FDM

ANNUAL REPORT AND ACCOUNTS 2018

FDM Group (Holdings) plc

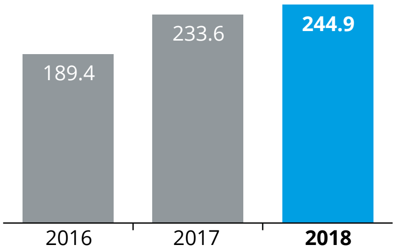
Contents

Strategic Report

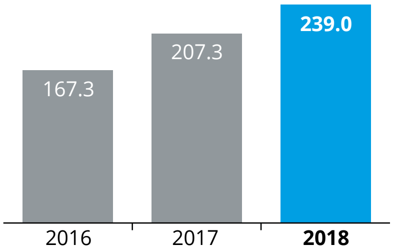
Highlights

Financial

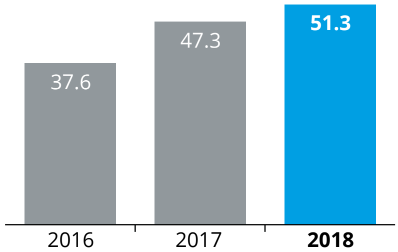
Revenue (£m)
£244.9m +5%



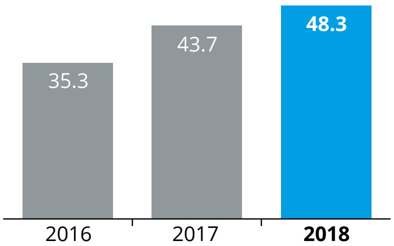
Mountie revenue[1] (£m)
£239.0m +15%



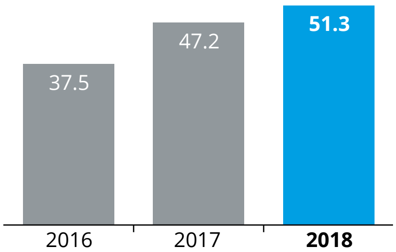
Adjusted operating profit[2] (£m)
£51.3m +8%



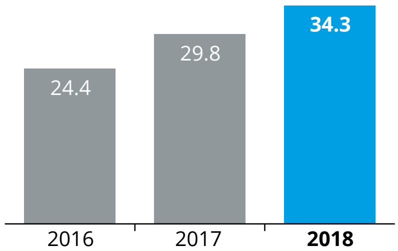
Profit before tax (£m)
£48.3m +11%



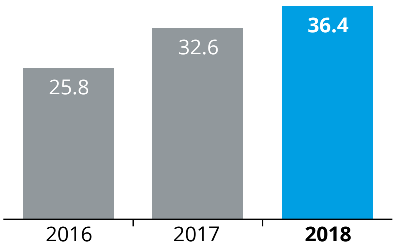
Adjusted profit before tax[2] (£m)
£51.3m +9%



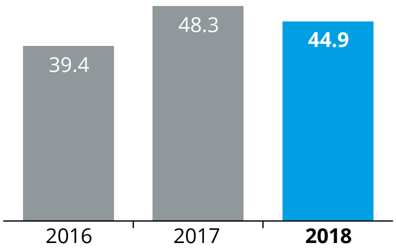
Basic earnings per share (pence)
34.3 pence +15%



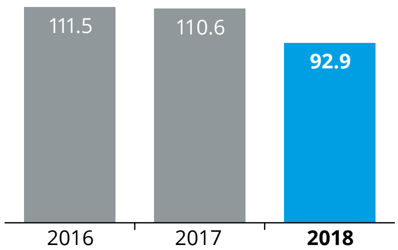
Adjusted basic earnings per share[2] (pence)
36.4 pence +12%



Cash flow generated from operations (£m)
£44.9m -7%



Cash conversion[3] (%)
92.9% -16%



1 Mountie revenue excludes revenue from contractors. See page 43 for analysis of revenue.
2 The adjusted operating profit and adjusted profit before tax are calculated before Performance Share Plan expenses (including social security costs) of £3.0 million (2017: £3.6 million). The adjusted basic earnings per share is calculated before the impact of Performance Share Plan expenses (including social security costs and associated deferred tax). See page 43 for further details of adjusted items.
3 Cash conversion is calculated by dividing cash flow from operations by profit before tax.
4 Week 52 in 2018 commenced on 17 December 2018 (2017: week 52 commenced on 18 December 2017).
5 Utilisation is calculated as the ratio of cost of utilised Mounties to the total Mountie payroll cost.

Operational

Recruit

Over 700 university events attended in 2018 (2017: over 400)

We received over 84,000 online applications (2017: over 81,000)

Train

2,155 training completions in 2018, a 33% increase (2017: 1,626)

Continued investment in training Academies, with global training capacity of 848 at year end, up by 9% over December 2017

7 of our 16 training locations at the end of the year were pop-up Academies

Deploy

Mounties assigned to client sites at week 52[4] were up 18% at 3,747 (2017: 3,170)

Mountie utilisation[5] rate unchanged at 97.3% (2017: 97.3%)

77 new clients secured globally (2017: 72)

We are FDM

FDM Group (Holdings) plc ("the Company") and its subsidiaries (together "the Group" or "FDM") operates in the Recruit, Train and Deploy ("RTD") sector. Our mission is to bring people and technology together, creating and inspiring exciting careers that shape our digital future.

The Group's principal business activities involve recruiting, training and deploying 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, Cyber Security and Robotic Process Automation.

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 careers. FDM has dedicated training centres and sales operations located in London, Leeds, Glasgow, Birmingham, New York NY, Reston VA, Charlotte NC, Austin TX, Toronto, Frankfurt, Singapore, Hong Kong, Shanghai and Sydney.

FDM also operates in Ireland, France, Switzerland, Austria, Denmark, Spain, Luxembourg, the Netherlands and South Africa.

Together, FDM is made up of a collective of almost 5,000 people, from a multitude of different backgrounds, life experiences and cultures. FDM is a strong advocate of diversity and inclusion in the workplace and the strength of its brand lies in the talent within.

Together, we are FDM.

Our brand evolution

We don't make or sell products – we are a people business and therefore our employees are our brand. In 2018, we embarked on a global project to reveal how the FDM brand has evolved throughout the years, gathering feedback from a variety of internal and external stakeholders at all levels.

The findings revealed that despite our growth, our values have largely remained the same. We strive for success, we are committed to our clients, we say it how it is, we make it happen and together we are stronger. These values define what we stand for as a business and unite us in our mission.

#FDMCareers

Our purpose

To achieve profitable growth for our shareholders, through offering our customers a unique and high-quality service by creating and inspiring exciting careers that shape our digital future.

Our vision

To be recognised by our clients and industry as the global leader in the Recruit, Train and Deploy sector.

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.

Our Values

Together we are stronger

We strive for success

We make it happen

Committed to our clients

We say it how it is

Industry awards received during the year included:

- The JobCrowd's Top 100 Companies For Graduates To Work For 2018/19
- The Guardian UK 300 Most Popular Graduate Employers for 2018/19
- UK Stock Market Awards – Growth Company of the Year 2018
- Megabuyte Quoted25 – Best Performing Consulting and Systems Integration Company 2018
- Megabuyte Quoted25 Awards – Top 25 PLCs 2018 (FDM ranked 4th)
- Management Today – Agents of Change Power List 2018 – Rod Flavell, FDM CEO
- Computing Women in IT Excellence Awards – Diversity Employer of the Year 2018
- Information Age Women in IT Awards – Employer of the Year 2018
- Information Age Women in IT Awards – Woman of the Year 2018 – Sheila Flavell, FDM COO
- Computer Weekly 50 Most Influential Women in UK IT 2018 – Sheila Flavell, FDM COO
- Mogul – Top 1,000 Companies Worldwide for Millennial Women 2018
- Working Mums Awards – Career Progression Award 2018
- Working Mums Awards – Overall Top Employer Award 2018
- Best in Biz Awards North America – Best Place to Work (Gold) 2018
- Military Times Best for Vets Employer 2018
- MilitaryHire.com Veteran Friendly Employers 2018: Opportunity category
- Target Jobs Awards – AGCAS Award for Excellence in Careers and Employability Service Engagement 2018
- National Undergraduate Employability Awards – Best Collaboration between a University and Employer 2018
- MINT Minded Company and Fair Company 2018

FDM is a strong advocate of diversity and inclusion in the workplace and the strength of its brand lies in the talent within

Chairman's Statement

Total ordinary dividend

+15%

Ivan Martin
Chairman

"I have been privileged to be Chairman of FDM for the past 12 years, a period which has seen unabated revenue and profit growth, and I am pleased that we have someone of David Lister's calibre, experience and knowledge of the business, to take on the role of Chairman at this exciting point in FDM's evolution."

I am pleased to present FDM's Annual Report for the financial year ended 31 December 2018.

Performance

I am delighted to report another year of strong performance in 2018. The Group delivered 18% growth in overall Mountie headcount, including particularly strong growth in the UK and Ireland, North America and APAC, closing the year with 3,747 Mounties placed on client sites.

The Group's financial position remains robust with a closing cash balance of £33.9 million and no debt.

Strategic progress

Our strong operational and financial performance is driven by our focus on the four strategic objectives set out on pages 13 to 15 of the Annual Report, and it is notable that we have made good progress against each again this year, including:

- More than 2,100 trainees completed their training in 2018
- We gained 77 new clients across the Group
- We expanded our presence in all of our territories around the world
- We placed Mounties with clients for the first time in the Netherlands and in three new US States.

Culture and values

FDM's business is supported by a strong cultural identity which helps to ensure that our goals are understood and shared by all of our people. It was particularly rewarding to be recognised for the eighth year running by The JobCrowd in their 'Top 100 Companies For Graduates to Work For'. Our consistently high ratings for culture, colleagues and enjoyment underlines our commitment to promoting a strong culture which supports our strategic aims.

Governance

The Board has always considered robust Corporate Governance and a sound approach to risk management to be fundamental to the sustainability of the Group and its operations. We continue to review and challenge our approach to risk management, working with our internal audit function and making updates where appropriate to ensure that it remains effective. In July 2018 the Financial Reporting Council published its new UK Corporate Governance Code ("2018 Code"), which will apply to FDM with effect from 1 January 2019. Amongst other things, the 2018 Code encourages companies to engage more actively with stakeholders including employees, clients and shareholders, something which we have always focussed on at FDM. The Board and its committees will work to ensure that our framework of risk management and governance continues to evolve with the 2018 Code and meets shareholder expectations and best practice requirements. I report on Corporate Governance in more detail on page 62 of the Annual Report.

Dividend

The Group is maintaining 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 15.5 pence per share, taking the total ordinary dividend to 30.0 pence per share, up 15% on 2017.

People

We are very proud of our employees across the Group, who have again shown great commitment and professionalism during 2018. Our employees work hard to understand what our clients want, building strong relationships and creating solutions which help our clients fulfil their business ambitions. Our people understand that our clients' success is our success.

Over the last few years our business has expanded significantly, by the end of 2018 our Mountie headcount had increased to 3,747, and we now have 350 permanent staff working on recruitment, training, sales and deployment, as well as providing all-important support to our consultants in the field. People underpin everything that we do, and in recognition of this we have appointed a Chief People Officer. We regard this as a crucial new hire for our business, creating a senior executive role which reports directly to the CEO and will work closely with the Board on succession planning and people development which will support FDM's sustainability for the benefit of all our stakeholders. Further information on this appointment is set out in the Nomination Committee Report on page 81.

Our results this year reflect the dedication and hard work of our people and, on behalf of the Board, I would like to thank all our employees for their significant contribution to the performance of the Group in 2018.

The Board

In March 2018 FDM announced my intention to retire from the Board and that a search for a new independent Non-Executive Chairman had begun. I am delighted to say that process has been completed successfully. As announced by the Company on 7 February 2019, David Lister will be appointed to the role of Non-Executive Chairman with effect from 5 March 2019, and I shall retire from the Board on that date. David Lister has been an independent Non-Executive Director of the Company since March 2016 and brings a wealth of relevant board and IT experience after more than 39 years of working in technology and operations roles across multiple industries for international businesses. He also has valuable experience in the professional services sector. Further information about David's background and experience is on page 59.

The Board commissioned an externally facilitated evaluation of its effectiveness in 2018 (details of which are in the Nomination Committee Report on page 81). The results of that review will be helpful for David as he takes on the role of Chairman and works with his colleagues to ensure that the Board continues to operate as effectively as possible. Our aim is to create conditions that support sound decision-making, with input from other stakeholders where appropriate, to promote the long-term sustainable success of FDM.

I have been privileged to be Chairman of FDM for the past 12 years, a period which has seen unabated revenue and profit growth and has seen FDM evolve from a Brighton-based business with around 550 contractors on billing to FTSE 250 Company – a truly international business with global reach and more than 3,700 Mounties on billing. I am pleased that we have someone of David's calibre, experience and knowledge of the business, to take on the role of Chairman at this exciting point in FDM's evolution, and I wish him and the rest of the Board every success for the future.

Outlook

The Board is confident that the continuing strong levels of demand for FDM's services across all of our territories and the momentum with which we have commenced the new year will enable the Group to deliver further good operational and financial progress in 2019.

Ivan Martin
Chairman
5 March 2019

Recognised by The JobCrowd 'Top 100 Companies For Graduates to Work For' for the eighth year running

Chief Executive's Review

Mounties placed with clients

+18%

Mountie revenue

+15%

Rod Flavell
Chief Executive Officer

"Throughout 2018 the Group invested in its people, training facilities and technology to sustain the future growth of the business."

Overview

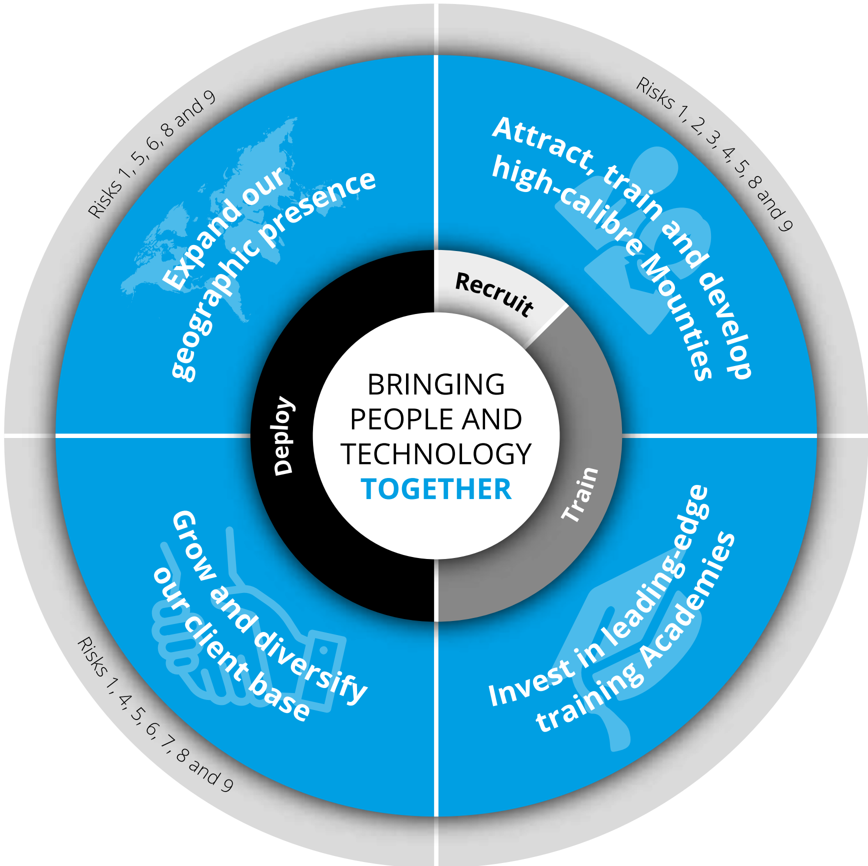
We ended the year with 3,747 Mounties placed with clients, while each of our operating regions increased Mountie headcount in the year. The Group achieved Mountie revenue of £239.0 million and delivered an adjusted profit before tax[1] of £51.3 million.

2018 represented a period of significant investment by the Group in our people and infrastructure. We increased headcount in three key areas of the business; sales, recruitment and training, thus ensuring we have a firm foundation in place to deliver on our future growth opportunities and aspirations and our strategic objectives.

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, which remains core to everything we do.

FDM's strategy, which is closely linked to our business model and mirrors the Recruit, Train, Deploy sector in which we operate, 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 34 to 35.
For further details on our Risks and Risk Management see pages 46 to 53.

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 remains one of the leading graduate employers, an achievement we are striving to emulate across the Group. We are proud of the way we collaborate with leading universities and multiple arms of the military. In May 2018, we introduced our innovative new Applicant Tracking System (JobTrain), which allows better management of applicants through the recruitment and training process. It enables applicants to source relevant information more easily and have a more user-friendly experience. With online applications up 4% year-on-year (at over 84,000), FDM is in a strong position at the start of 2019.

Our training programme provides thousands of people each year with the opportunity to launch or further their career, with a permanent and meaningful employment role for a minimum of two years. 2018 saw us deliver a 33% increase in training completions across the Group to 2,155 (2017: 1,626). Investment in training has generated a 27% increase in training staff, with 129 people employed across the Group's training Academies at 31 December 2018 (2017: 99 employed in Academies).

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 and role-specific training. Of our UK graduate 2018 intake surveyed, 89% attended a state school and 44% were the first in their family to go to university. 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.

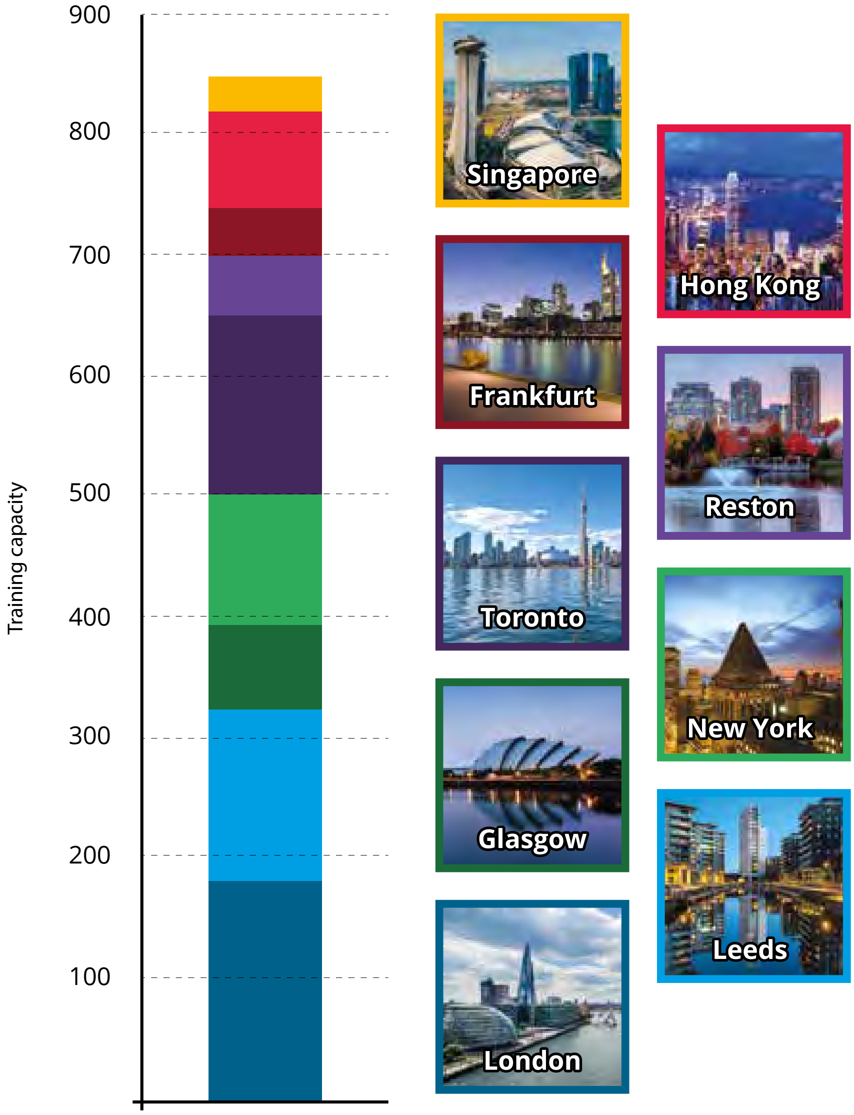
Invest in leading-edge training Academies

FDM Academies are dynamic, high-technology facilities, where our skilled and knowledgeable trainers provide first class training. During 2018 the capacity of our Toronto Academy was near doubled with the addition of 71 training seats making it the second largest Academy in the Group behind the Flagship London centre. We have also just opened, in February 2019, our new permanent Academy in Sydney (see page 29 for more information).

Our leveraging of pop-up centres has been a particular highlight for the year with 7 of our 16 training locations at the end of the year being a pop-up and 175 trainees completing training through a pop-up compared with 36 in 2017. Our pop-ups are quick to establish and offer flexible availability to meet local candidate and client demand.

Training capacity (the number of available training seats at a given point in time) has increased to 848 at 31 December 2018 (2017: 777). Our training facilities are 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.

Training capacity in permanent Academies as at 31 December 2018



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 it offers to financial services clients.

During the year we worked with 77 new clients (2017: 72 new clients) of which 71% were outside the financial services sector. Net Mountie headcount growth was 398 from new clients and 179 from existing clients.

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 260 (15%), followed by North America which increased headcount by 231 (24%), APAC which was up by 79 heads (26%), and EMEA which was up by seven heads (5%).

Our continuing investment in our training facilities, with Toronto expanding in 2018 and Sydney having opened in February 2019, 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 our markets is set out on pages 36 to 40.

Our service offerings

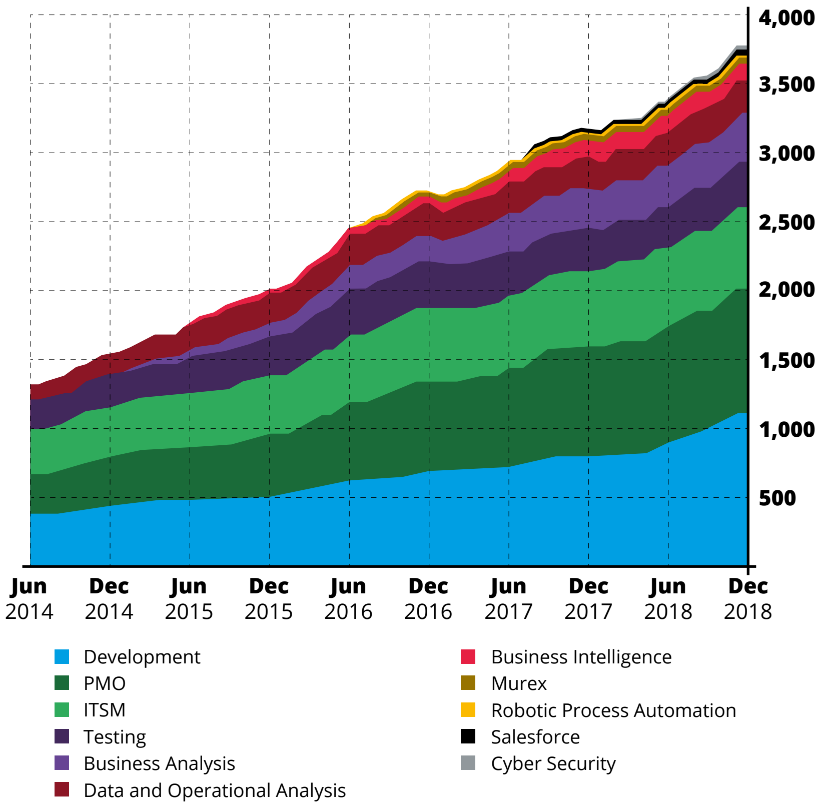
FDM constantly re-evaluates its training to ensure we deliver, at scale, a consultant workforce best suited to the wide range of technology roles required. Since our training is modular, we have the flexibility to adapt to small-scale client requests to fill their particular skill gap. We regularly discuss with our clients the trends they see developing in the technology market, and we make sure we understand how those trends will be reflected in their future needs, so that we can continue to train and provide high-calibre Mounties.

