ANNUAL REPORT AND ACCOUNTS 2017

FDM Group (Holdings) plc

Contents

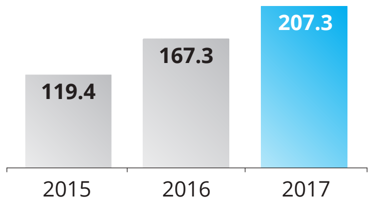
Highlights

FDM has delivered on its key financial and operational objectives.

Financial

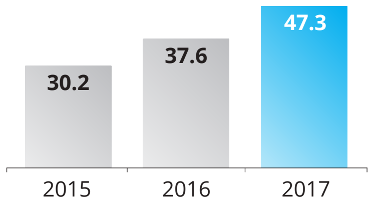
Mountie revenue[1] (£m)

£207.3m +24%



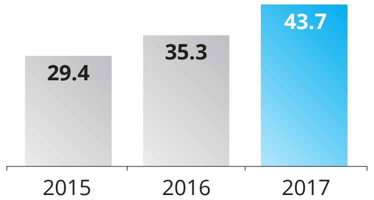
Adjusted operating profit[2] (£m)

£47.3m +26%



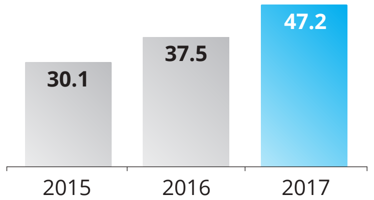
Profit before tax (£m)

£43.7m +24%



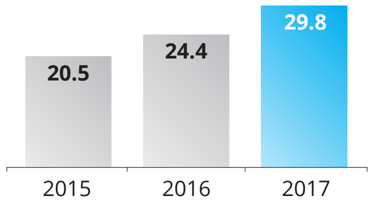
Adjusted profit before tax[2] (£m)

£47.2m +26%



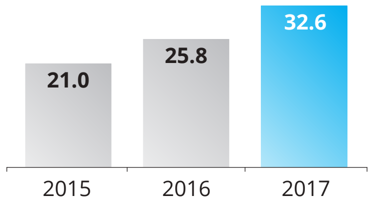
Basic earnings per share (pence)

29.8 pence +22%



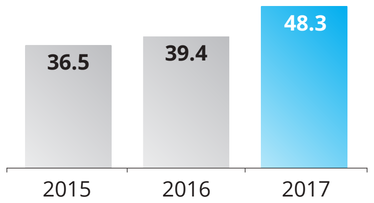
Adjusted basic earnings per share[2] (pence)

32.6 pence +26%



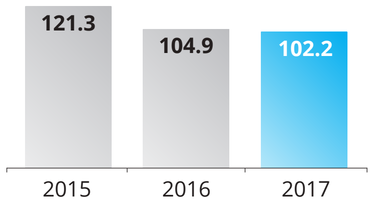
Cash flow generated from operations (£m)

£48.3m +23%



Adjusted cash conversion[2] (%)

102.2% -3%



Operational

- Mounties assigned to client sites at week 52[3] were up 17% at 3,170 (2016: 2,705)
- 72 new clients secured globally (2016: 49)
- Mountie utilisation rate[4] for the year to 31 December 2017 was 97.3% (2016: 97.4%)
- Continued sector diversification, with 72% (2016: 67%) of new clients won during the year outside the financial services sector
- Further successful geographic expansion particularly in APAC, which grew Mounties assigned by 31% compared with week 52 2016
- 29% increase in number of online applications received
- 1,626 training completions in 2017 (2016: 1,807)
- Continued investment in training Academies, with global training capacity at year-end up by 9% over December 2016
- Final dividend of 14.0 pence per share giving a total ordinary dividend for the year of 26.0 pence, an increase of 33% on 2016
- 2017 saw the Group report a median differential of 0.0% in its UK Gender Pay Gap Report

1 Mountie revenue excludes revenue from contractors. See page 33 for analysis of revenue.
2 The adjusted operating profit, adjusted profit before tax and adjusted cash conversion are calculated before Performance Share Plan expenses (including social security costs) of £3.6m (2016: £2.2m). The adjusted basic earnings per share is calculated before the impact of Performance Share Plan expenses (including social security costs and associated deferred tax). Adjusted cash conversion is calculated by dividing cash flow from operations by adjusted profit before tax. See also page 34 for further details of adjusted items.
3 Week 52 in 2017 commenced on 18 December 2017 (2016: week 52 commenced on 26 December 2016).
4 Utilisation is calculated as the ratio of cost of utilised Mounties to the total Mountie payroll cost.

About FDM

The Group

FDM Group (Holdings) plc ("the Company") and its subsidiaries (together "the Group" or "FDM") is a global professional services provider with a focus on Information Technology ("IT"). FDM brings people and technology together; creating and inspiring exciting careers that shape our digital future.

The Group's principal business activities involve sourcing, training and placing its own permanent IT and business consultants ("Mounties") at client sites. The Group also supplies contractors to clients, either to supplement its own employed consultants' skill sets or to provide additional experience where required. FDM specialises in a range of technical and business disciplines including Development, Testing, IT Service Management, Project Management Office, Data Services, Business Analysis, Business Intelligence and Cyber Security.

The FDM Careers Programme bridges the gap for graduates, ex-Forces and returners to work, providing them with the training and experience required to successfully launch or re-launch their career. FDM has dedicated training centres and sales operations located in London, Leeds, Glasgow, New York, Virginia, Toronto, Frankfurt, Singapore and Hong Kong. FDM also operates in China, Ireland, France, Switzerland, Austria, Denmark, Spain, Australia and South Africa.

FDM is a strong advocate of diversity and inclusion in the workplace, with over 75 nationalities working together as a team. The Group became an early adopter of the UK's Gender Pay Gap reporting policy, making FDM the sixth company in the UK to release its figures. FDM was featured as one of the Best Employers for Race by Business in the Community and in the first Social Mobility Employer Index by the Social Mobility Foundation and Social Mobility Commission in 2017. FDM was also recognised as Company of the Year at the TechWomen50 Awards 2017.

Watch our Defining our Values video

Partnering with 72 new clients worldwide in 2017

One of the UK's leading IT graduate employers

FTSE 250 multi award-winning employer

Driving diversity and inclusion in the workplace

Hiring graduates, ex-Forces and returners to work

Working in multiple sectors

FDM's vision and values

FDM's vision is to be recognised as the leading provider and preferred choice for innovative and specialised IT and business services, whilst creating and inspiring exciting careers that shape our digital future. This is driven through the following values:

AMBITION

We set ourselves challenging goals and are determined to achieve them

COLLABORATION

We work best when we work together

ENERGY

We thrive on activity and getting things done

INCLUSIVITY

We embrace and bring together the best people with diverse backgrounds and experiences

PROFESSIONALISM

We work to high standards

GROWTH

We like to be challenged and have a willingness to learn, innovate and improve

Forward-looking statements

This Annual Report contains statements which constitute "forward-looking statements". Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

Industry awards received during the year included:

- The Job Crowd's Top 100 Companies For Graduates To Work For 2017/18
- The Guardian UK 300 Most Popular Graduate Employers for 2017/18
- Top 50 Employer in the UK Social Mobility Index 2017
- Business in the Community Best Employers for Race 2017
- TechWomen50 Awards – Company of the Year 2017
- Scotland Women in Technology Awards – Lifetime Achievement Award – FDM COO
- Computing Women in IT Excellence Awards – Woman of the Year 2017 – FDM COO
- Computer Weekly 50 Most Influential Women in UK IT 2017 – FDM COO
- MoD Employer Recognition Scheme (ERS) – Gold Award
- The Herald and GenAnalytics Diversity Awards – Diversity Star Performer (1000+ employees) 2017
- s1 Recruitment Awards – Best Employer Brand and Best Employer Training & Development 2017
- Best in Biz Awards North America – Fastest Growing Company of the Year – Large (Silver Award) 2017
- US Veterans Magazine Best of the Best Top Veteran-Friendly Companies 2017
- Military Times Best for Vets Employer 2017
- RecruitMilitary Most Valuable Employers (MVE) for Military 2017
- Virginia Values Veterans (V3) Readiness Award 2017
- Fair Company 2017 and MINT Minded Company 2017
- Kununu Top Company and Open Company 2017

FDM is a strong advocate of diversity and inclusion in the workplace, with over 75 nationalities working together as a team

Chairman’s Statement

Group revenues

+23%

Group revenues increased by 23% to £234 million with growth in revenues being delivered by each operating region

Total ordinary dividend

+33%

The total ordinary dividend for 2017 is 26 pence, up 33% on 2016 enabled by the strong cash generative performance by the Group in 2017

Ivan Martin
Chairman

“Continued strong performance in a year that saw us become a FTSE 250 company.”

Performance

I am pleased to report a strong performance for 2017, with the Group delivering 17% growth in Mountie headcount, including growth of at least 15% in Mountie headcount in each of our operating regions, and ending the year with a record 3,170 Mounties placed on client sites.

The Group’s financial position remains strong with a closing cash balance £9.0 million higher than 2016 at £36.8 million and no debt.

Strategic progress

It is the successful implementation of our strategy that has enabled us to deliver another year of strong operational and financial performance. I am delighted with the progress we have made in the year against all four of our stated strategic objectives: we welcomed almost 2,000 new recruits into the FDM Careers Programme; we increased the total number of our training Academies to nine; we gained 72 new clients across and the Group and we placed Mounties for the first time in Australia and Spain.

Culture and values

We continue to be rated highly by our employees in the areas of culture, colleagues and career progression. Our values of ambition, collaboration, energy, inclusivity, professionalism and growth are all ingrained within our culture and are actively promoted by the Board. We work to inspire commitment to and promotion of these values in each of our employees.

Governance

The Board firmly believes that robust Corporate Governance and risk management are essential to maintaining the stability of the Group. Our approach to risk management and our risk management procedures were independently reviewed during the year and the findings were positive. I report separately on Corporate Governance on page 61 of the Annual Report.

Dividend

The Group has a progressive dividend policy, aimed at increasing the annual dividend broadly in line with growth in the Group’s earnings per share. We intend to pay a final dividend of 14.0 pence, taking the total ordinary dividend to 26.0 pence, up 33% on 2016.

People

Our results this year once again reflect the dedication and professionalism of all our employees across the Group in 2017. We are very proud that our unique and proven business model enables us to create and inspire exciting careers that shape our digital future. On behalf of the Board, I would like to thank all our employees for their significant contribution to the performance of the Group.

The Board

I have informed the Board that I intend to step down later in the current year and have asked the Board to start the process to find a new Chairman to succeed me. The current intention is that I will step down once that search has been successfully completed.

I have served as Chairman of FDM since October 2006. Since the Company’s IPO in June 2014, FDM has reported four consecutive years of strong profit performance while continuing to expand overseas and grow revenue. This has been reflected in the Company's share price, which has increased by around 280% since the Company’s IPO in June 2014. The continued success of FDM in the period since the IPO has also resulted in the Company’s entry into the FTSE 250 in June 2017 – marking a key milestone in the Company’s evolution.

In recognition of the fact that I am in my 12th year as Chairman, and having recently adopted a new three-year strategic plan, the Board is looking ahead to the next phase of the Company’s development and growth. In the light of this, the Board and I believe that the time is now right to begin the search for a new independent Non-Executive Chairman.

The search has commenced and will be led by the Company's Nomination Committee, to be chaired by the Senior Independent Director. A further update will be provided to shareholders in due course.

Outlook

The new year has begun positively for the Group and I am confident that 2018 will see FDM continue to deliver against its strategic objectives.

I. Martin

Ivan Martin
Chairman
6 March 2018

Chief Executive's Review

Mounties placed with clients

+17%

Mounties placed with clients grew 17% to 3,170 at week 52 2017, exceeding 3,000 for the first time during 2017

Rod Flavell
Chief Executive Officer

"The Group returned a strong performance in 2017, generating growth in Mountie numbers, revenue and profit while continuing to invest, in each of its territories, in sustainable and long term growth. During the early part of 2018 FDM has seen continued strong momentum across all of its markets and I am confident FDM will deliver another year of good operational and financial performance in 2018."

Overview

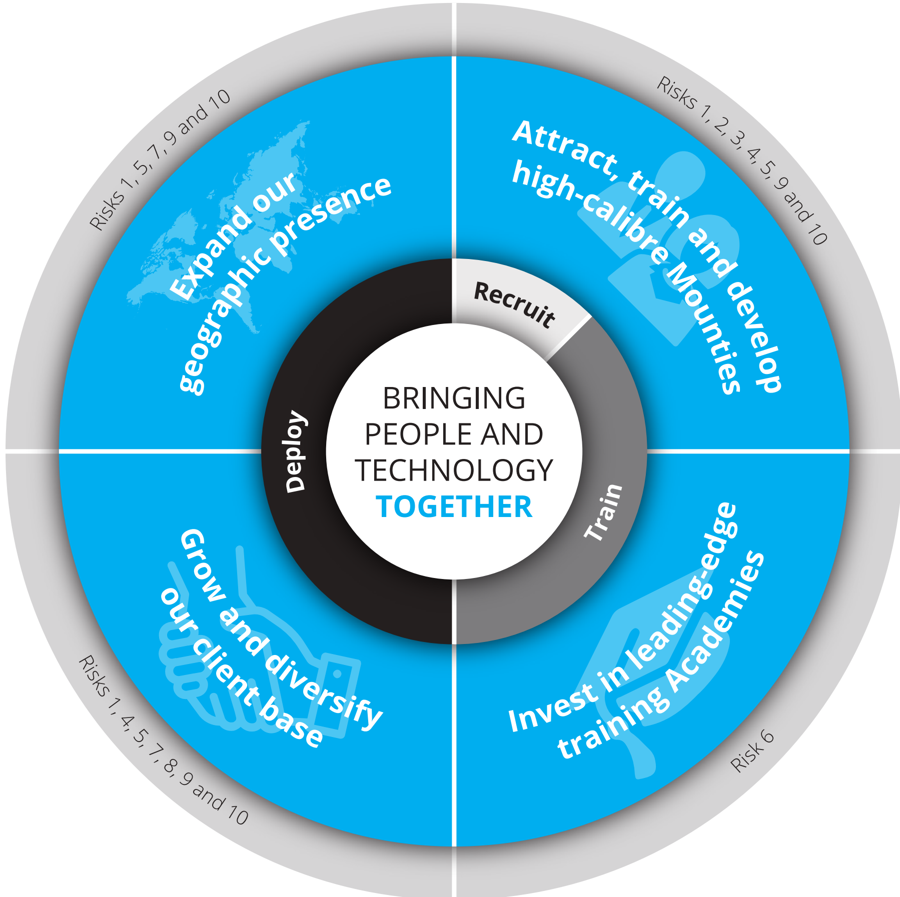
We ended the year with an impressive 3,170 Mounties placed with clients. The Group achieved growth in revenue of £44.2 million and delivered an adjusted profit before tax[1] of £47.2 million. Each of our operating regions delivered good growth as outlined on pages 26 to 30.

I have set out in detail below how we delivered on our key strategic objectives in 2017. Our strategic objectives, which are closely aligned to our business model, have provided a disciplined framework to focus our plans for investing in new and existing territories and for investing in the infrastructure needed to attract the highest calibre of people to join our business.

Our strategy

FDM's strategy is to deliver customer led, sustainable, profitable growth on a consistent basis, through its well-established Mountie model. This strategy requires that all activities and investments produce the appropriate level of profit and return on cash, that they deliver sustained and measurable improvements for all our stakeholders including customers, staff and shareholders, and that they further FDM's objective of launching the careers of talented people worldwide.

FDM's strategy is underpinned by four key objectives: Attract, train and develop high-calibre Mounties; Invest in leading-edge training Academies; Grow and diversify our client base; and Expand our geographic presence.



For further details on our Business Model see pages 22 to 25
For further details on our Risks and Risk Management see pages 37 to 45

1 The adjusted profit before tax is calculated before Performance Share Plan expenses (including social security costs).

Attract, train and develop high-calibre Mounties

In the UK, FDM is one of the leading graduate employers, an achievement we are looking to emulate across the Group. We have worked to develop relationships with leading universities and multiple arms of the military. With online applications up 29% year-on-year, FDM is in a strong position at the start of 2018.

FDM is currently one of the top 50 companies on the Social Mobility Employer Index. FDM provides sponsorship for student societies and university skills awards across all subject disciplines, as well as industry events such as the FDM everywoman in Technology Awards. 2017 saw 1,626 training completions across the Group (2016: 1,807 training completions). Investment in training has generated an 18% increase in training staff, with 99 employed across the Group's training Academies at 31 December 2017. During the year over 200 courses were delivered covering our ten core streams. In 2017 over 1,000 certificates for formally accredited training programmes were awarded, including SCRUM, ITIL, ISTQB and Prince.

Our programme provides thousands of people each year with the opportunity to launch or further their careers – with a permanent and meaningful employment role for a minimum of two years. Supported by a network of peers, our Mounties have the opportunity to work for a broad range of well-known international businesses having received comprehensive, role-specific training. Of our UK Graduate intake, 86% attended a state school and 32% were the first in their family to go to university. 9% of our Mounties on site at week 52 have advanced through our Ex-Forces Programme. Whilst our business model operates on the premise that the average length of a Mountie's engagement with FDM is approximately three years, the training provided by FDM enables our Mounties to develop exciting and rewarding careers beyond their time with us.

Our pathways
Each of our pathways follows the three step business model; Recruit, Train, and Deploy. This model is designed to provide trainees with the relevant support to develop and grow professionally and to open doors to an exciting career in IT.

Graduate
At a critical time in their lives, FDM supports graduates in the transition from university to the world of professional employment. Opportunities are available to graduates, who may not previously have considered a career in the disciplines in which FDM operates. Approximately 90% of FDM's Mounties placed on site at 31 December 2017 progressed through our graduate pathway and the inspiration and motivation of these individuals provide the backbone of FDM's business. FDM has been recognised as a top graduate employer, featuring in 'The Job Crowd's Top 100 Companies For Graduates to Work For' for seven consecutive years.

FDM is currently one of the top 50 companies in the Social Mobility Employer Index

We recognise that people who have served in the Armed Forces have many transferable skills, ranging from adaptability and maturity to responsibility and leadership

Ex-Forces
Our dedicated Ex-Forces Programme in the UK and USA supports ex-Forces personnel by offering the opportunity to pursue a career in IT and business. We recognise that people who have served in the Armed Forces have many transferable skills, ranging from adaptability and maturity to responsibility and leadership that are crucial to a successful career in the corporate world. Our Ex-Forces Programme is managed by ex-service personnel and employs ex-servicemen and women from all ranks and across all three services.

Ex-Forces ranks at FDM in the UK:

Junior Ranks	Senior NCOs	Officers
41%	34%	25%

Returners to Work
FDM's 'Getting Back to Business' Programme is designed specifically to provide employment opportunities for high-calibre individuals who have taken an extended career break, facilitating their re-entry into the workplace. The support offered by FDM enables our candidates to regain confidence, upskill and interview to join one of our clients as part of an effective business team.

Invest in leading-edge training Academies

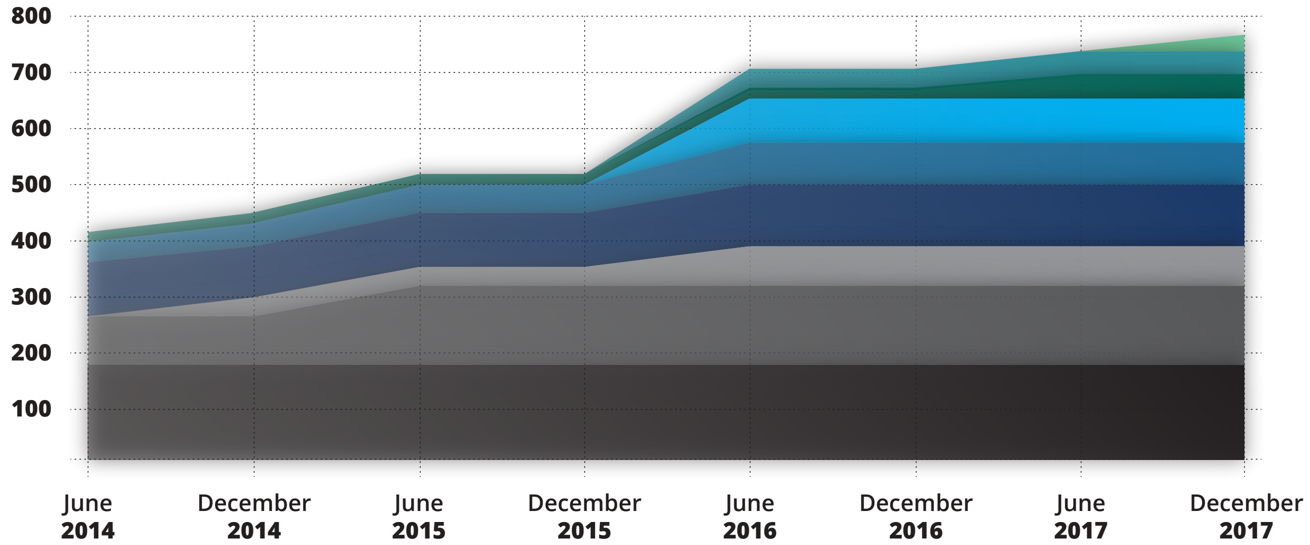
FDM Academies are dynamic, high-technology facilities, where our skilled and knowledgeable trainers provide first class training. The opening of our Academy in Singapore during 2017 brings the total number of our permanent Academies to nine.

Training capacity (the number of available training seats at a given point in time) has increased by 9% over the year to 777 at 31 December 2017. Over 1,600 individuals have completed training through FDM's Academies during 2017.

In line with our strategy to increase our presence in new markets, a temporary training centre opened in Sydney in January 2017. Staffed by trainers from across the Group, this pop-up Academy trained the 20 Mounties successfully placed in Australia in 2017.

Academy development is key to securing a flow of Mounties to support our growth. As our training capacity continues to increase, so has our ratio of trainers to trainees, demonstrating our commitment to ensuring trainees have the required level of support during their development. FDM currently employs 99 training staff across the Group.

The journey so far: Our Academies



Training seats at 31 December 2017

Singapore	30	Reston	80	Glasgow	72
Hong Kong	40	Toronto	74	Leeds	140
Frankfurt	48	New York	111	London	182

Grow and diversify our client base

FDM is committed to delivering the highest level of service to its clients. The Group has a concentration of clients in the financial services sector and is continually expanding the number of service streams that it offers to financial services clients. We are continuing to develop our presence in other sectors, of the 72 new customers gained in the year, 52 were outside the financial services sector. FDM's presence in the public sector has improved significantly and Mountie headcount in this market increased by 34% in the year.

FDM's involvement in our key projects has been invaluable to Virgin Media. Young, enthusiastic individuals who are keen to progress and always give their best. Looking forward to getting more FDM graduates in!

Taz Hussein

Senior Commercial Manager
Virgin Media

We have worked with FDM Group over the last four years to help build a strong and diverse talent pipeline for the IT function. They have identified skilled and capable men and women who are helping us create a workforce that's representative of the societies in which we operate, and essential for the sustainability and growth of our global operations.

Ed Alford

CIO and VP of IT Services
BP Group

Expand our geographic presence

Good progress has been made in each of the geographic markets in which we operate with the number of Mounties on site increasing in each region. The largest increase came in the UK and Ireland, which saw Mountie headcount increase by 239 (16%), followed by North America which increased headcount by 133 (16%), APAC which was up by 73 heads (31%), and EMEA which was up by 20 heads (15%). The growth in APAC includes 20 Mounties placed for the first time in Australia.

A permanent training Academy and sales centre was opened in Singapore in April 2017, with the aim of mirroring the growth and success demonstrated by our Hong Kong operations. We expanded our Frankfurt training Academy during 2017 and are about to expand our existing Academy in Toronto. We also opened a branch in Spain, as planned. Our continuing investment each year in our training facilities demonstrates our commitment to increasing our presence in new and existing markets for our business.

An overview of the financial performance and developments in each of the markets in which we operate is set out on pages 26 to 30.

Our service offerings

FDM continues to monitor industry trends to identify new opportunities for services, working closely with existing and potential clients to understand their strategy and expected future technology direction.

In 2017 we conducted a "soft launch" into Robotic Process Automation ("RPA") taking Mounties from the standard Business Analysis and Software Development programmes and providing additional training in specific RPA tools to meet client demand. Also during 2017, as coding and automation skills become more relevant across the delivery pipeline, FDM delivered an increasing number of Test Automation & DevOps engineers using Mounties from our standard technical programmes who had been trained to meet the needs of specific clients.

The IT landscape continues to become more complex year on year, requiring more diverse skillsets underpinned by core competencies in one or more disciplines including coding, data analytics, operations and cyber security. To meet this challenge FDM constantly re-evaluates its training to ensure we deliver, at scale, a consultant workface best suited to the wide range of technology roles required.

During 2018, FDM's core training proposition will continue to evolve, remaining flexible to best meet the needs of our clients. Delivering effective training requires a combination of learning delivery methods including classroom-based training, e-learning and an emphasis on gaining practical experience using appropriate tools and methodologies.

We pursue appropriate partnerships with industry leading product vendors and suppliers to support the training programmes developed and maintained in-house to ensure the best possible preparation for our Mounties.

Our people - talented, ambitious, enthusiastic and diverse

Empowered by working for an award winning company, our employees are hardworking, motivated and ambitious, which results in a dynamic working environment. Rewarding our team is important. We offer networking opportunities alongside a variety of social and corporate events as well as granting achievement awards each month for exemplary work. Our focus is on ensuring that our team is performing successfully and delivering strong results which together support the continuing growth and development of FDM. Our people are prepared to go the extra mile and take pride in contributing towards the Group's success.

FDM continues to champion a number of people initiatives. It employs over 280 ex-Forces personnel in the UK and USA and in 2017 FDM USA was recognised as a Most Valuable Employer for Military (by RecruitMilitary.com) and a Best for Vets Employer (by The Military Times) for the fourth year running. The Group supports the advancement of women in the IT industry through the global "FDM Women in IT" initiative, with 28% of the workforce now female. We were delighted to be the sixth company in the UK to publish its UK Gender Pay Gap Report, showing a median pay gap of 0%.

We continue to seek ways to retain and develop our best people. During 2017 further awards were made under the Performance Share Plan. Since its launch in 2015, employees from all parts of the Group have benefited from these awards. The first awards, granted in 2015 are due to vest in April 2018, rewarding our employees for their dedication and hard work over the last three years.

I would like to extend the Board's thanks to every FDM employee, as it is their commitment and performance that enable us to continue to grow our business successfully. During 2017, the Group trained 1,626 Mounties and ended the year with 3,170 Mounties at client sites, an achievement made possible by the strength and commitment of our management, recruitment, sales and training teams.

Looking forward

I anticipate that 2018 will be another year in which FDM delivers good operational and financial performance.

Rod Flavell
Chief Executive Officer
6 March 2018

Our employees are hardworking, motivated and ambitious, creating a dynamic working environment

Key Performance Indicators

We focus on a number of Key Performance Indicators ("KPIs") to identify trends in the operating and trading performance of the Group. The Group aims to increase profitability, maintain a robust balance sheet and invest in operations and new locations to underpin the organic growth of the Group. The Group continues to deliver strong margins and converts profits into operating cash flow for investment and to provide a return to shareholders. KPI targets, used as a basis for remuneration awards, are included in the Remuneration Report.

The adjusted numbers in the KPI analysis remove the impact of costs associated with the Performance Share Plan, to provide a clear understanding of the underlying trading performance.

FDM's four key strategic objectives:

- Attract, train and develop high-calibre Mounties
- Invest in leading-edge training Academies
- Grow and diversify our client base
- Expand our geographic presence

Financial KPIs	Performance	Description	Link to strategy	Link to business model	Link to risk
Mountie revenue (£m) **+24%**	2017: 207 2016: 167 2015: 119	Significant growth in Mountie headcount resulting in a 24% growth in Mountie revenue		Deploy	1 2 3 4 5 6 7 8 9 10 11
Adjusted operating profit[1] (£m) **+26%**	2017: 47 2016: 38 2015: 30	The Group delivered operating profit growth through increasing Mountie headcount whilst investing in its operational capacity		Recruit Train Deploy	1 2 3 4 5 6 7 8 9 10 11
Adjusted basic earnings per share[1] (pence) **+26%**	2017: 32.6 2016: 25.8 2015: 21.0	We have delivered earnings growth in line with our targets		Recruit Train Deploy	1 2 3 4 5 6 7 8 9 10 11
Cash flow generated from operations (£m) **+23%**	2017: 48 2016: 39 2015: 36	The Group closed the year with cash balances of £36.8 million (2016: £27.8 million)		Recruit Train Deploy	1 2 3 4 5 6 7 8 9 10 11
Adjusted cash conversion[1] (%) **-3%**	2017: 102 2016: 105 2015: 121	The improvements in working capital management in 2016 have been maintained in 2017 and our cash conversion remains in line with our target of 100%		Recruit Train Deploy	1 3 4 5 6 7 8 9 10 11
Operational KPIs					
Mounties on client sites (week 52) **+17%**	2017: 3,170 2016: 2,705 2015: 2,022	Increase in Mountie headcount across all regions with 72 new clients won during 2017		Deploy	1 2 3 4 5 6 7 8 9 10 11
Mountie utilisation rate (%) **-0.1%**	2017: 97.3 2016: 97.4 2015: 97.8	Change in Mountie utilisation rate in 2017 was negligible and remained within expected tolerances		Deploy	1 2 3 4 5 6 7 8 9 10 11
Training completions **-10%**	2017: 1,626 2016: 1,807 2015: 1,240	The number of Mounties completing training decreased by 10%, a factor of the timing of training completions around year end		Recruit Train	1 3 5 6 7 8 9 10 11

1 The adjusted operating profit and adjusted cash conversion are calculated before Performance Share Plan expenses (including social security costs). The adjusted basic earnings per share is calculated before the impact of Performance Share Plan expenses (including social security costs and associated deferred tax).

