Trusted when it matters

NAHL Group plc Annual Report and Accounts 2017

NAHL GROUP PLC

Trusted...

- by our customers and partners
- to keep our promises
- to act with integrity
- to achieve the right result
- to provide help when it matters

NATIONAL ACCIDENT HELPLINE

BUSH & COMPANY REHABILITATION

FITZALAN PARTNERS

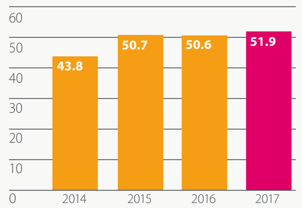
SearchesUK your search is over

Visit us online to see how our brands are trusted to provide help when it matters
www.nahlgroupplc.co.uk/trusted

NAHL Group plc is a leading marketing and services business focused on the UK consumer legal services market.

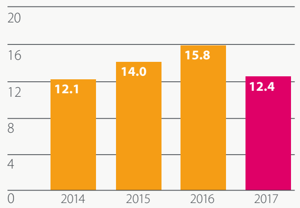
Revenue (£m)

£51.9m +2.5%



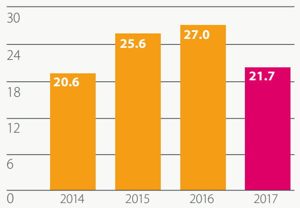
Profit Before Tax (£m)

£12.4m -21.4%



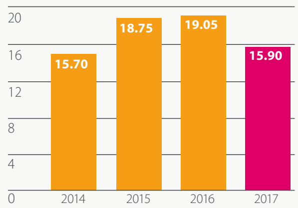
Basic EPS

21.7p -19.6%



Dividend per share (p)

15.90p



Operational highlights

- A year of progress with continued evolution of Personal Injury division.
- Establishment and operational launch of two Alternative Business Structure (ABS) ventures with early signs encouraging.
- Successful relaunch of National Accident Helpline brand generating positive results.
- Critical Care division ahead of last year with continued growth in market share.
- Solid trading performance from Residential Property division against a challenging market backdrop.

Financial highlights

- Trading perfomance in line with expectations.
- Revenue up 2.5% to £51.9m (2016: £50.6m).
- As expected, underlying operating profit down 19.4% to £14.5m (2016: £18.0m).
- Profit before tax of £12.4m (2016: 15.8m).
- EPS ahead of expectations at 21.7p (2016: 27.0p).
- Recommended final dividend of 10.60p resulting in a total dividend for the year of 15.90p (2016: 19.05p).

NAHL Group plc operates in the UK Consumer Legal Services market across three divisions.

Consumers supported

151,178

Current staff

220

Care experts

164

Our Vision

To become the leading provider in our chosen consumer legal services markets by:

- creating trusted brands that enable consumers to access the law;
- forging strategic customer partnerships that create mutual value; and
- embracing developing technologies to reach and interact with our consumers and customers.

Our Mission

To provide exceptional service to our consumers and customers by being outstanding at everything we do.

Key milestones since flotation

May 2014
Floated NAHL Group plc on AIM
Investing in our future, increasing our profile and status, signalling our intention towards future growth.

Feb 2015
Acquired Fitzalan Partners
Entering the residential property market, diversifying our business.

Jul 2015
Acquired Best Value Conveyancing
Cementing our position in the residential property market.

Oct 2015
Acquired Bush & Company Rehabilitation
Building on our expertise in Personal Injury (PI) by expanding into the catastrophic injury market.

Our trading divisions

Personal Injury
National Accident Helpline (NAH)

Attracting consumers via its market leading brand, sympathetically validating the legitimacy of their claim and connecting them to an appropriate expert law firm.

Revenue
£31.7m

Underlying operating profit
£11.0m

Critical Care
Bush & Company Rehabilitation (Bush)

Market leading provider of Case Managers and Expert Witnesses to solicitors and insurance companies in support of serious and catastrophic injury victims.

Revenue
£11.0m

Underlying operating profit
£3.9m

Residential Property
Fitzalan Partners and Searches UK (Fitzalan and Searches)

Utilising proprietary web-based platforms to target prospective homebuyers and sellers in order to provide conveyancing, searches (via Searches) and survey services via a carefully selected panel of law firms, conveyancers and surveyors.

Revenue
£8.3m

Underlying operating profit
£1.4m

Jan 2016
Acquired Searches UK

Significantly expanding the product offering of the residential property division providing a comprehensive service to consumers.

Jul 2017 – Established Your Law LLP, our first ABS with NewLaw Solicitors

Getting closer to the claim, delivering improved consumer experience.

Nov 2017 – Established second ABS with Lyons Davidson Solicitors

Trading as National Law Partners and continuing our intention to increase involvement in the claim and be outstanding in everything we do.

The Group operates in the Consumer Legal Services market enabling consumers to access support when it matters.

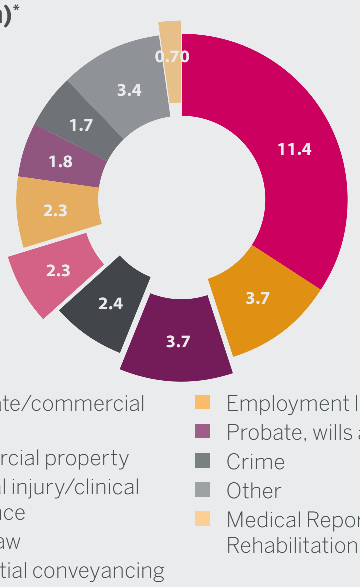
Consumer Legal Services

Consumer Legal Services (CLS) continues to be a fragmented market with a great deal of confusion from consumers around the legal process and how to access it. Ongoing media commentary around the market itself and changes to it (including Personal Injury reforms, Stamp Duty and so on) add to this sense of uncertainty. The knock-on effect of this is that consumers can find it challenging to identify the best provider for their legal concern from amongst the many choices open to them in the market.

In order to support consumers in making the right choice, we firmly believe there is a need for greater clarity and guidance and for the legal sector to identify trusted, knowledgeable partners to work with. The speed of the development of the sector and the myriad ways that consumers can access this help is increasing. NAHL Group plc has been at the leading edge of this change to ensure that it is in the best possible position to provide the support and guidance that consumers need in the wake of these ongoing changes.

Our three divisions focus on the Personal Injury (PI), Critical Care ((CC), incorporating medical reporting/rehabilitation) and Residential Property (RP) markets within CLS. These markets are valued at £6.7bn[1].

UK Legal Services Market by Key Practice Area, 2017 (£bn)*



* Source: IRN Research, UK Legal Services Market Report, March 2018. IRN Medico-Legal Insurance Services Report, February 2018.

We are focused on Personal Injury, (the largest of the CLS segments), Critical Care and Residential Property.

Personal Injury

The PI market has been broadly static in recent years at just under one million claims per annum. However, we anticipate a softening in the overall market as a result of a reduction in Road Traffic Accident (RTA) claims caused by the cumulative impact of prior legislative change which has resulted in demand uncertainty.

Whilst data from April 2017 onwards is not yet available, our belief is that non-RTA volumes will remain broadly static and, coupled with our enquiry rate increasing[2] year on year, we will therefore have increased our market share.

There has been an apparent decline in Employer Liability cases but this is attributed to a significant reduction in noise induced hearing loss (NIHL) cases rather than an overall reduction in these claims. NAH has deliberately not been active in the volume NIHL market due to concerns about the nature of some claims and so its value to Panel Law Firms (PLFs). There has been a marked increase in claims categorised as "other" and this is driven by a spike in foreign, gastric illness claims which is an area that NAH is not engaged with.

External factors such as ministerial changes and Britain's intended exit from the European Union have created increased uncertainty about the implementation of reforms proposed by the former Chancellor of the Exchequer. The delay in progressing the Civil Liability Bill will inevitably push out the timelines for regulatory change.

1. IRN Research, UK Legal Services Market Report, March 2018 and IRN Medico-Legal Insurance Services Report, February 2018
2. Management Information, March 2018

Critical Care

Despite being a relatively small market, in comparison to the others in which we operate, 2017 has, nevertheless, seen some interesting developments. There have been a number of mergers and acquisitions amongst the smaller providers whilst some of the larger Fast Track companies have developed propositions in the catastrophic sector.

The war for talent is an ongoing and important dynamic so continuing our focus on quality and supporting our consultant base remains a key priority and during the year we have increased the number of Case Managers working with Bush.

Although the regulatory changes in PI do not directly affect Bush we have seen growing cost pressures and price sensitivity as firms grapple with the impact of overall lower claims revenue in other sectors of the market. In addition we anticipate government initiatives that focus on the use of technology to create efficiencies for the courts, including, reduced court time and associated expenses. This will have the benefit of affording our experts more time for other areas of their core work. Bush is further responding to these trends by taking steps to ensure its own report templates and processes are as streamlined as possible.

We are also sensing a greater focus on a more strategic approach by firms who are adopting a procurement based model. Bush has successfully adapted to compete effectively in such initiatives, securing insurer contracts that help us grow joint instructions.

An additional, positive development has been a growing number of strategic partnerships. As an example Bush has been working with the Child Brain Injury Trust (CBIT) on a new commercial alliance which we anticipate will contribute to 2018 growth.

Residential Property

The RP market has continued to be challenging with a 25% drop in volume sales in 2017[1] – resulting in a 30 year low in home ownership[2]. The result of this is that 46.1% of people between the ages of 25 and 34 are renting privately, up from 24.2% in 2005-06[3].

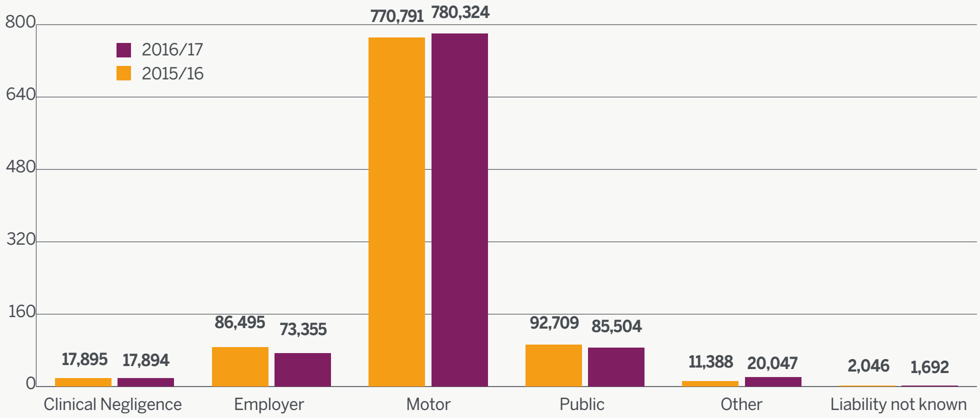
This challenge was recognised by the Government in their decision at the Budget to remove Stamp Duty for first time buyers in a bid to stem this decline and encourage a pick up at the entry end of the market.

Homebuyers' confidence is a key driver of market performance and research[4] in Q4 showed that this is at its lowest level since December 2012. Furthermore, between April and October 2017 house price optimism dropped 14 points[5], matching the record fall following the EU Referendum result.

Whilst these difficulties in the market have made for a tough environment for Fitzalan and Searches, the Government's action on looking to rejuvenate the first time buyer market did open the opportunity for the division to provide a one-stop shop for those looking to purchase their own home, providing all the help and information they will need while navigating this complex process.

1. Land Registry Transaction Data.
2. English Housing Survey, March 2017
3. English Housing Survey, March 2017
4. Halifax Customer Sentiment Survey, October 2017
5. Halifax Customer Sentiment Survey, October 2017

Number of cases registered to the CRU



Total 2016/17
978,816
Total 2015/16
981,324

Source: Compensation Recovery Unit performance data, May 2017

Providing exceptional service to our consumers and partners by being outstanding at everything we do.

What we do

Attract
In our PI and RP divisions, we leverage our brands and digital marketing is used to attract consumers. While in CC, this is achieved through an awareness of the clinical expertise, experience, independence and reputation of the business and its consultants who work on behalf of Bush.

Empathise and Understand
Our teams take the time to empathise with the consumer's position and gain a full understanding of their needs. Once they have all the necessary information they are best placed to recommend a course of action.

Act and Deliver
Consumers are then matched with an expert who is most appropriate to serve their needs, be they as legal firm, surveyor, Expert Witness or Case Manager. They are then on their way to a satisfactory outcome.

How we get paid
Customers pay for these services either via commercial agreement for the supply of services (PI) or a fee per finalised instruction (RP). In our ABSs we are paid a pre-agreed proportion of the consumer's final settlement. In CC, the Expert Witness service receives a fee per finalised report while the Case Management service is paid on an ongoing basis dependent on the level of support provided.

Value created for stakeholders

Shareholders
The Group is focused on increasing long-term shareholder value through the execution of its chosen strategy and prudent capital management.

Dividend paid

£8.2m

Consumers
The Group is committed to ensuring that consumers receive an exceptional service at every stage of their journey, constantly looking for ways to improve and develop in order to secure their trust in us when it matters.

Consumers supported

151,178

Partners
The Group operates in a fair and transparent way with all corporate partners, delivering to agreed conversion rates and service levels, providing high quality cases and ensuring appropriate match and fit with consumers.

Law firm relationships

697

Our Values

We are Curious
We question the status quo, seek to understand our customers and resolve how we could do things better for them.

We are Driven
We value achieving results, we strive to make them happen, we want to build something meaningful and have fun while we do it.

Delivering quality customer service

Our teams are highly trained, well skilled, empathic listeners who are able to signpost both customers and consumers to the legal help most appropriate to their needs.

For information please see Our People on page 28.

Values in Action

Proud of our Values

Our businesses take their obligation to operate responsibly extremely seriously and we are proud of the work that we have done in this area, not just within our own divisions but with the wider consumer law community. This commitment is borne out in our Values which inspire both our personal and business behaviours and activities. To this end, we are proud that our Values can be so evidently shown in action:

Curious

We have been aware that the PI industry has been in need of a new approach for some time, with a view to improving the consumer experience. Being Curious about how we could be at the forefront of this, NAH created its own ABSs. Your Law and National Law Partners both enable NAH to get closer to the claim while also providing a streamlined experience for the consumer.

Driven

We know that cold calling has played a large part in the negative public perception of the PI industry. As a business we have never made, and will never make, a cold call and so have been Driven to eradicate this blight on the industry. NAH has actively lobbied Government to ban this intrusive and damaging practice. Having led the charge, we are delighted, therefore, that the Government has brought forward legislation to make cold calling illegal in the UK. This is likely to be implemented in 2019.

Passionate

Bush is Passionate about providing the best possible service and support to those who have suffered a catastrophic injury by delivering the highest clinical standards to its consumers. This passion has been evidenced in 2017 by Bush being awarded Rehabilitation Provider of the Year in the Lawyer Monthly Annual Awards. We were also thrilled when two Bush Case Managers received industry awards this year - Rachel Wilson as Case Management Society UK (CMSUK) 'Catastrophic' Case Manager of the Year and Kayur Kotecha as CMSUK Clinical Case Manager of the Year.

Unified

Being Unified reflects not only how our colleagues interact with one another but also with consumers. In our RP division we know how overwhelming buying your first home can be – especially when areas of law and financing can be so changeable. As a result, bringing together all this vital information within the First Time Buyers' Hub, including guidance related to the Stamp Duty changes announced in the Budget, was an important step towards accompanying homebuyers on this exciting and all-consuming journey.

We are Passionate

We care about what we do and how we do it, we empathise with our customers and keep our promises.

We are Unified

We are one team committed to integrity, taking individual responsibility for our actions whilst trusting and respecting each other.

Well positioned for future opportunities.

Strategic priority	Progress in 2017
Business Re-engineering	▪ Your Law and National Law Partners ABSs successfully launched (PI) ▪ First Notification of Loss (FNOL) capability developed and launched (PI) ▪ Front-end customer acquisition process upgraded to include 'no completion, no fee' proposition (RP)
Brand Development	▪ New National Accident Helpline creative campaign successfully developed and launched ▪ Industry award achievements underpin Bush reputation ▪ Upgrading of Homeward Legal site driving conversion improvements in RP
Technology Platforms & Digital Solutions	▪ Improved digital capability, allowing customers to begin claim online (PI) ▪ Technology to support move from postcode allotment to rota system and in splitting of enquiry types implemented (PI) ▪ Introduced skills base routing into telephony platform (PI) ▪ Implemented a new data warehouse to improve Management Information(MI)(CC)
Commercial Relationships	▪ Continued development of new commercial arrangements wih PLFs including deferred payment model and allocation of preferred enquiry types (PI) ▪ Focus on larger strategic relationships resulting in important contract wins (CC) ▪ Re-tendering of conveyancing panel to improve offering and optimise returns (RP)
Acquisitions	▪ No suitable opportunities aligned to our strategy.

Priorities for 2018

- Manage and monitor existing ABSs as volumes build
- Develop new small claims ready ABS
- Extend FNOL capability and introduce sign up and portal processing for new ABS
- Use the functionality developed to ensure the business is small claims ready
- Accelerate investment in claims processed through ABSs

- Evolve National Accident Helpline brand building on success of 2017 launch
- Insource marketing capability in our PI division
- Continue to invest in presenting Bush as the quality care provider
- Drive improvements from Homeward Legal into other RP brands

- Extend digital capabilities to enable a better online consumer journey (PI)
- Define and implement case management software for 3rd ABS (PI)
- Identify technological solutions to improve efficiency at Bush providing tools for our consultant base (CC)
- Review customer ordering systems at Searches (RP)

- Evolve panel relationships to be more bespoke and interact with our new capabilities e.g. FNOL and portal processing (PI)
- Maximise opportunity provided by contract wins whilst cultivating existing relationships (CC)
- Develop new commercial relationships that drive leads and top line growth (RP)

- Continue to consider small, earnings accretive acquisitions to enhance our existing divisions

Preparing for change, investing in the future.

Trustpilot score

9.2

NAH received an overall Trustpilot score of 9.2 out of 10 during 2017*

(*Source: Brand Trustpilot 2017)

Personal Injury

2017 has been a year of continued investment in the PI division with a number of new projects which, we believe, will further establish NAH as the company of choice for those who need to access justice.

A fresh, new brand

We began the year by initiating our brand redesign and new campaign. Having carried out extensive research into the market and how it presents itself, our new activities were borne out of this feedback. We discovered that our consumers often feel that they have been wronged by their injury – it may have caused them to suffer long lasting effects meaning that their quality of life is changed, or they may have lost earnings through being unable to work. In these circumstances, they need the help that NAH can give to make it right again.

"After speaking with the lady, she was really nice and she was very sympathetic."
- Teusday

This feedback informed our new advertising campaign which focuses on what our advisors do best – conversations – and the empathic and knowledgeable support that they provide. The Legal Support Advisors at NAH are experts in sensitively accompanying consumers through the complex and sometimes daunting process of making a claim. This new brand differentiates us, not only from our previous marketing messages, but also those of the majority of our competitors. For us and our consumers it's about accessing justice.

NAH's new strapline of 'When it's wrong, make it right' reflects this focus on justice and now permeates all activities throughout the business.

Government Consultation results – NAH was ready

In February 2017, the Government announced the results of its Consultation on reforming the soft tissue injury (whiplash) claims process which included:

- Setting the small claims limit to £2,000 for non-RTA and £5,000 for RTA (as against £5,000 across the board, as could have been the case).
- The Government will ban pre-medical offers to settle RTA related whiplash claims.
- The ban will cover both the offering and requesting of such settlements, and there will be no exceptions to the ban.
- It is anticipated that these changes will take place no earlier than Q2 2019.

The results were better than expected for NAH and the business was well placed to respond. NAH didn't wait for the announcement to come in order to plan for its future and so had been strategising around the possible outcomes for some time. As a result, we were on the front foot when the announcement came, enabling us to move forward with our plans for growth.

Increasing market share

These plans include NAH's medium-term strategy to grow its share of the personal injury market, whilst continuing to provide high quality marketing services to its PLFs. As a result, we were able to launch two ABSs this year.

Your Law LLP

The first, Your Law LLP, is a joint venture with NewLaw and went live in July 2017. Your Law operates out of offices in Cardiff and Bristol and services in excess of 1,000 new consumers each month. Your Law focuses on personal injury law but also has the capacity to provide other consumer law services. Both parties are excited about the potential for further growth of Your Law.

