)
		(140,093)	(52,753)
Net assets		**195,967**	157,401
Equity			
Called up share capital	23	**107,380**	107,203
Share premium account	25	**82,423**	63,843
Merger reserve	25	**29,468**	29,468
Foreign currency translation reserve	25	**43,026**	35,762
Hedging reserve	25	**(215)**	(221)
Put option reserve	25	**(18,825)**	-
Treasury shares	25	**-**	(1,166)
Investment in own shares held in Employee Benefit Trusts	25	**(516)**	(1,658)
Accumulated losses		**(61,306)**	(75,830)
Equity attributable to equity holders of the parent		**181,435**	157,401
Non-controlling interest	25	**14,532**	-
Total equity		**195,967**	157,401

1 2017 restated for implementation of IFRS 15 (see Note 30).

These financial statements were approved by the Directors on 4 March 2019 and signed on their behalf by:

Neil Jones
Director

Consolidated Cash Flow Statement

For the year ended 31 December 2018

	Notes	2018 £000	2017 £000
Cash inflow/(outflow) from operating activities			
Cash inflow from operations	27(a)	**22,100**	27,497
Interest paid		**(1,910)**	(1,284)
Interest received		**15**	5
Cash flows on derivative financial instruments		**(943)**	(248)
Net tax paid		**(4,127)**	(3,347)
Net cash inflow from operating activities		**15,135**	22,623
Cash (outflow)/inflow from investing activities			
Acquisition of subsidiary - cash paid	3	**(72,118)**	(24,978)
Cash acquired through acquisition	3	**5,474**	2,227
Proceeds from sale of businesses, net of cash disposed		**1,183**	2,413
Cost of internally developed intangible assets		**(234)**	(287)
Purchases of property, plant and equipment		**(2,227)**	(1,643)
Proceeds from sale of property, plant and equipment		**53**	16
Dividends received from associates		**-**	137
Net cash outflow from investing activities		**(67,869)**	(22,115)
Cash inflow/(outflow) from financing activities			
Proceeds from issue of ordinary shares		**17,608**	-
Purchase of treasury shares		**(172)**	-
Proceeds from sale of own shares to settle share options		**474**	115
Repayment of finance lease liabilities		**(1)**	(2)
Net drawdown of borrowings		**53,247**	-
Dividends paid to equity holders of the parent		**(5,920)**	(4,946)
Dividends paid to non-controlling interests		**(182)**	-
Net cash inflow/(outflow) from financing activities		**65,054**	(4,833)
Increase/(decrease) in cash and cash equivalents		**12,320**	(4,325)
Movements in cash and cash equivalents			
Increase/(decrease) in cash and cash equivalents		**12,320**	(4,325)
Effects of exchange rate fluctuations on cash held		**455**	(503)
Cash and cash equivalents at 1 January		**9,655**	14,483
Cash and cash equivalents at 31 December	27(c)	**22,430**	9,655
Cash and short-term deposits		**22,787**	10,054
Bank overdraft		**(357)**	(399)
Cash and cash equivalents at 31 December	27(c)	**22,430**	9,655

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	Called up share capital £000	Share premium account £000	Merger reserve £000	Foreign currency translation reserve £000	Hedging reserve £000	Treasury shares £000	Put option reserve £000	Investment in own shares £000	Accumulated losses £000	Total £000	Non-controlling interest £000	Total Equity £000
At 1 January 2017	107,188	62,926	29,468	44,004	(525)	(1,166)	-	(1,764)	(87,816)	152,315	-	152,315
Profit for the year	-	-	-	-	-	-	-	-	15,665	15,665	-	15,665
Other comprehensive (expense)/income	-	-	-	(8,242)	304	-	-	-	361	(7,577)	-	(7,577)
Settlement of share options	-	-	-	-	-	-	-	106	9	115	-	115
Share issue costs	-	(16)	-	-	-	-	-	-	-	(16)	-	(16)
Charge for share-based payments	-	-	-	-	-	-	-	-	1,289	1,289	-	1,289
Tax on share-based payments	-	-	-	-	-	-	-	-	540	540	-	540
Scrip dividends	15	933	-	-	-	-	-	-	-	948	-	948
Equity dividends	-	-	-	-	-	-	-	-	(5,878)	(5,878)	-	(5,878)
At 31 December 2017	107,203	63,843	29,468	35,762	(221)	(1,166)	-	(1,658)	(75,830)	157,401	-	157,401
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**21,291**	**21,291**	**430**	**21,721**
Other comprehensive income	**-**	**-**	**-**	**7,264**	**6**	**-**	**-**	**-**	**453**	**7,723**	**-**	**7,723**
Acquisitions of subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**(18,825)**	**-**	**-**	**(18,825)**	**14,284**	**(4,541)**
Purchase of own shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(172)**	**-**	**(172)**	**-**	**(172)**
Settlement of share options	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,480**	**(2,006)**	**474**	**-**	**474**
Issue of shares	**166**	**17,968**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**18,134**	**-**	**18,134**
Share issue costs	**-**	**(526)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(526)**	**-**	**(526)**
Charge for share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,418**	**1,418**	**-**	**1,418**
Tax on share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**437**	**437**	**-**	**437**
Transfers	**-**	**-**	**-**	**-**	**-**	**1,166**	**-**	**(1,166)**	**-**	**-**	**-**	**-**
Scrip dividends	**11**	**1,138**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,149**	**-**	**1,149**
Equity dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(7,069)**	**(7,069)**	**(182)**	**(7,251)**
At 31 December 2018	**107,380**	**82,423**	**29,468**	**43,026**	**(215)**	**-**	**(18,825)**	**(516)**	**(61,306)**	**181,435**	**14,532**	**195,967**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018

1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ('IFRS') and interpretations issued by the IFRS Interpretations Committee (IFRS IC), as adopted in the European Union and as applied in accordance with the provisions of the Companies Act 2006. The consolidated financial statements of the Group have been prepared have been prepared on the going concern basis. On 4 March 2019 the consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the Directors. The consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds ('£000') except where otherwise indicated.

2. Significant accounting policies

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability. The Group uses valuation techniques which maximise the use of observable inputs and minimise the use of unobservable inputs. All assets or liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as set out within IFRS 13.

The Group's significant accounting policies are listed below. These policies have been consistently applied to all the years presented unless otherwise stated.

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

- IFRS 9 Financial Instruments;
- IFRS 15 Revenue from Contracts with Customers;
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts;
- Interpretation IFRIC 22: Foreign Currency Transactions and Advance Consideration;
- Amendments to IAS 40: Transfer of Investment Property;
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions;
- Annual improvements to IFRS Standards 2014-2016 Cycle (certain items effective from 1 January 2017).

Except for the adoption of IFRS 9 and IFRS 15, the adoption of these standards and interpretations has not led to any changes to the Group's accounting policies or had any other material impact on the financial position or performance of the Group. Other amendments to IFRSs effective for the period ending 31 December 2018 have no impact on the Group.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. It is based on the transfer of control of goods and services to customers and replaces the separate models for goods, services and construction contracts previously included in IAS 11 Construction Contracts and IAS 18 Revenue. The major change is the requirement to identify and assess the satisfaction of delivery of each performance obligation in contracts in order to recognise revenue.

Following an assessment of the financial impact of the changes required from the adoption of this new standard, there is no change to the Consolidated Income Statement of the Group.

The Consolidated Balance Sheet has been adjusted by the requirement to net down deferred income against trade receivables for amounts that have been invoiced but are not yet due. This balance sheet adjustment has not affected the net assets of the Group.

The Group has adopted IFRS 15 on 1 January 2018 using the 'modified' retrospective approach. As a result, the prior period balance sheet has been restated as detailed in Note 30.

IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Refer to Trade and other receivables accounting policy below. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The standard will affect the accounting for the Group's operating leases. For the leases within the scope of IFRS 16 the Group expects to recognise right-of-use assets of approximately £40 million on 1 January 2019 and lease liabilities of £42 million (after adjustments for prepayments and accrued lease payments recognised as at 31 December 2018).

The Group expects that net profit before tax in 2019 will decrease by approximately £0.8 million for 2019 as a result of adopting the new standard. Adjusted EBITDA used to measure segment results is expected to increase by approximately £7.7 million, as the operating lease payments were included in EBITDA, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Basis of consolidation
Huntsworth plc ('the Company') is a company incorporated and domiciled in the United Kingdom. These financial statements consolidate the financial statements of Huntsworth plc and all entities controlled by the Company (its subsidiaries). Control is achieved when the Company:
- has power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date the Company ceases to control the subsidiary. Non-controlling interests are identified separately from the Group's equity. Profit and loss and each component of other comprehensive income are attributed to the owners of the Company and to any non-controlling interests.

Business combinations
Acquisitions of businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair value of the assets given, liabilities assumed or equity instruments issued by the Group. Any acquisition-related transaction costs are recognised in the income statement within highlighted items as they are incurred. On acquisition of a business, all of the assets and liabilities of that business that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.

Where the consideration for the acquisition includes a deferred contingent consideration arrangement, this is measured at fair value at the acquisition date. Any subsequent changes to the fair value of the contingent consideration are adjusted against the cost of the acquisition if they occur within the measurement period of 12 months following the date of acquisition and relate to events and circumstances existing at acquisition. Any subsequent changes to the fair value of the contingent consideration for events and circumstances that did not exist at acquisition or after the measurement period are recognised in the income statement within highlighted items.

Goodwill and intangible assets
Goodwill arising in a business combination is recognised as an asset at the acquisition date. Goodwill is measured as the excess of the fair value of the consideration, the amount of any non-controlling interest and the fair value of any previously held interest in the acquiree over the net fair value of the identifiable assets and liabilities assumed. Goodwill comprises the value of expected synergies arising from an acquisition that do not qualify for separate recognition.

Goodwill is not amortised but is reviewed for impairment annually and in any period in which events or changes in circumstances indicate the carrying value may not be recoverable. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combinations. Impairment testing is determined by assessing the recoverable amount of the cash-generating units to which the goodwill relates. If the recoverable amount is less than the carrying amount of the cash-generating units, the impairment loss is allocated first to reduce the carrying amount of the goodwill and then to other assets of the relevant cash-generating unit.

Acquired intangible assets comprise separable corporate brand names, intellectual property and customer relationships. Intangible assets are amortised systematically over their estimated useful lives, which vary from two to 20 years depending on the nature of the asset. These intangible assets are reviewed for impairment in any periods in which events or changes in circumstances indicate the carrying value may not be recoverable.

Costs associated with the development of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs are recognised as intangible assets. Costs are capitalised from the point that the asset first meets the recognition criteria. These are reviewed for impairment until the asset is completed, after which point costs are amortised over their estimated useful lives of two to seven years.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

2. Significant accounting policies continued

Property, plant and equipment

Property, plant and equipment are stated at their historical cost less accumulated depreciation and any recognised impairment losses. Depreciation is charged so as to write off the cost of property, plant and equipment, less the estimated residual value, on a straight-line basis over the expected useful economic life of the assets concerned. The principal annual rates used for this purpose are:

- Motor vehicles 25%
- Equipment, fixtures and fittings 10%-35%

Leasehold improvements are amortised over the shorter of the useful economic life or the period of the lease, from three to 15 years. The carrying values of property, plant and equipment are reviewed for impairment annually or more frequently if events or changes in circumstances indicate the carrying value may not be recoverable.

Trade and other receivables

Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. If the balance is expected to be recovered in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Provision for impairment is made when there is objective evidence that the Group will not be able to recover balances in full.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2018 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information.

Balances are written off when the possibility of recovery is assessed as being remote.

Work in progress

Work in progress is stated at the lower of cost and net realisable value and consists of third party costs incurred on behalf of clients which have still to be recharged.

Investments in associates

An associate is an investment over which the Group has significant influence through the power to participate in the financial and operating policy decisions of the investee. The Group accounts for its interests in associates using the equity method. Under the equity method, the investment in the associate is initially measured at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The Group's share of profits of associates, net of tax, interest and non-controlling interests is included in the income statement and the Group's share of net assets is shown within interests in associates in the balance sheet. The Group assesses the carrying value of its associates to determine if any impairment has occurred.

Where the Group has disposed of a business or made other contributions to an associate, a gain or loss is recognised only to the extent of the portion that has been disposed of, as set out in IAS 28.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and short-term deposits. Bank overdrafts are an integral part of the Group's cash management and are included as a component of cash and cash equivalents for the purpose of the Consolidated Cash Flow Statement.

Loans and borrowings

Obligations for loans and borrowings are recognised when the Group becomes a party to the related contracts and are measured initially at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

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 will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the amounts involved are material, provisions are determined by discounting the expected future cash flows at a pre-tax rate which reflects the current market assessment of the time value of money and, when appropriate, the risks specific to the liability. Where discounting is applied to provisions, the increase in the value of the provision due to the passage of time is recognised as a finance cost.

Where a leasehold property substantially ceases to be used for the Group's business, or a commitment is entered into which would cause this to occur, provision is made to the extent that the recoverable amount of the interest in the property is expected to be insufficient to cover the future obligations relating to the lease.

Acquisitions made by the Group typically involve an earn-out arrangement whereby the consideration payable includes a deferred element that is contingent on the future financial performance of the acquired entity. No material contingent consideration will become payable unless the acquired entity delivers revenues or profits during the earn-out period that are greater than those used for calculating the initial consideration. The provision for deferred contingent consideration is recorded at fair value, which is the present value of the amount expected to be paid in cash or shares. The provision represents the Directors' best estimate of future business performance based on internal business plans.

Turnover and revenue
Turnover represents amounts received or receivable from clients, exclusive of value added tax, for the rendering of services and comprises charges for fees, commissions, rechargeable expenses incurred on behalf of clients and sales of marketing products.

Revenue is turnover less amounts payable on behalf of clients to external suppliers where they are retained to perform part of a specific client project or service, and represents fees, commissions and mark-ups on rechargeable expenses and marketing products.

Turnover and revenue reflect the fair value of the proportion of the work carried out in the year by recording turnover and related costs as service activity progresses.

Revenue derived from retainers is recognised over time as the performance obligations are satisfied over the term of the retainer contract.

Revenue for time-charge based work is recognised is recognised at the amount for which the Group has the right to invoice, therefore revenue is recognised based on number of hours worked at the agreed rate, subject to any fee cap.

For fixed fee projects, revenue is only recognised once the final outcome can be assessed with reasonable certainty. The stage of completion is determined relative to the total number of hours or significant milestones expected to complete the work or provision of services as this reflects the satisfaction of the performance obligations within the contract.

Revenue in the form of commissions on media placements and fees for creative and production services provided is recognised as the services are performed.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Share-based payments
The Group awards equity-settled share-based payments to certain employees. These are measured at fair value at the date of grant. Details of how the fair value of awards made in the year has been calculated are set out in Note 24. The fair value of the equity-settled share-based payment is recognised in the income statement as an expense spread straight-line over the relevant vesting period, based on the Group's estimate of the number of awards that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of awards expected to vest, with the impact of any revision recognised in the income statement, with a corresponding adjustment to equity reserves.

Employee share ownership plans
Consideration paid to acquire shares in Huntsworth plc through Employee Benefit Trusts has been deducted from equity.

Dividends
Dividends are recognised as a distribution in the period in which they are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are paid.

Pensions
The Group operates defined contribution money purchase pension schemes and makes contributions to individual employees' personal pension schemes. The Group's contributions are charged against profits in the year in which the related employee services are performed.

Leasing and hire purchase commitments
Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group, and hire purchase contracts, are capitalised on the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under finance leases and hire purchase contracts are included as liabilities in the Balance Sheet. The interest elements of the rental obligations are charged in the income statement over the periods of the finance leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the lease term. Lease incentives received are recognised as an integral part of the total lease expense, over the lease term. Sub-let income on operating leases is recognised on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

2. Significant accounting policies continued

Foreign currencies

Sterling is the functional currency of Huntsworth plc and the presentational currency of the Group. Transactions denominated in foreign currencies are initially translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

The financial statements of subsidiaries are translated into the presentational currency of the Group on consolidation. Assets and liabilities are translated at the exchange rate ruling at the balance sheet date with items in the Income Statement being translated at the average rate for the period. Exchange differences arising on consolidation are recorded in a separate component of equity, but are recognised in the consolidated income statement on disposal of the subsidiary to which they relate.

Goodwill and fair value adjustments arising on the acquisition of an overseas subsidiary are treated as assets and liabilities of the overseas subsidiary and translated at the closing rate.