FDM's principal risks are detailed on pages 37 to 45.
FDM's four key strategic objectives are explained in more detail on pages 9 to 16.
The components of FDM's business model are shown on pages 22 to 24.

Business Model

Bringing People and Technology together

What sets us apart

Our people

- As employees of FDM, our Mounties are trained to the latest industry standards

Global coverage

- International presence with localised support in nine dedicated locations
- State of the art training facilities

Track record of success

- Robust credentials with 26 years of operational success
- Cost effective, value added business model

Bespoke approach

- Low-risk solution as FDM retains full accountability for Mounties
- Scalable capacity with no minimum requirement
- Ability to tailor recruitment and training
- Guaranteed resource for up to two years
- Option to transfer from FDM to permanent after two years

How our business works

We recruit

We recruit the best people amongst:

- Graduates
- Ex-Forces
- Returners to work

For more information see page 24

We train

We offer extensive training to successful candidates through our award-winning training

For more information see page 24

We deploy

We place Mounties at a diverse range of clients, when placed Mounties enter a two-year bond period

For more information see page 24

Beyond the two years

Following completion of the two-year bond period there is the option for Mounties to transition permanently with clients or embark on a new placement with FDM

The value we create

For our customers
We provide our clients with a first-class, flexible resource at a competitive price.

3,000+
Mounties on client site

For our shareholders
FDM has consistently delivered value for our shareholders.

22%
growth in earnings per share

33%
growth in annual dividends

For our employees
On-going professional development and support available to our employees throughout their career at FDM.

4,100
FDM employees globally

75+
nationalities

For our trainees
Our award-winning training enables our trainees to transition into professional IT and business consultants, with relevant technical skills and commercial experience.

1,626
training completions in 2017

Underpinned by our values

Ambition
We set ourselves challenging goals and are determined to achieve them

Collaboration
We work best when we work together

Energy
We thrive on activity and getting things done

Inclusivity
We embrace and bring together the best people with diverse backgrounds and experiences

Professionalism
We work to high standards

Growth
We like to be challenged and have a willingness to learn, innovate and improve

We recruit

The FDM recruitment teams work to ensure that the highest calibre of candidates are recruited for our training programmes. We have three pathways to success: Graduate; Ex-Forces; and Getting Back to Business.

We have recruitment teams in each of our permanent centres, which enable us to deliver our global experience locally.

Our successful partnerships with key universities provide a link to top graduates. During 2017, we held over 600 graduate recruitment events reaching over 400 universities and attracted a record 81,000 online applications.

Our recruitment teams engage with candidates and guide them through a three-stage application process, which begins with an online application. Successful applicants are invited to the second stage: a phone or video interview to determine IT or commercial industry knowledge, career aspirations and communication skills. The final stage is an assessment day at one of our centres, involving aptitude tests and various interviews, to determine suitability for the programme and each candidate's fit with FDM's culture. The assessment day provides our candidates with an opportunity to visit one of our centres to see our training facilities.

We train

After assessment, successful candidates are offered a place on our award-winning training programme which offers extensive training, commercial experience and an opportunity for fast-track career progression. Our trainees are supported throughout by a peer support system.

FDM has nine permanent Academies strategically located across the world, staffed with highly-skilled trainers.

A standard programme involves an intensive three-month training period and combines a technical education with industry-standard certifications and professional training, resulting in a high quality professional IT or business consultant – the FDM Mountie. Prior to completing the training programme, our trainees are interviewed by our clients, ready for placement at client sites.

We deploy

Interviews are arranged with our clients during which they select a Mountie best suited to their requirements. Upon securing a placement the new Mounties enter a two-year bond period. As training is matched to client requirements, our flexible and trained consultants are operational from day one.

Every Mountie is assigned a relationship manager as a sustained point of contact throughout their time at FDM. FDM provides support via a network of Consultant Peer Support Ambassadors, a mentoring programme and ME+®scheme, a career self-development mobile app.

Following completion of the two-year bond period there is the option for Mounties to transition permanently with clients or embark on a new placement with FDM.

CASE STUDY: University Relations

Birmingham University

One of the world's top 100 universities and part of the UK's Russell Group of leading universities

Through dedicated contacts within the careers service and academic department, we have formed a partnership with the University of Birmingham. Both the university and FDM have spent time getting to understand each other's opportunities and have developed a clear strategy around the work we are delivering at the university. With our activity on campus focused on Computer Science undergraduate and conversion courses, Mathematics and all the Sciences, we have seen a marked increase in the number of students participating in our work experience and graduate programmes, particularly in technical subjects. As a result, we now have a dedicated student Brand Ambassador on campus supporting our activities, including curriculum input, workshops, networking sessions and presentations to sponsorship of the annual Women in Tech Conference organised and run by the Women in Science and Engineering Society.

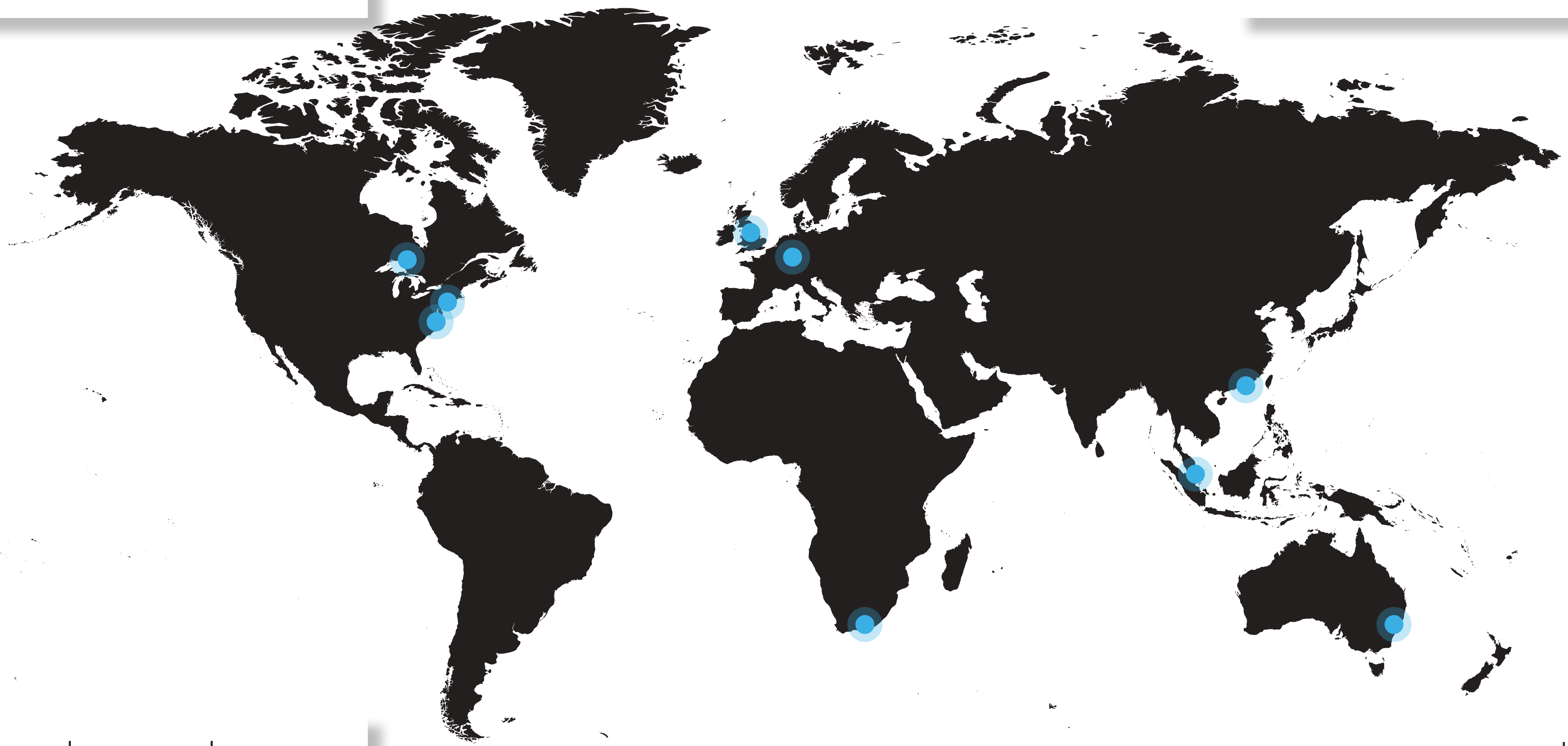
Our Markets

North America	2017	2016
Mountie revenue	£73.8m	£54.2m
Adjusted operating profit[1]	£15.3m	£9.3m
Mountie numbers	965	832
Training completions	534	521

+36%
North America Mountie revenue

+13%
UK and Ireland Mountie revenue

UK and Ireland	2017	2016
Mountie revenue	£106.7m	£93.9m
Adjusted operating profit[1]	£31.5m	£27.8m
Mountie numbers	1,744	1,505
Training completions	839	1,068



EMEA	2017	2016
Mountie revenue	£13.1m	£12.0m
Adjusted operating profit[1]	£0.9m	£1.2m
Mountie numbers	155	135
Training completions	98	89

+9%
EMEA Mountie revenue

+90%
APAC Mountie revenue

APAC	2017	2016
Mountie revenue	£13.7m	£7.2m
Adjusted operating loss[1]	£(0.3)m	£(0.7)m
Mountie numbers	306	233
Training completions	155	129

1 The adjusted operated profit / (loss) is calculated before Performance Share Plan expenses (including social security costs).

FDM in Scotland won ‘Best Employer Training and Development 2017’ at the s1 Recruitment Awards and the ‘Diversity Star Performer 2017’ at the Herald and GenAnalytics Diversity Awards

UK and Ireland

We closed the year with 1,744 Mounties placed on client sites, an increase of 16% on the 1,505 at week 52 2016. Adjusted operating profit[1] increased by 13% to £31.5 million (2016: £27.8 million). The UK and Ireland gained 43 new clients in 2017, 77% of which were from outside the financial services and banking sector. Growth in government work continued in 2017, with 315 Mounties placed with UK government clients at the end of the year (2016 week 52: 206).

Our geographic presence in the UK increased with the opening of a temporary training centre in Birmingham, allowing us to meet and generate client demand and tap into the local graduate market. At week 52, 55% of UK placements were based outside of London (2016: 57%).

2017 saw 839 Mounties complete their training (2016: 1,068). While there was no material change to training capacity, this reflects phasing of courses during the year, including an update to the training timetable, to better align training completions with the increase in client demand which follows the traditional end of year break and a varying mix of the disciplines trained.

The number of ex-Forces Mounties placed with clients grew by 55% to 239; this represents 14% of total UK and Ireland Mountie headcount at week 52 (2016 week 52: 154 representing 10% of total Mountie headcount). FDM has been a signatory to the Ministry of Defence (“MoD”) Armed Forces Covenant since 2015. This was recognised in 2017 when the MoD awarded FDM the prestigious Employer Recognition Scheme Gold Award, for “Outstanding support for those who serve and have served”.

Getting Back to Business courses were delivered from our London and Glasgow Academies, as we introduced the programme to our Scottish clients. The number of Getting Back to Business Mounties deployed on client sites at week 52 2017 was 44 (2016: 7). In 2017 FDM in Scotland won ‘Best Employer Training and Development 2017’ at the s1 Recruitment Awards and the ‘Diversity Star Performer 2017’ at the Herald and GenAnalytics Diversity Awards.

As highlighted above, contractor revenue increased by 19% on the prior year, the result of meeting specific customer needs primarily during the first three quarters of 2017.

1 The adjusted operating profit/ (loss) is calculated before Performance Share Plan expenses (including social security costs).

North America

North America Mountie revenue grew 36%, with demand from both existing and new clients. twelve new clients were won in the year. Adjusted operating profit[1] increased by 65% to £15.3 million (2016: £9.3 million), benefiting from operational gearing as we scaled the business.

Following the significant investment in training capacity in 2016, 2017 saw a modest 4% increase in capacity, achieved through internal reorganisation of existing classrooms. In October 2017 FDM committed to an additional lease allowing us to double the floor space of our Toronto Academy in 2018. The work to design and develop the new space, including the addition of six new classrooms, commenced in January 2018, and has an expected completion date of mid-2018.

FDM was recognised as Fastest Growing Company of the Year at the Best in Biz Awards 2017 (silver winner) for its impressive performance.

EMEA (Europe, Middle East and Africa, excluding UK and Ireland)

Mountie revenue from our EMEA business grew by 9% to £13.1 million (2016: £12.0 million). Adjusted operating profit[1] was 25% lower at £0.9 million (2016: £1.2 million) reflecting investment during the year in facilities and people.

Mounties on client sites increased to 155 at week 52 2017 compared with 135 at week 52 2016. The German business benefitted from FDM's pro-active approach to the introduction of the new labour leasing laws. Growth in demand has been supported by a 140% increase in the training capacity of the Frankfurt Academy in the first half of the year. The larger Frankfurt centre has enabled us to hire more operational staff, strengthening the foundation for continued business growth in the future. Swiss Mountie headcount tailed off in 2017 following changes to client resource planning. During 2017 FDM's Austrian subsidiary was incorporated; this will provide a further arm for the EMEA business to develop.

APAC (Asia Pacific)

APAC Mountie revenue increased by 90% over 2016, to £13.7 million (2016: £7.2 million). Customer growth in 2017 was generated by eight new customers, as well as diversification of services provided to existing customers. This led to a healthy increase in Mountie numbers, with 306 Mounties placed on client site at week 52 (week 52 2016: 233).

The adjusted operating loss[1] decreased from £0.7 million in 2016 to £0.3 million in 2017, reflecting the growth of the business following investment in our two Academies, additional operational staff in the region as well as the operating costs associated with development of the Australian facility. The Singapore Academy and sales centre opened in April 2017, and the Hong Kong Academy and sales centre opened in January 2016. These dedicated facilities, together with our temporary training facility in Sydney, have resulted in APAC training completions increasing 20% from 129 to 155 during the year. Our first locally sourced and trained Mounties were placed with clients in Australia during 2017. In the second half of 2017, APAC recorded a break-even operating performance.

1 The adjusted operating profit/ (loss) is calculated before Performance Share Plan expenses (including social security costs).

FDM North America was recognised as Fastest Growing Company of the Year at the Best in Biz Awards 2017 for its impressive performance

Financial Review

Adjusted profit before tax

+26%

Adjusted profit before tax increased to £47.2 million, compared to £37.5 million in 2016

Adjusted basic EPS

+26%

Adjusted basic EPS increased to 32.6 pence compared to 25.8 pence in 2016

Mike McLaren
Chief Financial Officer

"2017 was a year of strong financial performance and continued growth as we delivered 23% growth in revenue to £233.6 million (2016: £189.4 million) and a 26% increase in both adjusted operating profit, to £47.3 million (2016: £37.6 million), and adjusted basic earnings per share, to 32.6 pence (2016: 25.8 pence). We are well-positioned for future growth with a healthy balance sheet and a proven business model."

Summary income statement

	Year ending 31 December 2017	Year ending 31 December 2016	% change
Revenue	£233.6m	£189.4m	23%
Mountie revenue	£207.3m	£167.3m	24%
Contractor revenue	£26.3m	£22.1m	19%
Adjusted operating profit[1]	£47.3m	£37.6m	26%
Adjusted profit before tax[1]	£47.2m	£37.5m	26%
Profit before tax	£43.7m	£35.3m	24%
	Pence per share	Pence per share	% change
Adjusted basic EPS[1]	32.6	25.8	26%
Basic EPS	29.8	24.4	22%

Overview

Mountie revenue increased by 24% to £207.3 million (2016: £167.3 million), a 21% increase at constant currencies. Contractor revenue increased by 19% to £26.3 million (2016: £22.1 million), the result of meeting specific customer needs during the first three quarters of 2017. Reflecting this mix of revenues, gross margin was lower at 44.6% (2016: 45.5%). The Group's strategy remains focussed on growing Mountie numbers and revenues whilst contractor revenues remain ancillary to the Group and will continue, over the longer term, in managed decline.

An analysis of Mountie revenue and headcount by region is set out in the table below:

	2017 Mountie revenue £m	2016 Mountie revenue £m	2017 Mounties assigned to client site at week 52[2]	2016 Mounties assigned to client site at week 52[2]
UK and Ireland	106.7	93.9	1,744	1,505
North America	73.8	54.2	965	832
EMEA	13.1	12.0	155	135
APAC	13.7	7.2	306	233
	207.3	**167.3**	**3,170**	**2,705**

The Group has used cash generated from operations to continue significant investment in people and infrastructure. Overheads have increased to £60.5 million (2016: £50.7 million), reflecting the Group's investment in its management, support, recruitment, sales and training teams during the year with average headcount in these areas of the business increasing to 447 in 2017 compared with 371 in 2016. Despite the increase in overheads, adjusted operating margin in 2017 has increased to 20.2% (2016: 19.9%).

Brexit has created some uncertainty in the economy and it is difficult to predict the medium to long term potential impact on the Group. FDM has a global footprint and is diversified from a geographic perspective as it operates from well-established, self-contained operating units. Although the risks associated with the uncertainty in the UK and the potential impact across Europe remain, to date no material negative impact on trading has been noted.

1 The adjusted operating profit and adjusted profit before tax are calculated before Performance Share Plan expenses (including social security costs). The adjusted basic earnings per share is calculated before the impact of Performance Share Plan expenses (including social security costs and associated deferred tax).
2 Week 52 in 2017 commenced on 18 December 2017 (2016: week 52 commenced on 26 December 2016).

Adjusting items

The Group presents adjusted results, in addition to the statutory results, as the Directors consider that they provide a useful indication of underlying performance. The adjusted results are stated before Performance Share Plan expenses including associated taxes. The Performance Share Plan expenses including social security costs were £3.6 million in 2017 (2016: £2.2 million). Details of the Performance Share Plan are set out in note 23 to the Consolidated Financial Statements. The Directors believe that, as these excluded costs are non-cash items, it better allows a comparison of performance and cash generation.

Net finance costs

As the Group has no borrowings, finance costs are minimal. The net charge for the year comprises £29,000 (2016: £28,000) of finance income and a finance expense of £130,000 (2016: £128,000) representing non-utilisation charges on the undrawn element of the Group's revolving credit facility.

Taxation

The Group's total tax charge for the year was £11.6 million, equivalent to an effective tax rate of 26.7%, on profit before tax of £43.7 million (2016: effective tax rate of 25.9% based on a tax charge of £9.1 million and a profit before tax of £35.3 million). The effective tax rate in 2017 is higher than the underlying UK tax rate of 19.25% primarily due to Group profits earned in higher tax jurisdictions.

Earnings per share

The basic earnings per share increased in the year to 29.8 pence (2016: 24.4 pence) whilst adjusted basic earnings per share was 32.6 pence (2016: 25.8 pence). Diluted earnings per share was 29.4 pence (2016: 24.2 pence).

Dividends

Subject to shareholders' approval of the final dividend of 14.0 pence, the Group's total dividend for the year will be 26.0 pence per share (2016: 19.6 pence per share). The total ordinary dividends of 26.0 pence per share will be covered 1.15 times by basic earnings per share (2016: 1.2 times covered).

The Group has adopted a progressive dividend policy. The aim of this policy is to steadily increase the Group's base dividend, on an annual basis, approximately in line with growth in the Group's earnings per share. The Board reviews the Group's dividend policy on a regular basis and is confident that there are currently no significant constraints which would impact this policy. The Group is debt free, has no significant capital commitments (its properties are all leasehold) and has sufficient distributable reserves and cash balances to continue to apply this policy. As at 31 December 2017, the Company had distributable reserves of £35.4 million.

Cash flow and net funds

Net cash inflow generated from operating activities increased from £30.7 million in 2016 to £35.0 million in 2017. Adjusted cash conversion was 102%, with the reduction from 105% in 2016 attributable to movements in working capital. At the end of the financial year, the Group had cash balances of £36.8 million (2016: £27.8 million) and undrawn facilities of £20.0 million available until 31 August 2018 (2016: £20.0 million).

Balance sheet

The Group has a robust balance sheet, with no debt and £36.8 million of cash and cash equivalents.

Mike McLaren
Chief Financial Officer
6 March 2018

The growth in APAC includes 20 Mounties placed for the first time in Australia

Our risk management procedures were independently reviewed during the year and the findings were positive

Risk Management

Effective risk management is critical to the delivery of the Group's strategic objectives.

Approach to risk

The Board has overall responsibility for ensuring risk is effectively managed across the Group with a focus on evaluating the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives, its 'risk appetite'. The Board maintains direct control over the approach to risk management and the procedures for the identification, assessment, management, mitigation and reporting of risks. The Audit Committee takes responsibility for overseeing the effectiveness of sound risk management and internal control systems.

During the year, a review of the Group's risk management process was carried out by the Internal Audit team. The review concluded that the risk management process is operating effectively across the business.

Identifying and monitoring key risks

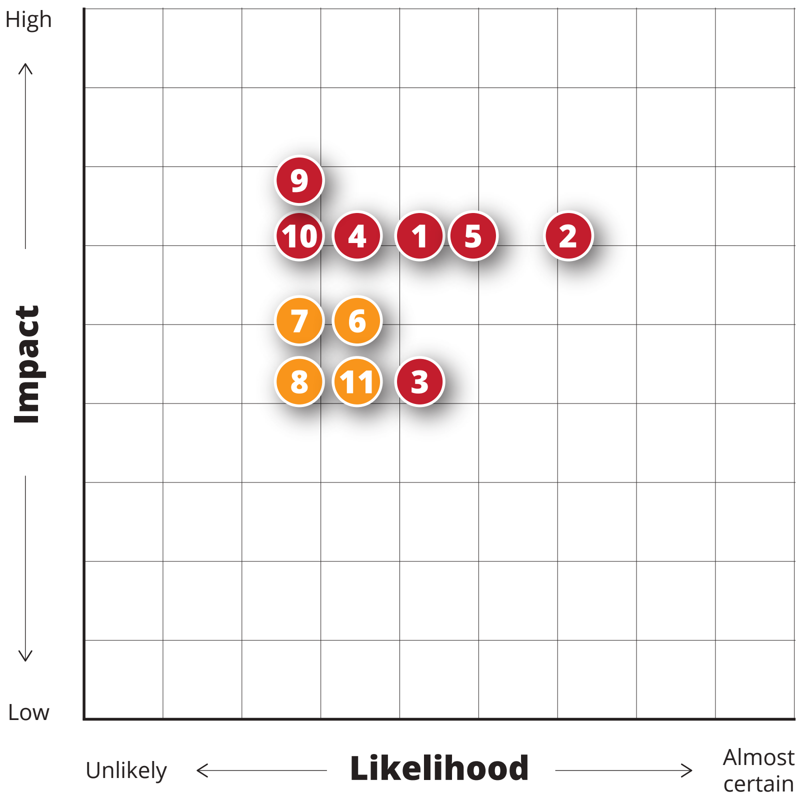
The Board uses the risk register as its principal tool for monitoring and reporting risk. The preparation of the register is led by the Chief Financial Officer, supported by the senior management team and it details the Group's risks, the impact of each risk, the likelihood of that risk occurring and the strength of the mitigating controls in place and how these are evidenced. Input is obtained from all areas of the business, including support functions, as appropriate. The Board formally reviews the risk register at the half year and at the year-end. The Internal Audit review concluded that the approach is appropriate given the current scale and complexity of the business.

The current risk register includes 25 risks categorised between strategic, operational, compliance and financial risks, of which 11 are considered to be the Group's principal risks.

Principal risks

The principal risks faced by the Group, their current status and how the Group mitigates these risks are set out on pages 40 to 45. The status of each of the Group's principal risks is considered unchanged from the prior year. The alignment to strategy indicates those aspects of the business strategy that would be impacted by the risk, were it to materialise.

Key risks facing the Group



1. Changes in the macro-economic environment
2. Concentration exposure in the financial services sector
3. Balancing supply and demand – insufficient Mountie resource
4. Balancing supply and demand – excess Mountie resource
5. Recruitment and development of highly skilled Mounties
6. Ability of business to effectively upscale – Academies
7. Ability of business to effectively upscale – people
8. Development of new service offerings
9. Business interruption – caused by successful cyber attack or natural disaster
10. Reputation
11. International regulatory non-compliance

Strategic risks

Risk and impact	Mitigation	Movement in the year
1. Changes in the macro-economic environment A global downturn or a downturn in the territories in which FDM operates, principally the UK and North America, could curtail demand significantly and the ability of the Group to deploy its Mountie resource, resulting in: an adverse impact on revenue and operating profit; shrinking customer base; negative impact on share price. **Risk owner: Chief Financial Officer** **Alignment to Strategic Objectives: Mounties, Clients, Markets**	Whilst external factors such as macro-economic risks are outside of the Group's control, the Group has effective measures in place to respond to changes, including robust planning, budgeting and forecasting and resource allocation procedures. The flexible nature of the Group's business model enables it to flex resource availability thereby enabling it to manage its cost base. Notwithstanding the impact of risk 2 below, the Group is focused on diversifying its customer base both by sector and by geography.	No change The Board is of the view that the economic environment is still a key risk to the Group although unchanged in the year. There has been some political instability in the UK in 2017 with the results of the UK general election in June and the longer term consequences of Brexit still remaining uncertain. As noted, macro-economic risks are outside of the Group's control, but the Group will continue to focus on ensuring it has effective measures in place to identify and react quickly to changes in macro-economic conditions. The Group's current financial position is good, with a strong balance sheet and significant cash balances.
2. Concentration exposure in the financial services sector The majority of the Group's revenue is generated from within the financial services sector. A crisis in the financial services sector could reduce revenue significantly and have a negative impact on the majority of the Group's KPIs. **Risk owner: Chief Commercial Officer** **Alignment to Strategic Objectives: Mounties, Clients, Markets**	As above, the Group is focused on growing its customer base both by sector and by geography as well as diversifying the range of services it offers to existing and potential financial services clients.	No change Although the proportion of the Group's revenue generated from the financial services sector has increased very marginally in the year, the increase is immaterial and has not resulted in a change to the overall assessment of this risk. The Board continues to focus on this risk and the Group has broadened the spread of its service offerings within its financial services clients to cover operational, compliance and IT services in addition to increasing its presence in other sectors.

Risk and impact	Mitigation	Movement in the year
3. Balancing supply and demand (i) An inability to meet a rapid increase in demand due to insufficient Mountie resource and an inability to recruit in a timely manner would result in lost revenue, eroded customer confidence and an adverse reputational impact. **Risk owner: Chief Commercial Officer** **Alignment to Strategic Objectives: Mounties**	The recruitment team maintains strong links to universities and other recruitment channels. An effective social media recruitment strategy is in place to maximise applications. Resource management meetings occur weekly to ensure supply and demand issues are identified and resolved. The management team is incentivised to maximise utilisation and increase flow through of trainees within the Academies. The 'ex-Forces personnel' and 'Getting Back to Business' programmes, whilst relatively small in terms of total headcount, are growing and will help spread the Group's access to a wider talent pool.	No change There has been a continued focus by management during the year to ensure the most efficient utilisation and deployment of Mounties. A Mountie utilisation rate of 97% was achieved in the year. The Group's reputation amongst graduates, together with the career programmes it offers, means it is well placed to source sufficient applicants for its projected growth for the short to medium term. The Group received a record number of online applications in the year. The Group has the option of using contractors should a significant increase in demand occur which cannot be fulfilled by Mountie resource availability.
4. Balancing supply and demand (ii) An inability to utilise or redeploy Mounties in the event of a sudden decrease in demand would result in a reduction in margin and would demotivate Mounties. **Risk owner: Chief Commercial Officer** **Alignment to Strategic Objectives: Mounties, Clients**	The flexibility of the Group's business model is a key mitigation to this risk. The Group is able to flex the number of Mounties it recruits at short notice, thereby responding quickly to a sudden downturn. Resource management meetings occur weekly to ensure supply and demand issues are identified and resolved in a timely manner.	No change The growth and diversification in the Group's client base by both number of clients and geographical spread mitigates the risk of the Group not being able to fully utilise its Mountie resource.

Operational risks

Risk and impact	Mitigation	Movement in the year
5. Recruitment and development of highly skilled Mounties Mounties are the Group's core asset. A failure to deliver high quality Mounties into its customer base could result in a loss of customers and damage to the Group's reputation. **Risk owner: Chief Executive Officer** **Alignment to Strategic Objectives: Mounties, Clients, Markets**	The Group continually reviews and benchmarks the remuneration packages and incentives it offers to attract graduates. Strong relationships exist with universities and other recruitment channels including ex-Forces personnel. The UK's 'Getting Back to Business' programme is growing. A tailored development programme is in place for Mounties, covering training and development opportunities, including opportunities after the bond period. The Group actively promotes Women in IT initiatives to attract, develop and retain Mountie talent. The Group is focused on promoting its reputation in the marketplace as a leading employer.	↔ No change With the need to recruit significant numbers of Mounties to fulfil forecast growth levels, this is perceived to be one of the Group's main risks. A combination of the following factors indicates this risk is being managed effectively: – recruitment levels of Mounties are continually being monitored and reviewed by the Board; – there is a broader base of talent from which to recruit through the ex-Forces and Back to Business programmes; and – challenging recruitment targets are being met. In 2017, FDM was recognised in the Job Crowds 'Top 100 Companies for Graduates to work for 2017/18' for the 7th consecutive year and was voted into the Guardian Top 300 Employers in the UK.
6. Ability of business to effectively upscale (i) The inability of the business to effectively upscale as a result of not securing the required physical infrastructure (sites) would result in lost revenue and missed growth opportunities. **Risk owner: Chief Operating Officer** **Alignment to Strategic Objectives: Academies**	Research, identification and assessment of investment opportunities are performed on a regular basis. The Group has gained considerable experience from successfully securing, developing and branding Academy/ sales locations which can be replicated for new sites.	↔ No change The Group has a track record of successfully securing and developing sites both in the UK and overseas. During the previous two years, the Group successfully opened new academies in Glasgow, Hong Kong, Toronto, Reston and Singapore.