FDM's range of technical and business disciplines includes; Development, Testing, IT Service Management ("ITSM"), Project Management Office ("PMO"), Data and Operational Analysis, Business Analysis, Business Intelligence, Murex and Salesforce, Cyber Security and Robotic Process Automation ("RPA").

In 2018, our biggest growth stream has been Development (including Java and .Net). We have found that our Developers are working more closely with client businesses, as we see client IT teams working closer with the business, creating synergy benefits and ultimately delivering a better outcome to the business. Although still in its infancy, during 2018 our RPA offering has taken off and we have dedicated course start dates across the UK in 2019.

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.

Mountie Headcount – split by service offering



Strategic Report

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Our people – talented, ambitious, enthusiastic and diverse

We are a people business and we are proud of the fact our business model continues to provide an effective platform for creating and launching exciting careers. Rewarding our people is important because they go the extra mile and take pride in contributing towards the Group's success. 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 support the continuing growth and development of FDM.

FDM continues to champion a number of people initiatives. It employs 280 ex-Forces personnel across the UK, USA and Australia. In 2018 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 fifth year running. The Group also supports the advancement of women in the IT industry through the global "FDM Women in IT" initiative, with 30% of the workforce now female. We were delighted to show a median pay gap of 0.0% for the second consecutive year when we published our UK Gender Pay Gap Report in 2018.

We continue to seek ways to retain and develop our best people. A number of our employees were rewarded for their hard work and commitment to the Company when the first tranche of share options under the FDM Group Performance Share Plan 2014 vested and became exercisable. Further awards were made under the Performance Share Plan during 2018. At the beginning of 2019 we launched a new all employee Buy As You Earn share plan, which gives our employees the opportunity to become shareholders in the Company. This is an excellent opportunity for our employees to share in the success of the Company and its growth in the coming years.

I would like to extend the Board's thanks to every FDM employee, as it is their commitment and performance that enables us to continue to grow the business successfully each year, an achievement made possible by the strength and commitment of our management, recruitment, sales and training teams.

Board changes

Ivan Martin has steered FDM Group through its first five years as a plc, a period which has seen significant change and consistently strong performance, which included the Company's promotion to the FTSE 250 in June 2017. During 12 years as Chairman of the Board of FDM, Ivan has provided wisdom and leadership to his colleagues on the Board, and commitment to the Group. On behalf of the Board I thank Ivan for his service and dedication, and we wish him all the best for the future after he retires from the Board on 5 March 2019.

David Lister is already a valued colleague who has made a significant contribution to the work of the Board as a Non-Executive Director over the last three years. His board experience in such a wide range of business sectors will be invaluable to the Board. I look forward to working with David even more closely in his new role as Chairman as we continue to create and inspire exciting careers that shape our digital future.

Looking forward

I anticipate that 2019 will be another year in which FDM delivers good operational and financial performance.

Rod Flavell
Chief Executive Officer
5 March 2019

During the year we worked with 77 new clients of which 71% were outside the financial services sector

Corporate Responsibility

Acting responsibly

We have long recognised that our reputation is one of the key considerations for our clients when they entrust our Mounties to work at the heart of their most important projects. We have gained this reputation by not only delivering Mounties of a consistently high calibre, but also by behaving responsibly. Good business and a culture of responsible behaviour are inseparable.

We work hard to nurture relationships with our clients, to become their partner and create solutions which will help them to fulfil their business ambitions. We listen to them carefully, not only focussing on their current needs, but also anticipating their future requirements to ensure that we continue to offer Mounties with skills at the leading edge of what they expect. We share their goals, because we understand that the success of our clients and our Mounties is what drives our own success. We take the same approach with our other stakeholders in the communities where we operate, recognising the positive impact our business can have on them, and we know that our shareholders and potential investors are increasingly interested to hear about this approach and the activities which arise from it.

Our Corporate Responsibility strategy is closely aligned with our business strategy, and by continuing to develop and integrate those strategies further we will underpin the long-term sustainable success of FDM, delivering value for our investors and enhancing the impact which we have on other stakeholders.

Diversity and inclusion

FDM has always been a proactive and enthusiastic promoter of diversity, social mobility and inclusion within its workforce. We value the fact that our colleagues come from a wide range of backgrounds and we aim to reflect the diversity of education, culture, age, ethnicity, gender and disability which is found in the communities where we operate. By ensuring a diverse and inclusive workforce, we broaden the range of skills, expertise and perspectives contributing to the success of our business, enhancing innovation and growth and making our business more robust and sustainable. We have been a signatory to the United Nations Women's Empowerment Principles (UNWEP) since 2013 and the annual FDM Everywoman in Technology Awards, recognising and celebrating the achievements of women in the IT industry, is now moving into its sixth successful year. By encouraging and supporting women in the industry we aim to create a more gender-balanced workforce for FDM and our clients.

In this year's Hampton-Alexander Review report, we were placed first in the technology sector (FTSE 250 rankings for Women on Boards and in Leadership). We track our demographic data regularly to make sure it is up to date, and are transparent with our staff about progress towards diversity targets.

- 30% of our worldwide employees are female;
- 38% of our 2018 UK graduate intake identify as BAME[1]; and
- 3% of our 2018 UK graduate intake consider themselves to have a disability.

We continue to gather numerous awards in this area, including the following in 2018:

- Computing Women in IT Excellence Awards – Diversity Employer of the Year
- Working Mums Top Employer Awards – Career Progression and Overall Top Employer Award
- Mogul – Top 1000 Companies Worldwide for Millennial Women
- Information Age Women in IT Awards – Employer Of The Year

Our UK median gender pay gap reported in 2018 was 0.0%, and our mean gender pay gap for the same period was 5.7%. These figures are significantly below average for the UK, but we recognise that we have more work to do. The Board has therefore adopted a formal Board diversity policy which is included on page 65. We aim to further develop our succession planning and talent management programmes to include initiatives that encourage the development of a diverse range of high-calibre employees. By further enhancing the level of interaction between Board members (particularly Non-Executive Directors) and our senior managers, enabling them to gain more exposure to, and understanding of, the Board's work, we hope to create a pipeline of talented individuals with a diversity of backgrounds and experience, who may in the future aspire to a Board position.

Driving diversity and inclusion in the workplace

30%

of our worldwide employees are female

38%

of our UK graduate intake identify as BAME[1]

3%

of our UK graduate intake consider themselves to have a disability

Mogul – Top 1000 Companies Worldwide for Millennial Women

Computing Women in IT Excellence Awards – Diversity Employer of the Year

Working Mums Top Employer Awards – Career Progression and Overall Top Employer Award

Information Age Women in IT Awards – Employer Of The Year

1 Black, Asian or Minority Ethnic.

The table below shows the gender split at different levels within the Group as at 31 December 2018.

As at 31 December 2018	Number of males	Number of females
On the Board	7	2
Within Senior Management	11	10
All employees	3,396	1,452

Supporting social mobility

During 2018 we have reviewed our recruitment processes and made a number of changes to enhance diversity and social mobility in our recruitment channels. For example:

- we aim to make our opportunities available to those who can show us that they have the aptitude to join our programme and the attitude our clients are looking for, regardless of where they grew up or went to school;
- we use strength-based interview questions, ensuring candidates are not assessed on previous experience or social capital; and
- all of our staff involved in interviewing applicants to FDM undergo training to help eliminate any unconscious bias.

We are proud that, in 2018, 44% of UK graduate Mounties were the first in their families to go to university, whilst 89% of them attended a state school. 81% of UK graduate Mounties given the added responsibility of being a Consultant Peer Support (of which there are 43) are from non-Russell Group universities.

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 us to make so that we can ensure all candidates have the same opportunities. These adjustments may include, for example, providing 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 can continue either in their current role 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.

We have been a member of the Business Disability Forum since 2017. The specialist advice and support which they provide enables us to improve our understanding of how we can further enhance our accessibility to disabled employees and customers. 3% of our UK graduate intake in 2018 identified themselves as having a disability.

Our people

Our clients tell us that our Mounties are unique and that the blend of skills, enthusiasm, professionalism and drive to succeed which they embody can't be found anywhere else. We therefore recognise that the success of FDM's business as a whole is dependent on continuing to recruit people of the highest calibre into our graduate training programme to enable us to maintain the quality of our Mounties, and we regularly review our assessment and recruitment techniques and processes with this in mind.

We draw candidates for graduate training from over 650 universities around the world and consider students from all degree backgrounds. We maintain close relationships with university careers services globally, for example, delivering curriculum projects with first- and second-year students to develop skills for real life business challenges, sponsoring student societies and university skills awards, promoting opportunities for women in STEM subjects through bespoke workshops and organising hackathons and other digital workshops to enhance students' technical expertise and industry experience. FDM's work with our university partners was recognised when we were awarded the AGCAS Award for Careers Service Engagement in the TARGETjobs National Graduate Recruitment Awards 2018, and the award for Best Collaboration between a University and Employer in the National Undergraduate Employability Awards 2018.

We are committed to maintaining a great working environment for all our employees, supporting them with continued personal and professional development, and providing them with interesting and challenging work. After our Mounties finish their formal training and are deployed at a client site, they continue to have access to a comprehensive library of e-learning tools to enable them to build their skills further and keep them up to date. We also provide additional help through our consultant support network, and offer mentoring programmes to help them settle in new roles and workplaces, and to guide and inform longer-term career decisions.

We are pleased to have introduced a new apprenticeship scheme in 2018 which has enabled a number of our staff to benefit from additional learning investment and support across several disciplines, including an MBA course and a Leadership and Management programme.

We also continue to offer a number of paid eight-week summer internships across several departments in our centres around the world. For students registered on a four-year sandwich/ industrial placement degree course, we now also offer a 12-month sandwich placement in our London, Leeds and Glasgow centres which enables those students to gain industry-relevant skills by working alongside experienced professionals in one of our departmental teams. Students taking part in these programmes may then represent FDM as Student Brand Ambassadors at their respective universities and remain in touch with us throughout their studies. We aim to offer many of them permanent positions on graduation.

Engaging with our employees

In 2018 we carried out a project to develop FDM's brand and values. We interviewed a wide range of stakeholders, including clients, but we focussed particularly on a global staff survey and in-depth interviews with our staff, Mounties and Academy trainees to help us identify what was important to them about FDM and to promote the values shared by our whole organisation. Our values are set out on page 5.

During the year we also continued to develop our Rising Stars breakfast events around the world for junior employees who are excelling across all departments within the business. These events provide the opportunity to get to know Sheila Flavell, our Chief Operating Officer and to brainstorm innovative ideas for our business and to share recent developments within their departments. In 2019, we propose to widen the range of events of this type, and to arrange for each of our Non-Executive Directors to attend a number of them during the year. We expect that this will enable our staff to provide useful feedback about our business, and to enable them to raise ideas or concerns which our Non-Executive Directors can bring back to the Board for further discussion.

The Board will also continue its programme of formal opportunities for the managers of our different business teams to attend Board meetings and discuss the progress they are making, and challenges faced, in their work. There will also be a number of informal opportunities for senior managers and the future leaders from amongst their teams to meet the Non-Executive Directors without the executive team being present, enabling the Non-Executive Directors to gain further insight into the culture in our business and to discuss any concerns which may arise.

In addition to these more formal, structured, events, FDM also 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 from around the world, ranging from important developments in our business to congratulating individual employees on noteworthy achievements. FDM's Social Media Hub is displayed on large screens in our centres globally and serves as an excellent tool to keep employees engaged as well as up to date in real time. We are 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.

We believe that it is important to recognise and reward the commitment and hard work of our staff. 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. We also recognise and reward 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. In addition:

- During 2018 we made further awards to employees under our discretionary Performance Share Plan ("PSP").
- In January 2019 we also launched a new Buy As You Earn share plan which is open to all our employees.

These plans provide a longer-term incentive to enable participants to share in the success of our business and reap the rewards of their hard work and commitment to our shared goals. Details of the PSP are set out in note 24 to the Consolidated Financial Statements.

Engaging with our clients and shareholders

We welcome visits from our clients and institutional investors (and prospective investors) at our centres and Academies. In 2018 there were more than 850 visits by our clients to our global Academies.

We work closely with our clients on the process of interviewing and selecting our trainees for deployment as Mounties on client projects, and this enhances our understanding of the skills and qualities they are looking for.

During 2018 we hosted more than 100 meetings with investors and potential investors, not only with our Executive Directors but also involving other senior managers, to enable shareholders to further their understanding of our work, culture and activities in other areas.

During 2019 we will be developing an in-house Investor Relations function to enhance our communication with shareholders and to increase the information available to them through channels such as our website. We expect to be able to report on progress in this area in our 2019 Annual Report.

We understand the importance of equipping students with the skills to enjoy and engage with STEM subjects at an early age

Engaging with the community

We work with numerous charitable partners and community groups through a combination of employee volunteering, donations, and employee time. We tailor our community activities to reflect the needs and interests of the different communities where we operate, prioritising programmes which can use our training expertise to illustrate the possibilities surrounding a career in technology – particularly for women – and maintain that each of our charitable ventures aligns with our values.

Schools Engagement Programme

We understand the importance of equipping students with the skills to enjoy and engage with STEM subjects at an early age. We are proud to work with schools throughout the UK to cultivate the technologists of tomorrow, supporting our mission of creating and inspiring exciting careers that shape our digital future. We aim to target schools in the "cold spots" of social mobility in order to play an active role in inspiring and developing children's interest in IT as a career path, building employee engagement, and further demonstrating our commitment to responsible corporate citizenship.

We deliver Careers Lab sessions in schools focussing on providing insight to young people to equip them with the inspiration, knowledge and skills they need to succeed. We have also partnered with The Harris Federation in and around London to provide a tailored programme to allow children to experience the commercial environment of FDM. We have also run a number of "World of Work" days in our UK Academies, combining coaching on personal branding and coding with opportunities for paid work experience.

In April 2018 we celebrated International Girls in ICT Day, a global initiative designed to encourage girls of all ages to explore ICT fields and inspire a love for technology. We partnered with local schools to host girls aged from 11 to 15 in our Academies in Hong Kong, Frankfurt, London and New York running interactive Sonic Pi coding workshops.

We also support events run by TeenTech, which helps teenagers to understand the wide ranges of careers available in science, engineering and technology. TeenTech enables schools and students taking part in its programmes to access resources and support, mentoring, and innovation workshops around the country.

More than 180 students participated directly in our Schools Engagement Programme in 2018.

Hackathons

During 2018 we also hosted non-technical hackathons bringing together a wide range of clients, universities, charities and other diversity and inclusion teams across all sectors, to find and share practical solutions and ideas to tackle obstacles to enhancing diversity and inclusion. Our events in 2018 focussed on diversity, ethnicity and neurodiversity, and we have a number of other events planned for 2019 on subjects such as social mobility.

Anthony Nolan

FDM has entered into a partnership with Anthony Nolan, to raise funds and to encourage our employees to join the Anthony Nolan stem cell donor register. Anthony Nolan particularly needs young people and donors from Black, Asian and Minority Ethnic backgrounds to join the register, to offer the best chance of a match for people who need a stem cell transplant. Our hugely diverse workforce consists of more than 80 different nationalities and we aim to help in adding much-needed diversity to the register. We provide direct sponsorship to our employees who wish to register as donors, as well as supporting fundraising activities and events. The FDM University Partnerships Team has been working alongside the Anthony Nolan Marrow Group to raise awareness across UK universities. During the year, our people have raised thousands of pounds and our efforts have resulted in over 60 donors joining the register.

ANTHONY NOLAN
saving the lives of people with blood cancer

Walking With The Wounded

Our employees (spearheaded by the Ex-Forces Team) also work closely with Walking With The Wounded who provide support for former members of the armed forces who are struggling to re-integrate back into the civilian world and sustain their independence.

In May 2018, 52 FDM employees raised money and took part in Walking With The Wounded's Cumbrian Challenge, with 15 FDM teams walking a range of different routes. Employees also participated in the Walking Home for Christmas challenge to raise funds. In London, we welcomed Walking With The Wounded representatives to our annual client event in order to promote their work and to encourage clients to support the cause.

Ex-Forces and Getting Back to Business pathways

We recognise that people who have served in the Armed Forces have many transferable skills, ranging from adaptability and maturity to responsibility and leadership, which are crucial to a successful career in the corporate world. We offer a dedicated ex-Forces Programme in the UK and USA which provides training to ex-Forces personnel in relevant commercial skills, assisting them to make a smooth transition into the civilian workplace and leading to deployment as one of our IT or business consultants. The Programme is run by ex-service personnel and employs ex-servicemen and women from all ranks and across all three services. We are proud holders of a Gold Award from the UK government's Defence Employer Recognition Scheme, acknowledging our strong commitment and drive in delivering our pledges under the Armed Forces Covenant, to which we are also a signatory. We have also been ranked as one of the Military Times Best for Vets Employers in 2018.

Our Getting Back to Business Programme aims to address the challenges faced by professional individuals who have taken an extended career break and gives them the opportunity to re-enter the workforce at a level which is appropriate to the experience they have already gained in their earlier careers. Returners to work are an invaluable source of talent for our clients with skills shortages and our Programme aims to boost that pipeline by providing participants from a diverse range of social, ethnic and educational backgrounds with intensive training to learn new skills, refresh existing knowledge and help individuals to regain the confidence to return to their business careers. Approximately 80% of our participants on the Programme are women, and we're delighted that our work in this area has helped us to win the Career Progression award and the Overall Top Employer Award at the Working Mums Top Employer Awards 2018.

UN Sustainable Development Goals

We recognise that the sustainability of our business has benefits not only for our investors, but for all our stakeholders, as a result of the much broader impact which we can have on the lives of those in our stakeholder communities.

In 2016 the United Nations ("UN") introduced 17 Sustainable Development Goals ("UNSDGs") aimed at improving the lives of future generations and which the UN hopes to achieve by 2030, in partnership with governments, the private sector and civil society. In 2018 we reviewed the UNSDGs and identified the three goals which are most closely aligned to our business and strategy. We are committed to implementing our strategy in a way which will support the achievement of these goals and will enable us to make our own contribution to the UN's work towards these ambitious targets.

United Nations Sustainable Development Goals		Our contribution	Examples
8 Decent work and economic growth	**Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.**	Our reputation as the leader in our field is dependent on the people we employ. In all the territories where we operate we treat our employees fairly and help them to launch fantastic careers in technology.	We provide our graduates, ex-Forces personnel and returners to work with bespoke IT and business training, together with invaluable industry experience gained whilst deployed with one of our top-quality clients. Our Schools Engagement Programme aims to improve the social mobility of teenagers in our local communities by encouraging them to aim high and aspire to exciting careers in technology and science.
5 Gender equality	**Achieve gender equality and empower all women and girls.**	Women currently make up 30% of our global workforce and 48% of our senior management team. We commit to continue our efforts to improve gender diversity in our teams around the world, broadening the range of skills, expertise and perspectives contributing to the success of our business, enhancing innovation and growth and making our business more robust and sustainable.	We are a signatory to the United Nations Women's Empowerment Principles (UNWEP). Our annual FDM Everywoman in Technology Awards recognise and celebrate the achievements of women in the IT industry, aiming to create a more gender-balanced workforce for FDM and our clients. • Computing Women in IT Excellence Awards – Diversity Employer of the Year • Working Mums Top Employer Awards – Career Progression and Overall Top Employer Award • Mogul – Top 1000 Companies Worldwide for Millennial Women • Information Age Women in IT Awards – Employer Of The Year
12 Responsible consumption and production	**Ensure sustainable consumption and production patterns.**	We are committed to reducing the impact our operations have on the environment by making our consumption of energy and materials more sustainable.	For the location of our new Sydney Academy we chose the cutting-edge sustainable facility at Barangaroo (see page 29 for further information). We have moved our on-site and hosted infrastructure to a cloud-based solution which uses best-in-class datacentres to increase energy efficiency and to reduce our carbon footprint.

Human resource policies and respect for human rights

As stated on page 18 we are committed to making FDM a great place for all our employees to work. We have enhanced our policies on maternity, paternity, adoption, personal and special leave, and on sickness absence, which go beyond the minimum required by law. We are committed to fulfilling our obligations in accordance with the relevant legislation for those of our applicants and existing employees who have disabilities. We give equal consideration to applicants with disabilities, and our staff who interview applicants receive training in avoiding unconscious bias in the recruitment process. We modify equipment and working practices for our disabled colleagues as far as possible, wherever it is practicable and safe to do so.

We also have in place policies which prohibit discrimination and harassment in the workplace, and we work hard to promote diversity, inclusion and social mobility. Further information on these aspects of our work is on pages 18 and 20. We believe that our policies taken as a whole provide an effective framework to ensure that all our stakeholders and any other individuals with whom we interact in the course of our work are treated with respect and dignity, and in a way which accords with the Universal Declaration of Human Rights.

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 continues to implement a process of due diligence on key suppliers to ensure compliance with our policy and our obligations under the Modern Slavery Act 2015. 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 annually by the Board.

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

Environmental policies

2018 Highlights

We expanded our scope of greenhouse gas reporting in partnership with Carbon Smart

Our emissions intensity ratio has reduced by 4%

New lease signed within carbon neutral Barangaroo development in Sydney, Australia

Energy efficiency improvements from move to Cloud-based IT platforms

New IT disposal policy in place to reduce environmental impact from waste

Ensuring best practice environmental disclosure

As an IT-focussed global professional services provider, we recognise the importance of quality data management. In 2018 FDM partnered with Carbon Smart, a leading provider of sustainability data services, to ensure that we continue to follow best practice in the assessment and reporting of our environmental performance. Our engagement with Carbon Smart has enabled us to expand the scope of our emissions reporting, providing greater transparency to stakeholders and allowing us to further identify opportunities to improve FDM's environmental performance.

As the Group aims to increase its presence in new markets, in line with our wider business strategy, the environmental impacts associated with our pop-up centres can no longer be considered negligible. We have therefore reported emissions associated with our pop-up centres for the first time. We have also increased the breadth of our reporting through the publication of direct (Scope 1) emissions.

FDM's 2018 emissions intensity (tCO_2e/employee) has reduced by 4% relative to the previous financial year's restated intensity figure. This reduction is a result of several environmental initiatives across FDM's global operations.

Expanding our global presence in a sustainable manner

FDM is committed to growing our business whilst reducing our impact on the environment.

At the end of 2018, we signed a lease for our new Australian Academy at Barangaroo, on Sydney's western waterfront. Barangaroo is one of only 18 projects around the world chosen to participate in the C40 Climate Positive Development Programme, which is focussed on tackling climate change through urban renewal. When completed, Barangaroo aims to be carbon neutral. This will be achieved through the reduction and offsetting of all energy used on the site; the recycling and exporting of more water than the amount of drinking water imported, and by achieving 'zero waste'.