The launch of Your Law is also important to us in our aim to continue to provide high quality advice that consumers can trust, while championing our ethical business model. This joint venture reflects our confidence in the future of the industry in the face of further regulatory changes.

National Law Partners

In November, we were pleased to launch our second ABS, National Law Partners, a further joint venture working with law firm Lyons Davidson. National Law Partners operates from Lyons Davidson's offices in Cardiff and employs around 35 staff seconded in from the firm. National Law Partners has also established a legal services team in Kettering which handles the front end of the claims process for the ABS, ensuring that we can contribute our expertise in this area.

As with Your Law, the claims being processed via National Law Partners don't constrain the supply of enquiries to our PLFs and we remain committed to operating a UK-wide panel of solicitors providing both full geographical coverage and market leading expertise.

Upfront investment for future profit

The development of the ABSs presents a change in how the revenue from these businesses is recognised as compared to the PI division as a whole. We have made a large upfront investment into these new ventures and the returns will not be seen until future years. This was a planned development with the intention that the vast majority of revenue and profits generated from these ventures will not materialise until liability for the claim is admitted, reflecting the time it takes to process a claim.

Investing in the consumer experience

As with all businesses, the power of digital and its potential impact on the bottom line, isn't to be underestimated. Alongside the new brand and campaigns came further investment in our digital capabilities, both with regard to attracting higher numbers of consumers and ensuring they can complete a greater degree of the claim process online.

David's story

My name is David, I'm 69 years old and I'm retired. I love riding my motorbike and doing it up, I do a lot of my own mechanics. I was riding my motorbike when a van suddenly pulled across in front of me. I had no chance of avoiding him or to stop, and I hit the side of it. I was thrown over the top and was knocked out. My wrist was broken and I suffered concussion.

Having a broken wrist made life very difficult, I couldn't wash myself properly and had to keep asking people to do things around the house. I also couldn't ride my bike which was written off after the accident, so I had to take the bus which, where I live, is challenging as they're every two hours.

As soon as it happened I thought 'this guy's not going to get away with it'. He didn't even come over and apologise after it happened. I rang the National Accident Helpline.

I'd never had an accident before, so I didn't know what to expect but I spoke to a young lady who was very approachable and listened to what I had to say - asking how I was feeling and being worried about my injuries. I felt like I was in the right hands.

They passed my details on to the solicitors who took it on from there and they kept me up to date with what was happening. The claim was eventually settled out of court, and I've bought a new motorbike!

"I spoke to a young lady who was very approachable and listened to what I had to say - asking how I was feeling and being worried about my injuries. I felt like I was in the right hands." – David

Developing partnerships, demonstrating excellence.

Critical Care
In the last year Bush has concentrated much of its focus on building its new strategic affinity relationships, including with the Child Brain Injury Trust (CBIT). Our success in securing such relationships stems from Bush's excellent reputation in the CC sector. It also demonstrates the cohesion between the values, aims and ambitions of our partner organisations.

Developing market share
Bush remains focused on continuing to develop market share through the organic growth of our core business, building on relationships with solicitors firms alongside other strategic partnerships. These relationships are vital to us in our growth plans.

Improving efficiencies has been an important area of development for us this year, with our projects to streamline our own templates, saving Case Managers and Expert Witnesses valuable time as well as providing uniformity. We expect these changes to ensure we are ahead of the curve as further efficiencies within the court and legal system work their way through.

Demonstrating excellence
Formalising and demonstrating excellence is a large part of winning contracts and securing work for Bush. To this end, we were delighted to be awarded Lawyer Monthly's Rehabilitation Provider of the Year as well as the Investors in People Silver grade at our first assessment – a great achievement. This second award reflected Bush's success in fully engaging the staff in its aspirations as well as their own commitment to identifying the role each of them plays in delivering against Bush's ambitious growth strategy.

97%[1]

of our customers would recommend Bush

1 Management Information, January 2018.

Maintaining profitability, maximising opportunity.

Trustpilot score

8.7

Fitzalan's largest brand, Homeward Legal, received an overall Trustpilot score of 8.7 out of 10 during 2017*

(*Source: Brand Trustpilot 2017)

Residential Property

Fitzalan and Searches have been operating in a market that has declined by 25%[1], making for a very challenging environment. The teams have, therefore, focused on maintaining profitability, making efficiencies and maximising opportunities.

Focusing on conversion

There has been a real focus on conversion this year, maintaining the high customer service standards that both Fitzalan and Searches are known for. We have maintained our focus on improving our branded websites for usability and content. These are our primary channels for driving customers to the business, so ensuring these are operating at the highest level is vital. These activities have enabled us to partially defray market impacts in what has been,overall, a challenging year.

First Time Buyers' Hub launches

Fitzalan has also invested in new product offerings, most notably the First Time Buyers' Hub, incorporating a comprehensive guide to the Stamp Duty changes announced by the Government. The First Time Buyers' Hub is a one-stop guide to becoming a homeowner, walking newcomers to the housing market through every aspect of buying a property for the first time and offering transparent, fixed-price deals on conveyancing and survey fees. The First Time Buyers' Hub is packed with tips, checklists and downloadable resources that answer questions about buying for the first time, from simplifying legal terms to Help to Buy options and securing a mortgage.

"I'm a first time buyer so I wasn't too sure what questions or information I needed. Jake made it very easy, he explained everything and made me feel very comfortable about any questions I did have. Really polite and very helpful." – Leanne, Trustpilot

1. Land Registry Transaction Data

"This is a super-fast service, with a dedicated person who explains everything, answers questions and gets the move underway effectively and efficiently. We had everything we needed to start our moving process in under 30 minutes – that included a phone call and all the information from the solicitor who had been appointed! Impressive!" – Marie, Trustpilot

The Group has experienced both growth and considerable challenge during 2017 and delivered a strong performance overall.

"We are enthused by the potential for change in PI. We have a market leading brand, and the leadership team to evolve and develop the division to create strong, predictable and sustainable earnings and cash flow."

2017 Revenue

£51.9m

Profit before tax

£12.4m

I am pleased to report the Group's results for the year ended 31 December 2017.

Summary of Financial Performance

2017 has been a year of considerable change for the Group, primarily in our Personal Injury (PI) division. We performed as expected, with 2017 revenue ahead at £51.9m (2016: £50.6m), primarily due to a 5.5% increase in PI revenues. Underlying operating profit declined as expected to £14.5m (2016: £18.0m), reflecting marginal growth in our non-PI businesses and significant structural changes in our PI division, as we invested in cases through our newly launched ABSs. Total operating profit was £12.6m, down from £16.2m in 2016, after charges for share-based payments, amortisation of intangible assets acquired on business combinations and exceptional items, with profit before tax of £12.4m (2016: £15.8m). Earnings per share declined 19.6% to 21.7p (2016: 27.0p).

Divisional Review – Personal Injury

During 2017 we made strong progress in preparing for the regulatory changes previously announced by the Ministry of Justice. It is anticipated that these changes will take place no earlier than Q2 2019.

Our preparation for these changes included a brand relaunch for National Accident Helpline and the establishment and operational launch of two ABS ventures. These ventures involve investment in certain types of PI cases, with a consequential deferral of cash flow, revenue and profit recognition. We continued to invest in cases with our strategic PLF partners.

Metrics from our brand relaunch in June 2017 have been building and we are pleased with progress, operating under the theme 'When it's wrong, make it right'.

Investment in cases with PLFs and through our ABS ventures changes our medium-term profit and cash profiles as we build the number of cases in progress, and is the primary reason behind the reduction in Group profits in the current year. PI operating profits are down from £14.1m in 2016 to £11.0m in 2017, with the related deferral of profits intended to support future earnings' stability and predictability. Early indications from our ABS ventures have been positive, moreover, we are already identifying ways to improve their returns, supporting our strategy of investing in ABS structures.

Our preparations for regulatory changes continue in 2018, particularly in relation to the consequences of the expected significant change in the small claims limit, and the potential compensation available for low value whiplash injuries in road traffic accidents (RTA). We anticipate a broadly unchanged landscape in terms of the number of accidents, and the number of consumers seeking redress, but expect to experience a progressive reduction in PLF appetite for these smaller value cases.

Our strategy is twofold – namely to continue to work with our PLF partners and ABS ventures on PI cases, whilst establishing processes in-house to support consumers who might be unable to access justice through more traditional channels. Whilst our PLF partners may be less inclined to work with smaller value cases, handled correctly, we believe that they still offer NAH a valuable opportunity to leverage its twin attibutes of process efficiency and empathic customer focus. With this in mind, during 2018 we intend to establish a third ABS, incurring set up costs in 2018 and 2019. This ABS will be small claims ready, and will, in due course, provide digitally enabled consumer advice and support. Set up costs, including capital expenditure, are expected to amount to approximately £4.0m during the next 2 years and will comprise investment in people, technology and process capability.

Divisional Review – Critical Care

The Group's Critical Care (CC) division has performed ahead of last year, but experienced slightly softer trading in Q4 compared with our expectations. Revenue was up 6.6% to £11.0m (2016: £10.4m), delivering operating profits up 2.5% at £3.9m (2016: £3.8m).

The division has recently secured a number of strategic business development opportunities that we expect to contribute to growth in H2 2018.

Divisional Review – Residential Property

The Group's Residential Property (RP) division has performed solidly in difficult market conditions. Revenue was down 7.5% to £8.3m (2016: £9.0m), with operating profits unchanged at £1.4m. Weakening consumer demand and taxation changes have impacted residential conveyancing volumes across the market. Management has responded to difficult market conditions by focusing on operational efficiency to good effect.

We expect trading conditions to continue to be difficult reflecting the macro-economic dynamics facing homeowners and consumers generally.

Balance Sheet and Final Dividend

As previously indicated, cash generation across the Group has been lower than in prior years, with a 54.8% (2016: 79.7%) cash conversion of underlying operating profit from continuing operations into net cash flows from operating activities before interest and tax. This decline reflects the planned investment in PI cases, with a corresponding increase in trade receivables and payables on the balance sheet. We expect this lower level of cash conversion to continue in 2018 as we build a sustainable business model for the new PI regulatory environment.

At the year-end we had adjusted net debt of £12.7m (2016: £8.2m), which includes £0.7m of other payables relating to the legacy pre-LASPO ATE product. During the year we refinanced and significantly increased our banking facilities with a £25.0m rolling credit facility (RCF) maturing in December 2021, which will support our investment in our PI business.

The Board proposes, subject to approval of shareholders at the Annual General Meeting to be held on 23 May 2018, a final dividend of 10.6p per share payable on 31 May 2018 to ordinary shareholders registered on 27 April 2018, making a total of 15.9p per share payable for the year.

Dividend Policy

In 2017, we have invested over £6.5m in PI cases through our ABS ventures and with our PLF partners. With positive early indications from both ABS structures, as well as the identification of ways of enhancing their future returns, we expect to accelerate this investment in 2018. Whilst our internal projections show significant banking facility headroom available we wish to maintain this to preserve maximum operational flexibility and to allow us to take advantage of opportunities which may arise in due course.

Accordingly, the Board intends to fund further ABS investments, partly by amending its dividend policy. With effect from the 2018 interim dividend, dividend cover will be increased from 1.5x to 2.0x EPS though the total dividend will continue to be paid as to one third at the interim stage with the balance to be paid following the full year results. We will review our dividend policy again in 2020 having regard to our rate of cash generation and to our debt levels both in absolute terms and as compared to our operating profits.

Outlook

Trading during the early part of 2018 has been in line with expectations.

The evolution of our PI division is on track and we plan to counter the financial challenges caused by changing regulation. Whilst this necessitates investment in both PI cases and operational structures and processes, we expect to see some payback in 2019, accelerating thereafter. We continue to expect 2018 to be a year of transition and earnings contraction, however, we are enthused by the potential for change in PI. We have a market leading brand and the leadership team to evolve and develop the division to create strong, predictable and sustainable earnings and cash flow.

We anticipate further growth from CC, supported by recent commercial successes. The residential property marketplace is likely to remain challenging in the short term and our focus will be on operational efficiency whilst we engineer market share gains.

2017 has been a challenging year, as 2018 will be. Our businesses have responded to those challenges strongly, and I would like to thank both our business partners and our employees for their continued support.

Steve Halbert
Chairman
19 March 2018

Embracing change, innovating for the future, evolving our business.

Russell Atkinson
Chief Executive Officer

"All the key elements of our strategy are being successfully implemented and we continue to make strong progress as we adapt the business."

Overview

2017 was an important year for the Group as we accelerated the process of re-engineering our Personal Injury (PI) division and navigating challenging market conditions in Residential Property (RP).

Despite the twin challenges of regulatory uncertainty and market headwinds, the Group traded well during 2017 delivering underlying operating profit in line with expectations.

As we have previously indicated, the funding of work within PI impacts short-term profit recognition and cash conversion and this is reflected in year-on-year comparisons.

Having managed that aspect of our business as planned and whilst satisfied with the early contribution of our new ABS ventures, we believe that these structures offer a valuable opportunity to leverage the Group's core skills in the PI market to drive future returns still further.

It is encouraging that all the key elements of our strategy are being successfully implemented and we continue to make strong progress as we adapt the business to take advantage of the opportunities provided by change.

Results

We have delivered continuing underlying operating profit of £14.5m from underlying revenue of £51.0m.

The formation of our two ABS ventures, whilst working with a smaller number of more efficient panel law firms (PLFs), has been the main driver of improving our ability to manage demand. Whilst the traditional panel model remains core to our strategy, the increased flexibility provided by our new arrangements has enabled us to invest in the brand with confidence. The initial KPIs from the ABS ventures have been encouraging and we continue to manage and monitor these carefully.

Having reduced investment in the National Accident Helpline brand in 2016 we have been able to successfully relaunch the brand during the year. The new campaign is generating positive results with brand metrics improving strongly. Research indicates that our trust scores are almost 2.5[1] times better than our nearest competitor. Additionally, the investment in improving our digital functionality has resulted in growing numbers of enquiries generated via these new capabilities.

Our Critical Care (CC) division made progress in 2017 although the final quarter was slightly more challenging as a result of a slower than expected rollout of some commercial initiatives. However, despite this, we have continued to grow market share and developed a solid pipeline of contract wins. Our credibility as brand leader has been further enhanced by winning Lawyer Monthly magazine Rehabilitation Provider of the Year.

The Group's RP business faced further market headwinds during 2017 with Land Registry figures indicating a decline in annual volume of 25%[2]. However, our focus on website conversion, margin management and cost control enabled us to report profits for this division in line with those of 2016 - a robust performance.

Market overview

The Group continues to operate in the large and fragmented Consumer Legal Services (CLS) market, remaining focused on PI and RP and we are proud to be the UK's leading marketing services provider in the personal injury sector.

1. Independent Brand Tracking Data (The Nursery) November 2017
2. HM Land Registry Transaction data

The PI market has been broadly static in recent years at just under one million claims per annum[3]. However, we anticipate there has been a softening in the overall market during 2017 as a result of a reduction in Road Traffic Accident (RTA) claims caused by the cumulative impact of prior legislative change which has resulted in reduced marketing activity. Whilst data from April 2017 onwards is not yet available, our belief is that non-RTA volumes will remain largely unchanged and, coupled with our enquiry rate increasing year-on-year[4], we will, therefore, have increased our market share.

The number of Claims Management Companies (CMCs) has dropped from a peak of 2,500 in 2011/12 to approximately 670[5]. The effect of previous legislation combined with a continuing lack of clarity surrounding the timing and impact of regulatory reforms has driven many smaller and mid-sized firms to question ongoing profitability causing uncertainty in decision making about future investment. This has depressed demand in the market as a whole for the traditional panel model and we expect this trend to continue, albeit we plan to mitigate the effect of this through our combined ABS and PLF strategy.

Critical Care focuses exclusively on the catastrophic injury market, where we provide expert witness and case management services. Whilst not directly impacted by the proposed regulatory changes, the contagion effect felt by law firms from lower value claims, as well as the impact on insurers arising from the Ogden Reforms (changes to the discount rate), has resulted in some small changes in solicitor and insurer behaviour.

The Group's third business, RP, is focused on lead origination and survey and search process management in residential property transactions and the challenges in this market are well documented. Poor availability of housing stock, 30 year lows in home ownership, continuing falls in new mortgage approvals and low levels of consumer confidence characterise the current climate. The Government has taken action to stimulate first time buyer transactions but this will take time to feed through. The market overall, therefore, remains challenging.

PI Regulatory update

In February 2017 the Government published its response to the consultation into, amongst other things, PI related soft tissue cases and small claims which it first announced in November 2015. Over a year later, despite the visibility provided by the consultation response, there is currently no definitive timetable for the introduction of legislation. Clearly the political turmoil caused by the 2017 general election combined with the continuing focus of legislation related to Britain's proposed exit from the European Union means that progress has been slow. We anticipate that these changes will be implemented no earlier than Q2 2019.

Strategic development in PI

Our PI division has been making significant preparations in anticipation of regulatory change. In particular we are now processing our own work through ABS ventures. Whilst these are in their early stages, we are encouraged by current levels of settled income from case successes (or accrued income for cases where liability has been admitted, though which remain unsettled).

Our first ABS, now in its eighth month of operation, is already profitable month-on-month and has covered its projected fixed costs for its first full year of operation. Importantly though, we are also identifying ways of improving ABS profitability through a range of initiatives to improve processes and, ultimately, returns. We have consequently further refined our business models and we are now confident that we understand how to manage the financial impact that changes to the small claims limit and whiplash reform will have on our business.

The success of our 2017 strategy, continued panel demand uncertainty and increased clarity in our post-reform business models lead the Board to conclude that we are best served to accelerate our investment in processing capability. Our strategy will continue to evolve and we plan to focus our investment in the following areas:

- extending our ABS capability by creating a third ABS that allows NAH deeper involvement in the process in preparation for small claims;
- further developing our commercial models with PLF partners;
- evolving the National Accident Helpline brand to build on the impact created by our new campaign; and
- building our digital capability to enable a better experience for consumers.

This investment creates a platform for growth that will enable us, over time, to transform the consumer's journey from initial contact to settlement, modernising the experience and offering a more efficient digital proposition combined with the service approach for which we are already acknowledged. We believe that the platform will also enable us to transition into processing small claims on an efficient and cost-effective basis.

Increased investment means a continuing deferment of profit and cash flow that is realised in future years as cases settle. However, as the model matures, both profit and cash flow will normalise enabling us to absorb the impact of regulatory changes and grow our market share without further significant disruption to the business.

3. Compensation Recovery Unit Performance Data, May 2017
4. Management Information, March 2018
5. IRN Research, UK Legal Services Market Report 2018.

Brand
During 2017 we made an exceptional investment of over £1m in relaunching our PI brand, National Accident Helpline. The creative approach has been developed to reposition the brand and broaden its appeal to a wider segment of the market. The campaign has been successful and allowed us to adjust our media strategy to be more efficient using a lower weight of TV advertising than in previous years, enabling us to optimise other elements of our marketing mix.

Our focus on enhancing our digital offering has seen consumers able to start their claim online. This initiative has seen us achieve significant growth in such enquiries. Further investment in this area will be critical to enable us to support small claims and modernise the claims process.

Critical Care, operating under the Bush brand, has always had an enviable reputation for clinical excellence. Throughout 2017 we continued to invest in building this reputation. This has led to significant recognition with four important industry award wins during the year. Once again, our highly successful clinical conference was the centerpiece of our marketing activity positioning us as an industry thought-leader and further underpinning our proposition.

In RP we have continued to evolve our portfolio of brands as they focus on a localised organic search approach. Particularly pleasing, in a challenging market, were the improvements that we made to website conversion. Our ability to plan ahead was demonstrated by the introduction of our First Time Buyers' Hub the day after the Government announced changes to Stamp Duty.

Ongoing focus on the brands that underpin our business will always be a core feature of the Group.

Customers
Central to the Group's strategy has been serving a cross-section of claimant, defendant and conveyancing law firms with a range of services and products. Our customer base is broad, currently standing at 697 firms.

In PI 2017 has seen us begin the process of supporting consumers directly, through the introduction of Your Law and National Law Partners, our ABS ventures. In this way, we now earn a proportion of our revenue from successfully processing a consumer's claim. Our PLFs, however, continue to play a critical role for us and we have evolved our commercial models to provide more flexibility and choice.

In CC we continue to grow our customer base and this has been crucial in supporting our market share growth. Particularly satisfying has been the development of larger more strategic relationships with key insurers and law firms. In addition we have established a contractual relationship with The Child Brain Injury Trust (CBIT). This is an important charity that helps severely injured children and young people and we look forward to supporting them.