Risk and impact	Mitigation	Movement in the year
7. Ability of business to effectively upscale (ii) The inability of the business to effectively upscale as a result of not being able to recruit and retain key staff with appropriate skills. **Risk owner: Chief Executive Officer** **Alignment to Strategic Objectives: Clients, Markets**	The Group's remuneration policy states that the overall remuneration package should be sufficiently competitive to attract, retain and motivate executive directors. The remuneration packages of all employees are reviewed and benchmarked regularly to ensure they remain competitive. An annual appraisal system includes the identification of training requirements, which are fulfilled within the following twelve months. The Nomination Committee considers succession matters as a regular agenda item.	↔ No change The Group's remuneration packages remain competitive and for senior employees include long-term share options to encourage retention. During 2017, further awards were made from the Group's Performance Share Plan, which was launched in 2015. The first set of options issued under the Performance Share Plan are due to vest in April 2018.
8. Development of new service offerings The inability of the Group to develop new service offerings and revenue streams could result in a loss of customers and market share. **Risk owner: Chief Information Officer** **Alignment to Strategic Objectives: Clients**	The Group employs a Chief Information Officer ("CIO"), who is responsible for the development of new service offerings. FDM's flexible training model is able to develop course material relevant to customers' needs. FDM's state-of-the-art training Academies are designed to provide quality training in a professional environment. The Group has a number of touch points with customers enabling them to keep up to date with developments in the marketplace and to identify customer needs.	↔ No change The Group is responsive to its customer needs which it identifies through regular contact and feedback from its clients. The Executive Board Directors are actively involved in key client relationships.

Operational risks *(continued)*

Risk and impact	Mitigation	Movement in the year
9. Business interruption – caused by successful cyber-attack or other disaster Major IT system integrity issues or data security issues, either due to internal or external factors, could result in: actual financial loss of funds; potential loss of sensitive data with risk of litigation; loss of customer confidence; and damage to reputation. **Risk owner: Chief Information Officer** **Alignment to Strategic Objectives: Mounties, Clients, Markets**	A Global Standard for Technology Security was developed and rolled-out in 2016. The Group's IT security policy complies with ISO 27001. Staff are regularly made aware of the risk of a cyber-attack and the appropriate actions necessary to mitigate the risk of this occurring. IT policy and security matters are regular Board and Audit Committee agenda items. The Group's business continuity plan has continued to be tested during 2017. A review of the design and operational effectiveness of key IT security controls was carried out by Internal Audit during 2017.	↔ No change Operation of the IT environment is continuously monitored and staff are regularly made aware of the risks of cyber-attacks.
10. Reputation Reputation is key to the Group maintaining and growing its business. Poor quality service or the actions of Mounties, staff or contractors could have an adverse impact on the Group's reputation. A failure to manage any subsequent crisis through a lack of reactive procedures could also exacerbate potential damage. Any impact could be far-reaching: failure to meet financial targets; litigation; loss of key clients; and loss of key staff. **Risk owner: Chief Operating Officer** **Alignment to Strategic Objectives: Mounties, Clients, Markets**	Robust recruitment and training procedures are in place which reduces the risk of employing persons whose actions could result in a negative impact on FDM's reputation. FDM has a zero-tolerance policy with respect to any inappropriate behaviour by an individual employed by the Group or acting on behalf of the Group. The Group focuses on strong relationship management and communication with external advisors.	↔ No change The Group continues to invest in staff development, quality systems and standard processes to mitigate the risk of operational failure. A dedicated Media Relations manager is employed by the Group. The Board regularly consults with its PR advisors, Weber Shandwick.

Compliance risks

Risk and impact	Mitigation	Movement in the year
11. International regulatory non-compliance Failure to comply with international tax, legal, employment and other business regulations could result in significant fines and/ or revocation of business licences. **Risk owner: Chief Financial Officer** **Alignment to Strategic Objectives: n/a**	The Group has robust recruitment procedures, which ensure the employment of appropriately skilled personnel in areas where compliance with legislation is required. The Group seeks appropriate advice and engages external advisors as necessary, particularly in overseas locations, and actively manages those relationships.	↔ No change The Group continues to invest in appropriately skilled personnel and will outsource where appropriate in areas where compliance and expertise are required. A review of compliance issues forms part of the Group's Internal Audit scope. The Group's existing in-house legal and HR functions have been, and continue to be, augmented by new hires as the Group grows, bringing in more people with experience and knowledge of the territories in which the Group operates. The Group has invested in a new enterprise-wide HR solution and ensures that the relevant staff undertakes training and professional studies where required.

Viability statement

The Directors have assessed the prospects of the Group in accordance with provision C.2.2 of the Code 2016.

The period selected by the Board for its assessment is three years, and was chosen for the following reasons: The core of FDM's business is the Mountie model. The period identified approximates to the average lifecycle of Mounties' engagement with FDM and therefore the viability period represents the Group's normal investment cycle in its core asset. Further, the Group's strategic plan covers a period of three years and this period is also underpinned by robust financial budgets and forecasts. The current three-year plan was approved by the Board in October 2017.

In making its assessment, the Board has considered the resilience of the Group, taking into account its current position and prospects, its cash flow requirements and other key financial assumptions over the three-year period and has sensitised certain of those assumptions where considered appropriate. As the core of FDM's business is the Mountie model, the sensitivity analysis therefore included consideration of the loss of the Group's two largest customers.

The Board has taken into account in its assessment the principal risks affecting the Group (as set out above), the likelihood of those risks occurring and the impact on the Group's future performance, solvency and liquidity should those risks occur.

The Group's financial position is strong with cash balances of £36.8 million at the end of the year and nil debt.

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

FDM became an early adopter of the UK's Gender Pay Gap reporting policy (the sixth company in the UK to reveal its figures) with a median pay gap of 0%

Corporate Social Responsibility

The Directors regularly consider the Group's impact on its stakeholders including employees, contractors, trainees, customers, suppliers, investors and the wider community. The Board ensures that the decisions made are responsible and ethical by taking into consideration the wider society external to the organisation. The Group is committed to contributing towards creating a sustainable environment and community in which it operates as a business.

Diversity and inclusion

FDM's Diversity and Inclusion Team supports the Group's vision to create and inspire exciting careers that shape our digital future. The team brings together initiatives around diversity and inclusivity, as well as implementing our overall Corporate Social Responsibility strategy to promote a diverse workforce that reflects wider society.

FDM brings people and technology together, recognising and nurturing potential, which is combined with opportunity. FDM has over 75 nationalities working together as a team and its diverse workforce includes graduates, ex-Forces personnel and returners to work. Inclusivity is one of FDM's corporate values and everyone is given the opportunity to fulfill their potential at FDM, regardless of their background. Embracing the differences that make us unique forms the foundation of FDM's culture and helps drive the business forward.

Social mobility

FDM was recognised in the first Social Mobility Index published in 2017 as one of the top 50 UK companies taking most action on social mobility. FDM is passionate about providing opportunities based on attitude and aptitude and the Group has adopted strengths-based interview questions to achieve this.

FDM works with local schools to actively support and enable individuals who may not have role models at home to better understand the world of work and discover opportunities open to them.

Advocacy

FDM sponsors numerous events and awards to promote active participation and encourage a wider section of society to consider IT as a career pathway. FDM was recognised as Company of the Year at the TechWomen50 Awards and FDM's Chief Operating Officer is periodically called upon to advise UK government committees on various issues, particularly around the digital skills gap.

Gender diversity

FDM became an early adopter of the UK's Gender Pay Gap reporting policy (the sixth company in the UK to publish its figures) with a median pay gap of 0% (in comparison to the UK national average of 18%).

The table below shows the gender split at different levels within the Group as at 31 December 2017.

As at 31 December 2017	Number of males	Number of females
On the Board	7	2
Within Senior Management	12	11
All employees	2,979	1,154

The Group hosts various events to encourage women to consider a career in IT and FDM Female Champions act as role models to all women in the business. FDM takes part in judging awards, networking events and speaker panels which celebrate and promote outstanding women in the industry and hosts the annual "FDM Everywoman in Technology Awards".

FDM's COO, Sheila Flavell, has been honoured with a Lifetime Achievement Award at the Scotland Women in Technology Awards, as well as being recognised as Woman of the Year at the Computing Women in IT Excellence Awards and featured as one of the Most Influential Women in UK IT by Computer Weekly.

On International Girls in ICT Day 2017, FDM hosted creative coding workshops in London, Frankfurt, New York and Hong Kong. Led by FDM trainers, the young women flexed their creative muscles by using Sonic Pi software to compose music with code. Supporting International Girls in ICT Day is part of FDM's commitment to inspire the next generation to pursue future careers in technology.

Ethnicity and Race

FDM featured in the first Business in the Community Best Employers for Race Listing in 2017, representing UK organisations performing above the national average, based upon the Race at Work Survey. In the UK, 48% of FDM's graduate intake in 2017 identify as BAME.

Inclusive by nature

48%

of our UK intake are from a BAME background

75+

nationalities working together as a team at FDM

28%

of FDM's global workforce are female

0%

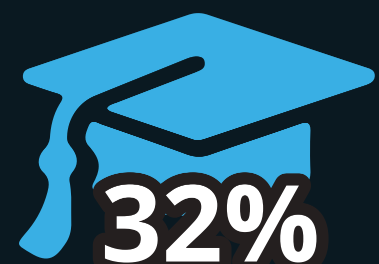
UK gender pay gap

UK national average of 18.4%

Social Mobility

86%

of FDM's UK graduate intake in 2017 attended a state school



32%

of UK graduate intake in 2017 were the first in their family to go to university

FDM has partnered with the Harris Federation in the UK to deliver meaningful experiences in the workplace for students

Disability

The Group gives full and fair consideration to the employment of disabled people. At the recruitment and selection stages, we encourage candidates to disclose any reasonable adjustments they may require so we can ensure all candidates have the same opportunities. This can include a broad range of adjustments such as accommodating additional equipment, adapting our telephone screening process or adjusting our assessment day interviews and tests to suit individual needs. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues either in the job or in a suitable alternative. The Group endeavours to make any reasonable adjustments to enable disabled employees to fulfil the responsibilities of their job role. It is the Group's policy to support disabled employees in all aspects of their training, development and promotion where it benefits the employee and the Group. To support this, FDM became a member of the Business Disability Forum ("BDF") in 2017 so we can understand how to continually improve in order to be fully accessible to disabled employees and customers through the BDF community of focussed organisations and individuals. 5% of the UK graduate intake in 2017 identified themselves as having a disability.

Business Disability Forum
Building disability-smart organisations

Schools engagement

Harris Federation Case Study

As part of the Group's commitment to inspiring the next generation of digital talent, FDM has partnered with the Harris Federation in the UK to deliver meaningful experiences in the workplace for students. The work with Harris Battersea, where 80% of students are eligible for free school meals, has focused on a combination of professional skills and communication, demonstrating to students the importance of self-awareness, presentation and personal branding as well as supporting their technical curriculum learning with Python coding sessions in the London Academy.

FDM has provided upskilling opportunities for Harris mathematics teachers and invited digitally-minded A-level students to undertake training in SQL and Excel. This partnership will continue in 2018 and will include technical workshops for Harris Beckenham students, as well as an overall monitoring strategy to enable us to build a five-year plan around how we engage and support students wider afield through school and university and into the workplace.

TeenTech

FDM sponsored the Digital Skills category at the TeenTech Awards 2017 to help young people understand the opportunities in the Science, Technology and Engineering industries, no matter what their background and importantly, to understand their potential and raise their aspirations. FDM hosted a CIO Business Breakfast with the 2017 winners. Our in-house development team are helping to develop their winning app and in 2018 selected staff will be matched with teams entering the TeenTech Awards as mentors to help guide their ideas.

Ex-Forces Programme
The dedicated Ex-Forces Programme operated by FDM in the UK and USA demonstrates the Group's commitment to supporting ex-Forces personnel in their transition into the civilian workplace. FDM UK was granted the prestigious Ministry of Defence Employer Recognition Scheme (ERS) Gold Award in 2017, for demonstrating an outstanding commitment to the armed forces community and best exemplifying the principles of the Armed Forces Covenant. In the USA, FDM was honoured to be awarded the Military Times Best for Vets Employer Award and the RecruitMilitary Most Valuable Employers (MVE) for Military Award.

Getting Back to Business Programme
Our programme for those returning to work is designed specifically to provide individuals who have taken an extended career break with an opportunity to re-enter the workforce at a suitable level.

The programme is for professionals, male and female, who have taken an extended career break for a variety of different reasons. Reasons include raising children, caring for sick relatives and relocating with their partners in order to keep the family together. The programme is currently made up of 78% women and 22% men.

Returners to work are a source of talent that fuel businesses with a much-needed pipeline of experience, ultimately tackling the skills shortage whilst improving gender, age and cognitive diversity.

Graduate Programme
We recruit from over 400 universities globally and consider all degree backgrounds. We support our universities on their widening participation agenda and aim to create exciting careers in technology regardless of educational background or experience. In 2017, the Group launched the careers of over 1,600 individuals and continues to create and inspire exciting and rewarding careers for a diverse group of graduates around the world.

FDM UK was granted the prestigious Ministry of Defence Employer Recognition Scheme (ERS) Gold Award in 2017

FDM is a young, dynamic company that encourages employees to use social media professionally and this has helped the Group raise brand awareness and engagement around the world

Employee experience

Whether we are connecting with our employees digitally or through human interaction, understanding how our employees experience FDM from recruitment right through to post-employment is important to us so we can continually improve. We gather feedback at critical touchpoints in an employee's journey so we can measure various components of the relationship between our organisation and our people. This also includes feedback about the customer experience so we can learn more about how we create valuable experiences for our key stakeholders.

HR and Consultant Support
The HR and Consultant Support teams regularly visit our client sites in order to help manage our workforce on site. This includes drop-in visits and reviews to understand what training needs our Mounties might have as well as delivering feedback so we can increase the quality of service and support our employees. This ensures Mounties continue to feel connected to FDM, have the support network they need and means we are able to respond to their needs in a proactive manner.

Mentoring Programme
The FDM Mentoring Programme brings together individuals with a breadth of experience and those that need a helping hand during their career journey. This provides a unique opportunity to further build on the relationships within FDM's wider community. The Mentoring Programme supports our trainees, consultants, internal staff, clients, alumni and internship students, as well as students at school within the TeenTech community. The programme gives our 300+ participants the opportunity to define and achieve their ambitions with the help of a mentor, a significant increase on the 200 participating last year.

Consultant Peer Support ("CPS")
Our Consultant Peer Support network consists of high performing individuals on-site who provide peer-to-peer support for new starters in their first three months and help build a sense of community amongst all Mounties at that client site through events and team-building activities. The Group has a network of CPS ambassadors across the world including 48 in UK & Ireland, and 10 in North America. These individuals serve as a critical touch point for Consultants as they start their careers and act as an important link between FDM and the client.

Ongoing Professional Career Development
Career Moment Workshops take place to discuss trainee career development during training and how they can explore and utilise the professional tools available to them at FDM. The session looks at behaviours of a successful Mountie and encourages career-oriented thinking. FDM also offers PluralSight eLearning to all employees. This provides access to online training and IT courses, authorised by industry experts, to aid continued professional and technical skills development. Intuition Know-How is another useful resource that gives FDM employees access to over 430 hours of content from a leading provider of Finance and Banking eLearning throughout their time at FDM.

Alumni Network
FDM has launched the careers of thousands of people globally and in turn, has a diverse network of talented and successful current employees and alumni. This is a network from which to build relationships, share knowledge and benefit from shared interests and experience both professionally and personally. Alumni are regularly invited back to FDM to share their experience and advice with the newer generation of trainees.

SuccessFactors
The SuccessFactors global HR platform and mobile app is one of the leading technologies in cloud-based HR systems. It allows employees better access to their employment details, technical functions such as booking leave, useful information and a means of updating personal information. This self-service tool automates basic administrative tasks and allows employees visibility of their data. The initial implementation of the system is the first stage to take care of basic elements. However, the system capabilities mean the digital interaction with our employees will further increase as we develop our digital presence in this area further to enable a more innovative and collaborative working environment.

Internships and placements
FDM runs paid summer internships for undergraduate students in its London, Leeds, Glasgow, Brighton, New York and Virginia centres. These internships enable students to participate in current business projects and present their ideas to the Board at the end of their placement. Interns will then have the opportunity to go on to represent FDM as Student Brand Ambassadors at their respective universities and remain connected to the Group throughout their studies. Similarly, FDM offers placement roles across the UK, which provides students with a twelve-month experience in various departments across the business where they can make a genuine contribution to their teams. The Group aims to offer permanent positions to internship and placement students, upon graduation.

Employee recognition
As part of the Group's policy to recognise and reward the commitment and hard work of staff, further awards were made from our Performance Share Plan ('PSP') during 2017. These allow participants to share in, and benefit from, the ongoing growth of the Group. Details of the PSP are set out in note 23 to the Consolidated Financial Statements.

The FDM Consultant of the Month and FDM Stars initiatives are designed to reward those that are excelling, as nominated by customers and other employees within the business. The Group also recognises and rewards employees who have completed five and ten years with FDM, in order to thank them for their commitment and long-standing contribution to the business. The CEO Award of Excellence is FDM's most prestigious award, reserved for outstanding employees who truly go above and beyond in contributing to the success and growth of the Company.

Staff communication
FDM communicates with employees regularly via email, monthly newsletters and face-to-face meetings in order to ensure they are supported, especially when placed remotely on site. The FDM Connection Newsletter keeps employees up to date with FDM news around the world, which ranges from business developments right through to personal achievements and more. FDM's Social Media Hub is displayed on large TVs across the FDM centres globally and serves as an excellent tool to keep employees engaged as well as up to date in real time. FDM is a young, dynamic company that encourages employees to use social media professionally and this has helped the Group raise brand awareness and engagement around the world. #FDMcareers received more than 30 million impressions in 2017.

Anti-Slavery and Human Trafficking policy
FDM is committed to ensuring that there is no modern slavery or human trafficking in its supply chains or in any part of the business. It has considered the degree of risk that modern slavery could arise within the organisation or in supply chains. The nature of FDM's business and the direct relationship it has with applicants to the training programmes means that the risk of modern slavery in our own organisation is low. FDM has reviewed supply chains and taken a number of steps to address the potential risks of modern slavery and human trafficking.

The Group has put in place an Anti-Slavery and Human Trafficking policy to assist it in mitigating this risk, and is undertaking a process of due diligence on key suppliers. There is a pre-contract due diligence process, used with new suppliers to ensure that they confirm their commitment to comply with our policies and values, or that they have in place appropriate equivalent policies of their own. FDM has also developed a set of standard contractual clauses for inclusion in supplier contracts which reinforces this approach. The Group aims to promote a high level of understanding of the risks of modern slavery and familiarises all staff with these policies on induction. Additional training may be provided to key staff members where appropriate. The effectiveness of these steps is monitored.

Environmental policy

Throughout the Group the responsibility to minimise detrimental impact to the environment is recognised. Although we have no manufacturing facilities, FDM aims to reduce its environmental impact by monitoring and minimising the consumption of energy in its operations and where possible, promote the procurement of environmentally-friendly products. The Group complies with all relevant environmental legislation, it aims to reduce waste and, where practicable, re-use and recycle consumables. There are recycling facilities in our centres and the Group recycles waste paper and ink cartridges. Computers that are no longer in use are donated to charities. Communication via electronic means, including video conferencing, is encouraged.

CO_2 emissions
The Company complies with the greenhouse gas ("GHG") emissions reporting requirements of The Companies Act 2006 (Strategic and Directors' Reports) Regulations 2016. The Company reports all material GHG emissions, wherever possible using tonnes of CO_2-equivalent ("CO_2e tonnes") as the unit, to account for all GHGs which are attributable to human activity, as defined in section 92 of the Climate Change Act 2008(a). Emissions data is reported for the Group's worldwide operations. The methodology used to compile this data is in accordance with DEFRA's "Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance (June 2013)".

Fuel type	Year ended 31 December 2017 CO_2e tonnes	Year ended 31 December 2016 CO_2e tonnes
Scope 2[1]	562	692
Scope 3[2]	1,594	1,564
Greenhouse Gas Emissions Intensity ratio:	CO_2e tonnes	CO_2e tonnes
CO_2e tonnes per £ million of revenue	9.2	11.9

1 Scope 2 being electricity, heat, steam and cooling purchased for the Group's own use.
2 Scope 3 being emissions which the Group is not directly responsible for, but arise as a by-product of its operation.

The Group's Scope 1 CO_2 emissions are negligible and are therefore not disclosed.

The Strategic Report was approved by the Board on 6 March 2018 and signed on its behalf by:

Rod Flavell
Chief Executive Officer
6 March 2018

Board of Directors

Ivan Martin
Non-Executive Chairman

Appointed to the Board in 2006

Committee Membership:
Nomination Committee (Chair)

Ivan became Non-Executive Chairman of Xceptor (formerly known as Web Services Integration) in August 2016. Xceptor is a London based international software business backed by CBPE private equity. He has also been Non-Executive Chairman of Microgen plc since March 2016.

He was a member of Misys plc's board and headed its banking software division until 2005. Previously, Ivan worked at ACT Group plc and spent his earlier career at US multinational computer business, Unisys Corporation. Between 2007 and 2013, he was Executive Chairman of Sesame Bankhall Group.

External appointments:
Microgen plc (Non-Executive Chairman)
Wulstan Capital LLP (various) (Member)
Church Topco Limited (trading as Xceptor) (Non-Executive Chairman)
Church Bidco Limited (Chairman)

Roderick (Rod) Flavell
Chief Executive Officer

Committee Membership:
Nomination Committee

Rod is the founder and Chief Executive Officer of FDM Group.

Over the past 26 years, Rod has been instrumental in developing the Group into an international, award-winning employer with a prestigious client base operating in multiple industries.

Rod is a firm supporter of improving diversity in technology, with clear results achieved by the Group through its FDM Women in IT, Returners to Work, Ex-Forces and veteran career transition initiatives.

Sheila Flavell
Chief Operating Officer

With over 26 years of experience in both the public and private IT sectors internationally Sheila is passionate about enhancing diversity in the workplace and creating exciting careers for the next generation of digital talent. Sheila played an integral role in the Group's flotation on AIM in 2005 and was a key instigator of the management buy-out of the Group in 2010 and the subsequent listing onto the main FTSE Market in 2014.

Sheila's experience and knowledge of the sector has been crucial in driving the Group's global expansion programme taking FDM into the FTSE 250. Sheila spearheads FDM's global women in technology initiative and FDM's Getting Back to Business Programme, aimed at providing opportunities for returners to work.

Sheila has been called to advise government committees on various issues around the digital skills gap.

External appointments:
techUK (Board member) (techUK is the operating name for Information Technology Telecommunications and Electronics Association)

Andrew (Andy) Brown
Chief Commercial Officer

Andy joined FDM in 1994 and has progressed through the Group's sales team to become Global Sales Director in 2007.

Andy oversees the expansion of the Group with a key focus on the sales, HR and recruitment functions. Andy's strategic focus is around developing new service streams in line with client demands, as well as increasing the number of applicants for the Group's Graduate programme, which are both key areas to the success and growth of the Group. Andy has also played a key role in the launch and success of the UK Ex-Forces Programme.

Michael (Mike) McLaren
Chief Financial Officer

Qualifications: Fellow of the Institute of Chartered Accountants in England and Wales.

Prior to joining FDM, Mike served as Chief Operating Officer and Group Finance Director of Timeweave plc (formerly Alphameric plc) and has served on a number of other boards for both private and listed companies.

Peter Whiting
Non-Executive Director

Appointed to the Board in June 2014

Committee Membership:
Audit Committee, Nomination Committee, Remuneration Committee (Chair)

Peter is the Senior Independent Director, Chairman of the Remuneration Committee and member of the Audit Committee and the Nomination Committee. Peter has over twenty years' experience as an investment analyst, specialising in the Software and IT Services sector. Peter joined UBS in 2000 and led its UK small and mid-cap research team. Between 2007 and 2011 he was Chief Operating Officer of UBS European Equity Research. One of his responsibilities during this period was the oversight of the graduate recruitment, training and development programmes, both for the Research business and the Equities operation as a whole.

External appointments:
Microgen plc (Senior Independent Director and Chair of Remuneration Committee)
Keystone Law Group plc (Non-Executive Director and Chair of Audit Committee)
TruFin plc (Non-Executive Director and Chair of Remuneration Committee)

Robin Taylor
Non-Executive Director

Appointed to the Board in June 2014

Committee membership:
Audit Committee (Chair), Nomination Committee, Remuneration Committee

Qualifications: Member of the Institute of Chartered Accountants of Scotland

Robin is currently a Director of Alfa Financial Software Holdings plc and EMIS Group plc and was formerly Chief Financial Officer of publicly listed companies Intec Telecom Systems plc, ITNET plc and JBA Holdings plc. Robin has also held a variety of financial and general management roles in both Europe and North America.

External appointments:
Alfa Financial Software Holdings plc (Non-Executive Director)
EMIS Group plc (Senior independent Director & Chair of Audit Committee)

Michelle Senecal de Fonseca
Non-Executive Director

Appointed to the Board in January 2016

Committee membership:
Audit Committee, Nomination Committee, Remuneration Committee

Michelle has more than 25 years' of experience in international Telecommunications and Technology. She is currently an area Vice President for Citrix Systems after having served as the global Director of Cloud & Hosting Services at Vodafone. Prior to Vodafone, Michelle worked at the European Bank for Reconstruction and Development where she managed the Telecom, Media and Technology banking team. Michelle is a cofounder and Board member of Women in Telecoms and Technology, a UK not-for-profit organisation, and is also a global council member at Thunderbird School of Global Management in Phoenix, Arizona.

External appointments:
Citrix Area Vice President North Europe
Women in Telecoms and Technology Limited (Director)
Thunderbird School of Global Management (Director)
MOVE Capital (Investment Board member)

David Lister
Non-Executive Director

Appointed to the Board in March 2016

Committee membership:
Audit Committee, Nomination Committee, Remuneration Committee

David has over 37 years' experience of working in IT across multiple industries for international businesses such as Diageo, GlaxoSmithKline, Boots, Reuters, Royal Bank of Scotland and National Grid. He also has experience in the Professional Services sector where he worked for PwC.

David is currently a non-executive director of HSBC Bank plc, Nuffield Health, Cooperative Insurance and Weatherbys Ltd. He is also a trustee of The Tech Partnership Limited where he focuses on the UK technology sector's skills and diversity challenges.

External appointments:
HSBC Bank plc (Non-Executive Director)
Nuffield Health (Non-Executive Director)
The Tech Partnership Limited (Trustee)
Weatherbys Ltd (Non-Executive Director)

Corporate Governance Report

"As a Board we aim to ensure our high standards of governance remain closely aligned with our core values."

Chairman's introduction
I am pleased to present this year's Corporate Governance Report, our first as a FTSE 250 company.

The Company gained entry to the FTSE 250 in June 2017, three years after the Company publicly listed on the London Stock Exchange. I am pleased to report that our corporate governance framework has allowed for a smooth transition, enabling the Company to meet the relevant governance and reporting requirements applicable to FTSE 250 companies.

The Board's approach to governance remains interwoven with FDM's values of ambition, collaboration, energy, inclusivity, professionalism and growth. These values provide the framework for effective control and oversight of the business as a whole.

We adhere to the corporate governance requirements which are set out in the UK Corporate Governance Code (the "Code") issued by the Financial Reporting Council and published in April 2016, as required by the Financial Conduct Authority Listing Rules and Disclosure and Transparency Rules.

We continue to allow time to review the content of the Annual Report to ensure it is fair, balanced and understandable. A review by the Audit Committee is detailed on page 72 and a formal statement from the Directors is on page 97.

The key areas of focus in 2017 by the Board are shown on page 65.

I hope you find the report informative and I will be available at the 2018 Annual General Meeting ("AGM") to respond to shareholder questions.

UK Corporate Governance Code

Statement of Code compliance

During the financial year 2017, the Company has complied with the Code.

The main principles of the Code applicable to listed companies are as set out below, and apply to the Board:

1 Leadership
2 Effectiveness
3 Accountability
4 Remuneration
5 Relations with shareholders

1 Leadership

The role of the FDM Board

The Board meets regularly to review strategic, operational and financial matters. When reviewing and monitoring the strategy, the Board gives regard to the impact that those decisions will have on the Group's obligations to various stakeholders, such as shareholders, employees, customers and the wider community.

It approves the interim, preliminary and annual financial statements, the annual budget and longer-term forecasts, significant contracts and capital investment. It also reviews the effectiveness of the internal control systems and business risks faced by the Group. Where appropriate, it has delegated certain responsibilities to the Audit Committee, Remuneration Committee and Nomination Committee (the "Committees").

FDM governance framework (including the Committee Chairs)

FDM Group (Holdings) plc Board

Audit Committee | Nomination Committee | Remuneration Committee

Robin Taylor

Ivan Martin

Peter Whiting

The Committees play a key role in supporting the Board, and information about the membership of each Committee can be found in each Committee's report. Information is supplied to the Board in advance of meetings and the Chairman ensures that all Directors are properly briefed on the matters being discussed.

The Board closely monitors the management and performance of the Company and its delivery of a sustainable and profitable business, ensuring it operates within the appropriate risk-reward culture. The Group has established a core set of values, which the Board adheres to and promotes throughout the Group. These values have helped to further the entrepreneurial culture within FDM, which has been critical in promoting the continued success of the Group without encouraging excessive risk-taking.

