Charles Taylor

Annual Report and Accounts 2018

Professional services for the global insurance market

www.ctplc.com

Charles Taylor plc is a global provider of professional services and technology solutions to the insurance market. Our vision is to transform the global insurance market by enabling all our clients to do their business fundamentally better.

Professional services for the global insurance market

Highlights 2018

Business highlights

- Refined and clarified our growth strategy, making it more understandable to all stakeholders
- Consolidated existing claims services related capabilities to create an integrated claims services business with global scale and material growth prospects
  - Achieved material organic growth, through the recruitment of top talent and significant client wins
  - Acquired claims services businesses, thereby extending our global footprint
- Built a sizeable, sustainable InsureTech business with rapid growth prospects
  - Won substantial insurance technology contracts, building enhanced credibility in the market
  - Acquired an insurance technology business, thereby strengthening our owned IP and extending our client base globally
- Delivered substantial growth in top-line and adjusted bottom-line financial results
- Managed proactive financial leverage through a significantly oversubscribed share placing

Financial highlights

Revenue
£263.6m
+25% (2017: £210.8m)

Adjusted earnings per share[2]
26.22p
+6% (2017: 24.73p)

Annual average net debt
£58.9m
+49% (2017: £39.5m)

Adjusted EBITDA[1]
£31.5m
+38% (2017: £22.9m)

Statutory (loss)/profit before tax
£(3.3)m
-144% (2017: £7.4m)

Dividend per share
11.56p
+5% (2017: 11.01p)

Adjusted profit before tax
£22.3m
+46% (2017: £15.3m)

Basic (loss)/earnings per share
(4.94)p
-138% (2017: 13.14p)

ADJUSTMENTS[3]
The adjustments set out below largely relate to investments and initiatives to support our growth strategy.

£m	2018 Group Total	2017 Group Total
Statutory loss/profit before tax	**(3.3)**	7.4
Executing selected larger investments as part of our strategy to develop new capabilities and build our businesses	**14.7**	5.9
Refining our business operations and building capabilities to underpin growth	**6.3**	2.1
Developing new products and services – associated one-off provisions, losses and profits	**2.5**	0.1
Other non-recurring costs which primarily includes Owned Life Insurers' business goodwill impairment	**3.1**	0
Impact of non-controlling interests	**(1.0)**	(0.3)
Adjusted profit before tax	**22.3**	15.3

Note: Small rounding differences arise in the total amounts above.
1. Adjusted EBITDA is adjusted profit before tax plus depreciation, amortisation and net finance costs.
2. Adjusted earnings per share is calculated by dividing the adjusted earnings (being adjusted profit less tax and tax on adjustments) by the weighted average number of ordinary shares.
3. Adjustments include costs considered non-recurring and expenses related to amortisation of acquired intangible assets and post-acquisition 'earn-outs'. See the Group Chief Executive Officer's Report (page 14) and Group Chief Financial Officer's Report (page 30) for details of adjustments.

Charles Taylor
At a Glance

Charles Taylor is a global provider of professional services and technology solutions to the insurance market. Our vision is to transform the global insurance market by enabling all our clients to do their business fundamentally better.

This year, we have revised our business structure and refined and clarified our strategy. Our proposition for clients spans three areas:

Charles Taylor Claims Services

The business delivers loss adjusting, end-to-end claims programme management and related technical services that combine technical expertise, process efficiency and technology solutions to optimise claims outcomes for our clients.

Market position
We offer two complementary core services – loss adjusting, which is focused on the expert assessment of more complex claims, and claims programme management. This offers end-to-end handling of claims programmes for insurers and insureds, from first notification of loss to claim settlement, data analysis and all activities in-between. Across these services, Charles Taylor supports all the main commercial insurance lines, with leading positions in aviation, natural resources, marine and many areas of property and casualty insurance. We also support niche areas within personal lines where technical expertise and service quality are highly valued. We also provide specialist services for life and health insurers.

3-5 year financial goals[1]

- 10%+ revenue growth p.a.
- 10%+ margin

c.2,100
Staff[2]

£154.2m
Revenue

1. Before the impact of new acquisitions.
2. Includes Global Business Services teams on a pro rata basis and non-permanent contract staff.

Charles Taylor Insurance Management

The business offers end-to-end management of mutual insurers, captives, life insurers, Lloyd's syndicates and other insurance programmes for capital providers under a model of long-term partnership. The business also acquires and consolidates international life business.

Market position
Charles Taylor Insurance Management's clients include the world's fourth largest mutual marine liability insurer and the USA's largest longshore workers' compensation insurer. It has the capacity to grow its existing client relationships. Securing material new insurance management contracts is infrequent but has a high impact on our business.

3-5 year financial goals[1]

- GDP+ revenue growth
- 14-16% margin

c.500
Staff[2]

£92.1m
Revenue

Charles Taylor InsureTech

The business offers a full suite of technology solutions for insurers, brokers, MGAs and insurance-related affinity businesses which enable our clients to transform their operating models and customer experience.

Market position
Charles Taylor InsureTech's highly rated insurance software solutions span the entire insurance value chain. It owns – fully or partially – the intellectual property underlying all its core solutions, giving it a strong market position and repeatable income from licensing agreements. There is a strong demand from clients for enabling technology to do their business fundamentally better.

3-5 year financial goals[1]

- 20%+ revenue growth p.a.
- 15-20% margin

c.500
Staff[2]

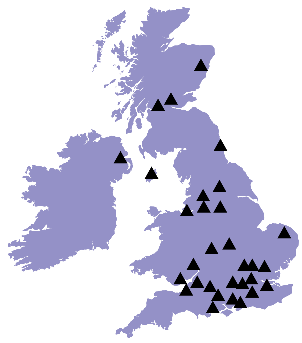
£17.3m
Revenue

Our global presence

Insurance is a global business and we have offices located across the globe to provide our services and solutions wherever they are required.

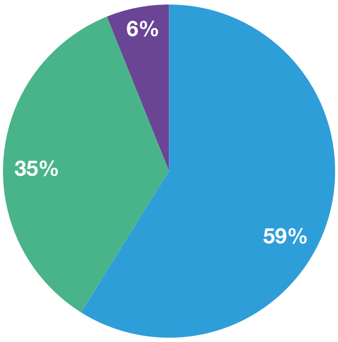
We operate in around 120 locations spread across more than 30 countries in the UK, the Americas, Asia Pacific, Europe, the Middle East and Africa. We also regularly provide services to clients from other locations and countries where we do not currently have offices.

Our UK presence



In Numbers

Revenue 2018



- Charles Taylor Claims Services
- Charles Taylor Insurance Management
- Charles Taylor InsureTech

"We are taking forward numerous growth initiatives and our investments are delivering good results overall. We are confident that our strategy will deliver further growth and returns to shareholders."

David Marock
Group Chief Executive Officer

The diverse background and experience of Charles Taylor personnel creates a large 'bank' of knowledge that is invaluable for our adjusting team as well as our clients when handling complex matters.

Ashley Andrews Norris

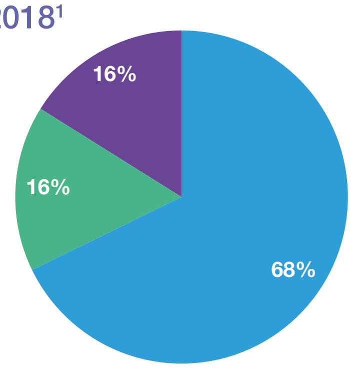
I've always wanted to contribute in building a global business and make the difference in insurance. Charles Taylor gives me the opportunity to build, scale and globalise our Digital Platform.

Lautaro Mon

I think that the people at Charles Taylor are great colleagues and I'm lucky to be a part of such a dynamic organisation.

Nick Taylor

Staff breakdown 2018[1]



- Charles Taylor Claims Services
- Charles Taylor Insurance Management
- Charles Taylor InsureTech

1. Includes Global Business Services teams on a pro rata basis and non-permanent contract staff.

Charles Taylor's
Business Strategy

We have clarified and simplified our strategy.

Our strategy

Vision	To transform the global insurance market by enabling all our clients to do their business fundamentally better
Chosen markets	Claims Services / InsureTech / Insurance Management
	Shared clients: complementary services and solutions
Business model	Strong organic growth; targeted investments; excellence in people; integrated operations
Near-term priorities	Grow materially our Claims Services business across the globe / Accelerate development of our InsureTech business / Support sustainable growth of our Insurance Management clients
	Optimise business operations and develop capabilities

Our vision is to transform the global insurance market by enabling all our clients to do their business fundamentally better.

For our investors
We target reliable, sustainable year-on-year earnings growth, as well as investing for the future in order to achieve a step change in the Group's future earnings.

For our clients
We provide an extensive range of complementary professional services and technology solutions backed by world-class technical expertise, global presence and 100% focus on insurance.

For our people
We offer high-quality, stimulating and exciting work, in a supportive, entrepreneurial environment, with competitive, meritocratic rewards, personal recognition and professional development opportunities.

Our core values:

Charles Taylor is a people business.
We have updated our corporate values to better reflect our approach to delivering services and solutions to our clients. This includes an increased focus on our entrepreneurial approach and appetite for positive change. Our core values are reflected in all our businesses and activities across the Group:

Supportive environment:
We are supportive of and collaborative with all our colleagues; our highly motivated management team is focused on creating an environment within which our people can thrive.

Excellence in people:
We recruit, develop and recognise talent throughout the Group, ensuring that we promote an inclusive and diverse environment throughout the Group.

Our business model

Our business model is designed to continually develop, enhance and deliver our extensive range of professional services and technologies to clients across the global insurance market. This model is based on a clear growth strategy, delivered through the exceptional capabilities of our people, and underpinned by well-established and efficient organisational mechanisms and processes.

Strategy & Growth

- **Inspire performance:** We develop clear, stretching and achievable strategies for our businesses and our people that inspire performance, give direction and allow autonomy.
- **Achieve sustainable organic growth:** We deliver growth primarily through numerous organic initiatives across our businesses and geographies, that build our businesses over time to achieve market-leading positions.
- **Execute selected larger investments:** We are strengthening our strategic and financial position through carefully targeted acquisitions, joint ventures and business investments which have a compelling strategic rationale, strong cultural fit, a persuasive financial rationale and an acceptable risk profile.

Capabilities & People

- **Employ exceptional staff:** We recruit staff who are motivated, approachable, innovative and entrepreneurial with high standards of technical ability.
- **Nurture talent:** We have a meritocratic, transparent, inclusive and supportive talent management approach, spanning recruitment, reward, succession, training and development planning.
- **Build a client-centric culture:** We have a Group-wide culture that promotes client service, winning business, developing people and a mindset of focus on external and internal partnership.
- **Instil Group-wide values:** We expect and promote behaviours that are consistent with our values of: a supportive environment, excellence in people, partnership with clients, high-quality work, Group-wide entrepreneurship, diversity in our workforce, and an appetite for change.

Process & Organisation

- **Drive growth:** Our businesses have a high degree of autonomy and agility, enabling them to respond rapidly to clients' needs and emerging opportunities.
- **Manage growth:** We have well-established businesses and governance models that balance a focus on near-term profits with a longer-term view of value creation.
- **Promote growth:** We are investing in our business development capabilities across the Group, including by encouraging cross-business referrals and joint working.
- **Support growth:** Our Global Business Services teams provide support and oversight across Finance, HR, Technology, Property, Assurance, Marketing and Corporate Development.
- **Drive efficiency:** We are constantly looking for opportunities to consolidate, standardise or automate activity to increase efficiency and effectiveness.

Partnership with clients:
We adopt a partnership mindset with our clients, constantly seeking opportunities that are mutually beneficial in the long term.

High-quality work:
We deliver professional, high-quality, consistent and compliant work at all times.

Group-wide entrepreneurship:
We have a willingness and desire to seek out Group-wide business development opportunities and respond to these opportunities with agility and pace.

Appetite for change:
We are instigators of, and receptive to, positive change.

Charles Taylor
Our near-term priorities

Our near-term priorities are to:

01.

Grow materially our Claims Services business globally

02.

Support the sustainable growth of our Insurance Management clients

03.

Accelerate the development of our InsureTech business

04.

Optimise business operations and further develop core capabilities

We are pursuing a range of initiatives under each of these priorities:

Grow materially our Claims Services business globally

- Recruit leading adjusters and technical experts with established market followings
- Win material new Claims Programme Management contracts
- Execute selected 'bolt-on' acquisitions with attractive risk-return characteristics

Support the sustainable growth of our Insurance Management clients

- Grow the membership and size of our existing clients' businesses
- Introduce new products and services for those clients and their members

Accelerate the development of our InsureTech business

- Deliver business transformation projects for insurers and brokers
- Leverage our technology IP to offer SaaS solutions to general, life and health insurers and brokers
- Build an insurance technology ecosystem

Optimise business operations and further develop core capabilities

- Leverage technology to improve the proposition and efficiency of our business units and Global Business Services
- Standardise, consolidate and automate finance, human resources and operational activities
- Drive Group-wide business development capabilities and opportunities

Our primary focus is to achieve organic profitable growth in our existing businesses. We also aim to develop new capabilities to build our businesses through acquisitions, joint ventures and business investments. We only progress those initiatives which are a good fit strategically, culturally and financially.

Charles Taylor
How we measure performance

Our Key Performance Indicators show the Group has delivered a strong underlying performance in 2018. Revenues and adjusted profits before tax grew significantly. We acquired Aasgard Summit and FGR and made further investments in Fadata, all of which increased net debt; the acquisition of Inworx was funded through a significantly oversubscribed share placing as part of our proactive management of financial leverage. We expect a positive earnings contribution from these new acquisitions in 2019.

Group KPIs

Revenue
(£m)

2018	+25%	263.6
2017		210.8
2016		169.2

Our policy for revenue recognition is explained in note 3 to the financial statements.

Adjusted EBITDA
(£m)

2018	+38%	31.5
2017		22.9
2016		19.1

Adjusted EBITDA is adjusted profit before tax plus depreciation, amortisation and finance costs.

Adjusted segmental operating profit margin
(%)

2018	+36%	25.0
2017		18.3
2016		8.6

Adjusted segmental operating profit margin is adjusted segmental operating profit as a percentage of revenue.

Adjusted profit before tax
(£m)

2018	+46%	22.3
2017		15.3
2016		14.8

Adjusted profit before tax is profit before tax after allowing for acquired intangible charges, pre-tax non-controlling interests and other adjustments.

See Group Chief Financial Officer's Report, page 30.

Adjusted earnings per share
(pence)

2018	+6%	26.22
2017		24.73
2016		22.27

Adjusted earnings per share is explained in the highlights on page 1.

Annual average net debt
(£m)

2018	+49%	58.9
2017		39.5
2016		12.9

Net debt is explained in note 23 to the financial statements on page 154.

Charles Taylor Adjusting's working capital months

2018	0%	8.2
2017		8.2
2016		9.1

Working capital months combines debtor months and work in progress months. Debtor months is trade debt divided by invoiced fees on a count back basis. Work in progress months is the value of unbilled time divided by the value of time recorded on a count back basis.

Headcount staff

2018	+48%	3,086
2017		2,101
2016		1,844

Headcount includes all permanent and contract members of staff.

Market Overview

Our capabilities are in demand in a changing insurance world. We are well placed to capitalise on these major market trends and to provide services and solutions to enable our clients to do their business fundamentally better in rapidly changing global insurance markets.

Global market trends	Implications	Charles Taylor advantages
Consolidation across all market areas. There is an accelerating trend of consolidation in insurance. In 2018 these included AXA's €12.4bn acquisition of XL Group, AIG's US$5.5bn acquisition of Validus and Marsh & McLennan's US$5.6bn acquisition of JLT.	Larger global insurers and brokers tend to procure services with more rigour and are seeking larger, more credible strategic outsource partners to provide them with a wider range of services and solutions across their businesses. Related to this, there is a trend for many insurers to consolidate their supply chains, by moving business to a smaller number of broader, more global providers.	Our strong reputation, expert staff, global network and size and range of services across the entire insurance value chain makes us ideally positioned to serve larger global insurers across many of their needs.
More volatile world economy driving demand for insurance. Global economic growth is continuing but weakening on increased trade tensions. The IMF estimates global growth for 2018 to be 3.7%. Demand for insurance is still strong. Swiss Re predicts a 3% annual increase in global insurance premiums over the next two years – a 1% increase over 2018.	Demand for insurance is growing and hence so is the demand for insurance services and solutions.	Our wide range of services and technical expertise means that our services are in demand in all market conditions.
Globalisation of insurance. Emerging markets and developing economies are accelerating the demand for insurance. Swiss Re estimates that the growth rate of insurance premiums in emerging Asia will be 9% over the next two years, more than three times the world average.	Increasing economic prosperity in emerging economies is leading to increased demand for insurance and as a result for insurance services and solutions.	Our global network, with strength in emerging markets, means we are located where our clients need us to deliver services and solutions.
Disruptive and enabling emerging technology. The global market for external insurance software and services is expected to be US$93bn in 2019, according to technology consultant Celent, as insurers move to capitalise on digital transformation of their businesses.	Insurers and brokers need to use technology to deliver digital transformation while balancing change agendas, budgets, challenges of legacy systems and disruptive new entrants.	Our InsureTech business's deep knowledge of the insurance industry and global network mean we can deliver innovative technology solutions worldwide.
Increased regulatory activity across the globe. To meet their profit targets and release funds to invest in change programmes, insurers are increasingly focused on driving cost optimisation whilst also responding to increased regulatory requirements. Deloitte, in its Regulatory Outlook 2019, forecasts that firms' operational resilience, as well as their susceptibility to cyber and financial crime, are becoming much greater issues for regulators.	Insurers need to work with trusted specialist suppliers that can provide focused services and technology solutions that help them to reduce cost whilst remaining regulatory compliant.	Our wide range of technical services and insurance technology capabilities means we can deliver services and solutions to reduce cost, increase efficiency and enable insurers to continue to meet their regulatory requirements in a changing environment, allowing them to build and improve their core businesses.

We understand the challenges our clients face

Against this background of change in global insurance markets, we understand the challenges our clients face to build their business and achieve their goals.
These include:

01.

Deploying capital profitably:
Globally, insurers, brokers and insurance corporate clients need to access the right markets to optimise capital allocation and risk-adjusted returns. This may include managing a mutual or a captive, accessing Lloyd's or setting up new insurance vehicles.

We offer clients end-to-end insurance management services and the ability to design and deliver core insurance technology platforms which provide our clients with better quality, actionable business intelligence, enabling better reserving, pricing and capital management.

02.

Winning new business:
In an increasingly competitive marketplace, with new disruptive market entrants and market conditions where capital is abundant, insurers and brokers need to address the market-wide issues around winning new business and then retaining customers economically.

Our technology solutions enable new insurance products to be brought to market in days rather than months, while our wider outsourced insurance support capabilities enable our clients to focus on winning and retaining business.

03.

Managing claims effectively:
Insurers, brokers and insurance clients need to ensure that their claims programmes and related supply chains operate efficiently. This includes a focus on reducing claims operating costs, ensuring indemnity spend is properly managed, managing static or long-tail claims, and identifying fraud and data management.

We provide end-to-end claims services and insurance technology solutions, which can transform the claims journey for our clients.

04.

Accessing technical claims expertise:
Insurers, brokers and insurance clients need to access the right claims expertise to adjust claims, especially when they are large or complex. There is a demand for constantly available, trusted technical resources, objective auditing or management of the claim and a requirement to manage the relationship with the insured. Insurers also need to access resources to handle claims surges following major incidents or natural catastrophes.

Our global insurance experts and loss adjusters offer our clients access to the right technical capabilities whenever and wherever it is needed anywhere in the world.

05.

Improving operational effectiveness:
To compete effectively, insurers and brokers need to continually improve operational efficiency. This can include focusing on reducing cost, improving the quality of management information, freeing up resources for differing priorities or ensuring efficient management of uneconomic books of business.

Our claims services, end-to-end insurance management and insurance technology solutions provide our clients with the resources and capabilities to compete effectively in a rapidly changing environment.

There are common challenges relating to regulation, customer experience and technology across all the themes outlined above:

Responding to regulatory demands:
The insurance market needs to cope with the increasing burden of regulation – both by meeting current requirements and understanding the impact of future changes.

We support our clients to meet existing and emerging regulatory demand, whether it is establishing fully licensed insurers in new jurisdictions, delivering regulatory management software or responding to other regulatory issues.

Delivering an exceptional customer experience:
Across these challenges, there is a constant focus to improve the customer experience at multiple touch points with the insurer. This has an impact on every part of insurers' and brokers' operations.

Our claims services, assistance and outsourced support services coupled with our technology solutions are designed to enable our clients to bring products to market faster and serve their customers better.

Capitalising on insurance technology:
Insurers and brokers need technology to deliver digital transformation for external and internal customers. This can range from developing new insurance and broking core platforms, transforming insurance processes and document management systems to developing digital distribution, gaining better insights from data and revolutionising claims management. Delivering digital transformation can mean managing competing change agendas, dealing with budget pressures and managing legacy systems at a time when competition, driven by the speed of technological change, is accelerating.

Charles Taylor InsureTech has rapidly established itself as a leading insurance technology provider, backed by the technical insurance expertise and global presence of the wider Charles Taylor Group. We use this technology capability to support our other businesses to provide better-quality services to their clients.

Chairman's Statement

Charles Taylor delivered sizeable growth in revenue and adjusted profit before tax. We benefited from organic and acquired growth in many of our business lines.

Our growth in adjusted profit before tax is not reflected in our statutory profits before tax, which unfortunately shows a loss. We adjusted the statutory result to present a clear picture of the underlying performance of Charles Taylor over the year.

These adjustments largely relate to the execution of the Group's key strategic objectives as explained in the Group Chief Executive Officer's Report (see page 14). Further details of the adjustments are set out on the highlights page (see page 1) and in the Chief Financial Officer's Report (see page 30). We are confident that our growth strategy continues to offer shareholders the greatest potential for medium to long-term growth in the Group's value, along with rising, sustainable income.

Accessed capital markets: We undertook a successful share placing in May 2018 to partially fund the acquisition of Inworx with gross proceeds of £17.6m. The placing was significantly oversubscribed. We believe this demonstrates our shareholders' confidence in the Group's long-term strategy.

Rising dividend: The Directors recommend a final dividend of 8.08p (2017: 7.7p) per share be put to shareholders at the Annual General Meeting on 8 May 2019. Together with the interim dividend of 3.48p paid in November, the total proposed dividend for the year is therefore 11.56p (2017: 11.01p). Subject to shareholder approval at the Annual General Meeting, the final dividend will be paid on 24 May 2019 to all shareholders on the register on 26 April 2019.

Enhanced corporate governance: We have reviewed our corporate governance framework in the light of the 2018 UK Corporate Governance Code. We have adopted new measures from the Code and enhanced our governance reporting particularly on stakeholder engagement, culture, diversity and remuneration. Further details are set out in the Strategic and Corporate Governance reports.

Our work is focused on enabling our clients to do their business fundamentally better and transforming the global insurance market as a result. This could not be achieved without the full commitment of our highly professional team. I would like to thank all our colleagues for their hard work and dedication throughout the year.

Edward Creasy
Chairman
19 March 2019

Why do our clients choose Charles Taylor?

Our services and solutions are designed to enable all our insurance clients to do their business fundamentally better. We believe that Charles Taylor stands out from alternative providers as an exceptional provider to the global insurance market for four reasons:

01.

Market-leading breadth of service and solutions
We provide services and solutions that support every stage of the insurance lifecycle and every aspect of the insurance operating model. These are designed to enable our clients to increase efficiency and deliver exceptional services to their customers.

Our teams are never satisfied with 'the way it has always been done' and are constantly looking for ways to make our clients more efficient and effective.

For example, we were early adopters of using technology to support the adjusting of complex losses and automating insurance processes. We have also driven innovation by developing new ways of delivering services and working with clients to build new insurance solutions. We also use innovative partnership models to expand the services and solutions available to clients.

We do not simply offer a menu of services and solutions but combine our wide range of capabilities to offer integrated solutions that are tailored to clients' specific needs and deliver direct, material business value.

02.

World-class technical expertise
We work for clients operating across every sector of the insurance market, who range from insurers – including corporate and mutual insurers, reinsurers, Lloyd's syndicates and captives – to brokers, MGAs, insurance affinity partners and corporate insureds.

We recruit and retain technical experts, with practical experience and proven track records.

Our experts cover the entire insurance market, from accountants and actuaries to engineers, lawyers, surveyors and underwriters; we can organise ourselves through multidisciplinary teams to meet the specific requirements of our clients.

This combination of insurance specialism and breadth of support across the sector enables us to offer 'best in market' solutions which provide our clients with better ways to achieve their goals.

03.

Global reach
Our services are available wherever and whenever our clients need us. With around 3,100 people, operating from around 120 locations spread across more than 30 countries, we have the global reach to serve our clients across any time zone and geography.

04.

Delivered with a complete focus on insurance
Charles Taylor has been serving insurance clients since 1884. We build long-term partnerships, lasting many decades, even centuries in some cases, by tailoring our services to our clients' exact needs, backed by the highest levels of technical expertise. Underpinned by our culture and values (see page 6), our people take great pride in their relationships with clients and the service that they provide every day.

We operate to the highest ethical and governance standards. Further, our London Stock Exchange listing gives our clients the assurance of stability, transparency and excellent levels of governance.

Our clients can be confident in our 100% focus on delivering long-term solutions that serve their best interests.

Group Chief Executive Officer's Report

Revenue

£263.6m

+25%

Adjusted EBITDA

£31.5m

+38%

Adjusted profit before tax

£22.3m

+46%

Adjusted earnings per share

26.22p

+6%

David Marock
Group Chief Executive Officer

I am pleased to report significant progress on executing our strategic objectives. This year, we have refined and clarified our growth strategy, making it more understandable to all stakeholders. By doing so, we expect over time to achieve greater collaboration, further operational efficiencies and improved growth prospects.

Group results 2018

	2018	2017	%
Revenue (£m)	**263.6**	210.8	25%
Adjusted EBITDA	**31.5**	22.9	38%
Adjusted profit before tax (£m)	**22.3**	15.3	46%
Adjusted earnings per share (p)	**26.22**	24.73	6%
Basic (loss)/earnings per share (p)	**(4.94)**	13.14	(138)%
Dividend (p)	**11.56**	11.01	5%
Annual average net debt (£m)	**58.9**	39.5	49%

On the new model basis, our performance is as follows:

	2018 Unaudited		2017	
£m	Revenue	Adjusted segmental operating profit/(loss)	Revenue	Adjusted segmental operating profit/(loss)
Claims Services	**154.2**	**12.6**	122.8	7.7
Insurance Management	**92.1**	**12.3**	84.0	13.8
InsureTech	**17.3**	**0.1**	4.0	(3.2)
Total	**263.6**	**25.0**	210.8	18.3

We consolidated our existing claims services related capabilities to create a joined-up Claims Services business with global scale and material growth prospects. This was achieved through material organic growth, driven by the recruitment of top talent and significant client wins, along with the acquisition of two claims services businesses, FGR in Latin America and Aasgard Summit in the USA, thereby extending our global footprint.

We have also seen Charles Taylor InsureTech come of age as a sizeable, sustainable business with rapid growth prospects. We won substantial insurance technology contracts notably with Seguros Sura and Lloyd's, building credibility in the market, and acquired Inworx, an insurance technology business, thereby strengthening our owned IP and broadening our client base globally.

Our Insurance Management business has continued to support the sustainable growth of its clients. The mutuals we manage continue to be in strong financial positions, attracting and retaining a well-diversified underlying client base. Our efforts to establish new products for our clients, such as Safeshore Edge, and to build distribution, such as the relationship with Ping An, have proved positive. However, The Standard Syndicate has not achieved its goals and has been placed into run-off.

We have reported substantial growth in the Group's underlying top-line and bottom-line results as set out in the table above. Around 40% of our adjusted profit before tax growth was delivered through organic growth and around 60% from our acquisitions. At the same time, we have managed proactively our financial leverage through a significantly oversubscribed share placing.

REFOCUSED BUSINESS STRATEGY

From 1 January 2019 we have refocused our business structure and strategy. The new model presents our proposition for clients as spanning three areas: Charles Taylor Claims Services, Charles Taylor Insurance Management, and Charles Taylor InsureTech (see At a Glance, page 2).

Our performance on the new model basis is shown in the table above.

I am pleased to report that our approach to business strategy was recognised at the European Business Awards 2018, where we won The Elite Award for Growth Strategy of the Year. We also won the Intermediary of the Year Award at the 2019 Commercial Insurance Awards.

We have made important progress in delivering our growth strategy, which is summarised on the following page and in the Business Review, starting on page 18.

Group Chief Executive Officer's Report
continued

Grow materially our Claims Services business across the world

Charles Taylor Claims Services brings together the Group's claims capabilities into a single business with global scale. It delivered a strong performance for the year.

Charles Taylor Adjusting is executing its strategy to move into higher-margin adjusting lines with lower working capital requirements. It increased its revenue and continued its recent improvement in margins. In line with our strategy, we recruited leading adjusters and technical experts with established market followings.

Our Claims Programme Management business increased its revenue and profit contribution, through winning material new contracts from leading insurers and insureds. We, together with Signal Mutual, established Sage as the premier provider of US Longshore workers' compensation claims management, through the amalgamation of the Charles Taylor's Longshore workers' compensation team with three other major existing providers of this service. We have adjusted for the one-off profit resulting from this transaction.

We are delivering on our strategy to execute selected 'bolt-on' acquisitions with attractive risk-return characteristics. We acquired the FGR Group, a loss adjusting and claims programme management business, headquartered in Chile and across Latin America. By combining this with our existing Latin American operations, we created one of the region's leading international loss adjusters. We also acquired Aasgard Summit, a provider of marine claims programme management services focusing on the US West Coast states.

We have adjusted for the acquisition costs relating to these transactions, for acquired customer amortisation and deferred consideration relating to the previous years' acquisitions. These include the successful acquisitions in 2017 of Criterion Adjusting and Metro Risk Management and the acquisition in 2016 of CEGA which are performing ahead of expectations.

Support the sustainable growth of our Insurance Management clients

Charles Taylor Insurance Management performed well overall, increasing revenue as a result of delivering more services to our clients. The business reported a small fall in profits, which largely relates to a 2017 profit on the acquisition of a closed book of life assurance business that did not repeat.

In line with our strategy of supporting our clients' sustainable growth, we worked to grow the membership and scale of our existing clients' businesses. Signal Mutual grew its projected payroll, on which the mutual's insurance premiums are based by nearly 3% to US$4.4bn. The Standard Club's tonnage reduced slightly on renewal in difficult market conditions, having grown throughout the previous policy year.

We have introduced new products and services for these clients and their members. These include supporting The Standard Club to enter a cooperation agreement with Ping An, China's largest insurer, and establishing Safeshore Edge, a Longshore workers' compensation programme for Signal Mutual.

The Group's Lloyd's managing agency business and Charles Taylor's corporate name have been impacted by The Standard Syndicate being placed into run-off. We have adjusted for the loss on this investment.

We have made a provision for work incurred in developing a new client proposition for our life business that may not come to fruition. We have also adjusted for the impairment in the value of the goodwill of the life business.

Accelerate the development of our InsureTech business

Charles Taylor InsureTech delivered a strong increase in revenue and is achieving material scale, just three years after it was launched in 2015.

We are delivering business transformation projects for Seguros Sura in Latin America and for the Lloyd's market globally. We are also leveraging our technology IP, delivering a SaaS solution to Make It Cheaper, the UK's No. 1 utility switching service for SMEs.

We are building our insurance technology ecosystem and we acquired Inworx, an insurance-focused technology consultancy and software provider. This was funded by a share placing which was heavily oversubscribed. We have adjusted for the acquisition costs relating to this transaction.

Our investment in Fadata has given us access to the business's highly rated INSIS software, which is gaining global traction through Charles Taylor InsureTech. We have invested in further funding rounds for the business. We adjusted the carrying value for the adoption of a new accounting standard relating to the treatment of credit risk provisions.

Optimise business operations and develop capabilities

We have invested in standardising, consolidating and automating our finance and human resources activities. We believe this will significantly improve the efficiency of the Group and our core operational capabilities. We have adjusted for investment in delivering this programme.

We are driving Group-wide business development capabilities and efforts. We held two business development forums for client-facing staff in 2018, to increase cross referrals and improved our management of the new business pipeline.

We consolidated our three London based operations into a new office which offers greater operational efficiency. We have adjusted for the investment involved in delivering this rationalisation.

Further details of the performance of our businesses are set out in the Business Review, starting on page 18.

CURRENT TRADING AND OUTLOOK

Charles Taylor has had a good start to 2019. We anticipate that our full year performance will be in line with market expectations.

- **Charles Taylor Claims Services** is performing well. It offers the potential for growth from new claims programme management contracts and further growth in our loss adjusting capability. We anticipate a slight moderation in recent margin growth in the near term following the integration of FGR.
- **Charles Taylor Insurance Management** has longstanding, mutually beneficial client relationships and the potential for steady growth. The business is performing steadily.
- **Charles Taylor InsureTech** has had a good start to the year, securing a major contract win. The business offers the potential for strong revenue growth as the benefits of recent contract wins and the Inworx acquisition flow through.

We are pleased with the strong performance of the Group and remain very positive about the long-term prospects for Charles Taylor. We are taking forward numerous growth initiatives and our investments are delivering good results overall. We are confident that our strategy will deliver further growth and returns to shareholders.

David Marock
Group Chief Executive Officer
19 March 2019

"We are pleased with the strong performance of the Group and remain very positive about the long-term prospects for Charles Taylor."

Business Review

Charles Taylor Claims Services

We offer two complementary core services – loss adjusting, which is focused on the expert assessment of more complex claims, and claims programme management. This offers end-to-end handling of claims programmes for insurers and insureds, from first notification of loss to claim settlement, data analysis and all activities in between.

Revenue

£154.2m

Staff

c.2,100

Case study:
Transforming Moor & South's Claims Programme Management

Moor & South is the owner of San Francisco's iconic Pier 39 at Fisherman's Wharf and operator of the Blue and Gold ferries that carry tourists to Alcatraz and thousands of commuters to work every day.

The business has complex workers' compensation insurance requirements. Its staff on Pier 39 are covered by the Californian State Act, the sailors on its ferries are insured under the Jones Act while employees helping people embark and disembark from the ferries are covered by Longshore legislation.

This led to a complex matrix of claims from employees injured at work. Previously the company had employed a range of claims handling suppliers – each specialising in a different exposure. This resulted in an inconsistency of approach, no consolidated claims data and uncontrolled claims costs.

Moor & South hired Charles Taylor to put in place a comprehensive claims programme management solution. Our in-depth knowledge and expertise in all the insurance areas required by the company transformed their claims experience and improved their outcomes.

Across these services, Charles Taylor supports all the main commercial insurance lines, with leading positions in aviation, natural resources, marine and many areas of property and casualty insurance. We also support niche areas within personal lines where technical expertise and service quality are highly valued. We also provide specialist services for life and health insurers.

Charles Taylor's breadth of expertise and global reach, with around 2,100 claims-focused staff in around 120 locations in more than 30 countries, sets Charles Taylor apart from both smaller and larger competitors. All of Charles Taylor's claims services are delivered with a consistent focus on outstanding service quality and superior claims outcomes and are underpinned by advanced technology solutions provided by Charles Taylor InsureTech.

The business delivered a strong performance. Charles Taylor Adjusting increased revenue and continued its recent improvement in margin. Our Claims Programme Management business increased its revenue and adjusted profit contribution following business wins from leading insurers and insureds. We, together with Signal Mutual, established Sage as the premier provider of US Longshore workers' compensation claims management, through the amalgamation of the Charles Taylor team with three other major existing providers of this service.

The business' capabilities were recognised by our winning significant industry awards in 2018. We won the Claims Management Team of the Year at the British Claims Awards, and the Assistance Company of the Year Award at the ITIJ Awards.

They now benefit from a single consolidated approach and up-to-the-minute technology.

"Charles Taylor's services have exceeded our expectations. We have been particularly pleased with their ability to efficiently manage our diverse and complex claim exposures. In addition, it's been a great help to our staff having access to all claims in one consistent system," said Scott Gentner, Chief Financial Officer, Moor & South.

Ashley Andrews Norris
National General Adjuster,
Houston, Texas, USA

No two insurance claims are exactly alike. Many claims present their own unique challenges and I get great personal satisfaction from working through those challenges to find a solution acceptable to all parties.

Ashley Andrews Norris is a loss adjuster handling claims involving energy, power and associated fields. She evaluates insurance claims with policies ranging from those underwritten by a single carrier to those with market slips of more than 20 insurers located in the USA, Bermuda and Europe.

She is a certified public accountant and worked as an accounting consultant, before moving into loss adjusting in 2011. "My accounting knowledge is valuable in assessing complex documentation and business interruption claims. It also means I can present 'out of the box' ideas, which can help to move claims towards a quick resolution," she said.

Ashley qualified with a Bachelor of Business Administration degree from Texas Christian University and a Master of Professional Accounting degree from the University of Texas. She worked as a forensic accounting consultant for business advisory firms before moving into loss adjusting with a niche US energy adjusting firm in 2011.

Ashley joined Charles Taylor's rapidly expanding US loss adjusting business in 2018. "The diverse background and experience of Charles Taylor personnel creates a large 'bank' of knowledge that is invaluable for our adjusting team as well as our clients when handling complex matters." she said. "There is a lot of support and encouragement provided to help you grow professionally."

Charles Taylor
Claims Services
continued

Angelo Hettich
Engineering Risks,
Charles Taylor Adjusting,
Chile

Being part of the Charles Taylor Group gives us the technical and commercial support to handle complex and professionally challenging claims.

Angelo Hettich specialises in adjusting engineering, energy and mining claims. Based in Santiago, Chile, Angelo joined Charles Taylor in 2018 following the Group's acquisition of FGR.

Angelo said that dealing with complex claims means going well beyond the analysis of the insurance cover and valuation of the loss. "We also work to mitigate the extent of the loss and to identify the original cause behind the claim. Our detailed analysis means that we can identify the underlying causes of the loss and help our clients recover losses from those responsible," he explained.

He has over 22 years' loss adjusting experience and has worked on many of the major catastrophic losses that have impacted Latin America in recent years. These include the 2010 earthquake in Chile, the 2016 earthquake in Ecuador and Hurricane Maria in Puerto Rico in 2017.

Angelo said that insurers and insureds need to work with expert adjusters who understand the technical and production processes behind complex claims. "We make an important contribution to the decision-making process that leads to the successful settlement and closure of a claim," he added.

INCREASED SCALE AND IMPROVED PERFORMANCE OF CHARLES TAYLOR ADJUSTING

Charles Taylor Adjusting provides loss adjusting services across the aviation, natural resources, marine, property and casualty sectors, with a focus on managing more complex losses.

We are executing our strategy to maintain our market-leading position in these sectors and are growing our capabilities in niche property and casualty (P&C) sectors. These niche P&C sectors are less capital intensive than in other lines, and typically offer recurring income and attractive margins.

This strategy is delivering results. The business performed well in 2018, increasing its revenue and operating segment profit and continued to improve its operating margin:

- **Grew loss adjusting capability in Latin America:** In October 2018, we acquired the FGR Group, a loss adjusting business headquartered in Chile. By combining this with our existing Latin American operations, we created one of the region's leading international loss adjusters, with the capability to support local and international insurers with complex claims and CAT losses. FGR also has a well-established claims programme management business, handling over three million claims per year, adding to our capabilities in the region. The integration of FGR is progressing well. The acquisition is expected to be earnings enhancing in 2019 and thereafter.
- **Recruited high-performing loss adjusters:** We focus on recruiting high-performing loss adjusters with established track records and the ability to build long-term relationships with insurers and brokers around the world to support them with their handling of complex claims. In 2018 and early 2019, we strengthened our teams in the UK, USA, Middle East, Far East and Continental Europe. These appointments resulted in additional case work and revenue, which we expect to be repeatable. Alongside the recruitment of established loss adjusting talent, we are also recruiting, training and developing the next generation of loss adjusters, many of whom join with established technical capabilities.
- **Focused on reducing working capital:** We have recently restructured our working capital team, which we believe will enable us to continue this long-term improvement. In the short term, this has slowed progress as the team becomes established. Working capital months are unchanged year-on-year at 8.2 months.

GREW CLAIMS PROGRAMME MANAGEMENT CAPABILITIES

Charles Taylor has extensive claims programme management capabilities across the Group. This enables us to offer the end-to-end handling of a claims programme for insurers and insureds, from first notification of loss to claim settlement, data analysis and all activities in-between.

We offer our clients deep industry experience across a variety of business lines. These include liability, travel, heath, ports and terminals, catastrophe and workers' compensation claims, many of which require specialist, multi-year management. We currently handle in excess of 3.6 million claims a year for clients across the world.

We see opportunities to further develop our Claims Programme Management capabilities by drawing on our claims handling expertise from across the Group to offer a single coordinated proposition to clients. We made good progress in delivering this strategic initiative in 2018, including the following:

- **Grew UK assistance and travel claims management portfolio:** Charles Taylor is a market-leading provider of assistance and travel claims programme management services to UK insurers. We secured a contract to provide medical assistance services to a top three UK insurer which commenced in January 2018. This is now embedded and operating effectively. The win has contributed to a c.10% uplift in the number of assistance cases we handle, which now exceeds 45,000 annually.
- **Built specialist claims handling capability in the USA:** In March 2018, we acquired Aasgard Summit, a provider of marine claims programme management services focusing on the US West Coast states. This strategic move secures our position as one of the largest US providers of claims services to the maritime community. Aasgard Summit has added to our strong and growing presence in the strategic West Coast states, home to some of the USA's largest ports and marine operators.

  Two significant Claims Programme Management wins were achieved in the maritime sector, including for the Blue & Gold Fleet in San Francisco and Maersk Lines in Norfolk.
- **Created the USA's largest Longshore claims business:** We have collaborated with our largest US client, Signal Mutual, to create Sage, a new claims programme management business, focused on Longshore workers' compensation claims. Signal Mutual's four largest independent third-party claims management provider firms were acquired to establish Sage, which is now the largest provider of these services in the USA. Sage operates as a single entity aligned with and controlled by Signal Mutual.

Jeff Nakadate
Claims Manager,
Charles Taylor Claims Services,
Long Beach, USA

I enjoy working with Charles Taylor because the Company has shown its ethics and values and supports staff to ensure we can do the right thing.

Jeff Nakadate heads a team of eight people handling State worker's compensation claims from first notification of loss through to settlement. The claims arise from people injured in the course of their employment, with their insurer providing wage replacement and medical benefits.

"I have seen my team settle some very complex claims with large exposures while working with our attorneys and other partners. I take pride in the fact that we can settle these large cases and end our client's potential liability," said Jeff.

Jeff joined Charles Taylor when the Group acquired Metro Risk Management in 2017. He has subsequently worked closely with Charles Taylor InsureTech to integrate Metro's programmes onto Charles Taylor's systems.

He brings over 18 years' experience of handling workers' compensation claims to the Group, having previously worked for insurance companies, self-insured employers and third-party administrators. "I have handled claims from homeowners and manufacturing plants to hospitals and school districts as well as handling Longshore claims," he said.

Charles Taylor Insurance Management

The business offers end-to-end management of mutuals, captives, life insurers, Lloyd's syndicates and other insurance programmes for capital providers under a model of long-term partnership.

Revenue

£92.1m

Staff

c.500

Case study:
Extending The Standard Club's global reach

Chinese shipowners can now access 'gold standard' liability insurance following an agreement between The Standard Club Asia Ltd (Standard Asia) and Ping An Property & Casualty Insurance Company of China Ltd (Ping An P&C), one of the world's leading insurers.

Under the terms of the agreement, Standard Asia and Ping An P&C will jointly offer Protection and Indemnity (P&I) cover to China's rapidly growing ship owning sector, with a focus on shipowners undertaking ocean going voyages.

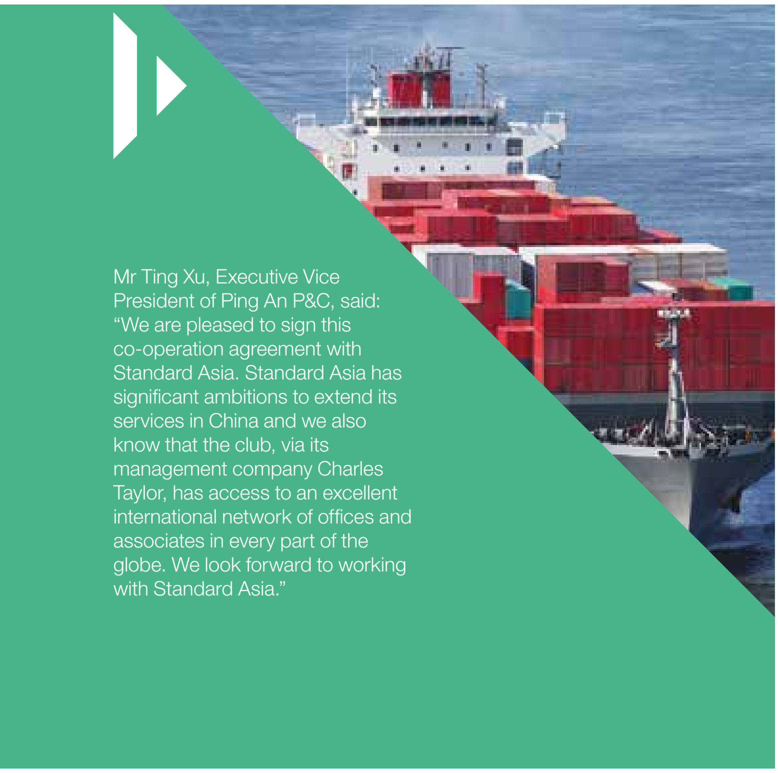
Standard Asia is the Singapore-based insurance subsidiary of Charles Taylor Insurance Management's client, The Standard Club Ltd, a leading member of the International Group of P&I Clubs. We provide end-to-end management to the club and work closely with its board to deliver its strategic objectives. Our Singapore team, as managers of Standard Asia, negotiated the agreement with Ping An P&C and will, going forward, service business produced through the facility.

The business performed well overall, increasing revenue as a result of delivering more services to our mutual clients and reporting a small fall in adjusted profits, which largely relates to a non-repeating 2017 profit on the acquisition of a life assurance business. We delivered a good performance for our major mutual insurance company clients. The Group's managing agency business has been impacted by The Standard Syndicate being placed into run-off and we are conducting a strategic review of that business.

The business's capabilities were recognised by our winning the MGA Initiative of the Year Award at the Insurance Day Awards 2018.

DELIVERED GROWTH FOR OUR MUTUAL INSURANCE CLIENTS

Charles Taylor manages mutual insurance companies. Our principal clients are The Standard Club, the world's fourth largest marine liability insurer, and Signal Mutual, the leading provider of Longshore workers' compensation insurance to employees of US ports and terminals.



Mr Ting Xu, Executive Vice President of Ping An P&C, said: "We are pleased to sign this co-operation agreement with Standard Asia. Standard Asia has significant ambitions to extend its services in China and we also know that the club, via its management company Charles Taylor, has access to an excellent international network of offices and associates in every part of the globe. We look forward to working with Standard Asia."

Anastasia Grimaldi
Senior Investment Manager,
London, UK

I am a member of Charles Taylor's Diversity & Inclusion Forum and the Women in Charles Taylor Group. Lack of diversity and gender inequality are issues generally in the workplace, but what I like about working for Charles Taylor is that the Company is making a real effort to put it right.

Anastasia Grimaldi helps to manage The Standard Club's investment portfolio and is the Investment Manager for Charles Taylor's defined benefit pension schemes.

She spends much of her time monitoring investment markets and analysing research reports. She meets daily with the other portfolio managers to review performance and agree any actions to take. Every quarter she has meetings with the trustees of the pension schemes to update them on the portfolios.

Anastasia is a Chartered Financial Analyst, with over 20 years' experience in financial markets. She has worked for some of the world's leading asset management firms including UBS and State Street Global Advisors.

At Charles Taylor, she enjoys the mix of meetings with colleagues and clients and the opportunity for quiet time to concentrate on reading research or writing reports. "Charles Taylor is growing fast, and with growth, comes many new initiatives and opportunities for all employees," she said.

Charles Taylor Insurance Management
continued

The Standard Club

The club provides protection and indemnity (P&I) insurance to around 10% of the world's shipping fleet. Our work enabled it to extend its global reach and deliver high-quality services to its members.

At the annual P&I insurance renewal in February 2019, the club renewed over 96% of its members. Total premium income was US$290m and the club's estimated free reserves, a measure of its financial strength, were US$436m.

Our work was focused on supporting the club with the following:

- **Extending its global reach:** We supported the club to make its P&I insurance covers available to more ship owners in China by entering into a cooperation agreement with Ping An, China's largest insurer. We also established a locally regulated underwriting capability in Hong Kong.
- **Offering additional insurance covers:** We worked with the boards of The Standard Club and The Strike Club, a mutual marine delay insurer also managed by Charles Taylor, to merge the entities, with The Strike Club becoming a class of The Standard Club.
- **Withdrew from underwriting at Lloyd's:** The club withdrew from underwriting at Lloyd's from January 2019. It concluded that current overcapacity and a weak pricing environment made Lloyd's a challenging market for it to develop a profitable underwriting business with enough scale. As a result, The Standard Syndicate was placed into run-off.
- **Preparing for Brexit:** We secured approval from the Irish regulator to set up a new insurance entity in Dublin. This will enable the club to insure European members post-Brexit.

Jessie Jihoon Heo
Underwriter,
Singapore

I enjoy connecting with The Standard Club's members. I believe that it is only through initiating conversations with members that we can truly understand their needs and concerns.

Jessie Jihoon Heo works for Charles Taylor in Singapore, underwriting on behalf of The Standard Club Asia. She supports the club's members by providing them with access to the most appropriate insurance cover. She is also actively involved in our efforts to attract new business to the club.

Jessie enjoys helping the club's members to tailor covers to meet their needs. "In one case we noticed there was a gap in a member's cover and worked on a solution for them. The member was very happy and their bond with the club was strengthened as a result," she said.

Jessie previously worked for the Korea P&I Club (KP&I) and used this experience to support the Standard Club's collaboration with KP&I. "I have been directly involved in the collaboration since its inception and today am running it on a day-to-day basis."

Jessie really appreciates that her voice is heard and valued by our senior management. "They listen to everyone's opinion, regardless of rank or position, and show their support. This helps me to feel empowered to share my ideas and motivated to work hard to achieve my goals," she concluded.

Signal Mutual

Signal Mutual (Signal) is the largest provider of Longshore workers' compensation insurance to the US maritime industry. Charles Taylor has been the manager of Signal since it was founded in 1986. Our work helped ensure a very strong year for Signal.

Signal enjoyed a very successful 2018/19 renewal in October 2018, with nearly 99% of members renewing. Member payroll, on which insurance premiums are based, are projected to exceed US$4.4bn, up nearly 3% on the prior year. This resulted in a projected advance call (premium income) of US$209m for Signal.

We worked to deliver Signal's strategic objectives:

- **Delivering effective safety solutions:** Our work to reduce the incidence of injuries in the workplace and insurance claims delivered positive results for members. This meant that Signal was able to reduce projected premium rates by over 1.5%, continuing the 16+ year record of year-on-year average rate decreases delivered to the membership.
- **Extended insurance solutions for Longshore employers:** We established Safeshore, a Longshoreman workers' compensation small account programme, for Signal in 2014. The programme currently has over 200 covered employers and generates around US$6m in premiums. This year, we established a new programme, SafeShore Edge for Signal. This is designed to cover employers in the middle market that do not qualify for entry into Signal Mutual. Four employers are already covered by SafeShore Edge and we have plans to expand significantly in the next year.

UNDERTAKING A STRATEGIC REVIEW OF CHARLES TAYLOR MANAGING AGENCY

The Standard Club's decision to withdraw from underwriting at Lloyd's has impacted the Group's Lloyd's managing agency business, which is jointly owned with The Standard Club. We are planning to conduct a strategic review of the managing agency.

GREW CHARLES TAYLOR LIFE INSURANCE MANAGEMENT

The Group's end-to-end life company management business performed steadily. We simplified operations and increased efficiency with all acquired life businesses now running on the core systems.

"Signal enjoyed a very successful 2018/19 renewal in October 2018, with nearly 99% of members renewing."

Nick Taylor

Underwriting Director, International, Charles Taylor Insurance Management, London, UK

I have been consistently challenged and stimulated throughout my career and had an incredible opportunity to work abroad in one of Charles Taylor's overseas offices.

Nick Taylor is Underwriting Director for the Standard Club's Canadian, South American, Swiss and Middle Eastern business.

He has also been responsible for implementing the Standard Club's Brexit plan. This has involved incorporating a new subsidiary of The Standard Club in Ireland from which the club is now insuring EEA business in anticipation of the UK leaving the EU.

"Managing the Standard Club's Brexit plan has been a complex challenge from a regulatory and legal perspective. I have learned an enormous amount about how you go about setting up a new insurance company, getting it authorised and then setting up an office and staffing it," he said.

Nick joined Charles Taylor in 2009 handling P&I claims for Standard Club's Northern European and South American members. He moved to underwriting in the Standard Club's Offshore Division before relocating to Singapore in 2011 to underwrite the Standard Club's Asian business. He returned to London in 2017 to take up his current role.

"I really enjoy working at Charles Taylor," he said. "The people at Charles Taylor are great colleagues and I'm lucky to be a part of such a dynamic organisation."

Charles Taylor InsureTech

The business provides a full suite of technology solutions for insurers, brokers, MGAs, and affinity players which enables our clients to transform their operating models and customer experience.

Revenue

£17.3m

Staff

c.500

Case study:
Making it smarter for Make It Cheaper

Make It Cheaper is the UK's No. 1 utility switching service for small and medium-sized enterprises. Established in 2007, it helps businesses find the best deal for their energy, phone, broadband and business insurance. Make It Cheaper is the only organisation trusted by price comparison sites like Confused.com, MoneySupermarket and uSwitch to look after their business customers.

It has appeared in the Sunday Times Fast Track – the UK's top 100 fastest-growing companies for three years in a row. Its entry into the 2019 Sunday Times 100 Best Companies to Work For survey secured a top 100 spot at the first attempt, a feat only achieved by a small number of companies in the past.