In RP we optimised our conveyancing panel and continue to grow our customer base in Searches.

Operations
The Group operates from four offices across the UK and has contact centres in two of these - Kettering and London.

Our PI contact centre added new capability during 2017 in support of our National Law Partners ABS and we now progress the call directly through to verbal retainer for this proportion of our work. Additionally, our ABSs commenced operations from the offices of our partners in Bristol and Cardiff with specific staff seconded to our operations. 35 new jobs were created as a result.

Our Daventry office remains the operational hub of CC and, once again, we have continued to grow our clinical capability through the introduction of new operations managers who support our consultants in their interactions with clients.

Our RP division has focused on sharpening our call handling processes and adjusting our consumer offering to better reflect the nature of the service we provide. The impact of these initiatives will be seen in better conversion from first contact by the consumer, which will be an important part of our growth going forward.

People and values
Our people make us who and what we are and we employ a talented and motivated team of 220 staff across the Group. In addition, we work with a further 164 Expert Witnesses and Case Managers who form the cornerstone of the service we provide in CC.

Throughout 2017 we have been building our capabilities in our PI contact centres which has resulted in us employing a further 15 staff. Additionally we have strengthened the operational management team in CC where we have been awarded silver status by Investors in People.

The development of our people continues and we have instituted a series of management development days and a Group-wide leadership school to supplement the on-the-job training that we have always provided.

We were encouraged by the outputs from our annual employee engagement survey with overall engagement scoring over seven times the UK national average (see page 28 for further information), performing strongly in the areas of trust in leadership, feeling valued and recommending the Group as a great place to work. Additionally staff turnover dropped by 6.8 percentage points year-on-year.

Group and employee support enabled us to contribute over £65,000 to our chosen charities across the business. This once again reflects the caring culture of our organisation and the high level of engagement from our teams.

Outlook

Within PI the pace of regulatory implementation has been frustratingly slow, causing continued market uncertainty, but we have been very active in adapting and developing our business model in preparation for the changes.

Our policy remains to increase investment in self processing. Whilst this results in some profits and cash being returned over future years as cases settle, it inevitably impacts returns during the next 18 to 24 months as the initial investment continues to be made. However, we remain firmly of the view that the PI market, despite the well publicised regulatory changes of the last few years, remains a valuable market to operate in, particularly so for NAH with its long history, brand strength and deep understanding of the marketplace.

Properly served, the PI market is still able to generate attractive returns provided the operating model is cost-effective and case screening is rigorous. Increasing our own involvement in the end-to-end economics of a PI case enables us to leverage our know-how to maximum advantage and allows us to absorb the potential impact of the small claims and whiplash reforms without significant disruption to the business.

Critical Care has established an excellent pipeline of business with some significant new contract wins. Whilst work continues to convert the opportunity into instructions we remain confident in the outlook for this division.

Residential Property has managed the headwinds of a downturn in the market well. In the short term, it is difficult to see the market improving, therefore, our focus is on growing market share through a number of business development initiatives.

Due to a lack of opportunities aligned with our business strategy, we paused our acquisition strategy in 2017 but continue to monitor the market for suitable small-scale, earnings accretive acquisitions to bolster our existing operations.

Whilst there is, undoubtedly, much work to do I am confident that we have the strategy and team in place to achieve our aims and I am excited by the challenge of the year ahead.

Russell Atkinson
Chief Executive Officer
19 March 2018

NAHL GROUP PLC

Investment case

Our key competitive advantages position us well to meet near-term challenges and realise long-term opportunities.

1. Nationally recognised market leader in Personal Injury
2. Strong value set
3. Trusted brands
4. Multi-channel fulfilment model
5. Technology-enabled proposition
6. Experienced leadership team
7. Careful financial management

Investing today for future growth.

James Saralis
Chief Financial Officer

"The Group continues to maintain a robust balance sheet with modest levels of debt and a prudent capital model."

Overview

The Group performed in line with the Board's expectations in 2017, against a backdrop of uncertainty created by regulatory change and continued soft markets experienced by some of our businesses. It was also a year of progress, as our PI division successfully evolved its business model in response to these challenges and relaunched the National Accident Helpline brand, to good effect.

Revenue increased in 2017 by 2.5% to £51.9m (2016: £50.6m) but the investments made to establish the basis for future growth came with significant cost resulting in a decrease to underlying operating profit of 19.4% to £14.5m (2016: £18.0m). This was as expected.

The Group continues to maintain a robust balance sheet with modest levels of debt and a prudent capital model.

Financial Results

	2017 £m	2016 £m
Underlying operating profit	**14.5**	18.0
Share-based payments	**(0.2)**	(1.1)
Amortisation of intangible assets on business combinations	**(1.3)**	(1.3)
Exceptional items	**(0.4)**	0.6
Operating profit	**12.6**	16.2
Financial income	**0.1**	–
Financial expense	**(0.3)**	(0.4)
Profit before tax	**12.4**	15.8

Underlying operating profit before share-based payments, amortisation of intangible assets acquired on business combinations and exceptional items decreased by £3.5m. The decrease was a consequence of our strategy to invest in our PI division in order to grow future market share and expand our placement strategy ahead of the previously announced regulatory changes.

Financial results for each division are presented in note 2, Operating segments. Underlying operating profit in the PI division reduced in 2017 by 21.8% to £11.0m (2016: £14.1m) as we invested in the working capital required to fund cases through our two new ABS businesses. These joint operations with two of our PLFs will deliver profit as their cases begin to settle.

Critical Care had a good year and increased underlying operating profit by 2.5% to £3.9m (2016: £3.8m). Residential Property delivered a creditable performance, delivering £1.4m of underlying operating profit (2016: £1.4m) at an expanded margin.

Underlying revenue increased by 3.3% to £51.0m. This was mainly a result of the relaunch of the National Accident Helpline brand during the year and we experienced an increase in leads generated year-on-year. PI underlying revenue increased by 5.5% to £31.7m (2016: £30.0m). Our CC division experienced 6.6% growth in revenue to £11.0m (2016: £10.4m) and the future outlook for this business is encouraging.

Residential Property revenues contracted by 7.5% to £8.3m (2016: £9.0m) in a subdued residential property market that continues to lack sales momentum. The management team is focused on growing market share through optimising our operations and developing a number of business to business (B2B) initiatives.

After allowing for share-based payments, amortisation of intangible assets acquired on business combinations, exceptional costs and financial income and expense, the Group returned a profit before tax of £12.4m, a 21.4% decrease on 2016 (2016: £15.8m).

Exceptional items

The Group incurred £0.4m of exceptional costs during the year (2016: a £0.6m exceptional credit). This comprises £1.2m (2016: £0.5m) of costs associated with the National Accident Helpline brand relaunch and a £0.8m credit relating to releases from the pre-LASPO ATE liability and associated costs (2016: £1.2m).

Taxation

The Group's tax charge of £2.5m (2016: £3.6m) represents an effective tax rate of 19.9% (2016: 22.6%).

Earnings per share (EPS) and dividend

Basic EPS is calculated on the total profit of the Group and most closely relates to the ongoing cash which will be attributable to shareholders and in turn the Group's ability to fund its dividend programme. The Group also has a number of share options outstanding (see note 21 of the financial statements) which resulted in a Diluted EPS.

Basic EPS for the year was 21.7p (2016: 27.0p) and Diluted EPS was 21.6p (2016: 26.5p) which was ahead of the Board's expectation due to the lower level of exceptional costs and a better than expected level of net debt during the year.

Subject to approval at the AGM on 23 May 2018, the Board has proposed a final dividend of 10.60p (2016: 12.70p) which, when added to the interim dividend of 5.30p (2016: 6.35p) gives a total dividend of 15.90p. This is a decrease of 16.5% on last year.

For 2018, the Board intends to amend its dividend policy to 2.0x cover of retained earnings, which it will review again in 2020 once our third ABS is fully established. We believe this to be a prudent solution to funding our new strategy whilst also maintaining sufficient flexibility within our debt facility at a relatively low leverage.

Balance sheet

	2017 £m	2016 £m
Goodwill and intangible assets	**67.6**	68.8
Other net assets/(liabilities)	**6.9**	(0.8)
Cash and cash equivalents	**0.9**	4.8
Borrowings	**(12.9)**	(11.1)
Net Debt	**(12.0)**	(6.3)
Other payables relating to legacy pre-LASPO ATE product	**(0.7)**	(1.9)
Adjusted net debt	**(12.7)**	(8.2)
Net assets	**61.8**	59.8

The Group's net assets at 31 December 2017 increased by £2.0m to £61.8m (2016: £59.8m) which reflects the profits for the financial year, less the dividend paid to shareholders.

The significant balance sheet items are goodwill and intangible assets, adjusted net debt and other net assets/(liabilities).

(i) Goodwill and intangible assets

The Group's goodwill and intangible assets of £67.6m (2016: £68.8m) arise from the past business acquisitions undertaken by the Group. Each year the Board reviews the goodwill value for impairment and, as at 31 December 2017, they have concluded that goodwill is not impaired (see note 13). Included within the total are £6.6m (2016: £7.9m) of intangible assets identified on business combinations, such as customer contracts, brands and IT related assets.

(ii) Other net assets/(liabilities)

At 31 December 2017 the Group had other net assets of £6.9m (2016: other net liabilities of £0.8m). The increase is largely in trade receivables and reflects the Group's decision to fund certain cases in its PI division.

(iii) Net debt and adjusted net debt

The Group's net debt at 31 December 2017 was £12.0m (2016: £6.3m), being cash and cash equivalents less borrowings. In addition to this, management monitor adjusted net debt, which the Group defines as net debt less other payables relating to a discontinued pre-LASPO ATE product. At 31 December 2017, adjusted net debt was £12.7m (2016: £8.2m).

Net debt reconciliation

	2017 £m	2016 £m
Net cash flows from underlying operating activities	**7.9**	14.3
Net cash flows from non-underlying activities	**(1.8)**	(1.0)
Tax and net interest paid	**(3.3)**	(4.0)
Net cash from operating activities	**2.8**	9.3
Dividends paid	**(8.2)**	(8.5)
Other	**(0.3)**	(2.4)
	(5.7)	(1.6)
Net debt on 1 January	**(6.3)**	(4.7)
Net debt on 31 December	**(12.0)**	(6.3)

Further detail on net cashflows from underlying activities and net cashflows from non-underlying activities is given in note 2 to the financial statements. The individual elements of net debt and adjusted net debt are as follows:

Cash and cash equivalents

At 31 December 2017 the Group had £0.9m of cash and cash equivalents (2016: £4.8m). All of the Group's cash is held in its trading entities and the Group takes advantage of short-term deposit rates in maximising its interest returns.

Borrowings

During the year the Group renewed its banking facilities with Yorkshire Bank and entered into a new £25.0m RCF which is repayable in full on 31 December 2021.

The new RCF was used to repay the previous outstanding balance on the Term Loan of £9.4m and replaces the previous £5.0m RCF. The new facility provides financial flexibility for the Group and can be utilised for general business purposes, including working capital and the payment of dividends, and supports the Group's long-term business strategy.

At 31 December 2017 the Group had a balance of £13.1m on the RCF (2016: £11.3m of other interest-bearing loans and borrowings). The reported total of £12.9m is net of £0.2m of prepaid bank arrangement fees that are being expensed over the term of the loan. The current rate of interest payable on these borrowings is 1.25% above LIBOR.

The Group has an additional undrawn balance of £11.9m (2016: £5.0m) under this facility which can be utilised for working capital or for acquisitions. The current rate of interest payable on this undrawn facility is 1.0%. Once drawn the interest payable would be a maximum of 1.45% above LIBOR.

Other payables relating to a discontinued pre-LASPO ATE product

At 31 December 2017 the Group had £0.7m of other payables relating to a legacy pre-LASPO ATE product (2016: £1.9m). This amount is payable to Allianz for previously received commissions when certain policies either fail or are abandoned. The liability is calculated using actuarial rates and during 2017 £0.9m was released to exceptional items as a result of more favourable settlements during the year. The balance of £0.7m is likely to be repaid over the next two years.

Cash flow

	2017 £m	2016 £m
Underlying operating profit	**14.5**	18.0
Depreciation and amortisation	**0.3**	0.2
Working capital movements	**(6.9)**	(3.9)
Net cash generated from underlying operating activities	**7.9**	14.3
Net operating cash generated as a percentage of underlying operating profit	**54.8%**	79.7%

As indicated in last year's report, the level of operating cash generated on underlying activities as a percentage of underlying operating profit decreased in 2017 to 54.8% (2016: 79.7%). This was a result of the Group's decision to fund certain cases in its PI division and the investment in its new PI business model.

This rate of conversion is expected to remain at lower levels than traditionally experienced as the Group continues to re-engineer its business and is expected to return to previously experienced levels once the transition is more advanced.

New accounting standards

The Group has not had to apply any new or revised IFRS accounting standards during the year. IFRS 15: Revenue from Contracts with Customers becomes effective next year. The Group has undertaken an impact assessment of this new standard and does not foresee a material impact on the financial statements in the year of adoption.

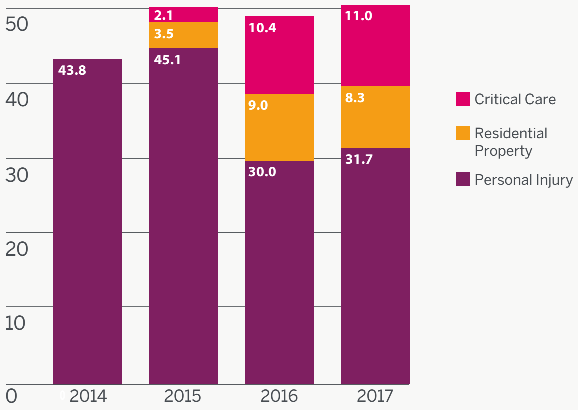
In conclusion, I believe the Group is financially strong and, through the successful execution of our new strategy, is well placed to capitalise on the opportunities ahead of us.

James Saralis
Chief Financial Officer
19 March 2018

Key Performance Indicators

Group underlying revenue £m

£51.0m +3.3%



Description

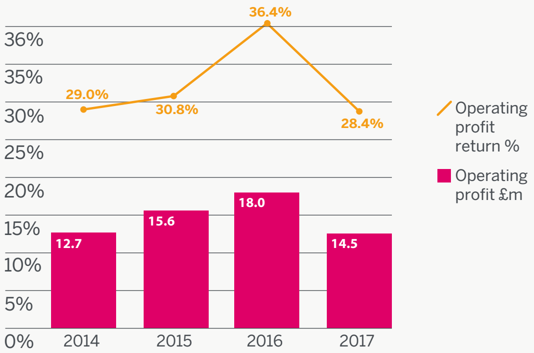
In PI, revenue is generated within NAH from PLFs paying for marketing and triage services resulting in the supply of qualified enquiries. Commission is also receivable from our product suppliers where our products are used by the PLFs in progressing cases. In the case of our ABSs, revenue is generated from consumers for the provision of legal services. Revenue increased by 5.5% in 2017, largely as a result of the relaunch of the National Accident Helpline brand which resulted in an increase in enquiries placed with PLFs.

In CC, revenue is generated from law firms and insurers for the provision of expert witness reports and case management support within the medico-legal framework for multi-track cases. Revenue increased by 6.6% in 2017 following significant investment in the previous year in new leadership roles and clinical leads.

In RP, revenue is generated from lead generation services for PLFs and surveyors through the provision of online marketing services to homebuyers and sellers in England and Wales. Revenue is also generated from the provision of conveyancing searches to solicitors and licenced conveyancers. Revenue decreased by 7.5% in 2017, which resulted from a contraction in the total market.

Group underlying operating profit £m and underlying operating profit margin %

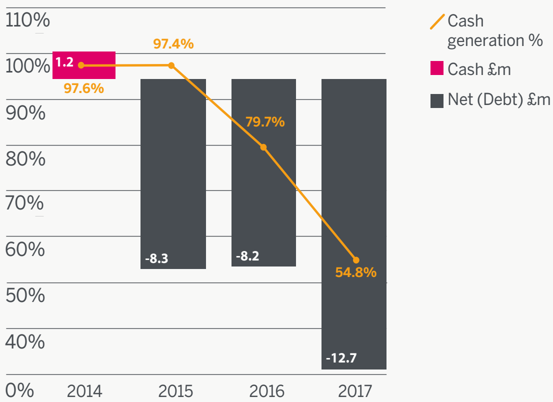
£14.5m -19.4%



Group underlying operating profit decreased by £3.5m in 2017. This was in line with our expectation and resulted from our chosen strategy to invest in our PI division in response to changing regulation and PLF demand, including the establishment of two ABS ventures. These ventures will start to generate profit in future years as the cases they are processing start to mature. This investment also resulted in a reduction in the underlying operating profit margin from 36.4% to 28.4%

Adjusted net (debt)/cash £m and cash generation %

54.8%



As planned, operating cash generation has decreased from 79.7% in 2016 to 54.8% in 2017 as a result of the Group's strategy of investment in the PI division. As a result, net debt has increased by £4.5m to £12.7m.

The Board considers the Group to be well funded and during the year the Group entered into a new £25.0m RCF with Yorkshire Bank, which can be utilised for general business purposes. At 31 December 2017, £11.9m of this facility remained undrawn.

The Board has ultimate responsibility for setting the Group's risk appetite and for effective management of risk.

An annual assessment of key risks is performed by the Executive Directors and presented to the Board. A risk register is maintained and regularly reviewed by the Executive Directors. All risks take into consideration the likelihood of the event occurring and the impact of that event. Once the risks have been assessed appropriate mitigation actions are determined for each key risk identified. The principal risks identified are as follows:

Principal risk	Description	Mitigation
Regulation	The Group, its PLF partners and ABSs are subject to an extensive regulatory and legal framework, including the provisions of the LASPO Act 2012 and regulation by either the Claims Management Regulation Unit (CMRU) or the Solicitors Regulation Authority (SRA). Regulatory oversight for claims management companies will transfer to the Financial Conduct Authority (FCA) in 2019. The Government announced plans to change the small claims limit and restrict compensation for soft tissue injury in February 2017, which they intend to implement in 2018. These changes will have a significant impact on the PI sector, upon which the Group is reliant on for a significant part of its revenue and profits. If the Group or its customers fail to, or are unable to, adapt their business models then this could have a significant impact on the Group's future revenue and profits.	The Group monitors regulatory and legal developments closely and this informs our strategic plans and consumer proposition. Management continue to work with the Regulators to ensure compliance and are already interacting with the FCA as it plans its transition. The business model has proven to be adaptable and resilient to change in the past and continues to develop in response to the various regulatory changes including our current re-engineering of our personal injury division. The Board will continue to review the model for appropriateness as the regulatory environment develops and adapt accordingly. The Group's investments in its CC and RP divisions help to mitigate its reliance on the PI sector.
Reputation	**Corporate Profile and Brands** The Group's success and results are dependent, in part, on the strength and reputation of the Group and its brands. The Group relies on its brands which includes National Accident Helpline, the various residential property brands and the Bush & Company Rehabilitation brand and is exposed to the risk of these brands being tarnished via any significant adverse publicity. **Quality and Independence** In CC, Bush's success is largely dependent on the quality of written materials, its consultants and the preservation of clinical independence. Failure to maintain such quality and independence exposes the business to a tarnished reputation for handling and processing cases which could result in a deterioration in financial performance.	The Group engages external advisors to help protect its corporate profile and advise on public relations. Brand performance is tracked and measured on an ongoing basis to ensure that it remains ahead of competitors and delivers compelling messages which drive consumer contacts. Bush is registered as a Domiciliary Care Service accredited with the CQC and adheres to various care standards by the relevant registered authorities. This ensures the Group maintains its brand trust ratings and its reputation. Quality is maintained by a clinical supervision process and highly trained teams of administration support. Clinical independence is the cornerstone of Bush's business and all consultants have a mixed caseload of claimant and defendant instructions.
Technology	The Group utilises various IT systems in support of the business and depends on these to deliver the various service offerings to customers and consumers. A major IT or system failure could interrupt our ability to provide those services and impact the business. Furthermore, within PI and RP, technology is becoming an increasingly important part of the consumer proposition and is used to reach out to consumers and differentiate the business from its competitors. Should this technology fail, it could result in reputational as well as financial risks. Through the normal course of its business, the Group handles personal data and it commits to consumers that this data will be protected and only used for the purposes for which it was provided. If this data is not safeguarded, there is a risk that it could be used for malicious purposes, including identity theft, which could result in reputational damage for the Group and/or a significant fine if the Group was found to have not complied with the regulations.	The Group does not rely on one single system or platform, rather having individual systems for specific purposes. These systems are supported by appropriately experienced individuals and third parties and subject to back up and disaster recovery processes. Critical systems fail over and recovery processes have been successfully tested with no issues identified. The Group operates Information Security policies to the principles of ISO 27001. The Group continues to invest heavily in optimising the consumer journey through the use of technology to ensure it remains competitive and attractive to its consumer base. The Group takes data security very seriously and has put in place robust data protection procedures to ensure it is compliant with the Data Protection Act 1998 and other relevant regulations. The Group has planned carefully for the forthcoming GDPR regulations to ensure compliance.