	Board meetings attended	Audit Committee meetings attended	Remuneration Committee meetings attended	Nomination Committee meetings attended
Number of meetings held in 2017	10	4	5	2
Ivan Martin	10	n/a[1]	n/a[1,3]	2
Rod Flavell	10	n/a[1,2]	n/a[1,3]	2
Sheila Flavell	10	n/a[1]	n/a[1]	n/a[1]
Mike McLaren	10	n/a[1,2]	n/a[1]	n/a[1]
Andy Brown	9	n/a[1]	n/a[1]	n/a[1]
Peter Whiting	10	4	5	2
Robin Taylor	10	4	5	2
Michelle Senecal de Fonseca	10	4	5	2
David Lister	9	4	5	2

1 Not applicable, not a member of the Committee and not required to attend.
2 Rod Flavell and Mike McLaren attended Audit Committee meetings by invitation, not as Committee members. Rod Flavell and Mike McLaren each attended 4/4 meetings during the year.
3 Ivan Martin and Rod Flavell each attended one meeting of the Remuneration Committee during the year at the invitation of the Committee. No Director was present during any discussion relating to his or her own remuneration.

A schedule of formal matters reserved for the Board's decision and approval is available on the Company's website, **www.fdmgroup.com**. These relate to matters of governance and include the following:

- Approving financial results and other financial, corporate and governance matters;
- Approving material contracts;
- Approving material capital expenditure;
- Approving Group strategy;
- Approving appointments to the Board;
- Determining dividend policy, as well as approving and recommending dividends, as appropriate;
- Reviewing material litigation;
- Reviewing annually the effectiveness of internal control and the nature and extent of significant risks identified by management and associated mitigation strategies; and
- Approving the annual budget.

Board decisions are by consensus at Board meetings. However, should the situation arise, decisions may be taken by a majority of Board members. In the case of an equality of votes, FDM's Articles of Association provide the Chairman with a casting vote.

Details of the number of meetings of the Board (including sub-Committees at which only certain Directors are required to attend) and Committees and individual attendances by Directors are set out in the table on the previous page.

Chairman, Chief Executive and Senior Independent Director

The roles of the Chairman and Chief Executive are separate, with a clear division of responsibilities between them; the responsibility for this separation of duties rests formally with the Board.

As Chairman, Ivan Martin presides over the Board and is responsible for its leadership and overall effectiveness. In doing so, he aims to maintain an effective working relationship between the Executive and Non-Executive Directors.

As Chief Executive, Rod Flavell has responsibility for the day-to-day management of the Company's business and the implementation and delivery of the Board's strategy.

This separation of roles enhances the independent oversight of executive management by the Board and more closely aligns the Board with shareholders. It also means that no one individual within the Group has unfettered powers of decision making. The Directors' powers are set out in the Company's Articles of Association.

Peter Whiting is the Group's Senior Independent Director. In performing this role, Peter provides shareholders with someone to whom they can turn to if ever they have concerns which they cannot address through the normal channels, for example with the Chairman or Executive Directors.

Whilst there were no requests from Directors or shareholders for access to the Senior Independent Director during the year, the Senior Independent Director serves an important intermediary role in FDM's governance process. In the fulfilment of his role Peter ensures he maintains a thorough understanding of the views of the Company's shareholders.

Role of the Non-Executive Directors

The Group's Non-Executive Directors have a broad and complementary mix of business skills, knowledge and experience acquired across diverse business sectors and territories. This allows them to provide strong, independent and external perspectives to Board discussions, which complement the skills and experience of the Executive Directors, facilitating a diversity of views aired at Board meetings. This, in turn, enables constructive debate and improves the quality of the decision-making process. At the same time, it also reduces the likelihood of any one perspective prevailing unduly. A key role performed by the Non-Executive Directors is the scrutiny of executive management in meeting agreed objectives and monitoring the reporting of performance. They also constructively challenge and help develop proposals on strategy and ensure that financial controls are rigorous and that the Group is operating within the governance and risk framework approved by the Board.

Non-Executive Directors are appointed for an initial minimum period of three years. Their appointments then continue unless or until terminated by either the Director or the Company giving notice to terminate. They are all subject to regular re-election at AGMs and their appointments as directors would end if they were not re-elected by the shareholders. The terms and conditions of appointment of Non-Executive Directors, including the expected time commitment, are available for inspection at the Company's registered office.

During the year, the Board considered the independence of each of the Non-Executive Directors. In doing so, it concluded that each Non-Executive Director was independent of management and free from any relationship that could interfere with the exercise of their independent judgement.

The Board regularly reviews the independence of each of the Non-Executive Directors.

2 Effectiveness

Composition of the Board
The Board currently comprises four Executive Directors and five Non-Executive Directors including the Non-Executive Chairman. Their biographies, including information on their prior experience are set out on pages 58 to 60.

The Board believes that differences of approach and experience are important to strengthen the Board and support the Group's growth plans and strategic objectives.

The Group's policy is to hire the best candidates for all positions at all levels throughout the business, irrespective of gender, including candidates at Board level. The percentage of female Board members is unchanged from 2016 at 22%.

Further information and statistics on gender diversity can be found within the Corporate Social Responsibility report on page 48. The Board has not set any specific aspirations in respect of gender diversity at Board level but fully supports the Code principles in respect of diversity. The Board recognises the benefits of diversity, of which gender is one aspect, and it will continue to ensure that this is taken into account when considering any particular appointment, whilst ensuring appointments are made on merit and ability to enhance the performance of the business.

Conflict of interests
Procedures are in place for the disclosure by the Directors of any interest that conflicts, or may possibly conflict, with the Company's interests and for the appropriate authorisation to be sought if a potential conflict arises, in accordance with the Company's Articles of Association.

In deciding whether to authorise a conflict or potential conflict of interest only non-interested Directors (i.e. those that have no interest in the matter under consideration) will be able to take the relevant decision. In taking such a decision the Directors must act in a way they consider, in good faith, will be most likely to promote the success of the Company and may impose such limits or conditions as they think fit. The Board has reviewed the procedures in place and considers that they operate effectively. No actual conflicts of interest arose during the year under review or to the date of this report.

Appointments to the Board
The Board recognises its responsibility for succession planning and regularly considers the balance of skills, experience and knowledge of the Board to ensure it remains appropriate to the business and that the Board is best placed to achieve the Group's strategic objectives. There is a formal and transparent procedure for the appointment of new directors, the primary responsibility for which is delegated to the Nomination Committee. Further details of the work undertaken by the Committee during 2017 are contained on page 74.

Board commitment
The Board has established a policy permitting its Executive Directors to hold only one external non-executive directorship, subject to any possible conflict of interest. This ensures that the Executive Directors retain sufficient time for and focus on the Company's business, whilst allowing them to gain external board exposure as part of their leadership development. Executive Directors are permitted to retain any fees paid for such services. While the Company does not have a similar policy for Non-Executive Directors, their key external commitments are reviewed each year to ensure that they too have sufficient time for the fulfilment of their Board responsibilities. Key external commitments of the Board are included within their biographies on pages 58 to 60.

The Board considered the commitments of the Chairman and is satisfied that he has sufficient time to devote to his Board responsibilities with FDM. The Board will keep his commitment under review as a matter of good governance.

Details of remuneration received by each of the Executive Directors for the year ended 31 December 2017 are shown in the single figure table presented on page 79 of the Remuneration Report.

Board induction and development
On appointment, each Director takes part in a tailored induction programme, designed to give him or her an understanding of the Company's business, governance and stakeholders.

Elements of the programme include:
- Briefings from senior management to provide a business overview, update on current trading conditions and strategic commercial issues;
- Meetings with the Company's key advisors and major shareholders, where necessary;
- Meetings with employees at different FDM Academies and centres. In addition, the location of Board meetings is periodically rotated to ensure that Board members have further opportunity to meet employees at different sites;
- Provision of a legal and regulatory memorandum and briefing on the duties of directors of listed companies;
- Details of the Group's corporate structure, Board and Committee structures and arrangements and key policies and procedures; and
- The latest statutory financial reports and management accounts.

The Chairman, in conjunction with the Company Secretary, ensures that Directors are provided with updates on changes in the legal and regulatory environment in which the Company operates. These are incorporated into the annual agenda of the Board's activities along with wider business and industry updates; the Chairman also keeps under review the individual training needs of Board members. The Company's principal external advisors provide updates to the Board, at least annually, on the latest developments in their respective fields, and relevant update sessions are included in the Board's meetings. The Company Secretary presents corporate governance reports to the Board as appropriate, together with any relevant technical guidance. In this way, each Director keeps their skills and knowledge current so they remain competent at fulfilling their role, both on the Board and on any Committee of which they are a member. Training for Directors is available as required and is provided by way of external courses.

Information and support
The Board meets regularly throughout the year and agrees a forward calendar of matters to discuss at each meeting. Standing items, including operational and financial reviews and Committee updates are considered at each scheduled Board meeting, with unplanned items such as commercial or property-related decisions considered as and when required. The Chairman, in conjunction with the Chief Executive, plans the agenda for each Board meeting and ensures that supporting papers are clear, accurate, timely and of sufficient quality to enable the Board to discharge its duties.

The key areas of focus by the Board in 2017

Strategy	• Reviewed the Group's 3 year plan (2018-2020)
Operational	• Reviewed the requirements for centre and Academy space; including approval of new Academy locations
Financial	• Review and approval of new treasury policy • Monthly trading statements • Business updates from the Group's senior management teams • Full year and half year results • Group budgets and re-forecasts
Risk	• Review of Risk Register and risk management process
Governance	• Update on Modern Slavery Act compliance • Gender Pay Gap reporting • Review of the Board's effectiveness • Viability statement; assessment and approval • Going concern review
Investors	• Markets – received market update presentations from Investec

All Board Directors have access to the Company Secretary, who advises them on Board and Governance matters. The Audit Committee received external training covering corporate governance and corporate reporting. As well as the support of the Company Secretary, there is a procedure in place for any Director to take independent external professional advice at the Company's expense in the furtherance of their duties.

Evaluation of Board and Chairman
The Board carried out an evaluation of its effectiveness during 2017. The evaluation was carried out internally and led by the Chairman, and involved discussion of a wide range of topics which were designed to challenge and appraise various aspects of the Board's structure, governance role, reporting processes, controls, risk management and dynamics. As in previous years, the Chairman has used the results of the evaluation process to identify areas in which the Board's effectiveness can be enhanced in the coming year.

The effectiveness of the Audit Committee, Remuneration Committee and Nomination Committee during the year was also assessed internally via discussions which were led by the chairman of each committee. The Audit Committee and Remuneration Committee circulated a questionnaire for completion by Committee members as a starting point for those discussions.

The Board intends in 2018 to engage external advisors to facilitate an independent evaluation of the Board, and its Committees.

The Non-Executive Directors met without the Chairman to evaluate the Chairman's performance.

Re-election of Directors at the 2018 Annual General Meeting
The Company's Articles of Association require that existing Directors offer themselves for re-election at intervals of no more than three years.

At the 2017 AGM the following Directors retired, sought re-election and were re-elected: Ivan Martin, Andy Brown, Sheila Flavell and Mike McLaren. At the 2018 AGM, in compliance with Code provision B.7.1, (and reflecting the Company's membership of the FTSE 250) all Directors will retire and offer themselves for re-election.

Having received advice from the Nomination Committee, the Board and the Chairman are satisfied that each Director is qualified for re-election by virtue of their skills, experience and commitment to the Board.

3 Accountability

Financial and business reporting

In its reporting to shareholders, the Board recognises its responsibility to present a fair, balanced and understandable assessment of the Group's position and prospects. The Board has ensured that processes are in place to achieve this and more information on the processes can be found in the Audit Committee Report on page 72. A statement of the Directors' responsibilities in relation to the Annual Report is set out on page 97.

The Directors consider this Annual Report and Accounts, taken as a whole, to be fair, balanced and understandable, and consider that it provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Risk management and internal control

The Board is ultimately responsible for maintaining sound risk management and internal control systems. These systems are designed to meet the Group's needs and to manage the risks to which it is exposed, including the risks of failure to achieve business objectives and of material misstatement or loss. However, such risks cannot be eliminated. The Group's systems can only provide reasonable but not absolute assurance. They can never completely protect against factors such as unforeseeable events, human fallibility or fraud.

The Board has established a continuous process for identifying and managing the significant risks faced by the Group (in accordance with Financial Reporting Council's 'Guidance on Risk Management Internal Control and Related Financial and Business Reporting' (September 2014)). The Board's view of the Group's key risks and how the Group seeks to manage those risks is set out on pages 37 to 45.

The Group has in place appropriate internal control and risk management systems around financial reporting. The Group accounting function is centralised and financial information is held on a central accounting system, from which internal management reporting, budgeting and external reporting is collated.

The Board regularly reviews the effectiveness of the Group's internal controls which have been in place from the start of the year to the date of approval of this report.

An outsourced internal audit function is in place for the company and a three-year Internal Audit Plan was approved by the Audit Committee on behalf of the Board during the year. See page 72 for a more detailed overview of the areas of focus and programme of work undertaken by the Internal Audit team in the year.

The key elements of the system of internal controls include:

- The Board meets on a regular basis and is responsible for the operational strategy, reviewing operating results, identification and mitigation of risks and communication and application of the Group's policies and procedures;
- The Group has a clear organisational structure with defined responsibilities and accountabilities;
- Regular reports are made available to the Board on key developments, financial performance against budget and operational issues in the business;
- Operational and financial controls and procedures are in place including; authorisation and approvals policies for financial expenditure; authorisation and approvals policies for contracts and agreements; signing authorities; IT application controls; appropriate segregation of duties and reviews by management. Further, additional procedures exist to address other risks to the business including a Code of Conduct and Ethics and Anti-Corruption policy;
- Centralised finance and support functions exist;
- An outsourced Internal Audit function is in place, working and reporting back to the Audit Committee;
- A formal budgeting process occurs annually. The budgets and forecasts are reviewed, approved and monitored by the Board; and
- Regular meetings occur between the Executive Board and Senior Management team.

During 2017, the Internal Audit team carried out a review of the Group's risk management process. The review considered the following: design and structure of risk management process against best practice; communication and perception of risk appetite; identification, assessment and monitoring of risk; embedding of risk management into day-to-day management activities; and assurance around risk management activities. Whilst the review concluded that our risk management process is operating effectively across the business and is meeting the requirements expected of a UK listed company, a number of opportunities were identified to enable us to improve the design and structure of risk management, and have been addressed.

The Audit Committee

The composition and work of the Audit Committee, including its relationship with the external auditors, is set out in the Audit Committee Report on pages 68 to 73.

4 Remuneration

The Company's policy on remuneration and detail of the remuneration of each Director is given in the Remuneration Report on pages 75 to 94.

5 Relations with shareholders

During 2017 the business has worked to improve its communication with shareholders through the redesign of the FDM website. The updated site provides a clearer representation of the work of the Group, including detailed case studies and an improved investor relations section with the aim of ensuring that our investment community has a clear understanding of FDM's strategy, business model, competitive position, financial information and strategic progress.

In order to maintain dialogue with institutional shareholders, the Chief Executive Officer and Chief Financial Officer meet with the Company's major shareholders following interim and final results announcements and otherwise as appropriate.

The Company uses the AGM as an opportunity to communicate with its shareholders and welcomes their participation. Shareholders who attend the AGM will have the opportunity to ask questions and all Directors are expected to be available to take questions.

Notice of the AGM, which will be held at 10.30am on 26 April 2018 at 5 New Street Square, London EC4A 3TW, is enclosed with this report. In accordance with the Code, the Notice of AGM will be sent to shareholders at least 20 working days before the meeting and the notice for general meetings will be sent to shareholders at least 14 days before each general meeting and will include details of the resolutions and the explanatory notes.

The Board proposes separate resolutions for each issue and proxy forms allow shareholders who are unable to attend the AGM (or general meeting, as applicable) to vote for or against or to withhold their vote on each resolution. As soon as practical following the conclusion of the AGM (or general meeting, as applicable), the proxy votes cast, including details of votes withheld, shall be announced to the London Stock Exchange via its Regulatory News Service and published on FDM's website.

The Company's Articles of Association can only be amended if such amendment is approved by the Company's shareholders by way of special resolution.

The Group's website (**www.fdmgroup.com**) is the primary source of information on the Group.

Engagement with stakeholders

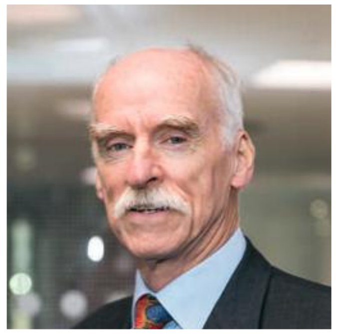
In addition to the Company's shareholders, the Board has identified the following key stakeholders: employees, prospective candidates and customers. The whole Board travelled to FDM's New York centre for the May Board meeting, to enable Non-Executive Directors in particular to spend time with senior managers and other key staff in North America and to enable them to develop further their understanding of the North American business. The Executive Directors travel often to the different FDM centres to meet with all levels of employees.

The Executive Directors attend numerous university career services, and meet with partnerships that promote the transition to civilian work environment for Ex-Forces. Together with members of the sales team the CEO, CFO and CCO discuss on a regular basis with customers in different countries their particular needs.

The Corporate Governance Report was approved by the Board on 6 March 2018 and signed on its behalf by:

Ivan Martin
Chairman
6 March 2018

Audit Committee Report



"The Committee has played a key role in ensuring appropriate challenge and governance in matters relating to internal control and risk management and financial reporting."

Chairman's introduction

This year's Audit Committee Report outlines our activities and areas of focus during the year. The Committee provides support to the Board in meeting its statutory responsibilities as set out in the UK Corporate Governance Code (issued April 2016). This updated edition of the Code requires that Audit Committees have competence relevant to the sector in which the Company operates. I am pleased to report that the skills and experience of the Audit Committee members are very much relevant to FDM's business, as evidenced by the biographies on pages 58 to 60.

A key focus of the Audit Committee continues to be Internal Control. A three-year risk based Internal Audit Plan which covers all key financial, operational and regulatory parts of the business was approved by the Audit Committee during the year. Details of the work undertaken by the Internal Audit team in 2017 are included on page 72. Their work included an assessment of our risk management processes; treasury processes; cyber and IT security systems and procedures; and, in recognition of the approaching deadline for compliance, an assessment of our readiness for General Data Protection Regulation ('GDPR').

Now a standing item on the Committee agenda, the Committee also continues to focus on the development of FDM's IT systems in order to keep pace with the growth of the Company, with a particular emphasis on security. FDM's Chief Information Officer ("CIO") provided updates on: the cyber risks facing the Group and the IT security steps taken and the Group's IT support, environment and systems capabilities. The upgrade of the current IT systems and infrastructure is progressing well.

As a Committee we continue to challenge management with regard to the key judgement areas and significant financial reporting items, and these are disclosed in this report on page 71.

The Board visited FDM's New York centre in May 2017. This gave an opportunity for the Non-Executive Directors to broaden their understanding of the North American business and to discuss key operational areas with the North America management team.

Last year, in addition to the business as usual work, the Committee set itself two key priorities for 2017. We have made good progress in respect of both priorities, as outlined below:

2017 priorities	Progress
Focus on internal controls and risk management, with a particular emphasis on assessing wider operational controls.	The three-year Internal Audit Plan was approved by the Committee and the first projects are underway. The Plan is risk based and covers all key operational parts of the business.
Review plans to upgrade systems to support the further expansion of the business internationally.	The IT strategic plan has been finalised and reviewed by the Audit Committee. A number of IT projects, including an upgrade of the Group's Billing and Finance systems, are in progress.

These areas will continue to be a key focus for 2018 as we enter the second year of our three-year Internal Audit Plan and we continue the roll out of our IT strategic plan.

Role of the Committee

The Committee is appointed by and reports to the Board. The Committee's principal role is to assist the Board in carrying out its responsibilities in relation to monitoring the integrity of financial reporting, the effectiveness of internal control and risk management and in maintaining an appropriate relationship with the Group's auditors. The Committee sets its own agenda in addition to routine matters and those suggested by the main Board.

More details on the Committee's role and responsibilities can be found in the Committee's terms of reference. These terms were updated during 2017 as part of an annual review. The full terms of reference are available in the Corporate Governance section of the Company's website at **www.fdmgroup.com**.

Composition

The Committee is comprised of Non-Executive Directors Robin Taylor (Chairman), Peter Whiting, Michelle Senecal de Fonseca and David Lister. The Code requires under provision C.3.1 that at least one member of the Committee should have recent and relevant financial experience. The Chairman of the Committee, who is a chartered accountant with considerable financial experience in a public company environment, fulfils this requirement. Peter Whiting, Michelle Senecal de Fonseca and David Lister also have experience in financial and reporting matters through their other business experience. The Committee as a whole has significant experience and competence in the sector within which FDM operates.

There have been no changes in Committee membership during the year. In compliance with the Corporate Governance Code, the Committee membership is limited to independent Non-Executive Directors of the Company.

Members' experience is documented on pages 58 to 60.

Meetings

The Committee discharges its responsibilities through a series of scheduled meetings during the year, the agenda of each being linked to events in the financial calendar of the Group. The Committee met four times during the financial year with all members in attendance at all meetings.

During the year, the Chief Executive Officer, Chief Financial Officer, Chief Information Officer, Group Financial Controller and other senior management, attended certain meetings at the invitation of the Committee in order to ensure that the Committee remained fully informed of events and developments within the business including legal and IT security matters, reinforcing a strong risk management culture. The Group's auditors, PricewaterhouseCoopers LLP ("PwC"), attended three of the four Committee meetings during 2017. The Internal Auditors attended two Committee meetings during the year to present the findings from their Internal Audit work. The Committee met PwC three times during the year privately without Executive Management being present. The Chairman also met with PwC on several occasions outside of the Committee.

In addition to the meetings of the Committee, the Chairman and other members of the Committee met with other members of the Finance team and regional operating management throughout the year.

Activity

Principal activities during the year

Since the beginning of the financial year, the Committee undertook the following activities:

March 2017

- Reviewed and recommended approval of the Preliminary Announcements and the 2016 Annual Report to the Board. The work included: ensuring that the report is fair, balanced and understandable; reviewing the significant judgements applied in the Annual Report; the appropriateness of the 'going concern' statement and the viability statement; and providing approval of the principal risks to the business as set out in the Annual Report
- Received a presentation from PwC on their audit of the financial results for the year ended 31 December 2016, and reviewed the 'Auditors' Report to the Audit Committee'
- Received and discussed a draft Internal Audit plan for the three-year period from 2017 to 2019
- Received a report on a review of key client contracts
- Received an update on the project to upgrade FDM's business and financial systems
- Received an update on proposed activities and areas of focus for the Group Finance team in 2017
- Approved the Committee's annual agenda for the remainder of 2017

June 2017

- Received a further update on IT strategy and IT systems development projects
- Approved the three-year Internal Audit plan for the period 2017 to 2019
- Received Internal Auditor's findings from their testing of the Group's financial controls and the Risk Controls Matrix ("RCM") which details all key controls around each of the Group's key financial processes
- Received a report on a review of HR's on-boarding and induction processes (including training provided on aspects such as anti-bribery and data protection)
- Reviewed the Group's risk register
- Reviewed developments in accounting and reporting requirements applicable to the Group
- Reviewed the Group Finance team three-year plan and objectives for the period 2017 to 2019
- Reviewed the effectiveness of the external auditors
- Reviewed the Audit Committee's Terms of Reference

Prior to the main meeting the Committee received a training session from PwC on key developments in areas relevant to the Committee's business in 2017 and 2018.

July 2017

- Reviewed PwC's report to the Committee (interim review for the six months to 30 June 2017)
- Reviewed the Interim Report and recommended its approval to the Board
- Reviewed the fees paid to the external auditors for non-audit work
- Reviewed and updated FDM's policy relating to non-audit work

December 2017

- Reviewed PwC's year-end audit plan and fees for audit of the 2017 financial results
- Carried out an effectiveness review of the Audit Committee
- Reviewed and updated the Group's risk register
- Received updated plans for the development of future systems
- Reviewed non-audit fees policy
- Received updates on corporate reporting and ensured compliance with latest corporate governance
- Undertook annual review of whistle blowing and anti-bribery policies and procedures
- Reviewed the Internal Audit Findings Report

Significant financial reporting items

The Committee pays particular attention to matters it considers important by virtue of their potential impact on the Group's results or the level of estimates and judgements involved in their application to the Consolidated Financial Statements. To this end, the Committee receives regular reports from the Chief Financial Officer and the Group's external auditors, PwC. The Committee has considered all significant estimates and judgements identified in note 4 to the Consolidated Financial Statements on page 114, having received drafts of the Annual Report and financial statements in sufficient time ahead of signing to facilitate their thorough review, and allow for the opportunity to challenge and discuss the Report's content.

The main areas of focus during the year are unchanged from 2016 and are set out below:

Area of focus	Steps taken to address each area
Revenue Revenue in respect of non-receipted timesheets is accrued at a percentage of the estimated contract value where timesheets have not been received at the cut-off date from Mounties or contractors.	The Committee discussed and reviewed revenue recognition in detail with management and PwC and remains satisfied that Group accounting policies with regard to revenue recognition have been adhered to and that judgements remain appropriate. We do not anticipate a material impact on the Group's results from the application of the new standard IFRS 15, 'Revenue from contracts with customers' (effective for accounting periods beginning 1 January 2018).
Share-based payments For a third year, the Company granted awards under the FDM Performance Share Plan (the "PSP"). Associated with accounting for the awards are judgements relating to the number of shares which will vest.	The Committee received and reviewed a paper containing the key assumptions and judgements applied in calculating the share-based payment charge. The Committee is satisfied that the assumptions and judgements applied are appropriate.
Going concern and viability The Committee has considered the "Going Concern" basis assumed within the financial statements and viability period. The underlying assumptions, the reasonableness of those assumptions and the headroom/funding facilities available were considered as part of the Committee's review. The review also considered the impact of a range of sensitivities on the key assumptions.	The Committee received and reviewed a paper prepared by the Finance team supporting the adoption of the going concern basis and the appropriateness of the viability period. The Committee is satisfied with the judgements in these areas and that sufficient work was performed to enable the Committee to conclude on the adoption of the going concern basis. The Committee reviewed and concurred with the reasonableness of the viability period included within the viability statement on page 46.
Impact of new accounting standards The Committee has considered the impact of new accounting standards including IFRS 9 'Financial Instruments', IFRS15 'Revenue from contracts with customers', and IFRS 16 'Leases'.	The Committee has reviewed papers prepared by the Finance team, outlining the impact of new accounting standards as applied to FDM and is satisfied that the impact has been appropriately assessed. The impact of IFRS 9, IFRS 15 and IFRS 16 is set out in note 5 to the Consolidated Financial Statements.

Fair, balanced and understandable

As requested by the Board, the Committee has considered whether, in its opinion, the Annual Report and Accounts 2017 is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. In forming its opinion the Committee considered the information it had received and the discussions that have taken place with senior managers in the business.

All members of the Committee received a full draft of the Annual Report and Accounts two weeks prior to the meeting at which it was required to provide its final opinion. The Committee reviewed the report to ensure that; it was balanced and reflective of the Group's performance; that the presentation of adjusting items was relevant and understandable; that all material matters were considered; and there was internal consistency and good linkage throughout, including the presentation of the risks and significant judgements.

The Committee concluded that in its opinion the Annual Report and Accounts 2017, taken as a whole, is fair, balanced, and understandable and considers that it provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. The Directors' statement of responsibilities on a fair, balanced and understandable annual report is given on page 97.

Internal control and risk management

The Committee is responsible for monitoring and reviewing the effectiveness of the Group's internal control and risk management systems. Through monitoring the effectiveness of its internal controls and risk management, the Committee is able to maintain a sound understanding of the Group's trading performance, key judgemental areas and management's decision-making processes.

The key elements of the Group's internal control framework and procedures are set out on page 66.

Internal Audit

Established in 2016, the Group's Internal Audit function is wholly outsourced. The decision to outsource the Internal Audit function was twofold: first, it is considered that outsourcing ensures the process is independent and second, it guarantees specialist input when required, taking into account international boundaries and the need for technical specialism, particularly when reviewing non-financial areas of the business.

A three-year Internal Audit Plan, covering 2017-2019 was approved by the Audit Committee during the year. The Plan is risk based and covers all key financial, operational and regulatory parts of the business. Specifically, in 2017, the following areas were reviewed: risk management processes; Treasury; Cyber and IT security; and GDPR.

The findings from the 2017 reviews were presented to the Audit Committee in December and are supported by related action plans where relevant. No serious weaknesses were identified by the Internal Audit review.

As the Internal Audit Plan is risk-based, the Audit Committee considers that the internal audit process is an effective tool in the overall context of the Group's risk management systems.

In addition to preparing the three-year plan outlined above, the Internal Audit team also completed its review of the Group's key controls covering significant financial processes which are documented in the Risk Controls Matrix ("RCM"). Management have updated the RCM as appropriate.

The Chair of the Audit Committee also met with the Internal Audit team without management present.

External auditor

PwC is the Group's current external auditor, having been appointed in 2013. The Group is not required under current EU legislation to conduct a tender before the year ending 31 December 2023. Any recommendation relating to the re-appointment of the external auditors will continue to be the subject of rigorous review each year.

Auditor independence and objectivity

Both the Committee and the Board keep the external auditors' independence under review. From July 2016, the Committee has been monitoring the fees paid to the external auditor for non-audit work at each Committee meeting. Approval of non-audit fees of up to £5,000, the de minimis level which was set by the Committee, has been delegated to the Chief Financial Officer. Any single fee exceeding this threshold requires the approval of the Chair of the Audit Committee. The Group receives a formal statement of independence and objectivity from PwC each year and obtains quotes in a competitive tender for non-audit work performed.

Fees for non-audit work carried out by PwC as a percentage of audit fees for the year ended 31 December 2017 were 23% (2016: 47%). Further disclosure of the non-audit fees paid during the year ended 31 December 2017 can be found in note 7 to the Consolidated Financial Statements.

The Group continues to engage other independent accounting firms to perform internal audit work, tax consulting and other assignments to further ensure that the independence and objectivity of the external auditor is not compromised.