Highlighted items

The Group presents highlighted items charged to profit before tax by making adjustments for costs and credits which management believe to be significant by virtue of their size, nature or incidence or which have a distortive effect on current year earnings.

Such items would include, but are not limited to, costs associated with business combinations and disposals, restructuring costs, impairment of goodwill and other intangible assets, and amortisation of intangible assets arising on business combinations.

In addition the Group presents an adjusted profit after tax measure by making adjustments for certain tax charges and credits. The Group uses these adjusted measures to evaluate performance.

Borrowing costs and finance income

Borrowing costs are recognised as an expense when incurred unless they meet the criteria to be capitalised. Finance income is recognised as the interest accrues (using the effective interest rate method).

Taxation

Income tax expense comprises current and deferred tax. Tax is recognised in the income statement except where it relates to items taken directly to the consolidated statement of comprehensive income and expense or equity. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects accounting nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Group to make a single net payment.

Derivative financial instruments

The Group uses derivative financial instruments to reduce its exposure to foreign exchange and interest rate movements. The Group does not hold or issue derivative financial instruments for financial trading purposes. Derivatives that do not qualify for hedge accounting are accounted for at fair value through the income statement. Derivative financial instruments are initially recognised at fair value at the contract date and continue to be stated at fair value at the balance sheet date with gains and losses on revaluation being recognised immediately in the income statement.

Interest rate swaps are used to hedge against fluctuations in future cash flows on the Group's debt funding due to movements in interest rates. When a cash flow hedge is employed, the effective portion of the change in the fair value of the hedging instrument is recognised directly in equity (hedging reserve) until the gain or loss on the hedged item is realised and recognised in the income statement. Any ineffective portion is recognised in the income statement.

Foreign currency instruments are used to hedge against unfavourable exchange rate fluctuations that affect the results of the Group's overseas operations when translated into Sterling. Hedge accounting is not applied to these instruments and the associated cost is recognised at fair value through the income statement. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of derivatives is determined by reference to market values for similar instruments.

Significant accounting judgements and key sources of estimation uncertainty
In the application of the Group's accounting policies, the Directors are required to make judgements and assumptions about the future, based on historical experience and other factors which are considered to be relevant. The resulting accounting estimates will, by definition, seldom equal the related actual results.

(a) Highlighted items
In order to ensure comparability between the Group's results year-on-year, the Directors present certain large, unusual or one-off items separately in highlighted items, so that the reader of the accounts can better understand the underlying performance of the business. The decision to present an item as highlighted is a judgement of the Directors and is reserved for items of an unusual or non-recurring nature that are outside of the ordinary course of business, or of such significant size such that they would materially distort the results of any particular period. The Directors consider it appropriate to continually present amortisation as a highlighted item in each period because the value of intangible assets being amortised can vary considerably from period to period depending on the amount of acquisition activity undertaken by the Group and the remaining useful life of individual assets.

(b) Carrying value of goodwill and other intangible assets
The Group tests annually whether goodwill has suffered any impairment, in accordance with the procedures set out in Note 12. The recoverable amounts of cash-generating units have been determined based on value in use calculations. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from each cash-generating unit and a suitable discount rate in order to calculate present value.

(c) Revenue recognition
The Group recognises revenue on projects based on the proportion of work completed at the balance sheet date.

Judgement is required in assessing the fair value of the proportion of work completed and hence the appropriate value of revenue to be recognised in the year. Management make this judgement using estimates of expected hours required to complete the project against the budget, alongside any milestones set out in the contract.

For fixed fee projects, revenue is only recognised once the final outcome can be assessed with reasonable certainty. The stage of completion is determined relative to the total number of hours or significant milestones expected to complete the work or provision of services as this reflects the satisfaction of the performance obligations within the contract.

(d) Going concern
Judgement is required in performing the Group's going concern assessment as it requires estimates of forecast future profits and cash flows to be made in order to assess future covenant compliance over the forecast period. At the time of approving the financial statements, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and are forecasting to remain in compliance with future covenant facility requirements. Accordingly, they continue to adopt the going concern basis of preparation in the financial statements.

(e) Valuation of separately identifiable intangible assets
To determine the value of separately identifiable intangible assets in a business combination the Group is required to make judgements when utilising valuation methodologies.

These methodologies include the use of discounted cash flows, revenue forecasts and the estimates for the useful economic lives of intangible assets. There are significant judgements involved in assessing what amounts are recognised as the estimated fair value of assets and liabilities acquired through business combinations, particularly the amounts attributed to separate intangible assets such as brands and customer relationships. These judgements impact the amount of goodwill recognised on acquisitions.

Any provisional amounts are subsequently finalised within the 12-month measurement period, as permitted by IFRS 3. Details of acquisitions in the year are set out in Note 3.

Appendix 2 on page 139 includes details of the Group's subsidiaries and associates and forms part of these financial statements.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

3. Acquisitions

AboveNation

On 22 February 2018, the Group acquired 75% of the membership interests of AboveNation Media, LLC (AboveNation). Acquisition accounting has been performed in accordance with IFRS 3 (revised) Business Combinations.

AboveNation has contributed £2.0 million to revenue and £1.1 million to profit before tax for the period between the date of acquisition and the year end. If the acquisition of AboveNation had been completed on the first day of the financial year, Group revenues for the period would have been £225.4 million and Group profit before tax would have been £28.9 million.

The fair values of the net assets at the date of acquisition were as follows:

	Provisional Fair value recognised on acquisition £000
Customer relationships	1,668
Trade and other receivables	5,568
Cash and cash equivalents	3,738
Trade and other payables	(9,507)
Deferred tax liability	(486)
Non-controlling interest	(1,037)
Net liabilities acquired	(56)
Provisional goodwill arising on acquisition	2,975
Total cost of acquisition	2,919
Discharged by:	
Cash consideration	1,068
Deferred consideration	1,851
	2,919
Net cash outflow arising on acquisition:	
Cash consideration	1,068
Deferred consideration	1,851
Cash and cash equivalents acquired	(3,738)
	(819)

Goodwill comprises the value of expected synergies arising from the acquisition and other intangible assets that do not qualify for separate recognition.

The fair value of the contingent consideration payment is based on forecast average profits for the period from acquisition to 31 December 2019. The potential undiscounted range of future payments that Huntsworth plc could be required to make under the contingent consideration arrangement is between nil and $13.25 million and will be paid in cash or shares at Huntsworth's discretion. A simultaneous put/call option exists over the remaining 25% equity interest.

Acquisition-related costs of £34,000 were incurred and these are included within highlighted items in the Consolidated Income Statement.

AboveNation forms part of the Marketing Operating Segment.

Giant
On 17 July 2018, the Group acquired 90.22% of the membership interests of Giant Creative Holdings, LLC (Giant). Acquisition accounting has been performed in accordance with IFRS 3 (revised) Business Combinations.

Giant has contributed £11.3 million to revenue and £2.2 million to profit before tax for the period between the date of acquisition and the year end. If the acquisition of Giant had been completed on the first day of the financial year, Group revenues for the period would have been £238.0 million and Group profit before tax would have been £30.7 million.

The fair values of the net assets at the date of acquisition were as follows:

	Provisional Fair value recognised on acquisition £000
Customer relationships	14,402
Brands	9,048
Property, plant and equipment	262
Trade and other receivables	5,601
Cash and cash equivalents	874
Trade and other payables	(6,730)
Deferred tax liability	(1,032)
Non-controlling interest	(5,652)
Net assets acquired	16,773
Provisional goodwill arising on acquisition	35,394
Total cost of acquisition	52,167
Discharged by:	
Cash consideration	52,167
Net cash outflow arising on acquisition:	
Cash consideration	52,167
Cash and cash equivalents acquired	(874)
	51,293

Goodwill comprises the value of expected synergies arising from the acquisition and other intangible assets that do not qualify for separate recognition.

A simultaneous put/call option exists over the remaining 9.78% equity interest.

Acquisition-related costs of £655,000 were incurred and these are included within highlighted items in the Consolidated Income Statement.

Giant forms part of the Marketing Operating Segment.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

3. Acquisitions continued

Navience

On 27 September 2018, the Group acquired 80% of the membership interests of Navience Healthcare Solutions, LLC (Navience). Acquisition accounting has been performed in accordance with IFRS 3 (revised) Business Combinations.

Navience has contributed £0.9 million to revenue and £0.2 million to profit before tax for the period between the date of acquisition and the year end. If the acquisition of Navience had been completed on the first day of the financial year, Group revenues for the period would have been £231.1 million and Group profit before tax would have been £33.2 million.

The fair values of the net assets at the date of acquisition were as follows:

	Provisional Fair value recognised on acquisition £000
Customer relationships	5,272
Brands	527
Property, plant and equipment	134
Trade and other receivables	1,724
Cash and cash equivalents	862
Trade and other payables	(752)
Deferred tax liability	(3,019)
Non-controlling interest	(7,595)
Net liabilities acquired	(2,847)
Provisional goodwill arising on acquisition	33,227
Total cost of acquisition	30,380
Discharged by:	
Cash consideration	18,883
Deferred consideration	11,497
	30,380
Net cash outflow arising on acquisition:	
Cash consideration	18,883
Deferred consideration	11,497
Cash and cash equivalents acquired	(862)
	29,518

Goodwill comprises the value of expected synergies arising from the acquisition and other intangible assets that do not qualify for separate recognition.

The fair value of the contingent consideration payment is based on forecast average profits for the period from acquisition to 31 December 2019. The potential undiscounted range of future payments that Huntsworth plc could be required to make under the contingent consideration arrangement is between nil and $16.0 million and will be paid in cash or shares at Huntsworth's discretion. A simultaneous put/call option exists over the remaining 20% equity interest.

Acquisition-related costs of £121,000 were incurred and these are included within highlighted items in the Consolidated Income Statement.

Navience forms part of the Marketing Operating Segment.

4. Segmental analysis

The following is an analysis of the Group's revenue and operating profit before highlighted items by reportable segment.

The Group's business activities are split into four operating divisions: Marketing, Medical, Immersive and Communications. These divisions are the basis on which information is reported to the Group's Chief Operating Decision Maker, which has been determined to be the Group Board. The segment result is the measure used for the purposes of performance assessment and represents profit earned by each segment, but before highlighted operating expenses, net finance costs and taxation.

Details of the types of services from which each segment derives its revenues are included within the Strategic Report. The accounting policies applied in preparing the management information for each of the reportable segments are the same as the Group's accounting policies described in Note 2.

Year ended 31 December 2018	**Marketing £000**	**Medical £000**	**Immersive £000**	**Communications £000**	**Total £000**
USA	**73,785**	**24,236**	**9,380**	**4,695**	**112,096**
UK	**7,805**	**9,926**	**26,043**	**35,083**	**78,857**
Europe	**-**	**-**	**-**	**23,545**	**23,545**
Rest of the World	**410**	**-**	**-**	**10,048**	**10,458**
Segment revenue before highlighted items	**82,000**	**34,162**	**35,423**	**73,371**	**224,956**
Segment operating profit before highlighted items	**20,012**	**9,774**	**5,117**	**5,989**	**40,892**

Year ended 31 December 2017	Marketing £000	Medical £000	Immersive £000	Communications £000	Total £000
USA	66,829	22,034	4,000	7,087	99,950
UK	6,212	8,841	10,949	34,829	60,831
Europe	-	-	-	25,343	25,343
Rest of the World	499	-	-	10,353	10,852
Segment revenue before highlighted items	73,540	30,875	14,949	77,612	196,976
Segment operating profit before highlighted items	15,509	8,315	1,853	7,006	32,683

Highlighted items are not presented to the Board on a segmental basis.

A reconciliation of segment operating profit before highlighted items to total profit/(loss) before tax is provided below:

	2018 £000	2017 £000
Segment operating profit before highlighted items	**40,892**	32,683
Unallocated costs	**(7,965)**	(6,477)
Share of profit from associate	**267**	167
Operating profit before highlighted items	**33,194**	26,373
Highlighted items in operating profit	**(1,831)**	(1,467)
Operating profit	**31,363**	24,906
Net finance costs	**(2,759)**	(1,972)
Profit before tax	**28,604**	22,934

Unallocated expenses comprise central head office costs which are not considered attributable to any segment.

Geographical information

The table below present segmental non-current assets by geographical origin. Non-current assets exclude deferred tax assets:

	2018 £000	2017 £000
Non-current assets		
United Kingdom	**92,224**	93,641
Europe	**30,129**	29,265
USA	**172,286**	65,635
Rest of the world	**5,473**	5,418
Total non-current assets	**300,112**	193,959

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

5. Operating profit

Operating profit is stated after charging/(crediting):

	Notes	2018 £000	2017 £000
Auditor's remuneration		**393**	315
Depreciation of owned property, plant and equipment	13	**3,232**	2,988
Depreciation of property, plant and equipment held under finance leases	13	**2**	4
Amortisation of intangible assets	12	**325**	292
Loss/(profit) on disposal of property, plant and equipment		**3**	(13)
Net foreign exchange loss/(profit)		**1,425**	(1,171)
Operating lease rentals:			
Lease payments		**10,021**	9,060
Sub-let income		**(893)**	(265)
Employee costs	8	**132,211**	120,765
Other administration costs		**45,310**	38,795
Operating expenses – excluding highlighted items		**192,029**	170,770
Highlighted items	6	**1,831**	1,467
Total operating expenses		**193,860**	172,237

	2018 £000	2017 £000
Auditor's remuneration		
Fees payable to the Company's auditor for the statutory audit of the Company and consolidated annual financial statements	**295**	283
Fees payable to the Company's auditor and its associates for other services:		
Audit-related assurance services	**30**	30
Other assurance services	**62**	2
Tax compliance services	**6**	-
Total other services	**98**	32
Total auditor's remuneration included in operating expenses	**393**	315

6. Highlighted items

Highlighted items charged/(credited) to profit for the year comprise significant non-cash charges and non-recurring items.

	Notes	2018 £000	2017 £000
Reported profit before tax		**28,604**	22,934
Adjustments charged/(credited) to operating expenses:			
Amortisation of acquired intangible assets	12	**3,529**	1,393
Acquisition and transaction related costs	3	**976**	395
Remeasurement of deferred consideration		**(1,753)**	-
Disposal related credit		**(921)**	(321)
Total adjustments charged to operating expenses		**1,831**	1,467
Adjustments charged to finance costs:			
Imputed interest on deferred consideration and redemption liability	7	**422**	-
Total adjustments charged to profit before tax		**2,253**	1,467
Adjusted profit before tax and highlighted items		**30,857**	24,401

	Notes	2018 £000	2017 £000
Charged to profit before tax		**2,253**	1,467
Taxation expense on highlighted items	9	**1,341**	2,146
Charged to profit for the year		**3,594**	3,613

Amortisation of acquired intangible assets
Intangible assets are amortised systematically over their estimated useful lives, which vary from two to 20 years depending on the nature of the asset. The amortisation charge in respect of intangible assets is excluded from adjusted results as they relate to historic business combinations rather than normal ongoing operations.

Acquisition and transaction-related costs
In 2018 and 2017, costs were incurred relating to the acquisition of subsidiaries. These costs are excluded from adjusted results as they are one-off in nature.

Remeasurement of deferred consideration
The credit relates to subsequent remeasurement of the fair value of deferred contingent consideration. This credit is excluded from adjusted results as they relate to historic business combinations rather than ongoing operations.

Disposal-related credit
This represents profit on past disposals of subsidiaries in 2017, including adjustments for deferred consideration receivable and recycled foreign currency translation reserves. These credits have been excluded from adjusted results as they do not relate to ongoing operations.

Imputed interest on deferred consideration and redemption liability
Amounts payable as deferred consideration and the redemption liability contain a significant financing component. This represents the unwinding of the financing component.

Taxation
The tax related to highlighted items is the tax effect of the items above. The Group presents highlighted items charged to profit before tax by making adjustments for costs and credits which management believe to be significant by virtue of their size, nature or incidence or which have a distortive effect on current year earnings. The Group uses these adjusted measures to evaluate performance and as a method to provide shareholders with clear and consistent reporting.