To help Make It Cheaper scale its insurance proposition the company needed an effective solution to make it quick and easy for its customers to apply and sign up for business insurance, whether they are applying directly online or through Make It Cheaper's contact centre. Having control of the product and the platform whilst integrating developments such as data enrichment to enhance the customer journey were key to the decision-making process.

It turned to Smartix from Charles Taylor InsureTech. Smartix provides a seamless way for customers to get a quote and buy their insurance. It uses a fully customisable question set, combined with insurers' rating matrices to give customers a guaranteed insurance quote in minutes.

Charles Taylor InsureTech was established to help insurance businesses drive change through the delivery of technology-enabled solutions. It owns or licenses the intellectual property in a range of software solutions required by insurers, brokers and other market participants across their business operations, which we believe gives the business a significant competitive advantage.

In 2018, Charles Taylor InsureTech won substantial global insurance technology contracts and acquired Inworx, an insurance-focused technology consultancy and software provider. The business is achieving scale and delivered a strong increase in revenue but made a statutory loss. Some key developments include:

- **Delivering a market-wide delegated authority solution:** We won a long-term contract with Lloyd's to deliver a delegated authority solution to the Lloyd's and related London company insurance markets. The solution, which is powered by Charles Taylor InsureTech's Tide software, has been taken up by all Lloyd's managing agents involved in live delegated authority business. By the year end, users had processed nearly 2,000 completed contracts using Tide.

Smartix

Smartix even prepopulates customers' data online, drawing information straight from Companies House and other trusted third parties to cut down the amount of form-filling.

Insurance products can be rolled out using Smartix in just a few hours, meaning that Make It Cheaper can create and distribute insurance solutions for its customers in days – rather than the months needed using traditional 'quote and bind' systems.

"Charles Taylor InsureTech took the time to understand our business and worked as truly collaborative partners to help us develop our insurance proposition. We'll be rolling out our new business and cyber insurance products to our customers using Smartix. It is a fantastic system which seamlessly integrates with our website and CRM, giving us a fully automated digital solution and enabling us to deliver a market leading insurance proposition for our customers," said Mark Fisher, Performance Operations Manager, Make It Cheaper.

Laurence King
General Insurance Practice Director, London, UK

I want to change the industry using our solutions and being given the opportunity to do so is immensely satisfying.

Laurence King heads the team that develops and implements solutions for Charles Taylor InsureTech's general insurance clients. This includes the innovative Smartix solution which is transforming the way that insurers provide quotes and sign up new customers.

He is focused on moving his clients away from transacting insurance manually to automated processes enabled by Charles Taylor InsureTech's solutions.

Laurence has over 30 years' experience in the insurance market, initially as an insurance broker, placing risks in the fine art, jewellery specie and financial institutions markets. This was followed by seven years at an insurance broking start-up, where he was operations director, helping to grow the business into an international operation active in 17 countries.

More recently Laurence has run his own consulting business, providing services to one of the world's largest insurance brokers.

Laurence joined Charles Taylor InsureTech in 2018. "Charles Taylor is an excellent home. It is a large, established business, but feels like a small firm with all the nimbleness and flexibility that that brings," he said.

Charles Taylor InsureTech continued

- **Delivering core operating platform for leading insurers:** Our major contract win to implement a core operating platform for Seguros SURA, a top four life, general and health insurer in Latin America, is being delivered. Seguros SURA awarded us a five country contract with the option for a further five countries.
- After the year end, we secured a contract with Dutch funeral, savings and life insurer Coöperatie Dela to implement a new cloud-based core operating platform. The new platform will provide Coöperatie Dela with greater scalability, better customer insights and will free up time to enable it to focus on meeting its customer needs and providing service excellence.
- **Extending global reach and product suite:** The acquisition of Inworx, an insurance-focused technology consultancy and software provider based in Latin America, has significantly broadened our technology capabilities on a global basis. The integration of the business is in an advanced stage and is close to completion.

  As planned, we are successfully transferring Inworx's software solutions to UK clients. After the year end, we secured a contract to implement the Smartix quote and bind solution for Make It Cheaper, a fast-growing UK business utility switching and insurance platform.
- **Capitalising on our investment in Fadata:** Our investment in Fadata, the specialist insurance policy administration business, acquired by Charles Taylor and The Riverside Company in 2015, has given us access to its highly rated INSIS software. We are using INSIS to power our solutions for both Seguros Sura and Coöperatie Dela and it was a significant factor in us securing both contracts.

Lautaro Mon
Digital Channels Practice Director, Charles Taylor InsureTech, Buenos Aires, Argentina

I very much enjoy the challenge of thinking outside of the box to build something no one else has thought about before.

Lautaro Mon helps insurers to deliver their insurance strategies globally. He is the entrepreneur behind Charles Taylor InsureTech's innovative Smartix software.

Lautaro joined Charles Taylor following the Group's acquisition of Inworx in 2018. He heads our digital channel practice, which is focused on enabling insurers to create new insurance products for their customers and distribute them online quickly and efficiently.

He is a software engineer with 20 years' experience of blending insurance with technology. After starting in coding voice recognition software, Lautaro joined a direct insurance business as IT manager.

His career progressed rapidly, including managing the merger of two insurers, restructuring Royal & Sun Alliance's sales operations in Latin America, leading on insurance business strategy and running insurance carrier's offices.

More recently Lautaro co-founded Smartix and became Chief Commercial Officer for Inworx, roles that he performed in parallel.

Lautaro is excited by the opportunity to help grow a global insurance technology business. "Charles Taylor gives me the opportunity to build, scale and globalise our digital platform," he said.

"In 2018 Charles Taylor InsureTech won substantial global insurance technology contracts."

The business unfortunately made a loss in 2018 and we are working closely with Fadata management and The Riverside Company, our co-investor, to improve the business's operational performance. A new CEO and management team have been appointed and costs have already been stripped out of the business. Fadata's INSIS solution is gaining traction through Charles Taylor InsureTech. In addition, Fadata is developing a new business pipeline through other channels, with two other client wins post-year end. We participated in funding rounds for the business in March and September 2018 and in January 2019 with a further round expected over the summer of 2019.

- **Won industry award:** Charles Taylor InsureTech's capabilities were recognised at London Market Forums Market People Awards, where we won the Technology Supplier of the Year Award.

Ruben Albor Cerda
Technical Director, LATAM Insurance Carrier Practice, Mexico City, Mexico

Charles Taylor has brought to me new challenges and the opportunity to develop my management skills.

Ruben Albor Cerda heads Charles Taylor InsureTech's Technical team in its Latin America Centre of Excellence in Mexico City.

He is responsible for the technical definition, implementation and architecture delivery of the INSIS platform, which we are using to power our solution for Seguros Sura and other insurers in Latin America.

"I really enjoy constantly searching for new technologies that could help in our daily work and delivery," he said. "Coding has been an important part of my professional career, so I keep updating my skills by testing new frameworks and tools," he added.

Ruben has worked with cutting-edge technologies throughout his career. These include container orchestration, cloud deployments and machine learning. He has also worked on blockchain deployments in the banking sector, which has given him valuable experience of working on large projects of the type he is now delivering.

"I really enjoy sharing my knowledge at Charles Taylor," he said. "I also like the Company's values and the way they get embedded in every project we deliver."

Group Chief Financial Officer's Report

The Group Chief Executive Officer's report sets out that we have refocused our business structure and strategy from 1 January 2019.

The new model presents our proposition for clients as spanning three areas: Charles Taylor Claims Services, Charles Taylor Insurance Management, and Charles Taylor InsureTech.

We are adopting this new model for our financial reporting with effect from 1 January 2019, so the 2018 financial statements are presented using the previous model of Management Services, Adjusting Services, Insurance Support Services and Owned Life Insurers.

The results for the year are summarised in the table below:

	Professional Services businesses				Owned Life Insurers		2018 Group	2017 Group
	Management Services £m	Adjusting Services £m	Insurance Support Services £m	Total £m	Insurance Companies £m	Eliminations/ Other £m	**Total £m**	Total £m
Revenue	60.4	86.9	112.2	259.5	8.5	(4.4)	**263.6**	210.8
Other expenses	(49.0)	(78.7)	(100.3)	(227.9)	(8.2)	4.4	**(231.7)**	(186.2)
Depreciation and amortisation	(0.4)	(0.8)	(5.5)	(6.7)	(0.2)	–	**(6.9)**	(6.3)
Adjusted segmental operating profit	11.0	7.4	6.4	24.9	0.1	–	**25.0**	18.3
Depreciation and amortisation	0.4	0.8	5.5	6.7	0.2	–	**6.9**	6.3
Share of loss of associates	–	–	–	–	–	(0.4)	**(0.4)**	(1.7)
Adjusted EBITDA	11.4	8.2	11.9	31.6	0.3	(0.4)	**31.5**	22.9
Depreciation and amortisation							**(6.9)**	(6.3)
Net finance costs							**(1.2)**	(1.1)
Non-controlling interests							**(1.1)**	(0.3)
Adjusted profit before tax	11.4	8.2	11.9	31.6	0.3	(0.4)	**22.3**	15.3

Note: Small rounding differences arise in the total amounts above.
Eliminations relate to inter-segment fees between business lines.

The Group's results on the new and old model are set out below:

NEW MODEL £m	2017 Revenue	2017 Adjusted segmental operating profit/loss	**2018** **Revenue**	**2018** **Adjusted segmental operating profit**
Claims Management	122.8	7.7	**154.2**	**12.6**
Insurance Management	84.0	13.8	**92.1**	**12.3**
InsureTech	4.0	(3.2)	**17.3**	**0.1**
Total	210.8	18.3	**263.6**	**25.0**

OLD MODEL £m	2017 Revenue	2017 Adjusted segmental operating profit	**2018 Unaudited** **Revenue**	**2018 Unaudited** **Adjusted segmental operating profit**
Management Services	58.3	10.1	**60.4**	**11.0**
Adjusting Services	74.9	4.5	**86.9**	**7.4**
Insurance Support Services	78.0	3.1	**112.2**	**6.4**
Owned Life Insurers	4.6	0.6	**8.5**	**0.1**
Eliminations	(5.0)	0.0	**(4.4)**	**0.0**
Total	210.8	18.3	**263.6**	**25.0**

To provide a clear year-on-year comparison, we have set out below a narrative summary of our businesses' performance on the old model:

- **Management Services:** performed well overall, increasing revenue as a result of growing the membership and scale of our existing clients' businesses and delivering more services to our mutual clients.
- **Adjusting Services:** delivered a strong performance. Charles Taylor Adjusting is executing its strategy to move into higher margin adjusting lines with lower working capital requirements. In line with our strategy we executed a 'bolt-on' acquisition of the FGR Group, a loss adjusting and claims programme management business headquartered in Chile that operates across Latin America.
- **Insurance Support Services:** delivered a strong performance, resulting in an increased revenue and profit contribution following business wins from leading insurers and insureds. The Group's Lloyd's managing agency business has been impacted by The Standard Syndicate being placed into run-off, further details of which are included under the 'Adjustments' section on the following page. We are building our insurance technology ecosystem and we acquired Inworx, an insurance focused technology consultancy and software provider. This was funded by a share placing which was heavily oversubscribed. We have adjusted for the acquisition costs relating to this transaction. We also acquired Aasgard Summit, a provider of marine claims programme management services focusing on the US West Coast states.
- **Owned Life Insurers:** reported a fall in profits, which largely relates to a profit on the acquisition of a closed book of life assurance business in 2017 that did not repeat.

Group Chief Financial Officer's Report
continued

ADJUSTMENTS
Our strong growth in adjusted profits before tax to £22.3m (2017: £15.3m) is not reflected in our statutory profits before tax, which unfortunately shows a loss -£3.3m (2017: £7.4m). Consistent with prior years we adjusted the statutory result to present a clear picture of the underlying performance of Charles Taylor over the year. This includes adjustments and eliminations relating to acquisitions, refining business operations, developing new products and services (with associated provisions and write-offs) and other adjustments. The adjustments are made up as follows:

Executing selected larger investments as part of our strategy to develop new capabilities and build our businesses (£14.7m)
In line with our growth strategy we completed acquisitions during the year and benefited from prior year acquisitions. We have adjusted for acquisition-related costs made up of legal costs and fees (£2.4m), earnout (£4.5m) and amortisation relating to intangibles acquired (£7.8m). These acquisitions are performing well and making a material contribution to our growth strategy.

Refining our business operations and building capabilities to underpin growth (£6.3m)
In line with our strategy we have invested in strengthening the Group's core capabilities and support services to underpin growth. We consolidated our three London based operations into a new office which offers greater operational efficiency. We have adjusted (£4.6m) for the investment involved in delivering this rationalisation. In addition, we have started to consolidate support and non-core activities across our support services (£1.7m).

Developing new products and services – associated one-off provisions, losses and profits (£2.5m)
We continue to invest in creating new services for our clients and have adjusted for one-off profits and have made provisions for losses on projects which have not gone to plan. We have adjusted for losses associated with our investment in developing a Lloyd's managing agency (£4.6m loss) as The Standard Syndicate is now in run-off as well as a new client proposition (£2.0m loss) which is no longer expected to occur. There was also a one-off profit associated with the creation of a Longshoreman workers compensation claims programme management business (£4.1m profit).

Other non-recurring costs which primarily includes Owned Life Insurers' business goodwill impairment (£3.1m)
This principally relates to the impairment of goodwill in the Owned Life Insurers' business (£2.4m).

Non-controlling interests: (£-1.0m)
Profits attributable to non-controlling interests primarily in Insurance Support Services.

NET DEBT, CASH FLOW AND FINANCING
Annual average net debt, which best reflects the Group's borrowing levels given the cash profile of the Group, was £58.9m (2017: £39.5m). Net debt was £73.7m as at 31 December 2018 (2017: £57.2m). Year-on-year increases arise from additional revenue growth-related adjusting working capital, an increase in capital expenditure, acquisitions and investments (FGR £5.6m, Fadata £2.3m and Aasgard Summit £2.1m). The Inworx acquisition was funded by means of an equity raise with gross proceeds of £17.6m and the issue of shares to the vendors. We expect a positive earnings contribution from these acquisitions in 2019.

Colin Remedios
Group Financial Planning and Analysis Manager, Sydney, Australia

We are a rapidly growing and evolving company with challenging goals; it is exciting to be part of the Finance team responsible for delivering those ambitions.

Colin Remedios splits his time between Sydney and London as the Group's Financial Planning and Analysis (FP&A) Manager.

He is responsible for Charles Taylor's overall budgeting and forecasting process and is part of the team which provides senior management with the information it needs to make major operational and strategic decisions.

Colin has built strong relationships with Charles Taylor's businesses. "Working closely with the businesses helps to improve our forecasting and budgeting. We can quickly identify any key variances to budgets and forecasts and identify actions to keep us on target," he said.

Colin qualified as a Chartered Accountant with BDO, working with the firm's Business Advisory team in London and Sydney. He joined Charles Taylor in 2013 as a Financial Analyst progressing quickly to the role of FP&A Manager. "My previous experience has placed me in good stead to meet the challenge of consolidating forecasts and results from over 100 locations across more than 30 countries."

Colin welcomes the flexible working arrangements provided by the Group. "By enabling me to work in Sydney and be an integral part of the Group Finance function based in London, Charles Taylor has provided me with an exciting opportunity to further my career," he said.

The Group's senior banking facilities comprise a revolving credit facility (RCF), which during the year has been increased to £82m and extended by one year to October 2023, and an Acquisition Facility of £25m. The increase in the RCF replaces the Citizens US$ facility. In February 2019, the RCF was increased to £87m by accessing £5m of the Acquisition Facility to fund anticipated investments.

The Board is focused on maintaining an efficient and sustainable capital structure and is comfortable with the current level of financial leverage and, by implication, net debt.

RETIREMENT BENEFIT SCHEMES

The Group's pension deficit as at 31 December 2018 was £34.3m (2017: £44.7m), net of deferred tax £28.4m (2017: £37.1m). The principal factors leading to the reduction in the net liability are the payment of deficit funding contributions by the Company and the reduction in the value placed on the liabilities resulting from an increase in the discount rate.

FOREIGN EXCHANGE

The Group manages its exposure to foreign currency fluctuations by using forward foreign exchange contracts and options to sell currency in the future. The contracts open during the year and at the year-end were put in place to protect the Group's exposure to movements between US$ and Sterling. The US$ profits of the Group were translated at US$1.33 in 2018 (2017: US$1.30). The sensitivity of the Group's results to movements in exchange rates is explained in note 28 to the financial statements on page 158.

TAXATION

During 2018, the effective tax rate on adjusted profit was 13.5%, reflecting the tax rates in the jurisdictions that the Group operates within. In 2017 taxation benefited from a credit arising from the recognition of a deferred tax asset relating to unutilised tax losses. The Group's average effective tax rate trends towards the UK tax rate within a range reflecting the global nature of the Group's operations.

Mark Keogh
Group Chief Financial Officer
19 March 2019

Florene Khissy
Internal Audit Manager,
Wilton, Connecticut, USA

I like working for Charles Taylor, first and foremost, for its people and culture. The Company is filled with great people who are dedicated to their work.

Florene Khissy is responsible for internal audit and regulatory compliance reviews for Charles Taylor's operations in the Americas and Bermuda.

It is a hugely varied role: one day she could be working on an accounting-focused audit and the next day on an operational area such as safety. "I enjoy being exposed to different sides of the organisation. Not being confined to one area keeps me challenged and provides me with the opportunity to explore and enrich my knowledge," she said.

She joined Charles Taylor in 2017 and has over 17 years of internal audit and public accounting experience. She has worked with one of the Big Four accounting firms, EY, where she got experience in multiple fields, including service, banking, insurance and manufacturing. She has also worked in the (re) insurance sector in internal audit and management roles.

Florene said she enjoys meeting and working with different people, seeing how they think and make decisions. "I am based in the Wilton office, which has a family touch to it, allowing everyone who comes in the office to feel welcome and appreciated," she added.

Our People.
In good company

Our people are core to our success. We are specialists in our markets because we recruit, nurture, motivate, develop and reward talented, professional people. This contributes profoundly to our reputation and our market presence. It supports our ability to work closely with our clients in strong partnerships where trust and reliability are essential.

We aim to create a positive experience for all our people with responsive caring management, effective technology, quality working environments and supportive, collegiate colleagues. This enables us to deliver a professional, high-quality, consistent and compliant work product.

Our Staff Engagement Survey in September 2018 shows that we have a highly engaged workforce. Our people think that Charles Taylor is a great place to work with nine out of ten saying that they would recommend Charles Taylor as a place to work to friends and family. They have a high level of understanding of what makes the Group successful and are keen to share in that success.

Snapshot from our Staff Engagement Survey:

89%
Staff who would recommend Charles Taylor as a place to work

71%
Level of engagement

The Charles Taylor Proposition – "The Deal"

	Our ask of our people	Our offer to our people
Group	Act in the interest of the whole Group, with integrity and confidence, seeking solutions and opportunity to develop the business	A Group that has a clear vision, is growing organically and by acquisitions, with a great reputation in the market
Work	Commit to delivering the highest quality work that adds insight and values to our clients	Work that is stimulating and challenging with leading clients in a high-quality, proud, collegiate environment
People	Deliver the best of Charles Taylor, be collaborative and supportive with colleagues – and have fun!	People and teams that you enjoy working with and can learn from as they aspire to be the best in their field
Reward	Recognise the value you can create for yourself and others beyond pure financial reward	Reward that is competitive and based on a total reward strategy and differentiates based on your individual contribution
Recognition	Celebrate success. Take ownership for providing constructive and honest feedback to each other and your teams	Recognition of your skills and achievements so you feel valued for who you are and your personal contribution
Development	Take personal responsibility for seeking out opportunities for learning for yourself and others	Development that provides opportunity for personal growth where you can shape your career and fulfil your potential

THE RIGHT PEOPLE

Our recruitment processes are designed to ensure we identify and recruit a diverse range of highly talented individuals. We take time to ensure that we are offering an environment where we can be flexible, roles are clearly understood and that the needs of our teams are met. This flows through our engagement with applicants, ensuring that the selection criteria are understood on both sides. We want people to know as much about us as we need to know about them.

We design our onboarding so that we communicate the values, desired behaviours and vision of Charles Taylor and to build new joiners' awareness of their own business unit and the Group's wider capabilities. We ensure they know what is expected of them and what they can expect in return. This is communicated via "The Deal" which sets out succinctly Charles Taylor's ask of and offer to its people.

Snapshot from our Staff Engagement Survey:

95%
Staff who are clear about the purpose of their business area

94%
Staff who are clear about how they contribute to their business area's success

CONTINUED QUALITY AND SPECIALISM

Our programme of training and development supports continued learning and contributes to our drive for consistent quality and innovation. We aim to provide development plans for each individual, irrespective of role or seniority, and monitor both development and progress towards each individual's goals.

Performance reviews take place where staff share their progress, needs and issues with managers, resulting in the formation of formal plans and objectives tailored to meet the needs of the individual and those of the business. This brings clarity of what is expected from both sides – ensuring that all are aligned with the needs of the business and therefore our wider group of stakeholders.

Snapshot from our Staff Engagement Survey:

86%
Staff who feel enabled to carry out their role to the best of their ability

KNOWLEDGE SHARING

As we operate at all stages of the insurance value chain, we believe it is important to share our collective knowledge and experience in order that our specialists are aware of the wider market, can remain informed of developments and are open to new ideas and innovation.

We have created a Group-wide knowledge database and use our intranet, Compass, to communicate news and information on all aspects of working at Charles Taylor. It is home to our policies, development programmes and our calendar of events, together with news updates from our global network.

We have clear operational standards, supporting ethical and responsible business practices. We mandate training on important areas such as anti-corruption, cyber risk and data security and financial crime prevention, all of which are delivered online and monitored for compliance.

We offer face-to-face learning and online learning to support, develop and train our staff. We hold "lunch and learn" sessions on a range of business education topics. We also hold events celebrating success and welcome meetings for new joiners and for teamworking. Directors and managers at all levels attend events to meet and engage with colleagues from across the Group.

REWARD

Charles Taylor aims to pay competitive salaries which attract, retain and reward talented individuals. Our total reward framework combines base salary, incentives and benefits:

- **Base salary** is based on employees' roles and responsibilities, skills and level of development. Base salaries are benchmarked against external market salaries where appropriate information is available.
- **Incentives** are both financial and non-financial and may include a bonus, support with professional qualifications, development opportunities, challenging experiences, exciting work and opportunities for travel and working overseas.
- **Benefits** may include pensions, life insurance, private health insurance, annual holiday entitlement, flexible working and employee discounts.

Employees are encouraged to become shareholders in the Company, primarily through the operation of the Company's Sharesave share option schemes. Senior management along with many managers across the business also receive deferred shares as part of an annual bonus award. These schemes encourage greater employee share ownership and further align employees' interests with those of our shareholders.

Our People. In good company
continued

EMPLOYEE ENGAGEMENT

We nurture and encourage open and positive dialogue among our staff, where questioning is encouraged and ideas considered, not dismissed. We recognise that such a culture enhances our business and empowers our people to go further to support our clients.

Our events and communication conduits are used in a two-way conversation. In our recently opened central London workspace, The Minster Building, there are no offices, keeping the management teams working alongside their colleagues. This promotes conversations across all levels of seniority and enables both social and professional interaction. We feel this openness is helpful and positive, reinforcing our values and high standards. It has supported an increased level of collaboration and has become a model for our future office space plans.

Snapshot from our Staff Engagement Survey:

73%
Staff who feel they have the necessary support to be successful

EMPLOYEE VOICE

The UK Corporate Governance Code 2018 requires the Board of Directors to ensure they take the views of stakeholders into account when developing strategy. The Code also requires Boards to have a specific process for dialogue with the wider workforce. This has become known as listening to the "employee voice". We are already making substantial efforts in this area; however, in 2018 we formalised plans ensuring that the conversations stretch from the bottom to the top of our organisation (see more in the Corporate Governance Report on page 56).

The Board has agreed that Edward Creasy, our Chairman, will be the designated Director to meet the needs of the Code. Our plans ensure that he will meet staff at all levels in both formal and informal settings, with an aim of enhancing his understanding of their views and enabling him to bring this additional perspective to the Board's deliberations.

Participants in the Staff Engagement Survey also provide us with comments on various aspects of Charles Taylor, and these are proving valuable in identifying opportunities and areas for improvement. The Staff Engagement Survey in 2019 will solicit additional responses from the staff on the Group's progress, strategy and plans. We believe this will provide further insight into the views of our people.

We will update, as appropriate, shareholders on this area of stakeholder engagement in each annual report and via our website.

DIVERSITY AND INCLUSION

Our mission

We aim to promote an inclusive and diverse environment, where we actively appreciate and celebrate difference and where all our employees can be true to themselves and do their best work.

We are a global business, working in all regions of the world and with people of many cultures and backgrounds. We believe the business and our people benefit from a range of views, perspectives and insights that help bring creativity of thought and an appreciation of those differences. By having an open attitude, we are enabling and building relationships to the benefit of the Company, our people and our clients.

We are committed to employing a diverse workforce. By promoting inclusion, we are taking deliberate action to create an environment where everyone works together, are respected as individuals and given the ability and freedom to reach their potential and add value to our business.

We have a Diversity and Inclusion Forum which ensures that the organisation continues to benefit from ideas from staff and through our membership of such organisations as Stonewall and Working Families. The Forum draws its membership from across the business and is chaired by the CEO of the Insurance Management Business, UK and International, who is the executive sponsor for Diversity and Inclusion (D&I).

Internal engagement

We have Diversity and Inclusion champions representing our business units and teams from across the organisation. We also have an engagement calendar highlighting events across cultures, nationalities, disabilities and historic celebrations. Each year we set a plan for progressing our mission and enabling further understanding.

External engagement

To further our efforts and increase our knowledge of the challenges faced by various groups, we are working in partnership with Working Families, the UK's leading work-life balance organisation. The charity helps working parents, carers and their employers find a better balance between responsibilities at home and work.

Similarly, we have partnered with LGBT community charity Stonewall. This supports our work to make Charles Taylor a more inclusive business for everyone, including the LGBT community. By being a Stonewall Global Diversity Champion, we have access to policy toolkits and employer guides to help us remain an employer of choice within the community.

Gender diversity

Charles Taylor is 100% committed to providing equal opportunities and to continue to ensure that we provide equal pay to women and men for work of the same value. In common with all UK businesses employing more than 250 people, we report our gender pay gap figures. Our latest report is available on our website.

Our gender pay gap is wider than we would like. This is largely due to the high proportion of men historically employed in the insurance sector and the other sectors from which Charles Taylor has typically recruited.

We believe that the transparency offered by publishing the gender pay gap is good; it informs our efforts to deliver our Diversity and Inclusion agenda. Further, it supports our efforts to recruit, develop and retain the most talented staff, irrespective of age, gender, race or sexual orientation.

Snapshot from our Staff Engagement Survey:

76%
Staff expressing that the Company is taking positive steps on Diversity and Inclusion

78%
Staff expressing that the Company is clear about its approach and commitment to Diversity and Inclusion

88%
Staff expressing that a visible commitment is important to them

82%
Staff expressing that they are comfortable being themselves and sharing views and beliefs with peers and senior colleagues

HEALTH AND WELLBEING

It is widely recognised that healthy and well-motivated employees can have a positive effect on the effectiveness and productivity of a business. Being at work itself can also have a positive effect on individual's health and wellbeing.

Our vision is to be recognised as an organisation that makes an active contribution to promoting and improving the wider health and wellbeing of all our employees. We have focused on working together with our staff through our "My wellbeing" programme. This aims to help employees to:

- Maintain a healthy body by making informed choices about diet, exercise and leisure
- Develop and encourage an attitude of mind that supports colleagues to have self confidence and self respect and to be emotionally resilient
- Inspire employees to have a sense of purpose, feelings of fulfilment and meaning
- Encourage an active mind that is alert, open to new experiences, curious and creative
- Seek to inform and share information that can help our staff to make good quality decisions for them and their families

The programme includes a wide range of initiatives to encourage wellbeing at work covering physical, emotional, financial and organisational wellbeing. We offer an employee assistance programme, occupational, family and mental health information and support, gym discounts, a Cycle to Work scheme and financial support including a discount scheme, access to financial and mortgage advice and discounted will writing services. The programme is delivered though our 'Wellbeing Hub' on the Group's intranet, Compass, and through regular lunch and learn sessions.

Acting Responsibly

We acknowledge that our stakeholders are not only interested in our financial results and prospects but also in the manner in which we carry out our business: how we interact with the communities in which we operate; how we ensure good governance permeates throughout our operations; and how we engage and ensure the wellbeing of our staff.

We believe that high standards of business ethics and a consistency of approach can add value to our operations and further enhance our reputation. Here we have set out our approach, reflecting our attitudes, adopted processes and our progress in maintaining an ethical and responsible business. Further details of the Board's engagement with stakeholder interests can be found on page 61.

The Board is responsible for setting the way we carry out our business from the top. The Group Executive Committee is responsible for ensuring that those standards are communicated, applied and complied with across our operations.

ETHICS AND INTEGRITY

Charles Taylor works exclusively within the insurance market and has a highly valued reputation. We acknowledge that reputations are made on how one acts; not just what one says but what one does and how one does it. Our Core Values (page 6) set out what can be expected from us and these underpin everything that we do. These values and desired behaviours ensure that we maintain our good name, brand and reputation at every interaction with our stakeholders and those who come into contact with Charles Taylor.

POLICIES AND COMPLIANCE

Charles Taylor has formal policies on conflicts of interest, gifts and hospitality, anti-corruption and sanctions. These are communicated to staff on joining and, where necessary, staff are subject to annual training. All policies are available to staff on our intranet, Compass. Processes are in place to ensure compliance and that training is undertaken and recorded. Individual Global Business Services teams (such as Property, Legal, HR, Risk and Compliance) are responsible for the day-to-day maintenance of our standards and review our policies at least annually. Our Internal Audit team reviews any possible non-compliance of material areas. Examples of these include:

- **Conflicts of interest:** We have a policy on conflicts of interest and a process for identifying conflicts which may exist for management, staff, clients and suppliers. We believe this is an important part of our ethical stance and our processes are set up to record, verify and respond to any perceived conflicts.
- **Gifts and hospitality:** We have a gifts and entertainment policy which sets limits for the receiving and giving of such benefits. Staff make monthly declarations of such activities to ensure that we are recording any instances where our integrity may be called into question. Each declaration reiterates to individuals their responsibilities. The process is simple and compliance is high.
- **Anti-corruption:** The Board acknowledges its commitment to maintaining clear and appropriate procedures within the Group's operations to prevent corruption. We shall continue to use the UK Bribery Act as a minimum benchmark for this aspect of ethical interaction with, and on behalf of, partners, clients and suppliers. Our internal standards and processes apply to all our businesses irrespective of their country of domicile or operations. In territories outside of the UK, we meet any further measures required under local legislation or regulation but do not dilute the requirements of the Bribery Act which we use as our standard.
- **Sanctions:** We have a process in place designed to check and prevent any business, obligation or contractual relationship with sanctioned individuals and/or entities. In a turbulent political climate this has become more onerous and remains an area of focus.

OUR PEOPLE

Charles Taylor is a meritocracy, where people can succeed by their talent, skills, knowledge and application. We support our staff in meeting their career goals, knowing that success is shared. Our Values, Equal Opportunities and Diversity and Inclusion Policies all support this principle and underpin our commitment to fairness and equality.

EQUAL OPPORTUNITY

No person receives less favourable treatment on the grounds of gender, sexual orientation, race, religion, nationality, ethnic or national origins, marital status, union membership, disability or age or any other form of discrimination. This applies to recruitment, development, the provision of benefits, advancement and promotion and our wider procedures. All members of staff receive a copy of our formal Equal Opportunities Policy on joining and it is available on Compass for reference. Managers receive regular briefings from HR on the recruitment and people development process and support to ensure that processes are applied fairly and without discrimination. Further information on our Diversity and Inclusion policy can be found on page 62.

DISABILITY

The Company makes reasonable adjustments to working arrangements or to physical aspects of the workplace if someone, as a disabled person, would be placed at a substantial disadvantage compared to a non-disabled person. All efforts are made to accommodate changes for anyone with a medical condition, classified as disability or not, to facilitate continued wellbeing at work.

NO HARASSMENT

We strive to ensure that no individual experiences any form of harassment, victimisation, bullying whether physical, verbal or by other means. Our published disciplinary and grievance procedures are in place to formalise our process for dealing with such issues. Our Whistleblowing Policy and helpline facilitate anonymous reporting of such incidents and issues.

WELLBEING

The Board acknowledges the duty of care it owes to all staff and those who come into contact with Charles Taylor operations. A major proportion of our work is office based and our offices are designed to provide comfortable and safe environments. However, where work is undertaken at locations outside of our immediate control, we undertake risk assessments in order to further ensure the wellbeing of our staff.

Kevin Hagan
Head of Human Resources,
Charles Taylor Adjusting,
London, UK

> The sense of empowerment, the pace of change, the professionalism, the culture of optimism and the shared community and family spirit make Charles Taylor stand out as a business.

Kevin Hagan is Head of Human Resources for Charles Taylor Adjusting (CTA).

He is actively involved in helping to grow CTA's business, running the HR programmes for projects involving the development of new areas of business and the recruitment of teams.

Kevin comes from a military background and served five years in the British Army with tours in Iraq. "During my service, I read Law and obtained my LLB (Business). I moved into HR whilst undertaking my Army resettlement with BAE Systems and haven't looked back since."

Kevin enjoys the challenge and culture of working at Charles Taylor. "It's comradery and high-performance environment, with intellectually stretching tasks and complex issues to deal with every day," he said.

Acting Responsibly
continued

HEALTH AND SAFETY
The Board acknowledges its commitment to safety standards across the Group. Our standards and processes are delegated to the heads of each of our business units to ensure that compliance is met at a local level. Our arrangements are reviewed and reported via the Health and Safety Committee and is made up of representatives from across the business. This forum ensures that best practice and new initiatives are communicated appropriately. Reports from the Committee are reviewed by the Group Assurance Committee (see page 57).

We are a people business which is mainly office based and the risk of injury or issues potentially detrimental to health are relatively low. However, there are exceptions and we require all activities to be assessed in order that the risks to staff and the public are minimised. We are working to ensure that these processes are also embedded in our newer businesses across the globe.

ENGAGEMENT
Our arrangements, set out above, are communicated to new staff on joining and reiterated to existing teams periodically. Some areas are subject to annual training or monthly declarations, as set out above. Information is held centrally on Compass which is available to all staff globally. Managers are briefed and trained in these areas to ensure that compliance is maximised and that attitudes cannot dilute application of our values and/or standards. For further information on our approach to staff engagement see page 61.

WHISTLEBLOWING
The Group has a clear, formalised Whistleblowing Policy and procedure available to all staff in order to raise concerns about perceived wrongdoing, non-compliance with our own standards, regulatory requirements and/or the law. We have a confidential helpline, run by a third-party, Safecall, in order that staff can report any concerns or perceived shortcomings within our operations without fear of sanction or disadvantage. The helpline is promoted through Compass, is multilingual and available at all times. Incidents reported via Safecall are reviewed by the Board at the next available meeting or sooner if appropriate. The Group's Audit, Risk and Compliance Committee reviews the policy and process annually to ensure they remain fit for purpose.

COMMUNITY
The Group seeks to encourage employee involvement in community projects, charitable fundraising and related programmes. These are recognised as a way of team building and driving motivation. We publicise these efforts via Compass in order that staff can share their efforts and experience with colleagues. During the year the Company made charitable contributions of £24,443 (2017: £19,003), principally to charities local to the Group's activities.

HUMAN RIGHTS
Charles Taylor does not have a separate Human Rights Policy. However, a respect for human rights is implicit in our contracts of employment and supply contracts. Our values together with the measures set out above provide suitable guidance and controls over our activities to ensure that respect for human rights is maintained.

MODERN SLAVERY
We comply with the Modern Slavery Act 2015. A statement setting out our actions during the year ended 31 December 2018 and plans for future reviews are set out in our statement on our website.

THE ENVIRONMENT
We have a long-term vision for sustainable development and continuous improvement of our environmental performance by maintaining best practice throughout our operations.

The Board has overall responsibility for environmental impacts and has delegated the monitoring of our progress to its Nomination & Governance Committee. The designated executive responsible for our environmental performance is the Group Corporate Development and Operations Director. The heads of each business are responsible for compliance of environmental policy and processes within their respective operations, with Global Business Services providing guidance together with logistical support.

We have retained Ecofiniti Ltd as a professional adviser on environmental matters for the Group.

The following objectives demonstrate how we shall continue to meet our commitment to reduce our environmental impacts:

ENVIRONMENTAL MANAGEMENT
- To continuously measure, monitor and review our impact on the environment as we grow by implementing an environmental management system
- To work with our clients, suppliers and subcontractors to raise awareness of our aims and ensure compliance is followed throughout the supply chain. Developing a programme of Key Performance Indicators to monitor and measure our progress
- To promote awareness of our responsibilities and initiatives throughout the Group, engaging employees in sustainability activities and target setting
- To regularly report environmental impacts through the appropriate public forums and adhere to all current and relevant legislation. We acknowledge that our clients, investors, staff and our wider stakeholder group have an interest in our environmental impacts and what we are doing to manage these on an ongoing basis
- To allocate appropriate resources to ensure objectives can be achieved
- To report environmental performance to the Board to ensure top-level leadership on environmental policy and to empower relevant management decisions
- To comply with all relevant environmental legislation in the jurisdictions in which we operate

IMPACT REDUCTION

- To enhance recycling schemes throughout our offices and reduce waste
- To lower our carbon emissions created through travel by making use of the conferencing technologies that we have available to us. Ensuring the environmental impacts are considered when arranging necessary travel and that the most sustainable mode and routes are used
- To consider the environmental impact within all business decisions, maximising the opportunities for best practice

COMMUNICATING AND REPORTING

- To meet our obligations regarding reporting our environmental impacts to the relevant regulatory bodies in the jurisdictions in which we operate
- To report internally and externally on our environmental performance against our targets
- To promote and build awareness of environmental responsibility amongst our employees
- To communicate and engage with staff at all levels to identify, assess and reduce operational impact on the environment

EXTENDING OUR COMMITMENT TO OUR VALUE CHAIN

- To engage and support current or potential suppliers to improve environmental performance
- To develop working practices for staff and within our client relationships that encourage continued consideration for the environment

OUR GREENHOUSE GAS EMISSIONS

We are growing extensively outside of the UK both organically and by acquisition. Our staff are based in around 120 locations in over 30 countries and our data collection process is complex. We are working hard to improve our collection of data regarding our environmental impacts but in some cases, we have had to use assumptions based on our experience of similar operations, buildings and activities. We intend in the future to be able to provide a comprehensive picture of our carbon footprint of our global activities.

METHODOLOGY

Our emissions have been calculated based on the GHG Protocol Corporate Standard in line with the World Business Council for Sustainable Development. Emissions reporting is one year in arrears and is consistent with our financial statements. This includes emissions from both our owned and leased assets for which we are responsible in the UK and overseas, excluding data centres and networking operations. No material emissions are omitted, and the following are reported on:

- Scope 1 emissions: Direct emissions from sources owned or operated by the Company
- Scope 2 emissions: Indirect emissions attributable to the Company due to its consumption of purchased electricity, heat or steam
- Scope 3 emissions: Indirect emissions due to the activities of the Company

To assess the quantification of our annual emissions associated with our activities, we have used permanent and contract employees to calculate our intensity ratio, which provides the best comparative measure over time; see the table at the foot of this page for the figures. This year's footprint was calculated by Ecofiniti Ltd. Charles Taylor's data collection process is improving as we aspire to have future carbon footprints assured and continue to be verified by an independent third party.

GHG EMISSIONS FOR 2018

All data	Carbon emissions tCO_2e	Carbon emissions tCO_2e/FTE	Carbon emissions tCO_2e/m^2
UK	5,477	2.444	0.334
International	3,224	2.705	0.268
Total	**8,701**	**2.535**	**0.306**

All data	Scope 1 tCO_2e	Scope 2 tCO_2e	Scope 3 tCO_2e	Total tCO_2e
UK	310	591	4,576	5,477
International	244	1,124	1,856	3,224
Total	**554**	**1,715**	**6,433**	**8,701**

The intensity ratio figure based on 3,096 employees is 2.81 tCO_2/employee

Note: Small rounding differences arise in the total amounts above.

How We Manage Risk

The Group's risk management framework and processes are designed to identify, evaluate and manage the risk of the Group not achieving its business objectives or incurring losses, enabling the Group's executives to manage the risk profile of its operations.

The main elements of the Group's risk management framework are as follows:

Board	The Board requires risk mitigation actions that are identified through these processes to be completed appropriately and in a timely manner. Completion is monitored by both the Group Executive Committee (ExCo) and the Audit, Risk and Compliance Committee (ARCC) throughout the year.
Audit, Risk and Compliance Committee (ARCC)	The ARCC of the Board assesses the Group's risks and controls through the annual rolling review cycle of each of the principal risks, with input from the executive "owner" of each risk. To support this, the external Auditors' Reports to the ARCC include the auditors' views as to the principal risks facing the Group, from an audit perspective, and how the external audit approach seeks to review and manage them.
Group Assurance Committee (GAC)	The GAC monitors the Group's risks throughout the year. For each of the main risks facing the Group, the Committee in conjunction with the ExCo, defines risk appetite using a mix of financial and non-financial metrics; it assesses whether risks are within appetite; it reviews the effectiveness of the controls that are in place; and it drives changes in controls where appropriate. In addition, it considers emerging risks informally on an ongoing basis and formally once a year. The GAC comprises executives leading the Group's compliance and risk and legal teams, company secretariat, and internal audit functions, as well as control function holders from the Group's main regulated entities. It reports to the Group ExCo and to the Board through the ARCC.

Group and business units

- Risk registers are used at Group and business unit level to capture and assess the primary risks and the controls relevant to each risk. In the event that a risk is assessed as being outside appetite, existing controls are reviewed and enhancements introduced wherever appropriate. There are currently 11 principal risks on the Group risk register; there is an executive "owner" for each risk, responsible for ongoing monitoring and a formal annual review.
- Risks are also managed by the relevant businesses through their management teams. They are supported by the compliance and risk officers embedded across the Group, who report to the GAC (and vice versa) through the Group's Director of Compliance and Risk.

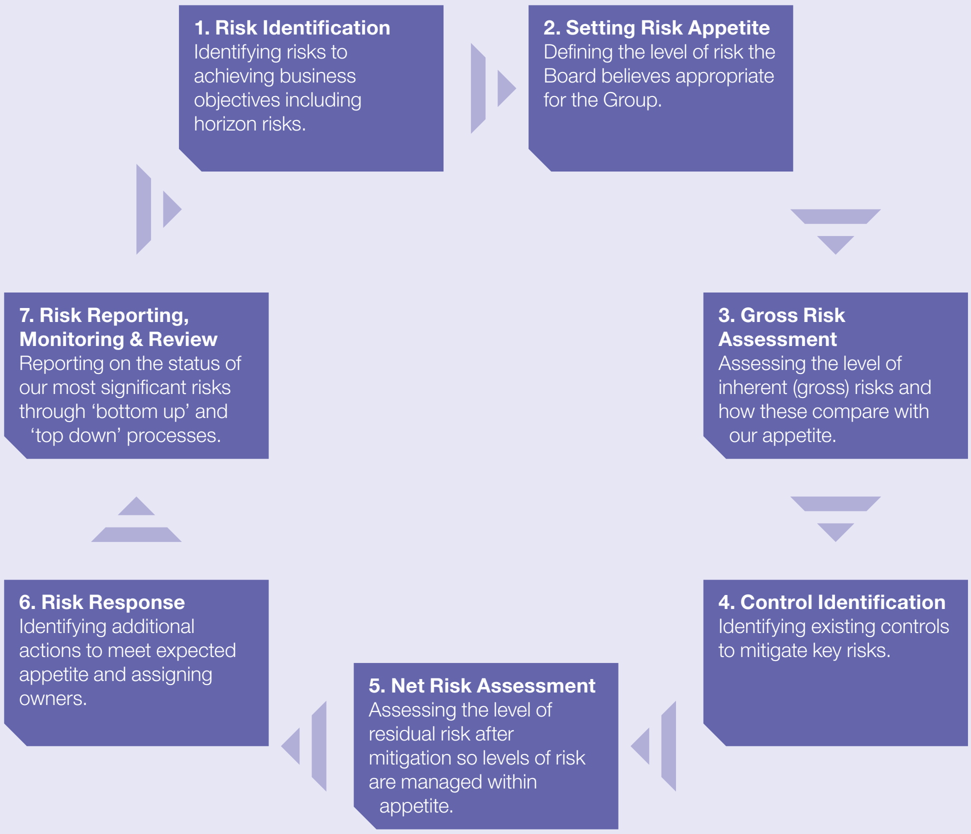
Internal audit

- The internal audit function undertakes regular reviews of the controls highlighted in the risk register through regular audits of systems, controls, processes and practices across the Group's offices. This follows an annual programme defined by the Board's ARCC, which is reviewed at each meeting and supplemented by additional audit work where appropriate. The audit programme is designed to focus on the mitigation of the Company's principal risks. The Internal Audit team's effectiveness is reviewed annually by the ARCC.

Risk management cycle

Our risks are identified, assessed and managed through a process that operates 'bottom up' at the business unit level and 'top down' for the overall Group, with ongoing oversight from Executives and Board members. Key steps in this risk management cycle are outlined in the diagram.

We have identified 11 principal risks which are set out in the following pages. For each principal risk we assign ownership, set our appetite for the risk and identify and track actions as appropriate.



Our Principal Risks

Business Risks

1 Delivery of growth initiatives

What is the risk?

Risk that the business does not deliver planned sustainable and profitable growth in its business plan.

> There are external and internal drivers for the Group to achieve sustainable and profitable growth. The Group invests in a range of growth initiatives including the diversification of the Claims Services business and the growth of InsureTech.

What is the potential impact if the risk is not managed?

> Any investment in growth has some risk of failure, and such a failure might lead to a loss of investment or reputational damage.

> Potential consequences include negative changes to shareholder or client perceptions and challenges in recruiting or retaining high-quality staff.

How do we manage it?

> The Board sets the overall strategic direction for the Group, approves priorities for the year ahead, together with major initiatives, and regularly reviews progress against plans.

> The Group's business plan includes a broad range of growth initiatives that reduces the impact of failure of any one initiative.

> Robust business plans for each business unit are developed and actively monitored and managed. A small number of the Group-wide organic growth initiatives are typically pursued at any one time and are subject to business case approval.

> Thorough due diligence on a target or potential joint venture partner is conducted prior to commitment. Acquisitions and joint ventures are monitored against initial projections regularly during the year.

> Group ExCo meetings include updates from key businesses on progress against Group priorities. The Group CEO and business leaders monitor progress on key initiatives and performance versus plan through the Quarterly Performance Review and monthly financial reporting processes.

2 Business concentration

What is the risk?

Risk of loss or diminution of business from any of the Group's key clients responsible for a significant proportion of revenue.

> A few key longstanding mutual clients are responsible for a significant proportion of Group revenues. In addition, across the Group's other businesses there are a number of other important global clients who use multiple services. InsureTech, at this stage of its development, is also reliant on a small number of material projects and clients.

> Where key clients are limited in number, they may react negatively where competitors are preferred by us or where we provide services to a competitor.

What is the potential impact if the risk is not managed?

> The loss of any major client would have a negative financial impact on the Group that may include direct loss of revenue and potential knock-on cost efficiency implications for the remaining business.

How do we manage it?

> Management of our mutual clients involves long-term relationships with deep connections between the manager and the mutual, mainly through the mutual's board. We invest significant senior time and resource to ensure that we maintain the standards of service that these important clients expect. Our multiple interactions with the client boards and with the mutuals' members provide opportunities to identify and address satisfactorily any potential issues, whether of service, conflict or otherwise, at an early stage.

> Diversification of the business and the client base is a key strategic objective of the Group. This has been achieved through various acquisitions over the past few years and the expansion of the Claims Services business. We have completed, and will continue to consider, organic growth initiatives and targeted acquisitions to further diversify our sources of revenue.

> A structured client relationship programme is in place for our most important non-mutual clients with nominated Charles Taylor senior executives leading on each one. Senior management of the relevant Charles Taylor businesses continue to build relationships with senior executives of our non-mutual clients and progress is reviewed regularly at the Group ExCo.

> Senior management takes responsibility for ensuring that high standards of service can be set for new clients and ventures without reducing the quality of existing commitments.

3 Failure to provide committed service

What is the risk?

Risk that staff may be unable to provide the work product agreed with clients or the agreed level of service to them.

- The Group has many business units and locations. The needs of business development can make additional demands on key staff outside their day-to-day job specification.
- As a result, there is a risk that we could fail to provide the service product that we are committed to provide or to properly manage all parts of our business.

What is the potential impact if the risk is not managed?

- Failing to meet the high standards our clients demand in the delivery of our services could expose us to the loss of clients, or claims for damages. It could also expose the Group and our clients to reputational damage which could adversely affect our competitive position.

How do we manage it?

- Business unit CEOs are responsible for service delivery in their business and report to the Group CEO. Reporting lines in each key business help ensure accountability for service delivery and timely escalation of issues.
- Our Management Services clients monitor service levels through their boards and corporate governance processes. The long-term relationships and deep connections we have with them enable any potential issues to be identified and addressed in a timely manner. The Group's key clients are supported by dedicated teams focused on client service, performance and prompt action to address issues as required.
- Contracts are in place with our major clients and standard terms and conditions, and disclaimers where appropriate, are used across our businesses.
- Periodic client surveys provide important feedback to senior management and careful business planning, performance management and peer review reduce this risk further.
- The Group constitutes incident response teams to deal with emergency situations with participants dependent on the nature of the incident. Crisis management and business continuity plans are in the process of being enhanced.
- We maintain professional indemnity insurance to mitigate the financial impact should we suffer a claim against the Group.

4 Material errors

What is the risk?

Risk of material mistakes from process, HR, IT, Compliance, Legal or other areas leading to costs to the Group; and the risk of incurring extra costs to mitigate the risk of mistakes.

- Our business is complex, operates in many countries and offers a diverse range of services.
- As a result, we are reliant on strong processes and highly competent staff across the business.
- As the business grows, the costs of controlling our business units to avoid errors increase.

What is the potential impact if the risk is not managed?

- There is the potential for an ongoing extra cost burden across the Group to control our operations.
- In the event of a serious error, there is the risk of directly incurring costs to address the situation or of our clients or other third parties seeking to recover their costs from the Group.

How do we manage it?

- Business leaders are responsible for service, compliance with policies and avoidance of errors. Monthly Group ExCo and senior business management meetings review client, operational and financial performance.
- The Group's processes require that all material client contracts are reviewed by the Group's lawyers or senior managers and standard terms and conditions and appropriate protections are incorporated where possible.
- A number of business areas have formal peer review processes. Major businesses have Risk Officers and regularly review their risks and issues. Internal Audit has a programme of planned reviews covering a number of business areas.
- The Group has a comprehensive insurance programme to cover its main insurable risks.

Our Principal Risks
continued

5 Staff-related risks

What is the risk?

The risk that issues relating to staff impact our ability to operate one or more of our businesses, or to execute one or more growth initiatives.

> As a predominantly professional services business which relies on the skill and expertise of its people, the Group faces various staff-related risks. These include the failure to attract and retain suitable personnel and risks that they do not perform their duties as required.

What is the potential impact if the risk is not managed?

> Such risks could damage our ability to manage the business effectively. Loss of key staff could impact service levels and might lead to loss of revenue or clients.

How do we manage it?

- We aim to attract and retain high-quality staff by providing competitive remuneration and benefits packages and offering training and career development.
- Our working conditions and recruitment processes are carefully planned and implemented and our procedures are reviewed regularly.
- The implementation of the Group HR strategy continues to improve the control environment through enhancements to compensation, talent management, learning and development and succession planning.
- Resourcing levels are monitored on an ongoing basis by line management, business unit leadership and HR business partners.
- Our annual employee engagement survey of all staff is used to identify issues and understand drivers of satisfaction and dissatisfaction. Business unit level results are made available to the leadership team of each business unit, which then formulates an action plan based on the findings.

Financial Risks

6 High fixed cost/operational leverage

What is the risk?

Risk of a material fall in revenues not being matched by a reduction in costs resulting in a negative impact on earnings, or that revenue growth lags investment in new or additional resources.

What is the potential impact if the risk is not managed?

> There is a risk that the Group's underlying profitability is negatively impacted, resulting in negative investor sentiment. The nature of the Group's cost base makes this risk inherent to some extent in doing business.

How do we manage it?

- We have clearly defined procedures for the management and monitoring of financial risks. We have relevant performance indicators in place which are monitored regularly at business unit, Executive Committee and Board level.
- Senior management continues to focus on containing/reducing costs and making the cost base more flexible. For example, this is achieved through its purchasing of services and remuneration structures, without adversely affecting the delivery of services or opportunities for growth.
- A detailed annual budgeting and monthly performance review process is in place covering revenues and expenses. Quarterly performance reviews are held with businesses, which includes monitoring of investment in resources relative to revenue generated for major growth activities.
- Investments that result in increased costs are subject to business case approval. Where investments are not generating the revenues anticipated in the business case, action is taken to reduce costs where appropriate.
- Programmes of work are being implemented to centralise and standardise financial control processes.
- Team utilisation is managed and, where possible, people are reallocated to more productive areas as required.

7 Breach of banking obligations

What is the risk?

The risk of a breach of banking obligations resulting in the Group's access to required loan facilities being restricted in some way.

> The Group maintains banking facilities on market standard terms to maintain an efficient capital structure and access working capital funds.

> Our banking facility agreements contain a range of standard covenants and other obligations.

What is the potential impact if the risk is not managed?

> In the event of a breach of covenant or conduct restrictions, the banking facilities might be withdrawn, not renewed, or renegotiated on disadvantageous terms.

> If the Group's financing performance deteriorates, financing may not be secured for amounts outstanding when a facility expires.

How do we manage it?