External audit partners are rotated every five years. The current external audit partner is Jaskamal Sarai, who has been in place for three years.

Effectiveness of external auditor

During the year, the Committee reviewed the effectiveness and independence of the external auditor, using a feedback questionnaire which was completed by key members of the Finance team, each member of the Committee and the Chief Financial Officer. The questionnaire asked individuals to rate the performance of PwC in the following areas: knowledge and expertise of audit team; independence and objectivity of audit team; effectiveness of planning process; ability to firmly challenge management; and quality of audit deliverables. Based on this, the Committee concluded that:

- the overall audit approach, materiality, threshold and areas of audit focus were appropriate to the business; and
- the audit team possessed the necessary quality, expertise and experience to provide an independent and objective audit.

Whistleblowing

A whistleblowing policy enables employees to report concerns on matters affecting the Group or their employment, without fear of recrimination.

The Committee reviewed the Group's whistleblowing policy and procedures in December 2017 and is satisfied that they are appropriate to the size and scale of the Group.

Anti-bribery and corruption policy

The Group has a zero-tolerance policy to bribery and corruption. The Group's Anti-Bribery and Corruption Policy is issued to all employees. The Committee reviewed the effectiveness of the policy in December 2017 and concluded that it was sufficient for managing the anti-bribery and corruption risks faced by the Group.

Audit Committee effectiveness

The Committee considered its own effectiveness in discharging its duties during 2017. The effectiveness review was carried out using a questionnaire which was completed by each member of the Committee together with a comparison against the Committee's new terms of reference and the Financial Reporting Council's Guidance for Audit Committees. The Committee is satisfied that it continues to be effective in discharging its duties.

R.F. Taylor

Robin Taylor
Chairman of the Audit Committee
6 March 2018

Nomination Committee Report

Chairman's introduction
I am pleased to present the report of the Nomination Committee for the year ended 31 December 2017.

The role of the Nomination Committee is to review the composition of the Board and to plan for its refreshment as appropriate with regard to composition, balance and structure.

The Committee undertook a review of its effectiveness during 2017 and concluded that the Committee continues to operate effectively.

Information on the activities of the Committee during the year is set out in this report.

Committee composition
The Committee is appointed by, and reports to, the Board, and comprises the Chairman, the Chief Executive and all four of the independent Non-Executive Directors. The following members served on the Committee during the year:

Ivan Martin (Chairman)
Rod Flavell
Robin Taylor
Peter Whiting
Michelle Senecal de Fonseca
David Lister

Role of the Nomination Committee
The role of the Committee is summarised below and detailed in full in its terms of reference, a copy of which is available on the Group's website (**www.fdmgroup.com**).

The main responsibilities of the Committee are to:
- Review the structure, size and composition of the Board and its Committees including its balance of skills, knowledge, experience and diversity, and make recommendations to the Board with regard to any changes;
- Lead the process for identifying candidates to fill Board vacancies as and when they arise, and recommend new appointments to the Board for approval; and
- Consider succession planning for Directors and other senior executives taking into account the challenges and opportunities facing the Company, and the skills and experience needed on the Board in the future.

Committee activities during the year
During the year, the Committee met twice, with all members present and undertook the following activities:
- Planning for the 2017 Board evaluation;
- Review of the Group's succession planning requirements and long-term managerial talent development;
- Carried out the annual effectiveness review of the Committee; and
- Carried out a review of the skills and experience of each of the Directors and the independence of each of the independent Non-Executive Directors and made initial recommendations for re-election of the Directors at the 2018 AGM.

Looking ahead
The Committee has established an in-depth review of long-term succession planning and talent management which will be externally facilitated during 2018 with a view to ensuring that a detailed succession plan, talent management strategy and people development programme are developed which is aligned to the Group's strategy and supports the future growth of the Group.

Ivan Martin
Chairman of the Nomination Committee
6 March 2018

Remuneration Report

Statement from the Chairman of the Remuneration Committee

On behalf of the Board, I am pleased to present our Remuneration Report for the year ended 31 December 2017.

Our Directors' Remuneration Policy was approved by shareholders at the 2015 AGM and, as required by the applicable legislation, we are seeking approval from shareholders for a new policy at our AGM in 2018. In considering our approach to the new policy, the Remuneration Committee has been guided by the following principles:
- Changes in best practice as regards executive remuneration, reflected in the introduction of bonus deferral, post-vesting holding periods on the PSP and a strengthening of the shareholding guidelines, as discussed below.
- A desire to remain consistent with the culture of the Company that has been instrumental in the delivery of strong growth and very good returns to shareholders in the period since flotation.
- The considerable growth and evolution of the Company in the period since the original policy was approved, evidenced by the increase in the Company's market capitalisation from approximately £309 million at flotation to approximately £1,000 million at 31 December 2017 and our elevation to the FTSE 250 in 2017, reflecting sustained growth across both new and existing markets including an increase in the number of Mounties on site from 1,500 at the end of 2014 to 3,170 at the end of 2017.
- Recognition of the possibility of new Executive Directors joining the Board during the life of the new policy and the resulting need for the policy to support succession planning.

We have summarised below how the new policy compares to the original policy, and how we intend to apply the new policy in 2018.

Remuneration element	Original policy	New policy	Implementation of new policy in 2018
Salary	Increases normally in line with the wider workforce. Higher increases may be awarded in appropriate circumstances.	No change.	The Committee is reviewing Executive Directors' salaries in light of the growth in the Company since IPO and the increased scale and complexity of the roles of the Directors. The average salary increase of the Executive Directors since the IPO has been less than that of the wider workforce over the same period and no Executive Director received a salary increase in 2017. Our intention is that any increase awarded for the Executive Directors in 2018 would not exceed the increase for the UK workforce (excluding Mounties) in 2017 and 2018 combined.

Statement from the Chairman of the Remuneration Committee *(continued)*

Remuneration element	Original policy	New policy	Implementation of new policy in 2018
Benefits and retirement benefits	Benefits are positioned by reference to market levels. Defined contribution pension contributions for existing Executive Directors are capped at 3% of salary.	No change.	No change. The low level of pension provision is consistent with that provided to the wider workforce.
Annual Bonus	Up to 100% of salary. Paid in cash following year end. Information in relation to the bonuses earned in respect of 2017 is given on page 77.	Up to 150% of salary. Up to 33% of any bonus earned is deferred for two years where the opportunity is more than 100% of salary. Deferred bonuses can include a right to "dividend equivalents".	The Executive Directors' bonus opportunity for 2018 will remain at 100% of salary. Further information is given on page 83. Any increase in the bonus opportunity for future years would only be implemented with a review of the performance targets to ensure that the level of stretch reflects the increased opportunity.
PSP	Ordinarily up to 100% of salary, with discretion to award up to 200% of salary. In practice, awards have always been granted below the level of 100% of salary. Awards vest and are released following the end of a three-year performance period.	The ordinary limit will be increased to 150% of salary, but there will be no increase to the overall maximum. The purpose of the increase is to provide flexibility over the life of the policy, and the Committee has no intention of applying this increased quantum at the current time. Awards will ordinarily be subject to an additional holding period of two years following vesting. Existing Executive Directors will only be subject to the holding period in respect of awards with a value in excess of 100% of salary.	It is intended that awards for 2018 will be up to a maximum of 100% of salary. Further information is given on page 83.
Shareholding guidelines	100% of salary	200% of salary. 50% of the shares acquired under the PSP and any deferred bonus award (after sales to cover tax) must be retained until the guideline is achieved.	Our Executive Directors all have significant shareholdings, directly aligning their interests with those of shareholders. As shown on page 81, each of our Executive Directors holds shares with a value significantly in excess of the formal shareholding guidelines under both the original and new policies.

Other minor amendments have been made to the policy to aid its operation and to reflect the changes referred to above.

The Remuneration Committee

The role of the Committee is to:

- Determine the Company's remuneration policy for all Directors and the Chairman;
- Review and determine remuneration and incentive packages for each of the Company's Executive Directors;
- Operate the Company's incentive plans in line with the policy report and various plan rules; and
- Ensure it is kept abreast of issues affecting all aspects of executive remuneration.

Details of the attendance at Committee meetings are set out in the Corporate Governance Report on page 62. The full Remuneration Committee terms of reference can be found on the Company's website. Details of the advisors to the Committee are set out on page 85.

Remuneration in 2017

The original remuneration policy approved at the 2015 AGM applied during 2017. The table below summarises the principal decisions in respect of 2017 in accordance with that policy.

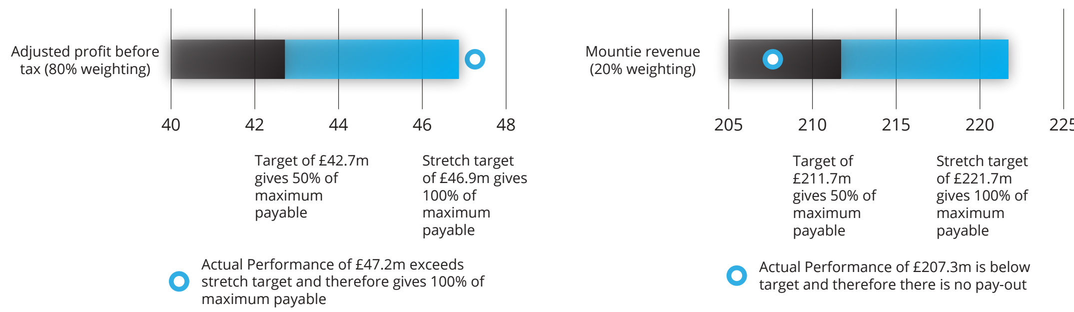
Salary

As noted in the 2016 Directors' Remuneration Report, Executive Directors' salaries were not increased for 2017.

Bonus

As with 2016, the Executive Directors' bonus opportunity for 2017 was subject to stretching targets based on Group pre-tax profit (governing 80% of the opportunity) and Mountie revenue (governing 20% of the opportunity), directly aligned to our KPIs.

Bonuses earned by the Executive Directors in respect of 2017 were 80% of salary, reflecting the strong performance by the Group during 2017 as set out in the Strategic Report, as demonstrated below.



Further details of the annual bonus outturn are included in the Annual Report on Remuneration on page 80.

PSP vesting by reference to performance in 2017

Our first PSP awards were granted in April 2015. The awards vested at 100%, reflecting the exceptionally strong performance of the Company over the three-year performance period, as summarised below, and further information is given on page 80.

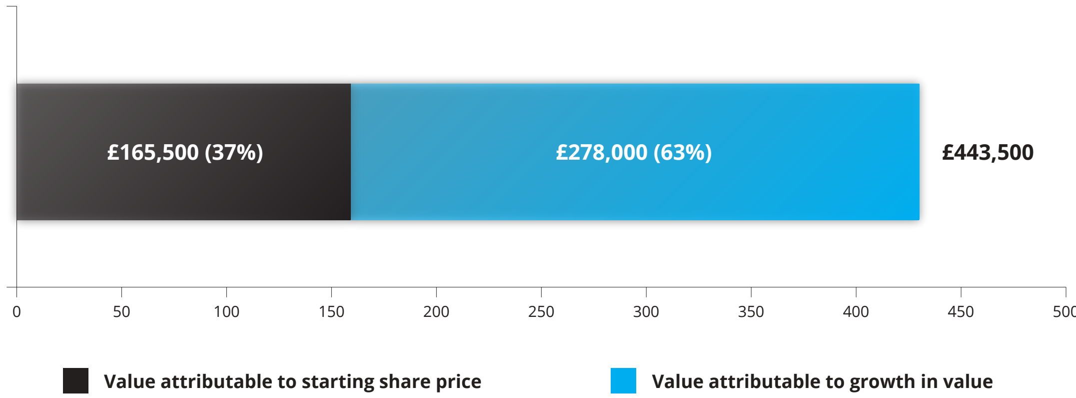
Compound annual growth in EPS	Vesting	Performance outcome (compound annual growth in adjusted[1] EPS)
10% p.a.	25%	23%
Greater than 10% p.a. but less than 17% p.a.	Determined on a straight-line basis between 25% and 100%	
17% p.a. or greater	100%	

1 The Committee has at its discretion assessed performance outcome based upon adjusted EPS as defined in Note 12 in the Consolidated Financial Statements.

Statement from the Chairman of the Remuneration Committee *(continued)*

PSP vesting by reference to performance in 2017 (continued)

In the single figure of remuneration table on page 79, the full value of the awards is shown. The award was earned over the three-year period 2015 – 2017 and the value earned reflects the significant increase in the share price over that period. We have illustrated below the proportion of the value which is attributable to the starting value of the award and the proportion attributable to the growth in the share price.



PSP awards granted in 2017

We granted each Executive Director a further PSP award in 2017, details of which are set out on page 82. Although the policy permits awards at the level of up to 100% of salary, we again scaled back the awards to enable the Company to make additional awards below Board level. Each Executive Director received an award over 20,000 shares, representing an award over the following percentages of salary:

Rod Flavell: 39% Sheila Flavell: 53%
Mike McLaren: 55% Andy Brown: 53%

Remuneration in 2018

Our approach to the implementation of the proposed policy for Executive Directors in 2018 is summarised above. Further information is given in the Annual Report on Remuneration.

The Non-Executive Directors' fees are being reviewed in light of the growth in the Company since IPO and the increased scale and complexity of the roles of the Non-Executive Directors.

Feedback

We always welcome feedback from shareholders on any aspect of our Directors' remuneration and will continue to monitor our remuneration policy to ensure it remains aligned to the business strategy and delivery of shareholder value.

Peter Whiting
Chairman of the Remuneration Committee
6 March 2018

Annual Report on Remuneration

Audited Section

The Audited Section of this report comprises only the following sections:

- Single figure table;
- Annual bonus for 2017;
- Long term incentives vesting in respect of 2017;
- Directors' shareholding and share interests;
- Performance Share Plan awards granted in 2017.

Single figure table

The table below details the total remuneration receivable by each Director for the financial years ended 31 December 2017 and 31 December 2016. Where necessary, further explanation of the values provided are included in the notes to the table or the additional information that follows it in relation to the 2017 annual bonus and the long term incentives vesting in respect of 2017.

		Salary and fees £000	Benefits £000	Annual bonus £000	Long term incentives £000	Pension £000	Total remuneration £000
Executive Directors							
Rod Flavell	2017	367.5	19.6	294.0	443.5	9.5	1,134.1
	2016	367.5	19.6	367.5	–	9.9	764.5
Sheila Flavell	2017	273.0	13.0	218.4	443.5	7.1	955.0
	2016	273.0	9.5	273.0	–	7.3	562.8
Mike McLaren	2017	262.5	13.8	210.0	443.5	6.8	936.6
	2016	262.5	13.5	262.5	–	7.0	545.5
Andy Brown	2017	273.0	13.3	218.4	443.5	8.2	956.4
	2016	273.0	12.6	273.0	–	8.2	566.8
Non-Executive Directors							
Ivan Martin	2017	131.0	–	–	–	–	131.0
	2016	131.0	–	–	–	–	131.0
Peter Whiting	2017	52.0	–	–	–	–	52.0
	2016	52.0	–	–	–	–	52.0
Robin Taylor	2017	47.0	–	–	–	–	47.0
	2016	47.0	–	–	–	–	47.0
Michelle Senecal de Fonseca[1]	2017	42.0	–	–	–	–	42.0
	2016	40.3	–	–	–	–	40.3
David Lister[2]	2017	42.0	–	–	–	–	42.0
	2016	34.2	–	–	–	–	34.2

1 Michelle Senecal de Fonseca was appointed as a Director on 16 January 2016. Her fee for 2016 reflects her fee from that date until the end of the year. On an annualised basis her fee would equate to £42,000.

2 David Lister was appointed as a Director on 9 March 2016. His fee for 2016 reflects his fee from that date until the end of the year. On an annualised basis his fee would equate to £42,000.

Annual Report on Remuneration *(continued)*

The figures in the single figure table on the previous page are derived from the following:

Salary and fees	The total salaries and fees paid in respect of the year.
Benefits	Value of benefits received in the year, comprising private medical insurance and car allowance.
Annual bonus	The cash value of the bonuses earned in respect of the year.
Long term incentives	The value of the Executive Directors' long term incentives vesting by reference to performance in 2017, calculated as set out below.
Pension	The cash value of Company pension contributions paid on behalf of the Executive Directors as part of the Company's defined contribution scheme.

Annual bonus for 2017

Each Executive Director's annual bonus opportunity for 2017 was based on an adjusted profit before tax target (governing 80% of the opportunity) and a Mountie revenue target (governing 20% of the opportunity). The targets set are detailed in the table below, along with performance against those targets.

While the remuneration policy permits a threshold payment of 20% of maximum payable, the Committee decided not to set such a target concerning adjusted profit before tax and Mountie revenue.

	Weighting	Threshold (20% of maximum payable)	Target (50% of maximum payable)	Stretch (100% of maximum payable)	Actual performance	Bonus earned (percentage of maximum payable)
Adjusted profit before tax	80%	n/a	£42.7m	£46.9m	£47.2m	100%
Mountie revenue	20%	n/a	£211.7m	£221.7m	£207.3m	0%

Accordingly, each Executive Director earned a bonus equal to 80% of their salary in respect of 2017.

Long term incentive awards vesting in respect of 2017

Each Executive Director was granted an award under the Company's Performance Share Plan on 20 April 2015 over 50,000 shares[1]. Each award was subject to a performance condition based on the compound annual growth in the Company's Earnings Per Share over the performance period 2015 – 2017 in accordance with the following table.

Compound annual growth in EPS	Percentage of the award that will vest	Performance outcome (compound annual growth in adjusted[1] EPS)	Vesting outcome
10% p.a.	25%	23%	100%
Greater than 10% p.a. but less than 17% p.a.	Determined on a straight-line basis between 25% and 100%		
17% p.a. or greater	100%		

1 The Committee has at its discretion assessed performance outcome based upon adjusted EPS as defined in Note 12 in the Consolidated Financial Statements.

The extent to which the awards vested was subject to the Committee's assessment of the overall financial performance of the Company during the performance period. Taking into account the strong growth in EPS and the overall financial performance of the Company over the three-year period, the Committee confirmed that the vesting by reference to the principal EPS performance condition was appropriate.

In the single figure table on page 79, the value for the LTIPs is calculated by multiplying the number of shares in respect of which each award vested (50,000[2]) by £8.87 (being the closing share price of £8.88 on 6 March 2018, the vesting date, less the exercise price of £0.01 per share).

2 Each award granted in 2015 was granted as an "Approved PSP" award to take account of potential tax advantages for the participant and Company. Each award consisted of a PSP award over 40,937 shares, a tax qualifying option over 9,063 shares with an exercise price of £3.31 per share and a "Linked Award" which is principally to fund the exercise price of the option. If the tax qualifying option is exercised at a gain, the Linked Award will be exercisable over such number of shares as have a market value at the date of exercise equal to the aggregate exercise price of the tax qualifying option. If the tax qualifying option is not capable of exercise at a gain and is released, the Linked Award may be exercised in respect of 9,063 shares. As the Linked Award is principally to fund the exercise price of the tax qualifying option, in practice, the award is equivalent to a PSP award over 50,000 shares.

Former Directors

During the year, no payments were made to any former Director of the Company or in respect of loss of office.

Directors' shareholding and share interests

The Committee has previously adopted a formal shareholding guideline of 100% of salary. In the new directors' remuneration policy to be proposed to shareholders at the 2018 AGM, the Committee has included its new shareholding guideline of 200% of salary. The current Executive Directors have shareholdings with values significantly in excess of two times' salary, reflecting the Company's historic culture of share ownership and entrepreneurialism.

The interests as at 31 December 2017 were as follows:

	Ordinary shares as at 31 December 2017 Number	Ordinary shares value as at 31 December 2017 £000[1]	Value (x base salary[2])
Executive Directors			
Rod Flavell	8,201,255	76,559	208.3
Sheila Flavell	8,201,254	76,559	280.4
Mike McLaren	499,295	4,661	17.8
Andy Brown	4,540,801	42,388	155.3
Non-Executive Directors			
Ivan Martin	8,000	75	0.6
Robin Taylor	5,226	49	1.0
Peter Whiting	10,453	98	1.9
Michelle Senecal de Fonseca	5,221	49	1.2
David Lister	–	–	–

1 Calculated based on the closing share price of 933.5 pence on 31 December 2017.
2 Calculated on base salary and fees at 31 December 2017.

There have been no changes in the Directors' holdings in the share capital of the Company between 31 December 2017 and the date the financial statements were approved.

Annual Report on Remuneration *(continued)*

Each Executive Director also holds awards under the Company's PSP, as follows:

Director	Date of award	Number at 1 January 2017	Granted in 2017	Lapsed in 2017	Exercised in 2017	Number at 31 December 2017	Status
Rod Flavell	20 April 2015[1]	50,000	–	–	–	50,000	Vested[2]
	19 April 2016	40,000	–	–	–	40,000	Unvested
	19 April 2017	–	20,000	–	–	20,000	Unvested
Sheila Flavell	20 April 2015[1]	50,000	–	–	–	50,000	Vested[2]
	19 April 2016	40,000	–	–	–	40,000	Unvested
	19 April 2017	–	20,000	–	–	20,000	Unvested
Mike McLaren	20 April 2015[1]	50,000	–	–	–	50,000	Vested[2]
	19 April 2016	40,000	–	–	–	40,000	Unvested
	19 April 2017	–	20,000	–	–	20,000	Unvested
Andy Brown	20 April 2015[1]	50,000	–	–	–	50,000	Vested[2]
	19 April 2016	40,000	–	–	–	40,000	Unvested
	19 April 2017	–	20,000	–	–	20,000	Unvested

1 Each award granted in 2015 was granted as an "Approved PSP" award to take account of potential tax advantages for the participant and Company. Each award consisted of a PSP award over 40,937 shares, a tax qualifying option over 9,063 shares with an exercise price of £3.31 per share and a "Linked Award" which is principally to fund the exercise price of the option. If the tax qualifying option is exercised at a gain, the Linked Award will be exercisable over such number of shares as have a market value at the date of exercise equal to the aggregate exercise price of the tax qualifying option. If the tax qualifying option is not capable of exercise at a gain and is released, the Linked Award may be exercised in respect of 9,063 shares. As the Linked Award is principally to fund the exercise price of the tax qualifying option, in practice, the award is equivalent to a PSP award over 50,000 shares.

2 The awards granted in 2015 vested on 6 March 2018, as described on pages 80 and 81.

Performance Share Plan awards granted in 2017

Each Executive Director was granted an award under the Company's PSP on 19 April 2017 as set out below.

Award	Number of shares	Exercise price per share	Face value of award
PSP award	20,000	£0.01	£144,800

The face value of the award is calculated by multiplying the number of shares subject to the PSP award (20,000) by £7.24 being the average share price over the three business days preceding the date of grant.

The awards will vest based on compound annual EPS growth in line with the following schedule:

Compound annual growth in adjusted[1] EPS	Percentage of the award that will vest
10% p.a.	25%
Greater than 10% p.a. but less than 15% p.a.	Determined on a straight-line basis between 25% and 100%
15% p.a. or greater	100%

1 The Committee has discretion to adjust EPS for the purposes of the PSP where it considers it appropriate to do so (for example, to reflect a material acquisition and/ or divestment of a Group business) and to assess performance on a fair and consistent basis from year to year.

The extent to which the awards vest will be subject to the Committee's assessment of the overall financial performance of the Company during the performance period. Final levels of vesting may be reduced should the Committee feel that the calculated levels do not reflect the performance of the Company.

Approach to Directors' remuneration for 2018

Base salary and fees

Executive Directors

The Committee is reviewing Executive Directors' salaries in light of the growth in the Company since IPO and the increased scale and complexity of the roles of the Directors. The average salary increase of the Executive Directors since the IPO has been less than that of the wider workforce over the same period and no Executive Director received a salary increase in 2017. Our intention is that any increase awarded for the Executive Directors in 2018 would not exceed the increase for the UK workforce (excluding Mounties) in 2017 and 2018 combined.

Non-Executive Directors

The Non-Executive Directors' fees are being reviewed in light of the growth in the Company since IPO and the increased scale and complexity of the roles of the Non-Executive Directors.

Annual bonus for 2018

The maximum annual bonus opportunity for all Executive Directors for 2018 is 100% of salary. 80% of the bonus opportunity will be dependent on adjusted group profit before tax, with the remaining 20% based on Mountie revenue. The Committee considers that the details of the 2018 targets are commercially sensitive and they are not disclosed in this report, however the 2018 targets will be disclosed in next year's report.

Long Term Incentives for 2018

The Committee proposes to grant awards under the PSP in respect of 2018. In accordance with the Directors' remuneration policy for which approval is sought at the 2018 AGM, the maximum quantum of award granted to any Executive Director will be up to 100% of salary. The vesting of the awards will be subject to performance conditions based on compound annual growth in adjusted earnings per share over the three-year performance period as follows:

Compound annual growth in adjusted[1] EPS	Percentage of the award that will vest
10% p.a.	25%
Greater than 10% p.a. but less than 15% p.a	Determined on a straight-line basis between 25% and 100%
15% p.a. or greater	100%

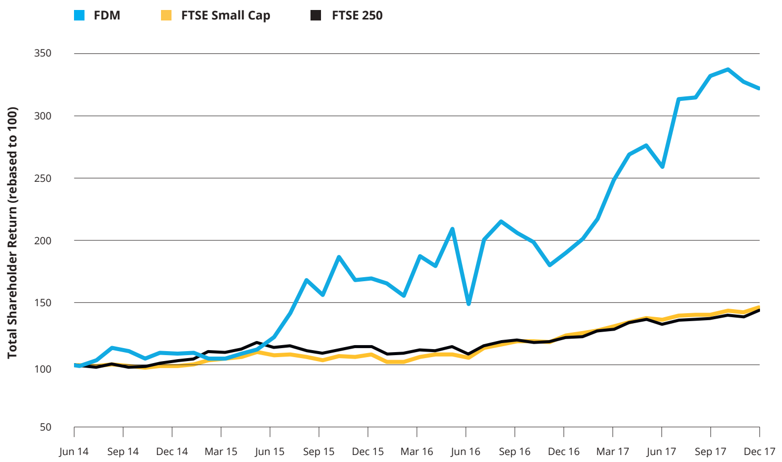
1 The Committee has discretion to adjust EPS for the purposes of the PSP where it considers it appropriate to do so (for example, to reflect a material acquisition and/ or divestment of a Group business) and to assess performance on a fair and consistent basis from year to year.

The extent to which the awards vest will be subject to the Committee's assessment of the overall financial performance of the Company during the performance period. Final levels of vesting may be reduced should the Committee feel that the calculated levels do not reflect the performance of the Company.

Annual Report on Remuneration *(continued)*

Performance graph and historical Chief Executive Officer remuneration outcomes

The graph below shows the Company's Total Shareholder Return ("TSR") performance since the date of listing compared to the FTSE Small Cap Index and FTSE 250 index, these have been chosen as the Company was a constituent of each index during the year, having been promoted to the FTSE 250 index in June 2017.



The table below details the total remuneration, annual bonus and LTIP vesting (as a percentage of the maximum opportunity) for the Chief Executive Officer ("CEO") for the last seven years. Note that for 2014 this is the remuneration received for the whole of 2014 and so is not directly comparable to the TSR performance chart above, which is for the period from 20 June 2014.

	2010	2011	2012	2013	2014	2015	2016	2017
Total remuneration (£000)	455.2	639.2	686.2	547.7	658.5	668.1	764.5	1,134.1
Annual bonus as a % of maximum opportunity	100%	100%	100%	68%	55%	82%	100%	80%
Long Term Incentives as a % of maximum opportunity	n/a	n/a	n/a	n/a	n/a	n/a	n/a	100%

Change in CEO remuneration in relation to the wider workforce

The table below shows the percentage change in salary, benefits and annual bonus for the CEO and the wider workforce between 2016 and 2017. For these purposes, the wider workforce includes all UK employees excluding Mounties, and also excludes employees based overseas in order to exclude the effects of fluctuating exchange rates. Mounties have been excluded from the UK wider workforce numbers to ensure a more meaningful comparison to the CEO's remuneration as their remuneration is not subject to the same annual review process as the rest of the UK workforce. The annual bonus calculation excludes the stretch element of the annual bonus as set out on page 80.

Percentage change		
Salary	0%	6%
Taxable benefits	0%	0%
Annual bonus	0%	12%

Spend on pay

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

	Year ended 31 December 2016 £000	Year ended 31 December 2017 £000	Percentage change
Ordinary dividends	19,138	23,976	+25%
Special dividend	5,376	–	n/a
Total dividends	24,514	23,976	-2%
Overall expenditure on pay	113,053	142,840	+26%

Shareholder approval of our Directors' Remuneration Report

At the AGM held on 30 April 2015, the Directors' Remuneration Policy received strong support from shareholders, which was reflected in the approval of the Directors' Remuneration Report at the 2017 AGM. The results of the votes are set out below:

Resolution	Votes for	% of votes for	Votes against	% votes against	Votes withheld
2015 AGM: Approve the Directors' Remuneration Policy	87,035,109	98.46%	1,359,484	1.54%	0
2017 AGM: Approve the Directors' Remuneration Report	91,753,254	98.54%	1,363,501	1.46%	0

Advisors

During the financial year, the Committee received independent advice from Deloitte LLP, which was appointed by the Committee, in relation to the Committee's consideration of matters relating to Directors' Remuneration. Deloitte LLP was appointed in 2014 following a formal tender process. Fees for advice provided to the Remuneration Committee during the year were £16,000. Fees were charged on a time and disbursements basis.

Deloitte LLP is a member of the Remuneration Consultants Group and voluntarily operates under its code of conduct in its dealing with the Remuneration Committee. The Remuneration Committee continued to review the appointment of Deloitte LLP and is satisfied that all advice received was objective and independent.

The Chairman, Chief Executive Officer and other members of the executive management attend the Committee by invitation to provide input, but no Executive Director or other member of management is present when his or her own remuneration is discussed. Details of individual attendances by Directors at the Remuneration Committee meetings during 2017 are set out on page 62.