In addition, FDM adopted a new IT disposal policy in 2018, aimed at reducing the impact of its IT waste on the environment. This policy focusses on the efficient use of charitable donations and environmentally-friendly disposal of redundant equipment.

We also completed a project to move our IT infrastructure from on-site and datacentre hosting into the Microsoft Cloud. In addition to the benefits this brings in relation to security and resilience, we also expect to see significant gains in energy efficiency and reductions in carbon emissions. These benefits result from our supplier's investment in best-in-class datacentres and cloud services, using renewable energy and realising efficiencies in infrastructure, operations and equipment.

Greenhouse gas emissions

FDM 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 (tCO_2e) 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)".

Using a financial control approach, calculated GHG emissions arising from business activities in the reporting year to 31 December 2018 are shown in the table below. The increase in our absolute emissions in 2018 has been driven by a 16% increase in emissions associated with air travel, as we expand our global presence.

	Total Emissions (tCO_2e)		
	Year ended 31 December 2018	Year ended 31 December 2017[1] *(restated)*	Year ended 31 December 2017 *(as reported in 2017)*
Scope 1 emissions[2]	**80**	81	–
Natural gas	66	72	–
Company cars	14	9	–
Scope 2 emissions[3]	**595[5]**	562	562
Electricity[4]	570	562	562
Purchased steam	25	–	–
Scope 3 emissions[5]	**1,663**	1,415	1,594
Total emissions	**2,338**	**2,058**	**2,156**
Greenhouse gas emissions intensity ratio:			
CO_2e tonnes per employee[6]	**0.51**	0.53	9.2[7]

1 2017 emissions have been restated to include Scope 1 emissions associated with natural gas and company car usage (company cars previously reported as Scope 3) and to exclude emissions associated with travel bursaries, as these are considered to be out-of-scope in accordance with best practice reporting guidelines.
2 Scope 1 Emissions: CO_2e from direct fuel combustion and company owned vehicles.
3 Scope 2 Emissions: CO_2e from the purchase of electricity, heat, steam or cooling by the company for FDM's own use. This work is partially based on the country-specific CO_2e emission factors developed by the International Energy Agency, ©OECD/ IEA 2018 but the resulting work has been prepared by Carbon Smart Limited and does not necessarily reflect the views of the International Energy Agency.
4 Our Scope 2 electricity emissions have been calculated using location-based emissions factors and are 570 tCO_2e. In line with WRI best practice, our Scope 2 market-based emissions for electricity in 2018 are 602 CO_2e tonnes.
5 Scope 3 Emissions: CO_2e from company activities, not owned or controlled by the company (i.e. business travel, waste & water consumption).
6 For calculation of the intensity ratio we have replaced '£ million' with 'employee' as this is a more useful guide to the business and more reflective of FDM's business model.
7 In 2017 we reported an intensity ratio of 9.2 CO_2e tonnes per £ million of revenue. This is the equivalent of 0.56 CO_2e tonnes per employee.

Non-financial performance reporting

We comply with the requirements of sections 414CA and 414CB of the Companies Act 2006. The information provided above is to help our stakeholders understand our position on key non-financial matters, specifically: employees, social matters, respect of human rights; environmental matters, and anti-corruption and anti-bribery matters.

New lease signed within carbon neutral Barangaroo development in Sydney, Australia

Key Performance Indicators

Financial KPIs	Performance	Description
Mountie revenue (£m) **+15%**	**2018** 239 2017 207 2016 167	Significant growth in Mountie headcount of 18% has resulted in a 15% growth in Mountie revenue
Adjusted operating profit[1] (£m) **+8%**	**2018** 51 2017 47 2016 38	The Group delivered adjusted operating profit growth through increasing Mountie headcount whilst investing in its operational capacity
Adjusted basic earnings per share[1] (pence) **+12%**	**2018** 36.4 2017 32.6 2016 25.8	Our growth in adjusted basic earnings per share ('EPS') reflects the impact of a higher operating profit and a lower effective tax rate
Cash flow generated from operations (£m) **-7%**	**2018** 45 2017 48 2016 39	The Group closed the year with cash balances of £33.9 million (2017: £36.8 million)
Cash conversion (%) **-16%**	**2018** 93 2017 111 2016 111	Cash conversion is lower than 2017 due to a strong close in 2017 in terms of billing and cash collection and changes to working capital in 2018, in particular to the mix of our receivables
Operational KPIs		
Mounties on client sites (week 52) **+18%**	**2018** 3,747 2017 3,170 2016 2,705	Increase in Mountie headcount across all regions with 77 new clients won during 2018
Mountie utilisation rate (%) **+0%**	**2018** 97.3 2017 97.3 2016 97.4	Mountie utilisation rate in 2018 remains unchanged from 2017
Training completions **+33%**	**2018** 2,155 2017 1,626 2016 1,807	The number of Mounties completing training increased by 33%, resulting from the continued investment in training

1 The adjusted operating profit is 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).

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

	Link to strategy	Link to business model	Link to risk
		Deploy	1 2 3 4 5 6 7 8 9 10
		Recruit Train Deploy	1 2 3 4 5 6 7 8 9 10
		Recruit Train Deploy	1 2 3 4 5 6 7 8 9 10
		Recruit Train Deploy	1 2 3 4 5 6 7 8 9 10
		Recruit Train Deploy	1 3 4 5 6 7 8 9 10
		Deploy	1 2 3 4 5 6 7 8 9 10
		Deploy	1 2 3 4 5 6 7 8 9 10
		Recruit Train	1 3 5 6 7 8 9 10

FDM's principal risks are detailed on pages 46 to 52.
FDM's four key strategic objectives are explained in more detail on page 13 to 15.
The components of FDM's business model are shown on pages 34 to 35.

Business Model

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 dedicated locations
- State-of-the-art training facilities

Track record of success

- Robust credentials and 27 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 at the client after two years

How our business works

We recruit

We recruit the best people amongst:
- Graduates
- Ex-Forces
- Returners to work

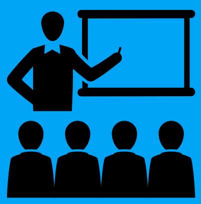
We deploy

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

Underpinned by our values:

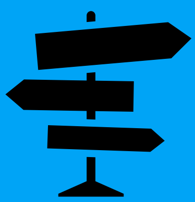
Together we are stronger

We strive for success



We train

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



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

3,700+
Mounties on site

For our shareholders

FDM has consistently delivered value for our shareholders

15%
growth in earnings per share

15%
growth in annual dividends

For our employees

Ongoing professional development and support available to our employees throughout their career at FDM

4,800
FDM employees globally

80+
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

2,155
training completions in 2018

Committed to our clients

We say it how it is

We make it happen

Our Markets

UK and Ireland Mountie revenue

UK and Ireland	2018	2017
Mountie revenue	**£126.1m**	£106.7m
Adjusted operating profit[1]	**£36.7m**	£31.5m
Mountie numbers	**2,004**	1,744
Training completions	**1,057**	839

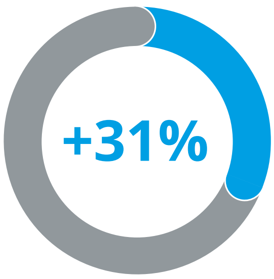
EMEA Mountie revenue

EMEA	2018	2017
Mountie revenue	**£13.5m**	£13.1m
Adjusted operating profit[1]	**£1.4m**	£0.9m
Mountie numbers	**162**	155
Training completions	**104**	98

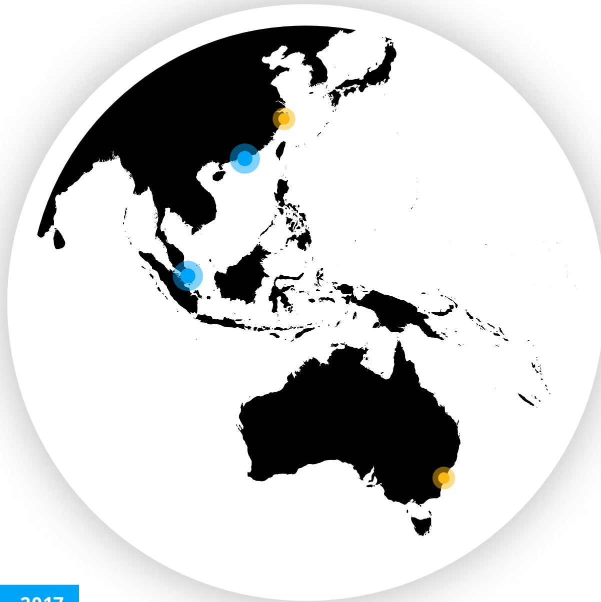
1 The adjusted operating profit/ (loss) is calculated before Performance Share Plan expenses (including social security costs).

North America Mountie revenue

North America	2018	2017
Mountie revenue	**£81.4m**	£73.8m
Adjusted operating profit[1]	**£13.6m**	£15.3m
Mountie numbers	**1,196**	965
Training completions	**825**	534



APAC Mountie revenue



APAC	2018	2017
Mountie revenue	**£18.0m**	£13.7m
Adjusted operating loss[1]	**£(0.4)m**	£(0.3)m
Mountie numbers	**385**	306
Training completions	**169**	155

- Permanent Academy
- FDM centre

The number of Getting Back to Business Mounties deployed on client sites at week 52 grew by 95%

UK and Ireland

We closed the year with 2,004 Mounties placed on client sites, an increase of 15% on last year (1,744). Adjusted operating profit[1] increased by 17% to £36.7 million (2017: £31.5 million), and the UK and Ireland gained 47 new clients, 85% of which were from outside the financial services and banking sector. We experienced a strong level of demand in 2018 which we see continuing into 2019. There has also been good growth in government work, with headcount up 24%, and sector diversification, with expansion of our clients in the energy and resources sector.

We operated temporary training centres in Birmingham and Cardiff during 2018, allowing us to meet and generate client demand and tap into the local graduate market. At week 52, 57% of UK placements were based outside of London (2017: 55%). 1,057 Mounties completed their training (2017: 839).

The number of ex-Forces Mounties placed with clients stayed near constant at 236 (2017: 239). FDM holds the MoD's prestigious Employer Recognition Scheme Gold Award, for "Outstanding support for those who serve and have served". The number of Getting Back to Business Mounties deployed on client sites at week 52 grew by 95% to 86 (2017: 44). There were 11 Getting Back to Business courses delivered across our London, Glasgow and Leeds Academies.

As part of our planned reduction, and reflecting the fulfilment of specific customer needs in 2017, contractor revenue decreased by 80% on the prior year. The UK government announced in its October 2018 Budget that there would be further consultation in 2019 on the treatment of off-payroll workers; we see this as a potential opportunity for our clients to further benefit from our Mountie model.

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

North America

North America Mountie revenue grew 10%, with 16 new clients won in the year. Adjusted operating profit[1] decreased by 11% to £13.6 million (2017: £15.3 million), as a result of increased investment in training. Mounties on site increased by 24% to 1,196 at week 52 compared with 965 at 2017. There was very strong demand in Canada, which meant that we brought forward our expansion plans and near doubled the training capacity of our Toronto Academy from 74 to 145 seats, by adding six new classrooms. The region added 163 heads in the second half of 2018, compared with 68 heads in the first half and 73 heads in the second half of 2017. FDM was recognised as the Best Place to Work at the North America Best in Biz Awards 2018.

We have established a presence in Austin and Charlotte; where we now have over 70 Mounties placed with clients at year end. As in other regions we use temporary pop-ups to meet specific client demand, and we operated from St. Louis in the year and continue to be in Montreal.

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

Mountie revenue from our EMEA business grew by 3% to £13.5 million (2017: £13.1 million). Adjusted operating profit[1] was 56% higher at £1.4 million (2017: £0.9 million), the 2017 adjusted operating profit having been impacted by our investment in the Frankfurt Academy. Mounties on client sites increased to 162 at week 52 compared with 155 at 2017.

We have restructured our management team in Germany where we are well placed to meet future demand. Luxembourg is proving to be a successful base with a mix of demand from existing international and new local clients. There has been growth in South Africa, although from a small base. Towards the end of the year we began running training in the Netherlands to meet specific client demand, which we expect to continue into 2019.

APAC (Asia Pacific)

APAC Mountie revenue increased by 31% over 2017, to £18.0 million (2017: £13.7 million), with 385 Mounties placed on client site at week 52 (2017: 306). We gained nine new customers.

The adjusted operating loss[1] increased from £0.3 million in 2017 to £0.4 million in 2018, as result of the higher investment costs associated with the development of our Australian operations. Australian headcount more than doubled in 2018. At the end of 2018 we signed a ten-year lease for our new Sydney Academy, part of the high profile Barangaroo urban development project (see page 29 for more information on its environmental sustainability credentials). This new state-of-the-art Academy became operational in February 2019 and will provide us with our first permanent centre in Australia with six classrooms. We have also taken on new temporary space in Shanghai to provide local training.

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

FDM was recognised as 'Best Place to Work' at the North America Best in Biz Awards 2018

Financial Review

Adjusted operating profit

+8%

Adjusted basic EPS

+12%

Mike McLaren
Chief Financial Officer

2018 was a year of strong financial performance and continued growth as we delivered 5% growth in revenue to £244.9 million (2017: £233.6 million) and an 8% increase in adjusted operating profit[1] to £51.3 million (2017: £47.3 million), with adjusted basic earnings per share[1] up 12%, to 36.4 pence (2017: 32.6 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 2018	Year ending 31 December 2017	% change
Revenue	**£244.9m**	£233.6m	+5%
Mountie revenue	**£239.0m**	£207.3m	+15%
Contractor revenue	**£5.9m**	£26.3m	-78%
Adjusted operating profit[1]	**£51.3m**	£47.3m	+8%
Adjusted profit before tax[1]	**£51.3m**	£47.2m	+9%
Profit before tax	**£48.3m**	£43.7m	+11%
	Pence per share	Pence per share	% change
Adjusted basic EPS[1]	**36.4**	32.6	+12%
Basic EPS	**34.3**	29.8	+15%

Overview

Mountie revenue increased by 15% to £239.0 million (2017: £207.3 million), a 17% increase at constant currencies. Contractor revenue decreased by 78% to £5.9 million (2017: £26.3 million), the result of meeting specific customer needs during the first three quarters of 2017, as we continue to focus on our higher-margin Mountie business. Reflecting this mix of revenues, gross margin was higher at 48.6% (2017: 44.6%). 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:

	2018 Mountie revenue £m	2017 Mountie revenue £m	2018 Mounties assigned to client site at week 52[2]	2017 Mountie assigned to client site at week 52[2]
UK and Ireland	**126.1**	106.7	**2,004**	1,744
North America	**81.4**	73.8	**1,196**	965
EMEA	**13.5**	13.1	**162**	155
APAC	**18.0**	13.7	**385**	306
	239.0	207.3	**3,747**	3,170

The Group has used cash generated from operations to continue significant investment in people and infrastructure, thus ensuring we have a firm foundation in place to deliver on our future growth opportunities and aspirations and our strategic objectives. Overheads have increased to £70.7 million (2017: £60.5 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 561 in 2018 compared with 447 in 2017. Adjusted operating margin in 2018 was 20.9%, up slightly from the previous year (2017: 20.2%).

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, no material negative impact on trading has been noted to date.

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 £3.0 million in 2018 (2017: £3.6 million). Details of the Performance Share Plan are set out in note 24 to the Consolidated Financial Statements. The Directors believe that excluding these costs provides a more meaningful comparison of performance and cash generation.

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 2018 commenced on 17 December 2018 (2017: week 52 commenced on 18 December 2017).

Net finance income

As the Group has no borrowings, finance costs are minimal. The net credit for the year comprises £140,000 (2017: £29,000) of finance income and a finance expense of £94,000 (2017: £130,000) 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 £11.3 million, equivalent to an effective tax rate of 23.3%, on profit before tax of £48.3 million (2017: effective tax rate of 26.7% based on a tax charge of £11.6 million and a profit before tax of £43.7 million). The effective tax rate in 2018 is higher than the underlying UK tax rate of 19% primarily due to Group profits earned in higher tax jurisdictions. The drop in effective rate in 2018 is attributable to changes in the US federal tax rate.

Earnings per share

The basic earnings per share increased in the year to 34.3 pence (2017: 29.8 pence), whilst adjusted basic earnings per share was 36.4 pence (2017: 32.6 pence). Diluted earnings per share was 33.8 pence (2017: 29.4 pence).

Dividends

Subject to shareholders' approval of the final dividend of 15.5 pence per share, the Group's total dividend for the year will be 30.0 pence per share (2017: 26.0 pence per share). The total ordinary dividends of 30.0 pence per share will be covered 1.14 times by basic earnings per share (2017: 1.15 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 2018, the Company had distributable reserves of £38.3 million.

Cash flow and net funds

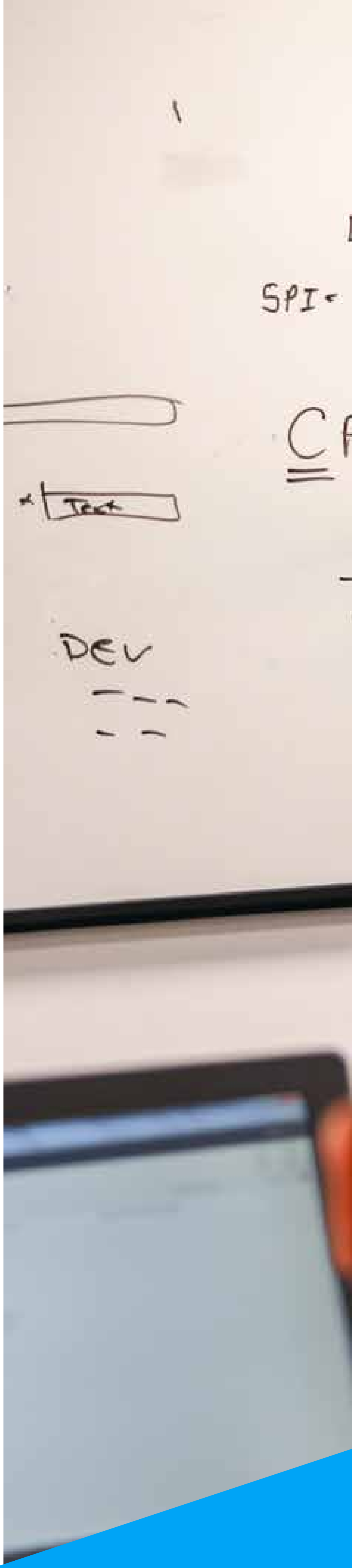
At the end of the year, the Group had cash balances of £33.9 million (2017: £36.8 million). Net cash flow from operating activities decreased from £35.0 million in 2017 to £33.7 million in 2018. Dividends paid in the year totalled £30.7 million (2017: £24.0 million). Net capital expenditure was £2.7 million (2017: £1.4 million) and tax paid was £11.4 million (2017: £13.3 million). During the year, the Group, via an employee benefit trust, purchased shares sold by option holders upon the exercise of options under the FDM Performance Share Plan for a net cash cost of £3.7 million (2017: £nil).

Cash conversion remains good at 93%. The decrease from 2017 is primarily due to a very strong end to 2017 in terms of billing and cash collection and also changes to working capital in 2018, in particular a change to the mix of our receivables as we have seen sustained demand from clients with lengthier payment cycles. The planned decrease in our contractor business, which is relatively less working capital intensive, has also had a minor impact in our cash conversion rate compared to 2017.

Balance sheet

The Group has a robust balance sheet with £33.9 million of cash and cash equivalents and no debt.

Mike McLaren
Chief Financial Officer
5 March 2019



The Group has used cash generated from operations to continue significant investment in people and infrastructure

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.

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. An Internal Audit review of the Group's risk management processes carried out in 2017 concluded that the approach is appropriate given the current scale and complexity of the business.

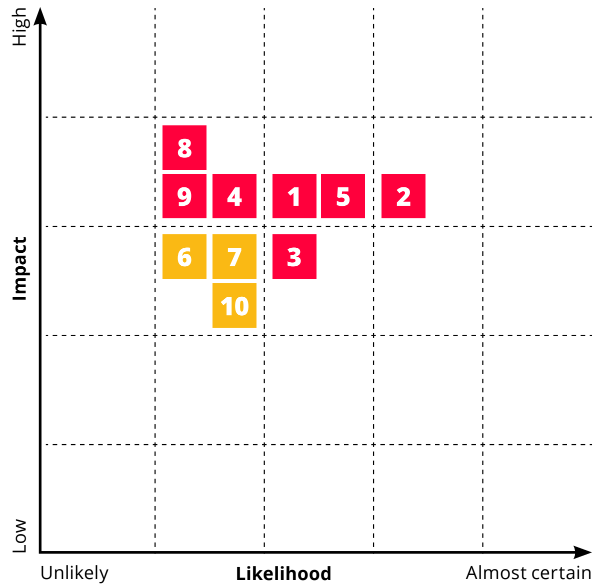
The current risk register includes 26 risks categorised between strategic, operational, compliance and financial risks, of which ten are considered to be the Group's principal risks.

Principal risks

The principal risks faced by the Group, their current status and how the Group mitigates these risks are set out on pages 48 to 52. The status of each of the Group's principal risks is considered unchanged from the prior year, with the exception of 'the ability to upscale as a result of not securing sites', which is no longer considered to be a principal risk. The Group's proven track record of securing new sites, together with its ability to operate effectively on a short term basis from pop-ups has resulted in the Board downgrading this risk. The alignment to strategic objectives as set out on pages 48 to 52 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 – people
7	Development of new service offerings
8	Business interruption – caused by successful cyber attack or natural disaster
9	Reputation
10	International regulatory non-compliance



Impact of Brexit on the Group

Should the UK leave the European Union, either at the end of March 2019 or otherwise in the near term, we believe that our business model is resilient against many of the threats and uncertainties which are commonly perceived to arise from Brexit.

We have a diversified global geographical footprint and our businesses in each of our territories (including the UK and other EU countries) are self-sufficient and well-established. They have their own local management teams, and recruit Mounties largely from within the territories in which they operate. We are not reliant on moving employees to or from the EU and do not expect to be significantly impacted by any changes to the arrangements for the free movement of workers between the EU and the UK.

The Board recognises that some of FDM's clients, and the economic conditions in the UK and EU, could be adversely impacted by the effects of Brexit, which could affect the spending decisions of some clients. Whilst certain scenarios are outside of the Group's control, we believe that FDM's business model is flexible, and the agile resource represented by our Mounties can be attractive to clients during times of economic or political uncertainty, which could potentially result in an increased demand for our services. These factors, together with FDM's strong cash and financial position, give the Board confidence that FDM can respond appropriately to ameliorate the effect of adverse conditions which may follow Brexit.

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:**	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's assessment of this risk is unchanged in the year, however the Board is of the view that the economic environment is still a key risk to the Group. There has been some political instability in the UK in 2018 as a result of the uncertainty surrounding the nature of the Brexit withdrawal agreement. 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:**	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** The proportion of the Group's revenue generated from the financial services sector has decreased marginally in 2018. The decrease has not resulted in a change to the overall assessment. 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.

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

FDM's four key strategic objectives are explained in more detail on pages 13 to 15.