- The funding position has been maintained at appropriate levels as the Group has grown, providing financial flexibility and covenant headroom. We manage working capital and monitor relevant performance indicators to identify and take appropriate steps to mitigate the risk. Covenant compliance is reviewed and monitored by the Finance Committee and reported to the Board.
- When considering acquisitions, our typical approach is to offer a proportion of the consideration on completion, with a proportion deferred and contingent on performance. This mitigates the cash flow impact of the acquisition and reduces the risk of the overall transaction being less financially advantageous than originally assessed. The risk reward profile of new investments and other uses of cash are considered carefully by management.
- Cash flow forecasts are updated quarterly to project the future funding requirements and headroom against banking facilities and covenants. Monthly reports covering financial performance versus plans include analysis of financial covenant compliance.
- External auditors review the Group's compliance with financial covenants on a six-monthly basis.

8 Significant increase in liability to fund defined benefit pension schemes

What is the risk?

The risk that outstanding pension scheme deficits need to be funded within a short timescale, requiring an increase in Charles Taylor's contributions, and thus weakening our balance sheet.

What is the potential impact if the risk is not managed?

> The Company has four defined benefit pension schemes and of these the two largest ones have funding deficits. In the event that this risk crystallises it is likely to negatively impact the Group's financial resources.

How do we manage it?

- Each of the defined benefit pension schemes are closed to new members. The largest scheme has been closed to future accruals.
- There is regular dialogue between the trustees, their investment managers and senior management covering investment policy and assessment of asset and liability risks.
- The financial position of the Group's defined benefit pension schemes is regularly monitored. The size of any deficit is not a direct indicator of risk to the Group, which is driven primarily by its ability to meet future pension payment obligations as and when they become due.
- We maintain close working relationships with trustees with at least twice-yearly presentations/meetings. We have strengthened the control environment in relation to this risk and we monitor pension regulations to ensure compliance with the latest requirements.

Our Principal Risks
continued

Legal and Regulatory Risks

9 Material breach of legal and regulatory obligations

What is the risk?

Risk of non-compliance with national or international legal and regulatory requirements.

- The Group has to comply with a wide range of legal and regulatory requirements across its various businesses. It also has an indirect obligation to ensure its mutual clients comply with their legal and regulatory requirements.
- Legal and regulatory frameworks are continually evolving in various areas which impacts our own and our clients' regulated businesses.

What is the potential impact if the risk is not managed?

- Breach of these requirements could affect adversely the Group's relationships with regulators and clients and expose us to additional risks, including reputational damage, financial penalties or the withdrawal of the regulatory approvals we require to conduct our business.

How do we manage it?

- The ARCC and the GAC monitor compliance activities and provide challenge and recommendations where appropriate. This includes ensuring that the Group's regulated entities continue to meet relevant regulatory requirements.
- The Group regularly reviews its policies and procedures in relation to regulatory matters and to ensure that appropriate training is in place.
- Where there are specific regulatory changes, Group-wide projects and working groups are set up to identify and implement internal changes required.
- The Legal, Compliance and Risk functions across the Group have been further enhanced in 2018. Minimum set risk management requirements are in place with which key business areas need to comply.
- Internal Audit and our external auditor test compliance with the controls put in place to protect against legal and regulatory risks. These efforts are supplemented by additional external advisory resources where appropriate.
- The Group's processes require that all material client contracts are reviewed by the Group's lawyers or senior managers. Client teams have service-level agreements to set expectations and reduce the risk of contractual dispute.

Externally-driven Risks

10 External events impacting the Group's business model

What is the risk?

The risk that external events which are unanticipated have an adverse effect on the businesses of Charles Taylor.

> This risk could crystallise suddenly or gradually. Examples include: consolidation of clients, new entrants/competitors in key markets, tax changes, and geo-political and macro-economic events.

> The Group's exposure to political and economic risk has increased with its growing presence in LatAm – there are mitigating controls and structures in place, and this overall exposure is manageable in the context of the overall Group.

What is the potential impact if the risk is not managed?

> In the event that this risk crystallises it may negatively impact the markets in which the Group operates. It may also impact the Group's key clients which in turn could have a knock-on impact on our financial performance.

How do we manage it?

> The Group has a diversified business model spanning a broad range of services, geographies and sectors. This allows it to spread the risk of the impact of an external event on one area of the business.

> The Group actively monitors market changes, trends and potential risks to its various businesses. Each business carries out a review of potential internal and external risks annually, and this is reflected within its business plan. The Audit, Risk and Compliance Committee reviews current and emerging risks across the Group, and the controls for each, annually.

> The Group, on its own behalf and on behalf of its managed clients, has assessed the impact of the UK's exit from the EU and key business areas are executing plans to deal with potential Brexit outcomes. A Brexit Working Group spanning all relevant businesses and Group functions has been in place throughout 2018 and reports to the Group Assurance Committee and Audit, Risk and Compliance Committee. Businesses have plans in place for potential Brexit outcomes.

> The Group constitutes incident response teams to deal with emergency situations with participants dependent on the nature of the incident. However, although the risk of external events occurring is generally inevitable, in many scenarios there is likely to be warning and time to plan.

11 Cyber risk

What is the risk?

Risk of financial loss or other detrimental impact due to an attack by an external agent on Charles Taylor's technology systems.

> Three broad types of external attack are:
- An attack which disrupts service and access to systems;
- A "phishing" attack that may be aimed at committing fraud; and
- A hacking attack to obtain and/or modify the underlying data.

What is the potential impact if the risk is not managed?

> Cyber-attacks that result in a loss have the potential for financial, regulatory and reputational impacts.

How do we manage it?

> The Group's main business areas have various controls in place to mitigate its exposure to cyber risk. These include:
- Information security controls covering email, system access, external compromise, security testing, data, technology resilience and external accreditation.
- Operational controls include refining of business continuity plans, disaster recovery and incident response teams convened to respond to major incidents including cyber breaches.
- Finance payments processes controls covering set-up, review and approval of payments.
- Staff-related controls including education, awareness and behavioural elements of cyber risk and phishing attacks.
- Compliance and risk controls covering the application of the Group risk management model, cyber insurance and cyber incident notification and risk review.

Our Principal Risks
continued

Preparing for Brexit

In common with all UK businesses, Charles Taylor has had to prepare for the potential outcomes of the Brexit negotiations. We are a global provider of professional services and technology solutions to the global insurance market, and our business model interacts with all stages in the insurance value chain. Brexit is a challenge that is faced by every sector in the UK and, as insurance specialists, with substantial experience responding to regulatory, political and economic change, we are well positioned to support both our own businesses and those of our clients in reacting to the potential outcomes of the government negotiations.

In 2017, we established a Brexit Working Group with representatives of each business and our central support functions such as HR, Legal, Compliance, Finance and IT. The purpose of the Group is to identify and plan for potential exposures to a negotiated settlement and transition period or to a "no-deal" scenario. This has required constant reassessment as varied outcomes have been considered during the UK/EU negotiations. As a result of this process, we are confident that we have the information and plans to respond appropriately to any outcome.

Potential impact on Charles Taylor

As a global business, the majority of our operations will not be affected.

While the ultimate outcome of the Brexit negotiations is still far from clear, following extensive planning work by the Company, we believe we are well placed to meet the demands of Brexit. We do not believe that our revenues or potential for profits will suffer any material negative impact due to Brexit. Moreover, our clients are seeking solutions for their Brexit plans and will rely on specialists with technical and specialist knowledge together with a global network to support them through this. We see this as a potential opportunity as the outcome of the Brexit negotiations becomes clear.

Charles Taylor Claims Services

Charles Taylor already operates Claims Services businesses in several EU jurisdictions other than the UK, including France, Italy, Greece and Spain. To supplement this, we have established a new legal entity in Ireland. Our network of entities and Claims Services teams will enable us to continue to support client business that migrates from the UK to other EU jurisdictions due to a loss of passporting rights. We believe that any such loss of client passporting rights would have a very limited negative effect on our Claims Services business.

Charles Taylor Insurance Management

One of our major insurance management clients with a UK-regulated insurance entity has decided to write some of this business from an EU carrier in another jurisdiction. On behalf of our client, we have established a regulated insurer in Ireland (as well as a Charles Taylor service company) to support this move and enable continuity of business for our client and for Charles Taylor. This included obtaining the required regulatory approvals, recruiting the local team and establishing the required operational procedures. There is minimal impact on our investment management, captive management and life insurance management businesses as the vast majority of this business does not relate to the EU.

Charles Taylor InsureTech

Current and future non-UK EU clients can be served via our existing EU entities. All software solutions are compatible with EU requirements. Data held on cloud-based servers in the EU should be easily migrated to alternative jurisdictions where required and a plan to do so is in place if required.

By functional area

Legal: Our material contracts have been reviewed; any potential issues have been identified and assessed for the potential for cancellation, reduction of revenue and income together with data protection issues.

People: A detailed assessment has been carried out to identify EU nationals working in the UK and UK nationals working in the EU. We identified fewer than 100 such individuals and are supporting them through their settlement/pre-settlement status applications, should this be necessary. We have agreed arrangements to limit travel to and from the UK at the end of March in order that staff are not hampered on their travels due to a "no-deal" outcome.

IT/data: We have a plan and timetable in place to ensure there is no loss of service or access to data in the event of a "no-deal" outcome. Charles Taylor is GDPR compliant and has identified options for EU-UK transfer post-Brexit if required.

Long-Term Viability Statement

The Directors have carefully assessed the risks and uncertainties set out on pages 44 to 50 of this report and, having considered these, confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for at least the next three years; the Directors have no reason to believe the Group will not be viable over a longer period.

In making their assessment, the Directors have taken account of the Group's robust solvency position, its ability to raise new finance in foreseeable market conditions, as evidenced by the Group's recent refinancing exercise.

The Directors' assessment has been made with reference to the Group's current position and prospects, the Group's strategy and the principal risks it faces, along with the risk mitigants it has in place.

The Board reviews in depth and agrees the Group's annual budget after carefully considering the likely outcomes for the business over the coming year. In addition, as part of the Group's strategic planning process, the Board considers a longer period, recognising that that period generates projections with a lower certainty of outcome but provides an appropriate planning tool against which strategic decisions and an assessment of the Company's longer-term viability can be made.

The Group has a robust strategic planning process. The Group's strategy and business plans are reviewed in depth by the Board at least annually as part of the strategy review process. Once approved by the Board, these long-term plans provide the basis for setting both the business' strategic priorities and the more detailed annual plans and budgets that are subsequently agreed and used by the Board to monitor performance.

The Board regularly monitors the strategy and business plans against the Group's principal risks and uncertainties (as set out on pages 42 to 50 of this report), considering the Group's robust risk management procedures and the mitigating risk management actions taken by management and is of the opinion that the controls and mitigations are of an appropriate robustness.

The Board is briefed regularly by members of the Group ExCo and other senior management on progress against the Group's business plans, and any new strategies undertaken, in its normal course of business.

STRATEGIC REPORT APPROVAL
The Board confirms that, to the best of its knowledge, the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by the Directors and signed on behalf of the Board.

Robert Davison
Group Company Secretary
19 March 2019

Board of Directors

The Board of Directors is responsible for the overall strategy and long-term prosperity of Charles Taylor. It sets the strategic aims of the Group and considers acquisitions, resourcing and significant financial matters.

The Board of Directors usually meets six times annually and additionally if required. It reviews the strategic direction of the Group's trading companies, their annual budgets and monitors progress towards the achievement of agreed targets. It is also responsible for the integrity of financial controls and the systems used in the identification and management of both financial and non-financial risk. The Board has three standing committees: Nomination & Governance; Audit, Risk and Compliance; and Remuneration. Further details of our approach to leadership and the work of the Committees are set out in the Corporate Governance Report on page 56.

Edward Creasy
Non-Executive Chairman

Edward joined the Board on 1 January 2014 and became Chairman on 28 August 2015. He was also appointed Chairman of the Nomination & Governance Committee. He is a member of the Remuneration Committee and was a member of the Audit, Risk and Compliance Committee until stepping down on 13 December 2018 in accordance with the UK Corporate Governance Code 2018.

Edward's career in the insurance industry and at Lloyd's, brings extensive experience to Charles Taylor. He also has an in-depth understanding of all aspects of board governance and regulation, having served for eight years, both as a Chief Executive Officer of a quoted and regulated insurance company and as a Senior Independent Director of an Investment Trust.

Other appointments
Pacific Horizon Investment Trust plc (Senior Independent Director/Audit Committee Chair).
W.R. Berkley Syndicate Management Ltd (Deputy Chair).
Member of the Council of Lloyds Market Supervision and Review Committee.
Street Child.

Gill Rider
Senior Independent Director

Gill is the Senior Independent Director and Chair of the Remuneration Committee. She joined the Board on 25 January 2012.

She spent five years as Director General in the UK Government Cabinet Office and was Head of the Civil Service Capability Group. She was President of the Chartered Institute of Personnel and Development (CIPD) from 2010 to 2015. Gill was also Chair of the University of Southampton Council until 2018, and continues as Pro-Chancellor. Gill is a former Non-Executive Director of De La Rue plc and was a member of the Accenture LLP Global Executive Committee.

Other appointments
Intertek Group plc.
Pennon Group plc.

Paul Hewitt
Non-Executive Director

Paul was appointed to the Board on 17 November 2016 and became Chairman of the Audit, Risk and Compliance Committee on 30 November 2016.

He is an experienced Chief Financial Officer, Chairman and Non-Executive Director. He has chaired Audit, Risk and Compliance Committees for Tokio Marine Kiln, NEST Corporation, Tesco Bank, Collins Stewart Hawkpoint, Co-operative Banking Group and GMT Global Aviation.

Other appointments
Kintell Limited (Chair).
Provident Financial.

Barnabas Hurst-Bannister
Non-Executive Director

Barnabas was appointed to the Board as Non-Executive Director on 8 October 2014. He became a member of the Nomination & Governance Committee at the start of 2015.

Barnabas has had a long career in insurance, initially as a broker before moving to underwriting for 20 years in marine and non-marine classes. Barnabas is a former Chairman of the London Market Group and the Lloyd's Market Association and a former member of the Council of Lloyd's.

Other appointments
Talbot Underwriting Ltd.
Price Forbes Holdings Limited and subsidiaries.
The Standard Club Ltd.
The Standard Club UK Ltd.
The Standard Club Ireland DAC.
Charles Taylor Managing Agency Limited.
Charles Taylor Managing Agency Holdings Limited.
Blundell's School (Governor).
Horsdon Enterprises Limited.
8AM Global LLP (Partner).

Tamer Ozmen
Non-Executive Director

Tamer is a Non-Executive Director and was appointed to the Board on 29 June 2017. He is a member of the Nomination & Governance Committee; Audit, Risk and Compliance Committee; and Remuneration Committee.

An accomplished technology professional with over 20 years' senior management experience, Tamer was the head of Microsoft Consultancy Services between 2015-2019, where he implemented over 80 digital transformation projects mostly in the banking and insurance sectors, covering areas of AI, Next Best Action and product transformation. Tamer's previous roles include running the online division for Orange/France Telecom and starting Priceline.com in the USA and which subsequently acquired booking.com and kayak.com. Tamer has strong technology and digital transformation and value creation experience.

David Marock
Group Chief Executive Officer

David joined the Board and was appointed Group Chief Executive Officer on 1 July 2011.

Prior to joining Charles Taylor plc David was Group Chief Operating Officer of specialist insurer Beazley plc, where he was also a Director and member of the Group ExCo of Beazley Furlonge Ltd. He previously chaired the Xchanging Review Board and was on the Claims Service Review Board, acting on behalf of the Lloyd's Market Association, and a member of the Lloyd's Market Association Claims and Market Process Committees. Prior to that, he was an Associate Principal at McKinsey & Company, advising financial services clients on strategic, operational and corporate finance matters.

David is a Fellow of the Faculty of Actuaries.

Other appointments
The Standard Club Ltd.
The Standard Club UK Ltd.
Standard Life Savings Limited (and subsidiary).
Elevate Portfolio Services Limited.
REF Wisdom Ltd.
REF Wisdom 2 Ltd.

Damian Ely
Executive Director & CEO Adjusting Services

Damian was appointed to the Board on 14 October 2005.

He joined Charles Taylor in 1988 to work as an underwriter in London in the Management Services business, primarily for Signal. In 1995 he transferred to the United States, first as Senior Vice President, Signal and latterly as Chief Operating Officer, Americas. He returned to the UK to take up the role of Group Chief Operating Officer in 2005, performing that role until becoming Chief Executive Officer of the Adjusting Services business on 1 January 2016. He is a former Director of Signal Mutual Indemnity Association Limited.

Mark Keogh
Group Chief Financial Officer

Mark joined as Group Chief Financial Officer designate and was appointed to the Board on 16 June 2014, becoming Group Chief Financial Officer on 29 August 2014.

Mark has held a number of senior finance roles including Group Managing Director & Finance Director of Warner Estate Holdings plc. Finance Director of Severn Trent Water, Mowlem Construction Services and BP Marine and, Finance, HR and Supply Chain Director of Castrol Marine.

Mark is a graduate civil engineer; Member of the Institution of Engineers of Ireland (MIEI); a Chartered Accountant (ACA – ICAEW); and a Chartered Taxation Adviser (CTA – ATII).

Other appointments
Meridien Restructuring Limited.
Pontin Mallorca SA.

Robert Davison
Group Company Secretary

Robert joined Charles Taylor plc in October 2018 and was appointed Group Company Secretary in January 2019.

Prior to joining Charles Taylor, Robert was Company Secretary and Group Services Director at Chime Communications plc, the leading marketing communications group. During this time Chime grew from a UK-based public relations business to a listed global sports marketing and communications group. In addition to being Secretary, Robert was responsible for central services such as legal, real estate, IT, HR and risk management. He was involved in numerous corporate transactions including the sale of Chime to private equity in 2015 for £380m. His career at Chime was preceded by ten years in the music industry in operational roles.

He is a Fellow of the Chartered Institute of Secretaries and Administrators (ICSA).

Executive Committee

The Executive Committee draws its members from three areas of Group management: Executive Directors, senior executives, each with management responsibilities for individual trading businesses, and representatives of Group functions such as legal, human resources and corporate development.

The Committee meets to discuss implementation of strategy, progress made towards meeting targets, the management of risk, human resources and Group-wide issues and initiatives. The Committee is responsible for the maintenance of and compliance with Group operating standards. The Committee also discuss issues faced by individual businesses in addition to those common across the Group to ensure that best practice and experience are pooled in meeting the Group's goals.

David Marock
Group Chief Executive Officer

Damian Ely
Executive Director & CEO Adjusting Services

Mark Keogh
Group Chief Financial Officer

See Board of Directors biographies on page 53.

Ivan Keane
Group General Counsel

Ivan joined the Group in 1989, having previously worked as a solicitor in private practice. He has held a wide variety of senior executive roles within the Group, including Management Services and other businesses, establishing and managing mutual insurance companies, joint ventures and cooperation agreements, TPA and consortium arrangements, as well as business development. He is Group General Counsel and the Global Head of Group Legal. Ivan acted as Group Company Secretary from 2005 until December 2018. He is a member of the Group Assurance Committee, the Global Business Services Working Group, Chairman of the Pensions Governance Committee and of our Saudi Arabian and Qatar joint ventures.

Jeffrey More
Chief Executive Officer, Life Insurance Support Services

Jeffrey joined the Group in 2005 and heads up the Group's Isle of Man operations, where the Group's life businesses are situated. Jeffrey previously worked for Aberdeen Asset Management and Scottish Provident International, where he was the Appointed Actuary; he trained as an actuary at Scottish Provident Institution in Edinburgh.

Suzanne Deery
Director of Human Resources

Suzanne joined the Group in 2014 as the Director of Human Resources with responsibility for the Group's global HR strategy and for the operational management of HR. She started her career in the insurance industry working for Guardian Royal Exchange and then at AXA. Suzanne joined from PwC, where she was most recently Regional HR Director and Talent Leader for Central and Eastern Europe.

Jeremy Grose
Chief Executive Officer, Management Services, UK & International

Jeremy joined the Group in 1991 and became responsible for Charles Taylor's Eastern Mediterranean business. He then became Operations Director and subsequently Chief Operations Officer for the Management Services business. Jeremy was appointed Chief Executive Officer – Management Services – UK and International in February 2014. He is a Director of The Standard Club Ltd and The Standard Club UK Ltd.

Alastair Hardie
Chief Executive Officer, CEGA

Alistair joined the Group on the acquisition of CEGA in 2016. Alistair has been the Chief Executive Officer of CEGA since January 2015 and has 30 years' experience of management in insurance and other corporate sectors, with a particular focus on travel, health and accident insurance and outsourcing. Prior to CEGA, Alistair was CEO Europe of Cigna (Individual Insurance) and CEO and Managing Director at FirstAssist Insurance Services. He also has responsibility for the specialist claims handling and UK TPA business units within Charles Taylor, and an external role as Non-Executive Chairman at JCRA Group.

Jason Sahota
Chief Executive Officer, Charles Taylor InsureTech & Group Chief Information Officer

Jason joined the Group in 2015, and leads the Group's InsureTech business which he remodelled and launched in April 2016, driving marque wins in the insurance market and building the brand.

He joined from KPMG, where he was an executive director responsible for delivering technology enabled business transformation advisory services for FTSE 50 and Fortune 100 companies. His career spans nearly 20 years in the technology industry having carried out numerous roles, including but not limited to sales and commercial management, as well as building and running businesses in professional services brands.

Richard Wood
President & Chief Executive Officer, Management Services, Americas

Richard joined the Group in 1997 moving to Signal Administration in 2001 and being appointed as Chief Operating Officer in 2005. He was promoted to CEO of Management Services – Americas in January 2017. Richard started his career in marine insurance in London with Richards Hogg International in 1976, rising to partner in 1986. His early career was spent in Asia, principally in Tokyo before moving to New York in 1983. He is a Fellow of the Association of Average Adjusters, as well as an Associate of the Chartered Insurance Institute.

Richard Yerbury
Group Corporate Development & Operations Director

Richard joined the Group in 2014 as Performance and Strategy Director of Management Services – UK & International, and became Group Corporate Development Director in 2015. He is responsible for acquisitions, joint ventures and investments; the Group's compliance, risk management and other assurance activity; and several of the Group's Global Business Services. He joined from Bain & Company, where he was a Principal in the Financial Services team, leading growth, performance improvement, M&A and regulatory projects for insurers, investors and banks.

Corporate Governance Report

Edward Creasy
Chairman

The Board remains committed to good governance with high standards set from the top... it is an important factor in delivering sustainable business performance and creating continued value for the Group's shareholders.

Board membership

	Director since	Meetings held/ attended in 2018
Edward Creasy (Chairman)	*January 2014*	*6/6*
Gill Rider	*January 2012*	*5/6*
Paul Hewitt	*November 2016*	*6/6*
Barnabas Hurst-Bannister	*October 2014*	*6/6*
Tamer Ozmen	*June 2017*	*6/6*
David Marock	*July 2011*	*6/6*
Damian Ely	*October 2005*	*6/6*
Mark Keogh	*June 2014*	*6/6*

Focus for 2019

- Continued development of the governance framework.
- Stakeholder engagement.
- Maintaining a high level of efficient and effective control.

Dear Shareholder,

On behalf of the Board I am pleased to introduce the Company's Corporate Governance Report for 2018. The Board remains committed to good governance, with high standards set from the top. We regard this as an important factor in delivering sustainable business performance and creating continued value for the Group's shareholders. The following report sets out an overview of our approach, including the work of the Board and its Committees.

In 2018 the Board and its Committees have reviewed all aspects of our governance arrangements. This was timed to ensure that we were aligned with the revised presentation of the Group's business model and the regulatory impacts of the new FRC UK Corporate Governance Code 2018 (the "Code"). The review showed our continued compliance with the 2016 Code and provided an opportunity to both address the new provisions which applied from January 2019 and expand our disclosures to ensure we remain open and transparent with our shareholders.

As Charles Taylor grows, both in scale and in international reach, we remain committed to ensuring that the executive team has the skills and resource bandwidth to meet new challenges and maintain a high level of efficient and effective control. To address this the Nomination & Governance Committee continues to monitor and review our plans for succession.

The Committee also conducted a performance evaluation of the Board and the Committees at the end of the year, resulting in no major issues arising but providing insight to needs for the future in terms of information and areas for debate. I can report that these forums continue to work well.

During the year we appointed a new Group Company Secretary after deciding to split the roles of Group General Counsel and Secretary. I would like to thank Ivan Keane for his excellent guidance over the last 14 years as Secretary, acknowledging that he remains Group General Counsel, and welcome Rob Davison as Group Company Secretary.

The Directors are responsible for the corporate governance of the Company. They fully support the principles of good corporate governance set out in the UK Corporate Governance Code issued by the FRC in 2016. Throughout the year ended 31 December 2018 the Board has complied with the principles and provisions of the 2016 Code.

From 1 January 2019, the Board has adopted and will comply with the provisions of the revised Code published in July 2018.

Edward Creasy
Chairman
19 March 2019

CORPORATE GOVERNANCE FRAMEWORK

Charles Taylor plc Board of Directors

Audit, Risk and Compliance Committee	Remuneration Committee	Nomination & Governance Committee	Disclosure Committee	Administration Committee
(See page 72)	(See page 78)	(See page 68)	(See below)	(See below)

Executive Committee (See below)

The Board is responsible to shareholders for approving the strategy of the Group, oversight of performance, and monitoring the management of risk. Details of the Board structure, its responsibilities and activities during 2018 are detailed in the following pages.

The Board is supported in its work by three standing Board Committees, and delegates operational issues to management.

The standing committees are the Audit, Risk and Compliance Committee, the Remuneration Committee and the Nomination & Governance Committee. The responsibilities and activities of the committees are set out in the Committee Reports which start on page 68. There is also a Board Disclosure Committee which deals with the need and form of disclosures made by the Company and the Administration Committee to which the Board delegates functional administration matters.

The Board also delegates certain aspects of management and oversight to the management committees, formed of Executive Directors and/or senior executives/managers from the businesses, which meet on a regular basis to consider commercial and operational issues.

Executive Committee

The Committee's members (shown on page 54) are the Executive Directors, senior executives with management responsibilities for individual trading businesses, and representatives of Group functions such as Legal, Human Resources and Corporate Development. The Committee meets twice monthly to discuss the implementation of strategy, progress towards meeting targets, the management of risk, resourcing and Group-wide issues and initiatives. The Committee is responsible for the maintenance and compliance with group operating standards. The Committee also discusses issues faced by individual businesses, together with those that are common across the Group to ensure that best practice and experience are shared in meeting the Group's goals.

Finance Committee

The Committee consists of the Group Chief Financial Officer, the Group Chief Executive Officer and the Group Corporate Development & Operations Director. It oversees finance matters for the Group including financing, corporate finance activities and accounting judgements. Representatives of both the Group and the business unit finance functions including treasury, financial reporting and tax attend as required.

Group Assurance Committee (GAC)

The Committee consists of representatives from the Group's Legal, Compliance and Risk, Company Secretariat, Internal Audit, Finance, Data Protection and Information Security functions. The GAC monitors the Group's risks throughout the year. The GAC defines the risk appetite for the Group using a mix of financial and non-financial measures; it assesses whether risks are within appetite; and it reviews the effectiveness of the controls that are in place. For further details of the Group's risk management arrangements, see the risk section of the Strategic Report on page 44 and page 50 of the Corporate Governance Report.

THE BOARD OF DIRECTORS

Directors' attendance at the Board and Committee meetings convened in the year was as follows:

				Committee meetings		
	Board member since	Independent Y/N	Board	Audit, Risk and Compliance	Nomination & Governance	Remuneration
Total number of meetings in 2018			6	4	3	4
Number of meetings attended in 2018:						
Edward Creasy – Non-Executive Chairman	January 2014	N	6	4	3	4
Gill Rider – Senior Independent Director	January 2012	Y	5	4	2	4
Paul Hewitt – Non-Executive	November 2016	Y	6	4	3	4
Barnabas Hurst-Bannister – Non-Executive	October 2014	N	6	–	3	–
Tamer Ozmen – Non-Executive	June 2017	Y	6	4	3	4
David Marock – Group Chief Executive Officer	July 2011	N	6	–	–	–
Damian Ely – Executive Director	October 2005	N	6	–	–	–
Mark Keogh – Group Chief Financial Officer	June 2014	N	6	–	–	–

Corporate Governance Report
continued

ROLE OF DIRECTORS

Whilst the Directors share a collective responsibility for the activities of the Board, certain roles require further definition reflecting the division of duties and responsibilities. The following summary sets out specific duties assigned to each role.

Chairman

- Act as an ambassador for the Group and companies.
- Build a well-balanced Board with consideration of skills, experience and diversity.
- Chair Board meetings, setting the business calendar and Board agendas.
- Ensure the effectiveness of the Board.
- Encourage constructive challenge and facilitate effective communication between Board members.
- Ensure that relationships and communications with shareholders are of the requisite standard and frequency.
- Ensure that shareholders' views and concerns are appropriately addressed.
- Ensure appropriate induction, training and development programmes where required.
- Promote high standards of corporate governance.
- In 2019, act as the Designated Director in the staff engagement role conveying the "Employee Voice" to Board deliberations.

Group Chief Executive Officer

- Develop and implement the Group strategy and annual plan.
- Lead on Company values and promote best practice and a collegiate culture.
- Recommend the annual budget.
- Support a collegiate culture which embraces diversity and inclusion, entrepreneurial attitudes and professional integrity.
- Manage the Group's risk profile and establish effective internal controls.
- Regularly review the organisational structure, developing the executive team and planning for succession.
- Ensure the Chairman and Board are kept advised and updated on key matters.
- Maintain relationships with shareholders, advising the Board accordingly.
- Set the tone at the top with regard to compliance and sustainability matters.
- Day-to-day running of the business including the coordination of the senior management team via the Executive Committee and otherwise.

Group Chief Financial Officer

- Support the Group Chief Executive Officer in developing and implementing the Group strategy.
- Lead the global finance function, developing key finance talent and planning for succession.
- Ensure effective financial reporting, processes and controls are in place.
- Ensure that the systems of financial control are robust and fit for purpose.
- Support a robust risk management environment, facilitating strong controls in collaboration with both the Risk and Compliance teams and the Internal Audit team.
- Recommend the annual budget and long-term strategic and financial plan.
- Maintain relationships with shareholders.

Non-Executive Directors

- Provide entrepreneurial leadership of the Company within the framework of prudent and effective controls which enable risks to be assessed and managed.
- Set the Company's values and standards to ensure that its obligations to its stakeholders are understood and met.
- Provide experience and knowledge to support the decision-making process at Board and Committee meetings.
- Provide constructive and supportive challenge to the Executive Directors, providing additional insight and value to the Board.

Senior Independent Director

- Chair meetings in the absence of the Chairman.
- Act as a sounding board for the Chairman on Board-related matters.
- Act as an intermediary for the other Directors where necessary.
- Be available to shareholders and stakeholders on matters which cannot otherwise be resolved.
- Lead the annual evaluation of the Board's effectiveness.

Company Secretary

- Advise the Board on matters of corporate governance.
- Support the Chairman and Non-Executive Directors.
- Act as a point of contact for investors on matters of corporate governance.
- Ensure good governance practices at Board level and throughout the Group.
- Manage the Secretariat including the provision of information and services to internal stakeholders.

RESPONSIBILITIES AND ACTIVITIES OF THE BOARD IN 2018

For disclosure purposes we have shown the responsibilities of the Board in the broad categories below alongside the work carried out in that category. The responsibilities are shown in the Matters Reserved for the Board document, which can be viewed or downloaded from our website (www.ctplc.com/investors). In meeting these responsibilities, the Board takes account of the Company's culture, organisation and global reach, the interests of stakeholder groups such as shareholders, customers, employees and suppliers, in addition to regulatory and legal requirements.

Board responsibilities	The Board's primary activities in 2018
Strategy & management	
› The development and the final approval of Group strategy and annual and long-term business plans. › Approve annual budgets, major funding decisions and contractual commitments. › Review and approve major acquisitions and investments. › Consider the interests of stakeholders during the decision-making process in line with s172 Companies Act 2016. › Consider the "Employee Voice" when making decisions.	› Held strategy session with senior management from main trading businesses present. › Discussed and developed funding and capital utilisation for meeting strategic objectives. › Discussed acquisition and investment strategy, approved the acquisition of Inworx, FGR and Aasgard companies together with the investment in Fadata (via REF Wisdom Ltd). › Approved management's revised business model and strategic narrative providing shareholders with clarity on the Charles Taylor proposition. › Received shareholder feedback from consultations and factored comments into the discussions on strategy. › Received a presentation of the results of staff engagement survey. › Discussed and agreed the process for meeting the "Employee Voice" requirements.
Structure & capital	
› The Company's share capital structure including share issues and allotments due to the operation of share plans. › The Group's corporate structure. › Management structure and operational organisation. › The Company's listing and status as a plc.	› Considered and approved the placing of 6,770,800 shares on the London Stock Exchange and the financial disclosures made to shareholders during the process. › Approved the invitation to the Company's all employee SAYE share plan 2018. › Approved the vesting and allotment of shares resulting from the maturity of the 2015 and 2016 (USA) plans. › Approval of the Group's banking arrangements together with the attached terms, covenants and tests.
Financial management & reporting	
› The approval of financial statements, together with agreed finance policies. › Ensure the adequacy of controls and accounting procedures. › The approval of the annual budget and the monitoring of progress towards targets. › Review and monitoring of Company forecasts by others to ensure expectations are appropriate. › Monitor and approve the Company's going concern position and ability to maintain appropriate returns to shareholders. › Approve the dividend policy and levels of dividends paid as required. › Review the funding position of the Group's pension funds.	› Reviewed the financial statements for 2017 and the 2018 half year, considering that the disclosures were fair, balanced and understandable. › Considered the significant financial judgements made in attaining the results in the above. › Discussed and developed the 2019 budget and tested against the strategic aims of the business. › Monitored progress towards the 2018 financial objectives. › Monitored the Company's going concern, funding and debt positions. › Approved structural changes to the Group's banking arrangements. › Approved the 2017 final dividend and the interim dividend for 2018.
Internal control	
› Ensure a sound system of internal control exists and is resourced and maintained appropriately. › Monitor the systems of risk management. › Determine, identify and manage the Company's significant risks. › Ensure that the Group maintains a robust compliance profile meeting the requirements of its specialist markets. › Ensure that authorities delegated to management are appropriate and review, manage and approve exceptions where required. › Ensure policies are appropriate for ensuring robust controls, meeting regulatory requirements and diligent stewardship of the Company.	› Received reports via the Audit, Risk and Compliance Committee at each meeting on the controls framework, including incident reports and plans for mitigation. › Kept under review the significant risks of the Company and monitored mitigation and controls, including reporting in the 2017 Annual Report. › Discussed emerging risks and their potential impact on the Company's performance and strategic plans. › Agreed delegated authorities with management. › Approved main policies within the Company requiring Board sponsorship.

Corporate Governance Report
continued

Board responsibilities	The Board's primary activities in 2018
Communications	
› Ensure communications with stakeholders are fair, balanced and understandable. › Approve the timing and appropriateness of shareholder and market communications. › Consider the timing and content of disclosures including in compliance with regulations regarding price sensitive information. › Promote the Company in a positive but balanced manner. › Consult with shareholders on material developments of the Company.	› Reviewed and approved the Company's financial statements including the 2018 Annual Report; the 2018 Half Year Review and announcements and allied documentation required for the acquisitions and share placing made during the year. › Via the Remuneration Committee approved communications with shareholders consulting on the proposed Directors' Remuneration Policy. › Considered, discussed and advised on the revised presentation of the Company's strategy and business model.
Governance	
› Lead a high level of governance both in approving the framework and overseeing its application. › Continued consideration of developing regulatory requirements and best practice ensuring an appropriate balance with the interests of the Company's wider group of stakeholders. › Ensure the composition, independence, skills and experience of the Board, Committees and senior management teams are of an appropriate standard.	› Carried out a performance evaluation of the Board, its Committees and the Board framework, together with the Directors individually. › Considered developments in regulatory requirements including the revised Code, conducting a full review of governance within Charles Taylor plc with the Code as a benchmark. › Agreed the Terms of Reference for each of the three standing committees. › Agreed the "Designated Director" option for meeting the "Employee Voice" requirements of the Code.
Remuneration	
› Develop a clear and simple structure for Executive Director remuneration and disclose appropriately to shareholders via the Annual Directors' Remuneration Report. › Review and set the remuneration of the Executive Directors and senior management ensuring suitable alignment with Group strategy and recognised best practice. › Ensure suitable alignment with arrangements in place for the wider workforce. › Review, monitor and approve the Company's executive and all-employee share plans.	› With advice from Aon plc developed a revised proposed Directors' Remuneration Policy for Executive Directors. › Via the Remuneration Committee developed clear objectives for the Executive Directors and senior management, both financial targets or the Company and individual objectives for each Director. › Took into account arrangements for the wider workforce, market practice and advice from proxy adviser groups. › Reviewed the use of and approved actions regarding the Company's share plans.

BOARD ENGAGEMENT WITH STAKEHOLDERS

The Board is responsible for ensuring that the Company is led and managed in the interests of its shareholders and recognises that it has a duty to promote the success of the Company as a whole (as set out in s172 of the Companies Act 2006). The views and interests of the Company's wider stakeholder group are taken seriously, with an understanding that knowledge of those interests and continuing engagement with the various groups will enhance the sustainable long-term success of the business. The table below sets out areas of interest and reflects how the Board has engaged on those subjects and the stakeholder groups concerned, both directly and indirectly.

Stakeholder	Area of interest	Board engagement
Shareholders	Strategy; business model; international growth; long-term financial performance; capital allocation; Board composition; succession planning; policies and regulation; Directors' remuneration; dividend policy.	› Board approval of full year and half year results announcements and Board attended presentations. › Capital markets event held setting out strategy and business model with areas raised by shareholders addressed. › Publication of the Annual Report and Half Year Review reports. › Investor meetings – the GCEO and GCFO, met with significant shareholders after the announcement of results. › Discussion with shareholder regarding recommended best practice. › Engagement with investors by the GCEO and GCFO regarding FGR acquisition, Fadata investment, acquisitions, strategy and business model. › Indirect engagement with capital markets regarding the above via brokers and PR advisers.
Customers and the insurance market	Market developments; international reach; expertise and specialisms; technology in insurance; Brexit planning; customer service; regulatory issues; affordability; competition and range of services.	› Received a presentation on cyber risk. › Received a presentation on technology in the insurance market. › Received a briefing on potential impacts of Brexit on the insurance market. › In the context of proposed acquisitions received briefings on international markets. › Discussed expansion of specialisms and into new territories.
Employees	Culture; performance and reward strategy; working environment and practices; diversity and inclusion; compliance with operating standards; share price movements.	› Considered reward arrangements within the wider Group. › Considered and approved invitation to the 2018 SAYE Scheme. › Agreed the maturities of the 2015 SAYE Scheme together with the 2016 (USA) SAYE Scheme. › Received presentations on the Group's Diversity and Inclusion strategy. › Approved a plan to relocate London locations to The Minster Building, the adoption of agile working and provision of improved facilities. › Reviewed gender pay gap data. › Received a presentation on the results of the 2018 staff engagement survey. › Reviewed a briefing on reward arrangements for general staff including the monitoring of pension plan governance.
Government and regulators	Brexit; developing insurance market and wider corporate governance regulation; international expansion.	› Received updates on Brexit planning and actions. › Conducted a governance review in the light of the Code and developing best practice. › Received a briefing from the UK Ambassador to Argentina on the business environment in Latin America. › Received a briefing on MAR regulations.

Corporate Governance Report
continued

SKILLS AND EXPERIENCE

Director	Chair/CEO/leadership	UK-listed/ PLC experience	Financial services regulatory/ insurance market	M&A, corporate transactions	CFO, financial, investments	International management	Information systems/ data management experience
Edward Creasy	◥	◥	◥	◥		◥	
Gill Rider	◥	◥				◥	◥
Paul Hewitt	◥	◥	◥	◥	◥	◥	◥
Barnabas Hurst-Bannister	◥	◥	◥			◥	
Tamer Ozmen	◥	◥		◥		◥	◥
David Marock	◥	◥	◥	◥	◥	◥	◥
Damian Ely	◥	◥	◥			◥	
Mark Keogh	◥	◥	◥	◥	◥	◥	◥

BOARD EVALUATION

The Board (via the Nomination & Governance Committee) conducts an annual performance evaluation. This reviewed the effectiveness of:

- the Board, the Committees, the processes used and meetings;
- the individual Directors' skills mix, knowledge and contribution;
- the independence of the Non-Executive Directors; and
- conflicts of interest.

GENDER DIVERSITY OF THE BOARD, MANAGEMENT AND STAFF

	Female	Male
Board and Committees		
Board	1	7
Audit, Risk and Compliance Committee	1	2
Remuneration Committee	1	2
Nomination & Governance Committee	1	4
Group management		
Executive Committee	1	10
Overall staff		
Global Business Services (London)	58%	42%
Staff – UK	41%	59%
Staff – global	37%	63%

DIVERSITY AND INCLUSION

The Company has a Diversity and Inclusion Policy and pays great attention to the benefits that a diverse workforce can deliver. Details of our work in this area can be found in the Our People section on page 34. The Company has an equal opportunities policy to set standards of equality of opportunity across the Group and considers that diversity includes (but is not limited to) personal attributes and characteristics, gender, race, religion, beliefs, political opinions, creed, colour, ethnic origin, citizenship, nationality, marital/parental status, identity expression, sexual orientation, age or disability. The aim is to promote equality, respect and understanding, and to prevent discrimination of any kind.

BOARD EFFECTIVENESS EVALUATION

The Board annually considers the process for the evaluation of its performance and effectiveness, including the potential benefits of the use of external advisers. For 2018, it was determined that an internal process was sufficient to deliver a fair and true assessment of the Board, its Committees and the governance processes utilised. The evaluation was led by the Nomination & Governance Committee. Further details of the process can be found in the Committee Report on page 70.

Outcomes of 2017 evaluation and actions taken in 2018

The 2017 evaluation identified a number of areas that required further development and improvement. During 2018 progress has been made in these areas, namely:

Further development of reporting on financial controls to allow judgement on application, effectiveness and emerging areas requiring additional control – Reporting formats are now amended to provide additional detail.

When assessing investment opportunities, more assessment of how targets align with strategic objectives – The reporting format has improved with links to objectives highlighted more explicitly.

Reviews of progress of acquired businesses – The Board receives specific reports on acquired businesses covering performance and integration ensuring that return on investment is tracked in more detail.

Additional assessment of emerging risks – This is a point of focus of the Audit, Risk and Compliance Committee and risk reporting includes emerging risks such as Brexit, socio-economic, political and cyber.

Extend discussions on succession and diversity – The Board received a presentation on the Diversity and Inclusion strategy and the Nomination & Governance Committee reviews the succession planning timetable and process twice annually.

Further training requirements – The Nomination & Governance Committee reviews training needs with the Directors and arranges suitable briefings to meet the identified needs (see Support and Training section on page 64).

Outcomes of 2018 evaluation and proposed actions

The Nomination & Governance Committee oversaw the Performance Evaluation process as set out in the Committee Report on page 68. The following sets out the results of the process and the actions proposed.

Overview – The Directors viewed the Board as working well with a collaborative approach and an appropriate degree of challenge and engagement. Further comment was made as follows:

Management capacity and focus – The Non-Executive Directors noted and welcomed the simplification of the presentation of strategy and business model. The Board expressed a need to monitor both management's capacity and that of the central Group functions to prioritise and support initiatives resulting from acquisitions and the Group's continued growth.

Control environment – The Directors consistently praised the approach of risk management within the Group. It was considered well designed and owned by the executive team. Monitoring of the appropriate resourcing of the Compliance and Risk and Internal Audit teams to ensure that they keep pace with the increase in size and geographical spread of the Group was highlighted.

Insight – The Directors identified a number of areas where detailed briefings should take place during 2019.

Information – Whilst acknowledging the quality of information delivered, this is seen as an area where improvements are continuous and the Board identified a number of issues for further focus in 2019.

Performance evaluation – Executive Directors

The Remuneration Committee evaluated the performance of the Executive Directors in relation to both the Company performance (based on financial KPIs) and the achievement of personal objectives set by the Committee, at the end of 2017. The outcome of those assessments is shown on page 83 in the Directors' Remuneration Report.

Non-Executive Directors

The Board considers the current Non-Executive Directors to be appropriate in number and of such calibre that their views are of sufficient weight that no individual or small group can dominate the Board's decision-making process. Their respective qualifications, knowledge and experience are relevant to their directorships and, where applicable, their appointments to the Committees.

The process of evaluation is designed to consider all elements of their performance including any perceived shortcomings, training or development needs and any unforeseen tasks and responsibilities arising during the year. Whilst no specific performance criteria are assigned to individual Directors, the time, effort and application applied to their duties for the Board and, where appropriate Committees, are taken into account. The evaluation for 2018 raised no issues. General training needs were considered in the Board evaluation process.

Corporate Governance Report
continued

SUPPORT AND TRAINING

All Directors have unrestricted access to the Group Company Secretary, the Group General Counsel and senior executives/managers within the Group on any matter relating to their duties and responsibilities which may be of interest or concern to them. The Group Company Secretary meets the Chairman of the Board and the Chairs of each of the Committees regularly to discuss forthcoming or outstanding business and address any governance matters. If required to meet their duties, Directors have access to external legal and professional advice at the Company's cost.

New Directors receive a comprehensive and tailored induction programme in order that they are fully informed about Charles Taylor's activities on joining the Board.

Training is an area delegated to the Nomination & Governance Committee as part of its brief to ensure that the Board continues to possess the skills, experience and knowledge to meet the needs of the business. Training requirements are discussed at the beginning of the year and the Group Company Secretary is charged with putting in place a series of briefings to meet the identified requirements. In this context training includes internal briefings by business unit managers on specific markets and issues; and briefings from external experts on developing issues both specific to Charles Taylor and more widely (e.g. developing legislation). An example of this is a briefing received by the Board in December 2018 by the UK Ambassador to Argentina on the political and business environment in Latin America, a major growth market for the Company.

Directors are encouraged to visit different parts of the business and to attend Group functions, both formal and informal, in order to familiarise themselves with the staff and the culture of the wider business.

INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

The Code requires the Board to determine whether a Director is independent in character and judgement and consider whether any relationships or circumstances exist that could affect their consideration of matters before the Board. In applying the Code, the Board has considered a number of factors in determining the independence of each Director and the outcomes are set out below.

The Board considers that ownership of shares in the Company alone, if at a non-material level, does not compromise a Director's independence. It believes strongly that such levels of investment should not raise questions regarding independence. Share ownership by Directors directly aligns them with the interests of shareholders. The interests of each of the Directors in shares in the Company can be found on page 86.

Paul Hewitt, Tamer Ozmen and Gill Rider are considered by the Board to be independent of management and free from any business or other relationship that could materially interfere with the exercise of their judgement. As at 31 December 2018 Paul owned 19,508 shares in the Company and Gill 3,428 shares. These holdings are not seen as significant.

The Chairman, Edward Creasy, was considered independent upon his appointment as a Non-Executive Director in 2014. He is not considered to be independent by virtue of his appointment as Chairman. As at 31 December 2018 Edward owned 36,930 shares in the Company. On 13 December 2018, and in accordance with the 2018 Code, Edward resigned as a member of the Audit, Risk and Compliance Committee.

Barnabas Hurst-Bannister is a Director of The Standard Club Ltd (the club) a significant shareholder in the Company, The Standard UK Ltd, The Standard Club (Ireland) DAC, Charles Taylor Managing Agency Holdings Ltd, and Chairman of Charles Taylor Managing Agency Limited and therefore, in accordance with the Code, he is not considered to be independent. As at 31 December 2018 Barnabas owned 9,672 shares in the Company.

CONFLICTS OF INTEREST

Under the Companies Act 2006, all Directors have a duty to avoid conflicts of interest and to disclose any interests and outside appointments to the Company. The Board has a formal process in place for the declaration and management of interests. A Register of Interests is maintained by the Group Company Secretary. On appointment, new Directors are advised of the process for dealing with conflicts and the Board reviews the register before each meeting and annually as part of the financial year-end process. Details of the Directors' appointments in other organisations are set out with their biographies on pages 53 to 53. The Directors' interests in Charles Taylor plc shares are set out in the Directors' Remuneration Report on page 86.

For the Executive Directors appointments to external organisations are encouraged in order that they gain experience which supports the Company's business. However, the Nomination & Governance Committee considers each appointment on the basis of the potential for conflict and whether the time commitment to external organisations would detract from the time spent on Company business.

The Standard Club

The Standard Club Ltd (the club) is a significant shareholder in the Company (see page 101). Both David Marock and Barnabas Hurst-Bannister are Directors of the club, a company with a long, close history with Charles Taylor. Barnabas is the insurance expert on the club board. His position on the Charles Taylor plc Board is not as a shareholder representative of the club.

Conflicts statement for 2018

Other than as stated above and via the appointments listed within the Directors' biographies on pages 52 to 53 no Director held a material interest in any contract of significance with the Company or any of its subsidiary undertakings at any time during the year, other than a third-party indemnity provision between each Director and the Company and service contracts between each Executive Director and the Company.

RE-ELECTION OF DIRECTORS

The Board has agreed that good governance is served by the annual re-election of Directors. This goes beyond the requirements of the Company's Articles of Association (in which annually one-third of their number should resign and put themselves forward for re-election) and the requirements for companies outside the FTSE 350. Any Director elected by the Board during the year stands for election at the next general meeting of the Company.

RELATIONSHIP WITH SHAREHOLDERS

The Company values dialogue with its shareholders, encouraging an open, two-way conversation on Charles Taylor and the interests of its investors. The Company publishes corporate information on the Company's website (www.ctplc.com). The website includes copies of our market announcements made via the London Stock Exchange and news releases concerning operational, market and corporate events. We publish our Annual Report and Half Year Review in hard copy and online. The Company has an "Investor" section on the website, which provides useful information for shareholders including results presentations and announcements, financial calendars and general information on the business. We communicate with wider audiences on our activities around the world via a number of social media accounts (see panel below).

The Company also holds capital markets events, where our major shareholders, brokers and market analysts are invited to attend presentations on the Company's progress and strategy. Videos and the presentation materials from these events are posted on our website for the benefit of all shareholders and potential investors.

The Board continues to encourage dialogue with both current and prospective investors. Interested parties, in the first instance, should contact the Group Company Secretary on any matter regarding Charles Taylor business.

VOTING AT THE ANNUAL GENERAL MEETING

The AGM is held in central London and the Notice of AGM and any related papers are published at least 20 working days before the date of the AGM, to ensure that shareholders have sufficient time in which to consider the items of business. The AGM provides the Board with an opportunity to meet informally and communicate directly with private investors. Voting at the AGM is conducted by way of a show of hands, unless a poll is demanded. Proxy votes lodged on each AGM resolution are also announced through a Regulatory News Service and published on the Company's website soon after the meeting.

Contacting us

Shareholders can opt for electronic communication with the Company and the registrar, Computershare, which reduces the time delay in receiving AGM notices, dividend notifications and other shareholder communications. This also further illustrates our commitment to the environment by reducing the carbon emissions associated with the production and delivery of printed matter. Contact Computershare for further details (see page 179).

linkedin.com/company/charles-taylor-plc

twitter.com/ctaylorplc

Corporate Governance Report
continued

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the Group's systems of internal control and for reviewing its effectiveness. It is supported by the Audit, Risk and Compliance Committee which receives regular reports on the effectiveness of and issues highlighted by the controls deployed. For further details see the Committee report on page 72.

The Group has an established process for identifying, evaluating and managing significant risks faced by its operations. The Board, via the Audit, Risk and Compliance Committee, reviews the processes, which have been in place from the start of 2018 to the date of this report. The controls and risk management procedures are designed to highlight weaknesses and/or failures in systems to the Board at the earliest opportunity together with action taken or proposed. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group's significant risks are identified on pages 44 to 50.

The Board annually reviews the effectiveness of the Company's system of internal control in accordance with the Code and continues to take steps to ensure that risk management processes are established, operated and amended as required, as a critical part of the operations of the Company. The Board confirms that the actions it considers necessary have been or are being taken to remedy any significant failings and/or weaknesses. This has involved considering those matters reported to it and ensuring that appropriate plans and programmes are put in place that it considers are reasonable in the circumstances.

RISK MANAGEMENT PROCESS

The risk management frameworks and processes are managed by the Compliance, Risk and Internal Audit teams, who ensure that various controls, systems and procedures in each of the Company's business units are operating effectively. The main elements of the Group's risk management framework are as follows:

- The Group Assurance Committee monitors the Group's risks throughout the year. For each of the main risks facing the Group, the Committee defines the risk appetite using a mix of financial and non-financial measures, it assesses whether risks are within appetite; it reviews the effectiveness of the controls that are in place; and it drives changes in controls where appropriate. In addition, it considers emerging risks informally on an ongoing basis and formally once a year.
- Risks are also managed by the relevant business units through their management teams. They are supported by the compliance and risk officers embedded within the respective operations.
- Risk registers are used at Group and business unit level to capture and assess the primary risks and the controls relevant to each risk. In the event that a risk is assessed as being outside appetite, existing controls are reviewed and enhancements introduced when appropriate.
- The Internal Audit function undertakes regular reviews of the controls highlighted in the risk register through a regular inspection of systems, processes and practices across the Group's operations and in accordance with an annual plan approved by the Audit, Risk and Compliance Committee. The audit programme is designed to focus on the mitigation of the Company's principal risks.
- The Audit, Risk and Compliance Committee assesses the Group's risks and controls through the annual rolling review cycle of each of the principal risks, with input from the executive owner of each risk. To support this, the external Auditors' Reports to the Audit, Risk and Compliance Committee include the auditors' views as to the principal risks facing the Group.
- The Board requires risk mitigation actions that are identified through these processes to be completed appropriately and in a timely manner. Completion is monitored by both the GAC and the Audit, Risk and Compliance Committee throughout the year.

REGULATORY COMPLIANCE

The Company's compliance obligations are overseen by the Director of Compliance and Risk, and by the Group Assurance Committee and the Group Compliance and Risk Committee. The Director of Compliance and Risk submits reports to the Group Assurance Committee and to the Audit, Risk and Compliance Committee. Reports include details of any material incidents reported by management, where controls have failed or near misses have been reported.