Directors' Remuneration Policy

This part of the Report sets out the Company's Company Directors' Remuneration Policy, which, subject to shareholder approval at the 2018 Annual General Meeting, shall take binding effect from the close of that meeting.

The Company's Directors' Remuneration Policy was first approved at the 2015 Annual General Meeting and has applied since the date of that meeting. The new Directors' Remuneration Policy does not make significant changes to the overall structure of the remuneration package, and continues to reflect our reward strategy of providing competitive remuneration packages that promote the long term success of the Company. The changes to the remuneration policy approved at the 2015 Annual General Meeting are described in the Statement from the Chairman of the Remuneration Committee on pages 75 to 76.

Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary			
Core element of fixed remuneration to reflect the individual's role and experience as part of a broadly market competitive total remuneration package, to enable the Group to recruit and maintain the required skills and expertise to enable it to achieve its strategy.	Salary levels are determined taking into account a range of factors, which may include (but are not limited to): • Underlying Group performance; • The size and scope of the Executive Director's role and responsibilities; • The Executive Director's skill, experience and performance; • Salary levels for equivalent roles at other listed companies of a similar size and/ or complexity to the Group; and • Pay and conditions elsewhere in the Group.	Whilst there is no maximum salary level, salary increases will normally be within the range of increases awarded to the wider workforce in percentage of salary terms. Salary increases above this level may be awarded in appropriate circumstances including but not limited to: • Where an Executive Director has been promoted or has had a change in scope or responsibility; • To reflect an individual's development or performance in role (e.g. a newly appointed Executive Director being moved to align with the market over time); or • Where there has been a change in the size and/ or complexity of the business. Such increases may be implemented over such time period as the Committee deems appropriate.	Not applicable.

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Benefits			
To provide benefits as part of a broadly market competitive total remuneration package.	Executive Directors receive benefits set at an appropriate level taking into account total remuneration, market practice, the benefits provided to other employees in the Group and individual circumstances. Benefits provided currently include car allowances and private health insurance. Other benefits may be provided based on individual circumstances. These may include, for example, relocation expenses and expatriate allowances.	Whilst the Committee has not set an absolute maximum on the level of benefits Executive Directors may receive, the value of benefits is set at a level which the Committee considers to be appropriately positioned taking into account relevant market levels based on the nature and location of the role, the level of benefits provided for other employees in the Group and individual circumstances.	Not applicable.
Retirement benefits			
To provide an appropriate level of retirement benefit (or cash allowance equivalent) as part of a broadly market competitive total remuneration package.	Executive Directors are eligible to participate in the Company's defined contribution scheme. In appropriate circumstances, such as where contributions exceed the annual or lifetime allowance, Executive Directors may take a taxable cash supplement instead of contributions to a pension plan.	Maximum company pension contribution (or cash allowance equivalent) for existing Executive Directors of 3% of salary. However, the Committee may permit a higher company pension contribution (or cash allowance equivalent) for any new Executive Director, of up to 15% of salary.	Not applicable.
Annual bonus			
Rewards Executive Directors for achieving financial, strategic and/ or individual targets in the relevant year, to provide an incentive for the Group's employees to achieve goals aligned with the Group's strategy.	Performance measures and targets are reviewed annually and pay-out levels are determined by the Committee after the year end based on performance against the targets. The Committee has discretion to amend the pay-out should any formulaic outcome not reflect the Committee's assessment of overall business performance. Where a bonus opportunity is offered in excess of 100% of salary, up to 33% of the bonus earned will be deferred into an award of shares, which shall be released following the end of a two year deferral period. No bonus will be deferred where the deferred amount would otherwise be below £10,000. Deferred bonus awards may take the form of a nil or nominal cost option to acquire the relevant shares following release, or as a requirement to invest the after tax portion of the bonus into shares which must be retained until release. The Committee may award dividend equivalents on deferred amounts to reflect dividends that would have been paid on the deferred award shares over the period to their release; these dividend equivalents may be paid in cash or shares and may assume the reinvestment of dividends into Company shares on such basis as the Committee determines. **Recovery** Recovery provisions apply as summarised below the table.	Maximum bonus opportunity for Executive Directors is 150% of base salary, although for 2018 the opportunity will be limited to 100% of base salary.	Performance measures and targets are set annually reflecting the Company's strategy and aligned with key financial, strategic and/or individual targets. Pay-out of up to 20% of maximum for threshold performance (the minimum level of performance resulting in any payment), 50% of maximum for on-target performance and full pay-out for stretch performance with straight-line vesting in between each of the points. At least 80% of the bonus will be assessed against key financial performance measures which may include revenue, pre-tax profit or other key financial performance metrics of the Company. The balance of the bonus may be assessed against non-financial strategic measures and/ or individual performance.

Directors' Remuneration Policy *(continued)*

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Performance Share Plan ("PSP")			
To incentivise Executive Directors over the longer term, and to deliver performance-related pay, with a clear line of sight for Executives and direct alignment with shareholders' interests.	Awards under the PSP will typically be granted as a conditional award or the grant of a nil or nominal cost option, in either case vesting subject to the achievement of specified performance conditions, over a period of at least three years. Awards will vest following assessment of the performance conditions. Other than as noted below in relation to the existing Executive Directors, awards will be granted subject to a holding period of two years beginning on the vesting date either on the basis that they will not ordinarily be released (so that the participant is entitled to acquire the shares) until the end of that period or on the basis that the participant is entitled to acquire shares following the assessment of the applicable performance condition but that (other than as regards sales to cover tax liabilities) the award is not released (so that the participant is able to dispose of those shares) until the end of the holding period. The holding period will apply to existing Executive Directors only in respect of any award with a value at grant (ignoring any CSOP option granted as part of an APSP award as discussed below) in excess of 100% of salary. Awards under the PSP may be granted on the basis that the number of shares shall be increased to reflect dividends paid over the vesting period and/or any holding period; these dividend equivalents may be paid in cash or shares and may assume the reinvestment of dividends into Company shares on such basis as the Committee determines. The Committee may at its discretion structure awards as APSP awards comprising both an HMRC tax-favoured option granted under the Company Share Option Plan (CSOP) and a PSP award. APSP awards enable an Executive Director and the Company to benefit from HMRC tax-favoured option treatment in respect of part of the award without increasing the pre-tax value delivered to participants. APSP awards would be structured as either: (1) a tax-favoured option and a PSP award, with the vesting of the PSP award scaled back to take account of any gain made on exercise of the tax-favoured option; or (2) a tax favoured option, PSP award over a reduced number of shares and separate PSP award which is to fund the exercise price of the tax-favoured option. Other than to enable the grant of APSP awards, the Company will not grant awards to Executive Directors under the CSOP. **Recovery** Recovery provisions apply as summarised on the next page.	The usual maximum award level under the PSP in respect of any financial year for Executive Directors is awards over shares with a value of 150% of salary, although for 2018 it is intended that the opportunity will be up to a maximum of 100% of base salary. The Committee has discretion to grant awards under the PSP in respect of any financial year for Executive Directors up to a maximum of 200% of salary. The Committee may at its discretion structure awards as Approved Performance Share Plan ("APSP") awards as described in the "Operation" column. Reflecting the interaction between the tax-favoured option and the PSP award, the shares subject to the tax-favoured option are not taken into account when assessing these limits in order to avoid double counting.	Performance will be assessed against challenging performance targets. Performance will be based typically on financial measures including, but not limited to, EPS growth. Awards (other than, in accordance with the requirements of the applicable tax legislation, any tax-favoured option granted as part of an APSP award) will also be subject to a financial underpin such that PSP awards will only vest if the Committee is satisfied with the overall performance of the Company. Performance measures (and their weighting where there is more than one measure) are reviewed annually to maintain appropriateness and relevance. For threshold performance up to 25% of the award will vest, rising to 100% of the award vesting for maximum performance, typically with straight-line vesting in between. Below threshold performance, the award will not vest. Where a tax-favoured option is granted as part of an APSP award, the same performance conditions will apply to the tax-favoured option as apply to the PSP award.

Information supporting the policy table

Explanation of performance measures chosen
Performance measures for the annual bonus and PSP awards which reflect the Company's strategy are selected. Stretching performance targets are set each year by the Committee taking into account a number of different factors.

The annual bonus can be assessed against financial, strategic and/ or individual targets determined by the Committee with at least 80% subject to key financial targets. The Committee considers financial measures like profit before tax and revenue to be important performance metrics because they encourage behaviours that facilitate profitable growth and the successful future strategic development of the business.

Long-term performance measures are chosen by the Committee to provide a robust and transparent basis on which to measure the Company's performance over the longer term and to provide alignment with the business strategy. They are selected to be aligned with the interests of shareholders and to drive business performance. Currently EPS growth is considered to be a key measure of success as it encapsulates the outcomes of many of the strategic drivers of the business, and helps align management incentives with growth in shareholder value.

The Committee retains the discretion to adjust or set different performance measures or targets where it considers it appropriate to do so (for example, to reflect a change in strategy, a material acquisition and/ or a divestment of a Group business or a change in prevailing market conditions) and to assess performance on a fair and consistent basis from year to year.

Operation of the Company's share plans
The PSP and any deferred bonus plan will be operated by the Committee in accordance with their rules, including the ability to adjust the number of shares subject to awards in the event of a variation of share capital, demerger, delisting, special dividend, rights issue or other event which may, in the opinion of the Committee, affect the current or future value of shares.

At the discretion of the Committee, awards under the PSP and any deferred bonus plan may be settled in cash (or granted as a cash award over a notional number of shares).

Shareholding guidelines
To align the interests of Executive Directors with those of shareholders, the Committee has adopted shareholding guidelines. Executive Directors are required to retain half of any shares acquired under the PSP and any deferred bonus award (after sales to cover tax) until such time as their holding has a value equal to 200% of salary.

Shares subject to PSP awards which have vested but not been released, shares subject to released PSP awards which have not been exercised, and shares subject to deferred bonus awards count towards the guideline on a net of assumed tax basis.

Recovery
Annual bonus
For up to three years following the payment of the non deferred part of an annual bonus award, the Committee may require the repayment of some or the entire cash award paid (or may cancel or reduce any deferred share award or require the forfeiture of shares acquired pursuant to a deferred share award) in the event of fraud or dishonesty leading to a material misstatement of financial results.

PSP
At the discretion of the Committee, unvested awards may be reduced, cancelled or have further conditions imposed in certain circumstances including (but not limited to):
- A material misstatement of the Company's audited financial results;
- A material failure of risk management by the Company or any subsidiary company within the Group; or
- A material miscalculation of any performance measure.

For up to three years following the vesting of an award, the Committee may require the repayment (which may be effected by the cancellation or forfeiture of a vested but unreleased award) of some or the entire award in the event of fraud or dishonesty leading to a material misstatement of financial results.

Directors' Remuneration Policy *(continued)*

Early vesting of awards

PSP

In the event of a change of control of the Company or other relevant corporate event (such as a demerger, delisting, special dividend or other event which may affect the value of an award), awards under the PSP may vest in accordance with the rules of the PSP. The Committee shall determine the extent of vesting taking into account the extent to which the relevant performance condition has been satisfied. Such vesting would ordinarily be on a time pro rata basis although the Committee has discretion not to apply time prorating.

Deferred bonus plan

In the event of a change of control of the Company or other relevant corporate event (such as a demerger, delisting, special dividend or other event which may affect the value of an award), deferred bonus awards will vest in full.

Cessation of employment

The treatment of PSP awards and deferred bonus awards on cessation of employment is described on page 93.

Non-Executive Directors

Purpose and link to strategy	Operation	Other items
To enable the Company to attract and retain Non-Executive Directors of the required calibre by offering market competitive rates.	The Chairman is paid a basic Chairman fee and additional fees for chairmanship of any Board committees. Non-Executive Directors receive a basic fee and additional fees for chairmanship of any Board committees. The Chairman's fee is determined by the Remuneration Committee and the fees of the other Non-Executive Directors are determined by the Board. Fees are based on the time commitment and contribution expected for the role and the level of fees paid to Non-Executive Directors serving on the board of similar-sized UK listed companies. Overall fees paid to Non-Executive Directors will remain within the limit set by the Company's Articles of Association from time to time.	Non-Executive Directors may be eligible to be reimbursed travel and subsistence costs incurred in the performance of their duties and to receive other benefits relevant to the performance of their roles. The Non-Executive Directors do not participate in the Company's annual bonus, share plans or pension schemes or other benefit in kind arrangements.

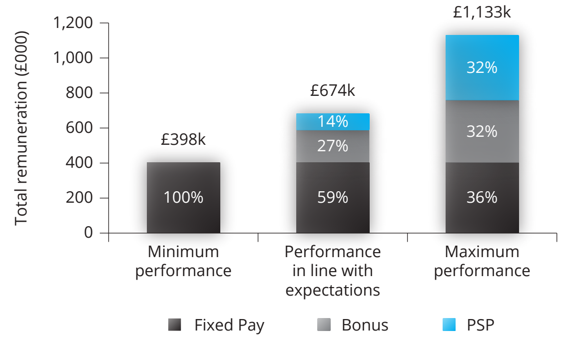
Illustration of the application of remuneration policy

The charts on the next page set out for each Executive Director an illustration of the application for 2018 of the remuneration policy set out above. The charts show the split of remuneration between fixed pay (base salary, taxable benefits and pension), annual bonus and PSP on the basis of minimum remuneration, remuneration receivable for performance in line with the Company's expectations and maximum remuneration (not allowing for any share price appreciation).

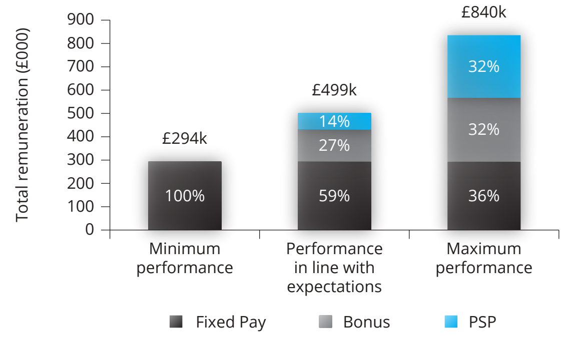
In illustrating the potential reward, the following assumptions have been made:

	Fixed pay	Annual bonus	PSP
Minimum performance Performance below plan approved by the Board.	Fixed elements of remuneration only: • Base salary as disclosed in the single figure table on page 79; • Taxable benefits as disclosed in the single figure table on page 79 for the year ended 31 December 2017; and • Pension assuming an employer contribution of 3% of salary.	No bonus.	No PSP vesting.
Performance in line with expectations Performance in line with plan approved by the Board.		50% of maximum awarded (equivalent to 50% of salary).	25% of maximum award vesting (equivalent to 25% of salary).
Maximum performance Performance meets stretch target approved by the Board.		100% of maximum awarded (equivalent to 100% of salary).	100% of maximum award vesting (equivalent to 100% of salary).

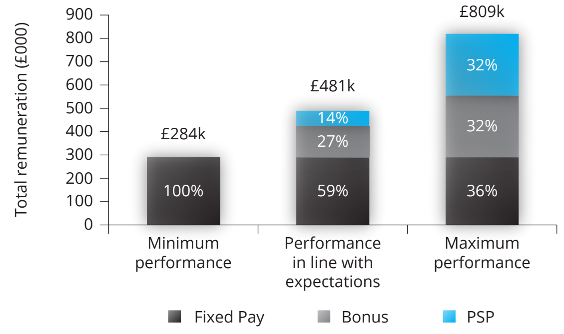
Rod Flavell



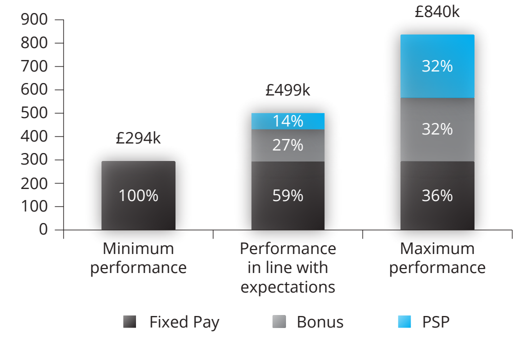
Sheila Flavell



Mike McLaren



Andy Brown



Policy for the remuneration of employees more generally

The Group aims to provide a remuneration package that is competitive in an employee's country of employment and which is appropriate to promote the long term success of the Group. The Group intends to apply this policy fairly and consistently and does not intend to pay more than is necessary to attract and motivate staff. In respect of Executive Directors, a greater proportion of the remuneration package is "at risk" and determined by reference to performance conditions.

Approach to recruitment remuneration

When hiring a new Executive Director, the Committee will seek to align the remuneration package with the above policy.

When determining appropriate remuneration arrangements, the Committee may include other elements of pay which it considers are appropriate and necessary to recruit and retain the individual. However, this discretion is capped and is subject to the limits referred to below:

- Base salary will be set at a level appropriate to the role and the experience of the Director being appointed. This may include agreement on future increases up to a market rate, in line with increased experience and/or responsibilities, subject to good performance, where it is considered appropriate;
- Benefits will only be provided in line with the above policy;
- Pension contributions may be made above the limit for the existing Executive Directors (3% of salary) up to a maximum of 15%. This flexibility recognises that future Executive Directors will not have the same significant levels of shareholding in the Company as the existing Executive Directors and additional pension benefits may be needed in order to offer a competitive remuneration package;
- The Committee will not offer non-performance related incentive payments (for example a 'guaranteed sign-on bonus' or 'golden hello');
- Other elements may be included in the following circumstances:
  - An interim appointment being made to fill an Executive Director role on a short term basis;
  - If exceptional circumstances require that the Chairman or a Non-Executive Director takes on an executive function on a short term basis;

Directors' Remuneration Policy *(continued)*

Approach to recruitment remuneration (continued)

  - If an Executive Director is recruited at a time in the year when it would be inappropriate to provide a bonus or long term incentive award for that year as there would not be sufficient time to assess performance. Subject to the limit on variable remuneration set out below, the quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis; or
  - If the Director will be required to relocate in order to take up the position, it is the Company's policy to allow reasonable relocation, travel and subsistence payments. Any such payments will be at the discretion of the Committee;
- The Committee may also alter the performance measures, performance period, vesting period and holding period of the annual bonus or PSP and the proportion of any annual bonus that must be deferred, if the Committee determines that the circumstances of the recruitment merit such alteration. The rationale of any such alterations will be clearly explained in the next Directors' Remuneration Report; and
- The maximum level of variable remuneration which may be granted (excluding buyout awards as referred to below) is 350% of salary, in line with the Policy table set out on pages 86 to 88.

The Committee may make payments or awards in respect of hiring an employee to buyout remuneration arrangements forfeited on leaving a previous employer. In doing so, the Committee will take account of relevant factors including any performance conditions attached to the forfeited arrangements and the time over which they would have vested or been paid. The Committee will generally seek to structure buyout awards or payments on a comparable basis to the remuneration arrangements forfeited. Any such payments or awards are excluded from the maximum level of variable remuneration referred to above. Buyout awards will ordinarily be granted on the basis that they are subject to forfeiture or 'clawback' in the event of departure within twelve months of joining the Company, although the Committee will retain discretion not to apply forfeiture or clawback in appropriate circumstances.

Any share awards referred to in this section will be granted as far as possible under the Company's existing share plans. If necessary and subject to the limits referred to above, recruitment awards may be granted outside of these plans.

Where a position is filled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue in accordance with their terms.

Fees payable to a newly appointed Chairman or Non-Executive Director will be in line with the policy in place at the time of appointment.

Letters of appointment for the Directors are available for inspection by shareholders at each AGM and during normal business hours at the Company's registered office.

Service contracts

Each Executive Director has a service contract with the Company which may be terminated by the Company or Director by giving twelve months' notice. This notice period was reviewed and considered appropriate to the Company at the time of Admission. Each Non-Executive Director has a letter of appointment with the Company which may be terminated by the Company or Director by giving three months' notice.

Details of the Directors' service contracts (or letter of appointment in the case of a Non-Executive Director), notice periods and, where applicable, expiry dates, are set out below:

Name	Commencement	Expiry	Notice period
Rod Flavell	20 June 2014	–	12 months
Sheila Flavell	20 June 2014	–	12 months
Mike McLaren	20 June 2014	–	12 months
Andy Brown	20 June 2014	–	12 months
Ivan Martin	20 June 2014	–	3 months
Peter Whiting	20 June 2014	–	3 months
Robin Taylor	20 June 2014	–	3 months
Michelle Senecal de Fonseca	15 January 2016	–	3 months
David Lister	9 March 2016	–	3 months

Payments for loss of office

The principles on which the determination of payments for loss of office will be approached are set out below:

Payment in lieu of notice

Each Executive Director's service contract contains provision for payment in lieu of notice at the discretion of the Company. Such payment would consist of basic salary plus pension and benefits only for the notice period (or the balance of the notice period if relevant) together with any accrued but untaken holiday pay entitlement. Alternatively, benefits may continue to be provided for the duration of the notice period that would otherwise have applied.

Annual bonus

This will be at the discretion of the Committee on an individual basis and the decision as to whether or not to award a bonus in full or in part will be dependent on a number of factors, including the circumstances of the individual's departure and their contribution to the business during the bonus period in question. Any bonus amounts paid will be prorated for time in service during the bonus period and will be paid at the usual time (although the Committee retains discretion to pay the bonus earlier in appropriate circumstances). Where bonus deferral would otherwise apply, the Committee may permit the payment of the whole bonus for the year of departure and previous year in cash.

Deferred bonus awards will continue (other than in the case of summary dismissal, or resignation to join or establish a competing business in which case they will lapse / be forfeited) and will typically be released at the ordinary release date, although the Committee retains discretion to release the award at cessation or at some other date prior to the ordinary release date; release would be of the full award, unless the Committee decided to apply a time based reduction to reflect the proportion of the deferral period served.

PSP

The extent to which any unvested award will vest and be released will be determined in accordance with the rules of the PSP. Unvested awards will normally lapse on cessation of employment. However, the Committee may, in its absolute discretion, determine that on cessation of employment an award that has not yet vested will vest and be released at cessation or at the normal release date (or at some other time between those dates). In either case, the extent of vesting will be determined by the Committee taking into account the extent to which the performance condition is satisfied and, unless the Committee determines otherwise, the period of time elapsed from the date of grant to the date of cessation as a proportion of the vesting period. Awards may then be exercised during such period as the Committee determines.

If an award has vested but not been released (i.e. if it is in a holding period), that award will:
- lapse/be forfeited if cessation is due to summary dismissal; and
- be released at the ordinary release date if cessation is for any other reason.

The Committee retains discretion to release the award at cessation or at some other date prior to the ordinary release date. Awards will be released to the extent they vested by reference to the performance conditions.

If an award has vested and, where relevant, been released prior to an individual's cessation of employment, the Committee may, in its absolute discretion, allow the award to be exercised for such period as the Committee determines.

Other payments

In appropriate circumstances, payments may also be made in respect of outplacement and legal/ other professional advisor fees. Where a buy-out award is made, the leaver provisions would be determined at the time of the award. The Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment.

Directors' Remuneration Policy *(continued)*

Existing contractual arrangements

The Committee retains discretion to make any remuneration payment or payment for loss of office outside the policy in this report:

- Where the terms of the payment were agreed before the policy came into effect, provided that, in the case of a payment agreed after 30 April 2015 it is consistent with the Directors' Remuneration Policy approved on that date;
- Where the terms of the payment were agreed at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration of the individual becoming a Director of the Company;
- To satisfy contractual commitments; or
- Under legacy remuneration arrangements.

For these purposes, "payments" includes the satisfaction of awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted.

Statement of consideration of employment conditions elsewhere in the Company

The Committee generally considers pay and employment conditions elsewhere in the Company when considering the Directors' remuneration. When considering base salary increases, the Committee reviews overall levels of base pay increases offered to other employees. Employees are not actively consulted on Directors' remuneration. Employee share ownership is fundamental to the Company's culture and is reflected in the wide participation in our share incentive plans.

Statement of consideration of shareholder views

The Committee is committed to an ongoing dialogue with shareholders and welcomes feedback on Directors' remuneration. The Committee consulted with the Company's largest shareholders in respect of the development of this Policy.

Approval

This Report was approved by the Board on 6 March 2018 and signed on its behalf by:

PF Whiting

Peter Whiting
Chairman of the Remuneration Committee
6 March 2018

Directors' Report

The Directors present the Directors' Report and audited Consolidated Financial Statements of FDM Group (Holdings) plc for the year ended 31 December 2017.

Principal activities, business review and future developments

The principal activity of the Group is the provision of professional services focusing principally on Information Technology. The Strategic Report on pages 1 to 57 provides a review of the Group's performance during the financial year as well as its future prospects.

Results and dividends

The Group reported a profit after tax for the year of £32.0 million (2016: £26.2 million). Results for the year are set out in the Consolidated Income Statement on page 105.

The Directors propose a final dividend of 14.0 pence per share. Subject to shareholder approval, this dividend will be paid on 15 June 2018 to shareholders of record on 25 May 2018. An interim dividend of 12.0 pence per share was declared by the Directors on 28 July 2017 and was paid on 22 September 2017 to holders of record on 25 August 2017.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements unless otherwise stated, were:

Ivan Martin	Non-Executive Chairman
Roderick Flavell	Chief Executive Officer
Sheila Flavell	Chief Operating Officer
Michael McLaren	Chief Financial Officer
Andrew Brown	Chief Commercial Officer
Peter Whiting	Non-Executive Director
Robin Taylor	Non-Executive Director
Michelle Senecal de Fonseca	Non-Executive Director
David Lister	Non-Executive Director

The biographies of the currently serving Directors are provided on pages 58 to 60 of this report.

Ivan Martin, FDM's Non-Executive Chairman, has informed the Board that he intends to step down later in the current year and has asked the Board to start the process to find a new Chairman to succeed him. The current intention is that he will step down once that search has been successfully completed.

Director share interests

Details of the interests of Directors in the shares of the Company are provided on page 81 of this report.

Director long term incentive schemes

For the purposes of the UK Listing Authority Listing Rules section 9.8.4C R, details of the Group's long term incentive schemes are disclosed in the Remuneration Report starting on page 75. All other information required to be disclosed by Listing Rule section 9.8.4 R is not applicable for the year under review.

Directors' indemnity and liability insurance

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Risk management objectives and policies

The Group through its operations is exposed to a number of risks. Details of the Group's financial risk management objectives and policies are set out in note 25 to the Consolidated Financial Statements. The principal risks that the Group faces are set out on pages 37 to 45 of the Strategic Report.

Corporate Governance

For details of the Corporate Governance report see pages 61 to 67. The Corporate Social Responsibility report, on pages 48 to 57, includes information about the Group's employment policies and greenhouse gas emissions. The Corporate Social Responsibility report also includes information on the steps taken by the Group to ensure that slavery and human trafficking are not taking place within the Group's business, in line with the Modern Slavery Act 2015.

Branches outside the UK

The Group operates branches in France, Denmark and Spain.

Substantial shareholders

As at 31 December 2017 and as at 22 February 2018, the Company had been advised, in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, of the following notifiable interests (whether directly or indirectly held) in 3% or more of its voting rights:

		As at 31 December 2017		As at 22 February 2018	
	Direct/ indirect interest	Number of shares	% of issued share capital	Number of shares	% of issued share capital
Aberdeen Standard Investments (Standard Life)	Indirect	8,405,980	7.8%	8,381,077	7.8%
Roderick Flavell	Direct	8,201,255	7.6%	8,201,255	7.6%
Sheila Flavell	Direct	8,201,254	7.6%	8,201,254	7.6%
Columbia Threadneedle Investments	Indirect	7,315,185	6.8%	7,281,883	6.8%
Investec Asset Management	Indirect	5,096,309	4.7%	5,113,989	4.8%
Kames Capital	Direct	4,822,211	4.5%	5,664,236	5.3%
Majedie Asset Management	Indirect	4,615,839	4.3%	4,442,761	4.1%
Andrew Brown	Direct	4,540,801	4.2%	4,540,801	4.2%
Old Mutual Global Investors	Indirect	4,219,440	3.9%	4,219,440	3.9%
JP Morgan Asset Management	Indirect	4,104,805	3.8%	4,121,248	3.8%
AXA Investment Management	Indirect	3,552,213	3.3%	3,516,523	3.3%
Hargreave Hale	Indirect	3,202,954	3.0%	3,330,410	3.1%

Political donations

The Group made no political donations in the year (2016: £nil).

Going concern

The Group's business activities, together with the factors that are likely to affect its future development, performance and position are summarised in the Strategic Report. The principal risks, uncertainties and risk management processes are also described in the Strategic Report.

The Group's continued and forecast global growth, positive operating cash flow and liquidity position, together with its distinctive business model and infrastructure, enable the Group to manage its business risks successfully. The Group's forecasts and projections show that it will continue to operate with adequate cash resources and within the current working capital facilities. The Group passed all bank covenants tested in the year and forecasts that all covenants will be passed for a period of at least twelve months from the date of signing this Annual Report.

The Directors therefore have a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis for preparing the financial statements.

Greenhouse gas emissions

Details of the Group's compliance with legislation relating to greenhouse gas emissions are set out on page 57 in the Corporate Social Responsibility report.

Employee information

Information on the Group's employee policies is included on pages 48 to 56 in the Corporate Social Responsibility report.

Capital structure

The Group's capital structure is detailed in note 20 to the Consolidated Financial Statements.

Change of control

The Group has agreements in place with certain of its banking customers that give the bank the right to terminate the contract on a change of control following a takeover bid for the Group. In addition, the Group has a Revolving Credit Facility ("RCF") with HSBC Bank plc, which contains a clause such that HSBC Bank plc has the right to terminate the facility upon a change of control of the Group.

The Group has no agreements with employees or Directors that provide for compensation for loss of office or employment that occurs resulting from a takeover bid.

The Group knows of no agreements under which holders of securities in the Company may restrict votes or transfers in the Company's shares.