7. Finance costs and income

	2018 £000	2017 £000
Bank interest payable	**2,352**	1,949
Imputed interest on long-term payables and provisions	**-**	28
Finance costs recognised in highlighted items		
Imputed interest on deferred consideration and redemption liability	**422**	-
Finance costs	**2,774**	1,977
Bank interest receivable	**(10)**	(3)
Other interest receivable	**(5)**	(2)
Finance income	**(15)**	(5)
Net finance costs	**2,759**	1,972

8. Employee information
The monthly average number of employees during the year was:

	2018 Number	2017 Number
Marketing	**530**	389
Medical	**192**	164
Immersive	**361**	151
Communications	**794**	830
Centre	**26**	26
Total	**1,903**	1,560

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2018

8. Employee information continued
Employee costs are as follows:

	2018 £000	2017 £000
Employee costs of all employees including Directors:		
Wages and salaries	**116,169**	105,746
Social security costs	**11,768**	11,192
Other pension costs	**2,856**	2,538
Share-based payment charge	**1,418**	1,289
Total employee costs	**132,211**	120,765

	2018 £000	2017 £000
Directors' emoluments	**3,213**	3,540
Number of Directors accruing benefits under:		
Defined contribution schemes	**-**	-

The Group makes contributions to employees' personal defined contribution pension plans.

Details of Executive and Non-Executive Directors' emoluments and their interests in shares and options of the Company are shown within the Report of the Directors on Remuneration in the sections 'Single total figure of remuneration', 'Statement of Directors' shareholdings' and 'Directors' interests in share awards'.

9. Taxation

	2018 £000	2017 £000
Consolidated income statement		
Current tax		
Current year	**6,084**	5,523
Adjustments in respect of prior years	**(1,149)**	(226)
Current tax expense	**4,935**	5,297
Deferred tax		
Current year	**1,096**	2,968
Impact of changes in statutory tax rates	**228**	(998)
Adjustments in respect of prior years	**624**	2
Deferred tax expense	**1,948**	1,972
Income tax expense	**6,883**	7,269

The charge for the year can be reconciled to the profit per the income statement as follows:

	2018 £000	2017 £000
Profit before tax	**28,604**	22,934
Notional income tax expense at the effective UK statutory rate of 19% (2017: 19.25%) on profit before tax	**5,435**	4,415
Permanent differences	**426**	1,285
Impact of share-based payments	**(125)**	(107)
Different tax rates on overseas profits	**1,008**	2,378
Impact of changes in statutory tax rates	**228**	(998)
Adjustments in respect of prior years	**(525)**	(224)
Utilisation and recognition of tax losses	**(51)**	207
Unrelieved current year losses	**487**	313
Income tax expense	**6,883**	7,269

Comprising:		
Income tax charge on profit before tax and highlighted items	**5,542**	5,123
Income tax expense on highlighted items	**1,341**	2,146
	6,883	7,269

The income tax expense for the year is based on the United Kingdom effective statutory rate of corporation tax of 19% (2017: 19.25%). Overseas tax is calculated at the rates prevailing in the respective jurisdictions.

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised in other comprehensive income and expense and directly in equity:

	2018 £000	2017 £000
Other comprehensive (income)/expense		
Current tax credit		
Currency translation differences	**(54)**	(418)
Net revaluation of share-based payments	**(400)**	-
Deferred tax expense		
Fair value movement on interest rate swaps (Note 21)	**1**	57
Tax credit recognised in other comprehensive income and expense	**(453)**	(361)
Equity		
Deferred tax credit		
Net revaluation of share-based payments	**(437)**	(540)
Tax credit recognised in equity	**(437)**	(540)

10. Dividends

	2018 £000	2017 £000
Equity dividends on ordinary shares:		
Final dividend for the year ended 2017: 1.45p (2016: 1.25p)	**4,761**	4,078
Interim dividend for the year ended 2018: 0.7p (2017: 0.55p)	**2,308**	1,800
Total dividend expense	**7,069**	5,878

The total dividend includes a cash element of £5.9 million (2017: £4.9 million) and a scrip element of £1.1 million (2017: £0.9 million). Shareholdings under the Group's Employee Benefit Trust of 1,568,788 and 1,818,788 shares waived their rights to the 2017 final and 2018 interim dividends respectively (2017: 2,379,181 shares waived their rights to the 2016 final and 2017 interim dividend).

A 2018 final dividend of 1.6p per share has been proposed for approval at the Annual General Meeting in 2019.

11. Earnings per share

	2018 pence	2017 pence
Basic earnings per share	**6.4**	4.8
Diluted earnings per share	**6.1**	4.7
Adjusted basic earnings per share	**7.5**	5.9
Adjusted diluted earnings per share	**7.1**	5.8

The data used in the calculations of the earnings per share numbers is summarised in the table below:

	2018 Earnings £000	2018 Weighted average number of shares 000s	2017 Earnings £000	2017 Weighted average number of shares 000s
Basic	**21,291**	**333,638**	15,665	326,827
Diluted	**21,291**	**350,010**	15,665	334,990
Adjusted basic	**24,885**	**333,638**	19,278	326,827
Adjusted diluted	**24,885**	**350,010**	19,278	334,990

The basic earnings per share calculation is based on the profit for the year attributable to the Parent Company's shareholders divided by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share takes the basic earnings per share and adjusts for the potentially dilutive impact of employee share option schemes and shares to be issued as part of contingent consideration on acquisitions of subsidiaries.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

11. Earnings per share continued

Adjusted earnings per share is calculated in order to provide information to shareholders about underlying trading performance and is based on the profit attributable to the Parent Company's shareholders excluding highlighted items.

	2018 £000	2017 £000
Earnings:		
Profit for the year attributable to the Parent Company's shareholders	**21,291**	15,665
Highlighted items (net of tax) attributable to the Parent Company's shareholders	**3,594**	3,613
Adjusted earnings	**24,885**	19,278

	2018 £000	2017 £000
Number of shares:		
Weighted average number of ordinary shares - basic	**333,638**	326,827
Effect of share options in issue	**12,238**	8,163
Effect of deferred contingent consideration	**4,134**	-
Weighted average number of ordinary shares - diluted	**350,010**	334,990

12. Intangible assets

	Brands £000	Customer relationships £000	Goodwill £000	Intellectual property £000	Software development costs £000	Total £000
Cost						
At January 2017	27,875	35,100	336,775	1,754	4,713	406,217
Acquisitions	1,466	8,601	18,757	-	-	28,824
Capitalised development costs	-	-	-	-	232	232
Disposals	(134)	(40)	-	-	-	(174)
Write-offs	-	-	-	(1,819)	-	(1,819)
Exchange differences	(821)	(1,848)	(9,964)	65	(183)	(12,751)
At 31 December 2017	**28,386**	**41,813**	**345,568**	**-**	**4,762**	**420,529**
Acquisitions	**9,575**	**21,342**	**71,596**	**-**	**-**	**102,513**
Capitalised development costs	**-**	**-**	**-**	**-**	**234**	**234**
Exchange differences	**962**	**1,965**	**9,404**	**-**	**107**	**12,438**
At 31 December 2018	**38,923**	**65,120**	**426,568**	**-**	**5,103**	**535,714**
Amortisation and impairment charges						
At January 2017	24,010	34,769	183,322	1,754	2,565	246,420
Charge for the year	637	756	-	-	292	1,685
Disposals	(92)	(40)	-	-	-	(132)
Write-offs	-	-	-	(1,819)	-	(1,819)
Exchange differences	(797)	(1,782)	(4,262)	65	(77)	(6,853)
At 31 December 2017	**23,758**	**33,703**	**179,060**	**-**	**2,780**	**239,301**
Charge for the year	**1,213**	**2,316**	**-**	**-**	**325**	**3,854**
Exchange differences	**591**	**1,113**	**3,513**	**-**	**54**	**5,271**
At 31 December 2018	**25,562**	**37,132**	**182,573**	**-**	**3,159**	**248,426**
Net book value at 31 December 2018	**13,361**	**27,988**	**243,995**	**-**	**1,944**	**287,288**
Net book value at 31 December 2017	4,628	8,110	166,508	-	1,982	181,228

Impairment testing for cash-generating units containing goodwill
A summary of goodwill by cash-generating unit ('CGU'), after impairment charges, is shown in the table below:

	2018 £000	2017 £000
Citigate Dewe Rogerson	**26,948**	26,756
Grayling	**24,870**	24,381
Red	**19,944**	19,909
Medical	**23,454**	21,984
Marketing	**128,290**	53,139
Immersive	**20,489**	20,339
Total	**243,995**	166,508

During 2017, there was a reorganisation of the Group's operating segments. Huntsworth Health was split into 3 segments - Medical, Marketing and Immersive. Grayling, Citigate Dewe Rogerson ('CDR') and Red were combined into one operating segment, Communications.

Medical, Marketing and Immersive represent separate CGUs. Goodwill has been allocated to each using a relative value approach. The Grayling, CDR and Red CGUs remain as management continue to monitor goodwill at this level.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions used in determining the value in use are summarised below.

Cash flow forecasts
For each CGU, the forecast cash flows for the first five years are based on the 2019 financial budget approved by the Directors adjusted based on past experience and historic trends. Growth rates in years two to five are based on management's medium-term forecasted revenue and operating margins for each of the businesses.

Long-term growth rate
After the initial five-year forecast period, a long-term growth rate between 1.5% and 2.5% (2017: 1.5%-2.5%) has been applied to the cash flow forecasts into perpetuity. This growth rate is based on an estimate of the long-term average growth rate for the market that each CGU operates in.

Pre-tax risk adjusted discount rate
The pre-tax discount rate applied to all CGUs is 12.1% (2017: 12.6%). The discount rates applied to the cash flows of the Group's operations are based on the risk-free rate for 20-year UK government bonds, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the Group's individual CGUs. In making this adjustment, inputs required are the equity market risk premium (that is the increased return required over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment ('beta') applied to reflect the risk of the CGU relative to the market as a whole.

Sensitivity to changes in assumptions
In assessing the value in use of a CGU, the forecast future cash flows are inherently uncertain and could change materially over time due to the impact of market growth, discount rates and unexpected changes in key clients and personnel.

The estimated value in use of the Grayling CGU is not materially greater than their carrying values; consequently, any adverse change in the key assumptions would cause further impairment losses to be recognised. The changes in the following table would, in isolation, give rise to an (decrease)/increase in the value in use for the year ended 31 December 2018 as follows:

	Grayling	
	Increase 1% £000	Decrease 1% £000
Pre-tax discount rate	(3,589)	4,556
2019 budget operating profit	158	(158)
Medium term growth rates	1,069	(1,069)
Perpetuity growth rate	3,087	(2,430)

The Board has considered various alternative performance scenarios for the remaining CGUs, including sensitising all of the key assumptions noted above, and have not identified any reasonably possible changes which would give rise to an impairment.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

13. Property, plant and equipment

	Leasehold improvements £000	Equipment, fixtures and fittings £000	Motor vehicles £000	Total £000
Cost				
At January 2017	13,223	18,469	394	32,086
Acquisitions	629	2,832	-	3,461
Additions	212	1,198	3	1,413
Disposals	(1,135)	(1,485)	(31)	(2,651)
Exchange differences	(586)	(932)	-	(1,518)
At 31 December 2017	**12,343**	**20,082**	**366**	**32,791**
Acquisitions	**1,989**	**3,901**	**22**	**5,912**
Additions	**771**	**1,444**	**12**	**2,227**
Disposals	**(423)**	**(834)**	**(68)**	**(1,325)**
Exchange differences	**390**	**661**	**9**	**1,060**
At 31 December 2018	**15,070**	**25,254**	**341**	**40,665**
Depreciation				
At January 2017	5,618	14,377	259	20,254
Acquisitions	577	2,149	-	2,726
Charge for the year	1,143	1,810	39	2,992
Disposals	(944)	(1,406)	(28)	(2,378)
Exchange differences	(236)	(753)	6	(983)
At 31 December 2017	6,158	16,177	276	22,611
Acquisitions	**1,927**	**3,571**	**18**	**5,516**
Charge for the year	**1,257**	**1,947**	**30**	**3,234**
Disposals	**(398)**	**(835)**	**(36)**	**(1,269)**
Exchange differences	**225**	**591**	**6**	**822**
At 31 December 2018	**9,169**	**21,451**	**294**	**30,914**
Net book value at 31 December 2018	**5,901**	**3,803**	**47**	**9,751**
Net book value at 31 December 2017	6,185	3,905	90	10,180

Equipment, fixtures and fittings held under finance leases had a net book value at 31 December 2018 of £3,000 (2017: £5,000).

14. Investment in associate

The Group is a 25% partner in Hudson Sandler LLP, a public relations business incorporated and operating in the UK. The Group considers that it has significant influence over Hudson Sandler LLP because it has a range of predetermined rights which ensure participation in decision-making about the business.

	2018 £000	2017 £000
Carrying amount		
At 1 January	**212**	182
Share of profit	**267**	167
Dividend received	**-**	(137)
At 31 December	**479**	212

15. Trade and other receivables

Current	2018 £000	2017[1] £000
Trade receivables	**58,444**	42,709
Less: provision for impairment of trade receivables	**(651)**	(224)
Trade receivables – net	**57,793**	42,485
Other receivables	**2,703**	2,666
Prepayments	**4,733**	4,252
Accrued income	**16,589**	12,378
VAT receivable	**179**	126
Trade and other receivables	**81,997**	61,907

1 2017 restated for implementation of IFRS 15 (see Note 30).

In addition to the above, the Group also has non-current other receivables of £2.6 million (2017: £2.3 million).

Apart from the provision for impairments, there are no differences between the book value and fair value of the above receivables.

As of 31 December 2018, trade receivables of £0.7 million (2017: £0.2 million) were considered to be impaired. Movements in the provision are as follows:

	2018 £000	2017 £000
At 1 January	**224**	1,465
Impairment charge for the year	**431**	61
Receivables written off during the year as uncollectable	**(5)**	(101)
Amounts reversed as debt collected	**(6)**	(1,185)
Foreign exchange movements	**7**	(16)
At 31 December	**651**	224

As at 31 December, the analysis of trade receivables that were not impaired is as follows:

			Past due but not impaired			
At 31 December	Total £000	Neither past due nor impaired £000	<30 days £000	30-60 days £000	60-90 days £000	>90 days £000
2018	**57,793**	**40,337**	**9,226**	**4,846**	**2,145**	**1,239**
2017[1]	42,485	28,754	7,316	4,086	832	1,497

1 2017 restated for implementation of IFRS 15 (see Note 30).

As at 31 December 2018, the Group held receivables of £24,000 (2017: £20,000) which would be overdue had they not been renegotiated.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

16. Trade and other payables

Current	2018 £000	2017[1] £000
Trade payables	**16,736**	9,276
Other taxation and social security	**6,351**	6,841
Accruals	**35,919**	38,276
Deferred income	**7,550**	6,118
Other payables	**2,867**	2,589
Current trade and other payables	**69,423**	63,100

Non-current	2018 £000	2017 £000
Leasehold property incentives	**4,105**	2,712
Other non-current payables	**-**	266
Non-current trade and other payables	**4,105**	2,978

1 2017 restated for implementation of IFRS 15 (see Note 30).

17. Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	2018 £000	2017[1] £000
Accrued income	**16,589**	12,378
Work in progress	**8,440**	9,327
Contract assets	**25,029**	21,705
Deferred income	**7,550**	6,118
Billing in advance	**14,437**	18,400
Contract liabilities	**21,987**	24,518

1 2017 restated for implementation of IFRS 15 (see Note 30).

All carried forward contract liabilities were recognised as revenue in the current year. No revenue was recognised in the current year relating to performance obligations that were satisfied in the prior year.

The Group does not have any unsatisfied long-term contracts and recognises no assets in relation to costs to fulfil contracts.

18. Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2018 £000	2017 £000	2018 £000	2017 £000
Amounts payable:				
Within one year	**2**	2	**2**	2
In two to five years	**1**	2	**1**	2
	3	4	**3**	4
Less: finance charges allocated to future periods	**-**	-	**-**	-
Present value of lease obligations	**3**	4	**3**	4

19. Provisions

	Redemption liability £000	Deferred contingent consideration £000	Property £000	Reorganisation and other £000	Total £000
At 1 January 2017	–	–	2,930	602	3,532
Arising during the year	–	–	67	–	67
Provision on acquisition of subsidiary	–	–	309	–	309
Released during the year	–	–	(97)	(22)	(119)
Utilised	–	–	(1,347)	(476)	(1,823)
Foreign exchange movements	–	–	(96)	6	(90)
Unwind of discount	–	–	21	7	28
At 31 December 2017	**–**	**–**	**1,787**	**117**	**1,904**
Acquisitions	**18,825**	**13,348**	**–**	**–**	**32,173**
Arising during the year	**–**	**–**	**167**	**–**	**167**
Remeasurements	**(4,539)**	**2,786**	**–**	**–**	**(1,753)**
Reclassification from accruals	**–**	**–**	**–**	**449**	**449**
Utilised	**–**	**–**	**(121)**	**(18)**	**(139)**
Foreign exchange movements	**697**	**417**	**32**	**2**	**1,148**
Unwind of discount	**254**	**168**	**–**	**–**	**422**
At 31 December 2018	**15,237**	**16,719**	**1,865**	**550**	**34,371**
Current	**–**	**5,257**	**589**	**550**	**6,396**
Non-current	**15,237**	**11,462**	**1,276**	**–**	**27,975**

At 31 December 2017	Redemption liability £000	Deferred contingent consideration £000	Property £000	Reorganisation and other £000	Total £000
Current	–	–	442	117	559
Non-current	–	–	1,345	–	1,345
	–	–	1,787	117	1,904

Redemption liability for acquisitions
Certain acquisitions made by the Group include a put/call option to purchase the non-controlling interests' equity share at a future date, payable in either cash or a combination of cash and shares at the Company's option, which is contingent on the future financial performance of the acquired entity. The amount utilised in the year represents the cash paid or shares issued under the earn-out arrangements. The amount arising or released in the year represents a change in the estimated future financial performance of the acquired company.

Deferred contingent consideration for acquisitions
Acquisitions made by the Group typically involve an earn-out arrangement whereby the consideration payable includes a deferred element, payable in either cash or a combination of cash and shares at the Company's option, which is contingent on the future financial performance of the acquired entity. The amount utilised in the year represents the cash paid or shares issued under the earn-out arrangements. The amount arising or released in the year represents a change in the estimated future financial performance of the acquired company. Where deferred consideration is not contingent on the outcome of future events the amount was included in trade and other payables.

Property provisions
Provisions for property represent amounts set aside in respect of property leases which are onerous and the unavoidable costs of restoring leasehold properties to the condition specified in the lease at the end of the contractual term. The quantification of these provisions has been determined based on external professional advice and is dependent on the Group's ability to exit the leases early or to sub-let the properties. In general, property costs are expected to be incurred over a range of one to eight years.

Reorganisation and other provisions
This provision relates principally to redundancy provisions and contingent liabilities arising on acquisitions.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

20. Deferred tax

	Tax depreciation £000	Share-based payments £000	Tax losses £000	Intangible assets £000	Other temporary differences £000	Total £000
At 1 January 2017	(651)	85	638	(1,728)	2,380	724
Credit/(expense) to income	357	341	(243)	(995)	(1,432)	(1,972)
Expense to other comprehensive income (Note 9)	-	-	-	-	(57)	(57)
Credit to equity	2	538	-	-	-	540
Acquisition-related items	57	-	31	(2,210)	63	(2,059)
Foreign exchange and other movements	68	-	(19)	275	(159)	165
At 31 December 2017	**(167)**	**964**	**407**	**(4,658)**	**795**	**(2,659)**
(Expense)/credit to income	**(46)**	**172**	**(560)**	**(1,719)**	**205**	**(1,948)**
Expense to other comprehensive income (Note 9)	**-**	**-**	**-**	**-**	**(1)**	**(1)**
Credit to equity	**-**	**437**	**-**	**-**	**-**	**437**
Acquisition-related items	**-**	**-**	**151**	**(4,536)**	**-**	**(4,385)**
Foreign exchange and other movements	**(27)**	**-**	**2**	**22**	**59**	**56**
At 31 December 2018	**(240)**	**1,573**	**-**	**(10,891)**	**1,058**	**(8,500)**

After netting off balances within countries, the following are the deferred tax assets and liabilities recognised in the consolidated balance sheet:

Deferred tax balances	2018 £000	2017 £000
Deferred tax assets	**205**	32
Deferred tax liabilities	**(8,705)**	(2,691)
Net deferred tax liability	**(8,500)**	(2,659)

Deferred tax has been calculated using the anticipated rates that will apply when the assets and liabilities are expected to reverse. The recoverability of deferred tax assets is supported by the expected level of future profits in the countries concerned.

Unrecognised temporary differences in respect of tax losses and other temporary differences amounting to £38.0 million (2017: £38.3 million), have not been recognised on the basis that their future economic benefit is uncertain. These comprise tax losses and other temporary differences of £25.7 million (2017: £26.0 million) and capital losses of £12.3 million (2017: £12.3 million). Of this total, tax losses of £11.4 million (2017: £12.3 million) will expire at various dates between 2019 and 2029 and the remaining losses can be carried forward without restriction.

Overseas dividends received on or after 1 July 2009 are largely exempt from UK tax but may be subject to foreign withholding taxes. The unremitted earnings of those overseas subsidiaries affected by such taxes is £4.2 million (2017: £4.0 million). No deferred tax liability is recognised on these temporary differences as the Group is able to control the timing of reversal and it is probable that they will not reverse in the foreseeable future.

The UK Government has enacted a reduction in the main rate of corporation tax to 17% with effect from 1 April 2020. The impact of this change is incorporated in the reported numbers where relevant.

21. Financial instruments

Capital management policies and strategies
The primary objective of the Group's capital management policy is to maintain appropriate capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. The capital structure of the Group consists of its share capital, as disclosed in Note 23, and its total borrowings, comprising bank loans and overdrafts and obligations under finance leases, as disclosed in Note 22.

Financial risk management policies and strategies
The Group's principal financial instruments comprise bank loans, bank overdrafts and cash and short-term deposits. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group enters into derivative transactions, primarily interest rate swaps and foreign currency derivatives. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance. It is the Group's policy that no speculative trading in financial instruments should be undertaken. The main risks arising from the Group's financial instruments are interest rate risk, foreign exchange risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Board has endorsed principles and policies to manage the Group's interest cost using a mix of fixed and variable rate debts. To enable this, the Group enters into interest rate swaps. Where appropriate, these agreements are designated to hedge underlying debt obligations. As at 31 December 2018, after taking into account the effect of interest rate swaps, approximately 25% (2017: 55%) of the Group's gross borrowings was at a fixed rate of interest. The Group continually reviews and assesses the balance of debt held at fixed and variable rates and the need for additional instruments to meet both short-term and long-term requirements.

Interest rate swap contracts

The Group uses interest rate swaps to mitigate the risk of changing interest rates increasing the cost of servicing its debt. By fixing interest rates, the Group is willing to forgo the potential economic benefit that could result from a low interest rate environment in order to protect its downside risks and ensure the predictability of its interest cash flows. The fair value of interest rate swaps at the end of the reporting year is determined by reference to a market valuation. All interest rate swaps are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the year that the floating interest rate payments on debt affect profit or loss.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the reporting date and the impact on the Group's fixed and floating rate debt profile.

	Average contract rate		Notional principal value		Fair value	
At 31 December	**2018**	2017	**2018 £000**	2017 £000	**2018 £000**	2017 £000
Within one year	-	-	-	-	-	-
Within one to two years	-	1.279%	-	25,000	-	(221)
Within two to three years	**1.357%**	-	**25,000**	-	**(215)**	-
Within three to four years	-	-	-	-	-	-
Within four to five years	-	-	-	-	-	-
			25,000	25,000	**(215)**	(221)

The fixed rate changed between 2017 and 2018 following the inception of a new fixed rate swap on the refinance of the Group's facility in February 2018.

The Group's fixed and floating rate interest rate risk profile, by maturity date, was as follows:

At 31 December 2018	Within 1 year £000	1-2 years £000	2-3 years £000	3-4 years £000	Total £000
Fixed rate:					
Obligations under finance leases	(2)	(1)	-	-	(3)
Bank loans hedged by interest rate swap	-	-	(25,000)	-	(25,000)
Total fixed rate	(2)	(1)	(25,000)	-	(25,003)
Floating rate:					
Cash	22,787	-	-	-	22,787
Bank overdrafts	(357)	-	-	-	(357)
Floating rate portion of bank loans	-	-	(99,214)	-	(99,214)
Bank loans hedged by interest rate swap	-	-	25,000	-	25,000
Total floating rate	22,430	-	(74,214)	-	(51,784)
Total	22,428	(1)	(99,214)	-	(76,787)

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

21. Financial instruments continued

Interest rate risk continued

At 31 December 2017	Within 1 year £000	1-2 years £000	2-3 years £000	3-4 years £000	Total £000
Fixed rate:					
Obligations under finance leases	(2)	(2)	-	-	(4)
Bank loans hedged by interest rate swap	-	(25,000)	-	-	(25,000)
Total fixed rate	(2)	(25,002)	-	-	(25,004)
Floating rate:					
Cash	10,054	-	-	-	10,054
Bank overdrafts	(399)	(63)	-	-	(462)
Floating rate portion of bank loans	-	(45,623)	-	-	(45,623)
Bank loans hedged by interest rate swap	-	25,000	-	-	25,000
Total floating rate	9,655	(20,686)	-	-	(11,031)
Total	9,653	(45,688)	-	-	(36,035)

The other financial instruments of the Group that are not included in the above table are non-interest bearing and are therefore not subject to interest rate risk. Floating rate surplus cash earns interest based on relevant local LIBID equivalents. Bank overdrafts bear interest based on the Lloyds Bank plc base rate. The bank loans payable bear interest based on LIBOR in the relevant country.

Interest rate sensitivity analysis

The interest rate sensitivity analysis below is based on the exposure arising from the Group's borrowings and derivative financial instruments as at the balance sheet date. A 1% (100 basis points) movement is considered to represent a reasonably possible change in interest rates. All other variables have been held constant.

If UK interest rates had been 1% higher or lower, the Group's profit before tax for the year ended 31 December 2018 would decrease or increase by £485,000 (2017: £269,000). The Group has no borrowings denominated in a currency other than Sterling so would be unaffected by interest rate movements in other jurisdictions.

If UK interest rates had been 1% higher or lower, the Group's other comprehensive income would increase or decrease by £683,000 or £696,000 respectively (2017: £353,000 or £356,000 respectively). This is as a result of the changes to the fair value of the Group's interest rate swaps that are designated as cash flow hedges.

Foreign currency risk

The Group operates internationally and is therefore affected by movements in foreign exchange rates, particularly the US Dollar and Euro. This is largely through the retranslation of the Group's foreign operations' results and balances into Sterling. The Group has few other transactional currency exposures apart from certain foreign currency bank accounts and intercompany balances that are held between companies with different functional currencies.

It is the policy of the Group to consider entering into foreign currency contracts in order to manage the risk associated with the impact of changes in exchange rates on the Group's operating profit. The Group does not hedge foreign exchange risk that arises from the retranslation of overseas assets and liabilities. During the year, the Group took out foreign exchange contracts to cover a proportion of the Group's Euro and US Dollar denominated operating profit. These contracts were not accounted for as a hedge.

The following table demonstrates the sensitivity to reasonably possible changes in the US Dollar and Euro exchange rates, with all other variables held constant, of the Group's profit before tax. Since the majority of the Group's expenses are denominated in the same currency as the associated revenues, only the net profit is exposed to currency fluctuations.

	Strengthening/ (weakening) of Sterling	Effect on profit before tax 2018 £000	2017 £000
US Dollar	+10%	**(2,007)**	(1,464)
Euro	+10%	**(118)**	(211)
US Dollar	-10%	**2,453**	1,790
Euro	-10%	**144**	258

The following table demonstrates the sensitivity to reasonably possible changes in the US Dollar and Euro exchange rates, with all other variables held constant, of the Group's equity. The movement in equity arises from the translation of the Group's US and European net assets into Sterling.

	Strengthening/ (weakening) of Sterling	Effect on equity 2018 £000	2017 £000
US Dollar	+10%	**(16,095)**	(14,201)
Euro	+10%	**(2,391)**	(2,336)
US Dollar	-10%	**19,676**	17,356
Euro	-10%	**2,915**	2,855

Credit risk
Credit risk refers to the potential loss that the Group would incur if a debtor or other counterparty failed to fulfil its contractual obligations. The Group trades only with recognised and creditworthy third parties. Customers who wish to trade on credit terms are subject to credit verification procedures prior to credit being granted. In addition, receivable balances are closely monitored on an ongoing basis by each business with the result that the Group's exposure to bad debts has not been significant. There are no significant concentrations of credit risk within the Group. The Group has a minimal concentration of credit risk in relation to trade receivables as it trades with a large number of customers from a wide range of business segments and geographies.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents and derivative financial instruments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The credit risk on short-term deposits and derivative financial instruments is considered low since the majority of counterparties are banks with high credit ratings.

Liquidity risk
The Group manages liquidity risk by maintaining adequate reserves and undrawn banking facilities and by continuously monitoring the forecast and actual cash flows.

In February 2018, the Group completed an amend and extend of its banking facilities, as a result of which the Group had available a £75 million multi-currency revolving credit facility with a £40 million accordion option, committed until September 2021, together with a £5 million uncommitted overdraft. In July 2018, the Group exercised £30 million of its £40 million accordion facility, taking the revolving credit facility to £105 million with a £10 million accordion option.

The tables below summarise the maturity profile of the Group's financial liabilities at 31 December 2018 and 2017 based on contractual undiscounted payments.

At 31 December 2018	Within 1 year £000	1-2 years £000	2-3 years £000	3-4 years £000	4-5 years £000	5 years and beyond £000	Total £000
Interest-bearing loans and borrowings	**-**	**-**	**102,576**	**-**	**-**	**-**	**102,576**
Interest rate swap	**122**	**67**	**26**	**-**	**-**	**-**	**215**
Obligations under finance leases	**2**	**1**	**-**	**-**	**-**	**-**	**3**
Leasehold property provisions	**589**	**53**	**75**	**111**	**1,037**	**-**	**1,865**
Deferred consideration	**5,257**	**11,790**	**-**	**-**	**-**	**-**	**17,047**
Redemption liability	**-**	**-**	**5,704**	**9,864**	**781**	**-**	**16,349**
Trade and other payables[1]	**63,072**	**681**	**747**	**757**	**697**	**1,316**	**67,270**
	69,042	**12,592**	**109,128**	**10,732**	**2,515**	**1,316**	**205,325**

At 31 December 2017	Within 1 year £000	1-2 years £000	2-3 years £000	3-4 years £000	4-5 years £000	5 years and beyond £000	Total £000
Interest-bearing loans and borrowings	-	46,295	-	-	-	-	46,295
Interest rate swap	170	51	-	-	-	-	221
Obligations under finance leases	2	2	-	-	-	-	4
Leasehold property provisions	442	328	83	81	249	604	1,787
Trade and other payables[1,2]	56,259	766	430	419	401	1,006	59,281
	56,873	47,442	513	500	650	1,610	107,588

1 Balance excludes tax and social security creditors.
2 2017 restated for implementation of IFRS 15 (see Note 30).

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

21. Financial instruments continued

Fair values of financial liabilities and assets

All financial assets and financial liabilities have been recognised at their carrying values which are not materially different to their fair values.

Fair value measurement

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 December 2018	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial liabilities				
Interest rate swap	**-**	**215**	**-**	**215**
Deferred contingent consideration and redemption liability	**-**	**-**	**31,956**	**31,956**
	-	**215**	**31,956**	**32,171**

At 31 December 2017	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial liabilities				
Interest rate swap	-	221	-	221
	-	221	-	221

Valuation techniques used to derive Level 2 fair values

Level 2 derivatives comprise interest rate swaps. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves.

Valuation techniques used to derive Level 3 fair values

Deferred contingent consideration liabilities are valued using a discounted cash flow methodology. The liability is based on the acquired business' forecast average profits for the period from the date of acquisition to 31 December 2018. The significant unobservable inputs to this valuation include forecast average profits and the discount rate of 2.86% to 2.87%.

The sensitivity of this liability to changes in this discount rate is immaterial. A reconciliation of the movement in this balance is the provisions Note 19.

22. Borrowings

Interest-bearing loans and borrowings	Effective interest rate	**2018 £000**	2017 £000
Current			
Obligations under finance leases	2%	**(2)**	(2)
Bank overdrafts		**(357)**	(399)
		(359)	(401)
Non-current			
Obligations under finance leases	2%	**(1)**	(2)
Bank loan under fixed rate swap[1]	1.35% + margin (2017: 1.279% + margin)	**(25,000)**	(25,000)
Variable rate bank loan[1]	LIBOR + margin	**(74,214)**	(20,623)
Bank overdrafts		**-**	(63)
		(99,215)	(45,688)
At 31 December		**(99,574)**	(46,089)

1 The underlying liability for the above marked items was the £105 million committed revolving credit facility. The average margin in 2018 was 1.75% (2017: 1.9%) and varies depending on the Group's net debt to EBITDA ratio.