The UK-regulated activities of the Company are carried out through the following subsidiaries: Charles Taylor Services Limited, Charles Taylor & Co. Limited (which became regulated in its own right on 9 January 2018 having previously been an Appointed Representative of Charles Taylor Services Limited and The Strike Club UK Ltd) and Charles Taylor Broker Services Limited, all of which are regulated in the UK as insurance intermediaries; Charles Taylor Managing Agency Limited, which is regulated as a Lloyd's Managing Agency by both the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA); and Charles Taylor Investment Management Company Limited, which is regulated as an investment manager by the FCA in accordance with the requirements of the Financial Services Act 2012.

A number of the Company's subsidiary companies operate in overseas markets and are regulated by the relevant regulators in compliance with local regulation.

FAIR, BALANCED AND UNDERSTANDABLE

In accordance with the Code, the Board has given consideration as to whether or not this Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and has concluded that this is the case. A review of the businesses of the Group is included in the Group Chief Executive's Report on page 14. The Board uses this together with the Chairman's Statement on page 12 and the Directors' Report (page 101) to present a balanced and understandable assessment of the Company's position and future prospects. The Directors' responsibilities are described on page 104 of the Report and Financial Statements and the Long-Term Viability Statement on page 51.

The preparation of the Annual Report and Accounts is coordinated by the Finance, HR, Corporate Communications and Company Secretariat teams with input and support from other areas of the Group. Comprehensive reviews have been undertaken at regular intervals throughout the process by senior management and other contributing personnel within the Company together with a verification process to ensure the validity of the contents.

The Directors, whose names and details are set out on pages 52 and 53, are responsible for the corporate governance of the Company. They fully support the principles of good governance as laid down by the Financial Reporting Council (FRC). Throughout the year ended 31 December 2018 the Board has complied with the principles and provisions recommended by the UK Corporate Governance Code issued in April 2016. From January 2019 the Company has complied, and will continue to comply with the revised FRC Code issued in July 2018.

Approved by the Directors and signed on behalf of the Board by:

Robert Davison
Group Company Secretary
19 March 2019

Nomination & Governance Committee

Edward Creasy
Committee Chairman

Stakeholder engagement is important to the Board.

Committee membership

	Member of Committee since[1]	Meetings attended/ held in 2018
Edward Creasy (Chairman)	*January 2014*	*4/4*
Paul Hewitt	*November 2016*	*4/4*
Barnabas Hurst-Bannister	*January 2015*	*4/4*
Tamer Ozmen	*June 2017*	*4/4*
Gill Rider	*January 2012*	*4/4*

1 The membership of the Committee was reviewed and confirmed at a meeting of the Board on 5 March 2019.

Focus for 2019

- Stakeholder engagement.
- Encouraging the "Employee Voice".
- Board and senior management succession planning.

Dear Shareholder,

I am pleased to introduce the Report of the Nomination & Governance Committee for 2018.

In January 2018, we broadened the scope of the work of the Committee to include the governance of the Company. This was to meet a growing need given the growth of the business and the developments within the corporate governance regime for listed companies. This was timely as, whilst there has not been a need for any Board appointments, the Committee has had a full year meeting its governance responsibilities.

We commissioned an internal review of our governance framework to ensure we remain well governed. The review was driven largely by the introduction of the new FRC UK Corporate Governance Code 2018 (the Code), but also with a desire to further adopt and promote good practice. The review took place in the last quarter and the results can be found primarily in this Committee Report and throughout this Annual Report and Accounts.

We continue to review our succession planning and this will remain an area of focus for the Committee going forward as the needs of our growth, particularly in technology solutions and internationally, broaden our needs.

Stakeholder engagement is important to the Board. The Committee spends a good proportion of its time reviewing how we engage with our stakeholders and, in particular, as a people business, our staff. The results of our 2018 staff survey confirm we have an engaged workforce. The revised Code requires us to formalise this further with new measures introduced (known as the "Employee Voice") to ensure that we build this into a two-way conversation about Charles Taylor, our people and how we share in opportunities, challenges and in our success. Whilst the Committee Report shows our discussions on the process, we have set out more on the "Employee Voice" in the Our People section on page 34 of the Strategic Report.

The Committee conducted the performance evaluation of the Board and its Committees and found that, whilst as always, non-material improvements can be made, they remain fit for purpose and are functioning effectively, with focus and the interests of our shareholders to the fore.

Edward Creasy
Chairman

COMMITTEE REPORT

The Committee is responsible for assessing the appropriate resourcing of the Board and the senior management team of the Company. This includes planning succession to ensure a level of continuity and maintaining the best stewardship of the Company on behalf of shareholders. The Committee is also responsible for ensuring that the Board and the Company maintain a high standard of governance.

The Committee is chaired by Edward Creasy, the Board Chairman, and membership consists of Non-Executive Directors. Members serve for periods of three years and may be reappointed for additional periods. The membership was reviewed in March 2019 and the current members each were reappointed for a further period.

The Committee is governed by Terms of Reference. These were reviewed in December 2018 and amended in light of the Code. The Terms are available on the Company's website or on request from the Company Secretary.

In carrying out its responsibilities in the area of resourcing management, the Committee considers the skills, experience and knowledge of the Executive Directors and senior managers against requirements identified. It takes into account the interests of the Company's stakeholders including its staff. The Committee pays due attention to the benefits of diversity, the mix of skills, knowledge and experience, together with strength of character and the ability to provide robust challenge and appropriate support where required.

The scope of the Committee covers the Board (both Executive and Non-Executive Directors), senior management and extends to those managers with responsibility for a degree of independent challenge such as the Head of Internal Audit, the Director of Compliance and Risk and the Group Company Secretary.

All appointments are considered by the Board after recommendations made by the Committee.

COMMITTEE RESPONSIBILITIES AND ACTIVITIES IN 2018

The responsibilities and work of the Committee falls into two clear categories as set out below:

Committee responsibilities	The Committee's primary activities in 2018
Nominations The Committee has responsibility for ensuring that appointments to the Board and senior management are made in an appropriate manner; that the right level of knowledge, skills and expertise are available to lead the Company. Such appointments are made by taking into account the interests of the Company's stakeholders and requirements to meet the Group's strategic objectives. The Committee manages the process with management and the Board relies on recommendations by the Committee, prior to making appointments. The Committee scope also extends to those senior managers who have a role in managing and reviewing the systems of governance and controls within the Group such as the Head of Internal Audit, the Director of Compliance and Risk and the Group Company Secretary.	› Reviewed succession planning, setting a timetable for the consideration of appointments. › Reviewed the Non-Executive Directors' periods of service and time spent on Company duties. › Reviewed the make up of the Committee membership. › Considered Board/Director training requirements and plans. › Reviewed the appropriateness of the Board performance evaluation process, including the scope and timetable; reviewed the outcomes and discussed remedial actions.
Governance In 2018, the Committee remit was broadened to provide further oversight of the governance framework deployed by the Board. It has a role in the continuing assessment of the needs of the Board, senior management and the Company as a whole, in the use of fit-for-purpose processes and resources. The Committee also oversees the performance evaluation of the Directors and the wider Board framework, considering the relevant demands during the period under review needed to meet the Group's strategic objectives. The Committee also reviews management's response to the evolving corporate governance framework for listed companies.	› Reviewed the Committee's Terms of Reference. › Approved the governance sections of the 2017 Annual Report. › Conducted a review of corporate governance in the light of the revised Code and market best practice, received a positioning paper measured against the Code and options for adoption of new measures and additional disclosures. › Reviewed stakeholder engagement disclosures with a view to ensuring that interests are shown to be aligned. › Debated the "Employee Voice" requirements, adopting the "Designated Director" route to compliance. › Considered improved disclosures within the Annual Report for 2018.

Nomination & Governance Committee continued

AREAS OF FOCUS DURING 2018

Governance Review

In late 2018, the Committee undertook a review of governance within Charles Taylor. This was carried out by the Company Secretariat and reviewed the Company's practices and disclosures against both existing best practice and the revised Code. The results of the Review were assessed and actioned at the end of the year. The main changes agreed were:

- A proposal to revise remuneration arrangements for the Executive Directors. This was the subject of a consultation process with the Company's main institutional shareholders and with the proxy analysts. The resulting revised Remuneration Policy will be put to the shareholders for approval at the 2019 AGM.
- A change in membership of the Audit, Risk and Compliance Committee, with Edward Creasy (Board Chairman) stepping down as a member in accordance with the Code.
- A revision of the Matters Reserved for the Board and the main Committees' Terms of Reference to ensure they remain in line with best practice and in accordance with the revised Code. Copies are available on the Company's website.
- Increased disclosures via the Annual Report and the Company's website, particularly in the area of stakeholder engagement.
- Adoption of the "Designated Director" option for meeting the requirements of representation of the "Employee Voice" in Board deliberations.

Succession planning

The Committee regularly evaluates and considers the mix of skills, experience and diversity on the Board and is satisfied that these are currently appropriate to achieve the Company's strategy and objectives. The Committee has reviewed the tenure of the current Board members and has set a timetable and plans for the position of those Directors whose independence, when measured under the Code, will come under scrutiny (due to their appointment being for greater than nine years) within the next two years.

Employee Voice

The Code gives further emphasis to stakeholder engagement and, in particular, the provision of a conduit for a two-way conversation with our colleagues across the Group. The Code sets out a number of options open to companies to deliver the specific engagement. The Committee (and later the Board) considered these options and agreed that a Director nominated by the Committee would undertake the work to ensure a level of understanding of, and give voice to, the concerns and interests of colleagues at Board discussions. It was agreed that Edward Creasy would be the Designated Director for 2019. This will be subject to review annually and, depending on outcomes, could lead to a rotation amongst the Non-Executive Directors in future years. However, this is a work in progress.

It is intended that Edward Creasy will attend a number of both informal and formal functions, already scheduled for 2019. Edward is a familiar face within the London office and is known in a number of Charles Taylor offices worldwide. The intention is that he will start to build a network (supported by our HR teams) of staff relationships at all levels. We are also looking at the use of technology, closed social media groups and focus groups to ensure that this develops into an inclusive two-way conversation and that it extends to our colleagues outside of the UK. Edward Creasy will report back at both Committee and Board meetings ensuring that his findings, and therefore staff views, are included in the deliberations at those meetings.

In September 2018, we conducted a staff engagement survey (for results see page 34). A number of the areas were raised and the responses received have provided guidance to the decision to follow the Designated Director route and the full results will act as a benchmark. Future use of the survey will also endeavour to solicit further views and enhance interaction with the Designated Director as we progress. Further details can be found in Our People section of the Strategic Report on page 34.

Performance evaluation process

Each year the Committee reviews the process for the annual performance evaluation which covers the Board, Committees, the processes utilised and the individual Directors. The process of evaluation is designed to consider all elements of performance including individual contribution, any perceived shortcomings, training or development needs and any unforeseen tasks and responsibilities arising during the year.

The Committee does not believe that the use of external advisers to perform the annual evaluation is always appropriate or necessary. It can be costly and an appropriate internal process, properly specified, can bring similar levels of scrutiny and objective assessment.

For 2018, it was agreed that an internal process would be utilised with oversight by the Committee. The process was led by the Senior Independent Director (Gill Rider) and supported by the Group Company Secretary. Initial views were sought through a tailored and anonymous questionnaire process. The responses were summarised for the Committee and the findings discussed. The Senior Independent Director also conducted one-to-one interviews with each Director during December and January.

A full report was presented to the Committee in March 2019. Points raised were discussed and an action plan was drawn up for 2019. The actions taken following the 2017 evaluation, together with the outcomes and actions planned from the 2018 round, are shown in the Corporate Governance Report on page 63.

The performance of each of the Executive Directors was considered by the Remuneration Committee against the performance criteria, both financial and personal non-financial, set by that Committee at the start of 2018. The results of the evaluation can be found on page 83 as part of the Directors' Remuneration Report.

GOVERNANCE RESOURCE STRENGTHENED
In 2017, the Committee oversaw plans by management to supplement the resources in a number of areas of governance. This was due to the growth of the Group and the increasing demands of the developing governance regimes for both regulated entities in the insurance market and for UK-listed companies. As a result, additional resources were put in place during 2018.

The position of Group Company Secretary, until the end of 2018, had been a joint role held by the Group General Counsel; the role of Group Data Protection Officer was, until the beginning of 2019, undertaken by a member of the Group Legal team; and the Director of Compliance and Risk required further specialist risk expertise due to the growing demands of risk management in the Group. The end of 2018 saw the recruitment of a Group Company Secretary, Group Head of Risk and Group Data Protection Officer, each as stand-alone roles. Whilst the recruitment of these roles took place outside of the usual meeting calendar, the Committee Chairman was either involved in the recruitment process or was kept informed, ensuring that it was fit for purpose.

FOCUS FOR 2019
The Committee's focus for 2019 will be the ongoing monitoring of the governance regime as best practice continues to develop from the new Code; continued attention to ensuring that the right mix of skills exists within the management team to meet the current and future challenges; and providing further opportunity to bring the "Employee Voice" and wider stakeholder engagement to the deliberations of the Board.

Edward Creasy
Chairman
Nomination & Governance Committee
19 March 2019

Audit, Risk and Compliance Committee

Paul Hewitt
Committee Chairman

The Committee believes the adjusted reported results reflect the underlying performance of the business.

Committee membership

	Member of Committee since[1]	*Meetings attended/ held in 2018*
Paul Hewitt (Chairman)[1]	*November 2016*	*4/4*
Edward Creasy	*January 2014*	*4/4*
Gill Rider[1]	*January 2012*	*4/4*
Tamer Ozmen[1]	*June 2017*	*4/4*

1 The membership of the Committee was reviewed and confirmed by the Board on 5 March 2019.

Focus for 2019

- Implications of Brexit.
- Scrutiny of the performance of recently acquired businesses.
- Assessment of our risk profile (particularly cyber and data protection and political and economic disruption).
- Continued focus on controls framework.

Dear Shareholder,

On behalf of the Committee I am pleased to present the Committee Report for 2018.

In addition to the regular business in our financial calendar, the Committee has spent a good deal of time reviewing and monitoring both progress of our risk management and financial controls and management's assessment and actions on emerging issues such as Brexit and cyber risk. On Brexit, the executive team has been proactive in developing a flexible process of assessment of the potential impacts for both Charles Taylor and its clients. Whilst the outcome of Brexit is still unresolved, we are attuned to the possible outcomes and the impacts on the Company.

The Committee has also monitored the acquisitions made during the year and the integration of each into both the Group and the framework of controls that we set with management. We shall monitor the progress, together with management's resource bandwidth, to continue to deliver the level of control that is deployed within our established businesses. Details of our work during the year are set out in the Committee Report.

During the year and, as part of the year-end process, we have reviewed the significant financial judgements made by management with particular attention to the adjustments made to statutory results. The Committee believes that the adjusted results reflect the underlying performance reported of the business.

With the publication of the FRC UK Corporate Governance Code 2018 (the Code) and its new provision that the Chairman of the Board should not be a member of the Committee, Edward Creasy stepped down from the Committee on 13 December 2018. I would like to take this opportunity to thank him for his contribution during his time on the Committee.

I will attend the AGM on 8 May 2019 to answer any questions on the Committee's responsibilities and activities.

Paul Hewitt
Chairman

COMMITTEE REPORT

The Audit, Risk and Compliance Committee has responsibility for monitoring the integrity of the Company's financial reporting and statements. It also plays an important role in identifying, monitoring and overseeing the mitigation of the major internal and external risks faced by the Company, as well as reviewing the work of the Company's Risk and Compliance and Internal Audit teams.

Paul Hewitt is considered to have current and relevant financial, accounting and auditing experience. The current members of the Committee are considered by the Board to be independent. In December 2018 Edward Creasy, the Board Chairman, stepped down as a member in accordance with best practice and in compliance with the Code.

During the year the Company's external auditor, the Head of Internal Audit and the Director of Compliance and Risk each met with the Committee without management present and were each provided with the opportunity to raise any issues. Other management representatives, including the Group Chief Executive Officer and the Group Chief Financial Officer, attended meetings as requested. The Terms of Reference of the Committee were reviewed in December 2018 and amended in light of the Code. The Terms are available on the Company's website or on request from the Company Secretary.

Role and focus

The aims of the Committee are to:

- monitor the integrity of the Company's financial statements and announcements, including reviewing the integrity of any significant financial reporting judgements made;
- advise the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable;
- review and report the going concern position and the Long-Term Viability Statement and make recommendations to the Board on the appropriateness of those reports;
- review and monitor the adequacy and effectiveness of the Company's risk management and compliance activities;
- monitor the scope, resources and effectiveness of the Internal Audit function including the independence of its management;
- oversee the appointment, tenure, remuneration and relationship with the external auditor; and
- review and monitor the independence of the external auditors and any engagement for non-audit services.

Audit, Risk and Compliance Committee continued

COMMITTEE RESPONSIBILITIES AND ACTIVITIES IN 2018

Committee responsibilities	The Committee's primary activities in 2018
Financial reporting › Review the annual and half year results, key accounting issues and judgements made by management and external auditor commentaries thereon. › Review and confirm the Company's Long-Term Viability Statement and Report on Going Concern, recommending that the Company should continue to adopt the going concern basis in preparing the annual financial statements. › Determine the appropriateness and the consistency of the application of the Company's revenue recognition policies. › Consider the appropriate accounting treatment of the Company's acquisitions and disposals. › Consider the representations of management requested by the external auditor. › Review and approve of the Board statement on internal control practices, principal risks and uncertainties and the Committee Report in the Annual Report. › Advise and make recommendations to the Board on whether the Annual Report is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's performance, business model and strategy. › Advise the Board on the approach to and the composition of the Long-Term Viability Statement and the decisions and judgements that underpin that statement.	**2017 year-end report and accounts** › Considered the reports, papers and minutes of the Finance Committee. › Considered the Report on Going Concern and the Long-Term Viability Statement together with assumptions made. › Received and reviewed the 2017 full year report of the external auditor. › Reviewed and challenged the significant financial judgements made. › Reviewed the Annual Report and Accounts to assess if they were fair, balanced and understandable and made the appropriate recommendations to the Board. › Reviewed and approved the representation letter on behalf of the Board. › Approved the Committee Report for 2017. **2018 half year review** › Reviewed the Half Year Review prepared by management. **2018 year-end report and accounts** › Considered the year-end timetable, potential management judgements and technical matters including accounting standards. › Considered significant financial judgements made by management. › Considered the reports, papers and minutes of the Finance Committee.
Risk management and compliance › Review the Group's principal and material risks, risk mitigation plans and controls. › Ensure the risk management process and framework is fit for purpose. › Agree the Group's risk appetite for material risks, including ongoing consideration of the exposure against appetite for each risk and the adequacy of the relevant controls. › Receive and review the integrity of the Company's internal risk reports and the related Annual Report disclosures. › Consider reports of incidents and near misses occurring in the businesses and any subsequent control recommendations. › Consider the resourcing and structure of the compliance function across the Group in the light of developing business activities. › Review regular reports from the Group's compliance and risk functions.	**Received and reviewed** › Group Compliance and Risk Report (at each meeting). › Group Data Protection Report (September, October and December). › Report of the Brexit Working Group (September, October and December). › The Whistleblowing Policy and related arrangements to ensure that they were fit for purpose. › A briefing by the Chief Information Security Officer on cyber risks. › Reviewed the effectiveness of the risk management process. › Met with the Director of Compliance and Risk without management present.
External audit › Review the performance and effectiveness of the external auditor. › Consider the auditor's planning, focus and engagement, and consider opportunities for improvement to the year-end process. › Review and agree the terms of engagement and fees for both the half year and full year audits. › Review the auditors' assessment of the key risks, issues and proposed approach and scope of the audit work to be undertaken for the year-end audit noting close alignment with the Committee's own risk assessment. › Review the tenure of the external auditor and approach to audit rotation. › Review the independence of the external auditor. › Review the external audit findings for the Company and for its material subsidiaries. › Review and agree the Company's policy on the provision of non-audit services by the auditor. › Review the level of fees paid to the external auditor for non-audit services carried out by the auditor in conformity with the Company's policy.	**2017 year-end** › Received and reviewed the external audit report from the auditor. › Reviewed matters of judgement and levels of challenge deployed by the auditor during the audit. › Reviewed the continuing independence of the external auditor. **2018 half year review** › Received and reviewed the half year review. **2018 year-end** › Reviewed the external auditors' terms of engagement for 2018. › Considered and approved the external audit plan. › Considered and approved the external auditors' fee proposal for the year-end audit and delegated the final stage of negotiation to the Group Chief Financial Officer. › Held meetings with the external auditor without management present.

Committee responsibilities	The Committee's primary activities in 2018
Internal audit	
› Consider the resourcing and structure of the Internal Audit function including the independence of the Head of Internal Audit. › Review and approve the annual Internal Audit plan. › Review regular reports from the Company's internal audit function on the work it had undertaken in reviewing the control environment and internal control systems. › Review the internal audit function five-year strategic business plan.	› Received and reviewed the Internal Audit Plan for 2019. › Received and reviewed summaries of the Internal Audit Report (at each meeting). › Considered control breaches and near-miss reports and agreed remedial actions and maintenance of controls where required. › Considered the independence of the Head of Internal Audit, together with the structure and resources of the Internal Audit function.
Business developments	
› Consider corporate transactions – accounting for acquisitions and disposals and the effects on the controls frameworks.	› Considered the accounting for acquisitions of Inworx, FGR and Aasgard. › Reviewed the placement of 6,770,800 shares on the London Stock Exchange and the financial disclosures made during the process. › Reviewed and challenged the carrying value of the Group's investment in REF Wisdom Ltd (Fadata). › Reviewed the accounting for the creation in the USA, at the request of a client, of a loss adjusting entity.
Governance	
› Ensure the Committee Terms of Reference remain fit for purpose. › Participate in and review the results of the Committee performance evaluation. › Consider the membership of the Committee.	› Reviewed the Terms of Reference for the Committee as delegated by the Board and agreed them to be fit for purpose. › Agreed a calendar of annual business for meetings in 2019. › Took part in a performance evaluation of the Board, its Committees and framework.

Audit, Risk and Compliance Committee continued

SIGNIFICANT FINANCIAL JUDGEMENTS

The Committee reviews the annual and half year results and the key accounting issues and judgements supported by internal management, and any external auditor commentaries thereon. Internal management produces a paper on each of the key accounting issues and judgements. These papers are reviewed by the Committee Chairman and the Group CFO and by the Finance Committee. The Finance Committee members are the Group Chief Executive Officer, the Group Chief Financial Officer and the Group Corporate Development and Operations Director. Senior members of the Group's Finance team are also be invited to attend Finance Committee meetings to discuss the presented papers and provide further clarity and detail as required. A summary of the key accounting issues and judgements is reviewed by the Committee together with the Finance Committee meeting minutes.

Reports by both the external auditor and internal management on each of the following significant financial judgements regarding the financial statements were reviewed and discussed by the Committee in a meeting with the external auditor and internal management present.

Calculation and reporting of adjusted profit

The Committee reviewed, considered and challenged management on the appropriateness of the adjustments to statutory profit that had been made when calculating adjusted profit and adjusted earnings. The Committee viewed that the adjustments should be considered in three categories: acquisition related, business restructuring and business transformation and optimisation. The Committee challenged these to ensure that any resulting adjustments were not in the usual run of business. The Committee concluded that the adjustments, if not made, would veil the underlying performance of the business. The resulting adjustments were therefore considered appropriate and the Committee reported this to the Board.

Risk and revenue recognition and associated valuation of work in progress

The Committee reviewed the revenue recognition policies of each of the businesses and challenged whether the policies had been applied properly and consistently. The Committee concluded that revenue had been recognised properly and consistently.

Acquisition accounting

The Committee reviewed the accounting treatment of acquisitions during the year and, in particular, the acquisitions of the Inworx Group, FGR Group and Aasgard Group. They reviewed management's proposals for the attribution of consideration to intangibles (customer relationships and trade name) and the present value of deferred consideration which is treated as remuneration in accordance with IFRS 3. The Committee concluded that the relevant intangible assets and goodwill had been identified and valued appropriately.

Valuation and recovery of internally generated intangible assets

The Committee reviewed and challenged management's impairment testing of goodwill. This included determining the appropriate cash-generating units (CGUs) for the purpose of goodwill impairment testing, the carrying amounts of CGU, the estimates of the future pre-tax cash flows of the CGUs under review, the appropriateness of the discount rate and how it was applied to future cash flows and the comparison of the carrying value of CGUs with their value in use to determine the sensitivity of management's assumptions. In relation to the Owned Insurance Companies business ("Life Run-off") it was considered that there was insufficient headroom over the carrying values of goodwill. Accordingly, the carrying value of goodwill, intangible and tangible assets of the Life Run-off CGU has been impaired by £2.4m, which has been recorded in the Consolidated Income Statement (see note 4 to the financial statements on page 138).

Other than Life Run-off, the Committee concluded that the relevant goodwill had been identified and that their value was supported by the forecasted cash flows of the respective CGUs.

Carrying value of investment in REF Wisdom Limited ("Fadata")

The Committee reviewed and challenged the carrying value of the investment in Fadata preference shares as, following the recognition of the Group's share of Fadata's losses, the carrying value of the Group's investment in Fadata ordinary shares is nil. This included reviewing Fadata's revenue forecasts, including assessing the sensitivity of the assumptions used in preparing the forecasts and valuation ranges as used in comparable deal precedent transactions, quoted company comparables and implied weighted average indicative valuations. The Committee concluded that an impairment of £2m be recognised of which the £1.3m arising from the transition to IFRS 9 is included in the Consolidated Statement of Changes in Equity (see note 19 to the financial statements on page 152).

Accounting for Charles Taylor corporate name

Following the announcement in October 2018 that the Syndicate 1884 would be placed into run-off at the end of 2018, the Committee reviewed and challenged future losses attributable to the Charles Taylor corporate name based on the latest available estimates, resulting in £4.6m for expected future losses and other costs associated with the Syndicate 1884 (see note 14 to the financial statements on page 145). In addition, the Committee reviewed and challenged the carrying value of the Group's 50.1% share of Charles Taylor Managing Agency Limited recorded as goodwill of £2.6m in the Consolidated Balance Sheet, concluding that the recoverable value is in excess of the carrying value of that goodwill and that no impairment was required.

Other intangible assets

The Committee reviewed and challenged the carrying value of other intangible assets and concluded that a provision of £2m be made in relation to the development of a client technology solution that is considered unlikely to be recovered (see note 16 of the financial statements on page 149. Other than this the Committee concluded that other intangible assets to be fairly stated.

AUDITOR REAPPOINTMENT

In 2018 the Company's audit services were provided by PwC. A resolution will be proposed at the 2019 AGM for the reappointment of PwC as auditor of the Company at a rate of remuneration to be determined by the Directors.

The Group held a competitive tender in 2016 in which PwC was successfully appointed as auditor for the year ended 31 December 2016. The audit partner responsible for the Group audit has been in position for three year-ends, and will be subject to partner rotation no later than post-completion of the year ending 31 December 2020 audit. The Group intends to perform a further competitive tender no later than 2026, being 10 years after the initial appointment of PwC.

POLICY ON THE PROVISION OF NON-AUDIT SERVICES BY THE AUDITOR

The Committee accepts in principle that certain non-audit work is most efficiently undertaken by the external auditor. The Committee has an established policy for the provision of non-audit services by the Company's auditor and regularly reviews the amount and nature of work undertaken within that policy. The objective of the policy is to ensure that the independence of the auditor is not actually or perceived to be compromised. The Policy is in line with the FRC's Guidance on Audit Committees (2016) and the requirements of the FRC Revised Ethical Standard (2016).

The auditor is excluded from providing non-audit services where the objectives are inconsistent with the objectives of the audit process. Additionally, no work is awarded to the auditor which would result in an element of self-review either during the work or the audit itself.

The Policy sets out permitted and prohibited services and limits of value for approval and authority purposes. These are set both by individual assignment and by aggregate over the financial year. Any assignments outside of policy or financial authority levels must be approved by the Committee prior to the award of the work. The Committee receives updates on non-audit work commissioned and related fee levels at regular intervals during the year providing a point of monitoring.

During 2018 the auditor carried out non-audit services to the value of £186,000 (2017: £164,500). Non-audit fees incurred with the Group auditor and other Group auditors for the year ended 31 December 2018 are set out in note 6 to the financial statements on page 142.

COMMITTEE EFFECTIVENESS

The Nomination & Governance Committee, led by the Senior Independent Director, conducted a performance evaluation of the Committee as an element of a wider review of the Board and its Committees in December 2018. More information can be found on the process used on page 63. The evaluation found the Committee was performing well and adapted to the challenges presented to it. The members expressed that reporting had improved and that there was a good level of interaction with both senior and functional management facilitating challenge and further detailed examination of areas of interest at meetings. The Committee members agreed that the risk, compliance and internal audit information had particularly improved and been adapted to include the new companies acquired during the period. Performance will be kept under review in 2019, with the identified areas of focus in mind.

FAIR, BALANCED AND UNDERSTANDABLE

Since the financial year-end, the Committee has reviewed the financial results for 2018, the preliminary announcement together with the Annual Report and Accounts and has concluded that, taken as a whole, they are fair, balanced and understandable and has advised the Board accordingly.

In coming to this conclusion, the Committee has considered the Group's long-term strategy, the identified significant and principal risks, the key performance indicators and their respective links to the strategy.

Paul Hewitt
Chairman
Audit, Risk and Compliance Committee
19 March 2019

Directors' Remuneration Report

Our remuneration arrangements are designed to be simple and clear; tied to performance; and closely aligned to our business strategy and the interests of shareholders.

Committee membership

	Member of Committee since	Meetings attended/ held in 2018
Gill Rider (Chair)[1]	*January 2012*	*4/4*
Edward Creasy[1]	*January 2014*	*4/4*
Paul Hewitt[1]	*November 2016*	*4/4*
Tamer Ozmen[1]	*June 2017*	*4/4*

1 The membership was reviewed and confirmed at a meeting of the Board on 5 March 2019.

Focus for 2019

- Develop a post-employment shareholding policy.
- Further consider the arrangements for other colleagues.
- Ensure incentive metrics remain appropriate and stretching.
- Continue to monitor the governance, application of the Code and emerging best practice.

Dear Shareholder,

On behalf of the Board, I am pleased to introduce the Directors' Remuneration Report for 2018.

Our remuneration arrangements are designed to attract, motivate and retain talented individuals, and to align rewards with the needs of our business and our shareholders. 2018 has seen a number of developments; the publication of the FRC UK Corporate Governance Code 2018 ("the Code"), together with the emergence of market best practice emanating from its principles, has influenced the Committee's discussions, work and decisions. The Company's continued growth and the related management challenges have been a factor in our discussions particularly when setting objectives for the GCEO and GCFO.

Our Remuneration Policy is based on the following principles:

- Simple, consistent and transparent;
- Supporting the strategic aims of the Group together with promoting the cultural and behavioural priorities identified. We also consider the alignment with objectives and remuneration arrangements for our colleagues across the Group;
- Achievement of a balance between pay and performance, such that:
  - fixed pay remains at an appropriate level when considered against comparable businesses, ensuring we attract and retain highly talented staff; and
  - variable pay and incentives provide a strong and demonstrable link between the performance of the Company and that of its executive management.

The Committee believes appropriate application of these principles will deliver incentives for our employees that will support our business strategy and create long-term sustainable value for our shareholders. Share awards continue to be an essential tool in aligning the interests of employees and investors.

2018

At the beginning of the year, the Committee set stretching targets for the Executive Directors against the annual bonus opportunity. These were based on the delivery of Company financial performance and the achievement of non-financial individual objectives.

Performance against the personal objectives was seen as improving and, together with the achievement of financial results, we have awarded the following bonuses to the three Directors (percentage of maximum bonus): David Marock – 83%; Damian Ely – 85%; and Mark Keogh – 77%.

With regard to the adjusted Company results for the year, we scrutinised and assessed whether the bonus payments remain appropriate given the statutory loss of the Company. After careful evaluation, we believe the reported adjusted results represent a fair picture of the performance of the Company and have therefore agreed that the Committee need not exercise its discretion in setting the awards.

The results for 2018 enabled the assessment of performance over the three-year period of the 2016 LTIP grant. The performance measure outcomes were relative TSR at nil and the EPS element at 67.3% (each metric was equally weighted). Therefore 33.6% of the respective will vest to the three Executive Directors (further details can be found on page 83 of the Committee Report).

2019

We have reviewed the salaries of the Executive Directors and awarded 2% increases to each of them from 1 January 2019. This is at a lower rate than the average proposed for our staff as we have taken account of the cumulative effect an increase has on the Executive Directors' bonus and long-term incentives and therefore on total remuneration. The general level of benefit provision and pension contributions remains unchanged.

As in previous years, we have set annual bonus targets as a combination of financial performance targets and personal objectives for each Executive Director. The financial performance targets have been weighted as 70% of the total. In the case of Damian Ely, 40% of that relates to the financial performance of his business unit, with the remainder relating to the financial performance of the Company. Personal performance objectives are weighted as 30% of the total.

We intend to grant LTIP awards to each Director with stretching targets of EPS growth and TSR performance weighted equally.

It is intended to make an award equivalent to 100% of salary to David Marock and 67% to each of the other two Executive Directors. For Damian Ely and Mark Keogh these awards will be made as soon as practicable after the publication of the 2018 results. For David Marock, the award will be made as soon as practicable after the AGM, subject to the approval of the revised Remuneration Policy by shareholders at that meeting.

REVIEW OF REMUNERATION POLICY

During 2018, the Committee has taken a wider view of compensation arrangements available to all our colleagues in Charles Taylor, together with reviewing and aligning our executive arrangements with the principles of the revised Code and current market best practice. This provided important contextual background for the assessment of our Remuneration Policy.

Whilst we are pleased that the 2017 Remuneration Report received voted support of 87% at the 2018 AGM, we acknowledge the comments received from both shareholders and proxy analysts. Therefore, in the latter part of the year, we carried out a review of our Remuneration Policy.

The purpose of the review was to ensure that the executive remuneration arrangements remained compatible with current market practice, the Code and with the interests of our shareholders. As a result, and following consultation with our major shareholders and market analysts, we are proposing a number of changes to the current Remuneration Policy, to be put before shareholders for approval at the AGM in May 2019. These are set out in the adjacent summary for easy reference and in detail against existing arrangements on page 94. We believe these changes will further align the interests of the Executive Directors with the strategic aims of the business and the interests of our shareholders.

We shall continue to monitor alignment with market trends and, with support from Aon as our advisers, remain confident that the proposed changes serve the needs of our business and our investors.

As always, I would be happy to receive comments from shareholders about the work of the Committee, the Remuneration Report, the proposed Policy changes and remuneration arrangements at Charles Taylor. I am grateful to our shareholders for responding to our recent consultation and the feedback given which has helped shape this report.

Thank you for your continuing support of Charles Taylor.

Gill Rider
Chair
Remuneration Committee
19 March 2019

Note:
The following report has been prepared on behalf of and has been approved by the Board. The Report complies with the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the 2016 UK Governance Code and the Financial Conduct Authority Listing Rules.

SUMMARY OF PROPOSED POLICY CHANGES

- Increase normal LTI maximum award within existing policy limits
  - Maintain the absolute policy maximum at 125% of base salary, but increase the maximum that may be awarded in normal circumstances to 100% of base salary, from 75% of salary.
- Introduction of an LTI post-vesting holding period
  - A two-year post-vesting holding period will be introduced and will apply to the net vested shares for awards made in 2019 and onwards.
- Introduction of a post-employment holding requirement
  - The commitment to develop a policy on post-employment holding requirements during 2019.
- Increased share ownership requirements
  - The CEO's share ownership requirement will increase from 150% to 200% of base salary. The requirement for other Executive Directors will increase to 150% of base salary, from the current level of 100%.
- Pensions
  - Pension allowances will be reduced, taking into account the levels for the broader UK workforce, for all new Executive Director appointments.

Directors' Remuneration Report
continued

Committee Report

The Company's Remuneration Committee is constituted in accordance with the recommendations of the FRC UK Corporate Governance Code 2018 ("the Code").

The Committee aims to ensure that the remuneration for Executive Directors and staff is: clear and simple; tied to performance; and closely aligned to the business strategy and the interests of shareholders. The Committee has taken on board the provisions of the Code in carrying out its duties and it will continue to address and develop its practices to include clarity, simplicity, risk, predictability, proportionality and alignment to culture.

GOVERNANCE

The Committee is chaired by Gill Rider, the Board's Senior Independent Director, and membership is made up of Directors considered to be independent by the Board together with the Board Chairman. Members serve for periods of three years and may be reappointed for additional periods. The Board reviewed the membership of the Committee in March 2019 and reappointed each existing member for an additional period.

The Group Chief Executive Officer and the Group HR Director attend meetings of the Committee by invitation. No individual plays a part in any decision about his or her own remuneration.

The Committee is governed by Terms of Reference. After amendment to align them with the new provisions of the Code, the Board approved the Terms in December 2018. These are available on the Company's website and on request from the Company Secretary.

SCOPE

The Committee is responsible for the remuneration of the Executive Directors, members of the Executive Committee and for those management individuals with responsibility for independent challenge within the Group (including the Head of Internal Audit, the Director of Compliance and Risk and the Group Company Secretary). The Committee is also responsible for recommending the level of fees payable to the Non-Executive Chairman.

The Committee considers the arrangements in place for the wider workforce and market trends, both in similar businesses and markets and those of companies of comparable size.

ADVISERS

The Committee has retained the Executive Compensation Practice of Aon plc to provide expert professional advice. Aon is a member of the Remuneration Consultants Group and is a signatory to its Code of Conduct. The Company paid Aon £56,795 in fees during the year (2017: £27,546). Work carried out by Aon during 2018 included advising the Committee on the remuneration provisions of the Code; industry and market practice; shareholder group remuneration guidance; and the development of the proposed Remuneration Policy. Aon also advised on the process and content of the shareholder consultation together with the related disclosures to shareholders at year-end.

STATEMENT OF VOTING

The Company remains committed to ongoing shareholder dialogue and takes a close interest in voting outcomes. The following table sets out voting outcomes in respect of the resolution to approve the existing the Directors' Remuneration Policy at the Company's AGM in May 2017:

Resolution	Votes for/ discretionary	% of vote	Votes against	% of vote	Votes withheld
Approve Remuneration Policy	42,993,835	93%	3,275,839	7%	59,190

The following table sets out the voting outcome in respect of the resolution to approve the 2017 Directors' Remuneration Report at the 2018 AGM:

Resolution	Votes for/ discretionary	% of vote	Votes against	% of vote	Votes withheld
Approve Remuneration Report	44,349,897	87%	6,736,732	13%	42,392

COMMITTEE EFFECTIVENESS

The Nomination & Governance Committee conducted a performance evaluation of the Committee as an element of a wider review of the Board and its Committees in December 2018. More information can be found on the process on page 63. The evaluation found that the Committee continued to perform well, and had handled the demands of 2018 appropriately, utilising the internal resources and those provided by Aon, to ensure it had sufficient and relevant data to make balanced judgements. The members have a good mix of experience and skills and interact well with each other, demonstrating a good level of challenge and creative thinking to meet the needs of the Committee.

COMMITTEE RESPONSIBILITIES AND WORK IN 2018

Committee responsibilities	The Committee's primary activities in 2018
Assessment of performance To assess the performance of the Executive Directors and members of senior management against the objectives set for each individual. Where performance is dependent on formulaic outcomes emanating from the financial results of the Company, the Committee must ensure that the outcomes are appropriate and reflect Company performance and therefore individual contribution.	› Assessed Company financial results, including effects of adjustments to the statutory results in relation to formulaic outcomes on bonus awards for 2017. › Assessed performance against personal objectives for each Executive Director and agreed levels of bonus for that element of the target. › Considered and agreed levels of performance to be applied to the 2015 award LTIP vesting.
Objectives and targets To set objectives and targets for both annual and long-term incentives, ensuring that the targets are aligned with the strategic objectives of the Company, are attainable but stretching and deliver rewards for performance.	› Using the budget for 2018 and prior year performance, set stretching targets for Company performance as the metrics for the annual bonus and LTIP awards. › Set personal objectives for each Executive Director and members of the Executive Committee in respect of 2018. › Agreed a proportionate mix of Company performance and personal objectives for overall targets for the annual bonus for each Director in 2018. › Agreed threshold, target and exceptional performance levels and relative awards, if achieved. › Reviewed the preliminary objectives for each Executive Director and members of the Executive Committee in respect of 2019.
Reward To ensure that rewards directly relate to the performance of the individual, or where they are Company financial measures, the delivery of results in line with targets set.	› Set levels of annual bonus award for each of the Executive Directors for their 2017 performance. › Considered levels of salary for each of the Executive Directors, awarding a 2% increase to the Group Chief Executive Officer from 1 January 2018. › Assessed the level of fees paid to the Non-Executive Chairman.
Remuneration Policy To set and disclose the Remuneration Policy for Executive Directors ensuring that it remains fit for purpose, Code compliant and in line with shareholder guidelines where appropriate. Consideration will be given to practices of companies of comparative size, market and structure. The Policy must be easily understood and disclosures of outcomes should be clear and understandable.	› Consider the Policy (approved at the 2017 AGM) in the light of market practice, required alignment with shareholders' interests, the provisions of the Code and, arrangements available to the general staff. › Received independent advice from Aon which facilitated further discussion. › Developed proposed amendments to the 2017 Policy and considered and agreed desired timing of amendments. › Approved communications for shareholder consultation prior to putting a proposal to all shareholders. Reviewed and assessed the responses. › Reviewed Investor Association headroom limits of available issued share capital, holdings of the ESOP Trust and relative share purchase plan. › Agreed invitation to staff to join the Sharesave (SAYE) Plan in 2018 and agreed the maturity of the 2015 and 2016 (USA) grants.
Governance To ensure that the Committee is well governed, within its Terms of Reference. To take part in an evaluation of the Committee's performance during the year.	› Reviewed and considered the Committee's Annual Activity Cycle. › Reviewed and agreed revised Terms of Reference for the Committee as proposed by the Board. › Members took part in the performance evaluation process conducted by the Nomination & Governance Committee.

FOCUS FOR 2019

Our priorities for 2019 will be to develop and implement a post-employment shareholding policy and ensure that the metrics used by the Committee remain appropriate and stretching. We will continue to evaluate the remuneration arrangements of our colleagues across the Company. We shall monitor both regulatory changes and emerging best practice to ensure our arrangements remain fit for purpose.

Gill Rider
Chair
Remuneration Committee
19 March 2019

Directors' Remuneration Report
continued

Annual Report on Remuneration

This report has been divided into separate sections in respect of audited and unaudited information. The Companies Act requires the auditor to report to the Company's members on the "auditable part" of the Directors' Remuneration Report and to state whether, in its opinion, this part of the report has been properly prepared in accordance with the Companies Act 2006.

The report comprises:

- The Annual Report on Remuneration: The report sets out how the Directors' Remuneration Policy was implemented in the financial year ended 31 December 2018 and how we intend to apply it for the financial year ending 31 December 2019. Together with this introductory statement, it is subject to an advisory shareholder vote at the 2019 AGM.
- The Directors' Remuneration Policy: Our current Policy was approved in 2017 and ordinarily would not be renewed until 2020. The Policy continues to be largely appropriate. However, after careful consideration of the feedback from shareholders and proxies on the Remuneration Report for 2017, the Remuneration Committee is proposing to make some minor changes to the Policy for 2019 onwards, Therefore, the Policy will be subject to an earlier binding shareholder vote at the 2019 AGM. The Policy, together with the proposed changes highlighted, can be found on pages 94 to 96.

AUDITED INFORMATION

Single total figure remuneration

The table below reports the total remuneration receivable in respect of qualifying services by each Director during the year:

Year ended 31 December 2018

	Total salary and fees £	Taxable benefits £	Annual bonus £	Long-term incentives[1] £	Pension-related benefits £	Other[2] £	Total £
David Marock – GCEO	**383,387**	**7,831**	**477,892**	**88,503**	**49,540**	**1,001**	**1,008,154**
Damian Ely – Executive Director	**232,537**	**19,654**	**148,591**	**36,502**	**30,651**	**14,524**	**482,459**
Mark Keogh – GCFO	**243,057**	**5,810**	**140,001**	**38,917**	**32,037**	**11,450**	**471,272**
Edward Creasy – Chairman	**100,000**	**–**	**–**	**–**	**–**	**–**	**100,000**
Paul Hewitt	**51,000**	**–**	**–**	**–**	**–**	**–**	**51,000**
Barnabas Hurst-Bannister	**41,000**	**–**	**–**	**–**	**–**	**–**	**41,000**
Tamer Ozmen	**41,000**	**–**	**–**	**–**	**–**	**–**	**41,000**
Gill Rider	**56,000**	**–**	**–**	**–**	**–**	**–**	**56,000**

1 The long-term incentives figures include the estimated value of the 2016 LTIP awards which will vest at 33.6% as soon as practicable after the announcement of the 2018 financial results. The value is based on a share price of 233.5p which is the average share price for the last quarter of 2018.
2 The "Other" figures include the gain of the 2015 Sharesave options which matured on 1 December 2018 and the theoretical gain of the grant of the Sharesave options on 1 December 2018 as follows:
For David Marock the theoretical gain made on 2018 Sharesave options, which is the difference between the grant price 205.00p and 233.55p (which is the average share price for the last quarter of 2018).
For Damian Ely the gain from the exercise of the 2014 Sharesave is based on the share price on the date the options were exercised and the grant price. In addition, the theoretical gain made on Sharesave 2018 options, which is the difference between the grant price 205.00p and 233.55p.
For Mark Keogh the gain from the exercise of the 2014 Sharesave, based on the share price on the date the options were exercised and the grant price.

Year ended 31 December 2017

	Total salary and fees £	Taxable benefits £	Annual bonus £	Long-term incentives[1] £	Pension-related benefits £	Other[2] £	Total £
David Marock – GCEO	375,870	8,368	486,000	228,952	45,511	11,091	1,155,792
Damian Ely – Executive Director	232,537	20,064	143,359	102,072	30,651	11,434	540,117
Mark Keogh – GCFO	243,057	6,233	140,183	163,239	32,037	11,434	596,183
Edward Creasy – Chairman	100,000	–	–	–	–	–	100,000
Paul Hewitt	51,000	–	–	–	–	–	51,000
Barnabas Hurst-Bannister	41,000	–	–	–	–	–	41,000
Tamer Ozmen	20,815	–	–	–	–	–	20,815
Gill Rider	56,000	–	–	–	–	–	56,000

1 The long-term incentives figures include the actual value of the 2015 LTIP awards which vested at 69.2% on 18 March 2018. The value is based on a share price of 276.85p (which is the average share price for the last quarter of 2017).
2 The "Other" figures include the value of the 2014 Sharesave options which matured on 1 December 2017. For David Marock the value is the gain made, based on the share price on the date the options were exercised; for Damian Ely and Mark Keogh the value is the theoretical gain made (as the options had not been exercised at year-end) based on the share price of 276.85p.

The figures in the single total figure remuneration table are derived from the following:

Total salary and fees	The amount of salary and fees received in the year.
Taxable benefits	The taxable value of benefits received in the year. These are car allowance, private medical insurance, life assurance, permanent health insurance and subscriptions.
Annual bonus	Annual bonus that was earned in the year both in cash and shares. Shares awarded will be released in annual equal tranches over three years.
Long-term incentives	The value of LTIP awards that vest in respect of a performance period that is completed by the end of the relevant financial year. For 2018 this includes the 2016 LTIP awards which will vest at 33.6% of maximum. See details on page 85.
Pension-related benefits	The pension figure represents the cash value of pension contributions or allowances received by the Executive Directors.
Other	Other includes the gain and theoretical gain of SAYE options vesting in the financial year.

ANNUAL BONUS FOR THE YEAR ENDED 31 DECEMBER 2018

At the start of each financial year, the Remuneration Committee sets the bonus opportunity for the year and reviews and challenges the performance objectives for each Executive Director. They are predominantly financial (as exemplified below) but also include some specific operational, people and client-related objectives which are personal to each executive. The Committee sets these objectives to ensure they are consistent with the strategy, budget and are sufficiently stretching. All the objectives are shared within the Executive Committee to ensure the entire executive team works collectively.

For 2018, the bonus opportunities for the Executive Directors were as follows:

	On-target % of salary	Maximum % of salary
David Marock – GCEO	100%	150%
Damian Ely – Executive Director	50%	75%
Mark Keogh – GCFO	50%	75%

At the end of the year, performance is assessed against objectives. Quantifiable measures are used wherever possible. The Committee assesses the performance of the Company, each business unit, the support service teams and each individual executive and determines the performance level achieved against the objectives set.

A proportion of the assessment of the 2018 performance review was weighted to key financial targets, and the remainder related to the achievement of strategic objectives in respect of each of the Executive Directors. The proportions are captured in the table below.

The key financial targets for 2018 were:

Performance measure	Weighting: David Marock and Mark Keogh	12.5% Weighting: Damian Ely	Performance condition	Threshold performance	Target performance	Stretch performance	Actual performance	% of maximum payable
2018 revenue	10%	4.3%	25% of award vesting at threshold, up to 67% of award vesting at target, and 100% of award vesting at stretch on a straight-line basis	£168.7m	£223.5m	£236.1m	£263.6m	100%
2018 adjusted PBT (attributable to owners of the Company)	20%	8.6%		£12.2m	£16.2m	£17.1m	£22.3m	100%
2018 adjusted EPS	40%	17.1%		19.8p	26.2p	27.7p	26.22p	67%
Total (Group)								
David Marock	70%							56.7%
Mark Keogh	70%							56.7%
Damian Ely		30%						24.4%
Business unit financial performance (Damian Ely only) (40% total weighting)		40%	Business financial performance against key metrics (revenue, segmented profits and working capital)					33%[1]

1 The performance against each of the metrics is not disclosed as they are commercially confidential. Information on the 2018 performance of the Charles Taylor Adjusting business unit is included in the Strategic Report.

Directors' Remuneration Report
continued

The table below shows the Group's performance against the three main financial performance measures over the last six years:

Year-on-year performance	2018	2017	2016	2015	2014	2013
Growth in revenue	**25.02%**	24.6%	18%	17.1%	8.7%	5.3%
Growth in adjusted PBT (attributable)	**45.97%**	3.5%	4.0%	24.4%	11.3%	9.2%
Growth in adjusted EPS	**6.03%**	11.1%	11.5%	22.4%	15.6%	9.4%

ADJUSTED RESULTS

The Company's statutory results for 2018 have been subject to a number of adjustments to reflect the underlying performance of the business. During the year-end process, the Committee considered each adjustment and its potential effect on bonus payments to the Executive Directors. In particular, caution was applied to areas seen as within management control and whether it was appropriate to apply rewards for the reported outcomes. After scrutiny, the Committee resolved that the adjustments made were appropriate in reflecting the performance of the business and therefore the contribution of the Executive Directors. In the light of this assessment it was determined that no change should be made to the formulaic outcome of the bonus award calculation.

STRATEGIC OBJECTIVES

The personal strategic performance component was assessed against a range of strategic objectives which relate to business, people and clients, including the key priorities listed below. For each of the Executive Directors, this component has a weighting of 30% of the maximum bonus payable:

Executive Director	Key achievements during the year:	% of personal component achieved
David Marock	> Delivered business unit and Global Business Services 2018 plans. > Has driven more sales-oriented business with a focus on client acquisition. > Implemented the Group's M&A and business investment strategy including the successful placing of shares. > Led and managed the Executive Committee and ensured succession planning was in place for senior roles. > Facilitated and promoted the adoption of values throughout the Group via initiatives delivering high-quality work, a partnership mindset with clients, and a diverse and inclusive work environment.	88%
Damian Ely	> Delivered the business unit financial plan. > Improved working capital management and supporting processes. > Has been responsible for driving change within the business unit, altering existing operating models. > Strengthened the CTA business development approach. > Attracted, retained and developed senior talent and instigated a succession plan.	92.5%
Mark Keogh	> Implemented improvements to core finance processes. > Developed the controls environment. > Built a strong finance team and improved coordination and collaboration with internal stakeholders. > Supported new business activities and potential acquisitions. > Developed relationships with key stakeholders.	67%

The resulting bonuses for 2018 were as follows:

	Bonus % achieved	Cash Bonus achieved £	Cash amount £	Deferred shares £
David Marock	83.10%	477,892	383,387	94,505
Damian Ely	85.20%	148,591	116,269	32,323
Mark Keogh	76.80%	140,000	121,529	18,472

VESTING OF 2016 LTIP AWARDS

The LTIP awards granted on 11 March 2016 were based on the financial performance of Charles Taylor for the three years ended 31 December 2018 and will vest as soon as practicable after the publication of the results for the 2018 financial year. The proportion of shares which vested under these awards was determined by two performance metrics. Half of the award was subject to the Company's Total Shareholder Return (TSR) relative to the constituent companies of the FTSE SmallCap Index in accordance with the following table:

Ranking of the Company against the comparator group by reference to TSR	Percentage of one half of the award which may vest
Below median	Nil
Median	25%
Between median and upper quartile	Pro rata on a straight-line basis between 25% and 100%
Upper quartile	100%

The other half of the award was subject to Earnings Per Share (EPS) growth in excess of the UK Retail Price Index (RPI) inflation in accordance with the following table:

Percentage growth in EPS in excess of growth in RPI	Percentage of one half of the award which may vest
Less than 3 percentage points	Nil
3 percentage points	25%
Between 3 and 9 percentage points	Pro rata on a straight-line basis between 25% and 100%
9 percentage points or more	100%

For the vesting of the 2016 awards, in respect of TSR, Charles Taylor ranked below the median of the peer group of the FTSE SmallCap Index, with TSR growth over three years of 0.3%. In respect of EPS growth, Charles Taylor's growth was 6.38 percentage points ahead of the growth in RPI. Therefore, the 2016 awards will vest at 33.6% of the award.

LTIP AWARDS MADE IN 2018

LTIP awards were made on 3 April 2018, at a share price of 265.00p (the closing middle market quotation share price prior to the date of grant).