Risk and impact	Mitigation	Movement in the year
3. Balancing supply and demand – insufficient Mountie resource 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:**	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 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 – excess Mountie resource 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:**	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 mitigate 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:**	The Group continually reviews and benchmarks the remuneration packages and incentives it offers to attract graduates. An increase to the UK Mounties' remuneration package took effect from 1 April 2018. 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 Getting Back to Business programmes; and • challenging recruitment targets are being met. 2018 has seen further development and use of technology to help with the recruitment process; for example, a new applicant tracking system was introduced from May 2018.
6. Ability of business to effectively upscale – people 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:**	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. The 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 2018, further awards were made from the Group's Performance Share Plan, which was launched in 2015. The first set of options issued under the Plan vested at 100% in March 2018.

Risk and impact	Mitigation	Movement in the year
7. 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:**	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 Directors are actively involved in key client relationships.
8. Business interruption – caused by successful cyber-attack or natural 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:**	The Group's IT Security Team has 50+ years of experience and industry certifications and includes a CISO industry-certified expert. A Global Standard for Technology Security is in place. 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 2018. The design and operational effectiveness of key IT security controls was reviewed by the Internal Audit team during 2018.	**No change** Operation of the IT environment is continuously monitored and staff are regularly made aware of the risks of cyber-attacks.

Operational risks (continued)

Risk and impact	Mitigation	Movement in the year
9. 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:**	Robust recruitment and training procedures are in place which reduce 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. The Board regularly consults with its PR advisors. During the year, our Company Secretary was appointed as Head of Investor Relations to manage the relationship with shareholders and key stakeholders of the business.

Compliance risk

Risk and impact	Mitigation	Movement in the year
10. 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 undertake 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.

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.

In assessing its viability, the Board has also taken into account the principal risks affecting the Group, including the impact of Brexit, and how those risks might impact the Group's future performance, solvency and liquidity should they occur. The sensitivity analysis noted above, also took into account the impact of certain principal risks, including Brexit, occurring.

The Group's financial position is strong with cash balances of £33.9 million at the end of the year and no 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.

The Strategic Report was approved by the Board on 5 March 2019 and signed on its behalf by:

Rod Flavell
Chief Executive Officer
5 March 2019

Governance

In this section:

Board of Directors

	Member of Remuneration Committee		Chairman of Remuneration Committee
	Member of the Audit Committee		Chairman of the Audit Committee
	Member of Nomination Committee		Chairman of Nomination Committee

Ivan Martin
Non-Executive Chairman

Date of Appointment
Chairman October 2006
Chairman of the Nomination Committee January 2015

Experience
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.

Ivan will retire from the Board and step down as Chairman of the Board and Chairman of the Nomination Committee on 5 March 2019.

External Appointments:
Microgen plc (Non-Executive Chairman) (appointed March 2016)
Wulstan Capital LLP (various) (Member) (various appointment dates)
Parch Estates Three LLP (Member) (appointed October 2018)
Church Topco Limited (trading as Xceptor) (Non-Executive Chairman) (appointed August 2016)
Church Bidco Limited (Chairman) (appointed August 2016)

Roderick (Rod) Flavell
Chief Executive Officer

Date of Appointment
Founded FDM in 1991

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

He 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 Tech, Getting Back to Business, Ex-Forces and veteran career transition initiatives. Rod was featured in the Management Today Agents of Change Power List 2018 for his work promoting gender parity in the workplace.

External Appointments
Rod has no external appointments.

Sheila Flavell
Chief Operating Officer

Date of Appointment
Chief Operating Officer January 2008
Joined FDM in May 1998

Experience
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 spearheads FDM's global Women in Tech initiative and FDM's Getting Back to Business Programme, aimed at providing opportunities for returners to work. In addition, 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 in June 2017.

Sheila has been called to advise government committees on various issues around the digital skills gap and has received numerous awards throughout the years including a Lifetime Achievement Award at the Scotland Women in Technology Awards 2017, Tech Champion at the TechWomen100 Awards 2018, and being recognised as Woman of the Year at both the Computing Women in IT Excellence Awards 2017 and the Information Age Women in IT Awards 2018.

External Appointments:
techUK (Board member) (techUK is the operating name for Information Technology Telecommunications and Electronics Association)
Institute of Coding Industry Advisory Board (Chair)

Andrew (Andy) Brown
Chief Commercial Officer

Date of Appointment
Chief Commercial Officer January 2008
Joined FDM 1994

Experience
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 focus on the sales 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 also played a key role in the launch and success of the UK Ex-Forces Programme.

External Appointments
Andy has no external appointments.

Michael (Mike) McLaren
Chief Financial Officer

Date of Appointment
Chief Financial Officer April 2011
Joined FDM 2011

Experience
Mike is a Fellow of the Institute of Chartered Accountants in England and Wales.

Prior to joining FDM, Mike fulfilled the roles of Group Finance Director and Chief Operating Officer in a premium listed business in the Software and Services sector. In addition Mike has been an Independent Non-Executive Chairman and Non-Executive Director on the boards of a number of other companies. Overall Mike has more than thirty years' experience of working within the technology sector in a range of senior roles.

External Appointments
Mike has no external appointments.

Peter Whiting
Non-Executive Director

Date of Appointment
Non-Executive Director June 2014
Senior Independent Director June 2014
Chairman of the Remuneration Committee June 2014

Experience
Peter has over twenty years of 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 Chairman of Remuneration Committee) (appointed February 2012)
Keystone Law Group plc (Non-Executive Director and Chairman of Audit Committee) (appointed October 2017)
TruFin plc (Non-Executive Director and Chairman of Remuneration Committee) (appointed February 2018)
D4T4 Solutions plc (Non-Executive Director and Chairman of Remuneration Committee) (appointed July 2018)

Robin Taylor
Non-Executive Director

Date of Appointment
Non-Executive Director June 2014
Chairman of the Audit Committee October 2015

Experience
Robin is a member of the Institute of Chartered Accountants of Scotland.

Robin brings many years of experience as a plc director, having held a variety of financial and general management roles in both Europe and North America, and has experience of financial reporting, financing, transactions and risk management.

He is currently Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees at EMIS Group plc, the UK leader in connected healthcare software, where he is also the Senior Independent Non-Executive Director. He is also a Non-Executive Director at Alfa Financial Software Holdings plc, a leading developer of mission-critical software for the asset finance industry.

Robin's previous roles include Chief Financial Officer of Intec Telecom Systems plc, Chief Financial Officer of ITNET plc, Chief Financial Officer of JBA Holdings plc, Non-Executive Director of Phoenix IT Group plc and Non-Executive Director of Fusionex International plc.

External Appointments
Emis Group plc (Senior Independent Director & Chairman of Audit Committee) (appointed March 2010)
Alfa Financial Software Holdings plc (Non-Executive Director) (appointed May 2017)

Michelle Senecal de Fonseca
Non-Executive Director

Date of Appointment
Non-Executive Director January 2016

Experience
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 & Technology banking team. Michelle is a co-founder and board member of Women and Telecoms & Technology, a UK not-for-profit organization, and is also a global council member at Thunderbird School of Global Management in Phoenix, Arizona.

External Appointments
Citrix Area Vice President North Europe (Appointed January 2017)
Women in Telecoms and Technology Limited (Director) (Appointed May 2008)
Thunderbird School of Global Management (Director) (Appointed April 2009)
MOVE Capital (Investment Board member) (Appointed September 2017)

David Lister
Non-Executive Director

Date of Appointment
Non-Executive Director March 2016

Experience
David has over 39 years of experience in Operations and Technology roles 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 was a management consultant at PwC. David is currently the Non-Executive chairman of HSBC Private Bank (UK) Limited, a Non-Executive Director of HSBC UK Bank plc and Interxion Holdings SA and is a Member of the Board of Governors of Nuffield Health.

David will be appointed Chairman of the Board and Chairman of the Nomination Committee with effect from 5 March 2019. He will step down as a member of the Audit Committee and the Remuneration Committee on that date.

External Appointments
HSBC Private Bank (UK) Limited (Non-Executive Chairman) (Appointed December 2018)
HSBC UK Bank plc (Non-Executive Director) (Appointed May 2018)
Nuffield Health (Member of Board of Governors) (Appointed February 2014)
Interxion Holdings SA (Non-Executive Director) (Appointed June 2011)

Rod was featured in the Management Today Agents of Change Power List 2018 for his work promoting gender parity in the workplace

Corporate Governance Report

Chairman's Governance Overview

On behalf of the Board I am pleased to present the Corporate Governance Report.

During 2018 the Board commissioned the first externally-facilitated evaluation of its effectiveness. The findings from the evaluation have provided us with an excellent, independent insight as to how the Board operates and performs. I am particularly pleased that the evaluation concluded that the Board has effective systems and procedures in place to meet its corporate governance obligations and these are continually being reviewed.

The promotion of sound corporate governance has always been a priority, and I am sure that it will remain high on the Board's agenda after David Lister succeeds me as Chairman. We recognise that one of the key roles of the Board is to ensure that FDM's culture and values are aligned with our strategy. An effective framework of governance will help to ensure that our culture and values strengthen the implementation of our strategy, supporting the long-term sustainable success of our business, delivering value for our shareholders and enhancing our contribution to our other stakeholders and the communities in which we operate.

With this in mind and recognising the significant expansion which FDM has undergone in the four years since its premium listing, this year FDM commissioned a global research programme, interviewing a wide range of internal and external stakeholders, to refresh our mission and values, and to understand how our culture has evolved. The results of this project will be an important tool for the Board as it continues to develop the Group's strategy to establish our aspirations for FDM in the future.

FDM is expected to comply with the requirements which are set out in the UK Corporate Governance Code (the "Code") issued by the Financial Reporting Council and published in April 2016. I am delighted to report that we are fully compliant with the requirements of the 2016 code. We are also mindful of the reforms embodied in the 2018 UK Corporate Governance Code, which applies to FDM with effect from 1 January 2019, and we have already made good progress towards integrating the new requirements into our approach, where appropriate. We will report further on these changes next year.

We take great care to ensure that the content of our Annual Report is fair, balanced and understandable. A review by the Audit Committee is detailed on page 77 and a formal statement from the Directors is included on page 104.

Further information on the Board's primary areas of focus in 2018 is set out on page 67. This Corporate Governance Report aims to provide shareholders and other stakeholders with an understanding of how we manage our Group and the framework of governance and control within which we work, and I hope that you will find it useful and informative. My Board colleagues will look forward to meeting some of you at our 2019 Annual General Meeting ("AGM") and will be available then to answer any questions which our shareholders may have.

"We recognise that one of the key roles of the Board is to ensure that FDM's culture and values are aligned with our strategy."

UK Corporate Governance Code

Statement of Code compliance

The Board considers that the Company complied with the Code throughout the financial year ended 31 December 2018.

> Further information on the Code can be found at:
>
> www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code

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

A Leadership
B Effectiveness
C Accountability
D Remuneration
E Relations with shareholders

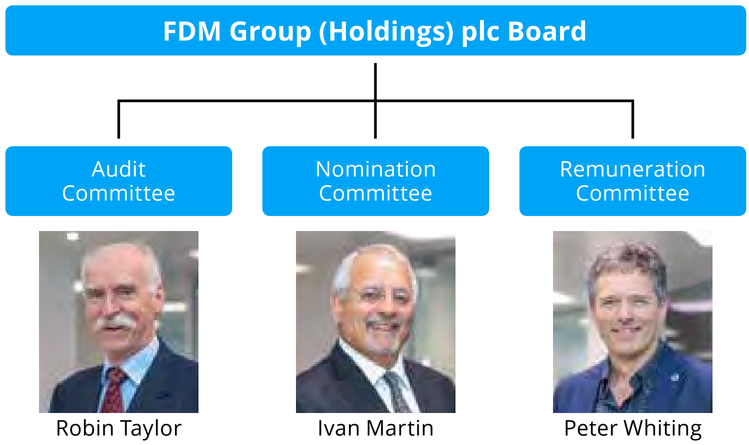
A Leadership

The role of the FDM Board

The Board meets regularly to plan the Group's strategy and to review operational and financial matters. When setting and monitoring the implementation of the Group's strategy, the Board considers the impact that it will have on the Group's stakeholders, including shareholders, employees, customers and the wider community in which the Group operates.

The Board approves the interim, preliminary and annual financial statements, the annual budget and longer-term forecasts, significant contracts and capital investment. It also considers the business risks faced by the Group, ensures that appropriate controls and other steps are in place to mitigate those risks, and reviews their effectiveness. Where appropriate, it has delegated certain responsibilities to the Audit Committee, Remuneration Committee and Nomination Committee (the "Committees"). The terms of reference and composition of these Committees are reviewed annually.

FDM governance framework (including the Committee Chairs)



The Committees play a key role in supporting the Board, and information about the membership of each Committee can be found in the relevant 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 to be discussed.

The Board closely monitors the management and performance of the Group, ensuring it operates within the appropriate risk-reward culture to deliver a sustainable and profitable business. The Group has established a core set of values which were updated in 2018 to reflect the evolution of FDM's culture. Each of the Executive Board members aims to be a role-model embodying these values – promoting them and FDM's culture. The Board recognises that FDM's values and culture are central to the continued success of the Group.

The Board has identified certain matters on which decisions are formally reserved for the Board's approval, a schedule of which is available on the Group's website www.fdmgroup.com. The Board formally reviewed the scope of these matters and updated them during 2018. They include the following:

- Approving financial results and other financial, corporate and governance matters;
- Approving material contracts;
- Approving material capital or operational 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 generally reached by consensus at Board meetings. However, should the situation arise, decisions may be taken by a majority of Board members. FDM's Articles of Association provide the Chairman with a casting vote in the case of an equality of votes.

The role of the FDM Board (continued)

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 below.

	Board meetings attended	Audit Committee meetings attended	Remuneration Committee meetings attended	Nomination Committee meetings attended
Number of meetings held in 2018	10	4	4	3
Ivan Martin	10	n/a[1]	n/a[1,3]	3
Rod Flavell	10	n/a[1,2]	n/a[1,3]	3
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	10	n/a[1]	n/a[1]	n/a[1]
Peter Whiting	10	4	4	3
Robin Taylor	10	4	4	3
Michelle Senecal de Fonseca	9	4	3	2
David Lister	9	4	3	3

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.

Chairman, Chief Executive and Senior Independent Director

The roles of the Chairman and Chief Executive and division of responsibilities between them are clearly defined and agreed by the Board. Ivan Martin is responsible for the leadership of the Board, ensuring that it performs its role effectively, and promoting an effective working relationship between the Executive and Non-Executive Directors, as well as with FDM's shareholders. Ivan Martin will step down as Chairman on 5 March 2019 and will be succeeded by David Lister.

As Chief Executive, Rod Flavell's main responsibility is to manage the Group's business and to lead the executive management team in the implementation of the strategies which are adopted by the Board. The Executive Directors under the leadership of the Chief Executive are responsible for managing the day-to-day activities of the Group, communicating the Group's objectives to the wider management team and ensuring that the necessary resources are available to enable those objectives to be achieved.

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 acts as a sounding board to provide support to the Chairman and the Non-Executive Directors. He also provides shareholders with a point of contact with whom they can meet if they have any concerns which might not be addressed through normal channels, for example with the Chairman or Executive Directors. The Senior Independent Director serves as an important intermediary role in FDM's governance process. In carrying out 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, 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 enables robust and 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 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.

The Board regularly reviews the independence of each of the Non-Executive Directors. When determining whether a Non-Executive Director is independent, the Board considers each individual against the criteria set out in the Code and also considers how they conduct themselves in Board meetings, including how they exercise judgement and independent thinking. Taking these factors into account, the Board believes that all the Non-Executive Directors continue to demonstrate their independence.

B Effectiveness

Composition of the Board

The Board currently comprises four Executive Directors and five Non-Executive Directors (including the Non-Executive Chairman). Further biographical details about each Director, including information on their prior experience, are set out on pages 56 to 59.

Board diversity policy

The Board is committed to the further promotion of diversity and inclusiveness of all kinds throughout our organisation. In 2018 we were delighted to be able to report that our median gender pay-gap remained at 0.0%, and our mean gender pay-gap was 5.7%, reduced slightly from the prior year. We have also been pleased to participate again this year in the Hampton-Alexander Review which set a target for the percentage of women on FTSE boards and leadership teams to reach one third by 2020.

We believe that by making the most of our differences of approach, and using the collective experiences, backgrounds, skill-sets and knowledge of our talented and diverse employees, we will drive innovation and success and achieve more for our stakeholders. This applies equally to our Board. The composition of our Board is vital to its effectiveness and that, in turn, enhances good governance.

The Board's primary obligation is to make appointments based on objective criteria to ensure that the best individuals are appointed for every role. Within this context, the Board is committed to a policy of promoting a rounded Board which reflects a diversity of all relevant personal attributes, including skills, experience, educational and professional background, gender, race and age. In support of this policy, the Board intends:

- to continue only to engage executive search firms who have signed up to the Voluntary Code of Conduct for Executive Search Firms on gender diversity and best practice;
- to require executive search firms to identify and present an appropriately diverse range of candidates for each vacancy;
- to consider all aspects of diversity including gender and ethnicity when reviewing the composition and balance of the Board as part of the Board's annual effectiveness evaluation;
- to ensure that the succession planning and talent management programme includes initiatives to develop the pipeline of talent, to encourage and monitor the development of a diverse range of internal high-calibre employees and to promote diversity in appointments to the senior management team who will in turn aspire to a Board position;
- to develop further the level, frequency and quality of interaction between Board members (including Non-Executive Directors in particular) and those aspiring senior managers to enable them to gain more exposure to, and understanding of, the Board's work; and
- to review this policy and report on progress on an annual basis.

Further information and statistics on gender diversity at FDM can be found within the Corporate Responsibility report on page 20.

Conflict of interests

Procedures are in place for the disclosure by the Directors of any interest that conflicts, or may possibly conflict, with the Group'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 operates a formal and transparent procedure for the appointment of new directors, the primary responsibility for which is delegated to the Nomination Committee. There is more information about this procedure and the way the Nomination Committee applied it in respect of the appointment of David Lister as Chairman on page 81.

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. With this in mind, the Nomination Committee intends to ask the Group's newly-appointed Chief People Officer to commence a detailed review of the existing plans for the succession and talent management for the Board and the senior management team. Further details of this and the other work undertaken by the Nomination Committee are set out on pages 80 to 83. This is a significant project which will take some time to complete, and it will continue to be a key priority for the Board throughout the current financial year. We expect to be able to report on this in further detail in next year's Annual Report.

Board commitment

When making new appointments, the Board considers other demands on Directors' time to ensure that they are able to devote sufficient time and focus to their role at FDM. New external appointments may not be undertaken without the prior approval of the Board, and where any significant new appointments are approved by the Board, we intend to explain in the subsequent Annual Report the Board's rationale in giving that approval. For FDM's Executive Directors we recognise that external board exposure can be useful as part of their development as Directors, but we will not normally permit them to take on more than one external non-executive directorship at FTSE 100 level (or another equivalent significant appointment). Sheila Flavell is on the board of techUK. No other Executive Director currently has an external commitment.

Non-Executive Directors are expected to commit at least 24 days per annum to FDM and in practice may commit considerably more time than this. The Board is satisfied that each of the Non-Executive Directors (including the Chair) has sufficient time to devote to the business of the Group and keeps this under regular review.

The current key external commitments of the Directors are included within their biographies on pages 56 to 59.

Details of the remuneration received by each of the Executive Directors for the year ended 31 December 2018 are shown in the single figure table presented on page 89 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 Group'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 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 updates the Board as appropriate on developments in corporate governance and any relevant legal or regulatory changes. 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. Specific training and development needs of individual directors are explored as part of board evaluations (and may be requested by individual directors directly) and are addressed by the provision of in-house training or external courses, as appropriate. Each of the Non-Executive Directors also receives training and development in the course of outside roles held by them which contributes to the currency of their knowledge and experience in performing their work at FDM.

Information and support

The Board meets regularly throughout the year, following an agenda which is agreed in advance based on themes from the Group business plan. The setting of the agenda is led by the Chairman in discussion with the Chief Executive and the Company Secretary, but all Board members are welcome to put forward topics for discussion.

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. In addition, potential topics are identified for strategy sessions, management updates and other Board discussions.

Ahead of each Board meeting, all Board members are supplied with an agenda and a pack containing specific papers on particular strategic issues, as well as reports and management information on current trading, operational issues, compliance, risk, accounting and financial matters. The Chairman works with the Company Secretary to ensure that the supporting papers are clear, accurate, timely and of sufficient detail to enable the Board to discharge its duties effectively. The Board's forward agenda is co-ordinated with those of its Committees and the Chairs of the Committees report on the activity of their Committees at Board meetings, with copies of Committee meeting minutes being circulated to all Directors (where appropriate).

At regular intervals throughout the year, senior managers from around the Group attend Board meetings to update the Board on progress being made and matters arising in their parts of the Group's business. To ensure that there is sufficient time for the Board to discuss matters of a material or more discursive nature, Board dinners and other informal gatherings are held after certain scheduled Board meetings which allow the Directors greater time to discuss key topics with additional internal and external participants. In particular this enables the Non-Executive Directors to explore business and operational issues in greater depth with the senior managers who have reported to the Board.

The key areas of focus by the Board in 2018

Strategy	• Reviewed the Group's three-year plan (2018-2020) • Review of the development of new service offerings • Strategic updates from the Group's senior management teams
Operational	• Reviewed the requirements for Academy space, including approval of new Academy locations • Business updates from the Group's senior management teams
Financial	• Review and renewal of treasury and risk appetite policy • Monthly trading statements • Full year and half year results • Group budgets and re-forecasts • Approval of dividends
Risk	• Review of Risk Register and risk management process
Governance	• Externally-facilitated review of the effectiveness of the Board and its committees • Launch of a new succession planning and talent development programme • Gender Pay Gap reporting • Update on Modern Slavery Act compliance • Approval of updated terms of reference for the Board's committees • Review and update of the Schedule of Matters Reserved for the Board • Viability statement; assessment and approval • Going concern review
Employees	• Planning for the introduction of a new all-employee Buy-As-You-Earn share scheme

All Board Directors have access to the Company Secretary, who advises them on Board and Governance matters. The Audit Committee received external training covering updates in corporate governance and corporate reporting. The Remuneration Committee received external training on developments during the year in governance and trends in shareholder expectations and good practice relating to executive remuneration. 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 the Board and its Committees

In accordance with current best practice and the Code, the Board undertakes an annual formal evaluation of its performance and effectiveness and that of each Director and its Committees. The process is led by the Nomination Committee, and it is the Board's policy to invite external advisors to assist with that evaluation every three years.

In June and July 2018 the Board and Committee evaluation was facilitated externally by Carrie Coombs and Neil Britten of CK Coombs & Co, an independent consultancy firm, whose only connection with the Group is its work on the Board evaluation.

The final evaluation report and suggested priorities were discussed by the Board at its meeting in July 2018, and the Board has implemented a number of changes to its way of working to reflect some of the main recommendations of the evaluation report. The changes to the composition of the Board which arise as a result of the appointment of David Lister as Chairman in March 2019 will provide a further opportunity for the Board in further developing some of the priorities which were identified during the evaluation. The Chairman and Company Secretary will assess progress against the priorities agreed during the evaluation process at regular intervals during 2019.

The Non-Executive Directors met without the Chairman to evaluate Ivan Martin's performance as Chairman and concluded that he had continued to operate effectively in the role.