23. Called up share capital

Called up, fully allotted and fully paid	Deferred shares Number of shares	Deferred shares Nominal value £000	Ordinary shares Number of shares	Ordinary shares Nominal value £000	Total Nominal value £000
At 1 January 2017	212,012,343	103,886	330,310,609	3,302	107,188
Scrip dividends	-	-	1,547,559	15	15
At 31 December 2017	**212,012,343**	**103,886**	**331,858,168**	**3,317**	**107,203**
Scrip dividends	-	-	**1,138,298**	**11**	**11**
Share issue	-	-	**16,560,604**	**166**	**166**
At 31 December 2018	**212,012,343**	**103,886**	**349,557,070**	**3,494**	**107,380**

During the year, the following shares were issued:

- The scrip dividends relate to the scrip alternative taken up on the final 2017 dividend and the interim 2018 dividend. On 4 July 2018, 1,040,589 ordinary shares of 1p each were issued at 99.68p with a resulting share premium of £1,026,853. On 6 November 2018, 97,709 ordinary shares of 1p each were issued at 115.2p with a resulting share premium of £111,584.
- On 2 October 2018, 16,560,604 ordinary shares of 1p each were issued at 109.5p with a resulting share premium of £17,968,255.

During 2017, the following shares were issued:

- The scrip dividends relate to the scrip alternative taken up on the final 2016 dividend and the interim 2017 dividend. On 6 July 2017, 1,035,547 ordinary shares of 1p each were issued at 54.4p with a resulting share premium of £552,982. On 6 November 2017, 512,012 ordinary shares of 1p each were issued at 75.2p with a resulting share premium of £379,913.

24. Share-based payments

The share-based payment schemes for employees of the Group in operation throughout 2018 are summarised in the following table:

Name of scheme	Length of share option	Exercise period	Exercise price (pence)
Huntsworth schemes			
2006 Huntsworth Approved Executive Share Option Scheme	10 years	March 2019 - March 2026	43.84
2006 Huntsworth Unapproved Executive Share Option Scheme	10 years	September 2015 - March 2026	42.14-65.25
Huntsworth Performance Share Plan	10 years	May 2018 - May 2026	nil
Huntsworth Long Term Incentive Plan 2016	10 years	June 2019 - July 2027	nil
The Huntsworth 2016 Deferred Share Bonus Plan	10 years	March 2020 - October 2028	nil

Options are forfeited if the employee leaves the Group within the vesting period. Any share options which remain unexercised after the exercise period will expire. Certain grants of share options are also subject to specific performance conditions relevant to an employee, such as the Group's adjusted basic earnings per share and total shareholder return relative to a peer group. Specific details of the exercise conditions of options granted to Directors are set out in the Report of the Directors on Remuneration.

The following share options were outstanding under the Huntsworth share-based payment schemes at 31 December 2018 and 31 December 2017:

	2018 Number of share options	**2018** Weighted average exercise price (pence)	2017 Number of share options	2017 Weighted average exercise price (pence)
Outstanding at the beginning of the year	**14,824,820**	**13.2**	11,923,442	48.2
Granted during the year	**3,715,034**	**nil**	4,294,398	nil
Forfeited during the year	**(625,178)**	**nil**	(1,193,020)	92.2
Replaced during the year	**(208,588)**	**nil**	nil	nil
Exercised during the year	**(3,412,651)**	**13.9**	(200,000)	57.3
Outstanding at the end of the year	**14,293,437**	**10.41**	14,824,820	13.2
Exercisable at the end of the year	**2,725,000**	**47.0**	700,000	49.3

The weighted average share price at the date of exercise for share options exercised during the year was 98.29p (2017: 78.25p). The options outstanding at the end of the year have a weighted average remaining life of 6.0 years (2017: 7.3 years). The estimated average fair value of the options granted during the year is 72.29p (2017: 35.98p).

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

24. Share-based payments continued

Fair value of share options

The fair value of share options granted in 2018 and 2017 were calculated using either the Monte Carlo model or the Black-Scholes model. The inputs to these models were:

	2018	2017
Weighted average share price	**87.61**	43.86
Weighted average exercise price	**nil**	nil
Expected volatility	**38%-39%**	41%-46%
Expected life	**3 years**	3 years
Risk-free rate	**0.87%-0.93%**	0.17%-0.3%
Expected dividend yield	**2.18%-2.47%**	2.8%-4.22%

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The Group recognised a total charge of £1.4 million (2017: £1.3 million) related to equity-settled share-based transactions during the year.

25. Reserves

Share premium account

The share premium account is used to record the premium on shares issued.

Merger reserve

The merger reserve is used to record the premium on shares issued as consideration (both initial and deferred) for acquired businesses where the Group acquires 90% or more of the ordinary share capital of the acquired business.

There were no movements in the merger reserve in the current or prior year.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of overseas subsidiaries.

Hedging reserve

The hedging reserve is used to record the effective portion of the movements in the fair value of the Group's derivative financial instruments that qualify for hedge accounting and are deemed to be effective hedges.

Treasury shares

Pursuant to the settlement of share options, 1,686,681 shares were transferred at nil cost to the Huntsworth Employee Benefit Trust. As at 31 December 2018 the Group held no shares (2017: 1,686,681 shares) in treasury.

Put option reserve

The put option reserve relates to simultaneous put/call options over the non-controlling interests' equity share in subsidiaries. This arose in 2018 on the acquisitions in the year (Note 3).

Investment in own shares

Investment in own shares represents the cost of own shares acquired in the Company by the Huntsworth Employee Benefit Trust and other Employee Benefit Trusts ('the Trusts'). The purpose of the Trusts is to facilitate and encourage the ownership of shares by employees, by acquiring shares in the Company and distributing them in accordance with employee share schemes. The Trusts may operate in conjunction with the Company's existing share option schemes and other share schemes that may apply from time to time.

Pursuant to the settlement of share options, the Trusts transferred 3,412,651 shares to employees and past employees (2017: 200,000 shares), for proceeds of £473,791 (2017: £114,500).

During 2018 1,686,681 treasury shares were transferred at nil cost to the Huntsworth Employee Benefit Trust. The Trusts did not purchase any shares in 2017. At 31 December 2018 the Trusts held 0.6 million shares (2017: 2.2 million shares) in the Company which had a market value at 31 December 2018 of £0.7 million (2017: £1.8 million).

Non-controlling interest

Non-controlling interest is the equity in a subsidiary not attributable to the Group. Movements in the year comprise the balance recognised at acquisition of £14.3 million, profit attribution of £0.4 million and dividends paid of £0.2 million. There was no non-controlling interest in 2017.

26. Commitments and contingent liabilities

Operating leases – Group as a lessee

The Group has entered into commercial property leases and leases on certain items of office furniture and equipment.

Future minimum rentals payable under non-cancellable operating leases as at 31 December 2018 and 31 December 2017, are as follows:

	2018 £000	2017 £000
Within one year	**9,704**	7,745
Within two to five years	**28,569**	16,921
Over five years	**7,294**	6,721
	45,567	31,387

Operating leases – Group as a lessor

The Group has entered into commercial property leases over the Group's surplus office buildings.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December 2018 and 31 December 2017 are as follows:

	2018 £000	2017 £000
Within one year	**361**	339
Within two to five years	**893**	1,044
Over five years	**-**	47
	1,254	1,430

Contingent liabilities

In the normal course of business, the Group is, from time to time, subjected to legal actions, contractual disputes, employment claims and tax assessments. In the opinion of the Directors the ultimate resolution of these matters will not have a material adverse effect on the consolidated financial statements.

The Company and its subsidiaries have entered into a number of indemnifications, performance and financial guarantees, in the normal course of business, which gives rise to obligations to pay amounts or fulfil obligations to external parties should certain conditions not be met or specified events occur. As at the date of this report, no matter has come to the attention of the Group which indicates that any material outflow will occur as a result of these indemnities and guarantees.

In accordance with Section 479A of the Companies Act, the following subsidiary companies are exempt from the requirement to have their annual accounts audited:

Huntsworth Financial Group Limited (1076928)	Grayling (CEE) Limited (05894329)	Huntsworth Healthcare Group Limited (05143203)
Atomic Communications Holdings Limited (06927174)	Grayling Dormant 1 Limited (06964179)	Huntsworth Holdings Limited (05595445)
Grayling International Limited (05066506)	Huntsworth Investments Limited (01894682)	Grayling UK Limited (01593981)
IG Communications Limited (02005521)	Ballard Associates Limited (01636136)	Brand Health International Limited (02018312)
Hatch Group Limited (04091382)	Quiller Associates Limited (04472442)	HS Corporate Investments Limited (05794494)
Huntsworth (CB) Limited (01895906)	Citigate Public Affairs Limited (00938798)	The Red Consultancy Group Limited (03528313)
Huntsworth Communications Limited (06025252)	Trimedia Communications UK Limited (04091732)	Dewe Rogerson Limited (00960343)
Maclaurin Ltd (02973057)	Hatch International Limited (04091288)	Huntsworth (I2) Limited (05135366)
Fred Communications Limited (06179972)	The Red Consultancy Limited (02913684)	The Quiller Consultancy Limited (03609582)
Atomic PR UK Limited (06928056)	ApotheCom Scope Medical Limited (03692001)	Tonic Life Communications Limited (05077475)

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

26. Commitments and contingent liabilities continued

Contingent liabilities continued

Citigate Dewe Rogerson Limited (02184041)	Huntsworth Dormant 7 Limited (01951092)	Grayling Communications Limited (03140273)
Shiny Red Limited (05893962)	Huntsworth Health Limited (03193979)	Holmes & Marchant Communications Limited (01766310)
The Creative Engagement Group Limited (10824165)	WRG Worldwide Limited (07661987)	Canyon Associates Limited (06015141)
WRG Group Limited (03552198)	Mainstream Presentations Limited (02268867)	Mainstream Limited (03927635)
WRG Creative Communication Limited (01244084)	Just Communicate Limited (04100166)	WRG Public Events Limited (02610689)
The Moment Content Group Limited (09209488)	The Moment Content Company Limited (03962001)	The Rocket Science Group Holdings Limited (03048838)
The Moment Productions Limited (05493387)	Conscientia Communication Limited (07609633)	

27. Cash flow analysis

(a) Reconciliation of operating profit to net cash inflow from operations

	2018 £000	2017 £000
Operating profit	**31,363**	24,906
Share of profit from associate	**(267)**	(167)
Depreciation	**3,234**	2,992
Share option charge	**1,418**	1,289
Loss/(profit) on disposal of property, plant and equipment	**3**	(13)
Amortisation of intangible assets	**3,854**	1,685
Loss/(gain) on financial instruments	**767**	(154)
Profit on disposal of subsidiaries and investments	**(921)**	(321)
Decrease/(increase) in work in progress	**3,536**	(1,438)
Increase in debtors	**(8,239)**	(830)
(Decrease)/increase in creditors	**(10,890)**	1,325
Decrease in provisions	**(1,758)**	(1,777)
Net cash inflow from operations	**22,100**	27,497

Net cash inflow from operations is analysed as follows:

	2018 £000	2017 £000
Before highlighted items	**23,449**	29,825
Highlighted items	**(1,349)**	(2,328)
Net cash inflow from operations	**22,100**	27,497

(b) Reconciliation of net cash flow to movement in net debt

				Non-cash changes			
	2017 £000	Cash flow £000	Acquisitions £000	Amortisation £000	Fair value changes £000	Foreign exchange £000	2018 £000
Cash and short-term deposits	10,054	6,752	5,474	-	-	507	**22,787**
Overdraft	(399)	94	-	-	-	(52)	**(357)**
Bank loans	(45,686)	(53,247)	-	(281)	-	-	**(99,214)**
Derivative financial liabilities	(221)	943	-	-	(937)	-	**(215)**
Finance leases	(4)	1	-	-	-	-	**(3)**
Net debt	(36,256)	(45,457)	5,474	(281)	(937)	455	**(77,002)**

	2016 £000	Cash flow £000	Non-cash changes: Amortisation £000	Non-cash changes: Fair value changes £000	Non-cash changes: Foreign exchange £000	2017 £000
Cash and short-term deposits	14,978	(4,381)	-	-	(543)	10,054
Overdraft	(495)	56	-	-	40	(399)
Bank loans	(45,412)	-	(274)	-	-	(45,686)
Derivative financial liabilities	(679)	248	-	210	-	(221)
Finance leases	(6)	2	-	-	-	(4)
Net debt	(31,614)	(4,075)	(274)	210	(503)	(36,256)

(c) Analysis of net debt

	2018 £000	2017 £000
Cash and short-term deposits	**22,787**	10,054
Bank overdraft	**(357)**	(399)
Bank loans	**(99,214)**	(45,686)
Derivative financial liabilities	**(215)**	(221)
Obligations under finance leases	**(3)**	(4)
Net debt	**(77,002)**	(36,256)

At 31 December 2018 the Group had undrawn committed facilities of £4.1 million (2017: £28.1 million) available.

28. Related party transactions

The ultimate controlling party of the Group is Huntsworth plc (incorporated in the United Kingdom). The Group has a related party relationship with its subsidiaries and associates (Appendix 2) and with its Directors.

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Compensation of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below:

	2018 £000	2017 £000
Short-term benefits	**2,296**	2,539
Share-based payment charge	**917**	1,001
	3,213	3,540

Transactions with other related parties

The following transactions occurred with related parties:

	2018 £000	2017 £000
Sales and purchases of services		
Sale of services to associates (Revenue)	**32**	-
	32	-

Outstanding balances arising from sales/purchases of services

The following balances are outstanding at the end of the reporting year in relation to transactions with related parties:

	2018 £000	2017 £000
Current payables (purchases of services)		
Due from associates	**-**	16
	-	16

Terms and conditions

Services were sold to associates during the year based on the price lists in force and terms that would be available to third parties. Outstanding balances with associates are unsecured and are repayable in cash.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2018

29. Post balance sheet events

After the year end, in February 2019, the Group completed a further amend and extend of its facility, as a result of which the Group has available a £130 million multi-currency revolving credit facility with a £50 million accordion option, committed until March 2023, together with a £5 million uncommitted overdraft and a $10 million uncommitted overdraft.

30. Restatement of prior year

Restatement of results for the year ended 31 December 2017.

The results for the year ended 31 December 2017 have been restated following the adoption in 2018 of IFRS 15 Revenue from Contracts with Customers.

This resulted in the Consolidated Balance Sheet at 31 December 2017 being adjusted for the reclassification of £4.5m of deferred income against trade receivables, for amounts that have been invoiced and where services have not yet been provided and amounts are not yet due.

There were no adjustments to opening accumulated losses at 1 January 2018.

Consolidated Balance Sheet
As at 31 December 2017

	Previously reported £000	IFRS 15 adjustment net down £000	Restated £000
Non-current assets	193,991	-	193,991
Current assets: Trade and other receivables	66,372	(4,465)	61,907
Other current assets	19,994	-	19,994
Total assets	280,357	(4,465)	275,892
Current liabilities: Deferred income	(10,583)	4,465	(6,118)
Current liabilities: Trade and Other Payables excluding deferred income	(56,982)	-	(56,982)
Other current liabilities	(2,638)	-	(2,638)
Non-current liabilities	(52,753)	-	(52,753)
Total liabilities	(122,956)	4,465	(118,491)
Net assets	157,401	-	157,401

Independent Auditors' Report

To the members of Huntsworth plc

Report on the audit of the Parent Company financial statements

Opinion

In our opinion, Huntsworth plc's Parent Company financial statements ('the financial statements'):

- give a true and fair view of the state of the Parent Company's affairs as at 31 December 2018;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts ('the Annual Report'), which comprise: the Company Balance Sheet as at 31 December 2018; the Company Statement of Changes in Equity for the year then ended; and the notes to the Company financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent company.

Other than those disclosed in note 5 to the consolidated financial statements, we have provided no non-audit services to the Group and its subsidiaries in the period from 1 January 2018 to 31 December 2018.