	Basis of award granted	2018 awards (number of shares)	Face value
David Marock – GCEO	75% of £383,387	108,505	£287,540
Damian Ely – Executive Director	50% of £232,537	43,874	£116,268
Mark Keogh – GCFO	50% of £243,057	45,859	£121,528

Details of these awards for the Directors are set out in the table below. Under the existing Policy the normal maximum level of award permitted under the LTIP is 75% of base salary per annum. The Plan rules, however, permit an award above the normal 75% of base salary limit in exceptional circumstances (although the Committee does not expect that any individual award would exceed 125% of base salary).

The awards are subject to a three-year performance period ending 31 December 2020 and are due to vest as soon as practicable after the publication of the financial results for that financial year. The proportion of shares which may vest under the LTIP will again be determined by two performance metrics. Half of the award will be subject to the Company's Total Shareholder Return (TSR) relative to the constituent companies of the FTSE SmallCap Index in accordance with the following table:

Ranking of the Company against the comparator group by reference to TSR	Percentage of one half of the award which may vest
Below median	Nil
Median	25%
Between median and upper quartile	Pro rata on a straight-line basis between 25% and 100%
Upper quartile	100%

The other half of the award will be subject to Earnings Per Share (EPS) growth in excess of the UK Retail Price Index (RPI) inflation in accordance with the following table:

Percentage growth in EPS in excess of growth in RPI	Percentage of one half of the award which may vest
Less than 3 percentage points	Nil
3 percentage points	25%
Between 3 and 9 percentage points	Pro rata on a straight-line basis between 25% and 100%
9 percentage points or more	100%

The Committee also has the discretion to make a downward adjustment (including to zero, if appropriate) to the vesting outcome under either performance metric if it considers that it is necessary to take account of a broader assessment of the performance of the Company.

Directors' Remuneration Report
continued

MALUS AND CLAWBACK

There is a malus and clawback policy in place which provides clawback under the Annual Bonus Plan and LTIP. This allows the Committee to seek to recoup paid and deferred bonus and LTIP awards, if at any point before the third anniversary of vesting, the Committee considers there to have been a material misstatement of performance or any case of gross misconduct. The provision for malus has been introduced for deferred bonus and LTIP awards made in 2017 and future years.

The Committee considered that neither of these circumstances occurred during the year and therefore no clawback was required during 2018.

DIRECTORS' INTERESTS AND MINIMUM SHAREHOLDING REQUIREMENT (MSR)

There is an MSR for each of the Executive Directors. Damian Ely and Mark Keogh are required to build up and maintain a holding of Charles Taylor plc shares equivalent in value to 100% of base salary. The Committee increased the level of the MSR applying to the Group Chief Executive Officer in 2018 to 150% of salary. Until they have achieved the MSR, Executive Directors are required to retain 100% of any LTIP shares that vest, net of tax, and invest 25% of the value, net of tax, of any cash bonus in shares. Under the proposed Policy, the MSR for the GCEO will increase further to 200% of base salary, and to 150% for all other Executive Directors.

The beneficial interests of Directors in the ordinary share capital of the Company at 31 December 2018 and 31 December 2017 were as follows:

	At 31 December 2017		**At 31 December 2018**						
	1p ordinary shares	% of issued capital	**1p ordinary shares**	**% of issued capital**	Outstanding performance-based share awards[1]	Outstanding share awards[1]	Unexercised vested option awards	Outstanding unvested option awards	% of salary held at 31 December 2018[2]
David Marock	395,375	0.57%	**472,541**	**0.61%**	339,509	93,363	–	3,512	316%
Damian Ely	139,268	0.20%	**174,562**	**0.23%**	139,148	22,173	–	3,512	186%
Mark Keogh	55,352	0.08%	**105,156**	**0.13%**	146,417	17,045	–	–	109%
Edward Creasy	36,930	0.05%	**36,930**	**0.05%**	–	–	–	–	–
Paul Hewitt	19,508	0.03%	**19,508**	**0.03%**	–	–	–	–	–
Barnabas Hurst-Bannister	9,298	0.01%	**9,672**	**0.01%**	–	–	–	–	–
Tamer Ozmen	–	–	**–**	**–**	–	–	–	–	–
Gill Rider	3,428	0.01%	**3,428**	**0.01%**	–	–	–	–	–
Total of Directors' interests	659,159	0.95%	**821,797**	**1.06%**	625,074	132,581	–	7,024	–

1 Includes awards structured as nil-cost options.
2 Unvested Deferred Annual Bonus Plan shares are counted within the holding; however, the share award is discounted by 50% to take into consideration income tax and National Insurance contribution deductions.
3 The above table reflects holdings against an MSR calculated for salaries as at 31 December 2018.

Each Executive Director is assumed to have a proportionate non-beneficial interest in the ordinary shares held by the Charles Taylor Employee Share Ownership Plan, which totalled 949,645 shares as at 31 December 2018. Since the year-end there have been no other changes in the interests of Directors in either the share capital of the Company or options over the Company's shares.

MOVEMENTS IN AWARDS DURING 2018

The following movements in awards and options over the ordinary share capital of the Company took place during the year:

Director		Awards and options held at 31 December 2017	Awards and options granted during 2018	Options exercised during 2018	Options lapsed during 2018	Awards and options cancelled during 2018	Awards and options held at 31 December 2018	Exercise price (p)	Exercisable dates
David Marock	a	107,438	–	–	–	–	107,438	Nil	19 Mar 2018
David Marock	b	–	3,512	–	–	–	3,512	205.00	1 Dec 2021–31 May 2022
David Marock	c	112,806	–	–	–	–	112,806	Nil	11 Mar 2019
David Marock	d	7,977	–	(7,977)	–	–	–	Nil	Apr 2018
David Marock	e	118,198	–	–	–	–	118,198	Nil	10 Mar 2020
David Marock	d	43,867	–	(21,934)	–	–	21,933	Nil	Apr 2018 & Apr 2019
David Marock	d	44,807	–	(14,936)	–	–	29,871	Nil	Apr 2018, 2019 & Apr 2020
David Marock	f	–	108,505	–	–	–	108,505	Nil	3 Apr 2021
David Marock	d	–	41,588	–	–	–	41,588		Apr 2019, Apr 2020 & Apr 2021
Damian Ely	a	47,899	–	–	–	–	47,899	Nil	19 Mar 2018
Damian Ely	b	10,631	–	(10,631)	–	–	–	169.29	Dec 2017–May 2018
Damian Ely	b	–	3,512	–	–	–	3,512	205.00	1 Dec 2021–31 May 2022
Damian Ely	c	46,525	–	–	–	–	46,525	Nil	11 Mar 2019
Damian Ely	d	1,308	–	(1,308)	–	–	–	Nil	Apr 2018
Damian Ely	e	48,749	–	–	–	–	48,749	Nil	10 Mar 2020
Damian Ely	d	8,862	–	(4,431)	–	–	4,431	Nil	Apr 2018 & Apr 2019
Damian Ely	d	11,279	–	(3,760)	–	–	7,519	Nil	Apr 2018, 2019 & Apr 2020
Damian Ely	f	–	43,874	–	–	–	43,874	Nil	3 April 2021
Damian Ely	d	–	10,222	–	–	–	10,222	Nil	Apr 2019, Apr 2020 & Apr 2021
Mark Keogh	a	76,602	–	–	–	–	76,602	Nil	19 Mar 2018
Mark Keogh	b	10,631	–	(10,631)	–	–	–	169.29	Dec 2017–May 2018
Mark Keogh	c	49,603	–	–	–	–	49,603	Nil	11 Mar 2019
Mark Keogh	d	1,079	–	(1,079)	–	–	–	Nil	April 2018
Mark Keogh	e	50,955	–	–	–	–	50,955	Nil	10 Mar 2020
Mark Keogh	d	14,984	–	(7,492)	–	–	7,492	Nil	April 2018 & April 2019
Mark Keogh	d	3,770	–	(1,257)	–	–	2,513	Nil	Apr 2018, 2019 & 2020
Mark Keogh	f	–	45,859	–	–	–	45,859	Nil	Apr 2021
Mark Keogh	d	–	7,039	–	–	–	7,039	Nil	Apr 2019, Apr 2020 & Apr 2021

(a) Charles Taylor Long-Term Incentive Plan 2007 – subject to three years' relative TSR and EPS performance conditions measured to 31 December 2017 with 25% vesting at threshold.
(b) Charles Taylor Sharesave Scheme 2007 – Part A.
(c) Charles Taylor Long-Term Incentive Plan 2007 – subject to three years' relative TSR and EPS performance conditions measured to 31 December 2018 with 25% vesting at threshold.
(d) Charles Taylor Deferred Annual Bonus Plan – shares released in three equal tranches after one, two and three years.
(e) Charles Taylor Long-Term Incentive Plan 2007 – subject to three years' relative TSR and EPS performance conditions measured to 31 December 2019 with 25% vesting at threshold.
(f) Charles Taylor Long-Term Incentive Plan 2007 – subject to three years' relative TSR and EPS performance conditions measured to 31 December 2020 with 25% vesting at threshold.

Directors' Remuneration Report
continued

SAVE AS YOU EARN (SAYE)
The Company also operates SAYE share option schemes for eligible employees, through which options may be granted at a discount of up to 20% of market value. The value of options over shares that participants can be granted is capped, and is based on a monthly contribution to a savings account of a maximum of £500 per participant for the schemes launched in 2014 and 2015. For the schemes launched in 2016 and 2018, the maximum monthly contributions were set at £250 and £200 per participant, respectively. The Executive Directors are eligible to participate in the SAYE share option scheme.

The SAYE invitation in 2018 was well received by staff and achieved a 27% take-up rate.

The Company's shares were trading at £2.18 at the year-end 2018 (2017: £2.845) and traded in the range of £2.057 to £3.14 throughout the year.

PENSION AND OTHER ARRANGEMENTS
All the Executive Directors are in receipt of a cash allowance of 15% of base salary less employer National Insurance contributions (NIC).

Damian Ely is a deferred member of the Charles Taylor & Co Limited Retirement Benefits Scheme, which closed in 2011. There was no increase in the accrued pension values under the defined benefits scheme during the year. The Cash Equivalent Transfer Value (CETV) as at 31 December 2018 was £1,829,731 (2017: £1,689,393).

The increase is due to Damian Ely being a year closer to retirement, and also an increase in market expectations for future inflation. The normal retirement date under the Charles Taylor defined benefit pension scheme is 62.

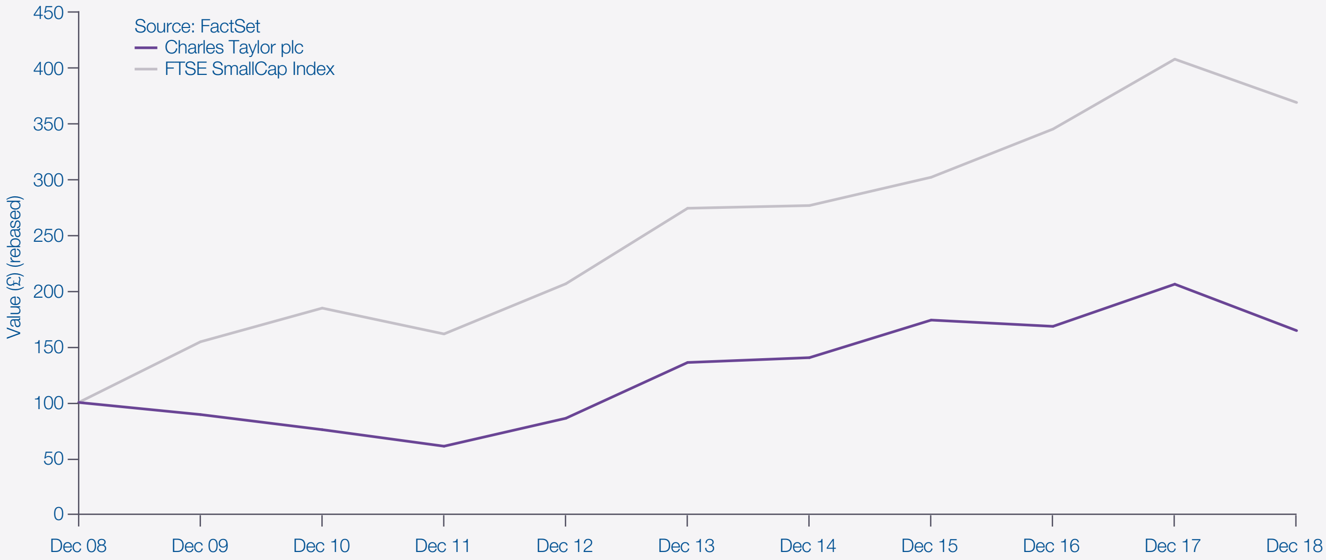
Unaudited information

REMUNERATION PRINCIPLES

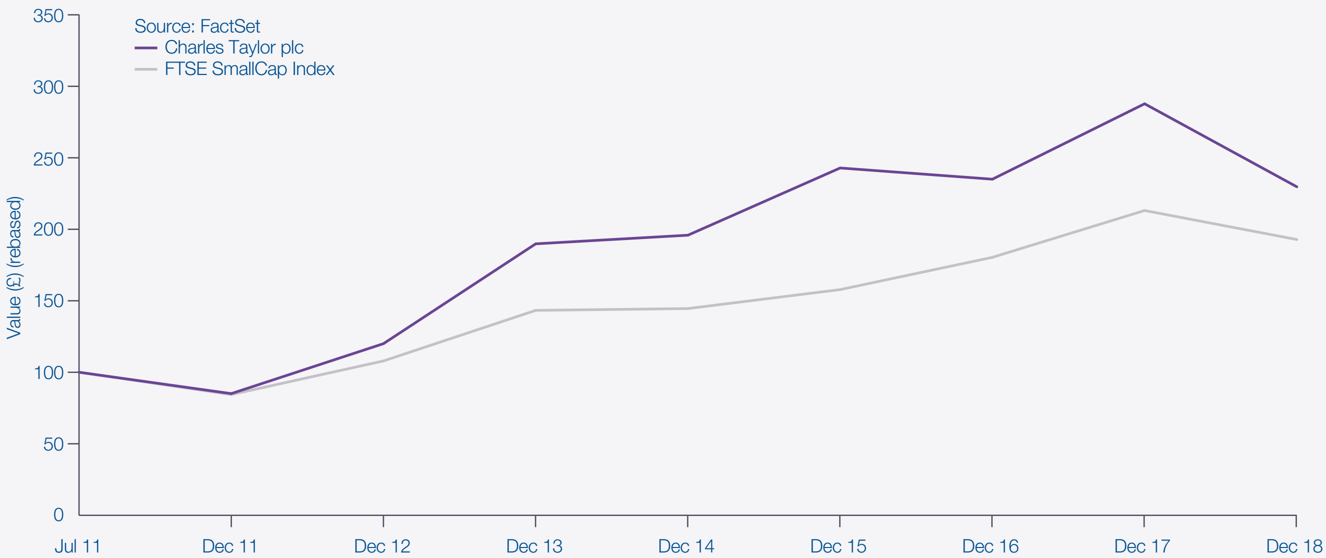
The Committee believes that the interests of shareholders and Executive Directors should be aligned, as far as possible. It seeks to achieve this by incentivising Executive Directors to deliver success over time through sustainable and profitable growth.

PERFORMANCE GRAPHS

The following graphs show the value of £100 invested in the Company compared with the value of £100 invested in the FTSE SmallCap Index, measured by reference to Total Shareholder Return. The FTSE SmallCap Index has been selected for this comparison as it is one of the indexes used to determine performance under the LTIP Scheme for Executive Directors and is considered to be the most appropriate index measure.



The graph above shows the value, by 31 December 2018, of £100 invested in Charles Taylor plc on 31 December 2008, compared with the value of £100 invested in the FTSE SmallCap Index on the same date.



The graph above shows the value, by 31 December 2018, of £100 invested in Charles Taylor plc on 1 July 2011 (being the date that David Marock became Group Chief Executive Officer), compared with the value of £100 invested in the FTSE SmallCap Index on the same date.

Directors' Remuneration Report
continued

CHIEF EXECUTIVE OFFICER REMUNERATION FOR PREVIOUS TEN YEARS

	2010 JR	2011 JR[1]	2011 DM[1]	2012 DM	2013 DM	2014 DM	2015 DM	2016 DM	2017 DM	**2018 DM**
Single figure of total remuneration (£000)	479	235	347	650	696	1,605	1,820	1,244	1,156	**1,008**
Annual bonus payout against maximum opportunity (%)	–	–	N/A[2]	57	67	78	98.5	86	86	**83**
LTI vesting rates against maximum opportunity (%)	–	N/A	N/A	–	–	100	100	100	69.2	**33.6**

1 John Rowe (JR) retired on 30 June 2011 and David Marock (DM) was appointed on 1 July 2011.
2 David Marock, under the terms of his appointment, received a guaranteed one-off bonus payment for 2011 of £160,000. This was in recognition of the fact that he would be foregoing a significant bonus entitlement with his previous employer.

PERCENTAGE CHANGE IN GROUP CHIEF EXECUTIVE OFFICER'S REMUNERATION

The table below sets out the percentage increase/(decrease) in remuneration in 2018 for David Marock in relation to salary, taxable benefits and annual bonus compared to UK full-time employees, as this is the most directly relevant comparison.

Percentage change	Group Chief Executive	UK workforce
Base salary[1]	2.0%	2.97%
Benefits[2]	(6.86%)	(4.04%)
Annual bonus[3]	(1.67%)	17.4%

1 This reflects all increases in base salary, including any promotions, changes in development levels, skill, market rates or responsibilities.
2 The reductions in the cost of the benefits reflect savings negotiated which reduced the overall cost of these benefits.
3 The increase in average annual bonus for the wider UK workforce reflects the Group's strategy to move towards increasing variable pay as a proportion of total compensation as well as more employees being included in the Annual Bonus Scheme.

RELATIVE IMPORTANCE OF SPEND ON PAY

The following table sets out the percentage change in dividends paid in the year and the overall expenditure on pay (as a whole across the Group):

	2017	**2018**	% change
Dividends	£7.23m[1]	**£7.97m**	9.54%
Overall expenditure on pay	£115.95m	**£132.82m**	14.5%

1 The 2017 figure has been restated from dividends relating to the period to dividends paid in the period for a consistent presentation with the 2018 figure.

EXTERNAL APPOINTMENTS

Executive Directors may be required to serve as Directors for a number of external organisations directly related to the Group's business activities; they receive no fees or additional remuneration for these appointments. In order to further develop their skills and experience. Executive Directors are permitted, subject to approval of the Board, to have up to one external Non-Executive directorship, unrelated to Charles Taylor, and are allowed to retain the fees earned. Details of external directorships held by the Executive Directors are disclosed in their respective biographies on pages 52 and 53.

DILUTION

Investment Association guidelines permit the Company to issue options and awards of shares of up to 10% of the issued share capital on a ten year rolling basis, of which 5% can be applied against discretionary schemes (LTIP and Deferred Annual Bonus Plan (DABP)). As at 31 December 2018, there were 7,758,008 shares available for such awards, of which 3,879,004 shares were available for discretionary schemes. The following table sets out the calculation:

	All shares	Discretionary (LTIP and DABP)
Issued shares	77,580,079	77,580,079
Investment Associations limits	7,758,008	3,879,004
Issued (exercised and outstanding) in last ten years	7,059,016	3,522,233
Available	698,992	356,771

Statement of Implementation of Remuneration Policy in 2019

BASE SALARY

Each of the Executive Directors received a salary increase of 2% on 1 January 2019. Details are in the table below:

	Basic salaries		Increase
	1 January 2019	1 January 2018	
David Marock – GCEO	**£391,055**	£383,387	2%
Damian Ely – Executive Director	**£237,188**	£232,537	2%
Mark Keogh – GCFO	**£247,918**	£243,057	2%

ANNUAL BONUS AWARDS

Under the annual bonus arrangement for 2019, the Committee has approved the level of bonus opportunity and set individual performance objectives for each Executive Director as part of the Company's performance management process. These objectives are tailored to the roles of each Executive Director and consist of both financial and non-financial goals.

In respect of the Executive Directors in Group roles (David Marock and Mark Keogh), 70% of the weighting of target is based on Group performance. Consistent with 2018, the financial targets will be growth in revenue; growth in adjusted PBT; and growth in adjusted EPS. Personal objectives comprise 30% of the weighting and relate to specific operational, people and client-related objectives.

The split differs in respect of Damian Ely, who holds a business unit leadership role. His objectives reflect Group performance (30% weighting), the financial performance of his business unit (40% weighting), and other strategic aspects of his business unit performance (30% weighting). In aggregate 70% of his 2019 objectives are based on financial measures. This is in line with the performance targets of 2018.

For 2019, the bonus opportunities for the Executive Directors are shown in the table below.

	On-target % of salary	Maximum % of salary
David Marock – GCEO	100%	150%
Damian Ely – Executive Director	50%	75%
Mark Keogh – GCFO	50%	75%

Any bonus award that is above the on target opportunity will be delivered entirely in Charles Taylor plc shares, which are deferred and released in three equal annual tranches on the anniversary date of grant.

LONG-TERM INCENTIVE ARRANGEMENTS

The Committee will award performance shares under the LTIP in 2019 worth 100% of base salary for David Marock (subject to shareholder approval of the new Remuneration Policy) and 67% of base salary for both Damian Ely and Mark Keogh. These awards will be subject to two performance metrics. Half of the award will be subject to the Company's Total Shareholder Return (TSR) relative to the constituent companies of the FTSE SmallCap Index (the comparator group) in accordance with the following table:

Ranking of the Company against the comparator group by reference to TSR	Percentage of one half of the award which may vest
Below median	Nil
Median	25%
Between median and upper quartile	Pro rata on a straight-line basis between 25% and 100%
Upper quartile	100%

The other half of the award will be subject to Earnings Per Share (EPS) growth in excess of the UK Retail Price Index (RPI) inflation in accordance with the following table:

Percentage growth in EPS in excess of growth in RPI	Percentage of one half of the award which may vest
Less than 3 percentage points	Nil
3 percentage points	25%
Between 3 and 9 percentage points	Pro rata on a straight-line basis between 25% and 100%
9 percentage points or more	100%

Directors’ Remuneration Report
continued

ALL EMPLOYEE SCHEMES

Shareholders approved the extension of the Sharesave (SAYE) Scheme and the introduction of a new Share Incentive Plan (SIP) at the 2017 AGM. These schemes provide the Company with alternatives as to how to encourage greater employee share ownership and further align employees’ interests with those of shareholders. The Company is considering whether to implement a SIP and/or offer further SAYE invitations. The Board is considering the right time to introduce the SIP in the future. The last SAYE launch was 1 December 2018.

The Executive Directors may participate in all employee share schemes on the same basis as other employees. The value that may be received under these schemes is subject to tax-approved limits. For simplicity, the gain and theoretical gain of the Executive Directors are included in the ‘Other’ column on page 82.

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors have individual letters of engagement and their remuneration is determined by the Board in accordance with the Articles of Association and based on comparable fees paid to Non-Executive Directors of similar companies. Advice is sought from AON plc before any decision is taken on increasing fees. A summary of the current fees is as follows:

	2019	2018	% increase
Board Chairman fee	**£100,000**	£100,000	Nil
Basic fee	**£41,000**	£41,000	Nil
Additional fee for Senior Independent Director	**£5,000**	£5,000	Nil
Additional fee for Committee Chairman	**£10,000**	£10,000	Nil

Directors' Remuneration Policy

This part of the Report sets out the Directors' proposed Remuneration Policy for the Company. The proposed changes to the Policy approved in 2017 are shown in bold in the table on pages 94 to 96. The revised Policy, if approved by shareholders at the 2019 AGM, will be formally effective from that date and will supersede the Policy approved in 2017.

POLICY OVERVIEW

Executive remuneration packages are designed to attract, motivate and retain Directors and senior management of high-calibre. The Remuneration Committee (the "Committee") believes that the interests of shareholders and Executive Directors should be aligned as far as possible. It seeks to achieve this by incentivising Executive Directors to deliver success over time through sustainable and profitable growth. This includes the use of annual bonus awards linked to clear personal objectives and to the overall performance of the Company, and awards under the LTIP linked to longer-term, sustained Company performance.

The Committee undertakes periodic external comparisons to examine current market trends and practices and equivalent roles in similar companies taking into account their size, business complexity, international scope and relative performance.

HOW THE VIEWS OF SHAREHOLDERS ARE TAKEN INTO ACCOUNT

The Company values dialogue with its shareholders. The Committee considers investor feedback and the voting results received in relation to relevant AGM resolutions, each year. This is considered alongside any additional feedback on remuneration received from shareholders and/or shareholder representatives from time to time and our remuneration consultants.

The Committee consulted with major shareholders and proxy analysts on the minor changes being proposed for the Remuneration Policy outlined in this section. Feedback was supportive of the changes and the revised policy will be put to shareholders at the AGM in May 2019.

The existing Remuneration Policy was approved by shareholders at the 2017 AGM with 93% of the votes cast. The Remuneration Report for 2017 was approved at the 2018 AGM by 87% of votes cast. Details of votes cast for and against the Remuneration Report can be found on page 80.

CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE COMPANY

The pay and employment conditions of Charles Taylor employees are taken into account when setting executive Remuneration Policy. The Nomination & Governance Committee has determined to appoint a designated Non-Executive Director to strengthen employee engagement with boardroom decisions. Further details on arrangements for the "Employee Voice" can be found on page 34 and 68.

REMUNERATION POLICY FOR EXECUTIVE DIRECTORS

There are three main elements of the remuneration package for Executive Directors:

1. Fixed pay, comprising base salary, pension scheme contributions and other benefits.
2. Annual performance-related remuneration, including deferral into shares.
3. Long-term performance-related remuneration in the form of share awards.

The following table provides a summary of the key aspects of the Remuneration Policy for Executive Directors, and the proposed amendments to the Remuneration Policy for shareholders' consideration and approval at the 2019 AGM are shown in bold type in each relevant section.

Directors’ Remuneration Report
continued

Element	Purpose and link to strategy	Operation	Maximum opportunity
Base salary	To provide a core level of reward sufficient to attract, motivate and retain Executive Directors of high-calibre, able to develop and execute the Company’s strategy.	Executive Directors’ base salaries are reviewed at the end of each financial year and are typically effective from 1 January. Salaries are determined by the Committee taking account of base salaries and base salary increases in the Company as a whole, the individual’s experience and performance, and current market rates. Periodic reference is also made to median levels amongst relevant FTSE and industry comparators of similar size and scope. The Committee considers the impact of any basic salary increase on the total remuneration package. Executive Directors’ salaries (and other elements of the remuneration package) may be paid in different currencies as appropriate to reflect their geographic location.	The Committee is guided by the general increase for the broader employee population, but on occasion may need to recognise, for example, development in role, change in position or responsibility, and market levels. For this reason, the Committee does not feel it is appropriate to set a maximum salary as this would limit its ability to respond to market conditions and could set expectations of salary levels for future appointments. Salary levels may be changed from time to time by the Committee within this Policy. Current salaries are set out in the Annual Report on Remuneration.
Benefits	To provide cost effective and market-competitive benefits to support the wellbeing of Executive Directors.	Executive Directors receive certain benefits-in-kind such as a car or car allowance, private medical insurance and other insurance benefits. Any reasonable business-related expenses (including tax thereon) can be reimbursed if determined to be a taxable benefit. Executive Directors are eligible for other benefits which are introduced for the wider workforce on broadly similar terms. Other ancillary benefits may be provided, including relocation assistance (as required).	Benefits constitute only a small percentage of total remuneration and the value is not subject to a specific cap. The benefits provided may be subject to minor amendment from time to time by the Committee within this Policy.
Pension	To provide Executive Directors with a market-competitive pension/ long-term savings option to assist with recruitment and retention.	A cash allowance is provided to each Executive Director.	Any employer contribution is limited to a maximum of 15% of base salary. Pension contributions or cash allowances for new Executive Director appointments will be in line with those of the broader workforce. This is reviewed periodically by the Committee and may be subject to minor change within the Policy. **Proposed change to Policy: For all new Executive Director appointments, pension allowances will be at a level no more generous than those available to the UK workforce.**

Element	Purpose and link to strategy	Operation	Maximum opportunity
Annual bonus	To tie a proportion of remuneration to the Company's annual performance. Compulsory partial deferral serves further to align the Executive Directors' interests with those of shareholders.	Each Executive Director's annual bonus is determined based on Group, divisional/ functional and personal financial and non-financial goals. The main emphasis is on financial objectives. The Committee will review performance measures, the applicable weighting and targets at the start of each year. Where a bonus award is above a certain size, a proportion will be delivered in deferred Company shares which will be released in three equal tranches after one, two and three years. Where a bonus award exceeds the on-target level, the portion above the on-target level will be paid in deferred shares which vest in three equal portions annually. Dividends do not accrue to unvested bonus shares. Annual bonus awards are non-pensionable. There is a malus and clawback provision in place. This allows the Committee to seek to recoup paid and deferred bonuses in certain circumstances. Summary details of the performance targets set for the year under review and performance against them is provided in the Annual Report on Remuneration to the degree that these are not commercially sensitive.	The Policy maximum is 150% of base salary for excellent performance, although the Committee may set individual limits on bonuses that are below this Policy maximum taking account of individuals' roles. For on-target performance the bonus opportunity is usually limited to no more than two-thirds of the maximum. Participants may be eligible to receive a payment in either cash or shares, following vesting, representing the dividends that have accrued during the vesting period.
Long-term Incentive Plan (LTIP)	To tie a proportion of remuneration to the Company's longer-term performance to further align the Executive Directors' interests with those of shareholders. .	Annual awards of conditional rights to receive shares or nil-cost options are granted. These awards are subject to a three-year service and performance period (save in the circumstances of an award made in connection with a recruitment where the period may be shorter). The Committee sets performance measures taking account of the business strategy, for example using performance metrics such as Total Shareholder Return (TSR) relative to a relevant comparator index or peer group or Earnings Per Share growth (EPS) to give a rounded view of Company performance. The Committee has authority to change the performance measures for future awards, which will be subject to consultation in advance with major shareholders for material changes. The Committee will continue to set robust and challenging performance targets. The Committee has the discretion to make a downward adjustment (including to zero if appropriate) to the vesting outcome under the performance measures, if it considers that this is necessary to take account of its broader assessment of the performance of the Company. There is a malus and clawback provision in place. This allows the Committee to seek to recoup LTIP awards in certain circumstances.	The policy maximum annual award limit is 125% of base salary. The normal maximum annual award size (at face value) under the LTIP is 75% of base salary. The plan rules permit higher awards in exceptional circumstances. **Proposed change to Policy:** **That the limit for normal maximum annual awards will increase to 100% of base salary.** For threshold performance, 25% of the award will vest, increasing on a straight-line basis up to 100% of the award for maximum performance. Participants in the LTIP are eligible to receive a payment in either cash or shares, following vesting, representing the dividends that they would have accrued on the vested shares in the relevant vesting period. A two-year post-vesting holding period will be applied to the net vested shares for awards made from 2019 onwards. **Proposed change to Policy:** **A two-year post-vesting holding period, to be applied to the net vested shares for awards made in 2019 and onwards under the LTIP. This means there will be a minimum period of five years between the grant of the LTIP and sale of the shares (other than sales to settle individual tax liabilities).**

Element	Purpose and link to strategy	Operation	Maximum opportunity
All-employee share schemes	To encourage employee share participation.	The Company may from time to time operate tax-approved share plans (and similar plans for outside the UK) for which Executive Directors could be eligible.	The schemes are subject to the limits set by tax authorities.
Minimum shareholding requirement (MSR)	To further align Executive Directors' interests with shareholders.	Each Executive Director will be required to build up and maintain a holding of Company shares equivalent to a multiple of base salary, as determined by the Committee. Until an Executive Director has built up such a shareholding, they are required to retain 100% of any LTIP shares that vest, net of tax, and invest at least 25% of the value of any cash bonus in shares, net of tax.	An MSR for the CEO of 150% of base salary. The MSR for the other Executive Directors is 100% of base salary. **Proposed changes to Policy: To increase the share ownership requirement to 200% of base salary for the CEO and to 150% for other Executive Directors.** **That newly appointed Executive Directors will normally be expected to achieve this level of share ownership within five years of appointment.**
Post-employment shareholding requirement			**The Committee has committed to develop a post-employment shareholding policy during 2019 and report back to shareholders in the 2019 Annual Report on Remuneration.**

DISCRETIONS RETAINED BY THE COMMITTEE IN OPERATING THE INCENTIVE PLANS

In operating the annual bonus plan and LTIP, the Committee will adhere to the respective plan rules and the Listing Rules where relevant. There are several areas with regard to the operation and administration of these plans for which the Committee will retain discretion.

Consistent with market practice, these include (but are not limited to) the following:

- selecting the participants;
- the timing of grants and/or payments;
- the size of grants and/or payments (within the limits set out in the policy table above);
- the extent of vesting based on the assessment of performance;
- determination of a good leaver and, where relevant, the extent of vesting in the case of the share-based plans;
- treatment in exceptional circumstances such as a change of control, in which the Committee would act in the best interests of the Company and its shareholders;
- making appropriate adjustments as required in certain circumstances (e.g. rights issues, corporate restructuring events, variation of capital and special dividends);
- cash settling awards; and
- the annual review of performance measures, weightings and setting targets for the annual bonus and discretionary share plans from year to year.

Any performance measures may be amended if one or more events occur which cause the Committee to reasonably consider that any element of the performance measures is no longer a fair measure of the Company's performance. Any varied performance measure would not be materially less difficult to satisfy.

CHOICE OF PERFORMANCE MEASURES AND APPROACH TO TARGET SETTING

The performance measures that are used for our annual bonus and long-term incentive plans are chosen to reflect the Group's key performance indicators and strategic aims. Performance objectives are designed to encourage continuous improvement and incentivise the delivery of stretch performance. A small percentage of the total opportunity is available for delivering threshold performance levels with maximum outcomes requiring exceptional performance.

ANNUAL BONUS
In determining any bonus award, the Committee takes into account the performance of each Executive Director against his objectives, his contribution to the success and development of the Company in the year and the Company's overall performance. The measures and criteria set may vary from year to year as appropriate to reflect the changing needs of the business.

LTIP
The LTIP is currently based on EPS and TSR performance. Growth in EPS is a measure of the Company's overall financial success and closely aligns the Executive Directors' interests with those of our shareholders. TSR provides a relative external assessment of the Company's performance and captures the total return created for shareholders.

A sliding scale of targets is set for each measure that takes account of corporate plans and external market expectations for the Company. The Committee will review the appropriateness of the performance targets prior to each LTIP grant. The Committee reserves the discretion within this Policy to set different measures and targets for future awards, providing that, in the opinion of the Committee, the new targets are no less challenging and are appropriate to the strategy in light of the circumstances at the time than those used previously. Should there be a material change in the Company's performance conditions (e.g. introducing an additional or alternative performance measure) appropriate consultation with the Company's major shareholders would take place in advance along with a full explanation in the Annual Report on Remuneration to support any such change. The measures and targets for awards granted under this Remuneration Policy will be set out in the Annual Report on Remuneration.

ALL EMPLOYEE SCHEMES
No performance measures will be set for awards under non-discretionary all employee share schemes (other than, potentially, free share awards under a Share Incentive Plan). Such schemes are designed to encourage employees across the Group to purchase Company shares.

DIFFERENCES IN REMUNERATION POLICY FOR EXECUTIVE DIRECTORS COMPARED TO OTHER EMPLOYEES
The Remuneration Policy for the Executive Directors is designed having regard to the pay and employment conditions of other employees in the Company and its subsidiaries.

There are some differences in the structure of the Remuneration Policy for the Executive Directors (as set out above) compared to that for other employees within the organisation, which the Committee believes are necessary to reflect the differing levels of seniority and responsibility. The Remuneration Policy for the Executive Directors places a greater weight on performance-based variable pay through the Long-term Incentive Plan. This ensures the remuneration of the Executive Directors is aligned with both the long-term performance of the Company and therefore the interests of shareholders.

APPROACH TO NEW EXECUTIVE DIRECTOR APPOINTMENTS
The remuneration package for a new Executive Director will be set in accordance with the Company's approved Remuneration Policy as set out in this Report and as amended subject to the points below.

The base salary level of a newly appointed Executive Director will be set taking into account the individual's experience and the nature of the role being offered. Dependent on the previous experience of the individual appointed, base salary may be initially positioned below the relevant market rate for the role and increased as the individual gains relevant experience subject to their individual performance.

Depending on the timing of the appointment, the Committee may deem it appropriate to set different annual bonus performance conditions to the current Executive Directors for the first performance year of appointment. An LTIP award can be made shortly following an appointment (assuming the Company is not legally prohibited from doing so at that time).

In the case of an external hire, the Committee may offer additional cash and/or share-based elements when it considers these to be in the best interests of the Company and its shareholders, to compensate for remuneration foregone by the individual in order to take up the role. This includes the use of awards made under the LTIP or under rule 9.4.2 of the Listing Rules. Such awards would take account of the form (cash or shares) and time horizons attaching to remuneration foregone and the impact of any performance conditions.

For an internal appointment, any outstanding variable pay awarded in relation to the previous role will be allowed to pay out according to its terms of grant and the appointee will become subject to the Minimum Shareholding Requirements Policy on their appointment as an Executive Director.

For an overseas appointment, the Committee will have discretion to offer cost effective benefits and pension provisions which reflect local market practice and relevant legislation.

Directors’ Remuneration Report
continued

SERVICE CONTRACTS AND PAYMENTS FOR LOSS OF OFFICE

All the Executive Directors have entered into service agreements with the Company, requiring notice of termination to be given by either party. It is the Company’s policy that the period of notice for Executive Directors will not exceed 12 months.

An Executive Director’s service contract may be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, in the event of gross misconduct. If the Company terminates the employment of an Executive Director in other circumstances, compensation is limited to base salary due for any unexpired notice period, plus an amount in respect of contractual benefits and pension which would have been received during the unexpired notice period. In the event of a change of control of the Company there is no enhancement to contractual terms. The Committee may pay reasonable outplacement and legal fees where considered appropriate.

Directors’ contracts of service and letters of appointment, which include details of their remuneration, are available for inspection at the registered office of the Company during normal business hours and will be available for inspection at the AGM.

Provision	David Marock	Mark Keogh	Damian Ely
Notice period from either party	12 months	12 months	12 months
Contract commencement date	1 July 2011	16 June 2014	1 October 2005
Payments on termination	Base salary for period of notice plus benefits including pension, paid monthly and subject to mitigation.		Base salary for period of notice, paid monthly and subject to mitigation.
	In addition, any statutory entitlements in connection with the termination would be paid as necessary.		
Remuneration entitlements	An annual bonus may also become payable subject to performance, for the period of active service only. Outstanding share awards will vest in accordance with the provisions of the various plan rules – see below.		
	In all cases, performance measures would apply to annual bonus and/or LTIP awards.		
Change of control	There are no enhanced terms in the contracts in relation to termination following a change of control. However, under the relevant plan rules, there is scope for accelerated vesting of any share awards.		

If an Executive Director leaves employment, any outstanding share awards will be treated in accordance with the relevant plan rules. Normally, any outstanding awards lapse on cessation of employment. However, if an Executive Director ceases employment with the Group as a “good leaver” as defined in the various plan rules or in the event of a takeover, any outstanding share awards will vest in accordance with those rules. In the case of the LTIP awards, vesting is normally subject to a performance condition, with a pro rata reduction in the size of the award to reflect the period of time that the award has been held. Any remainder of the awards will lapse.

In determining whether an Executive Director should be treated as a good leaver or not, the Committee will take into account the performance of the individual and the reasons for their departure.

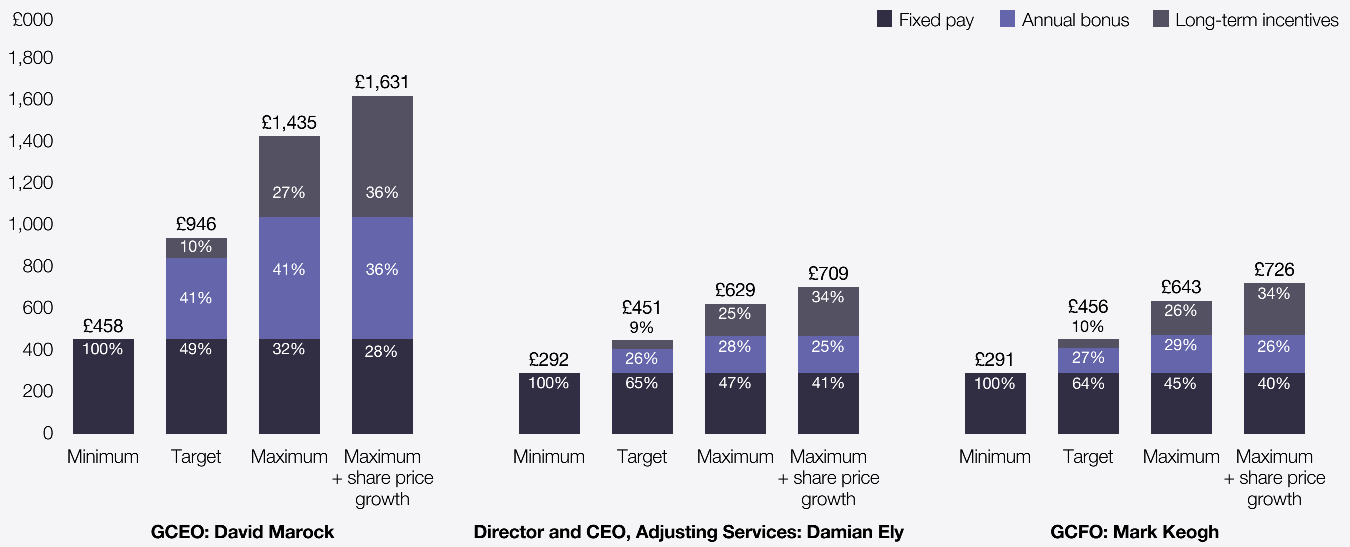
LEGACY ARRANGEMENTS

For the avoidance of doubt, in approving this Remuneration Policy, authority is given to the Company to honour any commitments entered into with current or former Directors (such as the payment of a pension or the unwinding of legacy share plans) that have been disclosed to shareholders in previous Directors’ Remuneration Reports.

REWARD SCENARIOS

Under the Company's Remuneration Policy, a significant portion of the remuneration received by Executive Directors is dependent on Company performance. The chart below illustrates how the total pay opportunities for the Executive Directors vary under three different performance scenarios: fixed pay only (minimum), on target performance and maximum performance. An additional bar is shown to represent a performance scenario that includes 50% share price growth. The chart is only indicative, as the effect of share price movements and dividend accrual have been excluded. All the assumptions used are noted below the chart.

Illustrations of total remuneration based on 2019 salaries at minimum, target and maximum levels of performance



Assumptions:

- Fixed pay = salary + benefits + pension contribution
- Target = 67% of the annual bonus and 25% of the LTIP awards vesting
- Maximum = 100% of the annual bonus and 100% of the LTIP awards vesting

Base salary levels are based on those applying on 1 January 2019. The value of taxable benefits is based on the cost of supplying those benefits (as disclosed) for the year ending 31 December 2018.

The on target bonus potential used for David Marock, Mark Keogh and Damian Ely is 100%, 50% and 50% of base salary respectively. The maximum bonus potential used for David Marock, Mark Keogh and Damian Ely is 150%, 75% and 75% of base salary respectively. The LTIP award used for David Marock are 100% of base salary. Whilst under this Policy the awards can be higher, the award sizes used for Mark Keogh and Damian Ely for 2019 are 67% of base salary.

No account has been taken of any changes in the Company's share price.

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors have individual letters of engagement and their remuneration is determined by the Board in accordance with the Articles of Association.

Directors’ Remuneration Report
continued

Non-Executive Directors’ fees policy

Element	Purpose and link to strategy	Operation	Maximum opportunity
Non-Executive Director fees	To attract and retain a high-calibre Chairman and Non-Executive Directors by offering market-competitive fee levels.	The Chairman is paid a single fee for all his responsibilities. The Non-Executive Directors are paid a basic fee. The Chairmen of the Board Committees and the Senior Independent Director are paid an additional fee to reflect their extra responsibilities. The level of these fees is reviewed periodically by the Committee and Chief Executive for the Chairman and by the Chairman and Executive Directors for the Non-Executive Directors, with reference to market levels in comparably sized FTSE companies, and a recommendation is then made to the Board. The Non-Executive Directors have the option to forego their fees in exchange for shares in the Company. Non-Executive Directors cannot participate in any of the Company’s annual bonus or share plans and are not eligible for any pension entitlements from the Company. Any reasonable business related expenses (including tax thereon) can be reimbursed.	The Committee is guided in considering any increase in fees by reference to current market levels but on occasion may need to recognise, for example, changes in responsibility and/or time commitments. For the appointment of a new Chairman or Non-Executive Director, the fee arrangement would be set in accordance with the approved Remuneration Policy in force at that time. All Non-Executive Directors have letters of appointment with the Company and are subject to annual re-election at the AGM. The appointment letters for the Chairman and Non-Executive Directors provide that no compensation is payable on termination, other than accrued fees and expenses.

APPROVAL
This Report was approved by the Board of Directors on 19 March 2019 and signed on its behalf by:

Gill Rider
Chair
Remuneration Committee
19 March 2019

Directors' Report
for the year to 31 December 2018

The Directors' Report should be read in conjunction with the Strategic Report on pages 1 to 51 and the Corporate Governance Report on pages 52 to 104, both of which form part of this Directors' Report. The Directors' Report comprises sections of the Annual Report incorporated by reference as set out below which, taken together, contain the information to be included in the Annual Report, where applicable, under Listing Rule 9.8.4.

CAPITAL STRUCTURE

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 25 on page 155 to the financial statements. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

As at 31 December 2018 the issued share capital of the Company was 77,580,079 ordinary shares and the average monthly trading volume was 1,906,226 ordinary shares (2017: 842,571 ordinary shares).

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Awards over 217,902 ordinary shares under the Charles Taylor Long-term Incentive Plan 2007 (LTIP) were granted on 3 April 2018 to the Executive Directors. Full details of the awards are set out in the Directors' Remuneration Report on page 85.

As at 31 December 2018, the Charles Taylor Employees Share Ownership Plan (ESOP) held 949,645 shares. On 7 October 2011 and as amended on 16 August 2013 the ESOP Trustees entered into a share supply agreement with the Company, whereby awards made under the LTIP can be settled from shares held in the ESOP. The Trustee of the ESOP has waived its right to dividends on the shares held in the ESOP.

Full details of the Company's employee share schemes are set out in the Directors' Remuneration Report on page 87 and note 27 to the financial statements.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Resolutions to purchase or issue shares in the capital of the Company within certain limits will be proposed at this year's AGM.

SUBSTANTIAL SHAREHOLDINGS

Notifications of the following voting interests in the Company's ordinary share capital had been received by the Company (in accordance with Chapter 5 of the FCA's Disclosure and Transparency Rules) as at 31 December 2018 and 19 March 2019:

	Number of shares held at 31 December 2018	% of voting rights held	Number of shares held at 19 March 2019	% of voting rights held
Miton Group PLC	10,640,403	13.72	10,640,403	13.69
NN Group NV	6,915,000	8.91	6,867,128	8.83
Legal & General Group Plc	6,371,518	8.21	6,371,598	8.19
Kabouter Management LLC	6,135,234	7.91	6,014,125	7.74
The Standard Club Ltd	6,043,839	7.79	6,043,839	7.77
FIL Investment International	5,715,679	7.37	5,730,229	7.37
Slater Investments	3,971,271	5.12	4,153,081	5.34
Montanaro Asset Management	3,000,000	3.87	3,250,000	4.18

It should be noted that these holdings may have changed from the above; however, notification of any change is not required until the next notifiable threshold is crossed. No such notifications have been received by the Company.

Save for the above, the Directors are unaware of any person, other than the Directors whose interests are shown on page 86, having a disclosable interest in the issued ordinary share capital of the Company.

Directors' Report
continued

DIRECTORS
The following Directors served during the year ended 31 December 2018 and as at the date of this report, except as indicated:

Name	Appointment
Edward Creasy	Non-Executive Chairman and Chairman of the Nomination & Governance Committee
Damian Ely	Executive Director
Barnabas Hurst-Bannister	Non-Executive Director
Mark Keogh	Executive Director
David Marock	Executive Director
Gill Rider	Senior Independent Non-Executive Director and Chair of the Remuneration Committee
Paul Hewitt	Independent Non-Executive Director and Chairman of the Audit, Risk and Compliance Committee
Tamer Ozmen	Independent Non-Executive Director

Brief biographies of the current Directors, indicating their experience and qualifications, are given on pages 52 to 53. All the Directors have elected to retire from the Board at the forthcoming AGM and offer themselves for re-election.

Details of the Directors' notice periods are given on page 98.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Code, the Companies Act and related legislation. The Articles of Association themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Articles of Association, copies of which are available on request.

A statement of Directors' interests in the shares of the Company and their remuneration is set out on page 86.

DIRECTORS' DUTIES (s172 CA 2006)
The Board whether as a whole or individually, in good faith, promotes the success of the Company for the benefit of its shareholders. As part of the role as Director, each Board member considers the Company's activities and decisions or inputs and how it impacts:

- employees;
- suppliers;
- customers;
- others with whom there is a business relationship;
- the community and the environment; and
- the Company's reputation for high standards of business conduct.

When carrying out their duties they do not just balance the interests of the Company and those of other stakeholders, but weigh up all the relevant factors; the Directors consider what best leads to the long-term success of the Company.

In discharging Directors' duties and making decisions there are five specific items that each Director considers:

- Strategy: reflect the s172 duty to consider the interests of stakeholders when setting and updating the Company's strategy.
- Training: establish and attend training courses on induction to the Board, with ongoing updates on the s172 duty in the context of wider duties and responsibilities.
- Information: consider, and arrange to receive, the information needed on appointment and going forward to help to carry out their role and satisfy their duties.
- Policies and process: put in place policies and processes appropriate to support the Company's operating strategy and to support its goals in the light of the s172 duties.
- Engagement: consider what should be the Company's approach to engagement with employees and other stakeholders for the Company, whether through Board engagement or wider corporate engagement.

Further details of specific roles and responsibilities of the Executive and Non-Executive Directors can be found on page 58 in the Corporate Governance Report.

POLITICAL DONATIONS
It is the Company's policy not to make political donations and it did not make such donations during 2018.

AUDITORS
In the case of each of the persons who are Directors of the Company at the date when this report was approved:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006.

The Company's auditor PricewaterhouseCoopers LLP was reappointed at the 2018 AGM. A resolution is to be proposed at the 2019 AGM for the reappointment of PwC as auditor of the Company at a rate of remuneration to be determined by the Audit, Risk and Compliance Committee.

ANNUAL GENERAL MEETING (AGM)
The AGM will be held at 10.00 a.m. on Wednesday 8 May 2019 at The Minster Building, 21 Mincing Lane, London EC3R 7AG. The Notice convening the AGM, together with details of the special business to be considered and explanatory notes for each resolution, is contained in a separate circular being sent to shareholders. It is also available to be viewed on the Company's website.

EVENTS AFTER THE BALANCE SHEET DATE
In January 2019, the Group increased its investment in Fadata by €0.6m. There are no other material events after the balance sheet date to disclose.

The Group senior banking facilities comprise a Revolving Credit Facility (RCF) which has been increased to £83m and extended by one year to October 2023 and an Acquisition facility of £25m. The increase in the RCF in February 2019 replaces the Citizens US$ facility; the RCF was increased to £87m by accessing £5m of the Acquisition Facility.

Approved by the Directors and signed on behalf of the Board.

Robert Davison
Group Company Secretary
19 March 2019

Charles Taylor plc is registered in England and Wales No. 3194476.

Directors’ Responsibilities Statement

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 and the Company’s financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the Company and of the profit or loss of the Group and the 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’s and the Company’s financial statements, subject to any material departures that are disclosed and explained in those 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 the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group’s and Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Group’s and the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors 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’s and the Company’s performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Directors’ Report on page 104, confirm that, to the best of their knowledge:

- the Company’s 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 loss 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 Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors’ Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group’s and Company’s auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group’s and the Company’s auditors are aware of that information.

By order of the Board

David Marock
Group Chief Executive Officer

Mark Keogh
Group Chief Financial Officer

19 March 2019

Independent Auditors' Report
to the members of Charles Taylor plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Charles Taylor plc's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2018 and of the Group's loss and the Group's and the Company's 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, as regards the Company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; 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 and Company Balance Sheets as at 31 December 2018; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Group and Company Cash Flow Statements, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the 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

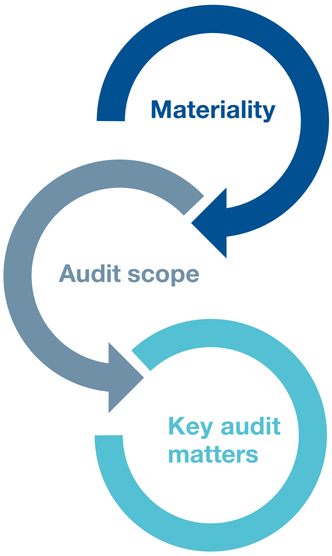
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities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

Other than those disclosed in the Audit, Risk and Compliance Committee Report, we have provided no non-audit services to the Group or the Company in the period from 1 January 2018 to 31 December 2018.

Independent Auditors' Report continued
to the members of Charles Taylor plc

Our audit approach
Overview



Materiality
- Overall Group materiality: £1.7m (2017: £1.5m), based on 0.65% of revenue.
- Overall Company materiality: £1.2m (2017: £0.9m), based on 1% of net assets.

Audit scope
- We performed audit work over the complete financial information of 18 full in-scope components, of which 17 are legal entities and one is a component which contains all consolidation entries. In addition, we conducted specific audit procedures on certain balances and transactions in respect of a number of other reporting entities, as well as performing procedures over Group-wide estimates, judgements and transactions centrally. The total coverage obtained from our work accounted for 73% of revenue and 66% of the loss before tax (on an absolute basis).

Key audit matters
- Risk of fraud in revenue recognition and associated valuation of contract assets (WIP) (Group).
- Valuation and recoverability of internally generated intangible assets (Group).
- Carrying value of investment in REF Wisdom Limited ("Fadata") (Group)
- Acquisition accounting (Group).