Re-election of Directors at the 2019 AGM

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 2019 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 (other than Ivan Martin, who will be retiring from the Board on 5 March 2019).

In determining whether a Director should be proposed for re-election at the 2019 AGM, the Board took into account the Nomination Committee's advice based on the results of a review of each Director's contribution to the Board's effectiveness, which formed part of the 2018 Board evaluation. This review confirmed that all Directors continue to be effective and demonstrate commitment to their roles and so the Committee recommended their re-appointment.

C 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 77. A statement of the Directors' responsibilities in relation to the Annual Report is set out on pages 104 and 105.

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 46 to 52.

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 1 January 2018 to the date of approval of this report.

An outsourced internal audit function is in place for the Group and the scope of work undertaken during the year was carried out in accordance with the three-year Internal Audit Plan which was approved by the Audit Committee on behalf of the Board during 2017. A more detailed overview of the areas of focus and programme of work undertaken by the Internal Audit team in the year appears on page 77.

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 approval policies for financial expenditure; authorisation and approval policies for contracts and agreements; signing authorities; IT application controls; and appropriate segregation of duties and reviews by management. Further, there are additional procedures in place to address other risks to the business, including a Code of Conduct and Ethics, an Anti-Fraud policy, an Anti-Slavery & Human Trafficking policy, an Anti-Bribery & Corruption policy, and a Conflicts of Interest policy;
- The Group's finance and support functions are centralised;
- The Group has implemented a portal to deliver training to all employees on key regulatory and compliance matters such as Health & Safety, Workplace Harassment and Information Security and the General Data Protection Regulation. Successful completion of the training is monitored and employees' understanding can be refreshed as appropriate;
- An outsourced Internal Audit function is in place, working for 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.

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 72 to 78.

D Remuneration

The Company's policy on remuneration and detail of the remuneration of each Director is given in the Remuneration Report on pages 84 to 100.

E Relations with shareholders

During 2018 the business has continued to work to improve its communication with shareholders through a review of its reporting and the information available on the FDM website. FDM has established an internal investor relations function led by Mark Heather, the Company Secretary, and we are planning to increase significantly the quality of information which is available on our website about our approach to Corporate Responsibility and other important topics. In next year's Annual Report we will report on the changes which have emerged from that review, with the aim of ensuring that our investment community has an enhanced 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 Secretary also talks periodically with shareholders and potential investors to explain details of our business model, Mountie recruitment, training and deployment programme, and our approach to other important aspects of our work such as inclusion, diversity and social mobility.

The Company uses the AGM as an opportunity to communicate with its shareholders and welcomes their participation. Shareholders who attend the AGM 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 Thursday 25 April 2019 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 any other notice of general meeting will be sent to shareholders at least 14 days before each general meeting and will include details of the proposed resolutions and 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 withhold their vote on each resolution. As soon as practical after the conclusion of the AGM (or general meeting, as applicable), we will announce the proxy votes cast, including details of votes withheld, to the London Stock Exchange via its Regulatory News Service. We will also publish the information on our 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 Executive Directors regularly travel spending time in each of the FDM centres and meeting with employees at all levels of seniority. This enables them to promote FDM's culture and values throughout the organisation. The FDM Newsletter allows the Group's culture to be spread from the Executive team to each FDM employee.

Together with members of the Sales team, the CEO, CFO and CCO meet on a regular basis with customers in our different territories to discuss their particular requirements. In the last year, we hosted over 850 client visits to our FDM academy sites around the world, enabling our clients to see our training programme in action, as well as to carry out interviews and assessments prior to engaging our Mounties to work on their projects. The senior members of our sales team maintain close long-term relationships with senior executives in our client organisations which ensure that we are able to anticipate our clients' needs, and regularly update the structure and content of our training programme to reflect commercial and technological changes in the sectors in which our clients work.

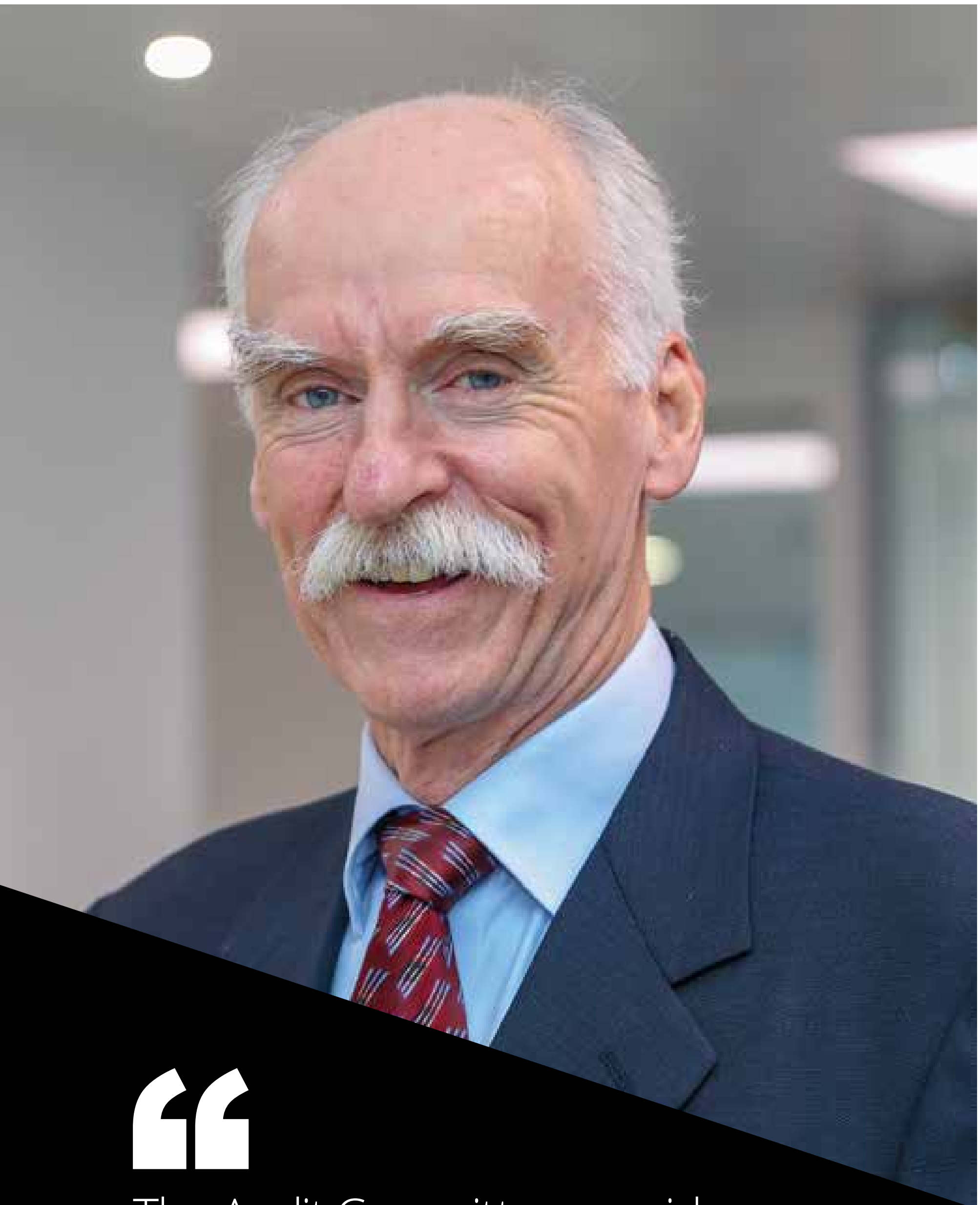
The Executive Directors meet regularly with partners that promote the transition to the civilian work environment from the Armed Forces, and those returning to work after a career break. Sheila Flavell chairs the Institute of Coding's Industry Advisory Board and sits on the main Board of techUK and its Diversity Council, she has advised government committees on issues including bridging the digital skills gap and enhancing diversity in the workplace.

The Corporate Governance Report was approved by the Board on 5 March 2019 and signed on its behalf by:

Ivan Martin
Chairman
5 March 2019

The Group has established a core set of values which were updated in 2018 to reflect the evolution of FDM's culture

Audit Committee Report



Chairman's introduction

I am pleased to present the report of the Audit Committee for the year ended 31 December 2018 which sets out the key responsibilities of the Committee in more detail, together with information on our activities during the period.

Last year we reported that a three-year risk-based Internal Audit Plan had been approved by the Audit Committee during 2017. That plan covers the key financial, operational and regulatory aspects of our business. The Plan was refreshed during the year but remains broadly unchanged from that approved in 2017. Details of the work undertaken by the Internal Audit team during the year are set out on page 75. This work included a review of core financial controls, a review of the Group's commercial contracting processes, a review of resource management processes and an assessment of the current status of FDM's business continuity plans.

Effective risk management is critical to the delivery of the Group's strategic objectives. Overall management of the risks to our business rests with the Board, but the Audit Committee has delegated responsibility for oversight of the measures we have in place, and this remains a key focus for the Committee's work.

> "The Audit Committee considers that the internal audit process is an effective tool in the overall context of the Group's risk management systems."

We carried out an internal review of the Group's risk management process twice during the year, in accordance with our standard practice. This review resulted in some minor changes to our Group Risk Register, and concluded that the risk management process is operating effectively across the business. Further information about these changes is set out on page 46.

Cyber security risk will always be a significant threat to the way we operate our business, and so the development of FDM's IT systems to keep pace with the growth of the Group, with a particular emphasis on security, continues to be a key priority for the Committee, particularly with the introduction this year of the General Data Protection Regulation. As a consequence of this, the Audit Committee receives regular reports from our Chief Information Officer on the steps which are being taken to ensure we are prepared for the threat of a cyber-attack. In addition we also received an update on some recent improvements in physical security and some changes to our hardware infrastructure which have been designed to increase further the resilience and security of our systems.

The Audit Committee continues to challenge management with regard to the key judgement areas and significant financial reporting items, and these are disclosed in this report on page 76.

In May 2018 I visited FDM's finance team at our office in Brighton and was encouraged by the additional insight that they were able to provide to me about their work and the controls which are in place to manage risk in their area of the business.

Priorities

Last year, in addition to the business as usual work, the Committee set itself two key priorities for 2018. We have made good progress in respect of both priorities, as outlined below:

2018 priorities	Progress
Focus on internal controls and risk management, with a particular emphasis on assessing wider operational controls.	The three-year Internal Audit Plan, developed in 2017, has been a key mechanism in assessing the effectiveness of operational controls. The work carried out during the year covered the operational areas of commercial contracting, resource management and business continuity. The Committee considered the findings of all three reviews and a number of changes have been made in each of the areas noted which will further strengthen the overall control environment.
Review plans to upgrade systems to support the further expansion of the business internationally.	The Group's IT strategic plan approved in 2017 has been further developed. The Committee will be monitoring progress with the implementation of a number of projects under this plan, including an upgrade of the Group's Billing and Finance systems.

These areas will remain a key focus for 2019 as we continue to progress our three-year Internal Audit Plan and the roll out of our IT strategic plan, with particular emphasis on continuing enhancement to our cyber-security arrangements. In addition, the Committee intends to monitor closely the impact on FDM and its key markets of the UK's withdrawal from the EU and the UK Government's plans for future trading and finance which will emerge during the transition period that begins in March 2019.

Role of the Committee

The Committee is appointed by and reports to the Board. The Committee's terms of reference are available in the Corporate Governance section of the Group's website at www.fdmgroup.com.

The key responsibilities of the Committee are to:

- monitor the application of financial reporting and internal control principles set out in the Code, and to maintain an appropriate relationship with the Company's auditors;
- monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, including any significant financial reporting judgements contained in them;
- review the Company's internal financial controls and the Company's internal control and risk management systems;
- ensure compliance with laws, regulations, ethical and other issues, and ensure that the Company maintains suitable arrangements for employees to raise concerns in confidence;
- make recommendations to the Board, and for approval by shareholders, on the appointment, re-appointment and removal of the external auditor;
- monitor the external auditor's independence and objectivity and the effectiveness of the external audit process; and
- implement policy on the engagement of the external auditor to supply non-audit services.

The Committee sets its own agenda in addition to routine matters and those suggested by the main Board.

Composition

During the year, the members of the Committee were Robin Taylor, the Chairman of the Committee, Michelle Senecal de Fonseca, David Lister and Peter Whiting. The Board is satisfied that Robin Taylor, Committee Chair and a chartered accountant with significant financial experience in a public company environment, has the current and relevant financial and accounting experience which is required by the Code. Michelle Senecal de Fonseca, David Lister and Peter Whiting also have experience in financial and reporting matters through their other business experience and current external roles. The Committee as a whole has a sufficiently wide range of business experience and expertise, including significant experience and competence in the sector within which FDM operates, such that the Committee can effectively fulfil its role.

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 56 to 59.

Meetings

The Committee discharges its responsibilities through a series of scheduled meetings during the year. The business of the meetings follows an annual agenda planned in advance (subject to adaptation through the year), which incorporates items driven primarily by 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, in-house Senior Legal Counsel, Group Data Protection Officer 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. Presentations were received on legal, regulatory and IT security matters, contributing to the Committee's role in monitoring the management of risk.

The Group's external auditors, PricewaterhouseCoopers LLP ("PwC") attended three of the four Committee meetings during 2018, following the March and July meetings an informal discussion was held between Committee members and PwC without any of the executive management team being present. The Committee Chairman also met with PwC on several occasions outside of the Committee.

The Internal Auditors KPMG LLP ("KPMG") attended all four meetings during the year to discuss plans for their programme of work and to present their findings. KPMG attend for the full duration of each meeting, as the Committee believes that the effectiveness of the Internal Audit function is enhanced by an understanding of other matters covered at the meetings, and of the external audit work being carried out by the PwC. KPMG and PwC have direct access to the Committee Chairman at all times through the year.

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

The following principal activities have been carried out by the Committee during the financial year:

March 2018

- Reviewed and recommended to the Board the approval of the Preliminary Announcements and the 2017 Annual Report. This work included: ensuring that the report is fair, balanced and understandable; reviewing the significant judgements applied in the Annual Report; considering the appropriateness of the 'going concern' statement and the viability statement; and approving the statement of 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 2017, and reviewed the Auditors' Report to the Audit Committee
- Reviewed the Internal Audit plan for the three year period from 2018 to 2020, adjusting the plan to reflect the Committee's updated priorities
- Reviewed proposals for the effective management of potential contractual risk arising from the new General Data Protection Regulation
- Carried out an independent evaluation of the Committee's effectiveness
- Approved the Committee's agenda for the remainder of 2018

May 2018

- Approved the updated three-year Internal Audit Plan for the period 2018 to 2020
- Received a progress report on the implementation of recommendations from the 2017 Internal Audit programme
- Reviewed and approved a number of updates to the Group's risk register
- Received a progress report on the project to upgrade the Group's finance systems
- Reviewed the effectiveness of the external auditors
- Reviewed the Audit Committee's Terms of Reference

July 2018

- Reviewed PwC's report to the Committee (interim review for the six months to 30 June 2018)
- Reviewed the Interim Report, including the "going concern" statement, and recommended its approval to the Board
- Reviewed and approved the statement of principal risks and uncertainties set out in the Interim Report
- Received a report on the findings of the Internal Auditors following their review of financial controls
- Received a further update on the finance systems upgrade project
- Discussed arrangements and proposed content for Audit Committee training later in the year

December 2018

- Reviewed PwC's year-end audit plan and fees for the audit of the 2018 financial results
- Reviewed and updated the Group's risk register
- Received a report from the Chief Information Officer on steps taken to mitigate risk and enhance compliance and resilience through improved physical and data security, and upgrades to the Group's central hardware infrastructure
- Received a report on the findings of the Internal Auditors following their review of commercial contracting processes, resource management processes and business continuity
- Received updates on corporate reporting and ensured compliance with the latest corporate governance requirements
- Undertook a review of whistle-blowing and anti-bribery policies and procedures

In addition to the work outlined above:

- as a standing item on the agenda of every meeting, the Committee reviews the level of fees incurred with PwC on non-audit work to ensure compliance with the Group's policy on non-audit fees; and
- in November 2018 the Committee received a training session from PwC on key developments in areas relevant to the Committee's business in the next 12 months.

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 pages 124 and 125, having received drafts of the Annual Report and financial statements in sufficient time ahead of signature to enable a 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 2017 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. There is no 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 fourth 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 53.
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. There is no material impact from the introduction of IFRS 9 and IFRS 15. The anticipated impact from the introduction of IFRS 16 from 1 January 2019 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 2018 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 provided a balanced reflection of the Group's performance; the presentation of adjusting items was relevant and understandable; all material matters were considered; and there was internal consistency and there were linkages throughout, including the presentation of the risks and significant judgements.

The Committee concluded that in its opinion the Annual Report and Accounts 2018, taken as a whole, was 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 Committee made a recommendation to the Board to this effect. The Directors' statement of responsibilities on a fair, balanced and understandable annual report is given on pages 104 and 105.

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 pages 68 and 69.

Internal Audit

The Group's Internal Audit function is wholly outsourced. There were two elements to the Committee's rationale in deciding to outsource the Internal Audit function: 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 was approved by the Audit Committee in 2017 and refreshed during the year. The Plan is risk based and covers all key financial, operational and regulatory parts of the business. Specifically, in 2018, the following areas were reviewed: commercial contracting processes; resource management processes; and business continuity. A second review of the Group's key controls covering significant financial processes which are documented in the Risk Controls Matrix ("RCM") was also carried out. These had previously been reviewed in 2016 but given the importance of ensuring we have robust controls over our financial processes, it is intended that core financial controls will continue to be reviewed on a regular basis.

The findings from the reviews were presented to the Audit Committee throughout the year and are supported by related action plans where relevant. No serious weaknesses were identified by the Internal Audit reviews carried out during the year.

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.

The Chairman of the Audit Committee also met with the Internal Audit team in advance of every meeting 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. Any non-audit work which will result in fees exceeding £5,000 must be approved in advance by the Chairman of the Audit Committee. More substantial work involving fees exceeding £50,000 requires the approval of the Committee as a whole. The Group receives a formal statement of independence and objectivity from PwC each year and obtains quotes in a competitive tender for all 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 2018 were 22% (2017: 23%). Further disclosure of the non-audit fees paid during the year ended 31 December 2018 can be found in note 7 to the Consolidated Financial Statements.

The Group continues to engage KPMG, an independent accounting firm, 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. This internal audit function is currently carried out by KPMG, as referred to above.

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

Effectiveness of external auditor

During the year, the Committee reviewed the effectiveness and independence of the external auditor, using a 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 the PwC audit team in the following areas: knowledge and expertise; independence and objectivity; effectiveness of the planning process; ability to firmly challenge management; and quality of audit deliverables. The feedback from the questionnaire was then used as the basis for a more wide-ranging discussion at the meeting held in May 2018 (at which PwC were not present). Based on the feedback and their further discussions, 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

The Group has in place a whistleblowing policy which 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 2018 and is satisfied that they remain appropriate. There were no instances of whistleblowing during the year.

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, and training is provided to all current employees and new starters to ensure that they understand the Group's policy and the importance of compliance. The Committee reviewed the effectiveness of the policy in December 2018 and concluded that it remains an effective tool for managing the anti-bribery and corruption risks faced by the Group.

Audit Committee effectiveness

The effectiveness of the Committee in discharging its duties was considered as part of the in-depth and independent evaluation of the entire Board which took place from May to July 2018. The process of that evaluation and its findings are set out in further detail in the Nomination Committee Report on pages 81 and 82. The Committee regularly reviews its terms of reference and updates them as necessary to reflect current best practice, and to ensure that its approach remains in line with those 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.

Robin Taylor
Chairman of the Audit Committee
5 March 2019

The Committee will be monitoring progress with the implementation of a number of projects under the Group's IT strategic plan

Nomination Committee Report

Chairman's introduction

I am pleased to present the report of the Nomination Committee for the year ended 31 December 2018.

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

The Committee undertook a review of its effectiveness during 2018 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.

> "The Board evaluation is a valuable process that allows the Board to challenge itself to enhance the effective and efficient conduct of Board business, for the benefit of FDM and all its stakeholders."

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

Ivan Martin will step down as Committee Chairman on 5 March 2019 when he retires from the Board, and will be succeeded as Chairman of the Committee by 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;
- 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;
- Keep under review the leadership needs of the Group, both executive and non-executive, with a view to ensuring that FDM can continue to compete effectively in the marketplace;
- Review the results of the Board performance evaluation process which impact on Board composition; and
- Ensure that Non-Executive Directors are able to allocate sufficient time to their work at FDM to allow them to fulfil their duties.

Appointment of new Board Chair

In March 2018, after 12 years as Chairman of FDM, Ivan Martin informed the Board that he intended to step down once the search for a new Board Chairman had been completed.

The Nomination Committee led the search for the new Chair, beginning with the preparation of a description of the role and the capabilities required for it. The Committee engaged Sapphire Partners, an external search consultancy, to assist with the process. The Board has previously engaged Sapphire Partners in relation to the search for Non-Executive Directors, but they have no other connection with the Company. A wide range of internal and external candidates was assessed against the Board's criteria for the role, with a thorough process resulting in a shortlist of preferred candidates, which was given final consideration by the Committee. The Committee subsequently made a recommendation to the Board, following which David Lister will be appointed as Chairman of the Board on 5 March 2019.

2018 Board effectiveness review

Our view is that Board evaluation is a valuable process that provides a regular mechanism by which the Board can challenge itself to identify any areas where its performance can be improved to enhance the effective and efficient conduct of Board business, for the benefit of FDM and all its stakeholders. The Code requires that FTSE 250 Companies should arrange for the evaluation of the Board to be externally facilitated at least every three years, and the Board decided to take the first opportunity to carry out an externally facilitated evaluation of the Board and its Committees during 2018 (FDM's first year following its entry to the FTSE 250). The Nomination Committee led the planning and implementation of this evaluation on behalf of the Board and, after assessing a number of potential providers, engaged Carrie Coombs and Neil Britten of CK Coombs & Co to carry out the work. CK Coombs & Co is a specialist consultancy and has no other connection with FDM.

The evaluation was carried out from May to July 2018, based on:

- A review of Board agendas, papers, minutes, presentations and other key working documents over the previous 16 months (including the previous year's Board evaluation exercise);
- Individual face to face interviews with each Board member, using structured questions and less formal discussion to allow a full exploration of individual members' impressions;
- Interviews with a number of other stakeholders, including some from within FDM and also external advisors who work closely with the Board;
- Observation of a number of Board and Committee meetings; and
- Collection and analysis of 360-degree survey feedback.

In addition to the Board and Committee evaluation, the review included an evaluation of the individual performance and effectiveness of each Director, each Committee Chair, and the Board Chairman (the latter being carried out separately by the Senior Independent Director working with his fellow Non-Executive Directors).

The results of the evaluation were presented to the Board in July 2018 and summarised in a written report. The evaluation report concluded that the Board works effectively in many areas of its work. In particular:

- The current structure and size of the Board is appropriate at this stage in the Group's growth, balancing continuity and a deep understanding of the FDM operating model with high levels of expertise relevant to the Company and its sector, markets and customers. The Board's committees all work effectively and are well-established with appropriate composition and regularly-reviewed terms of reference.
- There are effective systems and processes in place to ensure that FDM fully meets its statutory and corporate governance obligations, and these systems are regularly reviewed.
- The breadth of skill and experience amongst the Board members is regularly used positively and effectively, particularly when material business issues are being discussed, and the Board operates effectively and with unity when unexpected adverse events are encountered.