Our audit approach
Overview

Materiality	• Overall materiality: £2.54 million (2017: £2.38 million), based on 1% of net assets.
Audit Scope	• We carried out audit procedures on the complete financial information on the Parent Company.
Key Audit Matters	• Risk of impairment in relation to investments in subsidiaries.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the Parent Company and the industry in which it operates, and considered the risk of acts by the Parent Company which were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the Parent Company's financial statements, including, but not limited to, the Companies Act 2006, the Listing Rules and UK tax legislation. Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation, review of correspondence with the regulators, review of correspondence with legal advisors, enquiries of management and review of internal audit reports in so far as they related to the financial statements. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

Independent Auditors' Report continued

To the members of Huntsworth plc

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, 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. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Impairment of investment in subsidiaries and associates *Refer to page 43 (Audit Committee Report), page 130 (Significant Accounting Policies) and page 132 (notes).* The Company has £229.9 million of investments in subsidiaries and associates as at 31 December 2018 (2017: £229.5 million). Determining if an impairment charge is required involves an assessment of the net assets of the underlying investments and judgement about the future results and cash flows of the subsidiaries, including forecast growth in future revenues and operating profit margins. The Directors' impairment assessment showed that no impairment was required against investments in subsidiaries and associates as at 31 December 2018.	We reviewed management's impairment assessment for investments in subsidiaries and associates which included comparing the investments' carrying value against the net assets of the investment, and by reference to the discounted future cash flows the Directors expect the investment to generate. We challenged the Directors assumptions used in these discounted cash flow models including growth rates, discount rate and cash flows from operations. In addition, we confirmed the market capitalisation of the Group exceeded the net asset position of the Company as at 31 December 2018. For all investments, the Directors determined that no impairment was required. We found that these judgements were supported by reasonable assumptions that would require significant downside changes before any impairment charges would be necessary.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Parent Company, the accounting processes and controls, and the industry in which it operates.

We scoped the balances to be audited in line with the materiality determined for the year.

Materiality

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

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£2.54 million (2017: £2.38 million).
How we determined it	1% of net assets.
Rationale for benchmark applied	We believe that net assets is the primary measure used by the shareholders in assessing the position of the entity, and is a generally accepted auditing benchmark.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £73,000 (2017: £59,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

For the purpose of the group audit, materiality of £550,000 was applied for the Parent Company.

Going concern
In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Parent Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. As not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.
We are required to report if the Directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (*CA06*), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (*CA06*)

In light of the knowledge and understanding of the Parent Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (*CA06*)

Corporate Governance Statement
In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on page 41) about internal controls and risk management systems in relation to financial reporting processes and about share capital structures in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA ('DTR') is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (*CA06*)

In light of the knowledge and understanding of the Parent Company and its environment obtained in the course of the audit, we did not identify any material misstatements in this information. (*CA06*)

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on page 41) with respect to the Parent Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. (*CA06*)

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Parent Company. (*CA06*)

Independent Auditors' Report continued

To the members of Huntsworth plc

The Directors' assessment of the prospects of the Parent Company and of the principal risks that would threaten the solvency or liquidity of the Parent Company

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 72 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Parent Company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on pages 76 to 77 of the Annual Report as to how they have assessed the prospects of the Parent Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Parent Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Parent Company and statement in relation to the longer-term viability of the Parent Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code ('the Code'); and considering whether the statements are consistent with the knowledge and understanding of the Parent Company and its environment obtained in the course of the audit. (*Listing Rules*)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the Directors, on pages 76 to 77, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Parent Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Parent Company obtained in the course of performing our audit.
- The section of the Annual Report on pages 42 to 45 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The Directors' statement relating to the Parent Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (*CA06*)

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on pages 76 to 77, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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 Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the Directors on 6 December 2016 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is three years, covering the years ended 31 December 2016 to 31 December 2018.

Other matter

We have reported separately on the Group financial statements of Huntsworth plc for the year ended 31 December 2018.

Arif Ahmad
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
4 March 2019

Company Balance Sheet

As at 31 December 2018

	Notes	2018 £000	2017 £000
Fixed assets			
Tangible fixed assets	5	**76**	80
Investments	6	**229,924**	229,511
		230,000	229,591
Current assets			
Debtors	7	**275,751**	190,432
Cash at bank and in hand		**1,269**	1,704
		277,020	192,136
Creditors: amounts falling due within one year	9	**(149,777)**	(131,337)
Net current assets		**127,243**	60,799
Total assets less current liabilities		**357,243**	290,390
Creditors: amounts falling due after more than one year			
Bank loans		**(103,422)**	(52,571)
Derivative financial liabilities	10	**(93)**	(51)
Net assets		**253,728**	237,768
Capital and reserves	12	**107,380**	107,203
Called up share capital			
Share premium account	14	**82,423**	63,843
Merger reserve	14	**29,468**	29,468
Other reserves	14	**6,826**	6,413
Hedging reserve	14	**(215)**	(221)
Treasury shares	14	**-**	(1,166)
Investment in own shares held in Employee Benefit Trust	14	**(445)**	(1,587)
Profit and loss account		**28,291**	33,815
Total shareholders' funds		**253,728**	237,768

Profit attributable to members of Huntsworth plc

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Parent Company is not presented as part of these financial statements. The profit for the year amounted to £1.9 million (2017 profit: £14.2 million).

The Company number is 1729478.

These financial statements were approved by the Board of Directors on 4 March 2019 and signed on their behalf by:

Neil Jones
Director

Company Statement of Changes in Equity

For the year ended 31 December 2018

	Called up share capital £000	Share premium account £000	Merger reserve £000	Other reserves £000	Hedging reserve £000	Treasury shares £000	Investment in own shares £000	Profit and loss account £000	Total £000
At 1 January 2017	107,188	62,926	29,468	6,175	(525)	(1,166)	(1,693)	23,986	226,359
Profit for the year	-	-	-	-	-	-	-	14,223	14,223
Other comprehensive income/(expense)	-	-	-	-	304	-	-	(58)	246
Settlement of share options	-	-	-	-	-	-	106	9	115
Share issue costs	-	(16)	-	-	-	-	-	-	(16)
Share-based payments	-	-	-	238	-	-	-	1,051	1,289
Tax on share-based payments	-	-	-	-	-	-	-	482	482
Scrip dividends	15	933	-	-	-	-	-	-	948
Equity dividends	-	-	-	-	-	-	-	(5,878)	(5,878)
At 31 December 2017	**107,203**	**63,843**	**29,468**	**6,413**	**(221)**	**(1,166)**	**(1,587)**	**33,815**	**237,768**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,915**	**1,915**
Other comprehensive income/(expense)	**-**	**-**	**-**	**-**	**6**	**-**	**-**	**(1)**	**5**
Purchase of own shares	**-**	**-**	**-**	**-**	**-**	**-**	**(172)**	**-**	**(172)**
Shares issued for acquisitions	**166**	**17,968**	**-**	**-**	**-**	**-**	**-**	**-**	**18,134**
Settlement of share options	**-**	**-**	**-**	**-**	**-**	**-**	**2,480**	**(2,006)**	**474**
Share issue costs	**-**	**(526)**	**-**	**-**	**-**	**-**	**-**	**-**	**(526)**
Share-based payments	**-**	**-**	**-**	**413**	**-**	**-**	**-**	**1,005**	**1,418**
Tax on share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**632**	**632**
Scrip dividends	**11**	**1,138**	**-**	**-**	**-**	**-**	**-**	**-**	**1,149**
Equity dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(7,069)**	**(7,069)**
Transfers	**-**	**-**	**-**	**-**	**-**	**1,166**	**(1,166)**	**-**	**-**
At 31 December 2018	**107,380**	**82,423**	**29,468**	**6,826**	**(215)**	**-**	**(445)**	**28,291**	**253,728**

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

1. General information
Huntsworth plc ('the Company') is the head office of an international healthcare and medical communication services group. The Company is a publicly listed company, limited by shares, and is incorporated and domiciled in the UK. The address of its registered office is 8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN.

2. Basis of preparation
The Company financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') for all periods presented. The financial statements have been prepared under the historical cost convention, as modified by derivative financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2018. These policies have been consistently applied to all the years presented unless otherwise stated.

The Company has taken advantage of the following disclosure exemptions under FRS 101:
- the requirements of paragraphs 45(b) and 46 - 52 of IFRS 2 Share-based Payments;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67of IFRS 3 Business Combinations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  i. paragraph 79(a)(iv) of IAS 1;
  ii. paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  iii. paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 39(c), 16, 38A, 38B - D, 111 and 134 - 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 134(d) - 134(f) and 135(c) - 135(e) of IAS 36 Impairment of Assets.

New and amended standards adopted by the Company
The Company has applied the following standards and amendments for the first time for the annual reporting year commencing 1 January 2018:
- IFRS 9 Financial Instruments;
- IFRS 15 Revenue from Contracts with Customers;
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts;
- Interpretation IFRIC 22: Foreign Currency Transactions and Advance Consideration;
- Amendments to IAS 40: Transfer of Investment Property;
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions;
- Annual improvements to IFRS Standards 2014-2016 Cycle (certain items effective from 1 January 2017).

The adoption of these standards and interpretations has not led to any changes to the Company's accounting policies or had any other material impact on the financial position or performance of the Company.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. It is based on the transfer of control of goods and services to customers and replaces the separate models for goods, services and construction contracts previously included in IAS 11 Construction Contracts and IAS 18 Revenue. The major change is the requirement to identify and assess the satisfaction of delivery of each performance obligation in contracts in order to recognise revenue. Furthermore, there is a requirement to net down deferred income against trade receivables for amounts that have been invoiced but are not yet due.

Following an assessment of the financial impact of the changes required from the adoption of this new standard, there is no change to the profit of the Company and no change to the Company's Balance Sheet.

IFRS 9 Financial Instruments
IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies, however no adjustments to the amounts recognised in the financial statements were required. Refer to the Financial assets accounting policy.

New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

As permitted by Section 408 of the Companies Act 2006, Huntsworth plc has not presented its own profit and loss account. The Company's significant accounting policies are set out below.

3. Significant accounting policies

Tangible fixed assets
Tangible fixed assets are stated at their historical cost less accumulated depreciation and any recognised impairment losses. Depreciation is charged so as to write off the cost of tangible fixed assets, less the estimated residual value, on a straight-line basis over the expected useful economic life of the assets concerned. The principal annual rates used for this purpose are:
- Equipment, fixtures and fittings 15%-35%

The carrying values of tangible fixed assets are reviewed for impairment annually or more frequently if events or changes in circumstances indicate the carrying value may not be recoverable.

Trade and other receivables
Trade debtors are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision for impairment is made when there is objective evidence that the Company will not be able to recover balances in full.

Provision for impairment is made when there is objective evidence that the Company will not be able to recover balances in full.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2018 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information.

Balances are written off when the possibility of recovery is assessed as being remote.

Current tax
Current tax is provided at amounts expected to be paid (or recovered) using the tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax
Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:
- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities.

Notes to the Company Financial Statements continued

for the year ended 31 December 2018

3. Significant accounting policies continued

Foreign currencies

Sterling is the functional currency and presentational currency of the Company. Transactions denominated in foreign currencies are initially translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date and the resulting gains and losses are recorded in the profit and loss account.

Investments

Investments are recognised and carried at cost less any identified impairment losses at the end of each reporting period.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the profit and loss account. Central costs are not allocated to individual investments.

Financial assets

Initial recognition and measurement

Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit and loss, loans and receivables or available for sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and short-term deposits.

Loans and receivables

All Company financial assets are classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the profit and loss account. The losses arising from impairment are recognised in the profit and loss account in other operating expenses.

Derecognition of financial assets

A financial asset is derecognised when (i) the rights to receive cash flows from the asset have expired or (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

Provision for impairment is made when there is objective evidence that the Company will not be able to recover balances in full.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for debtors.

Balances are written off when the possibility of recovery is assessed as being remote.

Operating lease commitments

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the profit and loss account on a straight-line basis over the lease term.

Share-based payments

The Company awards equity-settled share-based payments to certain employees. These are measured at fair value at the date of grant. The fair value of the equity-settled share-based payments is recognised in the profit and loss account as an expense spread straight-line over the relevant vesting period, based on the Company's estimate of the number of awards that will eventually vest. At each balance sheet date, the Company revises its estimate of the number of awards expected to vest, with the impact of any revision recognised in the profit and loss account, with a corresponding adjustment to equity reserves.

Loans and borrowings
Obligations for loans and borrowings are recognised when the Company becomes a party to the related contracts and are measured initially at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments
The Company uses derivative financial instruments to reduce its exposure to foreign exchange and interest rate movements. The Company does not hold or issue derivative financial instruments for financial trading purposes but derivatives that do not qualify for hedge accounting are accounted for at fair value through the profit and loss account. Derivative financial instruments are initially recognised at fair value at the contract date and continue to be stated at fair value at the balance sheet date, with gains and losses on revaluation being recognised immediately in the profit and loss account.

Employee share ownership plans
Shares in the Company held by the Employee Benefit Trust have been included within equity and are stated at cost.

Borrowing costs and finance income
Borrowing costs are recognised as an expense when incurred. Finance income is recognised as the interest accrues (using the effective interest rate method).

Significant accounting judgements and key sources of estimation uncertainty
In the application of the Company's accounting policies, the Directors are required to make judgements and assumptions about the future, based on historical experience and other factors which are considered to be relevant. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Carrying value of investments
The Company tests annually whether investments have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value in use calculations. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from each investment and a suitable discount rate in order to calculate present value. Central costs are not allocated to individual investments.

4. Employee information

The monthly average number of employees during the year was:

	2018 Number	2017 Number
Administration	**24**	24

Employee costs are as follows:

	2018 £000	2017 £000
Employee costs of all employees including Directors:		
Wages and salaries	**3,714**	3,987
Social security costs	**919**	1,227
Pension contributions	**62**	58
Share-based payment charge	**1,005**	1,050
Total employee costs	**5,700**	6,322

	2018 £000	2017 £000
Directors' emoluments	**3,213**	3,540
Number of Directors accruing benefits under:		
Defined contribution schemes	**-**	-

The Group makes contributions to employees' personal defined contribution pension plans.

Details of Executive and Non-Executive Directors' emoluments and their interests in shares and options of the Company are shown within the Report of the Directors on Remuneration in the sections 'Single total figure of remuneration', 'Statement of Directors' shareholdings' and 'Directors' interests in share awards'.

Notes to the Company Financial Statements continued

for the year ended 31 December 2018

5. Tangible fixed assets

	Equipment, fixtures and fittings £000	Total £000
Cost		
At 1 January 2018	331	331
Additions	40	40
Disposals	(222)	(222)
At 31 December 2018	**149**	**149**
Accumulated depreciation		
At 1 January 2018	251	251
Charge for the period	44	44
On disposals	(222)	(222)
At 31 December 2018	**73**	**73**
Net book value at 31 December 2018	**76**	**76**
Net book value at 31 December 2017	80	80

6. Investments

	Shares at cost £000	Loans to subsidiary undertakings £000	Total £000
Cost			
At 1 January 2017	293,531	40,139	333,670
Additions	238	25,973	26,211
At 1 January 2018	**293,769**	**66,112**	**359,881**
Additions	**413**	**-**	**413**
At 31 December 2018	**294,182**	**66,112**	**360,294**
Amounts provided			
At 1 January 2017	111,451	18,919	130,370
Impairment	-	-	-
At 1 January 2018	**111,451**	**18,919**	**130,370**
At 31 December 2018	**111,451**	**18,919**	**130,370**
Net book value at 31 December 2018	**182,731**	**47,193**	**229,924**
Net book value at 31 December 2017	182,318	47,193	229,511

The Company's principal trading subsidiaries and associated undertakings are listed in Appendix 2 to these financial statements.

Impairment testing
No impairment was recognised in the year and in the prior year.

7. Debtors

	2018 £000	2017 £000
Amounts owed by subsidiary undertakings	**273,888**	188,985
Trade debtors	**23**	7
Deferred tax	**1,271**	921
VAT receivable	**418**	394
Prepayments	**151**	125
	275,751	190,432

Amounts included in the above to be due after more than one year:	2018 £000	2017 £000
Deferred tax	**640**	921

8. Deferred tax

	Tax depreciation £000	Share-based payments £000	Other temporary differences £000	Total £000
At 1 January 2017	78	78	99	255
Credit to income	3	230	9	242
Debit to other comprehensive income	-	-	(58)	(58)
Credit to equity	-	482	-	482
At 31 December 2017 and 1 January 2018	**81**	**790**	**50**	**921**
(Debit) to expense/credit to income	**(21)**	**51**	**70**	**100**
Debit to other comprehensive income	**-**	**-**	**(1)**	**(1)**
Credit to equity	**-**	**251**	**-**	**251**
At 31 December 2018	**60**	**1,092**	**119**	**1,271**

The UK Government has enacted a reduction in the main rate of corporation tax to 17% with effect from 1 April 2020. The impact of this change is incorporated in the reported numbers.

9. Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	**54**	1
Amounts owed to subsidiary undertakings	**145,755**	127,041
Corporation tax	**-**	113
Other taxation and social security	**568**	447
Accruals	**2,645**	2,805
Derivative financial liability	**122**	170
Other creditors	**633**	760
	149,777	131,337

10. Derivative financial liabilities

The Company's principal financial instruments comprise bank loans, bank overdraft, loan notes, and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Company and its subsidiaries. The Company has various other financial assets and liabilities such as debtors and creditors, which arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate risk and foreign exchange risk. During the year, the Company had in place two interest rate swaps to manage the interest rate profile and took out foreign exchange contracts to manage the Group's foreign exchange exposure. For full disclosures of the financial instruments, refer to the consolidated financial statements (Note 21).

Notes to the Company Financial Statements continued

for the year ended 31 December 2018

11. Dividends

	2018 £000	2017 £000
Equity dividends on ordinary shares:		
Final dividend for the year ended 2017: 1.45p (2016: 1.25p)	**4,761**	4,078
Interim dividend for the year ended 2018: 0.7p (2017: 0.55p)	**2,308**	1,800
Total dividend expense	**7,069**	5,878

The total dividend includes a cash element of £5.9 million (2017: £4.9 million) and a scrip element of £1.1 million (2017: £0.9 million). Shareholdings under the Group's Employee Benefit Trust of 1,568,788 and 1,818,788 shares waived their rights to the 2017 final and 2018 interim dividends respectively (2017: 2,379,181 shares waived their rights to the 2016 final and 2017 interim dividend).

A 2018 final dividend of 1.6p per share has been proposed for approval at the Annual General Meeting in 2019.

12. Called up share capital

	Deferred shares		Ordinary shares		Total
Called up, fully allotted and fully paid	Number of shares	Nominal value £000	Number of shares	Nominal value £000	Nominal value £000
At 1 January 2017	212,012,343	103,886	330,310,609	3,302	107,188
Scrip dividends	-	-	1,547,559	15	15
At 31 December 2017	**212,012,343**	**103,886**	**331,858,168**	**3,317**	**107,203**
Scrip dividends	**-**	**-**	**1,138,298**	**11**	**11**
Share issue	**-**	**-**	**16,560,604**	**166**	**166**
At 31 December 2018	**212,012,343**	**103,886**	**349,557,070**	**3,494**	**107,380**

During the year, the following shares were issued:
- The scrip dividends relate to the scrip alternative taken up on the final 2017 dividend and the interim 2018 dividend. On 4 July 2018, 1,040,589 ordinary shares of 1p each were issued at 99.68p with a resulting share premium of £1,026,853. On 6 November 2018, 97,709 ordinary shares of 1p each were issued at 115.2p with a resulting share premium of £111,584.
- On 2 October 2018, 16,560,604 ordinary shares of 1p each were issued at 109.5p with a resulting share premium of £17,968,255.

During 2017, the following shares were issued:
- The scrip dividends relate to the scrip alternative taken up on the final 2016 dividend and the interim 2017 dividend. On 6 July 2017, 1,035,547 ordinary shares of 1p each were issued at 54.4p with a resulting share premium of £552,982. On 6 November 2017, 512,012 ordinary shares of 1p each were issued at 75.2p with a resulting share premium of £379,913.

13. Share-based payments

Name of scheme	Length of share option	Exercise period	Exercise price (pence)
Huntsworth share option schemes			
2006 Huntsworth Approved Executive Share Option Scheme	10 years	March 2019 - March 2026	43.84
2006 Huntsworth Unapproved Executive Share Option Scheme	10 years	April 2018 - April 2025	42.14
Huntsworth Performance Share Plan	10 years	May 2018 - March 2026	nil
Huntsworth Long Term Incentive Plan 2016	10 years	June 2019 - March 2028	nil
The Huntsworth 2016 Deferred Share Bonus Plan	10 years	March 2020 - March 2028	nil

Options are forfeited if the employee leaves the Group within the vesting period. Any share options which remain unexercised after the exercise period will expire. Certain grants of share options are also subject to specific performance conditions relevant to an employee, such as the Group's adjusted basic earnings per share and total shareholder return relative to a peer group. Specific details of the exercise conditions of options granted to Directors are set out in the Report of the Directors on Remuneration.

The following share options were outstanding under the Huntsworth share-based payment schemes at 31 December 2018 and 31 December 2017:

	2018		2017	
	Number of share options	Weighted average exercise price (pence)	Number of share options	Weighted average exercise price (pence)
Outstanding at the end of the year	**8,978,787**	**11.84**	10,523,698	10.10
Exercised during the year	**2,587,651**	**-**	-	-

The weighted average share price at the date of exercise for share options exercised during the year was 99.05 pence (2017: nil). The options outstanding at the end of the year have a weighted average remaining life of 5.9 years (2017: 7.1 years).

14. Reserves

Called up share capital
The balance classified as called up share capital includes the total net proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising £0.01 ordinary shares.

Share premium account
The share premium account is used to record the premium on shares issued.

Merger reserve
The merger reserve is used to record the premium on shares issued as consideration (both initial and deferred) for acquired businesses where the Group acquires 90% or more of the ordinary share capital of the acquired business.

There were no movements in the merger reserve in the current or prior year.

Treasury shares
Pursuant to the settlement of share options, 1,686,681 shares were transferred at nil cost to the Huntsworth Employee Benefit Trust. As at 31 December 2018 the Group held no shares (2017: 1,686,681 shares) in treasury.

Investment in own shares
Investment in own shares represents the cost of own shares acquired in the Company by the Huntsworth Employee Benefit Trust and other Employee Benefit Trusts ('the Trusts'). The purpose of the Trusts is to facilitate and encourage the ownership of shares by employees, by acquiring shares in the Company and distributing them in accordance with employee share schemes. The Trusts may operate in conjunction with the Company's existing share option schemes and other share schemes that may apply from time to time.

Pursuant to the settlement of share options, the Trusts transferred 3,412,651 shares to employees and past employees (2017: 200,000 shares), for proceeds of £473,791 (2017: £114,500).

During 2018 1,686,681 treasury shares were transferred at nil cost to the Huntsworth Employee Benefit Trust. The Trusts did not purchase any shares in 2017. At 31 December 2018 the Trusts held 0.6 million shares (2017: 2.2 million shares) in the Company which had a market value at 31 December 2018 of £0.7 million (2017: £1.8 million).

Hedging reserve
The hedging reserve is used to record the effective portion of the movements in the fair value of the Group's derivative financial instruments that qualify for hedge accounting and are deemed to be effective hedges.

Other reserves
The amount held in other reserves represents the credit to equity where Huntsworth plc grants rights in its equity instruments to employees of a subsidiary and such share-based compensation is accounted for as equity-settled in the consolidated financial statements. The credit represents a contribution from the Parent Company to its subsidiaries.

15. Related parties

Details of Executive and Non-Executive Directors' emoluments and their interests in shares and options of the Company are shown within the Report of the Directors on Remuneration in the sections 'Single total figure of remuneration', 'Statement of Directors' shareholdings' and 'Directors' interests in share awards'.

Notes to the Company Financial Statements continued

for the year ended 31 December 2018

16. Contingent liabilities

(i) The Company is registered with HM Revenue and Customs as a member of a Group for VAT purposes and, as a result, is jointly and severally liable on a continuing basis for amounts owing by any other members of that Group in respect of unpaid VAT. At the balance sheet date, the outstanding VAT liability in the other Group companies amounted to approximately £1.5 million (2017: £1.2 million).

(ii) In connection with the Group's banking and borrowing facilities, the Company and certain of its subsidiary undertakings have entered into cross-guarantee and indemnity arrangements with Lloyds Bank plc, Santander UK plc, Bank of Ireland and HSBC Bank plc.

(iii) In the normal course of business, the Company is, from time to time, subjected to legal actions, contractual disputes, employment claims and tax assessments. In the opinion of the Directors, the ultimate resolution of these matters will not have a material adverse effect on the Company.

(iv) The Company has entered into a number of indemnifications, performance and financial guarantees, in the normal course of business, which gives rise to obligations to pay amounts or fulfil obligations to external parties should certain conditions not be met or specified events occur. As at the date of this report, no matter has come to the attention of the Company which indicates that any material outflow will occur as a result of these indemnities and guarantees.

17. Post balance sheet events

After the year end, in February 2019, the Group completed a further amend and extend of its facility, as a result of which the Group has available a £130 million multi-currency revolving credit facility with a £50 million accordion option, committed until March 2023, together with a £5 million uncommitted overdraft and a $10 million uncommitted overdraft.

Appendix 1 – Non-IFRS Measures

This report makes reference to various non-IFRS measures, which are defined below. All performance-based measures are presented to provide insight into ongoing profit generation, both individually and relative to other companies.

Headline operating profit/profit before tax

Calculated as operating profit/profit before tax excluding highlighted items. Highlighted items comprise amortisation of intangible assets, acquisition and transaction related costs, remeasurement of deferred consideration and disposal related credits as well as imputed interest on deferred consideration and redemption liability. Both headline profit and IFRS profit measures are presented in the income statement. An analysis of highlighted items is presented in Note 6.

Margin

Headline operating profit as a percentage of revenue.

Headline basic and diluted EPS

Headline basic EPS is calculated using profit for the period before highlighted items. Headline diluted EPS is the same calculation but takes into account the impact of share options in issue and deferred consideration that could be settled in shares. Details of the underlying inputs to headline and IFRS measures of EPS are included in Note 11.

Net debt

Net debt is the total of current and non-current borrowings and derivative financial instruments, less cash and cash equivalents. The Group uses this as a measure of indebtedness. An analysis of net debt is included in Note 27.

Cash conversion

Cash conversion is the net cash inflow from operations before highlighted items expressed as a percentage of adjusted operating profit and provides an understanding of how much profit the Group has converted to cash.

Highlighted cash flows are the cash flows directly attributable to the items presented within highlighted items in the income statement. A reconciliation of the difference between cash flows before highlighted items and IFRS cash flows is included in Note 27.

Effective tax rate

The effective tax rate is the total tax charge incurred by the Group on headline profit before tax, expressed as a percentage. This provides a more comparable basis to analyse our tax rate both individually and relative to other companies.

Like-for-like

Like-for-like results are stated at constant exchange rates and excluding the effect of acquisitions and business closures. Constant currency results are calculated by translating prior period foreign currency results using the current period exchange rate. This provides insight into the organic growth of the business. A reconciliation of the material adjustments made between IFRS revenues and operating profit and like-for-like results are included in the table below:

Revenue

Year ended 31 December 2018	**Marketing £000**	**Medical £000**	**Immersive £000**	**Communications £000**	**Total Group £000**
Segmental revenue (Note 4)	**82,000**	**34,162**	**35,423**	**73,371**	**224,956**
Business closures	**-**	**-**	**-**	**-**	**-**
Acquisitions	**(14,272)**	**-**	**(15,529)**	**-**	**(29,801)**
Like-for-like revenue	**67,728**	**34,162**	**19,894**	**73,371**	**195,155**

Year ended 31 December 2017	Marketing £000	Medical £000	Immersive £000	Communications £000	Total Group £000
Segmental revenue (Note 4)	73,540	30,875	14,949	77,612	196,976
Constant exchange rates	(2,231)	(622)	(87)	(272)	(3,212)
Business closures	(1,322)	-	-	-	(1,322)
Like-for-like revenue	69,987	30,253	14,862	77,340	192,442

Appendix 1 – Non-IFRS Measures continued

Like-for-like continued

Operating profit before highlighted items

Year ended 31 December 2018	**Marketing £000**	**Medical £000**	**Immersive £000**	**Communications £000**	**Unallocated £000**	**Total Group £000**
Segmental operating profit (Note 4)	**20,012**	**9,774**	**5,117**	**5,989**	**-**	**40,892**
Unallocated costs	**-**	**-**	**-**	**-**	**(7,965)**	**(7,965)**
Share of profit from associate	**-**	**-**	**-**	**-**	**267**	**267**
Foreign exchange	**18**	**(12)**	**152**	**140**	**1,127**	**1,425**
Business closures	**(143)**	**-**	**-**	**6**	**-**	**(137)**
Acquisitions	**(3,897)**	**-**	**(2,267)**	**-**	**-**	**(6,164)**
Like-for-like operating profit before highlighted items	**15,990**	**9,762**	**3,002**	**6,135**	**(6,571)**	**28,318**

Year ended 31 December 2017	Marketing £000	Medical £000	Immersive £000	Communications £000	Unallocated £000	Total Group £000
Segmental operating profit (Note 4)	15,509	8,315	1,853	7,006	-	32,683
Unallocated costs	-	-	-	-	(6,477)	(6,477)
Share of profit from associate	-	-	-	-	167	167
Foreign exchange	8	-	(21)	126	(1,272)	(1,159)
Constant exchange rates	(446)	(122)	11	187	8	(362)
Business closures	351	-	-	(7)	-	344
Like-for-like operating profit before highlighted items	15,422	8,193	1,843	7,312	(7,574)	25,196

Appendix 2 – Subsidiaries and Associates

This appendix forms part of the financial statements.

The Group consists of the Parent Company, Huntsworth plc, and a number of subsidiaries held both directly and indirectly by Huntsworth plc, which operate and are incorporated around the world. Details of the Company's subsidiary undertakings at 31 December 2018 are set out below.

There are no significant restrictions on the ability of the Group to access or use assets and settle liabilities.

Trading companies – Marketing segment

Subsidiary undertaking	Registered office	% of shares held directly by Parent	% of shares held directly by Group
Evoke Health LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Firsthand Group LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Huntsworth Health Corporation	1 S Broad St., Philadelphia, PA 19107, United States	0%	100%
Huntsworth Health Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Health Singapore Private Limited	55 Market Street, #02-02, 048941, Singapore	100%	100%
Tonic Life Communications Asia Pacific Limited	15/F., Chinachem Hollywood Centre, 1 Hollywood Road, Central, Hong Kong	0%	100%
Tonic Life Communications Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	100%	100%
Traverse HealthStrategy LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Evoke Creative Strategies, LLC	1700 Montgomery Street St, STE 485, San Francisco CA 94111	0%	90.22%
Evoke Navience LLC	945 Tennis Avenue Ambler Montgomery PA 19002	0%	80%
AboveNation Media LLC	C/O Corporation Service company, 80 State Street, Albany, New York, 12207-2543	0%	75%

Trading companies – Medical segment

Subsidiary undertaking	Registered office	% of shares held directly by Parent	% of shares held directly by Group
ApotheCom ScopeMedical Inc.	United Corporate Services, Inc., 874 Walker Road, Ste C, Dover Delaware 19904, United States	0%	100%
ApotheCom ScopeMedical Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	100%	100%

Trading companies – Immersive segment

Subsidiary undertaking	Registered office	% of shares held directly by Parent	% of shares held directly by Group
Axiom Professional Health Learning LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Just Communicate Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
The Moment Content Company Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
The Moment Content Company LLC	2711 Centreville Road, Suite 400, City of Wilmington 19808, County of New Castle, United States	0%	100%
WRG Creative Communication Inc.	2711 Centreville Road, Suite 400, City of Wilmington 19808, County of New Castle, United States	0%	100%
WRG Creative Communication Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%