Post balance sheet events

There have been no significant events to report since the date of the balance sheet.

Related party transactions

The Group's related party transactions are detailed in note 24 to the Consolidated Financial Statements.

Independent auditor

In accordance with Section 487 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU"). 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 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 EU have been followed for the Group Financial Statements and IFRSs as adopted by the EU have been followed for the Company Financial Statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group 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 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Each of the Directors, whose names and functions are listed in the Directors' Report confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic Report contained in this Annual Report includes a fair review of the development and performance of the business and the position of the Group, 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 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 and Company's auditors are aware of that information.

The Directors' Report has been approved by the Board of Directors of FDM Group (Holdings) plc on 6 March 2018 and signed on its behalf by:

Rod Flavell
Chief Executive Officer
6 March 2018

Mike McLaren
Chief Financial Officer
6 March 2018

Independent auditors' report to the members of FDM Group (Holdings) plc

Report on the audit of the financial statements

Opinion

In our opinion, FDM Group (Holdings) plc's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's profit and the group's and the parent company's cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and, as regards the parent 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 2017 (the "Annual Report"), which comprise: the consolidated and parent company statements of financial position as at 31 December 2017; the consolidated income statement and consolidated statement of comprehensive income, the consolidated and parent company statements of cash flows, and the consolidated and parent 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

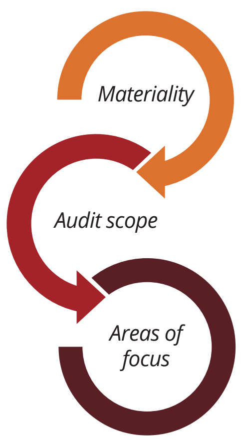
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities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

Other than those disclosed in note 7 to the financial statements, we have provided no non-audit services to the group or the parent company in the period from 1 January 2017 to 31 December 2017.

Our audit approach

Overview



- Overall group materiality: £2,180,000 (2016: £1,760,000), based on 5% of profit before tax.
- Overall parent company materiality: £490,000 (2016: £352,000), based on 1% of total assets.

- The group financial statements are a consolidation of 15 reporting units.
- We performed full scope audits of the UK and USA reporting units.
- We audited the revenue, trade and other receivables and cash and cash equivalent balances of the Canada, Hong Kong and Singapore reporting units.
- We also performed full scope audits of the centralised functions in the UK, comprising the parent and intermediate holding companies.
- Our full scope audits covered 78% of revenue (with a further 15% coverage obtained through our work on the Canada, Hong Kong and Singapore reporting units) and 86% of profit before tax.

- Revenue recognition in respect of uninvoiced amounts (Group).
- Share option plan expenses (Group and parent).

The scope of our audit

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

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

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	*How our audit addressed the key audit matter*
Revenue recognition in respect of uninvoiced amounts (Group) Refer to note 3.3 (b) to the Consolidated Financial Statements for the directors' disclosures of the related accounting policies and page 71 ('Significant financial reporting items') within the Audit Committee Report. At the year-end, revenue is accrued for work performed that has not yet been invoiced. Within this estimate, revenue is recognised for contracts either where services have been provided but customer purchase orders have not yet been finalised, or where consultants' timesheets have not yet been approved by the customer or have not been received by the group. There is some judgement in the recognition of this revenue, in that management need to estimate the amount of work performed by consultants before receipt of approved timesheets or purchase orders, which could lead to an under or overstatement of revenue and profit, whether intentionally or in error.	We gained an understanding from management of the key assumptions underpinning the year-end estimates of unbilled sales and compared these assumptions with the prior year. We evaluated management's estimate for unreceived timesheets by comparing a sample of estimated timesheets to the timesheet post year end. We found the estimate to be appropriate. We substantively tested the year-end adjustment for timesheets received but not invoiced by agreeing to subsequent cash receipt or customer approval, in order to identify any inappropriate recognition of revenue, noting no material exceptions in our testing.

Key audit matter	How our audit addressed the key audit matter
Share option plan expenses (Group and parent) Refer to notes 3.3 (m), 4 and 23 to the Consolidated Financial Statements for the directors' disclosures of the related accounting policies, judgements and estimates, and page 71 ('Significant financial reporting items') within the Audit Committee Report. During 2015, the Group implemented a share option plan for management and senior employees. The assumptions used in calculating the charge recognised in the income statement are judgemental and complex, including an estimate of the number of leavers from the scheme in each period as well as an estimate of the future growth in adjusted earnings per share of the group (refer to page 82 ('Annual Report on Remuneration') for details on the share option plan). These judgements could lead to an under or overstatement of the share option plan expense, whether intentionally or in error.	We gained an understanding from management of the key assumptions underpinning the share option valuation model. We evaluated the assumption made by management for forecast growth in adjusted earnings per share by comparing to recent historical performance as well as reviewing budgets and forecasts approved by the Board of Directors, and found it to be appropriate. We evaluated management's assumption for the number of leavers from the scheme by comparing to historical leavers from the scheme, and found it to be appropriate. We evaluated the sensitivity analysis performed by management to assess the potential impact of changes in key assumptions, noting that a significant change in the assumptions would be needed to cause a material error in the share option plan expense. We concluded that stress testing these assumptions did not have a material impact on the income statement charge. We checked the mathematical integrity of the model, and found it to be accurate. We tested a sample of options granted to deeds of grant and leavers from the scheme to resignation letters, noting no exceptions in our testing. We also considered the disclosures made in note 23 to the Consolidated Financial Statements and determined that they are consistent with the requirements of accounting standards.

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 parent company, the accounting processes and controls, and the industry in which they operate.

The group is structured by division, with significant reporting units in the UK and USA, and further smaller reporting units in locations across Europe, Canada, Asia and South Africa. The group financial statements are a consolidation of 15 reporting units, comprising the group's operating businesses and centralised functions.

The accounting and financial management for all reporting units is controlled from the UK, so we as the group engagement team have performed all audit work.

We determined the type of work that needed to be performed at the reporting units to be able to conclude that sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole. Accordingly, we determined that audits of the complete financial information were required for four reporting units, comprising the UK and USA trading reporting units and the parent and intermediate holding companies (which contain, amongst other balances, the group's borrowing facilities and central costs). To support our work on the USA reporting unit, we visited the group's offices in New York, where we met with local management, we met with some Mounties and inspected original copies of certain documents. We also included in our audit scope the revenue, trade and other receivables and cash and cash equivalents in Canada, Hong Kong and Singapore, which we performed from the group's head office in the UK, where the accounting is administered. To support these procedures we also visited the group's offices in Toronto, where we met with local management, we met with some Mounties and inspected original copies of certain documents.

As a result, full scope audit procedures were conducted on reporting units representing 86% of the group's profit before tax and 78% of revenue, with a further 15% coverage of revenue obtained through our work on the Canada, Hong Kong and Singapore reporting units.

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	Parent company financial statements
Overall materiality	£2,180,000 (2016: £1,760,000).	£490,000 (2016: £352,000).
How we determined it	5% of profit before tax (2016: 5% of profit before tax).	1% of total assets (2016: 1% of total assets).
Rationale for benchmark applied	Based on the benchmarks used in the annual report, profit before tax is the primary measure used by the shareholders in assessing the performance of the group, and is a generally accepted auditing benchmark.	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally 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 £490,000 and £2,071,000. 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 £109,000 (group audit) (2016: £85,000) and £24,500 (parent company audit) (2016: £17,600) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

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

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group's and the parent company's ability to continue as a going concern over a period of at least twelve 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 parent company's ability to continue as a going concern.
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 2017 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 parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in this information. *(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 61 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 parent 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 61 to 67) with respect to the parent company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. *(CA06)*

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

The directors' assessment of the prospects of the group and of the principal risks that would threaten the solvency or liquidity of the group

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on pages 37 to 45 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 46 of the Annual Report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the group and statement in relation to the longer-term viability of the group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the group and parent 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 66, 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 parent company's position and performance, business model and strategy is materially inconsistent with our knowledge of the group and parent company obtained in the course of performing our audit.
- The section of the Annual Report on page 71 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. *(CA06)*

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 97, 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 parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent 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 25 July 2013 to audit the financial statements for the year ended 31 December 2013 and subsequent financial periods. The period of total uninterrupted engagement is 5 years, covering the years ended 31 December 2013 to 31 December 2017.

Jaskamal Sarai (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

6 March 2018

Consolidated Income Statement

for the year ended 31 December 2017

	Note	2017 £000	2016 £000
Revenue	6	**233,575**	189,403
Cost of sales		**(129,323)**	(103,291)
Gross profit		**104,252**	86,112
Administrative expenses		**(60,496)**	(50,691)
Operating profit	7	**43,756**	35,421
Finance income	10	**29**	28
Finance expense	10	**(130)**	(128)
Net finance expense		**(101)**	(100)
Profit before income tax		**43,655**	35,321
Taxation	11	**(11,643)**	(9,139)
Profit for the year		**32,012**	26,182

		2017 pence	2016 pence
Basic	12	**29.8**	24.4
Diluted	12	**29.4**	24.2

The results for the year shown above arise from continuing operations.

The notes on pages 110 to 129 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2017

	2017 £000	2016 £000
Profit for the year	**32,012**	26,182
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Exchange differences on retranslation of foreign operations (net of tax)	**(673)**	1,388
Total other comprehensive (expense)/income	**(673)**	1,388
Total comprehensive income for the year	**31,339**	27,570

The notes on pages 110 to 129 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position

as at 31 December 2017

	Note	2017 £000	2016 £000
Non-current assets			
Property, plant and equipment	13	**4,926**	5,011
Intangible assets	14	**19,471**	19,533
Deferred income tax assets	16	**2,275**	772
		26,672	25,316
Current assets			
Trade and other receivables	17	**30,716**	29,164
Cash and cash equivalents	18	**36,846**	27,844
		67,562	57,008
Total assets		**94,234**	82,324
Current liabilities			
Trade and other payables	19	**26,616**	24,628
Current income tax liabilities		**3,239**	4,358
		29,855	28,986
Total liabilities		**29,855**	28,986
Net assets		**64,379**	53,338
Equity attributable to owners of the parent			
Share capital	20	**1,075**	1,075
Share premium		**7,873**	7,873
Capital redemption reserve		**52**	52
Translation reserve		**791**	1,464
Other reserves		**6,148**	2,470
Retained earnings		**48,440**	40,404
Total equity		**64,379**	53,338

The notes on pages 110 to 129 are an integral part of these Consolidated Financial Statements.

The financial statements on pages 105 to 129 were approved by the Board of Directors on 6 March 2018 and were signed on its behalf by:

Rod Flavell
Chief Executive Officer
6 March 2018

Mike McLaren
Chief Financial Officer
6 March 2018

Consolidated Statement of Cash Flows

for the year ended 31 December 2017

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Group profit before tax for the year		**43,655**	35,321
Adjustments for:			
Depreciation and amortisation	7	**1,408**	1,180
Loss on disposal of non-current assets		**4**	–
Finance income	10	**(29)**	(28)
Finance expense	10	**130**	128
Share-based payment charge (including associated social security costs)		**3,576**	2,217
Increase in trade and other receivables		**(1,552)**	(4,571)
Increase in trade and other payables		**1,088**	5,126
Cash flows generated from operations		**48,280**	39,373
Interest received		**29**	28
Income tax paid		**(13,263)**	(8,751)
Net cash flow from operating activities		**35,046**	30,650
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(1,350)**	(1,735)
Acquisition of intangible assets		**(18)**	(60)
Net cash used in investing activities		**(1,368)**	(1,795)
Cash flows from financing activities			
Finance costs paid		**(130)**	(128)
Dividends paid	21	**(23,976)**	(24,514)
Net cash used in financing activities		**(24,106)**	(24,642)
Exchange (losses)/gains on cash and cash equivalents		**(570)**	1,271
Net increase in cash and cash equivalents		**9,002**	5,484
Cash and cash equivalents at beginning of year		**27,844**	22,360
Cash and cash equivalents at end of year	18	**36,846**	27,844

The notes on pages 110 to 129 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2017

	Share capital £000	Share premium £000	Capital redemption reserve £000	Translation reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2017	1,075	7,873	52	1,464	2,470	40,404	53,338
Profit for the year	–	–	–	–	–	32,012	32,012
Other comprehensive expense for the year	–	–	–	(673)	–	–	(673)
Total comprehensive (expense)/income for the year	–	–	–	(673)	–	32,012	31,339
Share-based payments (note 23)	–	–	–	–	3,678	–	3,678
Dividends (note 21)	–	–	–	–	–	(23,976)	(23,976)
Total transactions with owners, recognised directly in equity	–	–	–	–	3,678	(23,976)	(20,298)
Balance at 31 December 2017	**1,075**	**7,873**	**52**	**791**	**6,148**	**48,440**	**64,379**

	Share capital £000	Share premium £000	Capital redemption reserve £000	Translation reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2016	1,075	7,873	52	76	589	38,736	48,401
Profit for the year	–	–	–	–	–	26,182	26,182
Other comprehensive income for the year	–	–	–	1,388	–	–	1,388
Total comprehensive income for the year	–	–	–	1,388	–	26,182	27,570
Share-based payments (note 23)	–	–	–	–	1,881	-	1,881
Dividends (note 21)	–	–	–	–	–	(24,514)	(24,514)
Total transactions with owners, recognised directly in equity	–	–	–	–	1,881	(24,514)	(22,633)
Balance at 31 December 2016	**1,075**	**7,873**	**52**	**1,464**	**2,470**	**40,404**	**53,338**

The notes on pages 110 to 129 are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1 General information
The Group is a global professional services provider with a focus on Information Technology ("IT"), specialising in the recruitment, training and placing of its own permanent IT consultants.

The Company is a public limited company incorporated and domiciled in the UK with a Premium Listing on the London Stock Exchange. The Company's registered office is 3rd Floor, Cottons Centre, Cottons Lane, London, SE1 2QG and its registered number is 07078823.

The Consolidated Financial Statements consolidate those of the Company and its subsidiaries. Subsidiaries and their countries of incorporation are presented in note 3 to the Parent Company Financial Statements.

The Consolidated Financial Statements present the results for the year ended 31 December 2017. The Consolidated Financial Statements were approved by Rod Flavell and Mike McLaren on behalf of the Board of Directors on 6 March 2018.

2 Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are summarised in the Strategic Report. The principal risks and uncertainties and risk management processes are also described in the Strategic Report.

The Group's continued and forecast global growth, positive operating cash flow and liquidity position, together with its distinctive business model and infrastructure, enable the Group to manage its business risks. The Group's forecasts and projections show that it will continue to operate with adequate cash resources and within the current working capital facilities. The Group passed all bank covenants tested in the year and forecasts that all covenants will be passed for a period of at least twelve months from the date of signing this Annual Report.

The Directors therefore have a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis for preparing the financial statements.

3 Accounting policies
3.1 Basis of preparation
The Consolidated Financial Statements have been prepared in accordance with IFRSs as adopted by the EU, IFRS Interpretations Committee ("IFRS IC") interpretations and the Companies Act 2006 as applicable to companies reporting under IFRSs.

The Consolidated Financial Statements have been prepared on a historical cost basis. The Consolidated Financial Statements are presented in Pounds Sterling and all values are rounded to the nearest thousand (£000), except where otherwise indicated.

The Group's accounting policies have been applied consistently.

3.2 Basis of consolidation
The Consolidated Financial Statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2017.

Subsidiaries
Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Details of the subsidiaries owned by the Group are presented in note 3 to the Parent Company Financial Statements. There are no minority interests in the subsidiaries of the Company.

3.3 Summary of significant accounting policies
a) Business combinations and goodwill
The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating unit that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to that unit.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

b) Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and excluding sales taxes.

Rendering of services
Revenue from the provision of IT consultants to third party customers is recognised as follows:
- The revenue is recognised in the period in which the IT consultants perform the work at the contracted rates for each IT consultant. Revenue is based on timesheets from its IT consultants which are authorised by the Group's customers detailing the hours and service provided;
- Revenue in respect of non-receipted timesheets is accrued at the estimated contract value; and
- Volume rebates are accrued in the period in which the revenue is incurred, with the value of the rebate offset against revenue. They are calculated with regard to the threshold revenue in a contractual period.

c) Foreign currency translation
The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the company operates (its functional currency). For the purpose of the Consolidated Financial Statements, the results and financial position of each entity are expressed in Pounds Sterling (£), which is the functional currency of the Parent Company and the presentation currency for the Consolidated Financial Statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rate prevailing at the time of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are expressed in the Group's presentation currency using exchange rates prevailing at the end of the reporting period. Income and expense related items are translated at the average exchange rates for the period. Exchange differences arising are classified as other comprehensive income and transferred to the Group's translation reserve.

3.3 Summary of significant accounting policies (continued)

d) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

e) Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Plant and equipment	4 years
Fixtures and fittings	4 years
Leasehold improvements	Length of lease

The assets' residual values, useful lives and methods of depreciation are reviewed each financial year end and adjusted if appropriate.

f) Operating leases

Operating lease payments are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as part of the total lease expense.

g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair values as at the date of acquisition.

Software and software licences

The Group holds acquired software and software licences as intangible assets. Acquired software and software licences are capitalised on the basis of cost and amortised over the estimated useful lives of the software which is estimated to be four years or the licence term if shorter. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period and adjusted if appropriate.

Goodwill

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill is allocated to the Group's cash-generating units.

g) Intangible assets (continued)

Goodwill is reviewed annually or when there is an indication of impairment. Impairment of goodwill is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying value of the cash-generating unit to which the goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

j) Financial instruments

Non-derivative financial instruments

The Group's non-derivative financial instruments comprise trade receivables, trade payables, cash and cash equivalents and a revolving credit facility.

The Group does not have any borrowings but borrowing costs paid on the establishment of credit facilities are recognised as an expense in the income statement over the expected usage period of the facility.

k) Pensions and other post-employment benefits

The Group operates a number of defined contribution pension schemes. The assets of each scheme are held separately from those of the Group in an independently administered fund. The amount charged to the income statement represents the contributions payable to the schemes in respect of the accounting period.

l) Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Other reserves represent the cost of equity on settled share-based payments until such share options are exercised or lapse.

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

m) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

3.3 Summary of significant accounting policies (continued)

Equity-settled transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in other reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. The equity-settled transactions are fair valued at the grant date and the expense recognised over the duration of the vesting period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

n) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the Board of Directors. The Executive Directors have been identified as the chief operating decision maker.

o) Dividends

Dividends are recognised as a liability in the year in which they are fully authorised, or in the case of interim dividends when paid.

4 Significant accounting estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting year. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liability affected in future periods. The following are considered to be the Group's significant areas of judgement:

Share-based payment charge

A share-based payment charge is recognised in respect of share awards based on the Directors' best estimate of the number of shares that will vest based on the performance conditions of the awards, which comprise adjusted EPS growth and the number of employees that will leave before vesting. The charge is calculated based on the fair value on the grant date using the Black Scholes model and is expensed over the vesting period. The key assumptions in respect of the share-based payment charges are set out in note 23.

Impairment of goodwill

For impairment testing of goodwill the weighted average cost of capital ("WACC") is calculated to reflect a required rate of return. The WACC is used to discount the estimated future cash flows of the Group to arrive at a value in use, which is compared to the carrying value of the goodwill and other net assets of the respective cash generating unit at the balance sheet date. If the value in use is greater than the carrying value of goodwill and other net assets at the balance sheet date, there is no impairment. For further information, see note 15.

5 New standards and interpretations

The International Accounting Standards Board ("IASB") and IFRS IC have issued the following new standards and amendments which were effective during the year and were adopted by the Group in preparing the financial statements. The adoption of these amendments has not had a material impact on the Group's financial statements in the year:

Effective in 2017	Effective for accounting periods beginning on or after	Endorsed by the EU
Amendments		
Amendments to IAS 7, 'Statement of cash flows'	1 January 2017	Yes
Amendments to IAS 12, 'Income taxes' on recognition of deferred tax assets for unrealised losses	1 January 2017	Yes

The IASB and IFRS IC have issued the following standards and amendments with an effective date of implementation for accounting periods beginning after the date on which the Group's financial statements for the current year commenced. With the exception of IFRS 16 'Leases', the Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application. The Group does not intend to adopt these standards before their effective date.

Effective after 31 December 2017	Effective for accounting periods beginning on or after	Endorsed by the EU
New standards		
IFRS 9, 'Financial instruments'	1 January 2018	Yes
IFRS 15, 'Revenue from contracts with customers'	1 January 2018	Yes
IFRS 16, 'Leases'	1 January 2019	Yes
Amendments		
Amendment to IFRS 2, 'Share based payments'	1 January 2018	No
Amendment to IAS 40, 'Investment property'	1 January 2018	No
Amendments to IFRS 4 Amendments regarding implementation of IFRS 9	1 January 2018	Yes

The Directors have carried out a preliminary assessment of the likely impact of IFRS 16 'Leases':

Nature of change

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

Impact

The standard will affect the accounting for the Group's operating leases, as the Group currently does not have any finance leases. As at the reporting date, the Group has non-cancellable operating lease commitments of £22.1 million, see note 22. The Group has carried out an assessment of the impact of IFRS 16 on its lease portfolio as at 31 December 2017. Application of the new standard will result in a material increase in assets and liabilities on the Consolidated Statement of Financial Position, however the impact on net assets and the income statement will not be material.

Mandatory application date/date of adoption by the Group

IFRS 16 is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

6 Segmental reporting

Management has determined the operating segments based on the operating reports reviewed by the Board of Directors that are used to assess both performance and strategic decisions. Management has identified that the Executive Directors are the chief operating decision maker in accordance with the requirements of IFRS 8 'Operating segments'.

At 31 December 2017, the Board of Directors consider that the Group is organised on a worldwide basis into four core geographical operating segments:
(1) UK and Ireland;
(2) North America;
(3) Rest of Europe, Middle East and Africa, excluding UK and Ireland ("EMEA"); and
(4) Asia Pacific ("APAC").

Each geographical segment is engaged in providing services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

All segment revenue, profit before taxation, assets and liabilities are attributable to the principal activity of the Group, being a global professional services provider with a focus on IT.

For the year ended 31 December 2017

	UK and Ireland £000	North America £000	EMEA £000	APAC £000	Total £000
Revenue	131,479	75,069	13,077	13,950	233,575
Depreciation and amortisation	(792)	(447)	(57)	(112)	(1,408)
Segment operating profit/(loss)	**28,694**	**14,700**	**765**	**(403)**	**43,756**
Finance income	24	3	1	1	29
Finance costs	(110)	(5)	(10)	(5)	(130)
Profit/(loss) before income tax	**28,608**	**14,698**	**756**	**(407)**	**43,655**
Total assets	**66,565**	**17,601**	**4,563**	**5,505**	**94,234**
Total liabilities	**(16,426)**	**(6,253)**	**(1,534)**	**(5,642)**	**(29,855)**

Included in total assets above are non-current assets (excluding deferred tax) as follows:

	UK and Ireland £000	North America £000	EMEA £000	APAC £000	Total £000
31 December 2017	**22,431**	**1,322**	**384**	**260**	**24,397**

For the year ended 31 December 2016

	UK and Ireland £000	North America £000	EMEA £000	APAC £000	Total £000
Revenue	112,912	56,782	12,082	7,627	189,403
Depreciation and amortisation	(762)	(334)	(18)	(66)	(1,180)
Segment operating profit/(loss)	**26,058**	**8,909**	**1,199**	**(745)**	**35,421**
Finance income	20	–	7	1	28
Finance costs	(106)	(4)	(14)	(4)	(128)
Profit/(loss) before income tax	**25,972**	**8,905**	**1,192**	**(748)**	**35,321**
Total assets	**60,232**	**14,265**	**4,974**	**2,853**	**82,324**
Total liabilities	**(17,791)**	**(6,686)**	**(1,862)**	**(2,647)**	**(28,986)**

Included in total assets on prior page are non-current assets (excluding deferred tax) as follows:

	UK and Ireland £000	North America £000	EMEA £000	APAC £000	Total £000
31 December 2016	**22,755**	**1,551**	**26**	**212**	**24,544**

Information about major customers

Customers A and B each represent 10% or more of the Group's 2017 revenues from all four operating segments and are presented below. Customers A and C each represent 10% or more of the Group's 2016 revenues.

	2017 £000	2016 £000
Revenue from customer A	**40,328**	26,126
Revenue from customer B	**23,718**	15,761
Revenue from customer C	**8,861**	19,647

7 Operating profit

Operating profit for the year has been arrived at after charging/(crediting):

	2017 £000	2016 £000
Hire of property – operating leases	**3,946**	3,515
Net foreign exchange differences	**(153)**	3
Depreciation and amortisation	**1,408**	1,180

Auditors' remuneration

During the year the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors:

	2017 £000	2016 £000
Fees payable to the Group's auditors for the audit of the Parent Company and Consolidated Financial Statements	**67**	65
Fees payable to the Group's auditors for other services:		
– The audit of the Group's subsidiaries	**93**	87
– Audit-related assurance services	**36**	38
– Other	**–**	34
	196	224

8 Staff numbers and costs

The monthly average number of persons employed by the Group (including Executive Directors) during the year, analysed by category, was as follows:

	2017 Number	2016 Number
IT Consultants	**3,408**	2,799
Administration	**447**	371
	3,855	3,170

The aggregate payroll costs of these persons were as follows:

8 Staff numbers and costs (continued)

	2017 £000	2016 £000
Wages and salaries	**126,056**	100,203
Social security costs	**11,676**	9,443
Other pension costs	**2,431**	1,526
Share-based payments	**2,677**	1,881
	142,840	113,053

Retirement benefits

The Group operates a number of defined contribution pension plans. The pension charge for the year represents contributions payable by the Group to the schemes. The pension contributions payable at 31 December 2017 were £312,000 (2016: £218,000). There were no prepaid contributions at the end of the financial year (2016: £nil).

9 Directors' remuneration

Details of the Directors' (who also represent the key management personnel of the Group) remuneration in respect of the year ended 31 December 2017 is set out below:

	2017 £000	2016 £000
Short term employee benefits	**2,490**	2,712
Post-employment benefits	**32**	32
Share-based payments	**566**	241
	3,088	2,985

For further information on Directors' remuneration, see the audited sections of the Remuneration Report as defined on page 79.

10 Finance income and expense

	2017 £000	2016 £000
Bank interest	**29**	28
Finance income	**29**	28

	2017 £000	2016 £000
Non utilisation fees on revolving credit facility	**(80)**	(80)
Finance fees and charges	**(50)**	(48)
Finance expense	**(130)**	(128)

11 Taxation

The major components of income tax expense for the years ended 31 December 2017 and 2016 are:

	2017 £000	2016 £000
Current income tax:		
Current income tax charge	**12,619**	9,956
Adjustments in respect of prior periods	**(474)**	64
Total current tax	**12,145**	10,020
Deferred tax:		
Relating to origination and reversal of temporary differences	**(502)**	(881)
Total deferred tax	**(502)**	(881)
Total tax expense reported in the income statement	**11,643**	9,139

The standard rate of corporation tax in the UK is 19%. The rate changed from 20% to 19% with effect from 1 April 2017. Accordingly, the profits for the respective accounting periods are taxed at an effective rate of 19.25% (2016: 20%). The tax charge for the year is higher (2016: higher) than the standard rate of corporation tax in the UK. The differences are set out below:

	2017 £000	2016 £000
Profit before income tax	**43,655**	35,321
Profit multiplied by UK standard rate of corporation tax of 19.25% (2016: 20%)	**8,404**	7,064
Effect of different tax rates on overseas earnings	**3,267**	1,893
Expenses not deductible for tax purposes	**446**	118
Adjustments in respect of prior periods	**(474)**	64
Total tax charge	**11,643**	9,139

Factors affecting future tax charges

Deferred tax assets and liabilities are measured at the rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the rates that have been enacted or substantively enacted at the reporting date. Therefore, at each year end, deferred tax assets and liabilities have been calculated based on the rates that have been substantively enacted by the reporting date.

In 2015 the UK government announced legislation setting out that the main UK corporation tax rate will be 17% with effect from 1 April 2020. At 31 December 2017 and 31 December 2016, deferred tax assets and liabilities have been calculated based upon the rate at which the temporary difference is expected to reverse. During the year it was announced that the US Federal tax charge will drop from 35% to 21% effective 1 January 2018. These reductions may also reduce the Group's future current tax charges accordingly.

12 Earnings per ordinary share

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year.

		2017	2016
Profit for the year	£000	**32,012**	26,182
Average number of ordinary shares in issue (thousands)		**107,518**	107,518
Basic earnings per share	Pence	**29.8**	24.4

Adjusted basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company, excluding Performance Share Plan expense (including social security costs and associated deferred tax), by the weighted average number of ordinary shares in issue during the year.

		2017	2016
Profit for the year (basic earnings)	£000	**32,012**	26,182
Share-based payment expense (including social security costs) (note 23)	£000	**3,576**	2,217
Tax effect of share-based payment expense	£000	**(483)**	(672)
Adjusted profit for the year	£000	**35,105**	27,727
Average number of ordinary shares in issue (thousands)		**107,518**	107,518
Adjusted basic earnings per share	Pence	**32.6**	25.8

12 Earnings per ordinary share (continued)

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one type of dilutive potential ordinary shares in the form of share options; the number of shares in issue has been adjusted to include the number of shares that would have been issued assuming the exercise of the share options.