Principal risk	Description	Mitigation
Market	**Panel Capacity** In NAH, the Group is dependent upon its PLF customers in order to maintain a flexible distribution strategy. The announcement of the planned regulatory changes described has prompted some law firms to review their investments in the PI sector and consequently some demand reduction has already been evident. Depending on the long-term impact of the reforms it is likely that PLF demand will be permanently affected for specific claim types which could negatively impact the financial performance of the Group.	The Group continues to provide its customers with high quality business that ensures they maximise their financial performance. In recent years, the Group has rationalised its panel and built strategic partnerships with a fewer number of larger PLFs whom the Group believes have the operational experience and financial strength to succeed in this market. That said, the Group ensures that no single customer accounts for a disproportionate amount of the Group's business each month. In response to these challenges, NAH continues to explore new relationships with its customer base, including offering PLFs different funding models whilst ensuring it is able to service the needs of the Group.
	ABS Performance In response to forthcoming reforms and the changes to panel demand, the Group has launched two ABSs ventures and announced plans for a third ABS aligned with further investment in case load and capability. The Group is planning for an increasing proportion of claims generated by NAH to be processed via these ABSs and this will require increased investment in working capital as the cases may take a number of years to settle. Should cases not be progressed in line with the Group's expectations or perform in a way that wasn't predicted, it could lead to significant impact on the quantum and timing of revenue recognition and cash conversion thereby having a material impact on Group performance.	Like the rest of the Group, the ABSs are subject to budgetary control and ABS business plans reflect both the Group's significant experience of PLF operating models and performance metrics and those of the ABS partners, who are themselves successful PI law firms. This provides reasonable assurance over the accuracy of the ABSs forecasts. Additionally, as the controlling partner, the Group conducts ongoing reviews of the key performance parameters on a weekly and monthly cycle. These metrics are monitored by the Board and management at an ABS, divisional and Group level. Any significant deviations from plan are investigated and improvement plans implemented in line with contractual Service Level Agreements (SLAs).
	Online Marketing The Group relies on its marketing strategy to retain its market leading position in both the PI and RP sectors. Any significant change in technology, cost increases, changes to search engine algorithms or terms of services could impact the Group's ability to maintain its rankings on search results and ultimately lead to it having to spend more resource and expenditure to meet its financial returns.	The Group has extensive experience of managing its marketing strategy through a combination of internal marketing experts and external agencies. In 2017, the Group has strengthened its internal capabilities to ensure it has the flexibility and speed required to react to the potential risks outlined.
Financial	Following the acquisition of subsidiary companies the Group and Company have recognised investment and goodwill assets on their balance sheets, the value of which is supported by their future cash flows. If the performance of these acquisitions falls below expectation, there is a risk that these assets may become impaired and require a writedown in value which could negatively impact financial performance of the Group and its ability to pay future dividends to its shareholders. As the Group has diversified and operates a number of distinct business models there is increased risk that revenue and profit may be incorrectly recognised, or recognised in the wrong period.	The headroom, or difference between the valuation of investment and goodwill assets and their carrying value in the financial statements, is assessed regularly and reviewed by the Board at least annually and upon discovery of any indicators of impairment. Assessment is conducted with reference to the Group's long-term forecasting model and is subject to stress-testing and scenario planning. The Group has put in place formal revenue recognition policies covering each of the businesses and implemented financial and operating systems with a series of controls to ensure revenue is not materially misstated. This is supported by monthly reconciliation procedures conducted by the Group's finance function and periodic internal audit reviews, backed up by independent assurance from the Group's auditors.
People	The Group's future growth and success depends, in part, on the leadership and performance of its Executive Directors and Senior Management Team. The loss of any key individual or the inability to attract appropriate personnel could impact its ability to execute its business strategy successfully which could negatively impact the Group's future performance.	The Group maintains competitive and attractive employment terms and conditions, fully empowering key individuals and allowing them to maximise their job satisfaction. The Group incentivises key management through annual incentive plans in the short-term and through share options for medium- and long-term retention.

This strategic report was approved by the Board on 19 March 2018 and signed on its behalf by:

Steve Halbert
Chairman
19 March 2018

NAHL Group plc has a team of 220 staff.

Recruiting against our Values of Curious, Driven, Passionate and Unified as well as our business needs means that we can be sure that we're equipped for all the challenge and complexity that the future might bring.

Keeping staff engaged
Research from Gallup[1] in 2016 showed that only 8% of employees in the UK are engaged at work. We are, therefore, delighted that the engagement figures for staff employed across the Group sits at 60%[2].

We have always shown real commitment to ensuring that our employees are engaged in the business and happy in their work. In 2017, we rebranded our staff survey as OwnIt! to emphasise the autonomy that staff can have for their own learning, development and engagement – as well as to making improvements to their own working lives where they identify them.

We were proud of these results from across the Group, consistently showing that staff at NAHL's businesses have trust in their leadership, feel valued and rewarded and would recommend the Group as a great place to work.

Keeping staff informed
Our programme of Brown Bag Lunches (all staff briefings over lunch) which have been very successful at National Accident Helpline, was extended further into the Group in 2017. A great mix of updates from senior leaders and presentations by staff ensured that colleagues were involved in the delivery, not just the receiving of, these messages. These events will continue to evolve to ensure they are keeping staff engaged and active.

Bringing leaders together
Following on from some key leadership appointments made in 2016, 2017 was a time of stability and cohesion. This allowed the Group to bring the four businesses together to learn with and from one another and to build supportive relationships across our geographically diverse teams.

2017 signalled this intention with our inaugural Leadership Conference. Assembling the Group's top 30 leaders, its primary focus was to reflect on how we operate as a Group, its successes and challenges, as well as to give the team the time and space to get to know one another and to share experiences and expertise.

1. Gallup Research: Percentage of Employees Who Are Engaged at Work: U.S. and Selected European Countries, 2016
1. Management Information - June 2017.

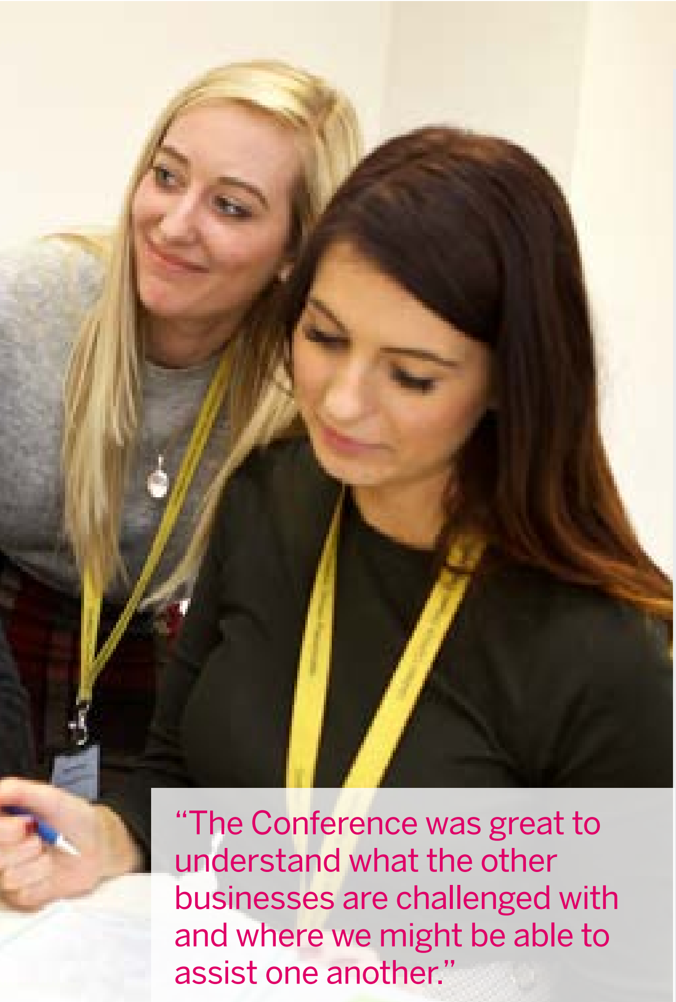
NAHL Group plc staff engagement rate

60%

Compared to Gallup survey's UK engaged staff rate of 8%

80%

of staff across the Group would recommend their company as a great place to work



"The Conference was great to understand what the other businesses are challenged with and where we might be able to assist one another."

Brown Bag Lunches

17 lunches held

170 colleagues attended

Management Development Days

10 events

151 attendees

Leadership School

6 sessions

10 attendees

Investing in our future leaders – succession planning

Identifying, developing and retaining our future leaders is vital if the business is to ensure strong succession planning. Taking a long-term view of this progression has been an important part of the development of our people this year. With that in mind, we have a development approach which is flexible depending upon a colleague's current level within the business – and staff are able to dip in and out of offerings as appropriate.

It's about who we are

Beginning with our Management Development Days, leaders are able to both attend these sessions as well as recommend a future leader. These training days don't focus solely on business critical topics like Finance for non-Finance Managers and Project Management but also learning about who our colleagues are as people and how we work together.

One of our most successful development days focused on Strengths Based Leadership where managers and teams got to really understand their own strength sets and how these can be viewed by others and so benefit the Group through cross-business working.

Leading the leaders

Following on from our Management Development Days came the Leadership School where colleagues came together for intensive training on topics to equip and inspire them to be excellent people managers and leaders.

The final step on the leadership journey comes in the form of our Pathway to Leadership (P2L) programme where our future leaders benefit from six training days, two mentoring sessions with a senior leader from a different part of the business and two development discussions with their manager. This strategy of Management Development Days, Leadership School and P2L gives our stars of the future a clear direction of travel to ensure they can maximise their potential and that we can retain our best colleagues for the ultimate benefit of the business.

We are proud to be part of our communities – both those local to us and those that reflect our business activities.

THE Paul Bush FOUNDATION TRUST

For two years now the Group has supported the Paul Bush Foundation Trust (PBFT) both with fundraising and grants and over this time has donated over £120,000. In 2016 Russell Atkinson, was appointed as Trustee of the PBFT and takes an active role in the running of the Trust. Paul, a paraplegic since 1975 and his daughter, Rachel, a specialist spinal nurse, ploughed their passion for improving the lives of people with a disability into both Bush & Company Rehabilitation and the PBFT. Paul sadly passed away in 2017 but his passion lives on in both the PBFT and the values and principles by which Bush operates its business. The Group is proud to support it.

As well as the Group's commitment to the PBFT, each division selects its own charities and activities to support.

Personal Injury

NAH staff are enthusiastic and generous charity supporters.

In 2017, NAH went into partnership with Warwickshire and Northamptonshire Air Ambulance to raise funds for this vital service. Three members of staff kicked off the fundraising by taking part in an abseil down the Northampton Lift Tower followed by a team from the business taking part in Northampton's Dragon Boat Race.

NAH MD, Simon Trott, also led from the front by cycling the great Mont Ventoux...twice... in 35 degree heat! During December, colleagues from our newly formed National Law Partners themed their office as a traditional German Market selling festive food and drink. The staff have raised over £3,300 altogether, which will be matched by NAH for this most important cause.

NAH staff's support for the local community was demonstrated by their overwhelming generosity for the second year running towards the Kettering Food Bank, donating hundreds of pounds worth of food through the Reverse Advent Calendar scheme. This activity provides a real helping hand to those struggling in the run up to Christmas.

NAH's ongoing relationship with Latimer Arts College, a local senior school, included the sponsoring and presenting of one of their awards at their annual prize night. For the second year running, several members of NAH's Executive Team took part in the school's Dragon's Den event, fostering the student's creativity and business thinking, with Debbie Britton, NAH's Marketing Director, giving the keynote address at the beginning of the day as well as providing specialist marketing advice to the groups as they worked.

Critical Care

Staff at Bush have always been keen to raise money and 2017 was no different.

The year began with the announcement that Bush & Company would be the first Fundraising Baton Holder for the Mary Seacole Trust; a charity that inspires young people to challenge exclusion and promotes increasing participation through equality of opportunity. The team threw themselves into their fundraising with themed lunches including Super Soup Mondays and Mexican Day.

Bush's continued support of the PBFT and the staff's passion for their cause, ensured it benefitted from the proceeds of the Summer Raffle drawn at the Bush Annual Conference Gala Dinner in July. The raffle raised over £2,000 which will be well used by the Trust in their work to support individuals who have an acquired disability and the organisations that help them.

The team also took part in GLOW Day, organised by CBIT, to encourage parents to ensure their children can Be Seen Not Hurt during the winter months. Staff wore their brightest clothes and held a tombola, raising approximately £200 for this great charity.

Searches fundraising for Rockinghorse Children's Charity

Residential Property

Our RP division supports a number of local and national charities and organisations throughout the year.

A long-standing commitment of Searches, in partnership with Portfolio Magazine, is the hosting of the quarterly Property Professionals Lunch. This networking lunch includes a fundraising prize draw to support the Rockinghorse Children's Charity. The event has already raised enough money to buy two incubators for premature and ill babies. Rockinghorse also receives support from the Searches team through its annual Hallowe'en Quiz night where the team's enthusiasm was rewarded by winning the fancy dress competition.

The staff at Searches are always ready to get involved too with baking and dress up days for breast cancer awareness and Macmillan's coffee morning alongside Christmas jumper day for Save The Children. The business also supports a number of individual fundraising activities undertaken by key contacts in the industry with sponsorship and donation of prizes.

Bush fundraising for CBIT's GLOW Day

NAH fundraising for Warwickshire and Northamptonshire Air Ambulance

Steve Halbert
Chairman

Steve Halbert is Non-Executive Chairman of the Group, which he joined in 2010. He has over 25 years Board experience. Steve is also Chair of the Audit Committee and Nomination Committee.

As Chairman, Steve is responsible for the proper operation of the Board and its committees, compliance with the Company's Code of Corporate Governance and, working closely with the CEO, ensuring the business regularly reviews its strategic plans.

Steve is currently Chairman of Alcumus Holdings Limited and Safestyle UK plc, an AIM quoted company.

Russell Atkinson
Chief Executive Officer

Russell Atkinson became Chief Executive Officer of the Group, following its Admission to AIM in 2014. He joined NAH in 2012 as Managing Director and had a pivotal role in implementing its strategy following regulatory change in 2013.

His responsibilities include developing and implementing the Group-wide strategy and ensuring delivery of budgeted financial performance, promoting the Group's values and supporting divisional strategies.

Prior to joining the Group, Russell held Managing Director roles at international firms including UK Managing Director of Lebara Mobile Limited, Managing Director of Blackhawk Network (UK) Limited, a division of Safeway Inc. and Director of E-Payments at Travelex.

Russell holds a Bachelor of Arts from Leicester Polytechnic and a diploma in marketing from The Chartered Institute of Marketing and is a fellow of the Institute of Directors.

James Saralis
Chief Financial Officer

James Saralis is Chief Financial Officer of the Group, which he joined in January 2018.

His responsibilities include the overall management of the finance function within the Group and liaising with the Group's investors and the banks.

James brings with him a wealth of experience both operationally and of the AIM market. Previously, he spent over 10 years in the general insurance industry, most recently as CFO of the Direct & Partnerships and Employee Benefit divisions of Jelf, part of Marsh & McLennan Companies. James has also held various finance roles in Clearspeed Technology plc, HBOS plc and RAC plc.

He is a Chartered Accountant and a fellow of the ICAEW, having been a member since 2003. He holds a Bachelor of Science from the University of Bristol.

Tim Aspinall
Non-Executive Director

Tim Aspinall became Non-Executive Director in June 2016 and sits on the Audit, Remuneration and Nomination Committees.

Tim is the CEO of Aspinall Consultants Limited, a management consultancy business advising professional services firms on strategy, performance management and mergers and acquisitions.

Tim is also a Non-Executive Director of Premier Medical Holdings Limited which is one of the leading providers of medical reports in the UK.

His senior leadership career in the legal sector includes Managing Partner of DMH Stallard LLP where he led its transformation into an award winning and highly respected mid-market law firm.

Tim is passionate about the arts and is a Non-Executive Director at Brighton Dome & Festival and a Trustee of the Royal Pavilion Foundation.

Gillian Kent
Non-Executive Director

Gillian Kent became Non-Executive Director in November 2014 and is Chair of the Group's Remuneration Committee. Gillian is also an independent Non-Executive Director at Pendragon plc, Ascential plc, Mothercare plc and Coull Ltd and Chairman at No Agent Technologies Ltd.

Her executive career in the digital and online sectors includes Managing Director of Microsoft's largest online business in the UK. Gillian has also served as Chief Executive Officer and Digital Consultant at GK Associates, Chief Executive Officer at Propertyfinder.com, and Director of Strategy and Business Development at Microsoft (MSN).

Simon Trott
Managing Director – National Accident Helpline (Personal Injury)

Simon is Managing Director responsible for NAH executive leadership and business operations, in addition to being a Board member of the Group's joint ventures; Your Law LLP and National Law Partners.

Simon is leading the PI division through a period of transformational change ensuring the Group capitalises on the changing PI market and landscape alongside preparation for future regulatory changes. To date, he has executed a number of strategic business initiatives to drive efficiencies and create strong lasting partnerships, relaunched the NAH brand and developed enhancements in the consumer journey.

Previously Simon spent 20 years within the general insurance industry in a number of senior executive positions, most recently at Towergate Partnership Group, culminating in his roles as CEO of Towergate Direct Division & RKH Group.

Helen Jackson
Managing Director – Bush & Company Rehabilitation (Critical Care)

Helen was appointed as Managing Director at Bush & Company in July 2016 having spent four years as Group HR Director.

Responsible for overall strategy and leadership within the division as well as business development, quality and clinical independence, Helen has driven a number of business improvements. Focusing on market adaptation and addressing the evolving needs of case management services and claimant and defendant solicitors she has built on Bush's 30 years of success within the Critical Care sector.

Previously, Helen held HR leadership roles at Everest, BUPA and Tesco.

Richard Rickwood

Managing Director – Fitzalan Partners and Searches UK (Residential Property)

Richard joined the Group in 2011 as Group Operations Director. Following a restructure in 2013, Richard took on the role of Managing Director for PPI Claimline which was demerged prior to listing in 2014.

Richard is now Managing Director at Fitzalan Partners where he has grown the business through the successful acquisition of Searches UK in January 2016. He has also enhanced the Residential Property offering through the addition of strategic product and service developments to satisfy both solicitor and conveyancer relationships while meeting the evolving needs of homebuyers and sellers in an ever-changing market.

Previously, Richard worked at BGL Group, Travelex, Thomas Cook and AMP Pearl.

Marcus Lamont

Group HR Director

Marcus joined the Group as Group HR Director in July 2016.

During his time with the Group, Marcus has embarked on delivering improvements to talent development, embedding the Group's culture and values and enhancing recruitment processes, with significant focus on an aligned approach across all divisions.

Marcus joined from Everest where he was HR Director, taking the lead on talent management, leadership development, employee engagement and change management. Prior to that, Marcus held senior positions at UPS plc, across the globe.

The Directors of NAHL Group plc present their Annual Report and audited financial statements for the year ended 31 December 2017.

Results and dividend

The Group's profit after tax for the year was £10.0m (2016: £12.2m).

The Directors propose a final dividend of 10.6p per share (2016: 12.7p) which, subject to approval at the Annual General Meeting, will be paid on 31 May 2018 to shareholders registered on 27 April 2018.

There are no significant events affecting the Company and Group since the balance sheet date. A review of the business, including future developments, is included in the Strategic Report on pages 1 to 28.