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.

Capability of the audit in detecting irregularities, including fraud
Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Listing Rules, pensions legislation, tax legislation and local laws and regulations applicable in the territories that the Group operates in, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to improve the results, and management bias in accounting estimates. The Group Engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group Engagement team and/or component auditors included:
- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- consideration of management's controls designed to prevent and detect irregularities;
- challenging assumptions and judgements made by management in their significant accounting estimates; and
- identifying and testing journal entries based on a risk-based sample selection.

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. Also, 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.

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 and associated valuation of contract assets (WIP) (Group) *Refer to page 76 within the Audit, Risk and Compliance Committee Report and notes 3 and 4 to the financial statements for the Directors' disclosures of the related accounting policies, judgements and estimates for further information.* We assessed the principal risks of incorrect recognition to lie within the revenue generated from loss adjusting services ("Adjusting") and new contracts within insurance technology services and solutions ("InsureTech"). The recognition of revenue within the Adjusting business is based on the realisable value of work performed at a point in time and is recorded as unbilled revenue within contract assets (accrued income) until it is invoiced (WIP). Specifically we consider whether the WIP/revenue had occurred and the valuation was appropriate at year-end to be the areas where there is a risk of material misstatement. The following factors are used in the valuation of WIP: a) the amount of time incurred to date, obtained from timesheet recording systems; b) the value of time charged to clients based on either agreed rates or an estimate of the settlement value set with reference to previous levels of recovery; and c) discounting, which is applied where cash settlement is not expected for a period of time and where the impact could be material. Contracts within InsureTech can be material, complex and judgemental. Some of these contracts include income from different performance obligations, such as software licences, implementations and service contracts, for which separate individual prices may be required to be allocated under IFRS 15. For the other revenue streams across the Group, we considered specifically where we thought a fraud could arise and tailored our audit approach accordingly.	We assessed the carrying value of WIP by performing a number of audit procedures which impact the valuation including: a) performed a combination of system and substantive testing on the Group's timesheet systems to check the complete and accurate collection of information used in the calculation of WIP. This involved testing the IT General Controls over the relevant systems and testing the existence of projects by obtaining third-party evidence showing client instruction for a selected sample. We identified no exceptions through this testing; b) performed a look back at the value of WIP recorded in previous years to check that these amounts were subsequently recovered and that the current valuation of WIP was in line with the historic recovery rates and current expectations. We concluded that the current value of WIP was in line with historic recovery rates and that the assessments of valuation were reasonable based on recoveries in the year; c) audited the valuation and discounting models used by management through recalculation and tested the appropriateness of the assumptions applied, including the discount rate and ageing of WIP. We did not note any exceptions; and d) tested journal entries to identify whether there were any revenue postings which followed 'unusual' or 'unexpected' transaction flows. No exceptions were identified through our work. In respect of the significant contracts within InsureTech, we carried out the following audit procedures: a) obtained, read and understood the contractual agreements and discussed the commercial and accounting rationale with management; b) assessed the performance obligations in the contracts and the allocation of consideration to those elements in accordance with IFRS 15 utilising our accounting specialists on one of the more complex contracts; c) recalculated the revenue being recognised based on the criteria above; and d) traced income through to bank statements, where cash has been received. For other revenue streams across the Group, we were able to use a combination of risk-based data auditing to identify 'unusual' or 'unexpected' revenue transactions as well as substantive testing of transactions to invoice and cash payments. The procedures performed above provided us with sufficient audit evidence to address our audit risk around the recognition of revenue and valuation of WIP. We concluded that revenue is appropriately recognised in the current year and that the valuation of WIP is fairly stated as at 31 December 2018.

Key audit matter	How our audit addressed the key audit matter
Valuation and recoverability of internally generated intangible assets (Group) *Refer to page 76 within the Audit, Risk and Compliance Committee Report and notes 3, 4 and 16 to the financial statements for the Directors' disclosures, related accounting policies, judgements and estimates for further information.* The Group balance sheet as at 31 December 2018 includes £17.3m (2017: £16.9m) of internally generated intangible assets, of which £5.7m relates to additions in the year. These are principally associated with programme development costs in the Insurance Support Services business which provides technology-enabled solutions to the insurance industry. Capitalisation of expenditure is based on management's assessment that the expenditure meets the criteria set out in IAS 38 and that future economic benefits will flow to the Group as a result of the expenditure. Given the size of the balances and judgement involved in capitalising these amounts, we believe there is a significant risk over the recognition and recoverability of these balances.	In order to audit the valuation and recoverability of internally generated intangible assets, we carried out the following procedures: a) tested a sample of project additions in the year to ensure that the costs were capitalised appropriately. For the costs sampled, we traced external costs to invoices and internal costs to supporting payroll records (including timesheets and payslips) and verified that employee costs had been appropriately allocated to projects for the time spent on them; b) met with project managers and, for a sample of the large projects, obtained an understanding of the project along with explanations for assumptions made, and challenged business cases; c) assessed the judgement that benefits would exceed the expected cost supporting the view that these costs were recoverable by considering business cases, prior history and current projections; d) challenged management in respect of the inclusion of certain costs which were capitalised as part of internal staff costs, in order to ascertain whether they were directly attributable costs incurred for the purpose of the development of the project. Whilst total additions in respect of these costs were immaterial and in accordance with IAS 38, we highlighted them to both management and the Audit Committee; and e) assessed whether the current amortisation period remained appropriate, for a sample of projects, based upon the period of time in which a benefit is expected to be received. We had no material exceptions to report in respect of these tests and we concluded that the costs capitalised within projects during the year were accurate and appropriate to be capitalised, in accordance with IAS 38 and as set out in the Group's accounting policies. Other than the impairment recognised of £2.0m in respect of one particular project, we did not identify any indicators of impairment in respect of the carrying value of assets remaining on the balance sheet as at 31 December 2018.

Key audit matter	How our audit addressed the key audit matter
Carrying value of investment in REF Wisdom Limited ("Fadata") (Group) *Refer to page 76 within the Audit, Risk and Compliance Committee Report and notes 3, 4, 18 and 19 to the financial statements for the Directors' disclosures, related accounting policies, judgements and estimates for further information.* The Group has both an ordinary share and preference share investment in Fadata. The Group balance sheet as at 31 December 2018 includes a financial asset in respect of the Group's preference share investment in Fadata of £5.6m (2017: £4.5m) and an investment in associate in respect of the Group's ordinary shares investment in Fadata of £nil (2017: £0.5m). The ordinary shares are accounted for as an investment in associate, with the Group recognising the cost of investment less its share of Fadata's losses. The ordinary shares are held at £nil as cumulatively the Group's share of the losses has exceeded its cost of investment. The preference shares are accounted for as a financial asset, and are subject to valuation under IFRS 9's expected credit loss model. Given the losses incurred by Fadata to date, a position which has increased in 2018, there is a significant risk around the carrying value of the preference shares held in Fadata. An impairment of £2.2m has been recognised during the year, with an adjustment of £1.5m recognised within opening reserves as a result of the transition to IFRS 9 in relation to the expected credit loss for the financial asset in respect of preference shares. The other £0.7m has been taken to the income statement.	Under IFRS 9 when determining the Expected Credit Loss (ECL) you consider the probable weighted value of the cash flows to be received regarding the financial asset. Given the business model this is calculated by determining the 'end value' and then probability weighting the options to determining impairment. In terms of determining the end value there are a number of ways of doing this but these might typically include: – Discounted cash flows – given the previous performance of the business, and the history of actuals coming in below forecasts, using this methodology is not considered appropriate. – Fair value less costs to sell – in particular utilising a revenue multiplier which is more appropriate for a start-up technology company. Our audit work involved: – Engaging our Specialist Valuations team to assist with the audit and provide advice on the revenue multiple range. The Audit team and the PwC specialists considered the revenue multiples from comparators taking into account the status of Fadata and the size of the potential market; – A call was held with the majority owner who confirmed amongst other things that it remained committed to the investment and that it believed that there was still value in the investment; – Considered the budgets. It was noted that although the FY19 budget is a significant step up from FY18 and prior years, there has been an uptick in recent sales (agreed to contracts) and there was a better pipeline going forward than had previously existed; and – Obtained and reviewed the latest statutory accounts for Fadata (Dec 2017 signed in Sep 2018). It is noted that a clean opinion was signed, there was no emphasis of matter for going concern; and the accounts were consistent with our understanding of the business. Our procedures suggest that the revenue multiple range used by management was reasonable and that the probabilities assessed were also within a suitable range. Our view was discussed with management and communicated formally to the Audit Committee in writing. Based on the work performed, we concur with the impairment recognised under IFRS 9 and the resultant carrying values held on the balance sheet in respect of Fadata as at 31 December 2018. The split of the impairment between reserves on adoption of IFRS 9 and the income statement is also reasonable.

Independent Auditors' Report continued
to the members of Charles Taylor plc

Key audit matter	How our audit addressed the key audit matter
Acquisition accounting (Group) *Refer to page 76 within the Audit, Risk and Compliance Committee Report and notes 3, 4 and 14 to the financial statements for the Directors' disclosures, related accounting policies, judgements and estimates for further information.* The Group acquired Aasgard on 2 March 2018, Inworx on 2 May 2018 and FGR on 4 October 2018. The goodwill arising on these acquisitions was £nil, £12.8m and £1.3m respectively. Accounting for these acquisitions required fair value exercises to assess the assets and liabilities acquired, including valuing any separately identifiable intangible assets with the residual balance recognised as goodwill. The fair value of the intangible assets arising on acquisition is judgemental as it uses valuation techniques that require management assumptions, such as discount rates, forecast revenues and growth rates.	In order to validate the acquisition accounting applied to the three transactions during the year, we performed the following audit procedures: a) obtained and read the purchase agreements relating to the acquisitions to understand the key terms and to agree the purchase price which we agreed to cash or shares issued; b) tested the opening balance sheets at the acquisition dates to supporting evidence and tested the purchase price allocations, involving our internal valuation specialists on the larger Inworx acquisition where management's own experts have been used. We assessed the reasonableness of the key assumptions used, such as testing the discount rates applied, as well comparing actuals to forecast and performing sensitivity analysis on the growth rates applied; c) assessed the completeness and quantum of intangible assets identified by management against our own expectations, formed from our review of the due diligence reports, site visits (where done), review of other supporting documents and discussions with management; d) assessed whether future payments in respect of the acquisitions to the vendors are to be accounted for as deferred consideration or as a post-combination expense, depending on the nature of the payments and whether employment services are being received in accordance with IFRS 3; and e) assessed the disclosures included within the financial statements in respect of the acquisitions. Our view was discussed with management and communicated formally to the Audit Committee in writing. The procedures performed above provided us with sufficient audit evidence around the accounting applied to the three acquisitions in the year. We concluded that the acquisitions were accounted for appropriately and that the fair value adjustments are reasonable, although note that two of these acquisitions have been disclosed as provisional.

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 and the Company, the accounting processes and controls, and the industry in which they operate.

Our audit procedures account for 73% of the Group's revenue and 66% of the Group's loss before tax (on an absolute basis).

The Group consists of a centralised head office within the UK and operates globally. The head office function consolidated the results of the Group.

Individual components or reporting units for the purpose of Group scoping are considered to be individual legal entities as well as a component for consolidation adjustments.

In our view, due to their significance and/or risk characteristics, we have determined that there are 18 full in-scope components, of which 17 are legal entities and one is a component which contains all consolidation entries. We have also performed procedures over certain specific financial statement balances across 13 additional legal entities, in order to ensure appropriate coverage of the financial statements as a whole.

We have determined that Cega Group Services Limited and Charles Taylor Adjusting Limited are significant components.
The Group consolidation, financial statement disclosures and a number of complex items were audited at the Group's head office. These included impairment reviews, acquisition accounting, 'adjusting' items, internally generated intangible assets and tax.

The audit of the in-scope Isle of Man and Argentinian entities was performed by overseas PwC component teams in those territories. All other work was performed by the Group Engagement team in the UK. Where the work was performed by a component audit team, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. As a result, the Group Engagement team visited both Argentina and the Isle of Man. Senior members of our Group Audit team attended these visits, during which meetings were held with local management and our component audit teams, and we ensured that local audit approaches were appropriate. Work paper reviews were also performed for the in-scope overseas components.

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:

	Group financial statements	**Company financial statements**
Overall materiality	£1.7m (2017: £1.5m).	£1.2m (2017: £0.9m).
How we determined it	0.65% of revenue.	1% of net assets.
Rationale for benchmark applied	We considered a range of possible benchmarks, including revenue, profit before tax and adjusted profit before tax before applying professional judgement to determine the overall materiality. Based on the typical benchmarks of 1% of revenue or 5% of statutory loss before tax or adjusted profit before tax, materiality could be considered to be in the range of £0.2m to £2.6m. We determined that a materiality level based on 0.65% of revenue resulted in a suitable materiality which reflects the size and quantum of the Group and its underlying activities.	We believe that net assets is the primary measure used by the shareholders in assessing the position of the Company, and is an accepted auditing benchmark.

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 £0.1m and £1.2m. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £85,000 (Group audit) (2017: £75,000) and £60,000 (Company audit) (2017: £47,500) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent Auditors' Report continued
to the members of Charles Taylor plc

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 and the 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and 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 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 Company and their 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 pages 56 to 67) 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 Company and their 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 pages 56 to 67) with respect to the 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 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 42 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 page 51 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 enquiries 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 Company and their 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 page 104, 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 and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
- The section of the Annual Report on page 72 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 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)*

Independent Auditors' Report continued
to the members of Charles Taylor plc

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 104, 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 and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the 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 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

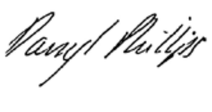
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the 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 Company 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 4 November 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.



Darryl Phillips (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 March 2019

Consolidated Income Statement

	Note	Year to 31 December 2018 £000	2017 £000
Continuing operations			
Revenue from Professional Services		**255,037**	206,237
Revenue from Owned Insurance Companies			
Gross revenue		**9,287**	5,609
Outward reinsurance premiums		**(763)**	(1,026)
Net revenue from Owned Insurance Companies	30	**8,524**	4,583
Total revenue	5	**263,561**	210,820
Expenses from Owned Insurance Companies			
Claims recovered/(incurred)		**43,364**	(52,779)
Reinsurance recoveries		**393**	915
Other (losses)/gains from insurance activities		**(43,561)**	55,455
Net operating expenses	30	**(7,702)**	(7,160)
Net expenses		**(7,506)**	(3,569)
Administrative expenses	6	**(256,697)**	(197,905)
Gain on disposal/acquisition	14	**4,107**	926
Net impairment losses on non-current and current assets	15,16,19	**(5,097)**	–
Share of loss of associates	18	**(386)**	(1,780)
Operating (loss)/profit		**(2,018)**	8,492
Investment and other income	8	**1,635**	903
Finance costs	9	**(2,886)**	(2,022)
(Loss)/profit before tax		**(3,269)**	7,373
Income tax credit	10	**603**	1,758
(Loss)/profit for the year from continuing operations		**(2,666)**	9,131
Attributable to:			
Owners of the Company		**(3,652)**	8,910
Non-controlling interests	26	**986**	221
		(2,666)	9,131
Earnings per share from continuing operations			
Basic earnings per share (p)	13	**(4.94)**	13.14
Diluted earnings per share (p)	13	**(4.85)**	13.01

Consolidated Statement of Comprehensive Income

	Note	Year to 31 December 2018 £000	2017 £000
(Loss)/profit for the year		(2,666)	9,131
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains on defined benefit pension schemes	32	6,130	4,740
Tax on items taken directly to equity	32	(1,780)	(1,310)
		4,350	3,430
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		2,027	(1,909)
(Losses)/gains on cash flow hedges		(472)	709
		1,555	(1,200)
Other comprehensive income for the year, net of tax		5,905	2,230
Total comprehensive income for the year		3,239	11,361
Attributable to:			
Owners of the Company		2,183	11,283
Non-controlling interests		1,056	78
		3,239	11,361

Consolidated Balance Sheet

	Note	At 31 December 2018 £000	2017 (Restated)[1, 2] £000
Non-current assets			
Goodwill	15	**70,212**	57,773
Other intangible assets	16	**55,323**	42,979
Property, plant and equipment	17	**16,394**	8,793
Investments	18	**2,320**	1,547
Financial assets	19	**10,615**	8,492
Deferred tax assets	20	**10,950**	11,909
Total non-current assets		**165,814**	131,493
Current assets			
Total assets in insurance businesses	30	**913,942**	1,103,032
Trade and other receivables	21	**107,239**	82,655
Cash and cash equivalents	23	**169,974**	146,057
Total current assets		**1,191,155**	1,331,744
Total assets		**1,356,969**	1,463,237
Current liabilities			
Total liabilities in insurance businesses	30	**899,660**	1,089,039
Provisions	24	**1,931**	–
Trade and other payables	22	**57,493**	37,627
Deferred consideration	14	**1,558**	2,688
Current tax liabilities		**2,544**	1,934
Borrowings	23	**17,075**	15,708
Client funds	23	**145,721**	121,395
Total current liabilities		**1,125,982**	1,268,391
Net current assets		**65,173**	63,353
Non-current liabilities			
Borrowings	23	**80,909**	66,153
Deferred tax liabilities	20	**7,911**	3,697
Retirement benefit obligation	32	**34,277**	44,738
Provisions	24	**275**	435
Trade and other payables	22	**13,503**	–
Obligations under finance leases	23	**–**	28
Deferred consideration	14	**5,135**	1,648
Total non-current liabilities		**142,010**	116,699
Total liabilities		**1,267,992**	1,385,090
Net assets		**88,977**	78,147
Equity			
Share capital	25	**776**	689
Share premium account[1]		**89,702**	71,458
Merger reserve[1]		**11,721**	9,195
Capital reserve		**662**	662
Own shares		**(567)**	(369)
Accumulated losses		**(16,085)**	(5,269)
Equity attributable to owners of the Company		**86,209**	76,366
Non-controlling interests	26	**2,768**	1,781
Total equity		**88,977**	78,147

1. £2.3m has been reclassified to the Merger Reserve from Share Premium to reflect that the fair value of the shares issued over and above the par value in respect of the acquisitions of Knowles Loss Adjusters in May 2014 and CEGA in August 2016 both qualified for merger relief in accordance with s612 of the Companies Act 2006.
2. The non-current assets, non-current liabilities and accumulated losses have been restated as a result of the remeasurement of assets acquired and liabilities assumed as part of the Criterion acquisition as permitted under IFRS 3 (revised) (see note 14).

The financial statements on pages 115 to 177 were approved by the Board of Directors and signed on its behalf by

Mark Keogh
Director
19 March 2019

Company number: 03194476

Company Balance Sheet

	Note	At 31 December 2018 £000	2017 (Restated)[1] £000
Non-current assets			
Investments		**126,522**	126,522
Deferred tax assets		**14**	–
Total non-current assets		**126,536**	126,522
Current assets			
Trade and other receivables	21	**170,300**	199,437
Cash and cash equivalents		**2,942**	1,774
Total current assets		**173,242**	201,211
Total assets		**299,778**	327,733
Current liabilities			
Trade and other payables	22	**93,584**	160,369
Borrowings	23	**5,381**	6,142
Total current liabilities		**98,965**	166,511
Net current assets		**74,277**	34,700
Non-current liabilities			
Borrowings	23	**80,813**	66,153
Total liabilities		**179,778**	232,664
Net assets		**120,000**	95,069
Equity			
Share capital	25	**776**	689
Share premium account[1]		**89,702**	71,458
Merger reserve[1]		**4,849**	2,323
Retained earnings		**24,673**	20,599
Total equity		**120,000**	95,069

1. £2.3m has been reclassified to the Merger Reserve from Share Premium to reflect that the fair value of the shares issued over and above the par value in respect of the acquisitions of Knowles Loss Adjusters in May 2014 and CEGA in August 2016 both qualified for merger relief in accordance with s612 of the Companies Act 2006.

As permitted by s408 of the Companies Act 2006, the income statement of the Parent Company is not presented as part of these financial statements. The Parent Company's result for the year amounted to £12.5m profit (2017: £0.8m profit).

The financial statements on pages 115 to 177 were approved by the Board of Directors and signed on its behalf by

Mark Keogh
Director
19 March 2019

Company number: 03194476

Group and Company Cash Flow Statements

	Note	Year to 31 December 2018 £000	2017 £000
Group			
Net cash generated from operating activities	31	**44,046**	7,697
Investing activities			
Interest received		**921**	420
Purchases of property, plant and equipment		**(10,497)**	(2,645)
Purchases of other intangible assets		**(6,034)**	(5,102)
Purchases of investments and own shares		**(6,496)**	(3,739)
Proceeds from sale of investments		**745**	–
Acquisition of subsidiaries – net of cash acquired		**(21,531)**	(7,146)
Payment of deferred consideration	14	**(2,437)**	(6,027)
Net cash used in investing activities		**(45,329)**	(24,094)
Financing activities			
Proceeds from issue of shares		**17,123**	760
Dividends paid	12	**(7,969)**	(7,232)
Repayments of obligations under finance leases		**(28)**	–
Borrowing under existing facility		**16,985**	25,500
(Decrease)/increase in bank overdrafts		**(593)**	3,140
Net cash generated from financing activities		**25,518**	22,168
Net increase in cash and cash equivalents		**24,235**	5,771
Cash and cash equivalents at beginning of year		**146,057**	141,436
Effect of foreign exchange		**(318)**	(1,150)
Cash and cash equivalents at end of year		**169,974**	146,057
Company			
Net cash used in operating activities	31	**(25,897)**	(23,453)
Investing activities			
Interest received		**921**	391
Payment of deferred consideration		**–**	(76)
Net cash generated from investing activities		**921**	315
Financing activities			
Proceeds from issue of shares		**20,858**	760
Dividends paid	12	**(7,969)**	(7,232)
Borrowing under existing facility		**14,722**	25,500
(Decrease)/increase in bank overdrafts		**(824)**	2,193
Net cash generated from financing activities		**26,787**	21,221
Net increase/(decrease) in cash and cash equivalents		**1,811**	(1,917)
Cash and cash equivalents at beginning of year		**1,774**	3,691
Effect of foreign exchange		**(643)**	–
Cash and cash equivalents at end of year		**2,942**	1,774

Consolidated Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Merger reserve £000	Capital reserve £000	Own shares £000	Accumulated losses £000	Non-controlling interests £000	Total equity £000
At 1 January 2018 previously reported	**689**	**73,781**	**6,872**	**662**	**(369)**	**(5,136)**	**1,781**	**78,280**
Restatements[1, 2]	**–**	**(2,323)**	**2,323**	**–**	**–**	**(133)**	**–**	**(133)**
At 1 January 2018 restated	**689**	**71,458**	**9,195**	**662**	**(369)**	**(5,269)**	**1,781**	**78,147**
Adoption of IFRS 9	**–**	**–**	**–**	**–**	**–**	**(1,761)**	**–**	**(1,761)**
Adoption of IFRS 15	**–**	**–**	**–**	**–**	**–**	**(2,353)**	**–**	**(2,353)**
At 1 January 2018 adjusted	**689**	**71,458**	**9,195**	**662**	**(369)**	**(9,383)**	**1,781**	**74,033**
Issue of share capital	**87**	**–**	**–**	**–**	**–**	**–**	**–**	**87**
Share premium arising on placing	**–**	**17,100**	**–**	**–**	**–**	**–**	**–**	**17,100**
Share premium arising on issue of shares in respect of acquisitions/ deferred consideration	**–**	**3,670**	**–**	**–**	**–**	**–**	**–**	**3,670**
Merger reserve arising on acquisition	**–**	**(2,526)**	**2,526**	**–**	**–**	**–**	**–**	**–**
Loss for the financial year	**–**	**–**	**–**	**–**	**–**	**(3,652)**	**986**	**(2,666)**
Dividends paid (note 12)	**–**	**–**	**–**	**–**	**–**	**(7,969)**	**–**	**(7,969)**
Actuarial gains on defined benefit pension schemes (note 32)	**–**	**–**	**–**	**–**	**–**	**6,130**	**–**	**6,130**
Tax on items taken to equity	**–**	**–**	**–**	**–**	**–**	**(1,780)**	**–**	**(1,780)**
Losses on cash flow hedges	**–**	**–**	**–**	**–**	**–**	**(472)**	**–**	**(472)**
Foreign currency exchange differences	**–**	**–**	**–**	**–**	**–**	**937**	**70**	**1,007**
Movement in share-based payments	**–**	**–**	**–**	**–**	**–**	**1,205**	**–**	**1,205**
Net movement in own shares	**–**	**–**	**–**	**–**	**(198)**	**–**	**–**	**(198)**
Other movements	**–**	**–**	**–**	**–**	**–**	**(1,101)**	**(69)**	**(1,170)**
At 31 December 2018	**776**	**89,702**	**11,721**	**662**	**(567)**	**(16,085)**	**2,768**	**88,977**
At 1 January 2017	674	72,372	6,872	662	(430)	(12,136)	2,138	70,162
Issue of share capital	15	–	–	–	–	–	–	15
Share premium arising on issue of share capital	–	1,409	–	–	–	–	–	1,409
Profit for the financial year	–	–	–	–	–	8,910	221	9,131
Dividends paid (note 12)	–	–	–	–	–	(7,232)	–	(7,232)
Actuarial gains on defined benefit pension schemes (note 32)	–	–	–	–	–	4,740	–	4,740
Tax on items taken to equity	–	–	–	–	–	(1,310)	–	(1,310)
Gains on cash flow hedges	–	–	–	–	–	709	–	709
Foreign currency exchange differences	–	–	–	–	–	(1,766)	(143)	(1,909)
Movement in share-based payments	–	–	–	–	–	1,999	–	1,999
Movement in own shares	–	–	–	–	61	–	–	61
Other movements	–	–	–	–	–	940	(435)	505
At 31 December 2017	689	73,781	6,872	662	(369)	(5,136)	1,781	78,280

1. £2.3m has been reclassified to the Merger Reserve from Share Premium to reflect that the fair value of the shares issued over and above the par value in respect of the acquisitions of Knowles Loss Adjusters in May 2014 and CEGA in August 2016, both qualified for merger relief in accordance with s612 of the Companies Act 2006.
2. The accumulated losses have been restated as a result of the remeasurement of assets acquired and liabilities assumed as part of the Criterion acquisition as permitted under IFRS 3 (revised) (see note 14).

The capital reserve and merger reserve arose on formation of the Group and are non-distributable capital reserves. £4.8m of the merger reserve relates to merger relief in respect of acquisitions. Own shares comprise 949,645 (2017: 324,247) shares held by the Charles Taylor Employee Share Ownership Plan Trust (ESOP). The market value of these shares was £2.1m (2017: £0.9m) at the balance sheet date.

The trustee of the ESOP is Summit Trust International SA, an independent professional trust company registered in Switzerland. The ESOP is a discretionary trust for the benefit of employees of the Group and provides a source of shares to distribute to the Group's employees (including Executive Directors and officers) under the Group's various bonus and incentive schemes, at the discretion of the trustee acting on the recommendation of a Committee of the Board. The assets, liabilities, income and costs of the ESOP are incorporated into the consolidated financial statements.

There are no significant restrictions on the ability of subsidiaries to transfer funds to the Parent in the form of cash dividends or to repay loans or advances other than company law requirements dealing with distributable profits, and in the case of the insurance companies, regulatory permissions and solvency limits.

Company Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Merger reserve £000	Retained earnings £000	Total equity £000
At 1 January 2018 previously reported	689	73,781	–	20,599	95,069
Restatements[1]	–	(2,323)	2,323	–	–
At 1 January 2018 restated	689	71,458	2,323	20,599	95,069
Issue of share capital	87	–	–	–	87
Share premium arising on placing	–	17,100	–	–	17,100
Share premium arising on issue of shares in respect of acquisitions/deferred consideration	–	3,670	–	–	3,670
Profit for the financial year	–	–	–	12,515	12,515
Merger reserve arising on acquisition	–	(2,526)	2,526	–	–
Dividends paid (note 12)	–	–	–	(7,969)	(7,969)
Losses on cash flow hedges	–	–	–	(472)	(472)
At 31 December 2018	776	89,702	4,849	24,673	120,000
At 1 January 2017	674	72,372	–	26,339	99,385
Issue of share capital	15	–	–	–	15
Share premium arising on issue of share capital	–	1,409	–	–	1,409
Profit for the financial year	–	–	–	784	784
Dividends paid (note 12)	–	–	–	(7,232)	(7,232)
Losses on cash flow hedges	–	–	–	708	708
At 31 December 2017	689	73,781	–	20,599	95,069

1. £2.3m has been reclassified to the Merger Reserve from Share Premium to reflect that the fair value of the shares issued over and above the par value in respect of the acquisitions of Knowles Loss Adjusters in May 2014 and CEGA in August 2016 both qualified for merger relief in accordance with s612 of the Companies Act 2006.

Notes to the Financial Statements

1. GENERAL INFORMATION

Charles Taylor plc (the "Company") is a public limited company, limited by shares, incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on the back cover of this Annual Report. The principal activities of the Company and its subsidiaries (the "Group") and the nature of the Group's operations are set out in note 34 and in the Strategic Report.

2. BASIS OF PREPARATION

i) Compliance with IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS in the EU. The financial statements comply with IFRS as issued by the EU and the Companies Act 2006 applicable to companies reporting under IFRSs endorsed by the EU.

The significant accounting policies set out below have been applied consistently to all periods presented in these consolidated and Company financial statements.

ii) Historical cost convention

The financial statements have been prepared on the historical cost basis, except for the following:
– Financial assets and liabilities (including derivative instruments) – measured at fair value; and
– Defined benefit pension plans – plan assets measured at fair value.

iii) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

iv) Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Long-Term Viability Statement included in the Strategic Report on page 51, also refer to going concern section in the Directors' Report.

v) New and amended standards adopted by the Group

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2018:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. The Group has applied the requirements of IFRS 9 to financial instruments as at 1 January 2018 and has not applied the requirements to instruments that had already been derecognised prior to 1 January 2018, and no comparative amounts have been restated. There is no impact on the accounting for financial liabilities held by the Group.

Impairment of financial assets

The impairment model under IFRS 9 reflects expected credit losses, as opposed to only incurred credit losses under IAS 39. Under the impairment approach under IFRS 9, it is not necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses, which will be updated at each reporting date. As at 1 January 2018, the Group reviewed and assessed existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk. An additional credit allowance of £1.8m has been recognised against retained earnings.

	2018 £'000
Amount restated through retained earnings in respect of trade and other receivables	500
Amount restated through retained earnings in respect of financial assets	1,261
Movement in reserves	1,761

The additional loss allowance recognised upon the initial application of IFRS 9 as disclosed above resulted entirely from a change in the measurement attribute of the loss allowance relating to the financial assets. In determining the expected credit losses for these assets, the Group has taken into account the historical default experience and the financial position of the relevant counterparties. The impact of the assessment performed in respect of the Company balance sheet under IFRS 9 using the expected credit loss model is not material.

2. BASIS OF PREPARATION CONTINUED

IFRS 15 Revenue from Contracts with Customers

The Group has adopted IFRS 15 Revenue from Contracts with Customers using the cumulative effect method from 1 January 2018. Upon adoption, the Group identified that the revenue recognised from the Signal Mutual contract, within the Management Services business, should be recognised on a straight-line basis over the contract period, as the performance obligation is to be recognised straight-line over time. This was previously accounted for as 40% in the fourth quarter followed by 20% in each subsequent quarter. The overall impact on the full year ended 31 December 2018 revenue is immaterial; however, an adjustment of £2.4m has been accounted for in the Consolidated Statement of Changes in Equity.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The amendments made to IFRS 2 clarify the measurement basis for cash-settled shared-based payments and the accounting for modifications that change an award from cash settled to equity settled. They also introduce an exception to the classification principles in IFRS 2. Where an employee is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole award will be treated as if it was equity settled provided it would have been equity settled without the net settlement feature.

vi) 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 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change. During 2018 the Group performed an initial view of the impact of IFRS 16 and we expect there to be a material change in the balance sheet on adoption, primarily because of the operating lease entered into for the Group's London office, The Minster Building (TMB). As at 1 July 2018, the date the Group moved premises, the unamortised value of the TMB asset was estimated to be in the range of £32m to £37m and the present value of the liability was the equivalent. The Group continues to assess the impact of IFRS 16 on the rest of the Group, consistently applying IFRS 16 to all leases that are longer than 12 months and/or greater than US$5k in value. Given that the IFRS 16 impact assessment remains ongoing, it is not practicable to quantify the total impact of adopting IFRS 16. However, as demonstrated by the range presented above and the total of non-cancellable operating lease commitments of £56.3m as presented in note 29, this new accounting standard will have a significant impact on the Group's consolidated financial statements, including but not limited to EBITDA and profit before taxation.

Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented in operating cash flows.

IFRS 16 is mandatory for financial years commencing on or after 1 January 2019.

IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 as a replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows;
- an explicit risk adjustment; and
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the "variable approach" for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model.

Notes to the Financial Statements continued

2. BASIS OF PREPARATION CONTINUED

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

IFRS 17 is mandatory for financial years commencing on or after 1 January 2021.

Amendments to IAS 19 Plan amendment, curtailment or settlement

The amendments to IAS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- recognise immediately any reduction in surplus in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- separately recognise any changes in the asset ceiling through other comprehensive income.

The amendments to IAS 19 are mandatory for financial years commencing on or after 1 January 2019.

Other standards

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.

Prior year restatements

As presented within the Half Year Report, the Group has restated the prior year financial statements, as at 31 December 2017, in two areas:

Merger Reserve

An amount of £2.3m has been reclassified to the Merger Reserve from Share Premium to reflect that the fair value of the shares issued over and above the par value in respect of the acquisitions of Knowles Loss Adjusters in May 2014 and CEGA in August 2016 both qualified for merger relief in accordance with s612 of the Companies Act 2006.

Acquisition accounting: Criterion

The analysis of assets acquired and liabilities assumed on acquisition, which was reported in the financial statements for the year ended 31 December 2017, was a provisional analysis. This has been restated within the remeasurement period being 12 months of the date of recognition which is permitted under IFRS 3 (revised). An estimated £5.6m remains payable in three instalments from September 2019, subject to the executive shareholders remaining actively engaged in the business over a period of at least five years and certain targets being met. As required by IFRS 3 (revised) these payments will be expensed to the income statement over the relevant period of active engagement. The discounted value of this restatement is included as revaluation within deferred consideration, as set out within note 14.

3. SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Joint arrangements

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint ventures

Interests in joint ventures are accounted for using the equity method (see below), after initially being recognised at cost in the consolidated balance sheet.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested annually for impairment.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid is recognised in a separate reserve within equity attributable to the Group's shareholders.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker during 2018.

The Board has appointed a Finance Committee which assesses the financial performance and position of the Group, and provides oversight of the strategic, business planning and annual budget processes. The Finance Committee, which has been identified as being the chief operating decision maker, consists of the Group CEO, Group CFO and Group Corporate Development Director. The Group will adopt a new model for finance reporting from 1 January 2019 which it will present its 2019 half year results on.

Foreign currency translation

i) Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried out at fair value are reported as part of the fair value gain or loss.

For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

iii) Group companies

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

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

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

Revenue recognition

Revenue is recognised when control of a good or service transfers to a customer.

A five-step process must be applied before revenue can be recognised:

1. Identify contracts with customers;
2. Identify the separate performance obligation;
3. Determine the transaction price of the contract;
4. Allocate the transaction price to each of the separate performance obligations; and
5. Recognise the revenue as each performance obligation is satisfied.

When accounting for software revenue contracts, particularly within the Charles Taylor InsureTech business, the Group considers bundled sales of software licences and service contracts as an area of judgement. For a bundled sale of a software licence, service contract and implementation, the accounting can be inherently complex. IFRS 15 requires consideration to be given to whether the bundled sales are “distinct”, in which case a price should be allocated to each separate performance obligation, or “combined” whereby they are considered to represent one performance obligation. The Group currently recognises revenue under both methods outlined above, reflecting the fact that each revenue contract requires individual consideration.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and the tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Investment allowances and similar tax incentives

UK companies within the Group may be entitled to claim cash receipts from the government in relation to qualifying research and development expenditure (i.e. the Research and Development Expenditure Credit in the UK). The Group accounts for these cash receipts as other income within operating profit.

Leases

Leases of property and plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition costs are expensed as incurred.

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of consideration is deferred ("deferred consideration"), the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

When the Group makes acquisitions, it often pays the vendors post-acquisition consideration ("earn-out"). These earn-out payments are subject to conditions, which often include the achievement of performance targets by the acquired entity. If these conditions also include a requirement that employees and former executive shareholders of subsidiaries continue to work for the entity, then the earn-out is treated as remuneration and recognised in the income statement. Otherwise the earn-out is treated as contingent consideration.

Post-acquisition remuneration paid to employees and former executive shareholders of subsidiaries acquired by the Group who remain actively engaged in the business is expensed in the period in which it is incurred.

Contingent consideration is accounted for as deferred consideration (see above).

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquisition is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance under IFRS 9.

Non-current assets (or disposal groups) held for sale and discontinued operations non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

Investments and other financial assets

i) Classification

The Group classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments only when its business model for managing those assets changes.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent remeasurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised on other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

iv) Impairment

From 1 January 2018 the Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

v) Accounting policies applied until 31 December 2017

The Group has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Classification

Until 31 December 2017, the Group classified its financial assets in the following categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; and
- Available-for-sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Reclassification

The Group could choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset was no longer held for the purpose of settling it in the near term. Financial assets other than loans and receivables were permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that was unusual and highly unlikely to recur in the near term. In addition, the Group could choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group had the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications were made at fair value as of the reclassification date. Fair value became the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before the reclassification date were subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories were determined at the reclassification date. Further increases in estimates of cash flows adjusted effective interest rates prospectively.

Subsequent measurement

The measurement at initial recognition did not change on adoption of IFRS 9; see description above.

Subsequent to the initial recognition, loans and receivables of held-to-maturity investments were carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognised as follows:

- For financial assets at FVPL – in profit or loss within other gains/(losses);
- For available for sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security were recognised in profit or loss and other changes in the carrying amount were recognised in other comprehensive income; and
- For other monetary and non-monetary securities classified as available for sale – in other comprehensive income.

When securities classified as available for sale were sold, the accumulated fair value adjustments recognised in other comprehensive income were reclassified to profit or loss as gains and losses from investment securities.

Impairment

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset was reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate determined under the contract. As a practical expedient, the Group could measure impairment on the basis of the instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreased, and the decrease could be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss was recognised in profit or loss.

Assets classified as available for sale

If there was objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – was removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss were not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available for sale increased in a subsequent period and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

– hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
– hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or
– hedges of a net investment in a foreign operation (net investment hedges).

At the inception of the hedge relationship, the Group documents the relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 28. Movements in the hedging reserve in shareholders' equity are shown in note 28. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss related to the ineffective portion is recognised immediately in profit or loss within other gains/(losses).

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ("aligned forward element") is recognised within OCI in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, as follows:

– Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example, through cost of sales).
– The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated to reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other gains/(losses).

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses).

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Property, plant and equipment

The Group's accounting policy for land and buildings is explained below. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method.

Freehold buildings	2.5% p.a.
Fixtures, fittings and equipment	20%–25% p.a.
Leasehold buildings	Over the shorter of lease term and expected useful life
Computers	25% p.a.
Motor vehicles	25% p.a.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss. When revalued amounts are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Intangible assets

i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

ii) Trademarks, licences and customer contracts

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

iii) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use or sell it;
- There is an ability to use or sell the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED
Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready to use.

iv) Research and development
Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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

Other borrowing costs are expensed in the period in which they are incurred.

Provisions
Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Employee benefits
i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

ii) Other long-term employee benefit obligations

In some countries, the Group also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

iii) Post-employment obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

Pension obligations

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid obligations are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Other post-employment obligations

Some Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

iv) Share-based payments

The Group operates three share-based payment schemes: a long-term incentive scheme (LTIP) for senior employees; a Sharesave (SAYE) scheme open to all qualifying employees; and a deferred share award scheme.

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are as follows:

- Fair values for the executive scheme and the SAYE scheme are measured by use of the Black-Scholes-Merton pricing model. The expected option life used in the model is based on management’s best estimates, taking behavioural considerations into account.
- Fair values for the LTIP are determined using a stochastic (Monte Carlo simulation) pricing model which calculates the fair value of the market-related element of the LTIP awards by comparing the Company’s TSR performance against the constituent companies of the FTSE SmallCap Index.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The fair value determined at the grant date of the equity-settled share-based payments is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

SAYE share options granted to employees are treated as cancelled when employees cease to contribute to the scheme. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

Further information on the Group's schemes is provided in note 27 and in the Directors' Remuneration Report.

v) Bonus and profit-sharing plans

The Group recognises a liability and an expense for bonuses and profit sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments and recognises a provision where contractually obliged.

vi) Termination benefits

Termination benefits are payable when employment is terminated by the Group before normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity instruments, for example, as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Charles Taylor Plc as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Charles Taylor Plc.

Shares held by the Charles Taylor Plc Employee Share Trust are disclosed as treasury shares and deducted from contributed equity.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by
- the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Accounting for insurance contracts and investment contracts in the Owned Life insurers

Insurance and investment contracts – classification

The policyholders own contracts with the Group that transfer insurance risk or financial risk, or both.

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur. The majority of the insurance risk arises on contracts where optional insurance benefits were applied for at the outset by the insured. The Group practice is to treat the insurance element as a separate unbundled contract.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

Further contract distinctions are unit-linked and Discretionary Participation Features (DPF). Unit-linked contracts are those linked to specific assets, such that the value of contracts moves in line with the value of assets. DPF contracts are those where the policyholders may receive a bonus, generally based on investment performance. Unit-linked and non-linked policies may or may not have DPF.

Revenue recognition

For investment contracts, amounts collected as "premiums" are not included in the income statement. They are reported as deposits in the balance sheet (under investment contract assets).

Insurance premiums on insurance policies and fees charged on investment contracts are included as revenue in the income statement and are recognised as services are provided.

Claims

Claims under insurance contracts are recognised when payments are due. Claims costs include claims handling costs.

"Claims" under investment contracts are not reflected in the income statement. They are deducted from investment contract liabilities in the balance sheet.

Provisions for liabilities

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. The provision for insurance contract liabilities includes a unit-linked component together with a claims reserve for non-linked contracts. The provision is determined on a best-estimate basis, and is established based on methods and assumptions approved by management based on advice from actuaries. Provisions are shown gross of reinsurance recoveries.

Investment contracts consist mainly of unit-linked contracts. Unit-linked liabilities are determined by reference to the value of the underlying matched assets.

Value of business acquired

On acquisition of a portfolio of contracts, either directly from another insurer or through the acquisition of a subsidiary, the Group recognises an intangible asset representing the value of business acquired (VOBA). VOBA represents the present value of future profits embedded in acquired contracts. The Group amortises VOBA over the effective life of the acquired contracts.

4. CRITICAL AREAS OF MANAGEMENT JUDGEMENT AND ESTIMATION

The following are the critical judgements and estimates that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition in the Adjusting businesses

Revenue is recognised when there is a contractual right to be paid in relation to past performance of contractual obligations. In practice, the Group maintains time recording systems to capture time chargeable to clients and specified hourly rates are ascribed to the hours recorded by the case handlers. Hourly rates are usually agreed in advance in the form of pre-engagement contractual terms or are based on standard hourly rates applicable to the type of work and country in which the work is performed.

Regular periodic reviews are performed by case handlers, and by management, to ensure that the carrying value of work on unfinished cases reflects management's view of its ultimate realisable value. Provisions against irrecoverable work in progress (accrued income) and outstanding fees are made where the realisable value is expected to be lower than the carrying value. Conversely, upwards revaluations of work in progress are made where management considers the carrying value is lower than the amount ultimately recoverable and are an area of judgement.

4. CRITICAL AREAS OF MANAGEMENT JUDGEMENT AND ESTIMATION CONTINUED
Contract assets (previously accrued income) and fee receivables are shown in these financial statements at their fair value. Because of the time taken between the initial recording of accrued income and its ultimate billing and the time taken to collect outstanding fee receivables, a discount is applied to the amounts shown to reflect the time value of money.

Revenue recognition in the Charles Taylor InsureTech business
The Group has identified bundled sales of software licences and service contracts to be a critical area of management judgement and estimation. For a bundled sale of a software licence, service contract and implementation, the accounting can be inherently complex. IFRS 15 requires consideration to be given to whether the bundled sales are "distinct", in which case a price should be allocated to each separate performance obligation, or "combined" whereby they are considered to represent one performance obligation. For the more significant projects, the Group has currently concluded that the correct accounting treatment is to recognise the total bundled sale over time on a percentage of completion basis, given there is deemed to be one combined performance obligation. However, there are a number of contracts where bundled services are considered to be distinct, and accordingly prices can be allocated to each individual performance obligation. The Group continues to consider each contract on a case-by-case basis in advance of revenue being recognised in accordance with IFRS 15.

Fair valuation of acquisitions
The Group has included the assets and liabilities of the entities acquired during the period in its consolidated balance sheet at the date of acquisition at their fair values. The fair values of assets and liabilities acquired are different in a number of instances from the values shown in the entities' own financial statements. This is due to the application of different accounting policies in these financial statements or the application of fair valuation principles to assets and liabilities recorded by the entities under other bases such as historical cost (for instance, due to discounting requirements of acquisition accounting). Bargain purchase gains have arisen where the fair value of net assets acquired exceeds the purchase consideration. Bargain purchase gains are recognised in profit or loss at the date of acquisition.

Impairment of intangible assets
Goodwill and intangibles have arisen in relation to the Group's acquisitions of subsidiaries. The Company is required to assess annually, or more often if there is an indication of impairment, the carrying value of goodwill and intangibles not amortised. If intangibles are amortised then assessment is based on an impairment trigger. It does this by assessing the future cash flows generated by cash-generating units to which the goodwill and intangibles have been allocated and by discounting cash flows to assess whether the discounted value is higher or lower than the carrying value of the related cash-generating unit. Management judgement is applied, in particular, in the initial allocation of goodwill to cash-generating units, in assessing future cash flows and in determining appropriate discount rates.

Internally generated intangible assets
An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:
– the technical feasibility of completing the intangible asset so that it will be available for use or sale;
– the intention to complete the intangible asset and use or sell it;
– the ability to use or sell the intangible asset;
– how the intangible asset will generate probable future economic benefits;
– the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
– the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Deferred consideration
When the Group makes an acquisition of either the shares or the assets of a company, part of the consideration for the acquisition may be payable at a future date, after the acquisition has been completed. The amount of deferred consideration recognised is based on the mechanics of payment of deferred consideration in the purchase agreement, which is often based on performance targets for the vendors, and management's best estimates of the extent to which these performance targets will be achieved. These estimates are a significant management judgement.

Once estimates of the amount and the timing of deferred consideration are determined, these amounts are recognised in the balance sheet and are discounted to their present value to reflect the time value of money.

If executive shareholders are required to remain actively engaged in the business and meet certain targets, their consideration is treated as remuneration and recognised in the income statement as a post-combination expense rather than deferred consideration. This is a significant management judgement.

4. CRITICAL AREAS OF MANAGEMENT JUDGEMENT AND ESTIMATION CONTINUED

Insurance reserves

Insurance reserves are set to reflect management's best estimate of the ultimate cost of settling claims incurred under insurance policies previously written by the insurance companies acquired. A number of actuarial estimation techniques have been used in arriving at the insurance reserves recorded in these financial statements.

Pensions

The Group sponsors a number of defined benefit retirement schemes for employees. The scheme assets and the obligation to provide future benefits are included in the Group balance sheet. The cost of providing benefits to employees is reflected as a charge through profit or loss. The respective scheme actuaries are engaged by the Company to assist management in determining the amounts to be recorded in these financial statements. In this regard, management is responsible for determining the assumptions to be used in the actuarial calculations, further details of which are given in note 32.

Taxation

The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Group's total tax charge involves a degree of estimation and judgement until tax returns have been filed and agreed. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items.

The recognition of deferred tax assets is based upon whether it is probable that future taxable profits will be available, against which they can be utilised. Recognition, therefore, involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

5. SEGMENTAL INFORMATION

Identification of segments

For management and internal reporting purposes during 2018 the Group is organised into four operating businesses whose principal activities are as follows:

- Management Services – provides end-to-end management services to insurance companies, mutuals and associations.
- Adjusting Services – provides loss adjusting services across the aviation, energy, marine, property and casualty, and special risks sectors.
- Insurance Support Services – provides a wide range of professional, technology and support services, enabling our clients to select the specific services they require.
- Owned Life Insurers – consolidates life insurance businesses which are primarily in run-off, creating value through targeted acquisitions and operational efficiency.

Management information about these businesses was regularly provided to the Group's chief operating decision maker to assess their performance and to make decisions about the allocation of resources. Accordingly, these businesses correspond with the Group's operating segments under IFRS 8 Operating Segments. Businesses forming part of each business which might otherwise qualify as reportable operating segments have been aggregated where they share similar economic characteristics and meet the other aggregation criteria in IFRS 8.

In the Management Services business, a higher proportion of revenue arises in the second half of the financial year. There is no significant seasonality or cyclicality in the other businesses.

From 1 January 2019 we have simplified our business structure and strategy and the presentation of our strategy to make it easier for clients, colleagues, shareholders and other stakeholders to understand. Our proposition for segmentation spans three areas:

- Charles Taylor Claims Services – loss adjusting, end-to-end claims programme management and related technical services.
- Charles Taylor Insurance Management – provides end-to-end management of mutuals, syndicates, MGAs, captives, life insurers and other insurance programmes for capital providers under a model of long-term partnership.
- Charles Taylor InsureTech – technological solutions for insurers, brokers, MGAs and affinity players.

The 2019 half year results will be reported on this new segmentation.

Measurement of segmental results and assets

Transactions between reportable segments are accounted for on the basis of the contractual arrangements in place for the provision of goods or services between segments and in accordance with the Group's accounting policies. Reportable segment results and assets are also measured on a basis consistent with the Group's accounting policies. Operating profit for the individual segments includes an allocation of central costs. The adjustments column includes elimination of inter-segment revenue, share of results of associates and the adjustments set out in the Financial Review. Reconciliations of segmental results to the Group profit before tax are set out below.

Information about major customers

The Group derived revenue, within its Management Services business, of £40.3m (31 December 2017: £37.9m) from one external customer which accounts for more than 10% of Group revenue.

Notes to the Financial Statements continued

5. SEGMENTAL INFORMATION CONTINUED

Year to 31 December 2018 Continuing operations	**Professional Services businesses** Management Services £000	Adjusting Services £000	Insurance Support Services £000	Unallocated £000	Total £000	**Owned Insurance Companies** Insurance Companies £000	**Adjustments** Eliminations/ other £000	**Group** Total £000
Revenue from external clients[1]	**60,356**	**86,906**	**107,775**	**–**	**255,037**	**8,524**	**–**	**263,561**
Revenue from other operating segments	**–**	**–**	**4,430**	**–**	**4,430**	**–**	**(4,430)**	**–**
Total revenue	**60,356**	**86,906**	**112,205**	**–**	**259,467**	**8,524**	**(4,430)**	**263,561**
Depreciation and amortisation[2]	**(357)**	**(789)**	**(5,519)**	**–**	**(6,665)**	**(236)**	**–**	**(6,901)**
Other expenses	**(52,221)**	**(83,671)**	**(109,612)**	**–**	**(245,504)**	**(8,481)**	**(4,693)**	**(258,678)**
Operating profit/(loss)	**7,778**	**2,446**	**(2,926)**	**–**	**7,298**	**(193)**	**(9,123)**	**(2,018)**
Investment and other income								**1,635**
Finance costs								**(2,886)**
Loss before tax								**(3,269)**

Year to 31 December 2017 Continuing operations	Professional Services businesses Management Services £000	Adjusting Services £000	Insurance Support Services £000	Unallocated £000	Total £000	Owned Insurance Companies Insurance Companies £000	Adjustments Eliminations/ other £000	Group Total £000
Revenue from external clients[1]	58,345	74,929	72,957	6	206,237	4,583	–	210,820
Revenue from other operating segments	–	–	5,004	–	5,004	–	(5,004)	–
Total revenue	58,345	74,929	77,961	6	211,241	4,583	(5,004)	210,820
Depreciation and amortisation[2]	(262)	(700)	(5,029)	–	(5,991)	(268)	–	(6,259)
Other expenses	(47,954)	(69,738)	(69,820)	(6)	(187,518)	(3,701)	(4,850)	(196,069)
Operating profit/(loss)	10,129	4,491	3,112	–	17,732	614	(9,854)	8,492
Investment and other income								903
Finance costs								(2,022)
Profit before tax								7,373

1. Revenue from external clients relates solely to revenue from contracts with customers, in accordance with IFRS 15.
2. Depreciation and amortisation presented above excludes amortisation relating to Customer Relationships, Intellectual Property and Brand names (2018: £7,778,000; 2017: £5,464,000) which has been included in other expenses.