Appendix 2 – Subsidiaries and Associates continued

Trading companies – Communications segment

Subsidiary undertaking	Registered office	% of shares held directly by Parent	% of shares held directly by Group
Atomic Communications LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Citigate Asia Limited	15/F Chinachem Hollywood Centre, 1 Hollywood Road, Central, Hong Kong	0%	100%
Citigate Dewe Rogerson (Beijing) Consulting Services Co., Ltd	1506A, Floor 15, Avic Building, No. B10 East Third Ring Road, Beijing 100022, China	0%	100%
Citigate Dewe Rogerson Limited[1]	3rd Floor, 3 London Wall Buildings, London Wall, London, EC2M 5SY, England	100%	100%
Citigate Dewe Rogerson, i.Mage Pte Limited	55 Market Street, #02-02, 048941, Singapore	0%	100%
Citigate First Financial B.V.	James Wattstraat 100-10, 1097 DM Amsterdam, The Netherlands	0%	100%
Dutko Worldwide, LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Grayling (Shanghai) Public Relations Consulting Co., Limited	Room 801, Floor 8, F659 Building, Nanjing West Road, Jing'an District, Shanghai, China	0%	100%
Grayling Asia Pte Limited	55 Market Street, #02-02, 048941, Singapore	0%	100%
Grayling Austria GmbH	Siebensterngasse 31, 1070 Wien, Austria	0%	100%
Grayling Bulgaria EOOD	9 Positano Str., Entry B Floor 2 1000 Sofia, Bulgaria	0%	100%
Grayling China Limited	1901 Chinachem Hollywood Centre, 1 Hollywood Road, Central, Hong Kong	0%	100%
Grayling Communications Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Grayling Comunicacion, S.L.	Paseo de la Castellana, 8, 5-izq., 28046 Madrid, Spain	0%	100%
Grayling Czech Republic s.r.o.	Palackého 740/1, 110 00 Prague 1, Czech Republic	0%	100%
Grayling d.o.o.	Kralja Drzislava 4, 10000 Zagreb, Croatia	0%	100%
Grayling d.o.o.	Gospodar Jovanova 81, 11000 Belgrade, Serbia	0%	100%
Grayling d.o.o.	Dunajska 5, 7th Floor, 1000 Ljubljana, Slovenia	0%	100%
Grayling Deutschland GmbH	Hanauer Landstraße 147, 60314 Frankfurt am Main, Germany	0%	100%
Grayling Eurasia LLC	Krasnoproletarskaya Str. 16, Building 3, Entrance #8, Floor 5, Office 6, Moscow 127473, Russia	0%	100%
Grayling France SAS	43 rue de Rendez Vous, 75012 Paris, France	72.6%	100%
Grayling Hungary Kft	Teréz krt. 46., 1066 Budapest, Hungary	0%	100%
Grayling Kenya Limited	2nd Floor, Wing A, Apollo Centre, Ring Road Parklands, Westlands PO Box 764 00606, Sarit Centre, Nairobi, Kenya	0%	100%
Grayling Momentum Limited[2]	Craigmuir Chambers, PO Box 71, Road Town, Tortola, British Virgin Islands[3]	100%	100%
Grayling Nederland B.V.	James Wattstraat 100, 1097 DM Amsterdam, Netherlands	0%	100%
Grayling Poland Sp.z.o.o.	Equator II, Floor 5, Al. Jerozolimskie 96, Warsaw 00-807, Poland	0%	100%
Grayling Romania S.R.L.	Str Maltopol 9, Secturul 1, 011047, Bucharest, Romania	0%	100%
Grayling SA	Avenue des Arts, 46, 1000 Brussels, Belgium	0%	100%
Grayling Slovakia s.r.o.	Palisady 36, 811 06 Bratislava, Slovakia	0%	100%
Grayling Suisse SA	Strehlgasse 29, 8001 Zurich, Switzerland	12.1%	100%
Huntsworth Advertising LLC	4th Floor, Amideast building, Al Jami Al Akbar Street, Ghala Heights, Muscat, Oman	0%	70%
Rose & Kindel	608 University Avenue, Sacremento, CA CA95825, United States	0%	100%
Shiny Red Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
The Quiller Consultancy Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
The Red Consultancy Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%

Non-trading companies

Subsidiary undertaking	Registered office	% of shares held directly by Parent	% of shares held directly by Group
Atomic Communications Holdings Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	100%	100%
Atomic PR UK Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Ballard Associates Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Brand Health International Limited	3rd Floor, 3 London Wall Buildings, London Wall, London, EC2M 5SY, England	0%	100%
Canyon Associates Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Citigate Broad Street Inc.	1740 Broadway New York, New York, 10019, United States	0%	100%
Citigate Public Affairs Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Dewe Rogerson Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Evoke Group LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Grayling Communications, Inc.	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Grayling (CEE) Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	100%	100%
Grayling Dormant 1 Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Grayling Holdings AG	Niederdorfstrasse 88, 8001 Zurich, Switzerland	100%	100%
Grayling International AG	Zollikerstrasse 141, 8008 Zurich, Switzerland	1.7%	100%
Grayling International Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Grayling UK Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Hatch International Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
HHCG Acquisition LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Holmes & Marchant Communications Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
HS Corporate Investments Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	100%	100%
Huntsworth (CB) Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth (I2) Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Communications Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Financial Group Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Financial Holdings LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Huntsworth Financial LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Huntsworth Group LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Huntsworth Health North America LLC	800 Township Line Road, Yardley, PA 19067, United States	0%	100%
Huntsworth Healthcare Group Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Healthcare Group LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Huntsworth Holdings GmbH	Hanauer Landstraße 147, 60314 Frankfurt am Main, Germany	0%	100%
Huntsworth Holdings Inc.	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Huntsworth Holdings Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	100%	100%
Huntsworth Investments Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	100%	100%

Appendix 2 – Subsidiaries and Associates continued

Non-trading companies continued

Subsidiary undertaking	Registered office	% of shares held directly by Parent	% of shares held directly by Group
Huntsworth Ireland DAC	Harcourt Centre, Harcourt Road, Dublin 2, Ireland	0%	100%
Huntsworth Spain, S.L.	Paseo de la Castellana, 8, 5-izq., 28046 Madrid, Spain	0%	100%
Hypertonic LLC	c/o United Corporate Services, Inc., 874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
IG Communications Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
MacLaurin Ltd	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Mainstream Limited	Level 4 Merchants Warehouse, 21 Castle Street, Manchester, M3 4LZ, England	0%	100%
Mainstream Presentations Limited	Level 4 Merchants Warehouse, 21 Castle Street, Manchester, M3 4LZ, England	0%	100%
Quiller Associates Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
The Creative Engagement Group Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	100%	100%
The Moment Content Group Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
The Moment Productions Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
The Red Consultancy California LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
The Red Consultancy Group Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	100%	100%
The Red Consultancy USA LLC	Davis & Gilbert 1740 Broadway, New York, NY 10019, United States	0%	100%
The Rocket Science Group Holdings Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Tonic Life Communications Dallas LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Tonic Life Communications New York LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Trimedia Communications UK Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
WRG Group Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
WRG Public Events Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
WRG Worldwide Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Blocker Acquisition LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Huntsworth GCS Acquisition LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	88.23%
Huntsworth Giant, Inc	Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, Delaware, 19801	0%	100%
Giant Creative Holdings, LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	90.225%

Dormant companies

Subsidiary undertaking	Registered office	% of shares held directly by Parent	% of shares held directly by Group
Adamson Ussher Marketing Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	100%	100%
Alternate Resources Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Atlantic Group Holdings Limited	19 Thistle Street, Edinburgh, EH2 1DF, Scotland	0%	100%
Atlantic Public Relations Limited	19 Thistle Street, Edinburgh, EH2 1DF, Scotland	15%	100%
Avenue Healthcare Knowledge Management Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Axis Healthcare Europe Limited	3rd Floor, 3 London Wall Buildings, London Wall, London, EC2M 5SY, England	0%	100%
Beaumark Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Brand Health International Validation Limited	3rd Floor, 3 London Wall Buildings, London Wall, London, EC2M 5SY, England	0%	100%
Catalyst Communications Group Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Catalyst Publications Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
C-B Interests Inc.	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Chris Parry Promotions Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Citigate & Trimedia Norden AB	Arenavagen 29, 8 tr. 121 77 Johanneshov. Stockholm, Sweden	0%	100%
Citigate Broad Street UK Limited	3rd Floor, 3 London Wall Buildings, London Wall, London, EC2M 5SY, England	0%	100%
Citigate Communications Group Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Citigate Cunningham LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Citigate Dewe Rogerson Belgium SA	Avenue de Cortenbergh, 66 1000 Brussels, Belgium	0%	100%
Citigate Europe Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Citigate Global Intelligence and Security Inc.	Davis & Gilbert 1740 Broadway, New York, NY 10019, United States	0%	100%
Citigate Global Intelligence and Security LLC	State of New York Department of State, Division of Corporations and State Records, Albany NY 12231-0001, United States	0%	100%
Citigate Northern Ireland Public Affairs Limited	Arthur Cox Belfast, Victoria House, 15-17 Gloucester Street, Belfast, BT1 4LS, Northern Ireland	0%	100%
Citigate Sponsorship Limited	3rd Floor, 3 London Wall Buildings, London Wall, London, EC2M 5SY, England	0%	100%
Citigate Westminster Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Conscientia Communications Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
David Baker Associates Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Dewe Rogerson Group Limited	3rd Floor, 3 London Wall Buildings, London Wall, London, EC2M 5SY, England	0%	100%
Dewe Rogerson UK Limited	3rd Floor, 3 London Wall Buildings, London Wall, London, EC2M 5SY, England	0%	100%
Dunwoodie Communications Inc.	Corporation Service Company 80 State Street, Albany, New York, 12207, United States	0%	100%
Dutko DPM Holding LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Dutko Global LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Dutko Government Markets, LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Dutko Midco LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Dutko State & Local, LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Dutko Washington, LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%

Appendix 2 – Subsidiaries and Associates continued

Dormant companies continued

Subsidiary undertaking	Registered office	% of shares held directly by Parent	% of shares held directly by Group
EHPR Ltd	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	100%	100%
Ergo Communications Services Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Facet Group Holdings Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Grayling & Citigate Norden AB	Arenavagen 29, 8 tr. 121 77 Johanneshov. Stockholm, Sweden	0%	100%
Grayling (Thailand) Co., Limited	174 Silom Road, Suriyawong Sub-District, Bangrak District, Bangkok, Thailand	0%	100%
Grayling Americas LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Grayling Corporate, Public Affairs & Public Relations Consultants (Cyprus) Limited	Lambrou Katsoni 8, Office 202, 1082 Nicosia, Cyprus	0%	100%
Grayling Group LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Grayling München GmbH	Hanauer Landstraße 147, 60314 Frankfurt am Main, Germany	0%	100%
Grayling Ukraine OOO	23A Pushkinska Str., 01004 Kyiv, Ukraine	0%	100%
Harnett Milan Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Harrison Cowley 222 Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Haslimann Taylor Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	100%	100%
Hatch Group Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Holmes & Marchant Central Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Holmes & Marchant Corporate Design Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Holmes & Marchant Enskat Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Holmes & Marchant Field-Force Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Holmes & Marchant Healthcare Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Holmes & Marchant Publishing Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Dormant (IH) Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Dormant (IL) Limited	15/F., Chinachem Hollywood Centre, 1 Hollywood Road, Central, Hong Kong	0%	100%
Huntsworth Dormant (IUK)	3rd Floor, 3 London Wall Buildings, London Wall, London, EC2M 5SY, England	0%	100%
Huntsworth Dormant 1 Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Dormant 2 Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Dormant 3 Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Dormant 4 Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Dormant 5 Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Dormant 6 Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Dormant 7 Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth Group Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Huntsworth LLC	United Corporate Services, Inc., 10 Bank Street, White Plains, New York, 10606, United States	0%	100%

Subsidiary undertaking	Registered office	% of shares held directly by Parent	% of shares held directly by Group
inRx LLC	3rd Floor, 3 London Wall Buildings, London Wall, London, EC2M 5SY, England	0%	100%
IOL Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Masterguide Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Park Avenue Productions Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
PGA Communication SA	Gwattstrasse 8, c/o ueltschi solutions GmbH, 3185 Schmitten, Fribourg, Switzerland	0%	100%
Pineblue Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Random Animal LLC	874 Walker Road, Suite C, Dover, DE 19904, United States	0%	100%
Sanchis y Asociados Imagen y Comunicacion, S.A.	Paseo de la Castellana, 8, 5-izq., 28046 Madrid, Spain	0%	100%
Strategy Communications Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	100%	100%
Superfresh Hygienics Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Tactical Holdings Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Tactical Marketing Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
TEAM LGM Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
The Counsel Group Limited	3rd Floor, 3 London Wall Buildings, London Wall, London, EC2M 5SY, England	0%	100%
The Development Counsel Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
TMG Group Holdings Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Trimedia Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	100%	100%
Trimedia Public Affairs GmbH	Siebensterngasse 31, 1070 Wien, Austria	0%	100%
V B Communications Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Woodside Communications Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	0%	100%
Zahner & Partner AG	Gwattstrasse 8, c/o ueltschi solutions GmbH, 3185 Schmitten, Fribourg, Switzerland	0%	100%
Navience Systems LLC	945 Tennis Avenue Ambler Montgomery PA 19002	0%	80%
Fred Communications Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN, England	100%	100%

1. Citigate Dewe Rogerson Limited also operates through branches registered in France.
2. Grayling Momentum Limited also operates through a branch registered in Qatar.
3. Operating in the UAE.

Associate	Registered office	% of shares held directly by Parent	% of shares held directly by Group
Hudson Sandler LLP	29 Cloth Fair, London, England, EC1A 7NN	25%	25%

Five-Year Summary (unaudited)

	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000
Revenue before highlighted items	**224,956**	196,976	180,137	168,398	164,719
Highlighted items - revenue	**-**	-	-	-	1,013
Operating profit before highlighted items	**33,194**	26,373	17,978	15,253	18,228
Highlighted items - operating expenses	**(1,831)**	(1,467)	(32,507)	(53,071)	(76,161)
Net finance costs	**(2,759)**	(1,972)	(1,973)	(2,001)	(2,632)
Profit/(loss) before tax	**28,604**	22,934	(16,502)	(39,819)	(59,552)
Non-current assets	**300,317**	193,991	172,925	188,485	233,845
Net current assets/(liabilities)	**35,743**	16,163	29,523	10,089	9,588
Net assets	**195,967**	157,401	152,315	155,302	193,874
Equity attributable to equity holders of the parent	**181,435**	157,401	152,315	155,302	193,874
Basic earnings/(loss) per share (pence)	**6.4**	4.8	(5.6)	(12.3)	(17.6)
Diluted earnings/(loss) per share (pence)	**6.1**	4.7	(5.6)	(12.3)	(17.6)
Adjusted basic earnings per share (pence)	**7.5**	5.9	4.0	3.0	3.8
Adjusted diluted earnings per share (pence)	**7.1**	5.8	4.0	3.0	3.7
Share price - high (pence)	**137.6**	83.8	47.0	49.3	72.0
Share price - low (pence)	**36.0**	36.0	34.0	35.0	39.4

Group Information

If you would like further information about Huntsworth, please visit our website at www.huntsworth.com.

Investor relations

Should you have any queries, please contact either Paul Taaffe or Neil Jones on +44 (0)20 3861 3999. Alternatively, you can email your query to paul.taaffe@huntsworth.com or neil.jones@huntsworth.com.

Shareholder enquiries

The Company's registrar, Computershare Investor Services plc, has a website containing a range of information which can be accessed at www.computershare.com. Shareholders can gain access to up-to-date information on their own holdings, including balance movements and information on recent dividends. With an extensive list of frequently asked questions, the website also provides shareholders with answers to many enquiries, including those concerning change of name or address, share dealing and loss of share certificate or dividend cheque.

Alternatively, you can telephone the dedicated Huntsworth shareholder helpline on 0370 707 1048 or write to Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS13 8AE.

Registered office and Group headquarters

Huntsworth plc
8th Floor, Holborn Gate, 26 Southampton Buildings
London, England WC2A 1AN
Telephone: +44 (0)20 3861 3999

Notes

Advisors

Company Secretary
Martin Morrow

Registered Number
1729478

Registered office
8th Floor, Holborn Gate
26 Southampton Buildings
London, England
WC2A 1AN

Auditors
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Solicitors
Pinsent Masons LLP
30 Crown Pl
Earl St
London EC2A 4ES

Bankers
Lloyds Bank plc
10 Gresham Street
London EC2V 7AE

Santander UK plc
100 Ludgate Hill
London EC4M 7RE

The Governor and Company of
the Bank of Ireland
33 - 35 Nassau Street
Dublin 2, Ireland

HSBC Bank plc
71 Queen Victoria Street
London EC4V 4AY

Stockbrokers
Numis Securities Limited
10 Paternoster Square
London EC4M 7LT

Registrars
Computershare Investor Services plc
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS13 8AE

Financial Calendar 2019

5 March 2019	Announcement of final results
9 May 2019	Annual General Meeting
23 May 2019	Ex-dividend date for final dividend
24 May 2019	Record date for final dividend
4 July 2019	Final dividend paid

Huntsworth plc
8th Floor
Holborn Gate
26 Southampton Buildings
London
WC2A 1AN

Tel: +44 (0)20 3861 3999
Email: info@huntsworth.com

www.huntsworth.com