The evaluation also identified areas on which the Board has been focussing to enhance its effectiveness. The Chairman has put in place a detailed plan to implement recommendations arising from the evaluation process, including prioritising the following activities:

- The development of a detailed succession plan for the Board and senior management team, including a talent development plan across the Group to support it, remains a key priority for the Board where further and more urgent progress is needed to support the Group's continuing growth. As a result of the Committee's recommendations, the Company has engaged a Chief People Officer to lead this project on behalf of the Board. Further information is set out later in this report.
- On completion of the evaluation, the Board immediately increased the time and focus allocated in Board meetings to future strategy, strategic risk and external factors. By reducing the time spent in Board meetings on routine operational and reporting issues, the Board can further develop and challenge the Group's strategic plan to make it more robust. I am pleased to report that this refreshed approach has enabled a more wide-ranging exploration of the issues under discussion and is working well to make our Board meetings more effective.
- In recognition of the fact that the Board is now four years into its transition from a private-equity backed private company to a premium-listed FTSE 250 company, and the change in approach which this journey necessarily involves, the Board intends to keep working to improve further the dynamics of discussions in the Board's meetings to ensure that they remain open and challenging, that the FDM values and culture are consciously applied during the Board's discussions, and that the skills and experience of all Board members can be brought to bear on all of the Board's business.
- The Board has also reviewed and enhanced the processes and tools which it uses to facilitate its management of risk.

Succession planning

A key task of the Committee is to keep under review the Company's succession plans for members of the Board over the short, medium and longer term, to ensure that the Board maintains the appropriate balance of skills and experience to carry out its work in the most effective way. In particular, when the opportunity arises for refreshment of the Board, the Board bears in mind the need to ensure that its membership is diverse. This year, the Board adopted a new Board diversity policy to assist in this aim. Further details of the new policy are on page 65.

With this in mind and at the recommendation of the Committee, in November 2018 the Company appointed a Chief People Officer, a senior executive role reporting regularly to the Board. The new Chief People Officer will commence a detailed succession planning exercise for the Board and the senior management team, beginning with the Executive Directors. This will be an in-depth project which will take some time to complete, and we will be in a position to provide a further progress report next year. Another key role of the Chief People Officer will be to develop a Group talent management plan to ensure that the Board and senior management succession plans are underpinned by a pipeline of talented managers with the skills, experience and deep understanding of the FDM model to support the Group in its next phase of growth.

Independence and effectiveness

As recommended by the Code, excluding myself, all the current Directors will be standing for re-election at the AGM in 2019. Having reviewed the independence and contribution of the Directors, the Committee confirms that the performance of each of the Directors continues to be effective and each demonstrates commitment to their roles, including independence of judgement, commitment of time for the Board and (where relevant) Committee meetings and their other duties. Accordingly, the Committee has recommended to the Board that all current Directors of the Company be proposed for re-election at the forthcoming AGM.

Ivan Martin
Chairman of the Nomination Committee
5 March 2019

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 2018.

Our new Directors' Remuneration Policy was approved by shareholders at the 2018 AGM with over 97% of the votes cast in favour of it, and I was delighted to see strong shareholder support also reflected in over 98% of the votes cast at that meeting being in favour of the 2017 Directors' Remuneration Report.

The Remuneration Committee has considered the policy during 2018 and concluded that it remains appropriate. Therefore, the policy will continue to apply in 2019. However, reflecting the introduction of the new Corporate Governance Code, we are making some changes to the way in which we implement the policy, including the application of a holding period to the PSP awards and the enhancement of the recovery provisions applying to variable remuneration. We have described these changes later in this report – our approach will be formally enshrined in the policy when we next seek shareholder approval for it, which we currently plan to be at the 2021 AGM.

"In order to broaden the scope and benefits of employee share ownership, which is fundamental to FDM's culture, we have adopted an all-employee share plan, which is offered to employees internationally."

We have also included in this report a CEO pay ratio, comparing the remuneration of our CEO to that of the wider workforce. Although we are not required to include this until we publish our 2019 Directors' Remuneration Report, we have done so on a voluntary basis; the detail is set out on page 94.

A "snapshot" summary of our remuneration arrangements is set out below.

Salary and fees	Our approach to Executive Directors' salaries in 2018 was described in our 2017 Directors' Remuneration Report, and more information is given below. The annual fee for the Chairman will increase to £165,000 with effect from 5 March 2019, on appointment of David Lister as Chairman. In determining the fee for the new Chairman, regard was had to the level of fees paid for chairing companies of a similar size and complexity. The additional annual fee payable to the Chair of the Nomination Committee will remain at £5,000 and David Lister will receive that fee when he takes on the Chair of the Nomination Committee with effect from 5 March 2019, in accordance with the Directors' Remuneration Policy and in keeping with the approach taken in respect of the current Chairman. No increases are proposed to Executive Director salaries or to the fees of the Non-Executive Directors for 2019, and the salaries and fees that have applied since 1 April 2018 are set out on page 92.
Annual bonus	• 2018: Executive Directors' earned bonuses of 58% of salary. Further information is given on page 90. • 2019: Whilst the policy allows for an annual bonus opportunity of 150% of salary, each Executive Director will be eligible to earn a bonus of up to 100% of salary for 2019.
PSP	• Awards vesting by reference to performance in 2018: Each Executive Director was granted a PSP award in 2016 over 40,000 shares. Those awards were subject to performance conditions based on EPS over the three-year period ending 31 December 2018. Reflecting the strong performance over the three year period, the awards will vest at 100%. Further information is given on page 87. • Awards granted in 2018: Each Executive Director was granted an award in 2018 over 18,500 shares in respect of the performance period 2018 – 2020. Further information is given on page 92. • 2019: PSP awards will be granted with performance conditions based on growth in EPS. Further information is given below and on page 93. • Although the policy only requires the application of a post-vesting "holding period" if awards are granted in excess of 100% of salary, a two year holding period will apply to awards granted in 2019 and future years.
Our strategy	Our approach to reward is linked to our strategy. Mountie revenue, profitability and earnings per share are all key performance indicators – we reflect these in our bonus and PSP performance metrics. In addition, Executive Directors' interests are aligned with shareholders through their shareholdings and we reflect our commitment to employees by extending share plans widely, as described below.
Share ownership	Our Directors' Remuneration Policy approved at the 2018 AGM increased the level of our shareholding guideline for Executive Directors to 200% of salary. Our Executive Directors all have significant shareholdings, directly aligning their interests with those of shareholders. As shown on page 91, each of our Executive Directors holds shares with a value significantly in excess of our formal shareholding guidelines. During 2019, the Committee will develop a policy on post-cessation of employment shareholdings for Executive Directors, having regard to the requirements of the new Corporate Governance Code and developing market practice in this area. We will report on this guideline in the 2019 Directors' Remuneration Report, before formally enshrining it in the next directors' remuneration policy.
Share plan participation	Reflecting our culture and the importance of employee share ownership, we extend our share plan awards widely within the Group. In 2018, as in 2017, PSP awards to Executive Directors were significantly lower than the maximum permitted under the policy in order to permit larger awards to key individuals below Board level. Additionally, the Company has implemented an all-employee share plan to further promote the employee share ownership culture at FDM.

In this report we set out the Remuneration earned by Directors in 2018 and how the policy will operate for 2019. We then set out an extract of the policy approved at the 2018 AGM; the full approved policy is available on our website. This summary highlights the key features of our Policy and what have we done this year. We hope shareholders will find this useful. We aim to be clear and transparent in our approach and we take our responsibility to shareholders seriously. We hope this summary will demonstrate how we balance appropriate reward with the delivery of value to shareholders, ensuring that Executive Directors' remuneration is linked to the achievement of stretching performance measures, without encouraging the taking of unnecessary risk.

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 and the first layer of senior management below the Board;
- 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 64. 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 95.

Remuneration in 2018

The remuneration policy approved at the 2018 AGM applied during 2018. The table below summarises the principal decisions in respect of 2018 in accordance with that policy.

Salary	We explained in the 2017 Directors' Remuneration Report that we would review the Executive Directors' salaries during 2018 in light of the growth in the Company since IPO, recognising that the average salary increase of the Executive Directors since the Company's IPO had been less than that of the wider workforce and that no Executive Director received a salary increase in 2017. Following that review, Executive Directors' salaries were increased with effect from 1 April 2018 by 10%, below the increase for the UK workforce (excluding Mounties) in 2017 and 2018 combined. There is no current intention to increase Executive Director salaries in 2019.
Bonus	Our Directors' Remuneration Policy provides for a maximum bonus opportunity of 150% of salary. Notwithstanding this, the bonus opportunity for 2018 was a maximum of 100% of salary. As with 2017, the Executive Directors' bonus opportunity 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 2018 were 58% of salary Further details of the annual bonus outturn are included in the Annual Report on Remuneration on page 90.

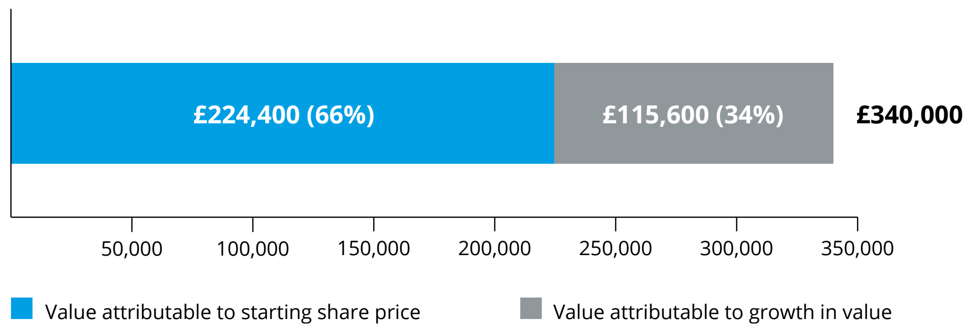
PSP vesting by reference to performance in 2018

PSP awards were granted in April 2016. The awards vested at 100%, reflecting the exceptionally strong performance of the Company over the three-year performance period ending 31 December 2018, as summarised below; further information is given on page 90.

Compound annual growth in EPS	Vesting	Performance outcome (compound annual growth in adjusted[1] EPS)
10% p.a.	25%	20%
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%	

In addition to the EPS targets, the extent to which each award vested was subject to the Committee's assessment of the overall financial performance of the Company during the performance period. The Committee considered this performance and concluded that vesting at 100% was reflective of the overall financial performance of the Company such that vesting at that level should be approved.

In the single figure of remuneration table on page 89, the full value of the awards is shown. The award was earned over the three-year period 2016–2018 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 2018

In the Directors' Remuneration Policy approved at the 2018 AGM, we increased the PSP limit from 100% of salary to 150% of salary. However, the purpose of the increase was to provide flexibility over the life of the policy and we have not used that additional headroom nor granted at the previous maximum of 100% of salary. In 2018, each Executive Director was granted an award over 18,500 shares, representing an award over the following percentages of salary*:

Rod Flavell:	47%	Sheila Flavell: 63%
Mike McLaren:	65%	Andy Brown: 63%

1 The Committee has at its discretion assessed performance outcome based upon adjusted EPS as defined in Note 12 in the Consolidated Financial Statements.
* Calculated by reference to the salary applying with effect from 1 April 2018

Remuneration in 2019

The policy approved at the 2018 AGM will continue to apply for 2019 and further information is given in the Annual Report on Remuneration. In summary, there are no significant changes to the approach to the application of the policy in 2018.

Salary: Executive Directors' salaries for 2019 are intended to remain at the levels set with effect from 1 April 2018, as set out on page 92.

Annual Bonus: Executive Directors' annual bonus opportunity will continue to be limited to 100% of salary, subject to the achievement of stretching targets based on PBT and Mountie revenue.

PSP: PSP awards will be granted at the level of up to 100% of salary.

As in previous years, the awards will be subject to performance conditions based on growth in EPS.

In setting the targets for the PSP awards, the Committee has considered the Company's continued growth and maturity, and market conditions. The Committee was mindful of the need to ensure that the targets reflect an appropriate level of stretch, and having regard to both internal and external forecasts, the Committee has set the target ranges as 8% to 13%. The Committee regards these targets ranges as requiring the same level of stretch as the targets for previous awards. Any vesting will be subject to the Committee's assessment of the overall financial performance of the Company over the performance period.

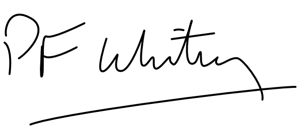
Although the policy only requires the application of a post-vesting "holding period" if awards are granted to current Executive Directors over shares with a value in excess of 100% of salary, we have agreed that a two year holding period will apply to the awards granted in 2019 and in future years.

Variable pay: We have extended the circumstances in which recovery provisions ("malus" and "clawback") may be applied to the annual bonus and PSP awards, including as a "trigger" event to these actions material corporate failure and serious reputational damage.

The Committee recognises the benefits of employee share ownership, which is fundamental to the Company's culture, and is reflected in the wide participation in our share incentive plans. In order to broaden the scope and benefits of employee share ownership the Company has adopted an all-employee share plan which will be offered to employees internationally. This will enable all employees to purchase shares in the Company and receive additional shares depending on the period of time for which the purchased shares are retained. This will enable a much broader population of employees to benefit from share ownership and will act as a tool to aide retention. Whilst this is an all-employee share plan, the Executive Directors will not participate in it.

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
5 March 2019

Annual Report on Remuneration

Audited Section

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

- Single figure table;
- Annual bonus for 2018;
- Long term incentives vesting in respect of 2018;
- Directors' shareholding and share interests;
- Performance Share Plan awards granted in 2018.

Single figure table

The table below details the total remuneration receivable by each Director for the financial years ended 31 December 2018 and 31 December 2017. Where necessary, further explanation of the values provided is included in the notes to the table or the additional information that follows it in relation to the 2018 annual bonus and the long term incentives vesting in respect of 2018.

		Salary and fees £000	Benefits £000	Annual bonus £000	Long term incentives £000	Pension £000	Total remuneration £000
Executive Directors							
Rod Flavell	2018	395.1	20.2	229.5	340.0	10.2	995.0
	2017	367.5	19.6	294.0	443.5	9.5	1,134.1
Sheila Flavell	2018	293.5	13.4	170.5	340.0	7.6	825.0
	2017	273.0	13.0	218.4	443.5	7.1	955.0
Mike McLaren	2018	282.2	14.7	163.9	340.0	7.3	808.1
	2017	262.5	13.8	210.0	443.5	6.8	936.6
Andy Brown	2018	293.5	13.7	170.5	340.0	7.8	825.5
	2017	273.0	13.3	218.4	443.5	8.2	956.4
Non-Executive Directors							
Ivan Martin	2018	149.0	–	–	–	–	149.0
	2017	131.0	–	–	–	–	131.0
Peter Whiting	2018	65.5	–	–	–	–	65.5
	2017	52.0	–	–	–	–	52.0
Robin Taylor	2018	56.8	–	–	–	–	56.8
	2017	47.0	–	–	–	–	47.0
Michelle Senecal de Fonseca	2018	48.0	–	–	–	–	48.0
	2017	42.0	–	–	–	–	42.0
David Lister	2018	48.0	–	–	–	–	48.0
	2017	42.0	–	–	–	–	42.0

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

Salary and fees	The total salaries and fees paid in respect of the year. The salaries and fees were increased with effect from 1 April 2018 as described on page 92.
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. Bonuses were calculated by reference to the salary earned in the year, and not solely by reference to the rate of salary applying with effect from 1 April 2018.
Long term incentives	The value of the Executive Directors' long term incentives vesting by reference to performance in 2018, 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 2018

Each Executive Director's annual bonus opportunity for 2018 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 payment of 20% of the maximum payable upon achieving a threshold level of performance, 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	£51.3m	£53.9m	£51.3m	50%
Mountie revenue	20%	n/a	£235.7m	£240.0m	£239.0m	88%

Accordingly, each Executive Director earned a bonus equal to 58% of their salary in respect of 2018.

Long term incentive awards vesting in respect of 2018

Each Executive Director was granted an award under the Company's Performance Share Plan on 19 April 2016 over 40,000 shares. Each award was subject to a performance condition based on the compound annual growth in the Company's Earnings Per Share[1] over the performance period 2016 – 2018 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. Greater than 10% p.a. but less than 17% p.a. 17% p.a. or greater	25% Determined on a straight-line basis between 25% and 100% 100%	20%	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 89, the value for the PSPs is calculated by multiplying the number of shares in respect of which each award vested (40,000) by £8.50 (being the closing share price of £8.51 on 5 March 2019, the vesting date, less the exercise price of £0.01 per share).

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 increased its formal shareholding guideline for Executive Directors from 100% of salary to 200% of salary in the policy approved at the 2018 AGM. The current Executive Directors have shareholdings with values significantly in excess of this guideline, reflecting the Company's historic culture of share ownership and entrepreneurialism.

The interests as at 31 December 2018 were as follows:

	Ordinary shares as at 31 December 2018 Number	Ordinary shares value as at 31 December 2018 £000[1]	Value (x base salary[2])
Executive Directors			
Rod Flavell	8,251,255	61,307	151.7
Sheila Flavell	8,251,254	61,307	204.2
Mike McLaren	499,295	3,710	12.8
Andy Brown	4,540,801	33,738	112.3
Non-Executive Directors			
Ivan Martin	8,000	59	0.4
Robin Taylor	5,226	39	0.7
Peter Whiting	10,453	78	1.1
Michelle Senecal de Fonseca	5,459	41	0.8
David Lister	–	–	–

1 Calculated based on the closing share price of 743 pence on 31 December 2018.
2 Calculated on base salary and fees at 31 December 2018.

There have been no changes in the Directors' holdings in the share capital of the Company between 31 December 2018 and the date the financial statements were approved.

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

Director	Date of award	Number at 1 January 2018	Granted in 2018	Lapsed in 2018	Exercised in 2018	Number at 31 December 2018	Status
Rod Flavell	20 April 2015[1]	50,000	–	–	50,000	–	Exercised
	19 April 2016	40,000	–	–	–	40,000	Vested[2]
	19 April 2017	20,000	–	–	–	20,000	Unvested
	1 June 2018[3]	–	18,500	–	–	18,500	Unvested
Sheila Flavell	20 April 2015[1]	50,000	–	–	50,000	–	Exercised
	19 April 2016	40,000	–	–	–	40,000	Vested[2]
	19 April 2017	20,000	–	–	–	20,000	Unvested
	1 June 2018[3]	–	18,500	–	–	18,500	Unvested
Mike McLaren	20 April 2015[1]	50,000	–	–	50,000	–	Exercised
	19 April 2016	40,000	–	–	–	40,000	Vested[2]
	19 April 2017	20,000	–	–	–	20,000	Unvested
	1 June 2018[3]	–	18,500	–	–	18,500	Unvested
Andy Brown	20 April 2015[1]	50,000	–	–	50,000	–	Exercised
	19 April 2016	40,000	–	–	–	40,000	Vested[2]
	19 April 2017	20,000	–	–	–	20,000	Unvested
	1 June 2018[3]	–	18,500	–	–	18,500	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. Each award was exercised on 8 May 2018 when, taking into account the share price, the Linked Award was exercised over 2,971 shares and lapsed over the balance of the shares subject to it. As the Linked Award was principally to fund the exercise price of the tax qualifying option, each award was equivalent to a PSP award over 50,000 shares.
2 The awards granted in 2016 vested on 5 March 2019, as described on page 90.
3 Each award granted in 2018 was granted as an "Approved PSP" award, as with the 2015 awards. Each award consisted of a PSP award over 15,562 shares, a tax qualifying option over 2,938 shares with an exercise price of £10.21 per share and a "Linked Award" which is principally to fund the exercise price of the option. 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 18,500 shares

Performance Share Plan awards granted in 2018

Each Executive Director was granted an award under the Company's PSP on 1 June 2018 as set out below.

Award[1]	Number of shares	Exercise price per share	Face value of award
PSP award	15,562	£0.01	£188,885
Tax qualifying option	2,938	£10.21	

1 Each award was granted as an "Approved PSP" award to take account of potential tax advantages for the participant and Company. In addition to the PSP award and tax qualifying option, each Executive Director was granted a "linked Award" under the PSP 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 2,938 shares, subject to the satisfaction of the applicable performance conditions.

The face value of the award is calculated by multiplying the number of shares subject to the PSP award (18,500) by £10.21 being the average share price over the three business days preceding the date of grant which was used to determine the exercise price of the tax qualifying option. As the Linked Award is principally to fund the exercise price of the tax qualifying option, it is not taken into account for these purposes. In practice, the value of the award is the same as if only a PSP award over 18,500 shares was awarded.

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 2019

Base salary and fees

As set out on page 85 the annual fee for the Chairman will increase to £165,000 with effect from 5 March 2019, on the appointment of David Lister to the role. It is not proposed to increase Executive Director salaries or the fees of the Non-Executive Directors for 2019, and the salaries and fees that are intended to apply are those which have applied since 1 April 2018, as set out below.

	Base annual salary
Rod Flavell (Chief Executive Officer)	£404,250
Sheila Flavell (Chief Operating Officer)	£300,300
Mike McLaren (Chief Financial Officer)	£288,750
Andy Brown (Chief Commercial Officer)	£300,300
	Annual fee
Ivan Martin (Chairman until 5 March 2019)	£150,000
David Lister (Chairman with effect from 5 March 2019)	£165,000
Non-Executive Director	£50,000
Senior Independent Director	£10,000
Committee Chairman (Audit Committee and Remuneration Committee)	£10,000
Committee Chairman (Nomination Committee)	£5,000

Annual bonus for 2019

The maximum annual bonus opportunity for all Executive Directors for 2019 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 2019 targets are commercially sensitive and they are not disclosed in this report, but will be disclosed in next year's report.

Long Term Incentives for 2019

The Committee proposes to grant awards under the PSP in respect of 2019. In accordance with the Directors' remuneration policy, 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
8% p.a.	25%
Greater than 8% p.a. but less than 13% p.a.	Determined on a straight-line basis between 25% and 100%
13% p.a. or greater	100%

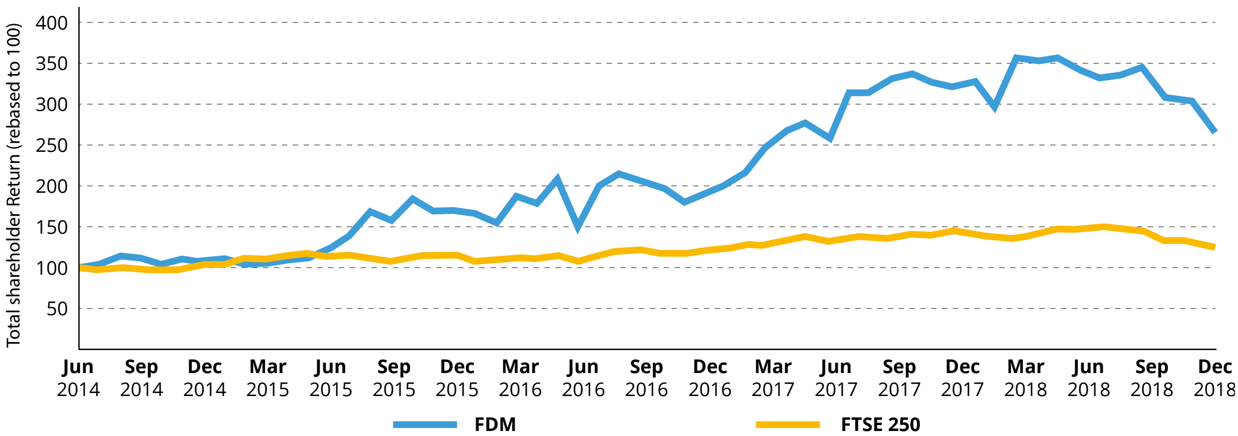
1 The Committee has discretion to adjust EPS for the purposes of the PSP where it considers it appropriate to do so (for example, to reflect a material acquisition and/ or divestment of a Group business) and to assess performance on a fair and consistent basis from year to year.