5. SEGMENTAL INFORMATION CONTINUED

	At 31 December 2018 £000			At 31 December 2017 (Restated) £000		
	Professional Services businesses	Owned Insurance Companies	Group	Professional Services businesses	Owned Insurance Companies	Group
Management Services business	2,312	–	2,312	2,890	–	2,890
Adjusting Services business	258,863	–	258,863	213,010	–	213,010
Insurance Support Services business	156,276	–	156,276	120,083	–	120,083
Unallocated assets and eliminations	24,086	–	24,086	22,514	–	22,514
Owned Insurance Companies business	–	915,432	915,432	–	1,104,740	1,104,740
Total assets	441,537	915,432	1,356,969	358,497	1,104,740	1,463,237
– Non-current assets	164,325	1,489	165,814	129,785	1,708	131,493
– Current assets	277,212	913,943	1,191,155	228,712	1,103,032	1,381,744
Total assets	441,537	915,432	1,356,970	358,497	1,104,740	1,463,237
Current liabilities	(224,765)	(899,660)	(1,124,424)	(176,664)	(1,089,039)	(1,265,703)
Deferred consideration	(1,558)	–	(1,558)	(2,688)	–	(2,688)
Net current assets	50,891	14,283	65,173	49,360	13,993	63,353
Non-current liabilities	(136,875)	–	(136,875)	(115,051)	–	(115,051)
Deferred consideration	(5,135)	–	(5,135)	(1,648)	–	(1,648)
Total liabilities	(368,333)	(899,660)	(1,267,992)	(296,051)	(1,089,039)	(1,385,090)
Net assets	73,205	15,772	88,977	62,446	15,701	78,147
Non-controlling interests	(2,768)	–	(2,768)	(1,781)	–	(1,781)
Equity attributable to owners of the Company	70,437	15,772	86,209	60,665	15,701	76,366

Geographical information Continuing operations	Revenue Year to 31 December 2018 £000	Revenue Year to 31 December 2017 £000	Non-current assets[1] At 31 December 2018 £000	Non-current assets[1] At 31 December 2017 £000
United Kingdom	116,151	86,798	106,103	104,418
Other Europe	21,022	18,556	2,972	4,870
Middle East	5,120	4,310	107	132
North America	24,369	17,449	11,534	7,673
Central and South America	19,078	7,390	31,242	146
Asia Pacific	17,541	18,326	2,053	1,507
Bermuda	60,280	57,991	853	838
	263,561	210,820	154,864	119,584

1. Excluding deferred tax.

6. ADMINISTRATIVE EXPENSES

Continuing operations	Note	Year to 31 December 2018 £000	2017 £000
Administrative expenses are as follows:			
Staff costs		**152,219**	131,364
Depreciation and other amounts written off tangible fixed assets		**2,552**	2,006
Other operating charges		**101,926**	64,535
Total administrative expenses		**256,697**	197,905
Operating profit is stated after charging:			
Rentals under operating leases:			
Land and buildings		**8,980**	6,032
Hire of other assets		**265**	207
Depreciation and other amounts written off tangible fixed assets:			
Owned assets		**2,545**	1,987
Assets held under finance leases		**7**	19
Amortisation of other intangible assets (Professional Services)		**11,907**	9,453
Amortisation of other intangible assets (Owned Insurance Companies)		**219**	264
Provision for loss on investment	19	**4,139**	–
Impairment loss on financial assets	19	**721**	–
Impairment of intangible assets	16	**1,982**	–
Impairment of goodwill	15	**2,394**	–
Loss/(gain) on foreign exchange		**(447)**	342
Auditors' remuneration:			
Audit fees payable to:			
– Group auditor		**907**	689
– Other auditors		**41**	40
Total audit fees		**948**	729
Fees payable for non-audit services			
– Group auditor		**198**	165
– Other auditors		**370**	138
Total other fees		**568**	303

The audit fee in respect of the Company was £65,000 (2017: £65,000).

7. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Staff costs incurred during the year for the Group, in respect of employees, were:

Continuing operations	Year to 31 December 2018 £000	2017 £000
Wages and salaries	**132,824**	115,954
Social security costs	**11,940**	9,087
Share-based payments expense	**3,785**	2,410
Other pension costs	**7,455**	6,323
	156,004	133,774

The emoluments and interests of the Directors of the Company are set out in detail in the Directors' Remuneration Report. The emoluments and interests of the key management personnel are set out below.

Key management personnel compensation	Year to 31 December 2018 £000	2017 £000
Short-term employee benefits	**4,242**	4,195
Long-term benefits	**89**	135
Share-based payments	**565**	962
	4,896	5,292

Employees

The average number of permanent staff, including Directors, employed by the Group in the year was:

Continuing operations	Year to 31 December 2018 number	2017 number
Management business	**285**	275
Adjusting business	**858**	647
Insurance Support Services business	**917**	793
	2,060	1,715

8. INVESTMENT AND OTHER INCOME

Continuing operations	Year to 31 December 2018 £000	2017 £000
Loss on sale of fixed assets	**(90)**	(20)
Interest receivable and similar income	**1,725**	923
	1,635	903

Interest receivable includes £743,000 due on the Group's preference share investment in REF Wisdom Limited (see note 18).

9. FINANCE COSTS

Continuing operations	Year to 31 December 2018 £000	2017 £000
Bank loans and overdrafts repayable within five years	**2,573**	1,640
Deferred consideration discount unwind	**311**	377
Other loans	**1**	2
Finance leases	**1**	3
	2,886	2,022

Notes to the Financial Statements continued

10. INCOME TAX

Continuing operations	Year to 31 December 2018 £000	2017 £000
Corporation tax:		
Current year	1,532	2,169
Deferred tax	(2,135)	(3,927)
	(603)	(1,758)

UK corporation tax is calculated at 19.00% (2017: 19.25%) of the estimated taxable profit for the year. The 2017 effective tax rate was a credit due to recognition of deferred tax assets in respect of brought forward UK tax losses.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The effective tax rate on statutory profit was 18% (2017: 23.8%).

The charge for the year can be reconciled to the profit per the income statement as below.

Continuing operations	Year to 31 December 2018 £000	2017 £000
(Loss)/profit before tax	(3,269)	7,373
Tax at the UK corporation tax rate of 19.00% (2017: 19.25%)	(621)	1,419
Effects of:		
Recognition of previously unrecognised deferred tax	(556)	(3,018)
Expenses not deductible	519	486
Taxable items excluded from profit	(571)	(26)
Other permanent differences	1,434	(951)
(Higher)/lower tax rates on overseas earnings	(808)	332
Income tax credit	(603)	(1,758)

11. PROFIT OF PARENT COMPANY

As permitted by s408 of the Companies Act 2006, the income statement of the Parent Company is not presented as part of these financial statements. The Parent Company's result for the year amounted to £12.5m profit (2017: £0.8m profit).

12. DIVIDENDS PAID

	Year to 31 December 2018 £000	2017 £000
Ordinary dividends paid comprise:		
Final dividend (2017: 7.70p)	5,297	4,974
Interim dividend paid (2018: 3.48p; 2017: 3.31p per share)	2,672	2,258
	7,969	7,232

A final dividend, of 8.08p per share, will be paid on 24 May 2019. Dividends paid have been shown as a movement in shareholders' funds.

13. EARNINGS PER SHARE

The earnings and weighted average number of shares used in the calculation of earnings per share are as shown below. The shares held by the ESOP have been excluded from the calculation because the trustees have waived the right to dividends on these shares.

	Year to 31 December	
	2018 £000	2017 £000
Earnings		
Earnings for the purposes of basic and diluted earnings per share from continuing operations	**(3,652)**	8,910

	Number	Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**73,978,128**	67,824,263
Effect of dilutive potential ordinary shares:		
Share options	**1,330,013**	654,371
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**75,308,141**	68,478,634

14. ACQUISITION OF SUBSIDIARIES

Aasgard

On 2 March 2018 the Group acquired 100% of the equity of Bowditch Marine Inc (Washington) (BMI), 100% of the equity of Aasgard Summit Management Services Inc (Washington) (ASMS) and 51% of the equity of Employers Medical Review Services LLC (Washington) (EMNI). Collectively, these companies are described as “Aasgard”.

Aasgard is a provider of marine claims management and related technical services focusing on the US West Coast states.

	Aasgard		
	Carrying amount before acquisition £000	Adjustments £000	Amount recognised at acquisition £000
Identifiable intangible assets	–	1,836	1,836
Trade and other receivables	264	–	264
Cash and cash equivalents	77	–	77
Trade and other payables	(56)	–	(56)
Identifiable assets and liabilities	285	1,836	2,121
Consideration			2,121
Satisfied by:			
Cash			2,121
Consideration			2,121

A further estimated £2.4m is payable in three instalments from March 2019, subject to the executive shareholders meeting their targets and remaining actively engaged in the business for at least three years, which will be recognised in the income statement.

Inworx

On 2 May 2018 Charles Taylor InsureTech Limited and Charles Taylor Insurance Services Limited acquired 95% and 5% respectively of Inworx Argentina S.A., Softseg S.A (the “Argentinian entities”) and Inworx Peru SAC. Separately, CTI Mexico SA de CV, a newly incorporated entity which is wholly owned by CT Holdings BV, acquired the Mexican and US trade of the Argentinian entities. These acquisitions are described collectively as “Inworx”.

14. ACQUISITION OF SUBSIDIARIES CONTINUED

Inworx is an insurance-focused technology software provider, selling primarily to insurance brokers, insurers and other corporates in Latin America.

	Inworx (Provisional)		
	Carrying amount before acquisition £000	Adjustments £000	Amount recognised at acquisition £000
Identifiable intangible assets	–	12,344	12,344
Deferred tax liability recognised on intangible assets	–	(4,320)	(4,320)
Trade and other receivables	1,848	–	1,848
Cash and cash equivalents	490	–	490
Trade and other payables	(678)	–	(678)
Bank loan	(128)	–	(128)
Corporation tax liabilities	(124)	–	(124)
Dividends	(489)	–	(489)
Identifiable assets and liabilities	919	8,024	8,943
Goodwill			12,759
Consideration			21,702
Satisfied by:			
Cash			14,663
Ordinary shares of the Company			2,650
Deferred consideration			4,389
Consideration			21,702

A further estimated £16.5m is payable in four instalments from May 2019, subject to the executive shareholders meeting their targets and remaining actively engaged in the business for a period of at least four years which will be recognised in the income statement. A merger reserve of £2.5m was created in respect of these acquisitions in line with s612 of the Companies Act 2006. The balance sheet remains "provisional" and will be finalised before the 12-month anniversary of acquisition.

FGR

On 4 October 2018 Charles Taylor acquired all of the equity of FGR S.A (Chile), FGR Affinity Limitada (Chile), FGR Peru Adjustadores de Seguros S.A (Peru), FGR Affinity Peru S.A.C (Peru) and FGR Hanna Limitada (Chile). These five companies are described collectively as "FGR". FGR is a claims management and loss adjusting group with activities in Chile, Peru and Colombia. FGR is known for a high-quality offering, technical knowledge, expertise and delivery, particularly in respect of catastrophic events.

This acquisition will significantly increase the Group's network and reach across Latin America, building on its momentum in the region. The Group will support FGR's growth by providing access to the London and international markets and by leveraging the Group's existing client relationships and reputation.

14. ACQUISITION OF SUBSIDIARIES CONTINUED

The assets acquired are as follows:

	FGR (Provisional)		
	Carrying amount before acquisition £000	Adjustments £000	Amount recognised at acquisition £000
Identifiable intangible assets	459	4,002	4,461
Deferred tax liability recognised on intangible assets	–	(1,401)	(1,401)
Trade and other receivables	1,168	–	1,168
Cash and cash equivalents	919	–	919
Trade and other payables	(661)	–	(661)
Property, plant and equipment	245	–	245
Deferred tax asset	85	–	85
Identifiable assets and liabilities	2,215	2,601	4,816
Goodwill			1,282
Consideration			6,098
Satisfied by:			
Cash			5,616
Deferred consideration			482
Consideration			6,098

A further estimated £4.1m is payable in three instalments from October 2019, subject to the executive shareholders meeting their targets and remaining actively engaged in the business for a period of at least three years, which will be recognised in the income statement. The balance sheet remains "provisional" until the 12-month anniversary of acquisition, at which point it will be finalised.

Acquisition-related costs including legal and professional fees for Inworx, FGR and Aasgard of £2.5m are included in administrative expenses in the consolidated income statement and in the operating cash flows in the cash flow statements.

Deferred consideration

Acquisitions include Inworx, Aasgard and FGR as described above. £1.6m of the total deferred consideration is due within one year.

	Deferred consideration £000
At 1 January 2018 (Previously reported)	10,875
Restatement of Criterion position within 12-month remeasurement period	(6,539)
At 1 January 2018 (Restated)	4,336
Acquisitions	4,871
Amounts paid[1]	(2,989)
Interest unwind	311
Foreign exchange	164
At 31 December 2018	6,693

Current	1,558
Non-current	5,135
	6,693

1. Includes £0.6m settled in shares in relation to CEGA.

If the acquisitions had been completed on the first day of the period the contribution to revenue and statutory profit before tax would have been £29.1m revenue and £7.1m PBT which includes Inworx (£13.6m revenue, £5.3m PBT), Aasgard (£3.3m revenue, £1.2m PBT) and FGR (£12.1m revenue, £0.6m PBT). Actual contributions post-acquisition include Inworx (£6.9m revenue; £2.1m PBT), Aasgard (£2.7m revenue, £1.0m PBT) and FGR (£3.2m revenue, £0.4m PBT).

14. ACQUISITION OF SUBSIDIARIES CONTINUED

Gain on disposal/acquisition

In 2018 Sage Adjusting LLC, "Sage," a Delaware limited liability company, was set up by Charles Taylor (the "Group") at the request of Signal (the Group's second largest client globally, based in the USA). In a series of transactions, the Group sold its US-based Longshore adjusting business to Sage for £2.9m in cash, plus 30% of the equity of Sage which was valued at £1.3m at the date of acquisition, total recorded consideration of £4.1m. The Group had no net assets recorded for this business, so the disposal proceeds have been recorded as a profit on disposal. In addition, £1.8m of preference shares were issued by Sage LLC; refer to note 19.

In 2017 the Group completed the acquisition of the closed book of Zurich International Portfolio Bonds (the "Book") from Zurich International Life Limited and 100% of the equity of Allied Dunbar International Fund Managers Limited (ADIFM) from Zurich Insurance Company Ltd which resulted in a profit on acquisition of £0.9m.

Prior year restatement – Criterion

The acquisition of assets acquired and liabilities assumed on acquisition, which was reported in the financial statements for the year ended 31 December 2017, was a provisional analysis. As set out within the Half Year Report, this was restated within the remeasurement period being 12 months of the date of recognition which is permitted under IFRS 3 (revised).

15. GOODWILL

	2018 £000	2017 restated £000
At 1 January 2018 (as previously reported)	**61,375**	58,264
Adjustment within remeasurement period (IFRS 3)	**(3,602)**	–
At 1 January 2018 (restated)	**57,773**	58,264
Additions (note 14)	**14,041**	–
Impairment	**(2,394)**	–
Other movements	**–**	(331)
Foreign currency exchange differences	**792**	(160)
At 31 December 2018	**70,212**	57,773

Goodwill additions relate to the acquisition of Inworx and FGR.

The Group tests goodwill for impairment annually or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of cash-generating units are determined from value in use calculations, where the key assumptions relate to discount rates, revenue growth and cost growth rate. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money. The discount rate used in the latest impairment review was based on 12.82% for those cash-generating units that are not subject to tax and 10.8% for those cash-generating units that are subject to tax. This discount rate is adjusted to reflect specific risk factors relating to the CGU including country-related risks.

The revenue and cost growth rates used are based on reasonable management expectations for the Group's five-year strategic plan (years 2018 to 2022). For the calculation of the terminal value, revenue and cost growth rates of 2% have been used. In addition, for the life insurance companies, which form part of the Owned Insurance Companies CGU, an assessment is also made of the anticipated profitability arising from the ability to acquire and extract value from future businesses.

The Group has conducted a sensitivity analysis on the carrying value of each CGU. The value in use calculations were reperformed for a range of scenarios based upon changes in assumptions for discount rates (between breakeven and that at which profit agrees to carrying value), revenue growth (between 2.5% decline and 5% growth) and cost growth (between 2.5% decline and 5% growth).

Upon performing the annual impairment testing based on projections using the Group's strategic plan, the valuation of the Owned Insurers business ("Life Run-off") identified insufficient headroom over the carrying values of goodwill, intangibles and tangible assets. The Life Run-off business differs from that of the rest of the Group, as the business model is linked to a pipeline of potential acquisitions. Accordingly, the carrying value of goodwill, intangible and tangible assets of the Life Run-off CGU, has been assessed against the valuation of committed cash flows of this CGU. This has resulted in an impairment of £2.4m, which has been recorded in the Consolidated Income Statement.

The Group has not identified any reasonable instances that could cause the carrying amount of any of the remaining CGUs to exceed its recoverable amount.

15. GOODWILL CONTINUED

Goodwill has been allocated to the cash-generating units shown below, which reflect the way in which the business was internally managed.

	2018 £000	2017 restated £000
Management Services business	**200**	343
Adjusting Services business	**22,745**	21,255
Insurance Support Services business	**40,266**	26,558
Owned Insurance Companies business	**7,001**	9,617
	70,212	57,773

16. OTHER INTANGIBLE ASSETS

	Software licences £000	IT assets[1] £000	Customer relationships[2] £000	Intellectual property[3] £000	Brand name[4] £000	Life insurance VOBA[5] £000	Total £000
Cost							
At 1 January 2017	474	20,842	22,498	2,372	1,819	8,027	56,032
Acquisitions	–	–	–	–	–	5,864	5,864
Additions	34	5,068	10,431	–	713	–	16,246
Disposals	–	(88)	–	(5)	–	–	(93)
Foreign currency exchange differences	–	–	(175)	–	–	–	(175)
At 31 December 2017 (as previously reported)	508	25,822	32,754	2,367	2,532	13,891	77,874
Remeasurement[7]	**–**	**–**	**(3,963)**	**–**	**–**	**–**	**(3,963)**
At 31 December 2017 (restated)	**508**	**25,822**	**28,791**	**2,367**	**2,532**	**13,891**	**73,911**
Acquisitions	**–**	**–**	**14,191**	**4,450**	**–**	**–**	**18,641**
Additions	**356**	**5,678**	**–**	**751**	**–**	**–**	**6,785**
Disposals	**(5)**	**–**	**–**	**–**	**–**	**–**	**(5)**
Foreign currency exchange differences	**–**	**–**	**780**	**565**	**–**	**–**	**1,345**
At 31 December 2018	**859**	**31,500**	**43,762**	**8,133**	**2,532**	**13,891**	**100,677**
Accumulated amortisation							
At 1 January 2017	–	6,313	8,073	1,259	152	6,055	21,852
Amortisation	6	2,657	4,573	468	423	1,590	9,717
Disposals	–	(88)	–	–	–	–	(88)
Foreign currency exchange differences	–	–	(212)	–	–	–	(212)
At 31 December 2017 (as previously reported)	6	8,882	12,434	1,727	575	7,645	31,269
Remeasurement[7]	**–**	**–**	**(337)**	**–**	**–**	**–**	**(337)**
At 31 December 2017 (restated)	**6**	**8,882**	**12,097**	**1,727**	**575**	**7,645**	**30,932**
Amortisation	**90**	**3,296**	**6,280**	**991**	**506**	**963**	**12,126**
Disposals	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Impairment[6]	**–**	**1,982**	**–**	**–**	**–**	**–**	**1,982**
Foreign currency exchange differences	**–**	**–**	**235**	**79**	**–**	**–**	**314**
At 31 December 2018	**96**	**14,160**	**18,612**	**2,797**	**1,081**	**8,608**	**45,354**
Net book value							
At 31 December 2018	**763**	**17,340**	**25,150**	**5,336**	**1,451**	**5,283**	**55,323**
At 31 December 2017 (Restated)	502	16,940	16,694	640	1,957	6,246	42,979

1. IT assets are internally generated intangible assets such as software and new processes. These assets are amortised over their expected useful lives, which range between three and ten years.
2. Customer relationship intangible assets represent the value of expected profits arising from existing customer relationships in businesses acquired and are amortised so as to match the pattern of expected profits.
3. Intellectual property includes the claims management software acquired from KnowledgeCenter Limited and Inworx which is amortised over its expected useful life.
4. Brand name represents the trade names of the CEGA and Criterion Groups.
5. VOBA represents the present value of future profits embedded in acquired insurance contracts and is amortised based on the anticipated emergence of profits.
6. The impairment of £2.0m relates to a technology development which the Group considers as no longer recoverable.
7. The restatement is related to the remeasurement of Criterion; refer to note 14.

17. PROPERTY, PLANT AND EQUIPMENT

	Freehold buildings £000	Leasehold buildings £000	Computers £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
Cost						
At 1 January 2017	2,424	5,718	8,007	7,489	947	24,585
Additions	–	130	1,967	460	88	2,645
Acquisition of subsidiaries	–	–	76	85	25	186
Disposals	–	(113)	(1,107)	(126)	(168)	(1,514)
Foreign currency exchange differences	(40)	(76)	(232)	(220)	(34)	(602)
At 31 December 2017	2,384	5,659	8,711	7,688	858	25,300
Additions	**–**	**7,713**	**1,910**	**691**	**183**	**10,497**
Acquisition of subsidiaries	**–**	**–**	**–**	**245**	**–**	**245**
Disposals	**–**	**(1,012)**	**(1,044)**	**(2,460)**	**(214)**	**(4,730)**
Foreign currency exchange differences	**23**	**29**	**131**	**120**	**(1)**	**302**
At 31 December 2018	**2,407**	**12,389**	**9,708**	**6,284**	**826**	**31,614**
Accumulated depreciation						
At 1 January 2017	242	2,851	5,677	6,442	683	15,895
Charge for the year	38	175	1,179	483	131	2,006
Acquisition of subsidiaries	–	–	15	24	18	57
Disposals	–	(1)	(736)	(95)	(160)	(992)
Foreign currency exchange differences	(18)	(49)	(185)	(180)	(27)	(459)
At 31 December 2017	262	2,976	5,950	6,674	645	16,507
Charge for the year	**39**	**570**	**1,434**	**403**	**106**	**2,552**
Disposals	**–**	**(695)**	**(875)**	**(2,325)**	**(183)**	**(4,078)**
Foreign currency exchange differences	**13**	**22**	**103**	**96**	**5**	**239**
At 31 December 2018	**314**	**2,873**	**6,612**	**4,848**	**573**	**15,220**
Net book value						
At 31 December 2018	**2,093**	**9,516**	**3,096**	**1,436**	**253**	**16,394**
At 31 December 2017	2,122	2,683	2,761	1,014	213	8,793

17. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Additions included in the above are motor vehicles held under finance leases:

	Motor vehicles £000
Cost	
At 1 January 2017	190
Additions	16
Foreign currency exchange differences	(2)
At 31 December 2017	204
Disposals	**(60)**
At 31 December 2018	**144**
Accumulated depreciation	
At 1 January 2017	169
Charge for the year	19
Foreign currency exchange differences	(2)
At 31 December 2017	186
Charge for the year	**7**
Disposals	**(58)**
At 31 December 2018	**135**
Net book value	
At 31 December 2018	**9**
At 31 December 2017	18

18. INVESTMENTS

	At 31 December 2018			At 31 December 2017		
	Sage	Fadata	Korhi	Sage	Fadata	Korhi
% ownership	**30.0%**	**28.2%**	**30.0%**	–	27.4%	30.0%
Fair value of the investment (£000)	**4,183**	**–**	**3,103**	–	1,653	3,197
Proportion of the Group's ownership interest (£000)	**1,255**	**–**	**931**	–	453	959

18. INVESTMENTS CONTINUED

	2018			2017		
	Associated undertakings £000	Other £000	Total £000	Associated undertakings £000	Other £000	Total £000
Group						
Cost						
At 1 January	1,412	135	1,547	1,396	90	1,486
Acquisition of ADIFM	–	–	–	–	45	45
Additions	1,255	–	1,255	1,917	4	1,921
Share of (loss) through income statement	(386)	–	(386)	(1,780)	–	(1,780)
Dividends received	(63)	–	(63)	(67)	–	(67)
Foreign currency exchange differences	(32)	(1)	(33)	(54)	(4)	(58)
At 31 December	2,186	134	2,320	1,412	135	1,547

Current year additions includes Sage Adjusting LLC; refer to note 14.

19. FINANCIAL ASSETS

Following the acquisition of Charles Taylor Managing Agency Holdings Limited, certain of the Group's financial assets and cash have been deposited under trust deeds for use as funds at Lloyd's by the Group's corporate member subsidiary, Charles Taylor Corporate Name Limited.

The preference shares relate to the Group's investment in REF Wisdom Limited/Fadata (see note 18) and have a fixed priority return of 13% per annum, which is mandatory. This return is not paid but is carried forward as a receivable to the Group until the date of redemption, which can be at any time with the investors' consent, but not within the first three years of issue and, at the latest, 20 years from the date of issue. They have no voting rights and no further rights to participate in profits.

The Group paid further amounts of €1.9m (£1.7m) and €0.6m (£0.6m) on 8 March 2018 and 7 September 2018 respectively, for preference shares of REF Wisdom Limited, an intermediary holding company of Fadata AD.

	2018 £000	2017 £000
Preference shares held at amortised cost		
At 1 January	4,511	3,562
Issued	2,337	447
Interest accrued	743	502
Impairment loss resulting on transition to IFRS 9	(1,261)	–
Current year impairment loss under IFRS 9	(721)	–
As at 31 December	5,609	4,511
Preference shares arising on Sage transaction (note 14)	1,843	–
Funds at Lloyd's at 31 December	3,163	3,981
	10,615	8,492

An amount of £1.8m relates to preference shares arising on Sage transaction, as set out within note 14.

The Group has provided for expected future losses and other costs associated with the 1884 Syndicate being placed in run-off. Costs totalling £4.1m (£1.1m of which is included in Funds at Lloyds) have therefore been recognised in the income statement within Net impairment losses on non-current and current assets.

20. DEFERRED TAXATION

	2018 £000	2017 £000
At 1 January	8,212	6,398
Retirement benefit obligation	(1,780)	(1,306)
UK & US tax losses	601	755
UK timing differences	1,621	2,547
Overseas timing differences	(5,026)	(146)
Foreign currency exchange differences	(589)	(36)
At 31 December	3,039	8,212
Deferred tax comprises:		
Pension liability	5,764	7,641
Losses	5,186	3,099
Deferred tax assets	10,950	11,909
Other timing differences	7,911	3,697
Deferred tax liabilities	7,911	3,697

At the balance sheet date the Group has unused tax losses and capital allowances of £27.3m available for offset against future profits, equivalent to a £5.2m deferred tax asset. This deferred tax asset has been recognised in full. These losses may be carried forward indefinitely, subject to no change of business.

Other timing differences of £7.9m included £7.4m relating to the amortisation of acquired intangible assets and an asset of £0.5m in respect of overseas entities.

21. TRADE AND OTHER RECEIVABLES

	Group At 31 December		Company At 31 December	
	2018 £000	2017 £000	2018 £000	2017 £000
Trade debtors	51,305	37,874	–	–
Amounts due from subsidiaries	–	–	170,300	199,084
Amounts due from associates	2,273	1	–	–
Other debtors	5,698	3,954	–	312
Prepayments	10,346	10,448	–	–
Contract assets (accrued income)	36,995	29,830	–	41
Corporation tax	622	548	–	–
	107,239	82,655	170,300	199,437

Trade debtors are presented net of provisions totalling £1.5m (2017: £1.4m). Refer to note 2 for IFRS 9 assessment.

Amounts due from subsidiaries are unsecured, interest free and repayable on demand.

22. TRADE AND OTHER PAYABLES

	Group At 31 December		Company At 31 December	
	2018 £000	2017 £000	**2018 £000**	2017 £000
Current				
Trade creditors	**5,050**	4,521	**–**	–
Amounts owed to subsidiaries	**–**	–	**92,898**	159,939
Other taxation and social security	**4,722**	3,173	**–**	–
Other creditors	**6,915**	4,970	**113**	3
Accruals and contract liabilities (deferred income)	**40,806**	24,963	**573**	427
	57,493	37,627	**93,584**	160,369
Non-current				
Deferred lease liability	**11,528**	–	**–**	–
Other creditors	**1,975**	–	**–**	–
	13,503	–	**–**	–

Amounts owed to subsidiaries are unsecured, interest free and repayable on demand.

23. BORROWINGS

	Group At 31 December		Company At 31 December	
	2018 £000	2017 £000	**2018 £000**	2017 £000
Total borrowings:				
Amount due for settlement within 12 months	**17,075**	15,708	**5,381**	6,142
Amount due for settlement after 12 months	**80,909**	66,153	**80,813**	66,153
	97,984	81,861	**86,194**	72,295

Bank loans and overdrafts are secured by charges on and cross guarantees between Group companies. Further information about the Group's borrowing facilities can be found in note 28.

Analysis of Group finance lease commitments

	At 31 December	
	2018 £000	2017 £000
Minimum lease payments due:		
in the second to fifth years inclusive	**–**	28
due within one year	**–**	–
due after more than one year	**–**	28
	–	28

Finance leases are secured on the leased assets.

	At 31 December	
	2018 £000	2017 £000
Net debt		
Cash and cash equivalents	**169,974**	146,057
Less: client funds	**(145,721)**	(121,395)
Bank overdrafts	**(14,980)**	(15,574)
Current loans	**(2,095)**	(134)
Non-current bank loans	**(80,909)**	(66,153)
Finance leases	**–**	(28)
	(73,731)	(57,227)

24. PROVISIONS

	Premises dilapidations £000	Employee entitlements £000	Reorganisation £000	Total £000
At 1 January 2018 restated	57	378	–	435
Utilised in year	–	(147)	–	(147)
Income statement charge/(credit)	163	44	1,711	1,918
At 31 December 2018	**220**	**275**	**1,711**	**2,206**
Current				1,931
Non-current				275
				2,206

25. CALLED UP SHARE CAPITAL

	At 31 December	
	2018 £000	2017 £000
Issued and fully paid: 77,580,079 ordinary shares of 1p each (2017: 68,869,887)	**776**	689

The number of allotted and fully paid shares of the Company increased during the year due to:

- 202,383 shares issued to former owners of the CEGA Group under deferred consideration arrangements;
- 940,201 shares issued to former owners of the Inworx Group under deferred consideration arrangements;
- 796,808 shares issued under employee share schemes; and
- 6,770,800 shares issued to fund the acquisition of Inworx, from which £17.6m was raised and expenses of £0.5m were incurred.

26. NON-CONTROLLING INTERESTS

The following amounts are attributable to non-controlling interests:

Continuing operations	**2018 £000**	2017 £000
Profit before tax		
Insurance Support Services business	**694**	144
Adjusting Services business	**390**	110
	1,084	254
Income tax expense		
Insurance Support Services business	**(78)**	–
Adjusting Services business	**(21)**	(33)
	(99)	(33)
Profit for the period		
Insurance Support Services business	**617**	144
Adjusting Services business	**369**	77
	986	221
Equity		
Insurance Support Services business	**1,483**	835
Adjusting Services business	**1,285**	946
	2,768	1,781

27. SHARE-BASED AWARDS

Share option schemes

The Company operates a SAYE share option scheme for eligible employees under which options may be granted at a discount of up to 20% of market value. Savings contracts may run over two, three or five years. Except in a limited number of circumstances defined in the scheme rules, the options lapse immediately if the employee ceases employment.

Share options outstanding during the year to 31 December 2018 were as follows:

	2018		2017	
	Options	Weighted average exercise price (£)	Options	Weighted average exercise price (£)
Outstanding at beginning of year	1,256,605	2.12	1,946,636	2.02
Granted during year	870,431	2.06	–	–
Exercised during year	(400,229)	1.86	(446,658)	1.68
Forfeited during year	(135,469)	2.36	(243,373)	2.15
Outstanding at end of year	1,591,338	2.13	1,256,605	2.12
Exercisable at end of year	354,940	1.99	206,755	1.69

The share options outstanding at 31 December 2018 had a weighted average remaining contractual life of 24 months. The fair value of options granted during the year was £1.8m.

As at 31 December 2018 share-based awards outstanding were as follows:

	2018		2017	
	Exercise price per ordinary share (p)	Number of shares	Exercise price per ordinary share (p)	Number of shares
Savings-related share option schemes				
Normally exercised in the period between:				
December 2017 and May 2018	–	–	169.22	206,755
January 2018	–	–	214.63	42,651
December 2018 and May 2019	199.94	354,940	199.94	511,333
January 2019	278.38	16,384	278.37	19,313
December 2019 and May 2020	239.96	353,095	239.96	469,870
January 2021	217.00	786,156	–	–
December 2021 and May 2022	205.00	80,763	–	–
Outstanding at end of year		1,591,338		1,249,922

Long-term incentive plan

	2018 Number of shares	2017 Number of shares
Long-term incentive plan		
Normally exercised on the third anniversary of the allocation date:		
March 2018	–	265,172
March 2019	223,219	223,219
March 2020	252,230	252,230
March 2021	331,123	–
Outstanding at end of year	806,572	740,621

27. SHARE-BASED AWARDS CONTINUED

Deferred annual bonus plan

	2018 awards outstanding Number of shares	2017 awards outstanding Number of shares
Outstanding at beginning of year	–	730,417
Granted during year	937,988	–
Exercised during year	–	(243,511)
Forfeited during year	(14,742)	(32,468)
Outstanding at end of year	923,246	454,438

Normally exercised one-third each year, over three years, from the allocation date.

Restricted share awards

	2018 awards Number of shares	2017 awards Number of shares
Outstanding at beginning of year	–	151,790
Granted during year	565,062	–
Exercised during year	–	(39,526)
Forfeited during year	(25,237)	(15,374)
Outstanding at end of year	539,825	96,890

Normally exercisable between a range of two and five years from the allocation date.

The inputs into the Black-Scholes-Merton model for options granted during the year are shown below.

	2018 granted
Weighted average share price	£2.38
Weighted average exercise price	£2.05–£2.17
Expected volatility	36.89%–40.84%
Expected life	2.26–3.33 years
Risk-free rate	0.81%–0.88%
Expected dividend yield	4.43%–4.57%

Expected volatility was determined by calculating the historical volatility of the Company's share price since flotation in 1996. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Company recognised a total charge of £196,000 (2017: £180,000) relating to share option scheme transactions in 2018.

Long-term incentive plan

Awards totalling 331,123 shares (2017: 252,230) were made under the LTIP during the year. These awards are subject to a three-year performance period. The Company recognised a total charge of £501,841 (2017: £438,000) in relation to the LTIP scheme. Further information on this scheme is given in the Directors' Remuneration Report.

Deferred annual bonus

Awards totalling 937,988 shares were made under the DABP during the year. These awards will vest one-third each on the anniversary date of grant. The Company recognised a total charge of £2,415,338 (2017: £1,620,886) in relation to the DABP scheme. Further details of the DABP for Executive Directors is given in the Directors' Remuneration Report.

Restricted share awards

Awards totalling 565,062 shares were made under the RSA during the year. These awards will vest two to five years on the anniversary date of grant. The Company recognised a total charge of £671,821 (2017: £500,922) in relation to the RSA scheme.

Notes to the Financial Statements continued

28. FINANCIAL INSTRUMENTS
The disclosures below should be read in conjunction with note 30, where related information has been disclosed in relation to the Group's insurance companies.

Fair values of financial assets and liabilities
Details of the accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Financial assets and liabilities at 31 December 2018 were as follows:

	Group		Company	
	2018 £000	2017 £000	**2018 £000**	2017 £000
Financial assets				
Funds at Lloyd's	**3,163**	3,981	**–**	–
Preference shares held to amortised cost	**7,452**	4,511	**–**	–
Trade and other receivables (excluding prepayments)	**96,893**	72,208	**170,300**	199,397
Cash and cash equivalents	**169,974**	146,057	**2,942**	1,774
	277,482	226,757	**173,242**	201,171
Financial liabilities				
Trade and other payables	**57,493**	37,627	**93,584**	160,369
Tax liabilities	**2,544**	1,934	**–**	–
Obligations under finance leases	**–**	28	**–**	–
Bank overdrafts and loans	**97,984**	81,861	**86,194**	72,295
Client funds	**145,721**	121,395	**–**	–
Retirement benefit obligation	**34,277**	44,738	**–**	–
Provisions	**2,206**	302	**–**	–
Non-current other creditors	**13,503**	–	**–**	–
Deferred consideration	**6,693**	10,875	**–**	–
	360,421	298,760	**179,778**	232,664

Included within trade and other payables is a liability of £160,000 (2017: an asset of £312,000 included within trade and other receivables) relating to forward foreign exchange contracts in designated hedging relationships.

Financial risk management objectives
The Group's central treasury function secures and controls debt financing, coordinates efficient cash management within the business and monitors and manages financial risks relating to the operations of the Group. Treasury's objective is to deploy financial resources around the Group in the most efficient manner possible, ensuring that cash is available in the right place and currency at the right time to pay liabilities as they fall due. Long-term, annual, monthly, weekly and daily forecasts form the basis for treasury decisions.

Financial risks comprise market risks such as currency risk, interest rate risk and other price risks and are influenced by fluctuating changes in market prices, as well as credit and liquidity risks.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which establish principles on currency risk, interest rate risk and the use of financial derivatives and non-derivative financial instruments. Compliance with these policies is reviewed by the Group's internal auditors and the Group's Finance Committee.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The treasury function reports to the Group's Finance Committee.

28. FINANCIAL INSTRUMENTS CONTINUED

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of the Group's financial assets and liabilities are determined as follows:

- For those financial assets and liabilities that are cash, short-term trade receivables or payables, or funds held at Lloyd's, carrying amount is a reasonable approximation of fair value.
- The preference shares investment is held to maturity.
- Retirement benefit obligations are valued by independent actuaries in accordance with IFRS.
- The Group's remaining financial assets and liabilities are measured, subsequent to initial recognition, at fair value, and they can be 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); and
  - 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).

Fair value hierarchy

For each of the assets in the table below, carrying value is a reasonable approximation to fair value. Excluding financial assets and liabilities of insurance companies, there were no Level 1 assets, no transfers between Level 1 and 2 during the period, nor were there any valuation changes. All movements in the asset or liability values below, except deferred consideration, are through profit or loss.

	At 31 December 2018			At 31 December 2017		
	Level 2 £000	Level 3 £000	Total £000	Level 2 £000	Level 3 £000	Total £000
Funds at Lloyd's	–	3,163	3,163	–	3,981	3,981
Preference shares held to amortised cost	–	7,452	7,351	–	4,511	4,511
Trade debtors	–	51,305	51,305	–	37,627	37,627
Contract assets (accrued income)	–	36,995	36,995	–	29,830	29,830
Deferred consideration	–	(6,693)	(6,693)	–	(10,875)	(10,875)
FX forward contracts	(160)	–	(160)	312	–	312
	(160)	92,222	91,961	312	65,074	65,386

The fair values of the financial assets and liabilities included in the Level 2 category have been independently valued by the Royal Bank of Scotland and HSBC based on observable market conditions prevailing at the valuation date, including relevant foreign exchange rates and the zero coupon yield curve.

The fair values of the financial assets and liabilities included in the Level 3 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis with the most significant inputs being the discount rate that reflects substantially the same terms and characteristics, including the credit quality, of the instrument:

- Trade debtors are reduced by a discount to reflect the time value of money at a discount rate of 3.25% (2017: 2.75%) that reflects the Group's debt funding rate over the relevant maturities;
- Contract assets (accrued income) is uplifted by 5.3% (2017: 5.3%) for anticipated unrecorded income, which is based on average over recovery of unrecorded income during 2018, and then discounted for the time value of money at 3.25% (2017: 2.75%) that reflects the Group's debt funding rate over the relevant maturities; and
- Deferred consideration is reduced by a discount to reflect the time value of money at a discount rate of 3.44% (2017: 2.27%) that reflects the Group's debt funding rate over the relevant maturities.

The sensitivity of the fair values of trade debtors and accrued income to changes in the discount rate is negligible, irrespective of the change in discount rate. The sensitivity of the fair value of deferred consideration to reasonably likely changes in the discount rate is immaterial.

28. FINANCIAL INSTRUMENTS CONTINUED

Currency risk

The Group has significant overseas subsidiaries which operate mainly in North America, Latin America, Bermuda and the Asia Pacific region and whose revenues and expenses are denominated mainly in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange and options contracts.

The carrying amounts of the Group's monetary assets and liabilities, held by entities with a functional currency other than £ Sterling at the reporting date are as follows:

	Assets At 31 December		Liabilities At 31 December	
	2018 £000	2017 £000	2018 £000	2017 £000
Group				
US$	43,052	30,504	32,870	23,176
Other	38,485	28,249	20,069	12,691
	81,537	58,753	52,939	35,867
Company				
US$	4,245	86	1,311	5,471
Other	9,678	10,215	3,672	5,527
	13,923	10,301	4,983	10,998

The Group has entered into forward foreign exchange contracts to hedge the foreign exchange risk arising on the future cash receipts relating to US$ and Singapore$ denominated invoices, which are designated as cash flow hedges.

The following table details the Group's forward foreign currency contracts outstanding at the year-end:

	Currency value		Contract value		Fair value	
	2018 Local '000	2017 Local '000	2018 £000	2017 £000	2018 £000	2017 £000
Sell US$						
Less than 3 months	2,000	2,500	1,399	1,908	(158)	63
3 to 6 months	2,000	2,500	1,498	1,888	(52)	49
6 to 9 months	4,000	4,000	3,122	3,024	34	92
	8,000	9,000	6,019	6,820	(176)	204
Buy Singapore$ sell £ Sterling						
3 to 6 months	2,175	–	1,200	–	45	–
6 to 9 months	2,179	–	1,200	–	46	–
9 to 12 months	2,613	–	1,500	–	(9)	–
	6,967	–	3,900	–	82	–

	2018 Singapore$	2017 Singapore$	2018 US$	2017 US$	2018 £000	2017 £000
Buy Singapore$ sell US$						
Less than 3 months	1,951	2,733	1,500	2,000	(66)	47
3 to 6 months	–	3,035	–	2,250	–	26
6 to 9 months	–	3,030	–	2,250	–	26
9 to 12 months	–	2,006	–	1,500	–	10
	1,951	10,804	1,500	8,000	(66)	109

The average strike price rates achieved for the above trades are £ Sterling: US$ 1.34852.

28. FINANCIAL INSTRUMENTS CONTINUED

As at 31 December 2018, the aggregate amount of loss under forward foreign exchange contracts deferred in the cash flow hedging reserve relating to the exposure on these anticipated future cash flows is £159,781 (2017: £312,340 gain). Upon maturity of the contracts and the realisation of the anticipated cash flows, the amount deferred in equity will be reclassified to profit or loss. The anticipated future cash flows relating to the forward foreign exchange contracts held at 31 December 2018 are expected to be realised in the next 12 months.

The amount reclassified to profit or loss in the year to 31 December 2018 relating to matured forward foreign exchange contracts designated as cash flow hedge instruments is £0.2m loss (2017: £0.3m gain).

The policy of the Group permits the use of foreign currency option contracts for a proportion of its foreign currency liquidity risk to protect against a weakening of the US$ against £ Sterling. There were no options open at 31 December 2018 or at 31 December 2017.

Currency sensitivity

As the Group is mainly exposed to the US$, the following table details the Group's sensitivity to a 10% increase in the value of £ Sterling against the US$. 10% represents management's assessment of a reasonably possible change in foreign exchange rates, although this cannot be predicted with certainty. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in US$ rates. The impact of currency hedging is not included. A negative number below indicates a decrease in profit or equity where the US$ weakens 10% against £ Sterling. For a 10% strengthening of the US$ against £ Sterling, there would be an equal and opposite impact on profit and equity, and the signs below would be reversed.

	Year to 31 December	
	2018 £000	2017 £000
Impact on profit before tax	**422**	66
Impact on equity	**(758)**	(1,936)

The results of overseas subsidiaries are translated into £ Sterling using the average rate of exchange for the year. A 10% weakening of the US$ average rate for the year has been assumed in the sensitivity analysis and the impact is shown in the table below:

	Year to 31 December	
	2018 £000	2017 £000
Profit before tax	**(496)**	(340)

Non-Sterling currencies of primary importance to the Group moved as follows in the year:

	2018 Year end	2017 Year end	% Change	**2018 Average**	2017 Average	% Change	**Impact on 2018 operating profit £000**
US$	**1.28**	1.35	(5.2)	**1.33**	1.30	2.3	**84**

Interest rate risk

The Group is exposed to interest rate risk as entities in the Group borrow funds at floating interest rates. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Notes to the Financial Statements continued

28. FINANCIAL INSTRUMENTS CONTINUED

The interest rate risk profile of financial assets and financial liabilities at 31 December was as follows:

	2018				2017			
	Floating rate £000	Fixed rate £000	Non-interest bearing £000	Total £000	Floating rate £000	Fixed rate £000	Non-interest bearing £000	Total £000
Group								
Financial assets								
£ Sterling	138,445	5,609	47,499	191,452	121,344	4,512	42,148	168,004
US$	15,771	1,843	25,438	43,052	14,743	–	15,762	30,505
Other	15,758	–	22,726	38,484	9,970	–	18,278	28,248
	169,974	7,452	95,663	272,988	146,057	4,512	76,188	226,757
Financial liabilities								
£ Sterling	211,584	–	95,898	307,482	180,294	–	82,599	262,893
US$	10,026	–	22,844	32,870	14,899	–	8,277	23,176
Other	2,145	–	17,924	20,069	8,063	28	4,600	12,691
	223,755	–	136,666	360,421	203,256	28	95,476	298,760

	2018				2017			
	Floating rate £000	Fixed rate £000	Non-interest bearing £000	Total £000	Floating rate £000	Fixed rate £000	Non-interest bearing £000	Total £000
Company								
Financial assets								
£ Sterling	–	–	159,320	159,320	1,526	–	189,344	190,870
US$	715	–	3,529	4,244	71	–	15	86
Other	2,227	–	7,451	9,678	177	–	10,038	10,215
	2,942	–	170,300	173,242	1,774	–	199,397	201,171
Financial liabilities								
£ Sterling	85,621	–	89,173	174,794	66,282	–	155,384	22,166
US$	–	–	1,311	1,311	5,415	–	56	5,471
Other	568	–	3,105	3,673	594	–	4,934	5,527
	86,189	–	93,589	179,778	72,291	–	160,373	232,664

Interest rate sensitivity

For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. An increase in interest rates of 1.0% is used and represents management's assessment of a reasonably possible change in interest rates, although this cannot be predicted with certainty.

If interest rates had increased by 1.0% and all other variables had been held constant, the Group's profit for the year to 31 December 2018 would have decreased by £746,036 (2017: £491,252). This is attributable to the Group's exposure to interest rates on its variable rate borrowings.

Capital risk management

The Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders;
- to maximise the return to shareholders commensurate with a level of risk in each of its various businesses that management considers acceptable; and
- to ensure the Group's regulated businesses comply with requirements set by regulators in the various jurisdictions in which the Group operates.

28. FINANCIAL INSTRUMENTS CONTINUED

The Group takes account of risk when considering decisions involving the allocation of capital. Changes are made to the capital structure as economic conditions and the perception of risk changes. Changes may be made by way of altering the amount of dividends payable to shareholders, issuing shares or altering the level of the Group's indebtedness, e.g. by taking out or refinancing loan facilities. The Group monitors capital by reference to the level of net debt relative to equity.

The Group has a number of insurance company and investment management subsidiaries subject to capital requirements imposed by their respective regulatory authorities. Management and boards of regulated companies have processes in place to ensure that minimum capital requirements are properly calculated, regularly monitored and maintained at an appropriate level. The Group complied with all externally imposed capital requirements during the year.

Equity price risk

Changes in equity prices affect the financial assets of the Group's life insurance companies, but have no material economic impact on the Group, as explained in note 30. The Group has no material exposures to commodity price risk, prepayment risk or residual value risk.

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group.

The credit risk on liquid funds and derivative financial instruments is regarded as acceptable because the counterparties are banks with high credit ratings assigned by international credit rating agencies. However, the Group has kept its counterparties under close review because of recent solvency and liquidity problems in the banking sector and remains alert to potential risks.

The Group has no significant concentrations of credit risk relating to its clients. Credit policies, processes and management resources are designed to address and limit risk. It is not possible to measure when trade debtors in the Adjusting Services business become past due because of the role played by insurance brokers in collecting fees and the subscription nature of much of the market. Credit periods are monitored for each office in the Adjusting Services business and debtor ageing is monitored for each client and individual invoice. There are no material trade debtors outside the Adjusting Services business. The Group's exposure to credit risk is best represented by the value of trade and other receivables disclosed in note 21. No collateral is held as security for amounts due and no other credit enhancements are in place. The credit quality of trade and other receivables is overall believed to be good and commensurate with the normal commercial risks of business-to-business trading within the relevant market.

Liquidity risk

Liquidity risk is the risk of being unable to meet current and future payment obligations either as they fall due or in the full amount due. The funding risk arises when the necessary liquidity cannot be obtained on the expected terms when required.

The ultimate responsibility for liquidity risk management rests with the Board of Directors, which monitors the Group's short, medium and long-term funding and liquidity requirements. The relevant procedures are implemented by the treasury function.

The Group manages liquidity risk by maintaining adequate banking facilities, subject to covenant compliance and reserve borrowing facilities, by monitoring forecast cash flows and by matching the maturity profiles of financial assets and liabilities.

Notes to the Financial Statements continued

28. FINANCIAL INSTRUMENTS CONTINUED

Maturity of financial liabilities

The maturity of the Group's financial liabilities at 31 December was as shown below:

	2018					2017 (restated)				
	<1 year £000	**1–2 years £000**	**2–5 years £000**	**>5 years £000**	**Total £000**	<1 year £000	1–2 years £000	2–5 years £000	>5 years £000	Total £000
Group										
Trade and other payables	**57,493**	**–**	**–**	**–**	**57,493**	37,627	–	–	–	37,627
Tax liabilities	**2,544**	**–**	**–**	**–**	**2,544**	1,934	–	–	–	1,934
Obligations under finance leases	**–**	**–**	**–**	**–**	**–**	–	28	–	–	28
Bank overdrafts and loans	**17,075**	**294**	**80,615**	**–**	**97,984**	15,708	129	66,024	–	81,861
Client funds	**145,721**	**–**	**–**	**–**	**145,721**	121,395	–	–	–	121,395
Retirement benefit obligation	**1,516**	**1,516**	**4,548**	**26,697**	**34,277**	1,536	1,536	4,608	37,058	43,738
Provisions	**1,931**	**275**	**–**	**–**	**2,206**	57	245	–	–	302
Non-current other creditors	**–**	**2,599**	**1,874**	**9,030**	**13,504**	–	–	–	–	–
Deferred consideration	**1,558**	**1,269**	**3,482**	**384**	**6,693**	2,688	3,574	564	4,049	10,875
	227,838	**5,953**	**90,519**	**36,111**	**360,422**	180,945	5,512	71,196	41,107	298,760

	2018				2017			
	<1 year £000	**1–2 years £000**	**2–5 years £000**	**Total £000**	<1 year £000	1–2 years £000	2–5 years £000	Total £000
Company								
Trade and other payables	**93,584**	**–**	**–**	**93,584**	160,369	–	–	160,369
Bank overdrafts and loans	**5,381**	**248**	**80,565**	**86,194**	6,142	129	66,024	72,295
	98,965	**248**	**80,565**	**179,778**	166,511	129	66,024	232,664

Sterling denominated bank borrowings and overdrafts bear interest at LIBOR and bank base rate respectively. US$ denominated borrowings bear interest at rates based on the US Prime Rate.

The Group has various undrawn committed borrowing facilities. The facilities available at 31 December in respect of which all conditions precedent had been met were as follows:

	At 31 December	
	2018 £000	2017 £000
Expiring in one year or less	**–**	5,503

The Group has a senior facilities agreement with the Royal Bank of Scotland, HSBC and Bank of Ireland for a five-year term, which matures on 13 October 2023, having exercised an option to extend the agreement by one year in October 2018. As at 31 December 2018 the facilities comprise a £82.0m revolving credit facility (RCF) which is available until the end of the term and is a guaranteed line of credit. The senior facilities are subject to a variety of undertakings and covenants, including target ratios for interest cover (EBITDA: interest) and leverage (debt: EBITDA).

Other Group facilities are:
- uncommitted overdraft of £5.0m in the UK;
- uncommitted overdrafts of US$4.0m in Hong Kong and Canadian$1.8m in Canada.

29. OPERATING LEASES

	Year to 31 December 2018 £000	2017 £000
Lease payments under operating leases recognised as an expense in the year	**9,245**	6,239

At 31 December, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 £000	2017 £000
Within one year	**6,256**	3,208
In the second to fifth years inclusive	**12,701**	7,877
After five years	**39,804**	2,154
	58,761	13,239

30. INSURANCE COMPANY DISCLOSURES

There is no material risk to the Group arising from the investment portfolios held by the life insurance business as the majority of policyholder liabilities are directly linked to the value of investments held.

Further details of the amounts included in the consolidated financial statements in respect of the Group's life insurance companies are disclosed below to assist readers in understanding their impact on the consolidated income statement and balance sheet.

Consolidated income statement for life insurance companies

	Year to 31 December 2018 £000	2017 £000
Gross premiums written	**908**	1,167
Outward reinsurance premiums	**(763)**	(1,026)
Net written premiums	**145**	141
Fees from investment contracts	**8,295**	4,229
Fees from insurance contracts	**84**	213
Other fees	**8,379**	4,442
Net revenue	**8,524**	4,583
Other (losses)/gains from insurance activities	**(43,561)**	51,975
Other income	**–**	3,480
Claims paid, gross amount	**(1,217)**	(2,443)
Claims paid, reinsurers' share	**958**	1,929
Net claims paid	**(259)**	(514)
Change in provision for claims, gross amount	**44,581**	(50,336)
Change in provision for claims, reinsurers' share	**(565)**	(1,014)
Net change in provision for claims	**44,016**	(51,350)
Claims incurred, net of reinsurance	**43,757**	(51,864)
Net operating expenses	**(7,702)**	(7,160)
Net result	**1,018**	1,014

The financial assets shown in the table below and falling within the scope of IFRS 7 Financial Instruments: Disclosures have, where indicated, been classified as at fair value through profit or loss (and are designated as such upon initial recognition), available for sale or other. There are no financial liabilities shown in the table below which are within the scope of IFRS 7 and which have been classified as at fair value through profit or loss or measured at amortised cost.

30. INSURANCE COMPANY DISCLOSURES CONTINUED

Amounts described as debtors arising from insurance and reinsurance operations are technically past due. Amounts shown have been reduced for estimated impairment losses where applicable. Financial liabilities within the scope of IFRS 7 are shown in the table below.