Directors' third party indemnity provisions

The Company maintained during the period and to the date of approval of the financial statements, indemnity insurance for its Directors and Officers against liability in respect of proceedings brought by third parties, subject to the terms and conditions of the Companies Act 2006.

Capital structure

Details of the capital structure can be found in note 20 of the consolidated financial statements. The Group has employee share option plans in place, full details of which can be found in note 21 to the financial statements.

Financial instruments

The Group's principal financial instruments comprise cash and cash equivalents, other receivables, interest-bearing loans and trade payables. Further details on financial instruments are given in note 23 to the financial statements.

Directors

Biographies of the present Directors of the Company are listed on pages 32 to 33.

Details of the remuneration of the Directors is disclosed in the Remuneration Report on pages 41 to 44.

Political donations

No political donations were made during the year or the previous year.

Disclosure of information to the Auditor

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Group's Auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

KPMG LLP have been re-appointed as Auditor and have expressed their willingness to continue in office as Auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the year have been included in the Strategic Report on pages 1 to 28.

Going concern

The Group's business activities, together with risk factors which impact these activities are included within the Chief Financial Officer's report on pages 22 to 25. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are also described in the Chief Financial Officer's report. Having regard to the matters above, and after making reasonable enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue operations for the foreseeable future.

For that reason, they continue to adopt the going concern basis in the preparation of the accounts approved by the Board of Directors and signed on behalf of the Board.

Group response to Modern Slavery Act 2015

- **Organisational structure and recruitment processes**
  The Group's organisational structures include the Board, Senior Management teams across all three organisational divisions, Contact Centres at two of the four locations and standard support functions across all sites.

  Recruitment processes include the monitoring of passport documentation, with all new recruits expected to show their passport as a proof of identity. The Group also reviews shared addresses. In addition, the Group monitors the ongoing wellbeing of its employees through line management relationships and an Employee Assistance Programme.

  Where recruitment agencies are used to employ staff, the Group ensures these agencies also have an approved statement in support of the Modern Slavery Act 2015.

  As these structures and recruitment processes apply to UK-based operations, the Group considers these to be very low risk.

- **Services**
  The services NAHL Group plc provides to its customers and consumers are UK office-based, with minimal UK field-based services.

  The Group's supply chain in relation to services consists, on the whole, of marketing and processing services across personal injury, critical care and residential property. The Group considers these to be very low risk in relation to slavery and human trafficking so takes no specific action in relation to these relationships.

- **Goods**
  In terms of goods supplied to the Group, the majority of goods will be goods for use in an office environment such as stationery and office equipment. The Group considers these to be very low risk in relation to slavery and human trafficking so takes no specific action in relation to these relationships.

James Saralis
Chief Financial Officer
19 March 2018

The UK corporate governance code

Companies listed on the main market of the London Stock Exchange are required to comply with the UK Corporate Governance Code. NAHL Group plc's shares are traded on AIM and as such, the Group is not subject to the requirements of the UK Corporate Governance Code on corporate governance, nor is it required to disclose its specific policies in relation to corporate governance.

However, as a publicly quoted company, the Company maintains appropriate standards of corporate governance. The UK Corporate Governance Code represents the 'gold standard'. However, the UK Corporate Governance Code was not designed with smaller companies in mind. Adherence to the full UK Corporate Governance Code is often impractical for smaller companies. In the past, in the absence of an alternative code, many AIM companies have adopted the UK Corporate Governance Code 'to the extent applicable'.

In July 2005 the Quoted Companies Alliance (QCA) introduced a simple set of guidelines for corporate governance for AIM companies, which were updated in July 2007, September 2010 and again in May 2013. According to the QCA, the guidelines have been devised in consultation with a number of significant institutional smaller company investors.

The Directors recognise the importance of sound corporate governance and the Company holds membership of the QCA and complies with the QCA Guidelines and the main provisions of the UK Corporate Governance Code, insofar as is practicable to do so for a company of NAHL Group plc's current size and stage of development, save in relation to certain Directors, who will not be independent because of the grant or proposed grant of options to them by the Company.

The Board of Directors operates within the framework described below.

Table of committees

The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions. Board meetings are held at least every two months and at such other times as the Directors deem necessary. The Group has appointed Steve Halbert as the Group's Senior Independent Non-Executive Director. The Board has created an Audit Committee, a Remuneration Committee and a Nomination Committee where the current composition and responsibilities of the committees are as follows:

Audit Committee

The Audit Committee consists of Steve Halbert as Chairman, Gillian Kent and Tim Aspinall. It meets at least twice each year and is responsible for ensuring that the financial performance of the Group is properly monitored and reported on and for meeting with the Auditor and reviewing findings of the audit with the external Auditor. It is authorised to seek any information it properly requires from any employee and may ask questions of any employee. It meets with the Auditor at least twice a year and is also responsible for considering and making recommendations regarding the identity and remuneration of such Auditor.

Remuneration Committee

The Remuneration Committee consists of Gillian Kent as Chairman, Steve Halbert and Tim Aspinall. It meets at least twice each year and considers and recommends to the Board the framework for the remuneration of the Executive Directors of the Group and any other senior management. It further considers and recommends to the Board the total individual remuneration package of each Executive Director including bonuses, incentive payments and share options or other share awards. In addition, subject to existing contractual obligations, it reviews the structure of all share incentive plans for approval by the Board and, for each such plan, recommends whether awards are made and, if so, the overall amount of such awards, the individual awards to Executive Directors and the performance targets to be used. No Director is involved in decisions concerning his own remuneration.

Nomination Committee

The Nomination Committee consists of Steve Halbert as Chairman, Gillian Kent and Tim Aspinall. The Nomination Committee meets at least once each year and considers the selection and re-appointment of Directors. It identifies and nominates candidates to all Board vacancies and regularly reviews the structure, size and composition of the Board (including the skills, knowledge and experience) and makes recommendations to the Board with regard to any changes. The Group has adopted a share dealing code (based on the AIM Rules and with reference to the Market Abuse Regulations (MAR)) and the Group takes all proper and reasonable steps to ensure compliance by the Directors and relevant employees.

The Board is also responsible for ensuring the Group's compliance with all applicable anti-corruption legislation, including, but not limited to, the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act 1977. The Group complies and always has complied with all applicable anti-corruption laws. In view of the requirement in the UK Bribery Act 2010 for relevant companies to have adequate anti-bribery procedures, the Group has devised and implemented a suite of anti-corruption policies and procedures designed to prevent corruption by anyone working on its behalf. The Group has adopted a 'zero tolerance' approach to corruption and is committed to ethical business practices.

The Board of Directors

Director	Date appointed/resigned	Remuneration Committee	Audit Committee	Nomination Committee
Russell Atkinson	1 May 2014	-	-	-
Steve Dolton	14 April 2014/1 January 2018	-	-	-
James Saralis	1 January 2018	-	-	-
Steve Halbert	1 May 2014	√	√ (Chair)	√ (Chair)
Gillian Kent	3 November 2014	√(Chair)	√	√
Tim Aspinall	1 June 2016	√	√	√

Internal control

The Group has implemented policies on internal control and corporate governance. These have been prepared in order to ensure that:

- proper business records are maintained and reported on, which might reasonably affect the conduct of the business;
- monitoring procedures for the performance of the Group are presented to the Board at regular intervals;
- budget proposals are submitted to the Board no later than one month before the start of each financial year;
- accounting policies and practices suitable for the Group's activities are followed in preparing the financial statements;
- the Group is provided with general accounting, administrative and secretarial services as may reasonably be required; and
- interim and annual accounts are prepared and submitted in time to enable the Group to meet statutory filing deadlines.

By order of the Board

Russell Atkinson
Chief Executive Officer
19 March 2018

James Saralis
Chief Financial Officer
19 March 2018

Dear Shareholder

I am pleased to present the Directors' Remuneration Report for the financial year ended 31 December 2017, which sets out the future Directors' Remuneration Policy, intended to take effect from the close of the 2018 Annual General Meeting and the Annual Report on Remuneration.

Our previous Directors' Remuneration Policy was approved by an advisory vote at the 2015 Annual General Meeting and became effective for three years from the close of that meeting. The Committee believes that the current remuneration framework continues to effectively support the delivery of our business strategy and the creation of shareholder value. Consequently, the Committee has decided to make minor amendments only to ensure that the Directors' Remuneration Policy is appropriate for the next three years and to reflect developments in best practice for large AIM listed companies. The future Directors' Remuneration Policy will be subject to an advisory vote at the 2018 Annual General Meeting.

The Annual Report on Remuneration provides details of the amounts earned in respect of the year ended 31 December 2017 and how the Directors' Remuneration Policy will be applied for 2018.

Review of the 2017 financial year

As highlighted earlier in the Executives' reports, the Company has performed in line with expectations, with good progress in the restructure of the PI division in preparation for regulatory changes, trading through strong headwinds in RP and growth in market share in CC.

The 2017 annual bonus was assessed against operating profit performance as regards 75% of the award and individual objectives as regards 25% of the award. Based on 2017 operating profit performance of £14.5m and performance against individual objectives, the CEO will receive a payout of 35% of his maximum annual bonus opportunity. Further details are set out on page 42.

Long-Term Incentive Plan (LTIP) awards granted on 13 April 2015 in the form of market value share options were subject to EPS performance over the three-year period ended 31 December 2017. The EPS target was not achieved and the awards will therefore lapse in full. Further details are set out on page 42.

Appointment of new CFO

James Saralis was appointed as CFO on 1 January 2018 following Steve Dolton's resignation as a Director on 1 January 2018. James Saralis was granted an LTIP award following his appointment subject to the same terms and performance measures as those awards granted to the CEO on 31 October 2017. Details of the awards will be disclosed in the 2018 Annual Report on Remuneration.

Outlook for the 2018 financial year

Details in relation to the application of the Directors' Remuneration Policy in 2018 are set out on page 45, however, the key elements will be as follows:

- The CEO has been awarded a 2% increase in base salary with effect from 1 March 2018, in line with the percentage increase in base salary awarded to the wider workforce. No salary increase was awarded to the CFO.
- The CEO's annual bonus opportunity for 2018 will continue to be subject to a maximum of 100% of base salary.
- It is proposed that the CFO's annual bonus opportunity for 2018 will be subject to a maximum of 80% of base salary. Notwithstanding that, the new Policy allows for a maximum opportunity of 100% of base salary for the CFO.
- Annual bonus awards for 2018 will be based on operating profit and individual objectives which are aligned to the Group's strategy.
- It is proposed that LTIP awards will be granted to Executive Directors during 2018, the details of which will be provided at the time of grant.
- Non-Executive Directors' basic fee and the Chairman's fee were increased by 2% with effect from 1 March 2018.
- The Committee now has authority to reduce or withdraw unvested LTIP awards where the participant is guilty of gross misconduct, in addition to a material misstatement of the Group's financial results.
- In line with best practice, clawback provisions have been included within the annual bonus and LTIP. For two years following the determination of an annual bonus and the date an LTIP vests, the Committee has the authority to 'claw-back' vested LTIP awards and any annual bonus payments.

Conclusion

We are committed to a responsible and transparent approach in respect of executive pay. The Committee believes that subjecting the Directors' Remuneration Policy and Annual Report on Remuneration to an advisory vote provides a greater degree of accountability and gives shareholders a say on this important area of corporate governance.

Gillian Kent
Chairman of the Remuneration Committee
19 March 2018

DIRECTORS' REMUNERATION REPORT

Single figure of remuneration

The table below details the elements of remuneration receivable by each Director for the financial year ended 31 December 2017 and the total remuneration receivable by each Director for that financial year and for the financial year ended 31 December 2016.

	Salary and fees £000	Benefits £000	Annual Bonus £000	Pension £000	Long-term incentives £000	**Total Remuneration 2017 £000**	Total Remuneration 2016 £000
Executive Directors							
J R Atkinson	218	17	76	1	477	**789**	232
S Dolton[1]	175	16	–	–	320	**511**	187
Non-Executive Directors							
R S Halbert	85	–	–	–	–	**85**	83
T J M Aspinall[2]	43	–	–	–	–	**43**	24
G D C Kent	48	–	–	–	–	**48**	47

1. S Dolton resigned as a Director on 1 January 2018. S Dolton was contracted to work four days per week and his salary was calculated on a pro-rata basis to reflect this time commitment.
2. T J M Aspinall was appointed to the Board on 1 June 2016.

The taxable benefits received during the financial year ended 31 December 2017 are principally car allowance and private medical insurance.

Individual elements of remuneration

Base salary and fees

The base salaries for 2017 and 2018 are as set out below:

	2017 base salary £000	**2018 base salary[1] £000**	% increase
J R Atkinson	**218**	**222**	2%
S Dolton[2]	**175**	**N/A**	N/A
J D Saralis[3]	**N/A**	**150**	N/A

Details of Non-Executive Directors' fees for 2017 and 2018 are as set out below:

	2017 fee £000	**2018 fee[1] £000**	% increase
Chairman's fee	**85**	**87**	2%
Non-Executive Directors' fee	**43**	**44**	2%
Chair of the Remuneration Committee	**5**	**5**	0%

1. Salary/Fee increase with effect from 1 March 2018.
2. S Dolton resigned as a Director on 1 January 2018.
3. J D Saralis was appointed to the Board of Directors on 1 January 2018.

Annual bonus plan

The maximum annual bonus opportunity for the CEO was 100% of salary in respect of the year ended 31 December 2017. 75% of the annual bonus was assessed against operating profit performance and 25% was assessed against individual objectives.

The following table sets out the bonus payout to the CEO and how this reflects performance for the year.

Performance measure	Proportion of bonus determined by measure	Performance	Bonus earned £000
Operating profit	75%	Operating profit of £14.5m was achieved. This resulted in a pay out of 26% of salary.	57
Personal objectives	25%	These included the re-engineering of the PI division and measures to support growth in RP and CC.	19

S Dolton resigned as a Director on 1 January 2018 and therefore did not receive a bonus payout.

Long-term incentives

Awards vesting in respect of the financial year

Awards granted on 13 April 2015 in the form of market value share options were subject to EPS performance over a three-year period ended 31 December 2017. The EPS performance target was as follows:

Average annual compound growth in EPS between 2015 and 2017	Percentage of option vesting
10%	100%

The EPS target was not achieved and the awards will therefore lapse in full.

Director	Total number of share options	Share price	Exercise price	Value
J R Atkinson	71,267	£1.541[1]	£2.88	£0.00[2]

1. Based on the average mid-market closing share price over the three- month period to 31 December 2017.
2. The value is assumed to be £0.00 on the basis that the share price is less than the exercise price (i.e. the share options are underwater).

S Dolton resigned as a Director on 1 January 2018 and his awards have therefore lapsed in accordance with the rules of the LTIP.

Awards granted during the financial year

The following award was granted during the year under the LTIP:

Director	Date of grant	Type of award	Number of shares	Face value at grant[1]	Performance period
J R Atkinson	31 October 2017	Nominal cost share option	87,552	129,577	3 years

1. The mid-market closing share price on the date immediately prior to the grant date was used to determine the face value of the awards.

50% of the award vests subject to EPS performance and 50% of the award vests subject to absolute TSR performance.

Statement of Directors' shareholding and share interests

The interests of the Directors and their immediate families in the Company's Ordinary Shares as at 31 December 2017 and as at 31 December 2016 were as follows:

	31 December 2017	31 December 2016
Executive Directors		
J R Atkinson	**1.12%**	0.77%
S Dolton	**1.95%**	1.48%
Non-Executive Directors		
R S Halbert	**1.40%**	1.42%
T J M Aspinall	**0.00%**	0.00%
G D C Kent	**0.00%**	0.00%

The interests of each Executive Director of the Company as at 31 December 2017 in the Company's share schemes were as follows:

Director	Plan	Exercised during the year	Lapsed during the year	Unvested and subject to performance measures	Unvested and not subject to performance measures	Total as at 31 December 2017
J R Atkinson	LTIP (nominal cost options)	312,501	-	87,552	–	**87,552**
	EMI[1]	-	124,999	71,267	–	**71,267**
	SAYE[2]	-	-	–	–	**–**
S Dolton[3]	LTIP (nominal cost options)	237,501	-	–	–	**-**
	EMI	-	124,999	45,611	–	**45,611**
	SAYE[2]	-	-	–	–	**–**

1. The EPS target attaching to these EMI options was not achieved and the options will therefore lapse in full in 2018.
2. During the year both J R Atkinson and S Dolton cancelled their SAYE savings contracts and cash invested was returned to them. Their SAYE options were subsequently cancelled.
3. S Dolton's EMI options lapsed on the date of his resignation as a Director.

Implementation of Directors' Remuneration Policy for the financial year commencing 1 January 2018
Information on how the Company intends to implement the Directors' Remuneration Policy for the financial year commencing on 1 January 2018 is set out below:

Salary/Fees
The CEO was awarded a 2% increase to base salary, with effect from 1 March 2018, in line with the percentage increase awarded to the wider workforce. No salary increase was awarded to the CFO.

Non-Executive Directors' basic fee and the Chairman's fee were increased by 2% with effect from 1 March 2018.

Annual bonus plan
The maximum bonus opportunity for the CEO and CFO will be 100% of salary. It is proposed that the CFO will be granted an annual bonus opportunity of 80% of salary for the 2018 financial year.

75% of the annual bonus will be assessed against operating profit performance and 25% will be assessed against individual objectives. Performance targets will continue to be set at the challenging levels of previous years. The individual objectives are likely to focus around key areas such as the continued restructure of the PI division, development of the CC and RP divisions and a smooth transition in CFO role. The actual performance targets are not disclosed as they are considered to be commercially sensitive at this time. The targets will be disclosed in next year's Directors' Remuneration Report or at such point that the Committee considers that the performance targets are no longer commercially sensitive.

Long-term incentives
LTIP awards are made to Executive Directors on an annual basis to ensure they are appropriately incentivised and aligned with shareholders' interests over the longer term. The Committee has yet to determine details of the awards to be made to Executive Directors for 2018. Full details of the size of the awards and the performance measures attaching to the awards will be disclosed at the time of grant and in the Company's 2018 Annual Report on Remuneration.

Consideration by the Directors of matters relating to Directors' remuneration
The Remuneration Committee is composed of the Company's independent Non-Executive Directors, Gillian Kent (Chairman), Steve Halbert and Tim Aspinall. Executive Directors only attend meetings by invitation.

The Committee's key responsibilities are:
- reviewing the ongoing appropriateness and relevance of remuneration policy;
- reviewing and approving the remuneration packages of the Executive Directors;
- monitoring the level and structure of remuneration of the senior management; and
- production of the Annual Report on the Directors' remuneration.

Advisors
During the financial year, the Committee received independent advice from Deloitte LLP. Deloitte is a founder member of the Remuneration Consultants Group and voluntarily operates under its code of conduct in its dealings with the Committee.

Approval
This report was approved by the Board on 19 March 2018 and signed on its behalf by:

Gillian Kent
Chairman of the Remuneration Committee
19 March 2018

DIRECTORS' REMUNERATION POLICY

This section sets out the Company's Directors' Remuneration Policy, which will apply from the date of the 2018 Annual General Meeting. The Policy is determined by the Committee of the Company.

The Directors' Remuneration Policy was first approved at the 2015 Annual General Meeting. No significant changes have been made to the Policy. Minor amendments have been made to ensure that the Policy is appropriate for the next three years. The amendments to the Policy are as follows:

- The CFO's maximum annual bonus opportunity has been increased from 70% to 100% of salary, in line with the annual bonus opportunity available to the CEO.
- The Committee has introduced a normal maximum LTIP opportunity of 100% of salary for both the CEO and CFO. The overall maximum LTIP award remains at 300% of salary.
- The Committee has extended the operation of malus under the LTIP to include the ability to reduce unvested awards where the participant is guilty of gross misconduct.
- The Committee has introduced clawback into the operation of the annual bonus and LTIP. The Committee is now able to claw back annual bonus payments and vested LTIP awards for up to two years following the date of the bonus determination and LTIP vesting, in the case of a material misstatement of the Group's financial results or if the participant is guilty of gross misconduct.
- The Committee has introduced flexibility to award pension contributions of up to 10% of salary. Executive Directors currently receive nominal or no pension contributions.
- A Policy on the Committee's approach to payments for loss of office has been introduced.

Key principles

The Company's remuneration package for Executive Directors has been designed based on the following key principles:

- promote the long-term success of the Company, with transparent and stretching performance conditions, which are rigorously applied;
- provide appropriate alignment between the Company's strategic goals, shareholder returns and executive reward; and
- have a competitive mix of base salary and short- and long-term incentives, with an appropriate proportion of the package determined by stretching targets linked to the Company's performance.