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.

Although the policy only requires the addition of a post-vesting "holding period" if awards are granted to current Executive Directors over shares with a value in excess of 100% of salary, we have agreed that a two year holding period will apply to the awards granted in 2019 and in future years.

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 250 index; the FTSE 250 index was chosen as the Company was a constituent of that index during the year.



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 nine 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	2018
Total remuneration (£000)	455.2	639.2	686.2	547.7	658.5	668.1	764.5	1,134.1	995.0
Annual bonus as a % of maximum opportunity	100%	100%	100%	68%	55%	82%	100%	80%	58%
Long Term Incentives as a % of maximum opportunity	n/a	n/a	n/a	n/a	n/a	n/a	n/a	100%	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 the financial years 2017 and 2018. 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.

Percentage change	CEO	Wider workforce
Salary[1]	+7.5%	+10.7%
Taxable benefits	+3.1%	0%
Annual bonus	–21.9%	+11.7%

1 The CEO's salary was increased by 10% with effect from 1 April 2018, recognising that the average salary increase of the Executive Directors since the Company's IPO had been less than that of the wider workforce and that no Executive Director received a salary increase in 2017. This increase was below the increase for the UK workforce (excluding Mounties) in 2017 and 2018 combined. Executive Director salaries are not intended to be increased in 2019. The 7.5% increase in the table above reflects that the increase applied with effect from 1 April 2018.

CEO pay ratio

The following table sets out the ratio of the CEO's total remuneration in respect of the 2018 financial year (taken from the single figure table on page 89) to the 25th percentile, 50th percentile i.e. the median) and the 75th percentile full-time equivalent (FTE) of the Company's UK employees. Under the Companies (Miscellaneous Reporting) Regulations 2018 the Company will be required to disclose this information in 2020 respect of the financial year ending 31 December 2019, but is disclosing this year on a voluntary basis in respect of the financial year ended 31 December 2018. For consistency with the 'change in CEO remuneration in relation to the wider workforce' disclosure, the table below also provides the same ratio in respect of the Company's UK FTE employees excluding Mounties. As outlined above, this reflects the fact that Mounties' remuneration is not subject to the same annual review process as the rest of the UK workforce.

	Total remuneration in respect of 2018 (salary component of total remuneration)	Ratio of CEO total remuneration to employee total remuneration in respect of 2018	Total remuneration excluding Mounties in respect of 2018 (salary component of total remuneration)	Ratio of CEO total remuneration to employee total remuneration (excluding Mounties) in respect of 2018
CEO	£995,000 (£395,100)	N/A	£995,000 (£395,100)	N/A
25th percentile FTE of UK employees	£23,015 (£19,500)	43:1	£27,627 (£25,838)	36:1
50th percentile (median) FTE of UK employees	£24,722 (£19,500)	40:1	£43,596 (£41,349)	23:1
75th percentile FTE of UK employees	£32,157 (£23,902)	31:1	£72,100 (£48,500)	14:1

The Company adopted "Option A" in the regulations for the purposes of calculating the pay ratios as it considers this to be the most accurate method. Remuneration for other employees for the purposes of the calculations was as at 31 December 2018.

In calculating the ratio for all UK employees in the above table, the Company has determined the total FTE remuneration for all its UK employees for the financial year and has then ranked those employees based on their total FTE remuneration from low to high. The employees whose remuneration places them at the 25th, 50th (median) and 75th percentile points in this ranking have then been identified. Mounties were then excluded and the process repeated to calculate the ratio for all UK employees excluding Mounties.

As this is the Company's first year of reporting the CEO pay ratio, there are no changes to report against the previous year.

- The Group offers all its employees (including Mounties), who form a large portion of the UK workforce and in many cases are entering work for the first time) a level of pay and other benefits which reflects the competitive market in which the Group operates, but which enables the Group to recruit and retain high calibre individuals.

- The CEO's remuneration has increased relatively modestly compared to the significant growth in the size and complexity of the Group over the same period, and the CEO's salary remains in the lowest quartile when compared with companies in the lower half of the FTSE 250.
- The Group 's culture ensures that percentage increases in the Executive Directors' salaries remain broadly in line with increases in remuneration across all employees, as reflected in the disclosure on prior page (Change in CEO Remuneration in Relation to the Wider Workforce). In addition, as noted above, there is no intention to increase the salaries of any Executive Director in 2019.
- To focus on the Group's culture of broad employee equity incentivisation and enable greater participation for employees in the Group's share plans the values of long term incentives awarded to the CEO and other Executive Directors have historically been significantly lower than the maximum permitted by the Directors' Remuneration Policy.

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 2017 £000	Year ended 31 December 2018 £000	Percentage change
Total dividends	23,976	30,718	28%
Overall expenditure on pay	142,840	165,477	16%

Shareholder approval of our Directors' Remuneration Policy and Directors' Remuneration Report

At the AGM held on 26 April 2018, both the Directors' Remuneration Policy and Directors' Remuneration Report received strong support from shareholders. The results of the votes are set out below:

Resolution	Votes for	% of votes for	Votes against	% votes against	Votes withheld
Approve the Directors' Remuneration Policy	88,367,484	97.87%	1,905,746	2.11%	0
Approve the Directors' Remuneration Report	88,771,760	98.95%	926,309	1.03%	575,161

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 £7,100. 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.

Deloitte also provide advice to the Company on the operation of its employee share plans and employee benefit trust.

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 2018 are set out on page 64.

Directors’ Remuneration Policy

The Company’s Directors’ Remuneration Policy was approved by shareholders at the AGM held on 26 April 2018. Since we are not seeking shareholder approval for a revised policy at the 2019 AGM, we have set out below just the “policy tables”, but with certain date specific references updated. The full policy as approved at the 2018 AGM is available on the Company’s website at www.fdmgroup.com.

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.	Salaries are normally reviewed annually. Salary levels are determined taking into account a range of factors, which may include (but are not limited to): • Underlying Company 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.
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.

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
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.	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.

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. 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.

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.

Approval

This Report was approved by the Board on 5 March 2019 and signed on its behalf by:

Peter Whiting
Chairman of the Remuneration Committee
5 March 2019

Reflecting our culture and the importance of employee share ownership, we extend our share plan awards widely within the Group

Directors' Report

The Directors present the Directors' Report and audited Consolidated Financial Statements of FDM Group (Holdings) plc for the year ended 31 December 2018.

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 2 to 53 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 £37.1 million (2017: £32.0 million). Results for the year are set out in the Consolidated Income Statement on page 115.

The Directors propose a final dividend of 15.5 pence per share. Subject to shareholder approval, this dividend will be paid on 14 June 2019 to shareholders of record on 24 May 2019. An interim dividend of 14.5 pence per share was declared by the Directors on 20 July 2018 and was paid on 21 September 2018 to holders of record on 24 August 2018.

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 56 to 59 of this report.

As announced by the Company on 7 February 2019, Ivan Martin will retire from the Board on 5 March 2019, and will be succeeded by David Lister as Non-Executive Chairman. The Nomination Committee Report on pages 80 to 83 explains more about the appointment of the new Chairman.

Director share interests

Details of the interests of Directors in the shares of the Company are provided on page 91 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 84. 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 27 to the Consolidated Financial Statements. The principal risks that the Group faces are set out on pages 46 to 52 of the Strategic Report.

Corporate governance

For details of the Corporate Governance report see pages 62 to 105. The Corporate Responsibility report, on pages 18 to 29 includes information about the Group's employment policies and greenhouse gas emissions. The Corporate 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 2018 and as at 25 February 2019, 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 2018		As at 25 February 2019	
Substantial shareholder	Direct/ indirect interest	Number of shares	% of issued share capital	Number of shares	% of issued share capital
Standard Life Aberdeen	Indirect	9,112,156	8.4%	9,212,910	8.5%
Roderick Flavell	Direct	8,251,255	7.6%	8,251,255	7.6%
Sheila Flavell	Direct	8,251,254	7.6%	8,251,254	7.6%
Columbia Threadneedle Investments	Indirect	5,996,334	5.5%	6,006,435	5.6%
Kames Capital	Direct	5,972,284	5.5%	5,852,069	5.4%
Majedie Asset Management	Indirect	4,664,766	4.3%	4,585,018	4.2%
Andrew Brown	Direct	4,540,801	4.2%	4,540,801	4.2%
AXA Investment Managers	Indirect	4,521,962	4.2%	4,666,962	4.3%
Oppenheimer Funds	Indirect	4,024,375	3.7%	4,026,985	3.7%
JP Morgan Chase & Co	Indirect	4,023,677	3.7%	3,801,010	3.5%
Investec Group	Indirect	3,958,934	3.7%	4,018,630	3.7%
Baillie Gifford & Co	Indirect	3,733,567	3.5%	3,745,388	3.5%

Political donations

The Group made no political donations in the year (2017: £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.

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 29 in the Corporate Responsibility report.

Employee information

Information on the Group's employee policies is included on pages 20 and 21 in the Corporate Responsibility report. Information on the Group's policies in respect of persons that become disabled during their employment, and the training, career development and promotion of disabled persons, is set out on page 20 in the Corporate Responsibility report.

We use a number of methods to consult our employees regularly so that their views can be taken into account in making decisions that are likely to affect their interests, and we encourage our staff to become involved in FDM Group's performance through our discretionary Performance Share Plan and our all-employee Buy As You Earn share plan. Further information on these initiatives to engage with our employees is set out on page 21 of the Corporate Responsibility report.

Capital structure

The Group's capital structure is detailed in note 20 to the Consolidated Financial Statements. During 2018 the number of ordinary shares in issue increased from 107,517,506 at 1 January 2018 to 108,271,708 at 31 December 2018.

Investment in Own shares

During the AGM held on 26 April 2018, the shareholders approved that up to 10% of the Company's shares could be purchased by the Company and held as own shares. The authority expires at the conclusion of the Company's next Annual General Meeting after the passing of this resolution or, if earlier, at 23:59 on 31 May 2019.

During 2018 the FDM Group Employee Benefit Trust was established to purchase shares sold by option holders upon exercise of options under the FDM Performance Share Plan. The Group accounts for its own shares held by the Trustee of the FDM Group Employee Benefit Trust as a deduction from shareholders' funds.

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. The Group had a Revolving Credit Facility ("RCF") with HSBC Bank plc, which expired on 14 August 2018 and was not renewed.

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 26 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 parent company will continue in business.

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 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 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.

Directors' confirmations

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 position and 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 5 March 2019 and signed on its behalf by:

Rod Flavell
Chief Executive Officer
5 March 2019

Mike McLaren
Chief Financial Officer
5 March 2019

Financial Statements

In this section:

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 2018 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 International Financial Reporting Standards (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 (the "Annual Report"), which comprise: the Consolidated and Parent Company Statements of Financial Position as at 31 December 2018; 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

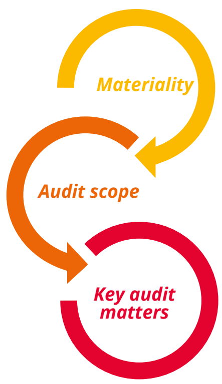
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities 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 2018 to 31 December 2018.

Our audit approach

Overview



- Overall group materiality: £2,410,000 (2017: £2,180,000), based on 5% of profit before tax.
- Overall parent company materiality: £540,000 (2017: £490,000), 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 74% of revenue (with a further 19% coverage obtained through our work on the Canada, Hong Kong and Singapore reporting units) and 87% 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.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to local employment laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and The Listing Rules and Tax Regulation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Our tests included, but were not limited to, discussions with management, internal audit and the group's legal advisors, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of any employment disputes or litigation to ensure there were no broader non-compliance issues with employment laws and regulations
- review of reports from the group's legal advisors;
- review of the financial statement disclosures to underlying supporting documentation;
- challenging assumptions and judgements made by management in their significant accounting estimates; 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. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
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 76 ('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, 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 uninvoiced sales and compared these assumptions with the prior year. We evaluated management's estimate for uninvoiced timesheets by comparing a sample of estimated timesheets to the timesheet submitted post year end. We noted no material exceptions in our testing. 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 (o), 4, and 24 to the Consolidated Financial statements for the directors' disclosures of the related accounting policies, judgements and estimates, and page 76 ('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 92 ('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 management's assumption of the performance conditions based on compound earnings per share ("EPS") growth, assessing the assumed future compound EPS growth against board approved budgets and managements history of forecasting. 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 audited the accounting for the vesting of the 2015 share options and the associated set up of the employee benefit trust, and found it to be appropriate. We also considered the disclosures made in note 24 to the financial statements and determined that they are consistent with the requirements of relevant 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 central costs). 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 visited the group's offices in Hong Kong, where we met with local management.

As a result, full scope audit procedures were conducted on reporting units representing 87% of the group's profit before tax and 74% of revenue, with a further 19% 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	£2,410,000 (2017: £2,180,000).	£540,000 (2017: £490,000).
How we determined it	5% of profit before tax	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 £540,000 and £2,289,500. 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 £120,500 (Group audit) (2017: £109,000) and £27,000 (Parent company audit) (2017: £24,500) 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. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

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

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

Corporate Governance Statement

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on pages 62 to 70) 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 62 to 70) 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 46 to 52 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 53 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 68, 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 75 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on pages 104 and 105, 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 6 years, covering the years ended 31 December 2013 to 31 December 2018.

Jaskamal Sarai (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
5 March 2019

Consolidated Income Statement

for the year ended 31 December 2018

	Note	2018 £000	2017 £000
Revenue	6	**244,910**	233,575
Cost of sales		**(125,875)**	(129,323)
Gross profit		**119,035**	104,252
Administrative expenses		**(70,748)**	(60,496)
Operating profit	7	**48,287**	43,756
Finance income	10	**140**	29
Finance expense	10	**(94)**	(130)
Net finance income/ (expense)		**46**	(101)
Profit before income tax		**48,333**	43,655
Taxation	11	**(11,275)**	(11,643)
Profit for the year		**37,058**	32,012

	Note	2018 pence	2017 pence
Earnings per ordinary share			
Basic	12	**34.3**	29.8
Diluted	12	**33.8**	29.4

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

The notes on pages 120 to 140 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2018

	2018 £000	2017 £000
Profit for the year	**37,058**	32,012
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Exchange differences on retranslation of foreign operations (net of tax)	**630**	(673)
Total other comprehensive income/ (expense)	**630**	(673)
Total comprehensive income for the year	**37,688**	31,339

The notes on pages 120 to 140 are an integral part of these Consolidated Financial Statements.

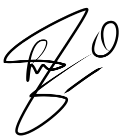
Consolidated Statement of Financial Position

as at 31 December 2018

	Note	2018 £000	2017 £000
Non-current assets			
Property, plant and equipment	13	**6,117**	4,926
Intangible assets	14	**19,409**	19,471
Deferred income tax assets	16	**2,282**	2,275
		27,808	26,672
Current assets			
Trade and other receivables	17	**37,729**	30,716
Cash and cash equivalents	18	**33,907**	36,846
		71,636	67,562
Total assets		**99,444**	94,234
Current liabilities			
Trade and other payables	19	**25,907**	26,616
Current income tax liabilities		**3,166**	3,239
		29,073	29,855
Total liabilities		**29,073**	29,855
Net assets		**70,371**	64,379
Equity attributable to owners of the parent			
Share capital	20	**1,083**	1,075
Share premium		**8,771**	7,873
All other reserves	22	**3,221**	6,991
Retained earnings		**57,296**	48,440
Total equity		**70,371**	64,379

The notes on pages 120 to 140 are an integral part of these Consolidated Financial Statements.

The financial statements on pages 115 to 140 were approved by the Board of Directors on 5 March 2019 and were signed on its behalf by:



Rod Flavell
Chief Executive Officer
5 March 2019

Mike McLaren
Chief Financial Officer
5 March 2019

Consolidated Statement of Cash Flows

for the year ended 31 December 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Group profit before tax for the year		**48,333**	43,655
Adjustments for:			
Depreciation and amortisation	7	**1,619**	1,408
Loss on disposal of non-current assets		**3**	4
Finance income	10	**(140)**	(29)
Finance expense	10	**94**	130
Share-based payment charge (including associated social security costs)		**2,972**	3,576
Increase in trade and other receivables		**(7,013)**	(1,552)
(Decrease)/ increase in trade and other payables		**(950)**	1,088
Cash flows generated from operations		**44,918**	48,280
Interest received		**140**	29
Income tax paid		**(11,407)**	(13,263)
Net cash flow from operating activities		**33,651**	35,046
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(2,684)**	(1,350)
Acquisition of intangible assets		**(16)**	(18)
Net cash used in investing activities		**(2,700)**	(1,368)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**8**	–
Payment for shares bought back		**(3,664)**	–
Finance costs paid	25	**(94)**	(130)
Dividends paid	21	**(30,718)**	(23,976)
Net cash used in financing activities		**(34,468)**	(24,106)
Exchange gains/ (losses) on cash and cash equivalents		**578**	(570)
Net (decrease)/ increase in cash and cash equivalents		**(2,939)**	9,002
Cash and cash equivalents at beginning of year		**36,846**	27,844
Cash and cash equivalents at end of year	18	**33,907**	36,846

The notes on pages 120 to 140 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2018

	Share capital £000	Share premium £000	All Other reserves (Note 22) £000	Retained earnings £000	Total equity £000
Balance at 1 January 2018	1,075	7,873	6,991	48,440	64,379
Profit for the year	–	–	–	37,058	37,058
Other comprehensive income for the year	–	–	630	–	630
Total comprehensive income for the year	–	–	630	37,058	37,688
Share-based payments (note 24)	–	–	2,678	–	2,678
Transfer to retained earnings	–	–	(2,516)	2,516	–
New share issue	8	898	–	–	906
Own shares bought back (note 25)	–	–	(4,562)	–	(4,562)
Dividends (note 21)	–	–	–	(30,718)	(30,718)
Total transactions with owners, recognised directly in equity	8	898	(4,400)	(28,202)	(31,696)
Balance at 31 December 2018	**1,083**	**8,771**	**3,221**	**57,296**	**70,371**

	Share capital £000	Share premium £000	All Other reserves (Note 22) £000	Retained earnings £000	Total equity £000
Balance at 1 January 2017	1,075	7,873	3,986	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 24)	–	–	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**	**6,991**	**48,440**	**64,379**

The notes on pages 120 to 140 are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1 General information

The Group operates in the Recruit, Train and Deploy ("RTD") sector. The Group's principal business activities involve recruiting, training and deploying its own permanent IT and business consultants at client sites.

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 2018. The Consolidated Financial Statements were approved by Rod Flavell and Mike McLaren on behalf of the Board of Directors on 5 March 2019.

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 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, except for the impact of the introduction of IFRS 9 'Financial instruments' and IFRS 15 'Revenue from contracts with customers', which have not had a material impact in the amounts recognised in the current or prior period, see note 5.

3.2 Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2018.

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 recognised under IFRS 15 and 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. To the extent they are material, amounts are disclosed along with any significant judgements made in their estimation.

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 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; and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. 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.

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 using an expected credit loss model in line with IFRS 9. A provision for impairment of trade receivables is established based upon objective evidence that the Group will not collect all amounts due according to the original terms of the receivables. Subsequent assessment is made if there is evidence of a change in circumstances to the debtor, such as the probability that the debtor will enter bankruptcy or financial reorganisation, or default. 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) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within thirty days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

k) 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.

l) 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.

m) Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected, risk adjusted, future cash flows at a pre-tax risk-free rate. Provisions are measured at management's best estimate of the expenditure required to settle the Group's liability. These estimates are reviewed each year and updated as necessary.

n) 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.

3 Accounting policies continued

o) 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).

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.

p) 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.

q) 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.

r) Employee Benefit Trust

FDM Group (Holdings) plc has an established Employee Benefit Trust ('EBT') to which it is the sponsoring entity. Notwithstanding the legal duties of the Trustee, the Company considers that it has 'de facto' control. The EBT is included in the Parent Company Financial Statements and the Consolidated Financial Statements.

No gain or loss is recognised in profit or loss or other comprehensive income on the purchase, sale or cancellation of the Company's own equity held by the EBT.

For further information, see note 25.

4 Significant accounting estimate

The preparation of the Group's financial statements requires management to make 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 is considered to be the Group's significant estimate:

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 24.

No individual judgements have been made that have a significant impact on the financial statements.

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 2018	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
Amendments		
Amendment to IFRS 2, 'Share based payments'	1 January 2018	Yes
Amendment to IAS 40, 'Investment property'	1 January 2018	Yes
Amendments to IFRS 4 Amendments regarding implementation of IFRS 9	1 January 2018	Yes

IFRS 9 advocates an expected loss model in respect of debtor provisioning for determining the basis of providing for bad debt. The application of the expected loss model has not resulted in a change to the Group's immaterial provision.

IFRS 15 requires revenue to be apportioned from customer contracts, based on separate performance obligations and to be recognised upon satisfaction of those performance obligations. FDM recognises revenue at contracted rates when work is performed i.e. on satisfaction of performance obligations over the term of the client placement. No changes are therefore required to the Group's revenue recognition policy in respect of the application of IFRS 15.

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 2018	Effective for accounting periods beginning on or after	Endorsed by the EU
New standards		
IFRS 16, 'Leases'	1 January 2019	Yes
IFRS 17, 'Insurance contracts'	1 January 2021	No
Amendments		
Amendment to IAS 1 and IAS 8 regarding the definition of materiality	1 January 2019	Yes
Amendment to IFRS 9, 'Financial instruments', on prepayment features with negative compensation	1 January 2019	Yes
Amendments to IAS 28, 'Investments in associates', on long term interests in associates and joint ventures	1 January 2019	No
Amendments to IAS 19, 'Employee benefits', plan amendment, curtailment or settlement	1 January 2019	No
Amendment to IFRS 3, 'Business combinations'	1 January 2019	No
IFRIC 23, 'Uncertainty over income tax'	1 January 2019	No

5 New standards and interpretations continued

The Directors have carried out an 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 of 31 December 2018, the Group has non-cancellable operating lease commitments of £27.6 million, see note 23. The Group has carried out an assessment of the impact of IFRS 16 on its lease portfolio as at 31 December 2018. Application of the new standard will result in an increase in assets of £13.9 million and liabilities of £15.3 million on the Consolidated Statement of Financial Position, with the expected impact on net assets of a £1.4 million decrease. The overall net annual impact on the Income Statement in 2019 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, and the Group will adopt the standard from this 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 2018, 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 2018

	UK and Ireland £000	North America £000	EMEA £000	APAC £000	Total £000
Revenue	130,978	82,119	13,519	18,294	244,910
Depreciation and amortisation	(824)	(595)	(76)	(124)	(1,619)
Segment operating profit/ (loss)	**34,309**	**13,034**	**1,387**	**(443)**	**48,287**
Finance income*	120	156	2	2	280
Finance costs*	(70)	(5)	(12)	(147)	(234)
Profit/ (loss) before income tax	**34,359**	**13,185**	**1,377**	**(588)**	**48,333**
Total assets	**65,185**	**22,225**	**5,074**	**6,960**	**99,444**
Total liabilities	**(14,375)**	**(5,696)**	**(1,252)**	**(7,750)**	**(29,073)**

* Finance income and finance costs include intercompany interest which is eliminated upon consolidation

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 2018	**22,166**	**2,312**	**330**	**718**	**25,526**

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**

Information about major customers

2018 revenue from each of customer A and B is attributed across all four operating segments. Customer A represents 10% or more of the Group's 2018 revenues. Customers A and B each represent 10% or more of the Group's 2017 revenues.