Consolidated balance sheet for insurance companies

	At 31 December 2018 £000	At 31 December 2017 £000
Investments at fair value through income		
– Life insurance contracts	**28,312**	24,223
– Investment contracts assets held to back unit-linked liabilities	**869,454**	1,063,746
	897,766	1,087,969
Cash and cash equivalents in insurance businesses	**15,108**	13,736
Debtors arising from insurance and reinsurance operations	**176**	37
Deferred acquisition costs	**–**	3
Amounts due from Group companies	**4,985**	24,065
Other assets	**892**	1,287
Total assets in life insurance businesses before eliminations	**918,927**	1,127,097
Elimination of amounts due from Group companies	**(4,984)**	(24,065)
Total assets in insurance businesses	**913,943**	1,103,032
Insurance technical balances		
– Life insurance contracts	**23,496**	24,473
Investment contracts unit-linked liabilities	**869,224**	1,030,883
Creditors arising from insurance and reinsurance operations	**5,236**	25,593
Deferred consideration	**43**	22
Amounts owed to Group companies	**932**	3,562
Other creditors	**1,661**	8,068
Total liabilities in life insurance businesses before eliminations	**900,592**	1,092,601
Elimination of amounts owed to Group companies	**(932)**	(3,562)
Total liabilities in insurance businesses	**899,660**	1,089,039
Net assets in insurance businesses	**14,283**	13,993

Investments held by life insurance companies

Other than £256m of investments included below, investments at fair value through income are categorised as Level 1 within the IFRS 7 fair value hierarchy because their values are derived from quoted prices in active markets. Valuation techniques and assumptions applied for the purposes of measuring fair values are described in note 28.

	At 31 December 2018			At 31 December 2017		
	Life insurance contracts investments £000	Life investment contracts investments £000	Total £000	Life insurance contracts investments £000	Life investment contracts investments £000	Total £000
Corporate and government securities	**81**	**138,983**	**139,064**	89	178,691	178,780
Unit trusts	**–**	**610,216**	**610,216**	–	717,283	717,283
Promissory notes	**–**	**19,865**	**19,865**	–	24,043	24,043
Cash and cash deposits to back unit-linked liabilities	**–**	**92,394**	**92,394**	–	140,954	140,954
With profits investments held with insurance companies	**23,192**	**–**	**23,192**	24,129	–	24,129
Other investments	**5,039**	**7,995**	**13,034**	5	2,775	2,780
	28,312	**869,453**	**897,765**	24,223	1,063,746	1,087,969

Assets held within other cash and cash equivalents of £15.0m belong to the life insurance company's shareholders.

Investment contract assets are held to back unit-linked liabilities. Any increase or decrease in their value is matched by an increase or decrease or the associated liability to policyholders.

30. INSURANCE COMPANY DISCLOSURES CONTINUED

Group net investment in insurance companies

	At 31 December 2018 £000	2017 £000
Total assets in insurance businesses	**913,943**	1,103,032
Total liabilities in insurance businesses	**(899,660)**	(1,089,039)
Goodwill: Owned Insurance Companies	**7,001**	9,617
Other intangible assets future profits – life	**5,282**	6,246
	26,566	29,856

Prior year includes balances for both life and non-life insurance companies.

31. NOTES TO THE CASH FLOW STATEMENTS

	Group Year to 31 December		Company Year to 31 December	
	2018 £000	2017 £000	2018 £000	2017 £000
Operating (loss)/profit	**(2,018)**	8,492	**(626)**	601
Adjustments for:				
Depreciation of property, plant and equipment	**2,552**	2,007	**–**	–
Amortisation of intangibles	**12,126**	9,718	**–**	–
Other non-cash items	**624**	(1,195)	**–**	563
Increase/(decrease) in provisions	**1,772**	(3,014)	**–**	–
Share of loss of associates and joint ventures	**386**	1,780	**–**	–
Operating cash flow before movements in working capital	**15,442**	17,788	**(626)**	1,164
(Increase)/decrease in receivables	**(21,304)**	(3,415)	**28,996**	(71,779)
Increase/(decrease) in payables	**29,497**	57	**(66,515)**	47,209
Decrease/(increase) in insurance company assets	**189,090**	(123,314)	**–**	–
(Increase)/decrease in insurance company liabilities	**(189,380)**	123,440	**–**	–
Cash generated from/(used in) operations	**23,345**	14,556	**(38,145)**	(23,406)
Income taxes paid	**(739)**	(1,398)	**–**	–
Interest paid	**(2,886)**	(1,658)	**(2,249)**	(1,350)
Dividends from other Group companies	**–**	–	**14,497**	1,303
Net cash before movement in client funds	**19,720**	11,500	**(25,897)**	(23,453)
Movement in client funds	**24,326**	(3,803)	**–**	–
Net cash generated from/(used in) operating activities	**44,046**	7,697	**(25,897)**	(23,453)

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less. Cash includes client funds of £145.7m (2017: £121.4m).

Notes to the Financial Statements continued

32. RETIREMENT BENEFIT SCHEMES

Certain employees of the Group are members of one of the four defined benefit schemes operated by the Group, details of which are set out below. The assets of all these pension schemes are held in separate trustee administered funds. The defined benefit pension schemes are subject to triennial valuations by independent, professionally qualified actuaries, using the projected unit credit method. The results of the last review for each scheme are shown below. The Group also operates a defined benefit scheme in respect of certain employees of the office in Jakarta, Indonesia. This scheme is not a material balance to the Group.

	Charles Taylor & Co. Limited Retirement Benefits Scheme	Richards Hogg Pension & Life Assurance Scheme	ER Lindley & Co. Limited Pension Plan	WM. Elmslie & Son 1972 Pension & Life Assurance Fund
The last valuation was carried out as at	1 July 2016	1 May 2015	1 July 2017	1 January 2015
Market value of scheme assets at last valuation	£64,880,000	£22,590,000	£1,711,000	£3,917,000
Percentage coverage of actuarial value to benefits accrued to members	64%	59%	127%	144%
The following actuarial assumptions were applied: Investment returns				
– Post-retirement	2.5%	3.2%	n/a	1.9%
– Pre-retirement	2.8%	3.7%	0.9%	4.3%
Salary growth	n/a	3.3%	3.0%	n/a
Employer ongoing contribution rates for 2018 as percentage of pensionable earnings (excluding deficit funding contributions)	n/a	20.8%	23.3%	n/a
Net deficit at 31 December 2018	£21.2m	£12.6m	£0.2m	–
Estimated contributions for 2019[1]	£3.1m	£1.7m	£0.0m	–

1. Funding is reviewed at each valuation date.

Investment strategy

The Richards Hogg Pension and Life Assurance Scheme and the Charles Taylor & Co Limited Retirement Benefits Scheme's investment objectives are:

- to achieve, over the long term, a return on the Scheme's assets which is consistent with the assumptions made by the Scheme Actuary in determining the funding of the Scheme;
- to manage and reduce where possible the risks presented by changes to inflation and long-term interest rates insofar as they affect the value placed on the liabilities;
- to ensure that sufficient liquid assets are available to meet benefit payments as they fall due; and
- to consider the interests of the principal and participating employers in relation to the size and volatility of the contributions the employers are required to pay.

The WM Elmslie & Son 1972 Pension and Life Assurance Fund and the ER Lindley & Co. Limited Pension Plan's investment objectives are:

- to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits payable under the trust deed and rules as they fall due; and
- to set the investment strategy taking into account considerations such as the strength of the employer covenant, the long-term liabilities of the DB Section and the funding agreed with the employer.

Risk exposure

The Group is exposed to a number of risks through its defined benefit pension schemes as follows:

Asset volatility

The Schemes' liabilities are calculated using a discount rate set with reference to corporate bond yields; if Schemes' assets underperform this yield, this will create a deficit. The Group defined benefit schemes hold a significant proportion of equities/alternatives, which are expected to outperform corporate bonds in the long term; however, they may be subject to volatility in the short term.

Change in bond yields

As the average duration of the assets is significantly lower than that of the liabilities, a decrease in corporate bond yields will increase the deficit, whilst higher bond yields will have a positive impact and reduce the deficit.

Inflation risks

A small proportion of the Group's pension obligations are linked to salary inflation; higher inflation will lead to higher liabilities. The majority of the Schemes' assets are either unaffected by or loosely correlated with inflation, to the extent not reflected in interest rates, meaning that an increase in inflation will also increase the deficit.

32. RETIREMENT BENEFIT SCHEMES CONTINUED

Life expectancy

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

The trustees control the investment strategies of the Schemes, which may affect the asset values. Sensitivities for each of the other risks listed above are shown at the end of this note.

Employee benefit obligations

The Group has agreed, under the Charles Taylor & Co. Limited Retirement Benefits Scheme's current actuarial valuation Recovery Plan, that the aim is to eliminate the pension plan deficit by 31 July 2024. The Recovery Plan for the Richards Hogg Scheme and the Assurance Scheme is under discussion as part of its triennial valuation.

Funding levels of the Richards Hogg and Charles Taylor Schemes are monitored on an annual basis. As at 31 December 2018 there were no members actively accruing benefits under the Charles Taylor or the WM. Elmslie Schemes. A number of members continue to accrue benefits under the Richards Hogg and the ER Lindley Schemes and, as at 31 December 2018, the Group's contribution rate was 20.6% of pensionable salaries in the ER Lindley Scheme and 20.8% of pensionable earnings in the Richards Hogg Scheme.

Total contributions to the post-employment benefit plans for the year ending 31 December 2019 are estimated at £4.7m, based on the current relevant Schedules of Contributions and Recovery Plans. The weighted average duration of the four pension schemes is 19 years.

The total expense recognised in the income statement during the year in respect of the above defined benefit schemes amounted to £1.5m (2017: £1.5m). The total expense recognised in the income statement in respect of defined contribution schemes amounted to £4.9m (2017: £4.7m).

IAS 19R Employee Benefits

The calculations used for IAS 19R disclosures have been based on the most recent actuarial valuations and updated by the Group's actuaries to take account of the requirements of IAS 19R in order to assess the liabilities of the pension plans at 31 December 2018. Plan assets for the four schemes are stated at their market value at 31 December 2018.

Similar financial assumptions have been used for each of the four schemes to calculate scheme liabilities under IAS 19R, as below. Note that the Consumer Price Index (CPI) measure of inflation has been applied where the rules of the Schemes permit.

	At 31 December		
	2018 %	2017 %	2016 %
Rate of increase in salaries	**3.00**	3.00	3.00
Rate of increase of pensions in payment			
– RPI			
– max 5%; min 3%	**3.70**	3.70	3.70
– max 5%; min 0%	**3.25**	3.25	3.30
– max 2.5%; min 0%	**2.20**	2.20	2.20
– CPI			
– max 5%; min 0%	**2.35**	2.35	2.40
– max 2.5%; min 0%	**1.85**	1.85	1.90
Discount rate	**2.80**	2.45	2.60
Inflation assumption			
– RPI	**3.35**	3.35	3.40
– CPI	**2.35**	2.35	2.40

Notes to the Financial Statements continued

32. RETIREMENT BENEFIT SCHEMES CONTINUED

Combined scheme assets

	At 31 December		
	2018 £000	2017 £000	2016 £000
Equities	**43,169**	50,135	43,243
Gilts	**8,834**	8,047	8,010
Corporate bonds	**23,467**	22,515	22,982
Annuities	**9,200**	7,400	7,400
Alternatives	**6,864**	6,518	5,663
Property funds	**1,466**	2,087	1,373
Other funds/investments	**5,174**	6,183	5,948
Cash	**6,026**	1,183	1,532
Group pension contracts	**6,045**	6,020	6,613
Total market value of assets	**110,245**	110,088	102,764

The Alternatives comprise investments in funds which themselves invest in infrastructure, secured loans and bank capital financing, and the Other funds represent investments in commodities, forward currency trades and a multi-strategy fund. The Annuities fully offset the liabilities due to the member.

The plan assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group. Group pension contracts are invested in unitised with profits funds. All other assets are valued at market prices.

Amounts recognised in the balance sheet in respect of the Group's retirement benefit obligations

	At 31 December		
	2018 £000	2017 £000	2016 £000
Total market value of assets as shown above	**110,245**	110,080	102,764
Actuarial value of liability	**(141,362)**	(152,248)	(152,931)
Restrictions on asset recognised	**(2,790)**	(2,266)	(1,983)
Overseas retirement benefit obligation	**(370)**	(312)	(317)
Net liability recognised in the balance sheet	**(34,277)**	(44,738)	(52,467)
Related deferred tax asset	**5,764**	7,640	8,945
Pension liability net of related deferred tax asset	**(28,513)**	(37,098)	(43,522)

The restrictions on asset recognised results from one of the Group's pension schemes being in surplus under IFRS; however, in practice this surplus will not be recovered by the Group. The variation in the amount of this surplus reflects fluctuations in that Scheme's funding position over the course of the relevant period.

Amounts recognised in profit or loss in respect of the Group's retirement benefit obligations

	Year to 31 December	
	2018 £000	2017 £000
Current service cost	**100**	98
Administrative expenses	**145**	141
Current service cost	**252**	–
Net interest on the defined benefit liability	**1,019**	1,297
	1,516	1,536

The charge for the year is included in administrative expenses in the income statement. The actual loss on plan assets was -2.2% (2017: 9.8% return).

32. RETIREMENT BENEFIT SCHEMES CONTINUED

Analysis of amount recognised in the Consolidated Statement of Comprehensive Income

	Year to 31 December 2018 £000	2017 £000
Return on plan assets excluding interest expense	(4,789)	6,840
Experience gains/(losses) on liabilities	2,328	(1,560)
Changes in financial assumptions	8,159	(3,531)
Changes in demographic assumptions	950	3,236
Change in effect of asset ceiling excluding interest expense	(468)	(232)
Overseas related	(50)	(13)
Actuarial gain recognised	6,130	4,740
Movement in deferred tax	(1,780)	(1,306)
Net gain recognised	4,350	3,434

The cumulative amount of actuarial losses recognised in other comprehensive income is £33.4m (2017: £44.7m).

Change in the present value of the defined benefit obligation

	Year to 31 December 2018 £000	2017 £000
Defined benefit obligation at 1 January	152,248	152,931
Service cost	100	98
Administration cost	145	141
Interest cost	3,486	3,700
Remeasurement – financial assumptions	(8,159)	3,531
Remeasurement – demographic assumptions	(950)	(3,236)
Remeasurement – experience adjustments	(2,328)	1,560
Past service cost	252	–
Member contributions	13	13
Annuities	1,800	–
Benefits and admin costs paid	(5,245)	(6,490)
Defined benefit obligation at 31 December	141,362	152,248

Change in the fair value of plan assets

	Year to 31 December 2018 £000	2017 £000
Fair value of plan assets at 1 January	110,088	102,764
Interest income	2,523	2,454
Return on assets less interest income	(4,789)	6,840
Contributions by employer	5,855	4,507
Member contributions	13	13
Benefits paid	(5,100)	(6,349)
Annuities	1,800	–
Expenses paid	(145)	(141)
Fair value of plan assets at 31 December	110,245	110,088

32. RETIREMENT BENEFIT SCHEMES CONTINUED

Mortality assumptions

Investigations have been carried out within the past three years into the mortality experience of the Group's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	2018 years	2017 years	2016 years
Retiring today:			
Males	**23.1**	23.2	23.3
Females	**24.1**	24.2	24.5
Retiring in 20 years:			
Males	**24.4**	24.5	25.0
Females	**25.6**	25.7	26.3

Sensitivity analysis

The sensitivities regarding key assumptions are shown below.

Assumption	Change in assumption	Increase/(decrease) in defined benefit obligation
Discount rate	Reduce by 0.25%	£6.2m
Inflation rate	Reduce by 0.25%	(£1.7m)
Longevity	1 year increase	£4.4m

The sensitivities consider the impact of the single change shown, with the other assumptions assumed to be unchanged. The inflation sensitivities allow for the consequential impact on the salary increase, statutory deferred revaluation and pension increase assumptions. The sensitivity analyses have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year. In practice, making two of the changes shown would not make the overall results the sum of the two sensitivities, due to the interdependence of the assumptions.

33. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with the associate undertaking including amounts due from and owed to the undertaking are disclosed in notes 18, 21 and 22. Transactions and balances with the Charles Taylor Employee Share Ownership Trust are shown in the note below the Consolidated Statement of Changes in Equity.

The remuneration of Directors is disclosed in the Directors' Remuneration Report. The remuneration of key management personnel is disclosed in note 7. Certain employees of the Group are members of one of the four defined benefit schemes operated by the Group, of which details are given in note 32.

34. SUBSIDIARIES

The subsidiaries listed below are included in the consolidated financial statements, split between trading and non-trading entities.

The main trading activities are the provision of specialist insurance management services to mutual associations and captive insurance companies, claims consulting and average adjusting, third-party claims administration, risk assessment services, insurance and insurance support services. The principal place of business is the same as the place of incorporation/establishment unless otherwise indicated.

The non-trading entities are either holding companies or held for other purposes.

Trading subsidiaries	Principal place of business	Address of Registered Office	Place of incorporation/ establishment	Percentage of equity capital
Charles Taylor Adjusting (Australia) Pty Limited		Sothertons Chartered Accountants, Level 2, 35-37 Havelock Street, West Perth WA 6005	Australia	100
Charles Taylor S.A. (Argentina)		Tucumán 1, 4th Floor, Buenos Aries, Argentina	Argentina	100
Inworx Argentina S.A.		Fondo de la Legua 1088, Martinez, Buenos Aires	Argentina	95
Softseg S.A (Argentina)		Fondo de la Legua 1088, Martinez, Buenos Aires	Argentina	95
Charles Taylor & Co (Bermuda)		Swan Building, 2nd Floor 26 Victoria Street, Hamilton HM12, Bermuda	Bermuda	100
Charles Taylor (Dallas) Limited		Swan Building, 2nd Floor 26 Victoria Street, Hamilton HM12, Bermuda	Bermuda	100
Charles Taylor Broker Services Limited		Swan Building, 2nd Floor 26 Victoria Street, Hamilton HM12, Bermuda	Bermuda	100
Charles Taylor Consulting (Hamilton)		Swan Building, 2nd Floor 26 Victoria Street, Hamilton HM12, Bermuda	Bermuda	100
Charles Taylor Mutual Management (Bermuda) Limited		Swan Building, 2nd Floor 26 Victoria Street, Hamilton HM12, Bermuda	Bermuda	100
CT Insurance Management (Bermuda) Limited		Swan Building, 2nd Floor 26 Victoria Street, Hamilton HM12, Bermuda	Bermuda	100
Lansdowne Insurance Company Limited		Swan Building, 2nd Floor 26 Victoria Street, Hamilton HM12, Bermuda	Bermuda	100
Wyndham Insurance Company (SAC) Limited		Swan Building, 2nd Floor 26 Victoria Street, Hamilton HM12, Bermuda	Bermuda	100
Charles Taylor Consultoria Do Brazil Ltda		Praia de Botafogo, No. 228 Centro Empresarial Rio (Edificio Argentina), Ala A. 16° andar, Sala 1601- parte (escritorio 1626) Botafogo. CEP:22250-906. Rio de Janerio- RJ- Brazil	Brazil	100
Charles Taylor Consulting Services (Canada) Inc		Suite 1010, Bow Valley Square 4, 250- 6th Avenue SW, Calgary, AB T2P 3H7, Canada	Canada	100
FGR S.A. (Chile)		Hendaya 60, Oficina 402, Las Condes, Santiago 7591538	Chile	100
FGR Affinity Limitada (Chile)		Hendaya 60, Oficina 402, Las Condes, Santiago 7591538	Chile	100
FGR Hanna Limitada (Chile)		Hendaya 60, Oficina 402, Las Condes, Santiago 7591538	Chile	100
Charles Taylor (China) Limited		Room 2903, Sino Life Tower, 707 Zhang Yang Road, Pudong, Shanghai 2000120, PR China	China	100
Charles Taylor (Beijing) Co Limited		Room 302, #75 Building, Yuanyangtiandi, Balizhuangxili, Chaoyang District, Beijing	China	100
Charles Taylor SAS		Calle 59A BIS 5-53 Oficina 306. Bogota D.C. Colombia	Colombia	100
Charles Taylor Adjusting SARL		3 Rue Scribe, Pairs 75009, France	France	100
Richard Hoggs Lindley (Hellas) Limited	Greece	17/F, OTB Building, 160 Gloucester Road, Wanchai, Hong Kong	Hong Kong	100
Richard Hoggs Lindley (India) Limited		17/F, OTB Building, 160 Gloucester Road, Wanchai, Hong Kong	Hong Kong	100

Notes to the Financial Statements continued

34. SUBSIDIARIES CONTINUED

Trading subsidiaries	Principal place of business	Address of Registered Office	Place of incorporation/ establishment	Percentage of equity capital
PT Radita Hutama Internusa		Gedung Artha Graha Lantai 16, Jl. Jend. Sudirman Kav. 52-53, Jakarta 121990, Indonesia	Indonesia	78
Charles Taylor & Co (Ireland) Limited		25-28 North Wall Quay, Dublin 1	Ireland	100
Charles Taylor Insurance Services (IOM) Limited		St George's Court, Upper Church Street, Douglas, Isle of Man IM1 1EE	Isle of Man	100
LCL International Life Assurance Company Limited		St George's Court, Upper Church Street, Douglas, Isle of Man IM1 1EE	Isle of Man	100
LCL Holdings Limited		St George's Court, Upper Church Street, Douglas, Isle of Man IM1 1EE	Isle of Man	100
Charles Taylor (Japan) Limited		6th Floor Takebashi Building, 2-1-8, Kanda Nishiki-cho, chiyoda-ku, Tokyo, 101-0054	Japan	100
S.C. Management (Luxembourg) S.A.		74 rue de marl, Luxembourg, L-2146, Luxembourg	Luxembourg	100
Charles Taylor Marine SND BHD		Level 15-2 Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia	Malaysia	100
Richard Hoggs Lindley (Malaysia) Sdn Bhn		Level 15-2 Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia	Malaysia	100
Charles Taylor Consulting Mexico SA de CV		Orizaba 32. Col. Roma Norte, Del. Cuauhtémoc. C.P. 06700, Mexico D.F.	Mexico	100
SC Management SAM		Est Quest, 24 Boulevard Princesse Charlotte, Monte-Carlo 9800, Monaco	Monaco	100
SC Services (Monaco) SARL		Est Quest, 24 Boulevard Princesse Charlotte, Monte-Carlo 9800, Monaco	Monaco	100
Charles Taylor Holdings BV	United Kingdom	The Minster Building, 21 Mincing Lane, London EC3R 7AG	Netherlands	100
LAD (Aviation) PNG Limited		Deloitte Touche Tohmatsu, Level 12 Deloitte Tower, Section 5, Allotment 16°, Douglas Street, Port Moresby, National Capital District, Papua New Guinea	Papua New Guinea	100
Charles Taylor Ajustadores de Seguros S.A.C		German Schreiber 184, Oficina 901. San Isidro. Lima	Peru	100
FGR Affinity Peru S.A.C. (Peru)		Avenue Paseo, Republic 3691, Office 1202, San Isidro, Lima	Peru	100
FGR Peru Ajustadores de Seguros S.A. (Peru)		Avenue Paseo, Republic 3691, Office 1202, San Isidro, Lima	Peru	100
Inworx Peru SAC (Peru)		Avenue Camino Nro, 456 Int, San Isidro 1201	Peru	95
Charles Taylor Adjusting Saudi Arabia Limited		2nd Floor, Al Murabihoon Building, Khurais Road, Malaz Area, Riyadh, Kingdom of Saudi Arabia	Saudi Arabia	60
Charles Taylor Mutual Management (Asia) Pte Limited		140 Cecil Street, #15-00 PIL Building, Singapore 069540	Singapore	100
The Standard Syndicate Services Asia Pte. Limited		140 Cecil Street, #15-00 PIL Building, Singapore 069540	Singapore	50.1
Overseas Adjusters & Surveyors Co Limited		Room 1206, 12/F, 237 Fu Hsing South Road, Sec 2, Taipei 10667, Taiwan R.O.C.	Taiwan	85
Charles Taylor & Co Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Charles Taylor Adjusting Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Charles Taylor Corporate Name Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100

34. SUBSIDIARIES CONTINUED

Trading subsidiaries	Principal place of business	Address of Registered Office	Place of incorporation/ establishment	Percentage of equity capital
Criterion Adjusters Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Criterion Claims Management Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Criterion Surveyors Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Charles Taylor Administration Services Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Charles Taylor Aviation (Asset Management) Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Charles Taylor Broker Services Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Charles Taylor Insurance Services Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Charles Taylor InsureTech Services Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Charles Taylor Investment Management Company Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Charles Taylor KnowledgeCenter Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Charles Taylor Managing Agency Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	50.1
Charles Taylor Managing Agency Services Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	50.1
Charles Taylor General Adjusting Services Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Charles Taylor Services Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
The Standard Syndicate Services Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	50.1
Charles Taylor General Agency Inc.		8144 Walnut Hill Lane, Suite 1600, Dallas, Texas 75231	USA	100
Metro Risk Management LLC		64 Danbury Road, Wilton, CT06897	USA	100
Bowditch Marine, Inc (Washington)		5350 30th Avenue NW, Seattle, Washington 98119	USA	100
Aasgard Summit Management Services, Inc (Washington)		2513 8th Avenue W, Seattle, Washington 98119	USA	100
Employers Medical Review Services, LLC (Washington)		2513 8th Avenue W, Seattle, Washington 98119	USA	51
Charles Taylor P&I Management (Americas) INC.		64 Danbury Road, Wilton, CT06897	USA	100
CT Insurance Management (Delaware) LLC		8144 Walnut Hill Lane, Suite 1600, Dallas, Texas 75231	USA	100
LAD (Aviation) Inc.		Suite 200, 5433 Westheimer, Houston, Harris County, Texas 77056	USA	100
RJA Limited		Suite 200, 5433 Westheimer, Houston, Harris County, Texas 77056	USA	100
Signal Administration Inc.		64 Danbury Road, Wilton, CT06897	USA	100

Notes to the Financial Statements continued

34. SUBSIDIARIES CONTINUED

Trading subsidiaries	Principal place of business	Address of Registered Office	Place of incorporation/ establishment	Percentage of equity capital
CEGA Solutions Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
CEGA Holdings Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
CEGA Group Services Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
CEGA Air Ambulance UK Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Otak Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	51

Non-trading subsidiaries				
Charles Taylor Consulting (Australia) Pty Limited		Sothertons Chartered Accountants, Level 2, 35-37 Havelock Street, West Perth WA 6005	Australia	100
Charles Taylor (Australia) Pty Limited		Sothertons Chartered Accountants, Level 2, 35-37 Havelock Street, West Perth WA 6005	Australia	100
Charles Taylor (Hamilton) Limited	United Kingdom	Swan Building, 2nd Floor, 26 Victoria Street, Hamilton HM12, Bermuda	Bermuda	100
Charles Taylor (Park) Limited		Swan Building, 2nd Floor, 26 Victoria Street, Hamilton HM12, Bermuda	Bermuda	100
Charles Taylor (Victoria) Limited		Swan Building, 2nd Floor, 26 Victoria Street, Hamilton HM12, Bermuda	Bermuda	100
Richards Hogg Holdings Limited		17/F, OTB Building, 160 Gloucester Road, Wanchai, Hong Kong	Hong Kong	100
Richards Hogg Lindley (HK) Limited		17/F, OTB Building, 160 Gloucester Road, Wanchai, Hong Kong	Hong Kong	100
Charles Taylor Holdings (IOM) Limited		Fort Anne, South Quay, Douglas, Isle of Man IM1 5PD	Isle of Man	100
Charles Taylor (IOM) Limited		St George's Court, Upper Church Street, Douglas, Isle of Man IM1 1EE	Isle of Man	100
Charles Taylor International Fund Managers (IOM) Limited		St George's Court, Upper Church Street, Douglas, Isle of Man IM1 1EE	Isle of Man	100
Allied Dunbar International Nominees Limited		St George's Court, Upper Church Street, Douglas, Isle of Man IM1 1EE	Isle of Man	100
Charles Taylor RSLAC Inc		Twist Tower- Oficina 22B, Calle 54 Este Y Samuel Lewis, Obarrio, Panama City, Panama	Panama	95
Axiom Holdings Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Axiom Services Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Leadhall Holding Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Leadhall Holding One Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Leadhall Holding Two Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Cardrow Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Charles Taylor Holdings Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Charles Taylor & Co Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Charles Taylor Managing Agency Holdings Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	50.1
Charles Taylor Overseas Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Charles Taylor Vesta Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100

34. SUBSIDIARIES CONTINUED

Non-trading subsidiaries	Principal place of business	Address of Registered Office	Place of incorporation/ establishment	Percentage of equity capital
Charles Taylor Warwick Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Charles Taylor Wessex Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
KLA Holdings Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
LCL Acquisitions Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Metrowise Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Taylor Risk Solutions Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
The Richards Hogg Lindley Group Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Electus Risk Services Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	100
Charles Taylor Wilton Inc.		64 Danbury Road, Wilton, CT06897	USA	100
CTA Americas Inc.		64 Danbury Road, Wilton, CT06897	USA	100
RJA Acquisition LLC		Suite 200, 5433 Westheimer, Houston, Harris County, Texas 77056	USA	100
Bateman Chapman (Americas) Ltd		Suite 200, 5433 Westheimer, Houston, Harris County, Texas 77056	USA	100
Associated undertakings				
Fadata AD		16 Cherni Vrah Blvd, 1421 Sofia, Bulgaria	Bulgaria	28.2
Claims Services International Adjusting Co. Inc		Room 1102, Marbella Manila Bldg. 11, 2071 Pres. Roxas Boulevard, Malate, Manila	Philippines	20
Korhi Average Adjusters & Surveyors Limited		Room. 1201, Le Meilleur Jongno Town (Jongno 1-ga), 19 Jongro, Jongno-gu, Seoul 03157, Korea	South Korea	30
REF Wisdom Limited		C/O Riverside Europe Partners LLP, St Martins Courtyard, 17 Slingsby Place, 5th Floor, London WC2E 9AB	United Kingdom	31.25
REF Wisdom 2 Limited		C/O Riverside Partners LLP, St Martins Courtyard, 17 Slingsby Place, 5th Floor, London WC2E 9AB	United Kingdom	25.87
Charles Taylor Adjusting Qatar LLP		24 Rawdat Al Khail, Ibn Sana 950, Building 66 Doha, Qatar	Qatar	49
Knowles Motor Claims Services Limited		The Minster Building, 21 Mincing Lane, London EC3R 7AG	United Kingdom	40
Sage Adjusting, LLC		64 Danbury Road, Wilton, CT06897	USA	30

35. COMMITMENTS FOR EXPENDITURE

The Group is committed to purchasing €2.5m of software implementation services from Fadata AD by 8 April 2021, of which €1.4m has been purchased since the agreement.

36. CONTINGENT LIABILITIES

From time to time, the Group is engaged in litigation in the ordinary course of business. The Group carries professional indemnity insurance. There are no material contingent liabilities requiring disclosure.

37. EVENTS AFTER THE BALANCE SHEET DATE

These events are detailed in the Directors' Report.

Five Year Record

	Year to 31 December (unaudited) 2014 £000	2015 £000	2016 £000	2017 £000	**2018 £000**
Consolidated income statement					
Revenue	122,477	143,442	169,264	210,820	**263,561**
Operating profit before gain on acquisition	11,276	11,593	11,237	7,566	**(6,125)**
Gain on acquisition	–	2,291	–	926	**4,107**
Operating profit/(loss)	11,276	13,884	11,237	8,492	**(2,018)**
Net other charges	(1,537)	(1,066)	(510)	(1,119)	**(1,251)**
Profit/(loss) before tax	9,739	12,818	10,727	7,373	**(3,269)**
Adjustments	1,738	1,701	4,273	8,194	**26,640**
Non-controlling interest before tax	(65)	(324)	(244)	(254)	**(1,084)**
Adjusted profit before tax	11,412	14,195	14,756	15,268	**22,287**
Income tax (expense)/credit	(1,165)	(1,044)	–	1,758	**603**
Profit/(loss) for the year from continuing operations	8,574	11,774	10,727	9,131	**(2,666)**
Loss for the year from discontinued operations	(173)	(5,741)	–	–	**–**
(Loss)/profit for the year	8,401	6,033	10,727	9,131	**(2,666)**
Amortisation on other intangible assets	1,527	1,629	3,019	5,465	**7,755**
Other adjustments	211	72	1,253	2,684	**18,898**
Tax on adjustments	(183)	(138)	–	(284)	**(3,607)**
Adjusted profit after tax	9,956	7,596	14,999	16,996	**20,380**
Attributable to non-controlling interests	(190)	2,691	(186)	(221)	**(986)**
Attributable to owners of the Company	9,766	10,287	14,813	16,775	**19,394**
Earnings and dividends (rebased)					
Earnings per ordinary share – basic (continuing operations)	17.8p	18.6p	15.9p	13.1p	**(4,9)**
– adjusted (continuing operations)	16.3p	20.0p	22.3p	24.7p	**26.2**
Earnings per ordinary share – basic (Group)	17.1p	14.1p	15.9p	13.1p	**(4.9)**
Dividends per ordinary share	9.4p	10.0p	10.50	11.01	**11.56**
Cover for ordinary dividends (adjusted)	2.2x	2.0x	2.1x	2.2x	**2.3x**

	At 31 December 2014 £000	2015 £000	2016 £000	2017 (restated) £000	**2018 £000**
Consolidated balance sheet					
Non-current assets	68,466	80,125	122,009	131,493	**165,814**
Net current assets	76,019	72,698	58,022	63,353	**65,173**
Non-current liabilities	(89,809)	(62,552)	(109,869)	(116,699)	**(142,010)**
Net assets	54,676	90,271	70,162	78,147	**88,977**
Share capital and share premium	36,084	71,904	73,046	72,147	**90,478**
Capital and merger reserves	7,534	7,534	7,534	9,857	**12,383**
Own shares	(223)	(489)	(430)	(369)	**(567)**
Accumulated losses	(10,699)	(8,082)	(12,126)	(5,269)	**(16,085)**
Non-controlling interests	21,980	19,404	2,138	1,781	**2,768**
Total equity	54,676	90,271	70,162	78,147	**88,977**

Dividends for 2014 have been rebased following the Rights Issue in 2015.

This Annual Report and Accounts contains certain forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors, including demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; exchange rate fluctuations and other changes in business conditions; and the actions of competitors and other factors.

Shareholder Information

ANALYSIS OF SHAREHOLDINGS
The tables below show an analysis of ordinary shareholdings as at 31 December 2018.

	Shares (number)	Percentage	Holdings (number)	Percentage
Individuals	8,115,323	10.45	679	71.10
Bank or nominees	63,252,451	81.54	251	26.29
Other corporations	6,207,805	8.01	25	2.61
	77,575,579	100.00	955	100.00
Number of shares held:				
1 to 5,000	715,495	0.92	593	62.09
5,001 to 10,000	785,377	1.01	104	10.89
10,001 to 50,000	3,457,652	4.46	143	14.97
50,001 to 250,000	8,136,787	10.49	69	7.23
250,001 to 1,000,000	18,086,236	23.31	35	3.66
1,000,001 to 2,000,000	4,077,772	5.26	3	0.31
2,000,001 to 5,000,000	18,880,798	24.34	5	0.52
5,000,001 to 10,000,000	23,435,462	30.21	3	0.31
	77,575,579	100.00	955	100.00

SHAREHOLDER ENQUIRIES
The Company's Registrar is Computershare Investor Services PLC. Enquiries relating to the following administrative matters should be addressed to the Company's Registrar: Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ.
T: 0370 889 4020. Website: www-uk.computershare.com/investors/contact-us.
– Dividend reinvestment plan.
– Dividend payment enquiries.
– Dividend mandate instructions. Dividends may be paid directly into your bank or building society account on completion of a mandate instruction form. Tax vouchers are sent to the shareholder's registered address.
– Loss of share certificates/dividend warrants/tax vouchers.
– Notification of change of address.
– Transfer of shares to another person.
– Amalgamation of accounts. If you receive more than one copy of the Annual Report, you may wish to amalgamate your accounts on the share register.

INTERNET AND TELEPHONE SHARE DEALING SERVICE
www.computershare.com/sharedealingcentre
T: 0370 703 0084

INVESTOR CENTRE
As part of our commitment to improve shareholder communications we offer a free and secure website, managed by our Registrar, Computershare Investor Services PLC. Managing your shares online means you can access information quickly, securely and minimise postal communications.

To register, visit www.investorcentre.co.uk – all you will need is your registered address details and your Shareholder Reference Number, which you will find on your certificate/tax vouchers.

If your total portfolio value is under £25,000 you will be given instant access to:
– view portfolio balances and the market value of all your holdings registered with Computershare;
– update your address;
– register to receive electronic shareholder communications;
– download forms;
– update your bank details;
– view and manage your dividend payments;
– access your electronic tax vouchers; and
– view your holding's transactional history.

If your total portfolio value is £25,000 or more Computershare will send a unique activation code to your registered address.

For other enquiries relating to shareholder services, or general enquiries about the Company, please contact: The Company Secretariat, Charles Taylor plc, The Minister Building, 21 Mincing Lane, London EC3R 7AG. T: 020 3320 8888. E: companysecretary@ctplc.com

Shareholder Information continued

THE CHARLES TAYLOR PLC WEBSITE
Shareholders are encouraged to visit our website, www.ctplc.com, for further information about the Company. The dedicated investors' section on the website contains information specifically for shareholders, including regulatory announcements and copies of the latest and past financial statements, investor presentations and AGM Notices.

SHARE PRICE INFORMATION
The Company's share price appears in various UK national newspapers, such as the Daily Telegraph, under "Support Services" and appears on various financial websites under the sector "Business Support Services" and code CTR.

DIVIDENDS AND TAX ON DIVIDENDS
Dividend information can be found in the Group Chief Executive Officer's Report on page 14.

Non-taxpayers may be able to claim back from HMRC some or all of the tax paid by the Company on their cash dividend payments. The dividend tax voucher will be required when making a claim.

UNSOLICITED MAIL
As the Company's share register is, by law, open to public inspection, shareholders may receive unsolicited mail from organisations that use it as a mailing list. To limit the amount of unsolicited mail you receive, write to the Mailing Preference Service, MPS Freepost LON20771, London W1E 0ZT or visit the website at www.mpsonline.org.uk/mpsr.

Financial Calendar

ANNUAL GENERAL MEETING
8 May 2019

FINAL DIVIDEND FOR 2018
Ex dividend 25 April 2019
Record date 26 April 2019
Payment date 24 May 2019

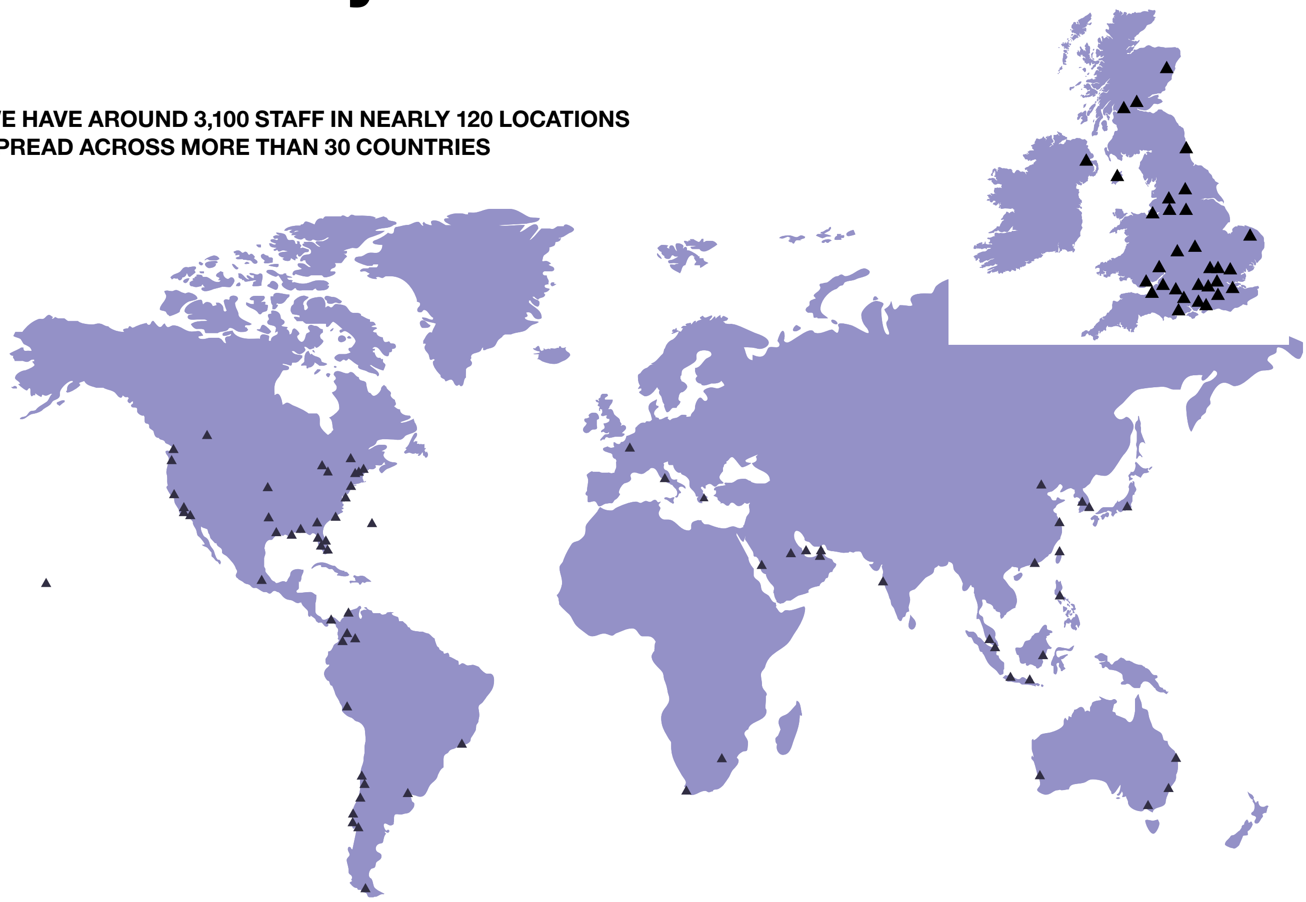
HALF YEAR RESULTS ANNOUNCEMENT
11 September 2019

INTERIM DIVIDEND FOR 2019
Ex dividend 10 October 2019
Record date 11 October 2019
Payment date 8 November 2019

These dates are indicative only and may be subject to change.

Charles Taylor offices

WE HAVE AROUND 3,100 STAFF IN NEARLY 120 LOCATIONS SPREAD ACROSS MORE THAN 30 COUNTRIES



Europe, Middle East & Africa

Belgium
France
Greece
Ireland
Isle of Man
Italy
Qatar
Saudi Arabia
South Africa
UAE
UK

Asia Pacific

Australia
China
India
Indonesia
Republic of Korea[1]
Japan
Malaysia
Philippines
Singapore
Taiwan

Americas

Argentina
Bermuda
Brazil
Canada
Chile
Colombia
Mexico
Panama
Peru
USA

1. Associated undertaking.

FURTHER INFORMATION ABOUT CHARLES TAYLOR CAN BE FOUND ON OUR WEBSITE AT WWW.CTPLC.COM, OR BY CONTACTING ONE OF OUR OFFICES ON THE TELEPHONE NUMBERS LISTED BELOW.

		Telephone no
Head office	London The Minster Building	(+44) 20 3320 8888
Argentina	Buenos Aires San Luis	(+54) 9 11 6552 1419 (+54) 9 11 6552 1419
Australia	Brisbane Melbourne Perth Sydney	(+61) 7 3839 9999 (+61) 3 9653 9594 (+61) 8 9321 2022 (+61) 2 9025 3532
Belgium	Antwerp	(+32) 3 600 1702
Bermuda	Hamilton (Mutual management) Hamilton (Captive management)	(+1) 441 292 3103 (+1) 441 295 8495
Brazil	Rio de Janeiro	(+55) 21 37 36 36 52
Canada	Calgary Halifax Montreal Ottawa	(+1) 403 266 3336 (+1) 902 835 7600 (+1) 514 906 880 (+1) 343 996 3920

Charles Taylor offices continued

		Telephone no
Canada (continued)	St John's Toronto Vancouver	(+1) 902 835 7600 (+1) 416 640 6022 (+1) 604 566 9907
Chile	Concepción Osorno City Puerto Montt Punta Arenas Santiago Valdivia Viña del Mar	(+57) 1 746 0106 (+57) 1 746 0106 (+57) 1 746 0106 (+57) 1 746 0106 (+57) 1 746 0106 (+57) 1 746 0106 (+57) 1 746 0106
China	Beijing Hong Kong Shanghai	(+86) 10 5579 9052 (+852) 2399 6100 (+86) 21 6888 3101
Colombia	Barranquilla Bogota Cali Medellin	(+57) 1 746 0106 (+57) 1 746 0106 (+57) 1 746 0106 (+57) 1 746 0106
France	Paris	(+33) 153 430 030
Greece	Piraeus (P&I) Piraeus (Adjusting)	(+30) 210 429 0733 (+30) 210 429 1300
India	Chennai Mumbai	(+91) 99400 14611 (+91) 22 2283 5851
Indonesia	Balikpapan Jakarta Surabaya	(+62) 542 7213 794 (+62) 21 515 2084 (+62) 31 827 3240
Ireland	Dublin	(+353) 1 669 4884
Isle of Man	Douglas	(+44) 1624 683 699
Italy	Rome	(+39) 06 367 12208
Japan	Tokyo	(+81) 3 5297 4700
Republic of Korea[1]	Busan Seoul	(+82) 2 752 1891 (+82) 2 752 1891
Malaysia	Selangor	(+60) 3 7781 2260
Mexico	Mexico City	(+52) 55 3000 1880
Panama	Panama City	(+507) 388 7037
Peru	Lima	(+51) 01 500 5030
Philippines	Manila	(+44) 20 3320 2269
Qatar	Doha	(+974) 4436 8254
Kingdom of Saudi Arabia	Jeddah Riyadh	(+966) 11472 4728 (+966) 1 472 4728
Singapore	Singapore (P&I) Singapore (Aviation) Singapore (Energy) Singapore (Marine)	(+65) 6506 2896 (+65) 6506 2894 (+65) 6506 2891 (+65) 6506 2897
South Africa	Cape Town Johannesburg	(+27) 21 794 2657 (+44) 1425 480 333
Taiwan	Taipei	(+886) 2 2706 6509
United Kingdom (CTGA = Charles Taylor General Adjusters offices)	Aberdeen Basingstoke (CTGA) Bath (Criterion) Belfast (CTGA)	(+44) 1343 850 465 (+44) 125 633 6241 (+44) 1483 891 999 (+44) 289 067 1099

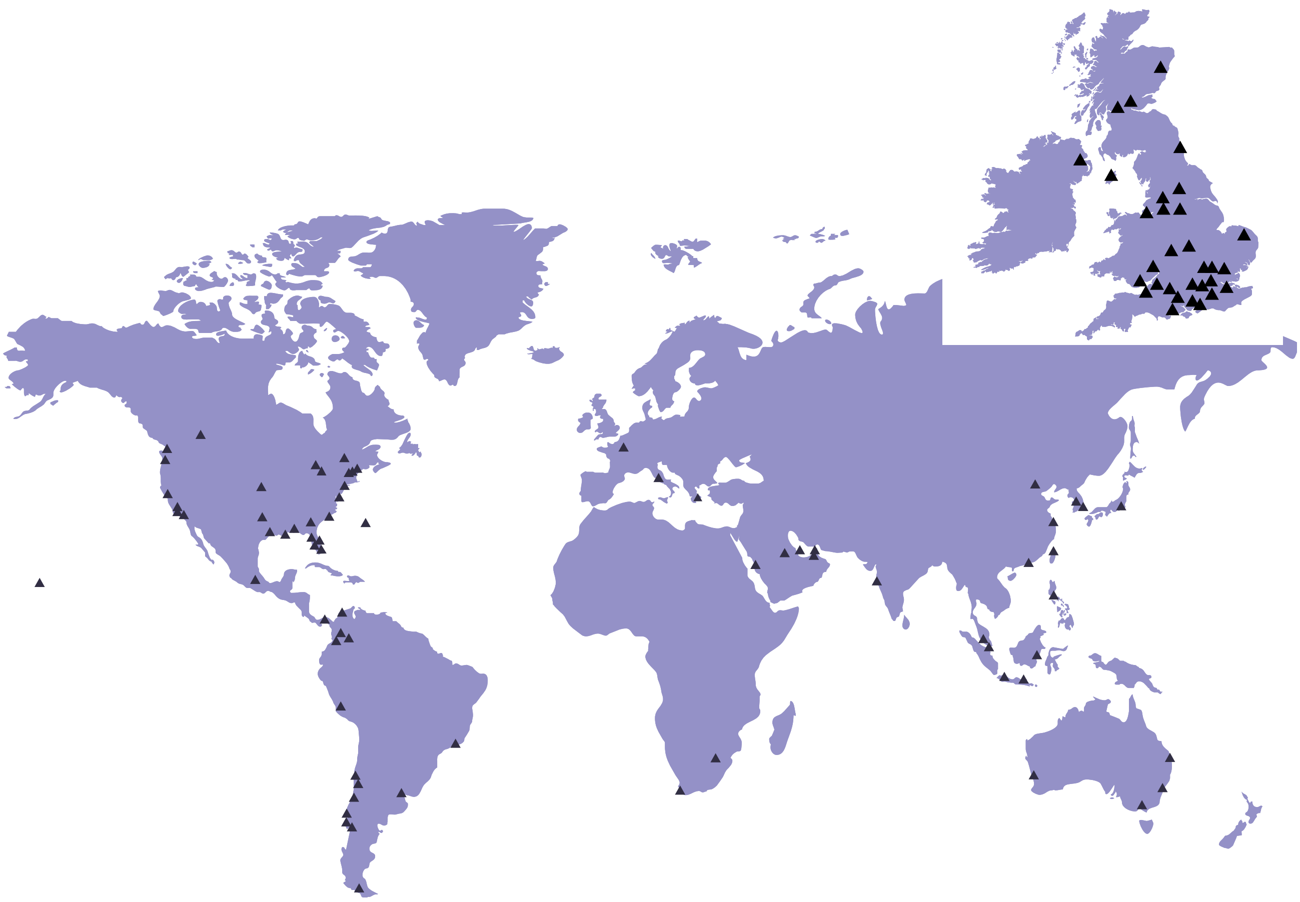
1. Associated undertaking.

		Telephone no
United Kingdom (continued) (CTGA = Charles Taylor General Adjusters offices)	Birmingham (CTGA)	(+44) 167 546 6441
	Bournemouth	(+44) 124 362 1000
	Bury (CTGA)	(+44) 161 705 4358
	Cardiff (CTGA)	(+44) 292 023 6060
	Chelmsford (CTGA)	(+44) 124 534 7496
	Chichester (Criterion)	(+44) 1483 891 999
	East Grinstead (Criterion)	(+44) 1483 891 999
	Funtington	(+44) 124 362 1000
	Glasgow	(+44) 141 221 2992
	Glasgow (CTGA)	(+44) 141 883 8771
	Guildford (Criterion)	(+44) 1483 891 999
	Guildford (CTGA)	(+44) 20 7336 8500
	Harpenden (Criterion)	(+44) 1483 891 999
	Leeds	(+44) 113 212 3201
	Leicester (Criterion)	(+44) 1483 891 999
	Liverpool	(+44) 151 227 2175
	London The Minster Building	(+44) 20 3320 8888
	London St John's Square (CTGA)	(+44) 20 7336 8500
	London (Criterion)	(+44) 1483 891 999
	London West (Criterion)	(+44) 1483 891 999
	Manchester (Criterion)	(+44) 1483 891 999
	Newcastle	(+44) 191 232 2745
	Newcastle (CTGA)	(+44) 191 251 8279
	Norwich (Criterion)	(+44) 1483 891 999
	Norwich (CTGA)	(+44) 20 7336 8500
	Ringwood, Hampshire	(+44) 1425 480 333
	Ross-on-Wye (Criterion)	(+44) 7887 505 009
	Salisbury (Criterion)	(+44) 7885 315 180
	Sheffield (CTGA)	(+44) 114 275 7030
	Stirling (Criterion)	(+44) 1483 891 999
	Swanley (Criterion)	(+44) 1483 891 999
	Welwyn (Criterion)	(+44) 1483 891 999
	Weston-Super-Mare (Criterion)	(+44) 1483 891 999
United Arab Emirates	Abu Dhabi	(+971) 561 707 506
	Dubai	(+971) 4 335 6490
United States of America	Atlanta, GA	(+1) 770 925 5162
	Charleston, SC	(+1) 203 210 1615
	Chicago, IL	(+1) 312 282 4720
	Dallas, TX (Signal)	(+1) 972 770 1480
	Dallas, TX (Aviation)	(+1) 972 447 2050
	Fort Lauderdale, FL	(+1) 954 205 1372
	Honolulu, HI	(+1) 808 829 4354
	Houston, TX	(+1) 713 840 1642
	Long Beach, CA (Signal)	(+1) 562 437 8100
	Long Beach, CA (CTTPA)	(+1) 562 273 4970
	Los Angeles, CA	(+1) 714 204 6725
	Miami, FL	(+1) 954 447 9840
	Mobile, AL	(+1) 203 210 1670
	Newark, NJ	(+1) 347 607 7286
	New Orleans, LA	(+1) 203 210 1630
	New York, NY (P&I)	(+1) 212 809 8085
	New York, NY (Adjusting)	(+1) 212 809 8082
	Norfolk, VA	(+1) 203 210 1627
	North Babylon, NY	(+1) 631 285 6934
	San Diego, CA	(+1) 617 320 6210
	San Francisco, CA	(+1) 415 233 1121
	Sarasota, FL	(+1) 206 465 2152
	Seattle, WA	(+1) 206 284 0475
	Tulsa, OK	(+1) 918 504 5853
	Tampa, FL	(+1) 203 210 0132
	Wilton, CT	(+1) 203 761 6060

Charles Taylor plc is a global provider of professional services and technology solutions to the insurance market. Our vision is to transform the global insurance market by enabling all our clients to do their business fundamentally better.

Insurance is a global business and we have offices located across the globe to provide our services and solutions wherever they are required.

We operate in around 120 locations spread across more than 30 countries in the UK, the Americas, Asia Pacific, Europe, the Middle East and Africa.



Charles Taylor plc
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21 Mincing Lane
London EC3R 7AG

T: +44 20 3320 8888
E: headoffice@ctplc.com

www.ctplc.com