Policy table for Executive Directors

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary	Core element of fixed remuneration to provide a competitive base salary for the markets in which the Group operates to attract and retain Executive Directors of a suitable calibre.	Salaries are reviewed annually taking into account: • underlying Group performance; • role, experience and individual performance; • competitive salary levels and market forces; and • pay and conditions elsewhere in the Group.	Although there is no overall maximum, salary increases are normally reviewed in the context of the salary increases across the wider Group. The Committee may award salary increases above this level to take account of individual circumstances such as: • increase in scope and responsibility; • increase to reflect the Executive Director's development and performance in the role; or • alignment to market level.	Not applicable.
Benefits	To provide a market competitive benefits package as part of total remuneration.	Executive Directors receive benefits in line with market practice, and these include principally life insurance, private medical insurance and a car allowance. Other benefits may be provided based on individual circumstances.	Whilst the Committee has not set an absolute maximum on the level of benefits Executive Directors receive, the value of the benefit is at a level which the Committee considers appropriate against the market and provides sufficient level of benefit based on individual circumstances.	Not applicable.
Retirement benefits	To provide an appropriate level of retirement benefit.	Executive Directors are eligible to participate in the Group's defined contribution pension plan.	Executive Directors currently receive nominal or no pension contributions. The Committee retains flexibility to award pension contributions of up to 10% of salary.	Not applicable.
SAYE Plan	To create alignment with the Group and promote a sense of ownership.	Executive Directors are entitled to participate in an HMRC tax qualifying all employee SAYE Plan.	Participation limits are those set by the UK tax authorities.	Not subject to performance measures in line with HMRC practice.
Annual bonus	Rewards performance against annual targets which support the strategic direction of the Group.	Awards are based on annual performance against key financial targets and/or the delivery of strategic/personal objectives. The Committee has discretion to amend the payout should any formulaic output not reflect the Committee's assessment of overall business performance. For up to two years following the determination of a bonus payout the Committee has the right to recover some or all of the bonus payout in the event of a material misstatement of the Group's financial results or if the participant has been guilty of gross misconduct.	Maximum bonus opportunity for the Executive Directors is up to 100% of base salary in respect of a financial year.	Targets are set annually reflecting the Group's strategy and aligned with key financial, strategic and/or individual targets. At least 50% of the bonus is assessed against financial performance metrics of the business and the balance is based on strategic/personal objectives. Stretching targets are required for maximum payout.

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Long-term incentive	To drive and reward the achievement of longer-term objectives, support retention and promote share ownership for Executive Directors.	The Group operates a nominal cost LTIP scheme and an Enterprise Management Incentive (EMI) Plan, collectively the 'LTIP schemes'. Under the nominal cost LTIP, awards may be granted in the form of nil or nominal cost share options, or contingent rights to receive shares. Under the EMI Plan, awards may be granted in the form of tax qualifying share options or non-tax qualifying share options. The vesting of awards granted under the nominal cost LTIP and EMI Plan will normally be subject to the achievement of specified performance conditions, normally over a period of at least three years. The Committee may reduce unvested awards granted under the nominal cost LTIP and EMI Plan in the event of a material misstatement of the Group's financial results or if the participant has been guilty of gross misconduct. For up to two years following the determination of the vesting outcome of an award, the Committee has the right to cancel the award if it has not been exercised, or require repayment of some or all of the award in the event of a material misstatement of the Group's financial results or if the participant has been guilty of gross misconduct.	Under the nominal LTIP and EMI Plan rules, the overall combined maximum award that may be granted in respect of a financial year is 300% of base salary. Awards may be granted in excess of this limit in exceptional circumstances. It is intended that the normal combined maximum award will not be more than 100% of salary in respect of a financial year.	Relevant performance measures are set that reflect underlying business performance. Performance measures and their weighting where there is more than one measure are reviewed annually to maintain appropriateness and relevance.

Non-Executive Directors

Purpose and link to strategy	Approach of the Group
Sole element of Non-Executive Director remuneration, set at a level that reflects market conditions and is sufficient to attract individuals with appropriate knowledge and experience.	Fees are normally reviewed annually. Fees paid to Non-Executive Directors for their services are approved by the Remuneration Committee. Fees may include a basic fee and additional fees for further responsibilities (for example, chairmanship of Board committees). Non-Executive Directors do not participate in any of the Company's share options schemes or annual bonus scheme nor do they receive any pension contributions. Non-Executive Directors may be eligible to receive benefits such as the use of secretarial support, travel costs or other benefits that may be appropriate. Actual fee levels are disclosed in the Annual Report on Remuneration for the relevant financial year.

Explanation of performance measures chosen

Performance measures are selected that are aligned with the performance of the Group and the interests of shareholders. Stretching performance targets are set for the annual bonus and long-term incentive awards. When setting these performance targets, the Committee will take into account a number of different reference points, which may include the Group's business plans and strategy and the economic environment. Full vesting will only occur for what the Committee considers to be stretching performance.

The annual bonus is based on financial metrics and strategic metrics which support the strategic direction of the Group. Long-term incentive awards are based on EPS growth and Total Shareholder Return. The Committee considers these to be key external measures of performance over the longer term in terms of delivering value to shareholders.

The Committee retains the ability to adjust or set different performance measures if events occur which cause the Committee to determine that the measures are no longer appropriate and that amendment is required so that they achieve their original purpose.

Awards and options may be adjusted in the event of a variation of share capital in accordance with the rules of the nominal cost LTIP and EMI Plan.

Policy for the remuneration of employees more generally

Remuneration arrangements are determined throughout the Group based on the same principle that reward should be achieved for delivery of the business strategy and should be sufficient to attract, retain and motivate high-calibre employees. The Group operates an HMRC tax qualifying SAYE Plan and invites all employees to participate at the discretion of the Committee, therefore encouraging wider workforce share ownership.

There is no consultation with employees regarding Director's remuneration.

Service contracts

Russell Atkinson's service contract is on a rolling basis and may be terminated on nine months' notice by the Company or the Executive.

James Saralis' service contract is on a rolling basis and may be terminated on six months' notice by the Company or the Executive.

All Non-Executive Directors have initial fixed-term agreements with the Company of no more than three years.

Details of the Directors' service contracts and notice periods are set out below:

Name	Commencement	Normal notice period
J R Atkinson	29 May 2014	nine months
J D Saralis	1 January 2018	six months
R S Halbert	29 May 2014	three months
T J M Aspinall	1 June 2016	three months
G D C Kent	1 November 2014	three months

Payments for loss of office

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

	Policy
Payment in lieu of notice	In line with the provisions of the Executive Directors' service contracts.
Annual Bonus	At the discretion of the Committee dependent upon the circumstances of departure and contribution to the business during the bonus period.
Long-term incentives	The extent to which any unvested award will vest will be determined in accordance with the rules of the nominal cost LTIP and EMI Plan. Unvested awards will normally lapse on cessation of employment, other than when the individual is considered to be a 'good leaver'.
Other payments	In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement, legal fees and under the terms of the SAYE Plan.

Statement of consideration of shareholder views

The Committee considers shareholder feedback received on remuneration matters, including issues arising in relation to the AGM, as well as any additional comments received during any other meetings with shareholders. The Committee will seek to engage directly with major shareholders and their representative bodies should any material changes be made to the Directors' Remuneration Policy.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company Law requires the Directors to prepare Group and parent company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements on the same basis.

Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern ;and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NAHL GROUP PLC

1. Our opinion is unmodified

We have audited the financial statements of NAHL Group plc ("the Company") for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Company Balance Sheet, the Company Statement of Changes in Equity, the Company Cash Flow Statement and the related notes, including the accounting policies in note 1.

In our opinion:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview		
Materiality: Group financial statements as a whole	£0.58m (2016: £0.75m) 4.7% (2016: 4.7%) of Group profit before tax	
Coverage	100% (2016: 100%) of Group profit before tax	
Risks of material misstatement		vs 2016
Recurring risks	Revenue recognition	◀▶
	Valuation of Goodwill	◀▶
	Recoverability of parent Company's investment in subsidiaries	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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 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. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows (unchanged from 2016):

	The Risk	Our response
Revenue recognition (£51.9m; 2016: £50.6m) Refer to page 60 (accounting policy) and page 62 (financial disclosures).	**Processing error and element of judgement:** The key revenue streams, being income from solicitors for the provisions of marketing services, provision of case management services and expert witness reports and lead generation services to conveyancer solicitors and surveyors and the provision of Search reports vary depending on the product/service being delivered by the group. The resulting large volume of non-homogenous transactions creates a risk of processing error. The Group also receives variable consideration in respect of some of the services provided to the law firms over and above a guaranteed minimum, upon the successful outcome of each case. As revenue is recognised when these amounts are considered probable there is judgement in determining the anticipated outcome of cases. The recognition is based on historic data and is included within accrued revenue at the year end totalling £1.5m.	Our procedures included: — **Tests of details:** We performed a reconciliation of the cash received in the year to the revenue recognised. This included testing the underlying data used in the performance of this test; — We selected a sample of revenue items recognised immediately prior to and immediately after the year end and obtained invoices and proof of delivery or service, (contracts; supporting calculations; timesheets; report delivery emails), to check these had been accounted for in the correct period; — For a sample of deferred and accrued income at the period end, we determined whether revenue had been recorded in the appropriate period by checking delivery documentation, (contracts; supporting calculations; timesheets; report delivery emails); — We inspected a sample of credit notes raised post year end to determine whether they related to revenue recognised in the year; — We obtained 100% of the journals posted in respect of revenue and, using computer assisted audit techniques, analysed these to identify and investigate any entries which appeared unusual based upon the specific characteristics of the journal, considering in particular whether the non-revenue side of the journal entry was as expected, based on our business understanding; — **Our sector experience:** Challenging management's assumptions over the accrued variable revenue based on our knowledge of the Group; and — **Historical comparisons:** Checking reasonableness of expected success rates by comparing actual experience to previous expected rates.

2. Key audit matters: our assessment of risks of material misstatement continued

	The Risk	Our response
Valuation of Goodwill (£60.4m; 2016: £60.4m) Refer to page 60 (accounting policy) and page 67 (financial disclosures).	**Forecast-based valuation:** Goodwill relates to all three divisions: Personal Injury (£39.9m), Critical Care (£15.6m) and Residential Property (£4.9m). There is judgement with regard to assumptions and estimates involved in forecasting future cash flows, which form the basis of the assessment of the recoverability of goodwill balances. These include budgeted volumes, operating margin, long-term growth rates and the discount rate used.	Our procedures included: — **Benchmarking Assumptions:** Comparing the Group's assumptions to externally derived data in relation to key inputs such as projected economic growth, competition, and discount rates. — **Historical Comparisons:** We assessed the reasonableness of assumptions we assessed the historical accuracy of the Group's forecasting through checking management forecasts to actual results. — **Sensitivity Analysis:** Performing scenario-specific analysis on models including changes to, and breakeven analysis on, the discount rate, long term growth rates and forecast cash flows; and — **Assessing Transparency:** Assessing whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill.
Parent: Recoverability of Parent Company Investment in Subsidiaries (£52.7m; 2016: £52.7m) Refer to page 81 (accounting policy) and page 82 (financial disclosures).	**Low risk, high value:** The carrying amount of the parent company's investments in the subsidiary company held at cost less impairment represents 74% (2016: 67%) of the company's total assets. Its recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit.	Our procedures included: — **Comparing valuations:** comparing the carrying value of the investment to the market capitalisation of the Group at the balance sheet date.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £0.58m, determined with reference to a benchmark of group profit before tax, of which it represents 4.7% (2016: 4.7%).

Materiality for the Parent Company financial statements as a whole was set at £0.46m (2016: £0.65m), determined with reference to a benchmark of company net assets, of which it represents 0.7% (2016: 0.8%).

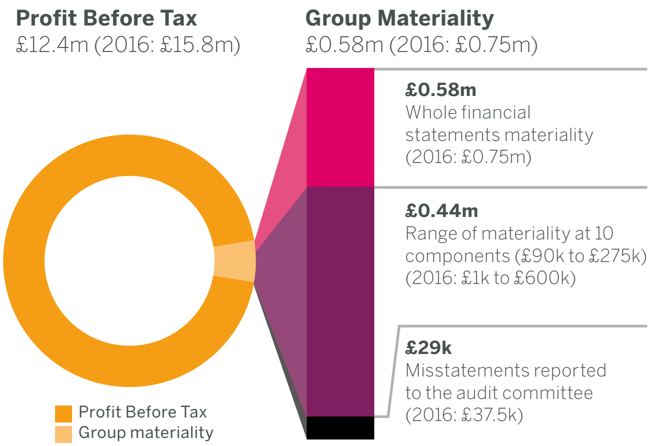
We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £29k, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 10 (2016: 8) reporting components, we subjected 5 (2016: 8) to full scope audits for group purposes and 5 (2016: nil) to specified risk-focused audit procedures. The latter were not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed.

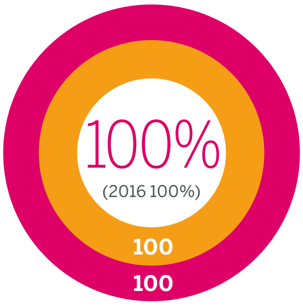
The components within the scope of our work accounted for the percentages illustrated opposite.

The Group team approved the component materialities, which ranged from £90k to £275k, having regard to the mix of size and risk profile of the Group across the components.

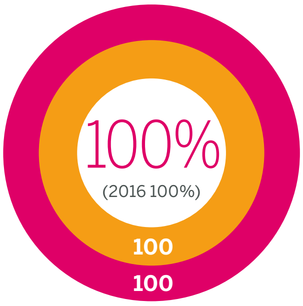
The Group team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the materiality levels set out above. The Group team visited 4 (2016: 4) component locations in Kettering, Daventry, London and Hove to assess the audit risk and strategy.



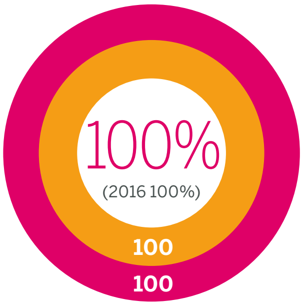
Group revenue



Group profit before tax



Group total assets



Full scope for group audit purposes 2017

Full scope for group audit purposes 2016

4. We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6. We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 50, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Group and 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Charlotte Anderson
(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Altius House,
North Fourth Street,
Milton Keynes
MK9 1NE

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Underlying revenue	1, 2	**51,037**	49,385
Exceptional items	4	**875**	1,250
Revenue	1,2	**51,912**	50,635
Cost of sales		**(25,224)**	(20,809)
Underlying gross profit	1	**25,813**	28,576
Exceptional items	4	**875**	1,250
Gross profit		**26,688**	29,826
Administrative expenses	3	**(14,086)**	(13,665)
Underlying operating profit	1	**14,491**	17,985
Share-based payments	21	**(182)**	(1,052)
Amortisation of intangible assets acquired on business combinations	15	**(1,307)**	(1,327)
Exceptional items	4	**(400)**	555
Operating profit	2	**12,602**	16,161
Financial income	7	**150**	43
Financial expense	8	**(331)**	(403)
Profit before tax		**12,421**	15,801
Taxation	9	**(2,467)**	(3,577)
Profit for the year and total comprehensive income		**9,954**	12,224
Profit and total comprehensive income is attributable to:			
Owners of the company		**9,876**	12,224
Non-controlling interests		**78**	–
		9,954	12,224

	Note	2017 p	2016 p
Earnings per share (p)			
Basic earnings per share	22	**21.7**	27.0
Diluted earnings per share	22	**21.6**	26.5

The notes on pages 58 to 77 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Non-current assets			
Goodwill	13	**60,362**	60,362
Intangible assets	15	**7,217**	8,474
Property, plant and equipment	16	**267**	327
Deferred tax asset	10	**34**	38
		67,880	69,201
Current assets			
Trade and other receivables (including £7,280,000 (2016: £825,000) due in greater than one year)	17	**22,261**	10,287
Cash and cash equivalents		**858**	4,814
		23,119	15,101
Total assets		**90,999**	84,302
Current liabilities			
Other interest-bearing loans and borrowings	18	**–**	(3,693)
Trade and other payables	19	**(12,415)**	(7,631)
Other payables relating to legacy pre-LASPO ATE product	2	**(676)**	(1,912)
Current tax liability		**(1,513)**	(1,937)
Deferred tax liability	11	**(1,662)**	(1,914)
		(16,266)	(17,087)
Non-current liabilities			
Other interest-bearing loans and borrowings	18	**(12,922)**	(7,396)
Total liabilities		**(29,188)**	(24,483)
Net assets		**61,811**	59,819
Equity			
Share capital	20	**115**	113
Share option reserve		**2,121**	1,939
Share premium		**14,507**	14,507
Merger reserve		**(66,928)**	(66,928)
Retained earnings		**111,893**	110,188
Total equity attributable to the owners of NAHL Group plc		**61,708**	59,819
Non-controlling interests		**103**	–
Total equity		**61,811**	59,819

The notes on pages 58 to 77 form part of these financial statements.

These financial statements were approved by the Board of Directors on 19 March 2018 and were signed on its behalf by:

J R Atkinson
Director

Company registered number: 08996352

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Share capital £000	Share option reserve £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total £000	Non-controlling interest £000	Total equity £000
Balance at 1 January 2016		**113**	**1,121**	**14,262**	**(66,928)**	**106,503**	**55,071**	**–**	**55,071**
Total comprehensive income for the year									
Profit for the year		–	–	–	–	12,224	12,224	–	12,224
Total comprehensive income		–	–	–	–	12,224	12,224	–	12,224
Transactions with owners, recorded directly in equity									
Issue of new Ordinary Shares	26	–	–	160	–	–	160	–	160
Exercise of share options	26	–	(85)	85	–	–	–	–	–
Share based payments	21	–	903	–	–	–	903	–	903
Dividends paid		–	–	–	–	(8,539)	(8,539)	–	(8,539)
Balance at 31 December 2016		**113**	**1,939**	**14,507**	**(66,928)**	**110,188**	**59,819**	**–**	**59,819**
Total comprehensive income for the year									
Profit for the year		**–**	**–**	**–**	**–**	**9,876**	**9,876**	**78**	**9,954**
Total comprehensive income		**–**	**–**	**–**	**–**	**9,876**	**9,876**	**78**	**9,954**
Transactions with owners, recorded directly in equity									
Issue of new Ordinary Shares	26	**2**	**–**	**–**	**–**	**–**	**2**	**–**	**2**
Member capital		**–**	**–**	**–**	**–**	**–**	**–**	**25**	**25**
Share based payments	21	**–**	**182**	**–**	**–**	**–**	**182**	**–**	**182**
Dividends paid		**–**	**–**	**–**	**–**	**(8,171)**	**(8,171)**	**–**	**(8,171)**
Balance at 31 December 2017		**115**	**2,121**	**14,507**	**(66,928)**	**111,893**	**61,708**	**103**	**61,811**

The notes on pages 58 to 77 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Profit for the year		**9,954**	12,224
Adjustments for:			
Depreciation	16	**171**	170
Amortisation	15	**1,437**	1,352
Financial income	7	**(150)**	(43)
Financial expense	8	**331**	403
Share based payments	21	**182**	1,052
Taxation	9	**2,467**	3,577
		14,392	18,735
Increase in trade and other receivables		**(11,974)**	(1,876)
Increase/(decrease) in trade and other payables		**4,963**	(1,868)
Decrease in other payables relating to legacy pre-LASPO ATE product		**(1,236)**	(1,689)
		6,145	13,302
Interest paid		**(178)**	(346)
Tax paid		**(3,139)**	(3,692)
Net cash from operating activities		**2,828**	9,264
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(111)**	(232)
Acquisition of intangible assets		**(305)**	(393)
Interest received		**12**	43
Consideration paid for the acquisition of subsidiaries		**–**	(2,090)
Cash acquired from business combinations		**–**	295
Non-controlling interest member capital		**25**	–
Net cash used in investing activities		**(379)**	(2,377)
Cash flows from financing activities			
New share issue		**2**	160
Repayment of borrowings		**(11,250)**	(3,750)
New borrowings		**13,125**	–
Bank arrangement fees for new borrowings		**(111)**	–
Dividends paid		**(8,171)**	(8,539)
Net cash used in financing activities		**(6,405)**	(12,129)
Net decrease in cash and cash equivalents		**(3,956)**	(5,242)
Cash and cash equivalents at 1 January		**4,814**	10,056
Cash and cash equivalents at 31 December		**858**	4,814

1 Accounting policies

Basis of preparation

Consolidated Financial Statements

The Consolidated Financial Statements for the year ended 31 December 2017 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial information has been prepared on a going concern basis and under the historical cost convention.