	2018 £000	2017 £000
Revenue from customer A	**25,874**	23,718
Revenue from customer B	**10,953**	40,328

7 Operating profit

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

	2018 £000	2017 £000
Hire of property – operating leases	**4,555**	3,946
Net foreign exchange differences	**74**	(153)
Depreciation and amortisation	**1,619**	1,408

7 Operating profit continued

Auditors' remuneration

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

	2018 £000	2017 £000
Fees payable to the Group's auditors for the audit of the Parent Company and Consolidated Financial Statements	**70**	67
Fees payable to the Group's auditors for other services:		
– The audit of the Group's subsidiaries	**94**	93
– Audit-related assurance services	**36**	36
	200	196

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:

	2018 Number	2017 Number
IT Consultants	**4,056**	3,408
Administration	**561**	447
	4,617	3,855

The aggregate payroll costs of these persons were as follows:

	2018 £000	2017 £000
Wages and salaries	**146,848**	126,056
Social security costs	**12,799**	11,676
Other pension costs	**3,152**	2,431
Share-based payments	**2,707**	2,677
	165,506	142,840

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 2018 were £275,000 (2017: £312,000). There were no prepaid contributions at the end of the financial year (2017: £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 2018 is set out below:

	2018 £000	2017 £000
Short term employee benefits	**2,428**	2,490
Post-employment benefits	**33**	32
Share-based payments	**526**	566
	2,987	3,088

For further information on Directors' remuneration, see the audited sections of the Remuneration Report as defined on page 89.

10 Finance income and expense

	2018 £000	2017 £000
Bank interest	**140**	29
Finance income	**140**	29

	2018 £000	2017 £000
Non utilisation fees on revolving credit facility	**(47)**	(80)
Finance fees and charges	**(47)**	(50)
Finance expense	**(94)**	(130)

11 Taxation

The major components of income tax expense for the years ended 31 December 2018 and 2017 are:

	2018 £000	2017 £000
Current income tax:		
Current income tax charge	**11,820**	12,619
Adjustments in respect of prior periods	**71**	(474)
Total current tax	**11,891**	12,145
Deferred tax:		
Relating to origination and reversal of temporary differences	**(616)**	(502)
Total deferred tax	**(616)**	(502)
Total tax expense reported in the income statement	**11,275**	11,643

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 2018 are taxed at 19% with 2017 taxed at an effective rate of 19.25%. The tax charge for the year is higher (2017: higher) than the standard rate of corporation tax in the UK. The differences are set out below:

	2018 £000	2017 £000
Profit before income tax	**48,333**	43,655
Profit multiplied by UK standard rate of corporation tax of 19% (2017: 19.25%)	**9,183**	8,404
Effect of different tax rates on overseas earnings	**1,732**	3,267
Expenses not deductible for tax purposes	**289**	446
Adjustments in respect of prior periods	**71**	(474)
Total tax charge	**11,275**	11,643

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 2018 and 31 December 2017, deferred tax assets and liabilities have been calculated based upon the rate at which the temporary difference is expected to reverse.

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.

		2018	2017
Profit for the year	£000	**37,058**	32,012
Average number of ordinary shares in issue (thousands)		**107,978**	107,518
Basic earnings per share	Pence	**34.3**	29.8

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.

		2018	2017
Profit for the year (basic earnings)	£000	**37,058**	32,012
Share-based payment expense (including social security costs) (note 24)	£000	**2,972**	3,576
Tax effect of share-based payment expense	£000	**(685)**	(483)
Adjusted profit for the year	£000	**39,345**	35,105
Average number of ordinary shares in issue (thousands)		**107,978**	107,518
Adjusted basic earnings per share	Pence	**36.4**	32.6

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.

		2018	2017
Profit for the year (basic earnings)	£000	**37,058**	32,012
Average number of ordinary shares in issue (thousands)		**107,978**	107,518
Adjustment for share options (thousands)		**1,594**	1,465
Diluted number of ordinary shares in issue (thousands)		**109,572**	108,983
Diluted earnings per share	Pence	**33.8**	29.4

13 Property, plant and equipment

2018	Leasehold improvements £000	Fixtures and fittings £000	Plant and equipment £000	Total £000
Cost				
At 1 January 2018	5,273	1,293	2,679	9,245
Additions	1,606	174	904	2,684
Disposals	–	–	(2)	(2)
Effect of movements in foreign exchange	52	19	38	109
At 31 December 2018	6,931	1,486	3,619	12,036
Accumulated depreciation				
At 1 January 2018	1,699	907	1,713	4,319
Depreciation charge for the year	776	224	539	1,539
Disposals	–	–	–	–
Effect of movements in foreign exchange	24	14	23	61
At 31 December 2018	2,499	1,145	2,275	5,919
Net book value at 31 December 2018	**4,432**	**341**	**1,344**	**6,117**

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**

14 Intangible assets

2018	Software and software licences £000	Goodwill £000	Total £000
Cost			
At 1 January 2018	498	19,322	19,820
Additions	16	–	16
Disposals	–	–	–
Effect of movements in foreign exchange	3	–	3
At 31 December 2018	517	19,322	19,839
Accumulated amortisation			
At 1 January 2018	349	–	349
Amortisation for the year	80	–	80
Disposals	–	–	–
Effect of movements in foreign exchange	1	–	1
At 31 December 2018	430	–	430
Net book value at 31 December 2018	**87**	**19,322**	**19,409**

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

The amortisation charge is recognised in administrative expenses in the income statement. The amortisation period of the software and software licences is four 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[1] £000	EMEA[1] £000	APAC £000	Total £000
Cost and net book value					
At 31 December 2018 and 2017	14,843	1,397	3,082	–	19,322

1 In 2017 the goodwill in respect of North America and EMEA was disclosed under the incorrect headings, this has been corrected above.

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% up to a period of 15 years in total.

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

	2018 %	2017 %
UK and Ireland	**11.36**	10.33
North America	**15.46**	14.04
EMEA	**11.99**	10.82

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:

	2018 £000	2017 £000
Non-current:		
Non-current temporary differences	**2,282**	2,275
Deferred tax asset	**2,282**	2,275

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 2018 £000	Recognised in income statement £000	Recognised in other reserves £000	Transferred to Retained Earnings £000	31 December 2018 £000
Movement in deferred tax during 2018:					
Share-based payments	2,330	36	(14)	(595)	**1,757**
Property, plant and equipment	(326)	67	–	–	**(259)**
Other	271	513	–	–	**784**
	2,275	616	(14)	(595)	**2,282**

	1 January 2017 £000	Recognised in income statement £000	Recognised in other reserves £000	Transferred to Retained Earnings £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

The Group has unused tax losses for which no deferred tax asset has been recognised with a potential tax benefit of £437,000, no asset has been recognised as the losses have been generated in regions where the Group does not expect to generate profits in the short term. The losses can be carried forward indefinitely.

17 Trade and other receivables

	2018 £000	2017 £000
Trade receivables	**24,990**	23,138
Other receivables	**953**	717
Prepayments and accrued income	**11,786**	6,861
	37,729	30,716

Included within prepayments and accrued income is £6,864,000 of accrued income (2017: £3,401,000).

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

	2018 £000	2017 £000
Not overdue	**19,915**	15,298
Not more than three months past due	**4,880**	7,696
More than three months but not more than six months past due	**261**	327
More than six months but not more than one year past due	**103**	93
Older than one year past due	**35**	11
Provision for impairment	**(204)**	(287)
	24,990	23,138

17 Trade and other receivables continued

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

	Provision for impairment 2018 £000	Provision for impairment 2017 £000
Not overdue	**–**	–
Not more than three months past due	**22**	90
More than three months but not more than six months past due	**75**	126
More than six months but not more than one year past due	**77**	60
Older than one year past due	**30**	11
	204	287

The movement in the provision for impairment is as below:

	2018 £000	2017 £000
At 1 January	**287**	176
Credit/charge for the year	**(83)**	111
At 31 December	**204**	287

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

	2018 £000	2017 £000
Pounds Sterling	**13,846**	12,018
US Dollar	**4,871**	5,255
Canadian Dollar	**1,494**	1,517
Euro	**1,707**	2,173
Swiss Franc	**79**	60
Hong Kong Dollar	**1,521**	811
Singapore Dollar	**924**	872
Chinese Renminbi	**287**	229
South African Rand	**19**	60
Australian Dollar	**242**	143
	24,990	23,138

18 Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	**33,907**	36,846

Cash and cash equivalents denominated in currencies other than Pounds Sterling amount to £9,507,000 (2017: £7,827,000), denominated in US Dollar, Canadian Dollar, Euro, Swiss Franc, Hong Kong Dollar, Singapore Dollar, Chinese Renminbi, South African Rand 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 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	2018 £000	2017 £000
AA	**32,911**	35,645
A	**518**	1,201
BBB	**478**	–
	33,907	36,846

Revolving credit facility

The Group had a £20,000,000 Revolving Credit Facility ("RCF") with HSBC Bank plc which expired on 14 August 2018 and has not been renewed. The RCF was secured by way of a debenture on the assets of the Company, Astra 5.0 Limited, FDM Group Limited and FDM Group Inc.

19 Trade and other payables

	2018 £000	2017 £000
Trade payables	**1,627**	1,450
Other payables	**915**	760
Other taxes and social security	**7,032**	6,382
Accruals and deferred income	**16,333**	18,024
	25,907	26,616

Trade and other payables denominated in currencies other than Pounds Sterling amount to £7,565,000 (2017: £8,434,000), 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

	2018 Number of shares	2018 £000	2017 Number of shares	2017 £000
Ordinary shares of £0.01 each				
At 1 January	**107,517,506**	**1,075**	107,517,506	1,075
New issues	**754,202**	**8**	–	–
At 31 December	**108,271,708**	**1,083**	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.

During the year 754,202 shares were issued, the difference between market value and par value at issue resulted in an amount of £898,000 being recognised in share premium with £8,000 being recognised as an increase in issued share capital.

21 Dividends

	2018 £000	2017 £000
Dividends paid		
Paid to shareholders	**30,718**	23,976

2018
An interim dividend of 14.5 pence per ordinary share was declared by the Directors on 20 July 2018 and was paid on 21 September 2018 to holders of record on 24 August 2018.

The Board is proposing a final dividend of 15.5 pence per share in respect of the year to 31 December 2018, for approval by shareholders at the AGM on 25 April 2019.

Subject to shareholder approval the dividend will be paid on 14 June 2019 to shareholders of record on 24 May 2019.

This brings the Company's total dividend for the year to 30.0 pence per share (2017: 26.0 pence per share). The total ordinary dividends of 30.0 pence per share will be covered 1.14 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.

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 final dividend of 14.0 pence per share in respect of the year to 31 December 2017 was approved shareholders at the AGM on 26 April 2018, the dividend was paid on 15 June 2018 to shareholders of record on 25 May 2018.

22 All Other Reserves

	Capital redemption reserve £000	Own shares reserve £000	Translation reserve £000	Other reserves £000	Total of All other reserves £000
Balance at 1 January 2018	**52**	**–**	**791**	**6,148**	**6,991**
Other comprehensive income for the year	–	–	630	–	630
Total comprehensive income for the year	–	–	630	–	630
Share-based payments (note 24)	–	–	–	2,678	2,678
Transfer to retained earnings	–	–	–	(2,516)	(2,516)
New share issue	–	–	–	–	–
Own shares bought back (note 25)	–	(4,562)	–	–	(4,562)
Total transactions with owners, recognised directly in equity	–	(4,562)	–	162	(4,400)
Balance at 31 December 2018	**52**	**(4,562)**	**1,421**	**6,310**	**3,221**

	Capital redemption reserve £000	Own shares reserve £000	Translation reserve £000	Other reserves £000	Total of All other reserves £000
Balance at 1 January 2017	52	–	1,464	2,470	3,986
Other comprehensive expense for the year	–	–	(673)	–	(673)
Total comprehensive expense for the year	–	–	(673)	–	(673)
Share-based payments (note 24)	–	–	–	3,678	3,678
Total transactions with owners, recognised directly in equity	–	–	–	3,678	3,678
Balance at 31 December 2017	**52**	**–**	**791**	**6,148**	**6,991**

23 Operating leases

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

	2018 £000	2017 £000
Less than one year	**5,640**	4,768
Between one and five years	**15,002**	13,812
More than five years	**6,936**	3,538
	27,578	22,118

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

24 Share-based payments

	2018 £000	2017 £000
Expenses arising from equity settled share-based payment transaction	**2,692**	2,677
Deferred tax recognised in other reserves arising from equity settled share-based payment transaction	**(14)**	1,001
	2,678	3,678

During the year the share options issued in 2015 vested, of which 754,202 were exercised, and 179,209 linked shares lapsed (linked shares which were not required to fund the price at date of exercise). The share options exercised were satisfied by the issue of 754,202 new shares, of which 455,548 were subsequently sold to the FDM Group Employee Benefit Trust, at the market value at date of exercise. For detail of the shares held in the FDM Group Employee Benefit Trust see note 25. A transfer of £1,921,000 was made from Other reserves to Retained earnings in respect of the exercise of share options during the period.

As disclosed in the Directors' Remuneration Report, the Company granted awards on 1 June 2018, 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, 2016 and 2017, 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:

	2018 Number of shares	2018 Weighted average exercise price	2017 Number of shares	2017 Weighted average exercise price
Outstanding at 1 January	**2,667,815**	**104p**	2,192,690	101p
Granted during the year	**767,194**	**267p**	664,897	135p
Forfeited during the year	**(388,482)**	**76p**	(189,772)	166p
Exercised during the year	**(754,202)**	**120p**	–	–
Expired during the year	**–**	**–**	–	–
Outstanding at 31 December	**2,292,325**	**159p**	2,667,815	104p
Exercisable at the end of the year	**8,000**	**125p**	–	–
Weighted average remaining contractual life (years)	**1.0**	**n/a**	1.0	n/a

The weighted average share price at the date of exercise of options exercised during the year ended 31 December 2018 was 999p (2017; not applicable).

24 Share-based payments continued

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:

2018	PSP	CSOP
Share price at date of grant	**1021p**	**1021p**
Exercise price	**1p**	**1021p**
Dividend yield	**3%**	**3%**
Expected volatility	**29%**	**29%**
Risk free interest rate	**0.94%**	**0.94%**
Expected life	**4 years**	**4 years**
Fair value at date of grant	**905p**	**179p**

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 – issue on 19 April 2017	641p	115p

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.

25 Investment in own shares

During the AGM held on 26 April 2018, the shareholders approved that up to 10% of the Company's shares could be purchased by the Company. The authority expires at the conclusion of the Company's next Annual General Meeting after the passing of this resolution or, if earlier, at 23:59 on 31 May 2019.

During 2018 the FDM Group Employee Benefit Trust was established to purchase shares sold by option holders upon exercise of options under the FDM Performance Share Plan. The Group accounts for the Company's shares held by the Trustee of the FDM Group Employee Benefit Trust as a deduction from shareholders' funds.

The administrative costs of running the Trust have been consolidated in the results FDM Group (Holdings) plc.

	31 December 2018
Number of shares in the Company owned by the EBT	455,548
Nominal value of shares held	£4,555
Cost price of shares held	£4,561,510
Prevailing valuation per share at 31 December 2018	£7.43
Total market value of shares	£3,384,722
Minimum number of shares in the Company owned by EBT during the year	–
Maximum number of shares in the Company owned by EBT during the year	455,548

26 Related parties

During the year the Group paid rental of £36,000 (2017: £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 (2017: £nil). At no time during 2018 or 2017 was the apartment used by any of the Directors.

During the year the Group paid £nil (2017: £16,000) 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 (2017: £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 145.

27 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 a provision of £204,000 (2017: £287,000).

27 Financial risk management continued

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, £266,000 of trade receivables at 31 December 2018 is owed from new customers (less than 6 months) (2017: £305,000 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 is limited as 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

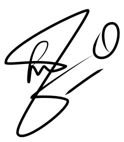
as at 31 December 2018

	Note	2018 £000	2017 £000
Non-current assets			
Investments	3	**5,955**	5,147
		5,955	5,147
Current assets			
Trade and other receivables	4	**43,633**	44,474
Cash and cash equivalents	5	**7**	24
Total current assets		**43,640**	44,498
Total assets		**49,595**	49,645
Current liabilities			
Trade and other payables	6	**42**	74
Total liabilities		**42**	74
Net assets		**49,553**	49,571
Equity attributable to equity holders of the parent			
Share capital	7	**1,083**	1,075
Share premium		**8,771**	7,873
Capital redemption reserve		**52**	52
Own shares reserve		**(4,562)**	–
Other reserves		**5,955**	5,147
Retained earnings		**38,254**	35,424
Total equity		**49,553**	49,571

The Parent Company made a profit for the year of £31,627,000 (2017: profit of £29,740,000). 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 144 to 147 are an integral part of the Parent Company Financial Statements (Registered Company 07078823).

These financial statements on pages 141 to 147 were approved by the Board of Directors on 5 March 2019 and were signed on its behalf by:



Rod Flavell
Chief Executive Officer
5 March 2019

Mike McLaren
Chief Financial Officer
5 March 2019

Parent Company Statement of Cash Flows

for the year ended 31 December 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Company profit before tax for the year		**31,627**	29,740
Adjustments for:			
Dividends received		**(32,000)**	(30,000)
Decrease/ (increase) in trade and other receivables		**841**	(5,775)
(Decrease)/ increase in trade and other payables		**(32)**	10
Cash flows generated from operations		**436**	(6,025)
Cash flows from investing activities			
Dividends received	10	**32,000**	30,000
Recharge for share based payment		**1,921**	–
Net cash generated from investing activities		**33,921**	30,000
Cash flows from financing activities			
Proceeds from issuance of new shares		**906**	–
Payments for shares bought back		**(4,562)**	–
Dividends paid	10	**(30,718)**	(23,976)
Net cash used in financing activities		**(34,374)**	(23,976)
Net decrease in cash and cash equivalents		**(17)**	(1)
Cash and cash equivalents at beginning of year		**24**	25
Cash and cash equivalents at end of year	5	**7**	24

The notes on pages 144 to 147 are an integral part of the Parent Company Financial Statements.

Parent Company Statement of Changes in Equity

for the year ended 31 December 2018

	Share capital £000	Share premium £000	Capital redemption reserve £000	Own shares reserve £000	Other reserves £000	Retained earnings £000	Total Equity £000
Balance at 1 January 2018	1,075	7,873	52	–	5,147	35,424	49,571
Profit for the year	–	–	–	–	–	31,627	31,627
Total comprehensive income for the year	–	–	–	–	–	31,627	31,627
Share-based payments (note 3)	–	–	–	–	2,729	–	2,729
Transfer to retained earnings	–	–	–	–	(1,921)	1,921	–
New share issue	8	898	–	–	–	–	906
Own shares bought back	–	–	–	(4,562)	–	–	(4,562)
Dividends paid	–	–	–	–	–	(30,718)	(30,718)
Total transaction with owners, recognised directly in equity	8	898	–	(4,562)	808	(28,797)	(31,645)
Balance at 31 December 2018	**1,083**	**8,771**	**52**	**(4,562)**	**5,955**	**38,254**	**49,553**

	Share capital £000	Share premium £000	Capital redemption reserve £000	Own shares 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**

The notes on pages 144 to 147 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 £31,627,000 (2017: profit of £29,740,000).

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 pages 124 and 125.

3 Investments

	2018 £000	2017 £000
At 1 January	**5,147**	2,470
Additions	**2,729**	2,677
Recharge of IFRS2 investment	**(1,921)**	–
At 31 December	**5,955**	5,147

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 24 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 Luxembourg 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%
FDM Group BV	The Netherlands	Ordinary	Indirect	100%

The total cost of investments in subsidiaries, is £2 (2017: £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 2018 is listed below. The principal place of business of each company is considered the same as the registered office, with the exception of FDM Group BV which operates in the Netherlands.

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
FDM Group BV	3rd Floor, Cottons Centre, Cottons Lane, London SE1 2QG, UK

4 Trade and other receivables

	2018 £000	2017 £000
Amounts owed by subsidiary undertakings	**43,616**	44,463
Prepayments and accrued income	**17**	11
	43,633	44,474

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

	2018 £000	2017 £000
Cash at bank and in hand	**7**	24

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

	2018 £000	2017 £000
Trade payables	**11**	12
Accruals and deferred income	**31**	62
	42	74

7 Share capital

Authorised, called up, allotted and fully paid share capital

	2018 Number of shares	2018 £000	2017 Number of shares	2017 £000
Ordinary shares of £0.01 each				
At 1 January	**107,517,506**	**1,075**	107,517,506	1,075
New issues	**754,202**	**8**	–	–
At 31 December	**108,271,708**	**1,083**	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.

During the year 754,202 shares were issued, the difference between market value and par value at issue resulted in an amount of £898,000 being recognised in share premium with £8,000 being recognised as an increase in issued share capital.

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 2018 £000	Amounts owed by related parties 2018 £000	Dividends from related parties 2017 £000	Amounts owed by related parties 2017 £000
Astra 5.0 Limited	**32,000**	**4,333**	30,000	4,340
FDM Group Limited	**–**	**39,269**	–	40,123
FDM Group Inc.	**–**	**14**	–	–
	32,000	**43,616**	30,000	44,463

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 139 and 140.

10 Dividends

	2018 £000	2017 £000
Dividends received		
Received from subsidiaries	**32,000**	30,000
Dividends paid		
Paid to shareholders	**30,718**	23,976

An interim dividend of 14.5 pence per ordinary share was declared by the Directors on 20 July 2018 and was paid on 21 September 2018 to holders of record on 24 August 2018.

The Board is proposing a final dividend of 15.5 pence per share in respect of the year to 31 December 2018, for approval by shareholders at the AGM on 25 April 2019.

Subject to shareholder approval the dividend will be paid on 14 June 2019 to shareholders of record on 24 May 2019.

This brings the Company's total dividend for the year to 30.0 pence per share (2017: 26.0 pence per share). The total ordinary dividends of 30.0 pence per share will be covered 1.14 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.

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 final dividend of 14.0 pence per share in respect of the year to 31 December 2017 was approved shareholders at the AGM on 26 April 2018, the dividend was paid on 15 June 2018 to shareholders of record on 25 May 2018.

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 128.

12 Auditors' remuneration

Auditors' remuneration of £7,000 was charged in relation to 2018 (2017: £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

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Independent Auditors
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London
WC2N 6RH

Bankers
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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

UK

IRELAND

USA

CANADA

GERMANY

SWITZERLAND

AUSTRIA

FRANCE

SPAIN

LUXEMBOURG

THE NETHERLANDS

DENMARK

SOUTH AFRICA

HONG KONG

SINGAPORE

CHINA

AUSTRALIA

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