		2017	2016
Profit for the year (basic earnings)	£000	**32,012**	26,182
Average number of ordinary shares in issue (thousands)		**107,518**	107,518
Adjustment for share options (thousands)		**1,465**	585
Diluted number of ordinary shares in issue (thousands)		**108,983**	108,103
Diluted earnings per share	Pence	**29.4**	24.2

13 Property, plant and equipment

2017	**Leasehold improvements £000**	**Fixtures and fittings £000**	**Plant and equipment £000**	**Total £000**
Cost				
At 1 January 2017	4,737	1,277	2,362	8,376
Additions	660	102	588	1,350
Disposals	(33)	(50)	(221)	(304)
Effect of movements in foreign exchange	(91)	(36)	(50)	(177)
At 31 December 2017	5,273	1,293	2,679	9,245
Accumulated depreciation				
At 1 January 2017	1,102	734	1,529	3,365
Depreciation charge for the year	655	247	429	1,331
Disposals	(33)	(50)	(218)	(301)
Effect of movements in foreign exchange	(25)	(24)	(27)	(76)
At 31 December 2017	1,699	907	1,713	4,319
Net book value at 31 December 2017	**3,574**	**386**	**966**	**4,926**

2016	**Leasehold improvements £000**	**Fixtures and fittings £000**	**Plant and equipment £000**	**Total £000**
Cost				
At 1 January 2016	3,657	1,009	1,900	6,566
Additions	1,034	271	430	1,735
Disposals	(42)	(61)	(73)	(176)
Effect of movements in foreign exchange	88	58	105	251
At 31 December 2016	4,737	1,277	2,362	8,376
Accumulated depreciation				
At 1 January 2016	589	517	1,196	2,302
Depreciation charge for the year	523	231	340	1,094
Disposals	(42)	(61)	(73)	(176)
Effect of movements in foreign exchange	32	47	66	145
At 31 December 2016	1,102	734	1,529	3,365
Net book value at 31 December 2016	**3,635**	**543**	**833**	**5,011**

14 Intangible assets

2017	**Software and software licences £000**	**Goodwill £000**	**Total £000**
Cost			
At 1 January 2017	512	19,322	19,834
Additions	18	–	18
Disposals	(27)	–	(27)
Effect of movements in foreign exchange	(5)	–	(5)
At 31 December 2017	498	19,322	19,820
Accumulated amortisation			
At 1 January 2017	301	–	301
Amortisation for the year	77	–	77
Disposals	(27)	–	(27)
Effect of movements in foreign exchange	(2)	–	(2)
At 31 December 2017	349	–	349
Net book value at 31 December 2017	**149**	**19,322**	**19,471**

14 Intangible assets (continued)

	Software and software licences £000	Goodwill £000	Total £000
Cost			
At 1 January 2016	592	19,322	19,914
Additions	60	-	60
Disposals	(157)	-	(157)
Effect of movements in foreign exchange	17	-	17
At 31 December 2016	512	19,322	19,834
Accumulated amortisation			
At 1 January 2016	364	-	364
Amortisation for the year	86	-	86
Disposals	(156)	-	(156)
Effect of movements in foreign exchange	7	-	7
At 31 December 2016	301	-	301
Net book value at 31 December 2016	**211**	**19,322**	**19,533**

The amortisation charge is recognised in administrative expenses in the income statement. The amortisation period of the software and software licences is 4 years. Goodwill is not amortised but is subject to an annual impairment test.

The goodwill has been allocated to cash generating units ("CGUs") summarised as follows:

	UK and Ireland £000	North America £000	EMEA £000	APAC £000	Total £000
Cost and net book value					
At 31 December 2017 and 2016	14,843	3,082	1,397	–	19,322

15 Impairment testing of goodwill

An overview of impairment reviews performed by CGUs is set out below. The recoverable amount of each CGU has been determined on value in use calculations using cash flow projections from financial budgets and forecasts approved by the Board covering a three-year period from the date of the relevant impairment review. The key assumptions in the projections, for all CGUs, were as follows:

- Revenue and gross margin were based on expected levels of activity under existing major contractual arrangements together with growth based upon medium term historical growth rates and having regard to expected economic and market conditions for other customers.
- Administrative expenses were forecast to move in line with expected levels of activity in the CGU.
- The growth rate used to extrapolate the cash flows beyond the three-year forecast period was 2.0% up to a period of 15 years in total.

The pre-tax discount rates used in the calculations were as follows:

	2017 %	2016 %
UK and Ireland	**10.33**	11.40
North America	**14.04**	15.42
EMEA	**10.82**	10.56

As a result of the review the Directors did not identify any impairment for the goodwill in each CGU. In considering sensitivities, no reasonable change in any of the above key assumptions would cause the recoverable amount to fall below the carrying value of the CGUs.

16 Deferred income tax assets

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2017 £000	2016 £000
Non-current:		
Non-current temporary differences	**2,275**	772
Deferred tax asset	**2,275**	772

The Directors consider the deferred tax asset is recoverable within two to five years. Deferred tax assets have been recognised in respect of timing differences associated with share-based payment expenses where it is considered probable that these assets will be recovered.

	1 January 2017 £000	Recognised in income statement £000	Recognised in other reserves £000	31 December 2017 £000
Movement in deferred tax during 2017:				
Share-based payments	846	483	1,001	**2,330**
Property, plant and equipment	(474)	148	–	**(326)**
Other	400	(129)	–	**271**
	772	502	1,001	**2,275**

	1 January 2016 £000	Recognised in income statement £000	31 December 2016 £000
Movement in deferred tax during 2016:			
Share-based payments	173	673	846
Property, plant and equipment	(282)	(192)	(474)
Other	–	400	400
	(109)	881	772

17 Trade and other receivables

	2017 £000	2016 £000
Trade receivables	**23,138**	24,152
Other receivables	**717**	500
Prepayments and accrued income	**6,861**	4,512
	30,716	29,164

17 Trade and other receivables (continued)

The trade receivables as at 31 December are aged as follows:

	2017 £000	2016 £000
Not overdue	**15,298**	17,350
Not more than three months past due	**7,696**	6,811
More than three months but not more than six months past due	**327**	120
More than six months but not more than one year past due	**93**	47
Older than one year past due	**11**	-
Provision for impairment	**(287)**	(176)
	23,138	24,152

An analysis of the provision for impairment by the aged receivable category it relates to is set out below:

	Provision for impairment 2017 £000	Provision for impairment 2016 £000
Not overdue	**–**	–
Not more than three months past due	**90**	83
More than three months but not more than six months past due	**126**	47
More than six months but not more than one year past due	**60**	46
Older than one year past due	**11**	-
	287	176

The movement in the provision for impairment is as below:

	2017 £000	2016 £000
At 1 January	**176**	134
Charge for the year	**111**	42
At 31 December	**287**	176

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2017 £000	2016 £000
Pounds Sterling	**12,018**	14,036
US Dollar	**5,255**	5,086
Canadian Dollar	**1,517**	1,601
Euro	**2,173**	1,576
Swiss Franc	**60**	554
Hong Kong Dollar	**811**	592
Singapore Dollar	**872**	389
Chinese Renminbi	**229**	317
South African Rand	**60**	1
Australian Dollar	**143**	–
	23,138	24,152

18 Cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	**36,846**	27,844

Cash and cash equivalents denominated in currencies other than Pounds Sterling amount to £7,827,000 (2016: £7,505,000), denominated in US Dollar, Canadian Dollar, Euro, Swiss Franc, Hong Kong Dollar, Singapore Dollar, Chinese Renminbi, South African Rand, Danish Krone and Australian Dollar.

The Group has issued guarantees in favour of Commerzbank for CHF150,000, CRP/Capstone 14W Property Owner LLC totalling US$242,399 and Roza 14W LLC for a leasehold property in the USA for US$25,973.

The Group had undrawn facilities at 31 December 2017 of £20,000,000 (2016: £20,000,000).

The credit quality of financial assets can be assessed by reference to external credit ratings issued by credit ratings agencies registered in the European Union. Cash at bank is held with banks with the following ratings:

Cash at bank by credit rating	2017 £000	2016 £000
AA	**35,645**	25,676
A	**1,201**	2,168
	36,846	27,844

Revolving credit facility

The Group has a £20,000,000 Revolving Credit Facility ("RCF") with HSBC Bank plc, expiring on 14 August 2018. The facility is available to be repaid and redrawn at the discretion of the Group.

The RCF is secured by way of a debenture on the assets of the Company, Astra 5.0 Limited, FDM Group Limited and FDM Group Inc. The interest rate on the RCF is fixed at 1.0% over LIBOR per annum. The charge on non-utilised funds is 0.4% per annum.

19 Trade and other payables

	2017 £000	2016 £000
Trade payables	**1,450**	1,621
Other payables	**760**	884
Other taxes and social security	**6,382**	5,995
Accruals and deferred income	**18,024**	16,128
	26,616	24,628

Trade and other payables denominated in currencies other than Pounds Sterling amount to £8,434,000 (2016: £7,351,000), denominated in US Dollar, Canadian Dollar, Euro, Swiss Franc, Hong Kong Dollar, Singapore Dollar, Chinese Renminbi, South African Rand and Australian Dollar.

20 Share capital

Authorised, called up, allotted and fully paid share capital

	2017 Number of shares	2017 £000	2016 Number of shares	2016 £000
Ordinary shares of £0.01 each	**107,517,506**	**1,075**	107,517,506	1,075

20 Share capital (continued)

Ordinary shares

All ordinary shares rank equally for all dividends and distributions that may be declared on such shares. At general meetings of the Company, each shareholder who is present (in person, by proxy or by representative) is entitled to one vote on a show of hands and, on a poll, to one vote per share.

21 Dividends

	2017 £000	2016 £000
Dividends paid		
Paid to shareholders	**23,976**	24,514

2017

An interim dividend of 12.0 pence per ordinary share was declared by the Directors on 28 July 2017 and was paid on 22 September 2017 to holders of record on 25 August 2017.

The Board is proposing a final dividend of 14.0 pence per share in respect of the year to 31 December 2017, for approval by shareholders at the AGM on 26 April 2018.

Subject to shareholder approval the dividend will be paid on 15 June 2018 to shareholders of record on 25 May 2018.

This brings the Company's total dividend for the year to 26.0 pence per share (2016: 19.6 pence per share). The total ordinary dividends of 26.0 pence per share will be covered 1.15 times by basic earnings per share.

The Board has adopted a progressive dividend policy; the Group will retain sufficient capital to fund ongoing operating requirements, maintain an appropriate level of dividend cover and sufficient funds to invest in the Group's longer term growth.

2016

An interim dividend of 9.3 pence per ordinary share was declared by the Directors on 26 July 2016 and was paid on 23 September 2016 to holders of record on 26 August 2016. The final dividend of 10.3 pence per share in respect of the year to 31 December 2016 was approved by shareholders at the AGM on 27 April 2017, the dividend was paid on 16 June 2017 to shareholders of record on 26 May 2017.

22 Operating leases

The Group has entered into commercial leases on certain properties. Future minimum payments under non-cancellable operating leases are as follows:

	2017 £000	2016 £000
Less than one year	**4,768**	3,413
Between one and five years	**13,812**	14,036
More than five years	**3,538**	4,811
	22,118	22,260

There are no contingent rents, purchase options, escalation clauses or significant restrictions on any of the Group's operating leases.

23 Share-based payments

	2017 £000	2016 £000
Expenses arising from equity settled share-based payment transaction	**2,677**	1,881
Deferred tax recognised in other reserves arising from equity settled share-based payment transaction	**1,001**	–
	3,678	1,881

As disclosed in the Directors' Remuneration Report, the Company granted awards on 19 April 2017, in the form of nominal cost options over ordinary shares in the Company under the FDM 2014 Performance Share Plan ("PSP"). As with the awards made in 2015 and 2016, the vesting of the awards is subject to the achievement of a three-year performance condition relating to earnings per share.

Awards granted to UK participants have been structured as Approved Performance Share Plan ("APSP") awards to enable participants to benefit from UK tax efficiencies. Each APSP award consists of a tax qualifying option under the FDM 2014 Company Share Option Plan ("CSOP") over shares with a value of up to £30,000 and a separate award under the PSP for amounts in excess of the HMRC £30,000 limit. A Linked Award is also provided under the PSP to enable participants to fund the exercise price of the CSOP option.

PSP and CSOP options are exercisable no later than the tenth anniversary of the date of grant.

The table below summarises the outstanding share options:

	2017 Number of shares	2017 Weighted average exercise price	2016 Number of shares	2016 Weighted average exercise price
Outstanding at 1 January	**2,192,690**	**101p**	1,097,572	103p
Granted during the year	**664,897**	**135p**	1,281,266	112p
Forfeited during the year	**189,772**	**166p**	186,148	155p
Exercised during the year	**–**	**–**	–	–
Expired during the year	**–**	**–**	–	–
Outstanding at 31 December	**2,667,815**	**104p**	2,192,690	101p
Exercisable at the end of the year	**–**	**–**	–	–
Weighted average remaining contractual life (years)	**1.0**	**n/a**	1.5	n/a

The fair values of the PSP and CSOP options made were determined using the Black-Scholes valuation model. The significant inputs to the model were as follows:

2017	PSP	CSOP
Share price at date of grant	**724p**	**724p**
Exercise price	**1p**	**724p**
Dividend yield	**3%**	**3%**
Expected volatility	**28%**	**28%**
Risk free interest rate	**0.25%**	**0.25%**
Expected life	**4 years**	**4 years**
Fair value at date of grant	**641p**	**115p**

23 Share-based payments (continued)

2016	PSP	CSOP
Share price at date of grant	561p	561p
Exercise price	1p	561p
Dividend yield	3%	3%
Expected volatility	33%	33%
Risk free interest rate	0.8%	0.8%
Expected life	4 years	4 years
Fair value at date of grant – issue on 19 April 2016	497p	113p
Fair value at date of grant – issue on 5 September 2016	557p	127p

2015	PSP	CSOP
Share price at date of grant	331p	331p
Exercise price	1p	331p
Dividend yield	4%	4%
Expected volatility	31%	31%
Risk free interest rate	1.2%	1.2%
Expected life	4 years	4 years
Fair value at date of grant – issue on 20 April 2015	281p	56p
Fair value at date of grant – issue on 10 August 2015	388p	125p

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. As the Company has only a limited history of quoted share price volatility, the expected volatility has been partly based on the historical volatility of comparator companies.

24 Related parties

During the year the Group paid rental of £36,000 (2016: £36,000) to Rod Flavell, Chief Executive Officer and Sheila Flavell, Chief Operating Officer, for rent of a London apartment used for short-term employee accommodation. The rent payable was at market rate, no balances were outstanding at year end (2016: £nil). At no time during 2017 or 2016 was the apartment used by any of the Directors.

During the year the Group paid £16,000 (2016: £75,000) for contractor IT services to Viper Business Solutions Limited, which is a limited company wholly owned by the daughter of Sheila Flavell. The IT services performed were provided to a client of the Group and were charged at market rate, no balances were outstanding at year end (2016: £nil).

A number of the Directors' family members are employed by the Group. The employment relationships are at market rate and are carried out on an arm's length basis.

The full registered addresses of all subsidiaries of the Parent Company are disclosed on page 134.

25 Financial risk management

The Group manages its capital to ensure the Company and all its subsidiaries will be able to continue as a going concern whilst maximising the return to shareholders.

The use of financial instruments is managed under policies and procedures approved by the Board. These are designed to reduce the financial risks faced by the Group and Company, which primarily relate to credit, interest, liquidity, capital management and foreign currency risks, which arise in the normal course of the Group's business.

There are no adjustments between the amounts presented in the Statement of Financial Position and the fair values of the assets and liabilities.

Credit risk

Credit risk is managed on a Group basis and arises from cash and cash equivalents and trade receivables. The Group provides credit to customers in the normal course of business and the amount that appears in the Consolidated Statement of Financial Position is net of an allowance of £287,000 (2016: £176,000) for specific doubtful receivables.

All material trade receivable balances relate to sales transactions with the Group's blue-chip customer base. At the reporting date, although the Group had significant balances with key customers, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Credit risk is managed through agreed procedures which include managing and analysing the credit risk for new customers and managing existing customers. No customers defaulted on debt during the current or prior year, £305,000 of trade receivables at 31 December 2017 is owed from new customers (less than 6 months) (2016: £629,000 owed from new customers).

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt facility which has an interest rate of 1.0% above LIBOR. At the year end the Group had no borrowings therefore it has limited exposure to interest rate risk. The Group manages its interest rate risk through regular reviews of its exposure to changes in interest rates.

Liquidity risk

The Group manages liquidity risk by maintaining adequate cash reserves and continuously monitoring forecast and actual cash flows and where appropriate matches the maturity of financial assets and liabilities.

The Group has no borrowings from third parties at the year end and therefore liquidity risk is not considered a significant risk at this time due to the Group's cash balances and undrawn facilities.

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor market, creditor, customer and employee confidence and to sustain future investment and development of the business. The capital structure of the Group consists of equity attributable to the equity holders of the Group comprising issued share capital, other reserves and retained earnings.

The Board monitors the capital structure on a regular basis and determines the level of annual dividend. The Group is not exposed to any externally imposed capital requirements.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The currencies giving rise to this risk are primarily the US Dollar, Canadian Dollar and Euro. The Group has both cash inflows and outflows in these currencies that create a natural hedge.

Fair values

There is no significant difference between the carrying amounts shown in the Consolidated Statement of Financial Position and the fair values of the Group and Company's financial instruments. For current trade and other receivables or payables with a remaining life of less than one year, the amortised cost is deemed to reflect the fair value. Assets are held as "loans and receivables" and that there are no assets or liabilities measured at fair value through profit and loss, no derivatives used for hedging, available-for-sale or other financial liabilities at amortised cost.

Parent Company Statement of Financial Position

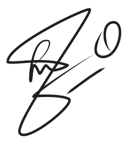
as at 31 December 2017

	Note	2017 £000	2016 £000
Non-current assets			
Investments	3	**5,147**	2,470
		5,147	2,470
Current assets			
Trade and other receivables	4	**44,474**	38,698
Cash and cash equivalents	5	**24**	25
Total current assets		**44,498**	38,723
Total assets		**49,645**	41,193
Current liabilities			
Trade and other payables	6	**74**	63
Total liabilities		**74**	63
Net assets		**49,571**	41,130
Equity attributable to equity holders of the parent			
Share capital	7	**1,075**	1,075
Share premium		**7,873**	7,873
Capital redemption reserve		**52**	52
Other reserves		**5,147**	2,470
Retained earnings		**35,424**	29,660
Total equity		**49,571**	41,130

The Parent Company made a profit for the year of £29,740,000 (2016: profit of £28,727,000). In accordance with section 408 of the Companies Act 2006, the Parent Company's individual profit and loss account is not included in these financial statements.

The notes on pages 133 to 136 are an integral part of the Parent Company Financial Statements (Registered Company 07078823).

These financial statements on pages 130 to 136 were approved by the Board of Directors on 6 March 2018 and were signed on its behalf by:



Rod Flavell
Chief Executive Officer
6 March 2018

Mike McLaren
Chief Financial Officer
6 March 2018

Parent Company Statement of Cash Flows

for the year ended 31 December 2017

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Company profit before tax for the year		**29,740**	28,727
Adjustments for:			
Dividends received		**(30,000)**	(29,000)
Increase in trade and other receivables		**(5,775)**	(4,096)
Increase/(decrease) in trade and other payables		**10**	(102)
Cash flows generated from operations		**(6,025)**	(4,471)
Cash flows from investing activities			
Dividends received	10	**30,000**	29,000
Net cash generated from investing activities		**30,000**	29,000
Cash flows from financing activities			
Dividends paid	10	**(23,976)**	(24,514)
Net cash used in financing activities		**(23,976)**	(24,514)
Net (decrease)/increase in cash and cash equivalents		**(1)**	15
Cash and cash equivalents at beginning of year		**25**	10
Cash and cash equivalents at end of year	5	**24**	25

The notes on pages 133 to 136 are an integral part of the Parent Company Financial Statements.

Parent Company Statement of Changes in Equity

for the year ended 31 December 2017

	Share capital £000	Share premium £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2017	1,075	7,873	52	2,470	29,660	41,130
Profit for the year	–	–	–	–	29,740	29,740
Total comprehensive income for the year	–	–	–	–	29,740	29,740
Dividends paid	–	–	–	–	(23,976)	(23,976)
Share-based payments (note 3)	–	–	–	2,677	–	2,677
Total transaction with owners, recognised directly in equity	–	–	–	2,677	(23,976)	(21,299)
Balance at 31 December 2017	**1,075**	**7,873**	**52**	**5,147**	**35,424**	**49,571**

	Share capital £000	Share premium £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2016	1,075	7,873	52	589	25,447	35,036
Profit for the year	–	–	–	–	28,727	28,727
Total comprehensive income for the year	–	–	–	–	28,727	28,727
Dividends paid	–	–	–	–	(24,514)	(24,514)
Share-based payments (note 3)	–	–	–	1,881	–	1,881
Total transaction with owners, recognised directly in equity	–	–	–	1,881	(24,514)	(22,633)
Balance at 31 December 2016	**1,075**	**7,873**	**52**	**2,470**	**29,660**	**41,130**

The notes on pages 133 to 136 are an integral part of the Parent Company Financial Statements.

Notes to the Parent Company Financial Statements

1 Going concern

The Directors have a reasonable expectation that with the continued support of other Group companies, the Company will have adequate resources to continue in operational existence as a holding company for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis for preparing the financial statements.

2 Accounting policies

The Company financial statements have been prepared in accordance with IFRSs as adopted by the EU and in accordance with the Companies Act 2006 as applicable to companies using IFRS and in accordance with IFRS IC interpretations.

The Company has taken the exemption under section 408 of the Companies Act 2006 not to present the Parent Company income statement. The profit for the year was £29,740,000 (2016: profit of £28,727,000).

The financial information has been prepared on a historical cost basis.

The accounting policies of the Company are the same as those of the Group and have been applied consistently. These are set out in note 3 in the Notes to the Consolidated Financial Statements, except that the Company has no policy in respect of consolidation. Investments are carried at historical cost.

Details of the Company's significant accounting estimates, being the share-based payments, are consistent with those disclosed in note 4 to the Consolidated Financial Statements on page 114.

3 Investments

	2017 £000	2016 £000
At 1 January	**2,470**	589
Additions	**2,677**	1,881
At 31 December	**5,147**	2,470

The addition to investments represents the accounting in respect of the costs associated with the PSP, as the awards relate to employees of its subsidiary undertakings. For further details of the PSP see note 23 to the Consolidated Financial Statements.

The Company holds the following investments in its subsidiaries:

Company	**Country of incorporation**	**Class of share held**	**Direct/ indirect**	**Ownership**
Astra 5.0 Limited	Great Britain	Ordinary	Direct	100%
FDM Group Limited	Great Britain	Ordinary	Indirect	100%
FDM Astra Ireland Limited	Ireland	Ordinary	Indirect	100%
FDM Group Inc.	USA	Ordinary	Indirect	100%
FDM Group Canada Inc.	Canada	Ordinary	Indirect	100%
FDM Group NV	Belgium	Ordinary	Indirect	100%
FDM Group GmbH	Germany	Ordinary	Indirect	100%
FDM Switzerland GmbH	Switzerland	Ordinary	Indirect	100%
FDM Group SA	Luxembourg	Ordinary	Indirect	100%
FDM South Africa (PTY) Limited	South Africa	Ordinary	Indirect	100%
FDM Singapore Consulting PTE Limited	Singapore	Ordinary	Indirect	100%
FDM Technology (Shanghai) Co. Limited	China	Ordinary	Indirect	100%
FDM Group HK Limited	Hong Kong	Ordinary	Indirect	100%
FDM Group Australia Pty Ltd	Australia	Ordinary	Indirect	100%
FDM Group Austria GmbH	Austria	Ordinary	Indirect	100%

3 Investments (continued)

The total cost of investments in subsidiaries, is £2 (2016: £2). Astra 5.0 Limited acts as an intermediate holding company and provides human resources and marketing services to the Group. The remaining subsidiaries carry out the principal activity of the Group.

The registered address for each subsidiary of the Company as at 31 December 2017 is listed below.

Company	Registered address
Astra 5.0 Limited	3rd Floor, Cottons Centre, Cottons Lane, London SE1 2QG, UK
FDM Group Limited	3rd Floor, Cottons Centre, Cottons Lane, London SE1 2QG, UK
FDM Astra Ireland Limited	25-28 North Wall Quay, Dublin 1, Ireland
FDM Group Inc.	14 Wall Street, New York, NY 10005, USA
FDM Group Canada Inc.	1 Place Ville Marie, 37th Floor, Montreal, QC H3B 3P4, Canada
FDM Group NV	Rue Medori 99, B-1020 Brussels, Belgium
FDM Group GmbH	MainzerLandstrasse 41, 60329 Frankfurt am Main, Germany
FDM Switzerland GmbH	Lavaterstrasse 40, Zurich, CH 8002, Switzerland
FDM Group SA	13 Boulevard Grande-Duchesse Charlotte, L01331 Luxembourg
FDM South Africa (PTY) Limited	9 Kinross Street, Germiston South, 1401 South Africa
FDM Singapore Consulting PTE Limited	77 Robinson Road, #13-00 Robinson 77, 068896 Singapore
FDM Technology (Shanghai) Co. Limited	Room 314, No.437 Zhi Zaoju Road, Huangpu District, Shanghai, China
FDM Group HK Limited	Suites 406 – 409 Pacific Place, 1 Queen's Road East, Hong Kong
FDM Group Australia Pty Ltd	Rialto South Tower, Level 29, 525 Collins Street, Melbourne, VIC 3000, Australia
FDM Group Austria GmbH	Handelskai 92/Gate 2/7A, 1200 Wien, Austria

4 Trade and other receivables

	2017 £000	2016 £000
Amounts owed by subsidiary undertakings	**44,463**	38,688
Prepayments and accrued income	**11**	10
	44,474	38,698

All trade and other receivables are receivable in Pounds Sterling and are fully performing. Amounts owed by subsidiary undertakings are unsecured, non-interest bearing and repayable on demand.

5 Cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	**24**	25

The Company's cash is held with a financial institution with a credit rating of AA at the date of signing the financial statements.

6 Trade and other payables

	2017 £000	2016 £000
Trade payables	**12**	6
Accruals and deferred income	**62**	57
	74	63

7 Share capital

	2017 Number of shares	2017 £000	2016 Number of shares	2016 £000
Ordinary shares of £0.01 each	**107,517,506**	**1,075**	107,517,506	1,075

Ordinary shares

All ordinary shares rank equally for all dividends and distributions that may be declared on such shares. At general meetings of the Company, each shareholder who is present (in person, by proxy or by representative) is entitled to one vote on a show of hands and, on a poll, to one vote per share.

8 Related parties

The Company holds inter-company balances with certain of its subsidiary undertakings. The transactions that have taken place are in relation to inter-company loan repayments/additions and dividends which are listed below:

	Dividends from related parties 2017 £000	Amounts owed by related parties 2017 £000	Dividends from related parties 2016 £000	Amounts owed by related parties 2016 £000
Astra 5.0 Limited	**30,000**	**4,340**	29,000	4,340
FDM Group Limited	**–**	**40,123**	–	34,348
	30,000	**44,463**	29,000	38,688

9 Financial risk management

The financial risks and uncertainties the Company faces are the same as those of the Group. These are set out on pages 128 and 129.

10 Dividends

	2017 £000	2016 £000
Dividends received		
Received from subsidiaries	**30,000**	29,000
Dividends paid		
Paid to shareholders	**23,976**	24,514

An interim dividend of 12.0 pence per ordinary share was declared by the Directors on 28 July 2017 and was paid on 22 September 2017 to holders of record on 25 August 2017.

The Board is proposing a final dividend of 14.0 pence per share in respect of the year to 31 December 2017, for approval by shareholders at the AGM on 26 April 2018.

Subject to shareholder approval the dividend will be paid on 15 June 2018 to shareholders of record on 25 May 2018.

10 Dividends (continued)
This brings the Company's total dividend for the year to 26.0 pence per share (2016: 19.6 pence per share). The total ordinary dividends will be covered 1.15 times by basic earnings per share.

The Board has adopted a progressive dividend policy; the Group will retain sufficient capital to fund ongoing operating requirements, maintain an appropriate level of dividend cover and sufficient funds to invest in the Group's longer term growth.

2016
An interim dividend of 9.3 pence per ordinary share was declared by the Directors on 26 July 2016 and was paid on 23 September 2016 to holders of record on 26 August 2016. The final dividend of 10.3 pence per share in respect of the year to 31 December 2016 was approved by shareholders at the AGM on 27 April 2017, the dividend was paid on 16 June 2017 to shareholders of record on 26 May 2017.

11 Directors' remuneration
Directors' remuneration was paid by FDM Group Limited in both the current and prior year and no recharge was made to the Company. For further details see note 9 to the Consolidated Financial Statements on page 118.

12 Auditors' remuneration
Auditors' remuneration of £7,000 was charged in relation to 2017 (2016: £7,000), the fees were paid by FDM Group Limited in both the current and prior year and no recharge was made to the Company.

13 Employees
The Company had no employees during the current or prior year.

Shareholder Information

Directors	Ivan Martin	Non-Executive Chairman
	Roderick Flavell	Chief Executive Officer
	Sheila Flavell	Chief Operating Officer
	Michael McLaren	Chief Financial Officer
	Andrew Brown	Chief Commercial Officer
	Peter Whiting	Non-Executive Director
	Robin Taylor	Non-Executive Director
	Michelle Senecal de Fonseca	Non-Executive Director
	David Lister	Non-Executive Director
Company Secretary	Jonathan Mark Heather	
Registered office	3rd Floor Cottons Centre Cottons Lane London SE1 2QG	
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH	
Bankers	HSBC Bank plc 8 Canada Square London E14 5HQ	
Registrars	Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	
Stock brokers (joint)	Investec Bank plc 2 Gresham Street London EC2V 7QP	Stockdale Securities Limited Beaufort House 15 St. Botolph Street London EC3A 7BB
Legal advisors	Taylor Wessing LLP 5 New Street Square London EC4A 3TW	
Financial PR advisors	Weber Shandwick 2 Waterhouse Square 140 High Holborn London EC1N 2AE	

Notes

Notes

Notes

UK

IRELAND

USA

CANADA

GERMANY

SWITZERLAND

AUSTRIA

FRANCE

SPAIN

DENMARK

SOUTH AFRICA

HONG KONG

SINGAPORE

CHINA

AUSTRALIA

FDM Group

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