The Directors have prepared cash flow forecasts for the period until 31 March 2019. Based on these, the Directors confirm that there are sufficient cash reserves to fund the business for the period under review, and believe that the Group is well placed to manage its business risk successfully. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The financial statements represent a consolidation of the Company and its subsidiary undertakings as at the Statement of Financial Position date and for the year then ended. In accordance with IFRS 10 the definition of control is such that an investor has control over an investee when: a) it has power over the investee, b) it is exposed, or has the rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. All subsidiary undertakings in which the Group has a greater than 50% shareholding have been consolidated in the Group's results.

The consolidated financial information incorporates the results of business combinations using the purchase method. In the Group statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Group statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases. Acquisition costs are expensed as incurred. This policy does not apply on the acquisition of Consumer Champion Group Limited for which reverse acquisition accounting has been applied. The group recognises any non-controlling interest in the acquired entity on an acquisition by acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Joint arrangements

Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. NAHL Group plc has joint operations only. As the Group has overall control of these joint operations, the results of the joint operations have been consolidated within these financial statements.

Use of judgements and estimates

The preparation of financial statements in conformity with IFRSs requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Revenue, other than pre- and post-LASPO ATE income, is not considered to be a key judgement or estimate.

Judgements

In applying the Group's accounting policies, management has applied judgement in the following areas that have a significant impact on the amounts recognised in the financial statements.

Intangible assets

When the Group makes an acquisition, management determines whether any intangible assets should be recognised separately from goodwill and what value to attribute to those assets.

Accounting policy choice for non-controlling interests

The group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition by acquisition basis. For the non-controlling interests in Your Law LLP and National Law Associates LLP (trading as National Law Partners), the Group elected to recognise the non-controlling interests at their proportionate share of the acquired net identifiable assets.

Estimates

Discussed below are key assumptions concerning the future, and other key sources of estimation at the reporting date, that have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Impairment of goodwill

The Group determines, on an annual basis, whether goodwill is impaired. This requires an estimation of the future cash flows of the cash generating units (CGUs) to which the goodwill is allocated; see note 13.

Recoverability of trade receivables
Trade receivables are reflected net of an estimated provision for impairment losses. This provision considers the past payment history and the length of time that the debt has remained unpaid; see notes 17 and 23.

New standards, interpretations and amendments not yet effective
The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:
- *IFRS 9: Financial Instruments – Effective for annual reporting periods beginning on or after 1 January 2018, with early application permitted.*
- *IFRS 15: Revenue from Contracts with Customers – Effective for annual reporting periods beginning on or after 1 January 2018, with early application permitted.*
- *IFRS 16: Leases – Effective for annual reporting periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15: Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.*

A review of IFRS 16: Leases will be conducted to determine its impact on the Group. The Group has considered the impact of the other standards and revisions above and concluded that these will not have a material impact on the Group's financial statements.

Use of non-GAAP measures
The Directors believe that underlying operating profit, underlying revenue, underlying operating cash and adjusted net debt provide additional useful information for shareholders on underlying trends and performance. These measures are used by management for performance analysis and are considered useful as they relate to the core underlying trading activities of the Group i.e. they reflect the current ongoing activities of the Group and do not include any items that relate to significant exceptional projects that are not expected to recur or any items that relate to activities that are outside the normal course of trading (e.g. acquisitions or share-based costs that are not directly related to the current operating performance of the Group). Underlying operating profit, underlying revenue, underlying operating cash and adjusted net debt are not defined by IFRS and therefore may not be directly comparable to other companies' adjusted profit, revenue, cash or debt measures. They are not intended to be a substitute for, or superior to IFRS measurements.

The adjustments made to reported revenue are:

Exceptional revenues – fees related to exceptional revenues in relation to release of the ATE liability that are not expected to recur and are not related to the continuing core operations of the business.

The adjustments made to reported operating profit are:

IFRS 2 Share-Based Payments – non-cash Group statement of comprehensive income charge for share-based payments and related National Insurance costs. IFRS 2 requires the fair value of equity instruments measured at grant date to be spread over the period during which the employees become unconditionally entitled to the options. This is a non-cash charge and has been excluded from underlying operating profit as it does not reflect the underlying core trading performance of the Group.

IFRS 3 (Revised) Business Combinations – intangible asset amortisation charges and costs arising from acquisitions. Under IFRS 3 intangible assets are required to be amortised on a straight-line basis over their useful economic life and as such this is a non-cash charge that does not reflect the underlying performance of the business acquired. Similarly, the standard requires all acquisition costs to be expensed in the Group Income Statement. Due to their nature, these costs have been excluded from underlying operating profit as they do not reflect the underlying core trading performance of the Group.

Other exceptional costs/income – these relate to certain exceptional costs associated with the Group's acquisition activities including any costs in relation to aborted acquisitions, reorganisation costs associated with exceptional projects that are not related to the core operations of the business and exceptional income for the release of previously recognised liability for pre-LASPO ATE. These have been excluded from underlying operating profit as they do not reflect the underlying core trading performance of the Group.

Going concern
The Group had cash balances of £858,000 (2016: £4,814,000), net assets of £61,811,000 (2016: £59,819,000) and net current assets of £6,853,000 (2016: net current liabilities £1,986,000) as at each year end.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. As part of the normal management process, detailed forecasts of future trading, profits and cashflows on a CGU by CGU basis are prepared, which includes the impact for possible changes in market or regulatory conditions. Based on these projections, the Board remains positive about the Group's short- and medium-term prospects.

Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

1 Accounting policies continued

Revenue

Personal Injury – Revenue is from:
a) Solicitor income (traditional) – Marketing services resulting in the provision of enquiries to Panel Law Firms, based on a cost-plus margin model with reference to the cost of the marketing resources needed to generate the enquiry. These revenues are recognised when the service is delivered.

b) Solicitor income (variable) – Marketing services resulting in the provision of enquiries to certain Panel Law Firms where we receive variable consideration based on the ultimate case outcome. The revenue recognised on deferral of enquiries is equal to management's best estimate of the future expected cash flows discounted for the time value of money. This is only recognised to the extent that the amount is probable and can be reliably estimated.

c) Product income – Commissions received from product providers for the sale of additional products to the Panel Law Firms. Revenue is recognised on sale of the product to a PLF to the extent that the amount is probable and can be reliably estimated.

d) ABS income – Fees receivable from clients for the provision of legal services. Revenue is recognised once it is virtually certain that the case will be won.

Pre-LASPO ATE – Revenue from commissions received from the insurance provider for the use of after the event policies by Panel Law Firms. From 1 April 2013, this product was no longer available as a result of LASPO regulatory changes. Consequently, there is a remaining liability which is being unwound through revenue as historic cases are settled.

Critical Care – Revenue from the provision of expert witness reports and case management support within the medico-legal framework for multi-track cases. For expert witness, revenue is recognised on the completion and delivery of reports and for case management revenue is recognised based on the level of services provided on a monthly basis.

Residential Property – Revenue from the provision of online marketing services to target homebuyers and sellers in England and Wales and offering lead generation services to Panel Law Firms and surveyors in the conveyancing sector. Revenue is recognised on a fixed-fee basis on the transfer of instruction to Panel Law Firms or surveyors. Search revenue is recognised as revenue in the period in which the search report is delivered.

All revenue is stated net of Value Added Tax. The entire revenue arose in the United Kingdom.

Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is not amortised but is tested for impairment annually and again whenever indicators of impairment are detected and is carried at cost less any provision for impairment. Any impairment is recognised in the statement of comprehensive income.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Intangible assets are amortised on a straight-line basis over their estimated useful lives as follows:

- Technology related intangibles – 5 to 10 years
- Contract related intangibles – 3 to 10 years
- Brand names – 3 to 10 years
- Other intangible assets – 3 to 5 years

No amortisation is charged on assets under construction as these are not yet in use.

Depreciation

Depreciation is calculated to write off the cost, less estimated residual value, of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

Fixtures and fittings including:

- Office equipment – 3 to 5 years
- Computers – 3 years

Operating leases

Operating lease rentals are charged to the income statement on a straight-line basis over the period of the lease.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

Taxation
Tax on the income statement for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided 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: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet 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 temporary difference can be utilised.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Classification of financial instruments issued by the Group
Financial instruments issued by the Group are treated as equity (i.e. forming part of equity) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and
b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in equity.

Employee share schemes
The share option plans allow employees of the Group to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Impairment
The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

1 Accounting policies continued

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2 Operating segments

	Personal Injury £000	Critical Care £000	Residential Property £000	Group £000	Underlying operations £000	Pre-LASPO ATE £000	Other items £000	Total £000
Year ended 31 December 2017								
Revenue	**31,660**	**11,037**	**8,340**	**–**	**51,037**	**875**	**–**	**51,912**
Depreciation and amortisation	**(178)**	**(49)**	**(74)**	**–**	**(301)**	**–**	**(1,307)**	**(1,608)**
Operating profit/(loss)	**11,033**	**3,882**	**1,385**	**(1,809)**	**14,491**	**800**	**(2,689)**	**12,602**
Financial income	**143**	**5**	**–**	**2**	**150**	**–**	**–**	**150**
Financial expenses	**(1)**	**(4)**	**–**	**(326)**	**(331)**	**–**	**–**	**(331)**
Profit/(Loss) before tax	**11,175**	**3,883**	**1,385**	**(2,133)**	**14,310**	**800**	**(2,689)**	**12,421**
Trade receivables	**11,442**	**4,386**	**419**	**–**	**16,247**	**–**	**–**	**16,247**
Segment liabilities	**(10,453)**	**(806)**	**(506)**	**(600)**	**(12,365)**	**(726)**[1]	**–**	**(13,091)**
Capital expenditure (including intangibles)	**53**	**47**	**191**	**–**	**291**	**–**	**–**	**291**
Year ended 31 December 2016								
Revenue	30,011	10,353	9,021	–	49,385	1,250	–	50,635
Depreciation and amortisation	(89)	(44)	(147)	–	(280)	–	(1,242)	(1,522)
Operating profit/(loss)	14,112	3,786	1,391	(1,304)	17,985	1,155	(2,979)	16,161
Financial income	14	19	–	10	43	–	–	43
Financial expenses	(1)	(5)	–	(397)	(403)	–	–	(403)
Profit/(Loss) before tax	14,125	3,800	1,391	(1,691)	17,625	1,155	(2,979)	15,801
Trade receivables	1,935	3,929	343	–	6,207	–	–	6,207
Segment liabilities	(5,227)	(1,035)	(765)	(503)	(7,530)	(1,982)[1]	(31)	(9,543)
Capital expenditure (including intangibles)	608	96	46	–	750	–	–	750

1. Pre-LASPO ATE liabilities include the balance of commissions received in advance that are due to be paid back to the insurance provider of £676,000 (2016: £1,912,000) and accruals for associated costs of £50,000 (2016: £70,000).

Geographic information

All revenue and assets of the Group are based in the UK.

Operating segments

The activities of the Group are managed by the Board, which is deemed to be the chief operating decision maker (CODM). The CODM has identified the following segments for the purpose of performance assessment and resource allocation decisions. These segments are split along product lines and consistent with those reported last year.

Personal Injury – Revenue from the provision of enquiries to the PLFs, based on a cost plus margin model, plus commissions received from providers for the sale of additional products by them to the PLFs and in the case of the ABSs, revenue receivable from clients for the provision of legal services.

Pre-LASPO ATE – Revenue is commissions received from the insurance provider for the use of after the event policies by PLFs. From 1 April 2013, this product was no longer available as a result of LASPO regulatory changes. Included in the balance sheet is a liability that has been separately identified due to its material value. This balance is commissions received in advance that are due to be paid back to the insurance provider. No interest is due on this liability.

Critical Care – Revenue from the provision of expert witness reports and case management support within the medico-legal framework for multi-track cases.

Residential Property – Revenue from the provision of online marketing services to target homebuyers and sellers in England and Wales, offering lead generation services to PLFs and surveyors in the conveyancing sector and the provision of conveyancing searches for solicitors and licensed conveyancers.

Group – Costs that are incurred in managing Group activities or not specifically related to a product.

Other items – Costs associated with the acquisition of subsidiary undertakings, reorganisation costs associated with exceptional projects that are not related to the core operations of the business, share-based payments and amortisation charges on intangible assets recognised as part of business combinations.

Cash flows from operating activities

A reconciliation of operating profit to cash generation from operations has been presented below separately identifying net cash flows relating to underlying operations (comprising cash flows associated with PI, CC, RP and other segments), the pre-LASPO ATE product segment and other items.

Reconciliation of operating profit to net cash from operating activities

12 months ended 31 December 2017	Underlying operations £000	Pre-LASPO ATE £000	Sub-total £000	Other items £000	Total £000
Operating profit	**13,002**	**800**	**13,802**	**(1,200)**	**12,602**
Amortisation of intangible assets acquired on business combinations	**1,307**	**–**	**1,307**	**–**	**1,307**
Equity-settled share based payments	**182**	**–**	**182**	**–**	**182**
Underlying operating profit	**14,491**	**800**	**15,291**	**(1,200)**	**14,091**
Depreciation and amortisation	**301**	**–**	**301**	**–**	**301**
Increase in trade/other receivables	**(11,974)**	**–**	**(11,974)**	**–**	**(11,974)**
Increase/(decrease) in trade/other payables	**5,120**	**(20)**	**5,100**	**(137)**	**4,963**
Decrease in liabilities relating to pre-LASPO ATE product	**–**	**(1,236)**	**(1,236)**	**–**	**(1,236)**
Net cash flows from operating activities before interest and tax	**7,938**	**(456)**	**7,482**	**(1,337)**	**6,145**
Interest paid	**(178)**	**–**	**(178)**	**–**	**(178)**
Tax paid	**(3,139)**	**–**	**(3,139)**	**–**	**(3,139)**
Net cash from operating activities	**4,621**	**(456)**	**4,165**	**(1,337)**	**2,828**

12 months ended 31 December 2016	Underlying operations £000	Pre-LASPO ATE £000	Sub-total £000	Other items £000	Total £000
Operating profit	15,606	1,155	16,761	(600)	16,161
Amortisation of intangible assets acquired on business combinations	1,327	–	1,327	–	1,327
Equity-settled share based payments	1,052	–	1,052	–	1,052
Underlying operating profit	17,985	1,155	19,140	(600)	18,540
Depreciation and amortisation	195	–	195	–	195
Increase in trade/other receivables	(1,876)	–	(1,876)	–	(1,876)
Increase/(decrease) in trade/other payables	(1,969)	70	(1,899)	31	(1,868)
Decrease in liabilities relating to pre-LASPO ATE product	–	(1,689)	(1,689)	–	(1,689)
Net cash flows from operating activities before interest and tax	14,335	(464)	13,871	(569)	13,302
Interest paid	(346)	–	(346)	–	(346)
Tax paid	(3,692)	–	(3,692)	–	(3,692)
Net cash from operating activities	10,297	(464)	9,833	(569)	9,264

3 Administrative expenses and auditor's remuneration

Included in the consolidated statement of comprehensive income are the following:

	2017 £000	2016 £000
Depreciation of property, plant and equipment	**171**	170
Amortisation of intangible assets (not relating to business combinations)	**130**	25
Amortisation of intangible assets relating to business combinations	**1,307**	1,327
Operating leases – land and buildings	**369**	361
Operating leases – other	**57**	63
Auditor's remuneration	**130**	95

The analysis of auditor's remuneration is as follows:

	2017 £000	2016 £000
Audit services – statutory audit	**111**	77
Taxation compliance	**19**	18
Total non-audit remuneration	**19**	18

4 Exceptional items

Exceptional items included in the income statement are summarised below:

	2017 Revenue £000	2017 Operating Profit £000	2016 Revenue £000	2016 Operating Profit £000
Release of pre-LASPO ATE liability and associated costs[1]	(875)	(800)	(1,250)	(1,155)
Personal Injury reorganisation costs[2]	–	1,200	–	522
Legal and professional fees relating to acquisitions[3]	–	–	–	78
	(875)	400	(1,250)	(555)

1. Previously recognised liabilities for pre-LASPO ATE commissions received in advance of £875,000 (2016: £1,250,000) have been released into revenue in the year as a result of more favorable settlements. These have been offset by associated costs of £75,000 (2016: £95,000).
2. Personal Injury reorganisation costs relate to costs associated with exceptional projects that are not related to the core operations of the business.
3. Legal and professional fees paid in relation to the acquisitions of Searches UK Limited, including due diligence costs and Stamp Duty.

5 Staff numbers and costs

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

	Number of Employees	
	2017	2016
Directors	5	5
Others	201	195
	206	200

The aggregate payroll costs of these persons were as follows:

	2017 £000	2016 £000
Wages and salaries	7,541	6,821
Share based payments (see note 21)	182	1,052
Social security costs	793	723
Pension costs	80	65
	8,596	8,661

6 Directors' emoluments

	2017 £000	2016 £000
Statutory Directors' emoluments	1,476	573

Statutory Directors' emoluments

	Salary and fees £000	Benefits £000	Annual bonus £000	Long-term incentives £000	Pension £000	Total £000
Year ended 31 December 2017						
Executive Directors						
J R Atkinson	218	17	76	477	1	789
S Dolton[1]	175	16	–	320	–	511
Non-Executive Directors						
R S Halbert	85	–	–	–	–	85
G D C Kent	48	–	–	–	–	48
T J M Aspinall	43	–	–	–	–	43
	569	33	76	797	1	1,476

	Salary and fees £000	Benefits £000	Annual bonus £000	Long-term incentives £000	Pension £000	Total £000
Year ended 31 December 2016						
Executive Directors						
J R Atkinson	214	17	–	–	1	232
S Dolton[1]	171	16	–	–	–	187
Non-Executive Directors						
R S Halbert	83	–	–	–	–	83
G D C Kent	47	–	–	–	–	47
T J M Aspinall[2]	24	–	–	–	–	24
	539	33	–	–	1	573

1. S Dolton resigned from the Board on 1 January 2018.
2. T J M Aspinall was appointed to the Board on 1 June 2016.

The Group contributed £1,000 to pension schemes in respect of Directors during the year (2016: £1,000).

The emoluments of the highest paid Director were £789,000 (2016: £232,000).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel include members of the operational board who are not statutory directors in addition to the main Board. Disclosure of transactions with key management is detailed in note 27.

7 Financial income

	2017 £000	2016 £000
Bank interest income	**6**	25
Investment income	**5**	18
Other income	**139**	–
	150	43

8 Financial expense

	2017 £000	2016 £000
Interest on bank loans	**257**	340
Amortisation of facility arrangement fees	**74**	63
Total finance expense	**331**	403

9 Taxation

Recognised in the consolidated statement of comprehensive income

	2017 £000	2016 £000
Current tax expense		
Current tax on income for the year	**2,690**	3,582
Adjustments in respect of prior years	**25**	(35)
Total current tax	**2,715**	3,547
Deferred tax expense		
Origination and reversal of timing differences	**(248)**	30
Total deferred tax	**(248)**	30
Tax expense in income statement	**2,467**	3,577
Total tax charge	**2,467**	3,577

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax law and prior experience.

9 Taxation continued

Reconciliation of effective tax rate

	2017 £000	2016 £000
Profit for the year	**9,954**	12,224
Total tax expense	**2,467**	3,577
Profit before taxation	**12,421**	15,801
Tax using the UK corporation tax rate of 19.25% (2016: 20.00%)	**2,391**	3,160
Income disallowable for tax purposes	**(1)**	(3)
Non-deductible expenses	**48**	455
Adjustments in respect of prior years	**25**	(35)
Short-term timing differences for which no deferred tax is recognised	**4**	–
Total tax charge	**2,467**	3,577

Changes in tax rates and factors affecting the future tax charge

A reduction in the UK corporation tax rate from 21.0% to 20.0% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19.0% (effective from 1 April 2017) and to 18.0% (effective from 1 April 2020) was substantively enacted on 26 October 2015 and an additional reduction to 17.0% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax assets and liabilities at 31 December 2017 have been calculated based on these rates.

10 Deferred tax asset

	2017 £000	2016 £000
At beginning of year	**38**	68
Recognised in profit and loss (see note 9)	**(4)**	(30)
Deferred tax asset at end of year	**34**	38

The asset for deferred taxation consists of the tax effect of temporary differences in respect of:

	Property, plant & equipment £000	Bad debt provisions £000	Total £000
At 1 January 2016	44	24	68
Recognised in profit and loss	(23)	(7)	(30)
At 31 December 2016	21	17	38
Recognised in profit and loss	(8)	4	(4)
At 31 December 2017	**13**	**21**	**34**

11 Deferred tax liability

	2017 £000	2016 £000
At beginning of year	**1,914**	1,738
Arising on business combination (see note 12)	**–**	176
Recognised in profit and loss (see note 9)	**(252)**	–
Deferred tax liability at end of year	**1,662**	1,914

The deferred tax liability arises in respect of intangible assets acquired on business combinations.

12 Acquisitions

Acquisition of Searches UK Limited

On 11 January 2016 the Group acquired the entire share capital of Searches UK Limited (Searches). Searches is a conveyancing search provider in England and Wales predominantly for residential property transactions.

Fair values

The acquisitions had the following effect on the Group's assets and liabilities:

	Searches £000	Total 2016 £000
Intangible assets	881	881
Tangible assets	6	6
Trade and other receivables	369	369
Cash and cash equivalents	295	295
Trade and other payables	(419)	(419)
Deferred tax liability	(176)	(176)
Net assets acquired	**956**	**956**
Goodwill arising on acquisition	1,124	1,124
Fair value of net assets acquired and goodwill arising	**2,080**	**2,080**
Cash consideration	2,080	2,080
Fair value of deferred consideration	–	–
Fair value of net assets acquired and goodwill arising	**2,080**	**2,080**

The Group incurred acquisition related costs of £nil (2016: £78,000) related to professional fees paid for due diligence, general professional fees and legal related costs. These costs have been included in exceptional items in the Group's consolidated statement of comprehensive income.

For all acquisitions, fair values remain provisional in the first year and will be finalised within 12 months of acquisition.

During 2017, the Group incorporated two new ABSs through joint partnerships with members of its PLFs. This led to the Group acquiring interests in Your Law LLP and National Law Associates LLP. Project Jupiter Limited, a 100% subsidiary of NAHL Group plc, is a member firm of Your Law LLP and National Law Associates LLP. Member capital of £75,000 was advanced to the LLPs. There were no other acquisition costs involved.

13 Goodwill

	Personal Injury £000	Critical Care £000	Residential Property £000	Total £000
Cost				
At 1 January 2016	39,897	15,592	3,749	59,238
Acquired through business combination	–	–	1,124	1,124
At 31 December 2016 and 31 December 2017	**39,897**	**15,592**	**4,873**	**60,362**
Impairment				
At 1 January 2016	–	–	–	–
At 31 December 2016	–	–	–	–
At 31 December 2017	**–**	**–**	**–**	**–**
Net book value				
At 31 December 2016	39,897	15,592	4,873	60,362
At 31 December 2017	**39,897**	**15,592**	**4,873**	**60,362**

Where goodwill arose as part of a business acquisition, it forms part of the CGU's asset carrying value which is tested for impairment annually. The Group has determined that for the purposes of impairment testing, each segment i.e. PI, CC and RP, is the appropriate level at which to test. Due to the discontinued nature of the pre-LASPO ATE product, no goodwill is allocated to it.

The recoverable amounts for the CGUs are based on value in use which is calculated on the operating cash flows expected to be generated by the division using the latest budget data for the coming year, extrapolated at a forecast growth rate for four years and no growth into perpetuity, discounted at a range of pre-tax WACCs of between 7.5%-8.4% (2016: 10.1%–12.7%). The range of WACCs represents the different risk profiles of each CGU.

13 Goodwill continued

For the current year review and going forward, we have added a terminal value onto each forecast which represents the cash flows of the CGU into perpetuity with 0% growth assumed. Previous years have considered a forecast period of five years only. This change in basis has arisen due to the evolution of the PI business model. As the ABSs are expected to account for a greater proportion of profits and cash flows going forward we have deemed it appropriate to consider the cash flows over a longer period to reflect the delay and deferment of profits between initial enquiry generation and profit recognition as legal cases in the ABSs can take up to three years or more to settle. This is as permitted under IAS36 Impairment of assets.

Management consider the key assumptions in the value in use calculation to be the discount rate and operating profit growth rate. The discount rates are based on the Group's pre-tax cost of capital and estimated cost of equity, which the Directors consider equated to market participants rate. The movement in the discount rates compared to the prior year is the result of greater stability in the share price since the announcement in February 2017 of regulatory changes in the PI market. In preparing the formal budget for the next financial period, expected underlying operating profit is based on past experience of the performance of the CGUs adjusted for known changes.

The operating profit compound annual growth rate assumptions for years one to five were as follows:

	2017	2016
Personal Injury	(1.4)%	(3.6)%
Critical Care	7.5%	10.0%
Residential Property	0.0%	10.0%

A negative growth assumption has been applied to personal injury to account for the new ABS models where profit recognition and cash profile are delayed for up to three years until settlement of cases.

Based on the operating performance of the CGUs, no impairment loss was identified in any of the CGUs and there is sufficient headroom (calculated as the difference between value in use and the carrying value of each CGU's goodwill) to indicate that no reasonable change to key assumptions would result in an impairment of this goodwill.

The available headroom for each CGU is as follows:

	2017	2016
Personal Injury	80,592	1,638
Critical Care	41,377	2,580
Residential Property	17,845	5,742

The following table shows the percentage to which the discount rate would need to increase and the percentage by which the budgeted operating cash flows would need to decrease in order for the estimated recoverable amount of the CGUs to be equal to the carrying amount:

	Discount Rate		Cashflows	
	2017	2016	2017	2016
Personal Injury	49.6%	14.1%	(66.9)%	(4.0)%
Critical Care	64.5%	19.3%	(72.6)%	(15.4)%
Residential Property	100.3%	88.6%	(78.6)%	(58.6)%

14 Non-controlling interests

The Group has the following investments in joint arrangements:

Name of subsidiary	Country of incorporation and principal place of business	Nature of interest	Principal activity	Ownership 2017	Ownership 2016
Your Law LLP	United Kingdom	LLP member	Personal injury lawyers	n/a	–
National Law Associates LLP	United Kingdom	LLP member	Personal injury lawyers	n/a	–

Your Law LLP and National Law Associates LLP are both considered to be joint operations as Project Jupiter Limited, a 100% subsidiary of NAHL Group plc, is a member firm of each of the LLPs and National Accident Helpline Limited provides marketing services and supplies instructions to the LLPs. Each member firm of the LLP is required to appoint individuals to the management Board of the LLPs. As Project Jupiter Limited can appoint the majority of individuals to these Boards who are ultimately responsible for the day to day operations, decision making and strategic development of the LLPs then the Group is considered to have overall control of the LLPs. As the Group has overall control then the results of these joint operations have been consolidated within these financial statements.

The Group's interests in individually immaterial joint ventures is analysed, in aggregate, in the below table:

	2017 £000
Share of net assets of joint ventures	**87**
Share of:	
– Profit/(Loss) from continuing operations	**12**
– Post-tax profit or loss from continuing operations	**12**
– Other comprehensive income	**–**
– Total comprehensive income	**12**

Non-Controlling Interests

The following table summarises the information relating to each of the Group's joint operations with material Non-Controlling Interests (NCI), before intra-group eliminations.

£000	2017 Your Law LLP	2017 National Law Associates LLP
NCI share of:		
Non-current assets	**–**	**–**
Current assets	**1,252**	**32**
Current liabilities	**(1,042)**	**(68)**
Net assets (100%)	**210**	**(36)**
Carrying amount of NCI	**113**	**(10)**
Revenue	**288**	**31**
Profit/(Loss) after tax	**110**	**(36)**
Other comprehensive income	**–**	**–**
Total comprehensive income	**110**	**(36)**
Profit/(Loss) allocated to NCI	**88**	**(10)**
Other comprehensive income allocated to NCI	**–**	**–**
Cash flows from operating activities	**46**	**–**
Cash flows from investment activities	**–**	**–**
Cash flows from financing activities	**–**	**–**
Net increase in cash and cash equivalents	**46**	**–**

15 Intangible assets

	Technology related £000	Contract related £000	Brand names £000	Other £000	Assets under construction £000	Total £000
Cost						
At 31 December 2016	167	8,466	885	549	20	10,087
Additions	–	–	–	121	59	180
At 31 December 2017	**167**	**8,466**	**885**	**670**	**79**	**10,267**
Amortisation						
At 31 December 2016	42	1,286	258	27	–	1,613
Amortisation charge for the year	–	–	–	130	–	130
Amortisation charge on business combinations	20	1,077	210	–	–	1,307
At 31 December 2017	**62**	**2,363**	**468**	**157**	**–**	**3,050**
Net book value						
At 31 December 2016	125	7,180	627	522	20	8,474
At 31 December 2017	**105**	**6,103**	**417**	**513**	**79**	**7,217**

15 Intangible assets continued

	Technology related £000	Contract related £000	Brand names £000	Other £000	Assets under construction £000	Total £000
Cost						
At 31 December 2015	167	7,746	749	47	4	8,713
Revaluation	–	–	(25)	–	–	(25)
Additions	–	–	–	502	16	518
Additions through business combinations	–	720	161	–	–	881
At 31 December 2016	**167**	**8,466**	**885**	**549**	**20**	**10,087**
Amortisation						
At 31 December 2015	22	214	23	2	–	261
Amortisation charge for the year	–	–	–	25	–	25
Amortisation charge on business combinations	20	1,072	235	–	–	1,327
At 31 December 2016	**42**	**1,286**	**258**	**27**	**–**	**1,613**
Net book value						
At 31 December 2015	145	7,532	726	45	4	8,452
At 31 December 2016	**125**	**7,180**	**627**	**522**	**20**	**8,474**

The intangible assets recognised on business combinations were acquired as part of the acquisition of Searches UK Limited.

16 Property, plant and equipment

	Fixtures & fittings & total £000
Cost	
At 1 January 2017	**1,672**
Additions	**111**
At 31 December 2017	**1,783**
Depreciation and impairment	
At 1 January 2017	**1,345**
Depreciation charge for the year	**171**
At 31 December 2017	**1,516**
Net book value	
At 31 December 2016	327
At 31 December 2017	**267**

	Fixtures & fittings & total £000
Cost	
At 1 January 2015	1,434
Additions	232
Additions through business combinations	6
At 31 December 2016	**1,672**
Depreciation and impairment	
At 1 January 2015	1,175
Depreciation charge for the year	170
At 31 December 2016	**1,345**
Net book value	
At 31 December 2015	259
At 31 December 2016	**327**

17 Trade and other receivables

	2017 £000	2016 £000
Trade receivables: due in less than 1 year	**8,967**	5,382
Trade receivables: due in more than 1 year	**7,280**	825
Accrued income	**4,568**	3,572
Other receivables	**150**	140
	20,965	9,919
Prepayments	**1,296**	368
	22,261	10,287

18 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's other interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate risk, see note 23.

	2017 £000	2016 £000
Current liabilities		
Current portion of secured bank loans	**–**	3,750
Less facility arrangement fees	**–**	(57)
	–	3,693
Non-current liabilities		
Secured bank loans	**13,125**	7,500
Less facility arrangement fees	**(203)**	(104)
	12,922	7,396
Total other interest-bearing loans and borrowings	**12,922**	11,089

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2017 £000	Carrying amount 2017 £000	Face value 2016 £000	Carrying amount 2016 £000
Bank loan[1]	GBP	1.25%–1.45% above Libor	2021	**13,125**	**13,125**	11,250	11,250
				13,125	**13,125**	11,250	11,250

1. The Group renewed its banking facilities in September 2017 by taking out a rolling credit facility of £25,000,000 and repaying the outstanding term loan at that date of £9,375,000. This facility is due to terminate on 31 December 2021. Interest is payable at between 1.25%–1.45% (2016: 1.65%) above LIBOR per annum. A further £111,000 facility arrangement fees were incurred during the year and are being amortised over the term of the facility.

19 Trade and other payables

	2017 £000	2016 £000
Trade payables	**2,808**	2,755
Other taxation and social security	**1,059**	823
Other payables, accruals and deferred revenue	**7,515**	2,740
Customer deposits	**1,033**	1,313
	12,415	7,631

20 Share capital

	2017	2016
Number of shares		
'A' Ordinary Shares of £0.0025 each	**46,061,090**	45,349,629
	46,061,090	45,349,629

	£000	£000
Allotted, called up and fully paid		
At 31 December 2016: 45,349,629 'A' Ordinary Shares of £0.0025 each	**113**	113
Issued during the year	**2**	–
At 31 December 2017: 46,061,090 'A' Ordinary Shares of £0.0025 each	**115**	113
Shares classified in equity		
At 31 December 2016	**115**	113
Issued during the year	**2**	–
At 31 December 2017	**115**	113

Merger reserve

In 2014 NAHL Group plc declared a bonus issue of a single deferred share of £0.0001 (a "Deferred Share") with a share premium £50,000,000. This transaction resulted in £50,000,000 of the merger reserve being transferred to the share premium account. In 2015 a further amount standing to the credit of the Company's merger reserve in the sum of £16,928,000 was capitalised by way of a bonus issue of newly created Capital Reduction Shares.

21 Share based payments

The Group operates three employee share plans as follows:

SAYE plan

Options may be satisfied by newly issued Ordinary Shares, Ordinary Shares purchased in the market by an employees' trust or by the transfer of Ordinary Shares held in treasury.

EMI Scheme

The EMI Plan provides for the grant, to selected employees of the Group, of rights to acquire (whether by subscription or market purchase) Ordinary Shares in the Company (Options). Options may be granted as tax-favoured enterprise management incentive options (EMI Options) or non-tax favoured Options.

Nominal Cost LTIP

The nominal cost LTIP will enable selected employees (including Executive Directors) to be granted awards in respect of Ordinary Shares. Awards may be granted in the form of nil or nominal cost options to acquire Ordinary Shares or contingent rights to receive Ordinary Shares. Awards may be satisfied by newly issued Ordinary Shares, Ordinary Shares purchased in the market by an employees' trust or by the transfer of Ordinary Shares held in treasury.

The terms and conditions of grants of share options to employees of the Group, in the shares of NAHL Group plc are as follows:

Grant date/employees entitled/nature of scheme	Number of instruments	Vesting conditions	Contractual life of options
SAYE Equity-settled award to 35 employees granted by the parent company on 29 May 2014	179,436 ordinary shares	Performance-based	Third anniversary of Date of Grant
LTIP Equity-settled award to 1 employee granted by the parent company on 29 May 2014	52,501 ordinary shares	Performance-based	Third anniversary of Date of Grant
EMI Equity-settled award to 3 employees granted by the parent company on 13 April 2015	124,740 ordinary shares	Performance-based	Third anniversary of Date of Grant
EMI Equity-settled award to 1 employee granted by the parent company on 2 December 2015	120,689 ordinary shares	Performance-based	Third anniversary of Date of Grant
EMI Equity-settled award to 1 employee granted by the parent company on 31 October 2016	61,506 ordinary shares	Performance-based	Third anniversary of Date of Grant
EMI Equity-settled award to 1 employee granted by the parent company on 31 October 2016	62,893 ordinary shares	Performance-based	Third anniversary of Date of Grant
EMI Equity-settled award to 12 employees granted by the parent company on 31 October 2017	407,129 ordinary shares	Performance-based	On determination of performance criteria (as soon as practicable after 31 December 2019)

The number and weighted average exercise prices of share options are as follows:

	2017 Weighted average exercise price £	2017 Number of options No.	2016 Weighted average exercise price £	2016 Number of options No.
Outstanding at the beginning of the year	**1.53**	**2,310,822**	1.69	2,621,842
Exercised during the year	**(0.0025)**	**(711,461)**	(1.90)	(84,629)
Granted during the year	**0.0025**	**407,129**	1.38	145,363
Cancelled during the year	**(3.18)**	**(157,182)**	(1.75)	(141,813)
Lapsed during the year	**(2.00)**	**(708,330)**	–	–
Forfeited during the year	**(3.64)**	**(132,084)**	(2.89)	(229,941)
Outstanding at the end of the year	**1.14**	**1,008,894**	1.53	2,310,822
Exercisable at the end of the year	**1.24**	**231,937**	2.00	83,333

A charge of £182,000 (2016: £903,000) has been made through the income statement in the current year in relation to the IFRS 2 share option charge and a further £nil (2016: £149,000) has been charged to the income statement in respect of a provision for Employer's National Insurance contributions that are expected to arise on the exercise of the nominal cost LTIP options.

The fair value of each employee share option has been measured using the Black-Scholes formula where an expected volatility of 65.0% (2016: 65.0%) has been used as well as a risk-free interest rate (based on government bonds) of 1.0% (2016: 1.0%). Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

Expected volatility has been based on evaluation of historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

22 Earnings per share

The calculation of basic earnings per share at 31 December 2017 is based on profit attributable to ordinary shareholders of the parent company of £9,876,000 (2016: £12,224,000) and a weighted average number of Ordinary Shares outstanding of 45,548,243 (2016: 45,294,877).

Profit attributable to ordinary shareholders

£000	2017	2016
Profit for the year attributable to the shareholders	**9,876**	12,224

Weighted average number of ordinary shares

Number	Note	2017	2016
Issued Ordinary Shares at 1 January	20	**45,349,629**	45,265,000
Weighted average number of Ordinary Shares at 31 December		**45,548,243**	45,294,877

Basic Earnings per share (p)

	2017	2016
Group	**21.7**	27.0

The Group has in place share based payment schemes to reward employees. At 31 December 2017, there were potentially dilutive share options under the Group's share option schemes. The total number of options available for these schemes included in the diluted earnings per share calculation is 205,303 (2016: 775,746). There are no other diluting items.

Diluted Earnings per share (p)

	2017	2016
Group	**21.6**	26.5

23 Financial instruments

(a) Fair values of financial instruments

The Group's principal financial instruments comprise interest-bearing borrowings, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables and trade and other payables that arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. There have been no substantive changes in the Group's exposure to financial instrument risks or its objectives, policies and processes for managing and measuring those risks during the periods in this report unless otherwise stated.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Interest-bearing borrowings

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

The interest rate used to discount estimated cash flows of 8.4% (2016: 12.7%) is based on market rates.

The fair values of all financial assets and financial liabilities by class, which approximate to their carrying values, shown in the balance sheet are as follows:

	Fair value hierarchy	Carrying amount 2017 £000	Fair value 2017 £000	Carrying amount 2016 £000	Fair value 2016 £000
Cash and receivables					
Cash and cash equivalents		**858**	**858**	4,814	4,814
Trade and other receivables (note 17)		**20,965**	**20,965**	9,919	9,919
Total financial assets		**21,823**	**21,823**	14,733	14,733
Financial liabilities measured at amortised cost					
Other interest-bearing loans and borrowings (note 18)	Level 2	**13,125**	**13,125**	11,250	11,250
Trade payables (note 19)		**2,808**	**2,808**	2,755	2,755
Total financial liabilities measured at amortised cost		**15,933**	**15,933**	14,005	14,005

Fair value hierarchy

IFRS 7 requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the value measurements:

Level 1 – inputs are quoted prices in active markets
Level 2 – a valuation that uses observable inputs for the asset or liability other than quoted prices in active markets and
Level 3 – a valuation using unobservable inputs, i.e. a valuation technique.

There were no transfers between levels throughout the periods under review.

(b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Exposure to credit risk

The maximum exposure to credit risk at the balance sheet date by class of financial instrument was:

	2017 £000	2016 £000
Trade receivables	**16,247**	6,207

Management consider the credit risk to be mitigated as a result of a) the holding of deposits for all significant customers and b) only offering significant deferred terms to those PLFs with whom we hold strategic partnerships and after satisfactory credit checks have been obtained. As at 31 December 2017 these deposits reflect 6.4% (2016: 21.2%) of the balance of trade receivables. At each balance sheet date, the amount of deposit held was:

	2017 £000	2016 £000
Customer deposits	**1,033**	1,313

Credit quality of financial assets and impairment losses

The aging of trade receivables at the balance sheet date was:

	Gross: Standard Terms 2017 £000	Gross: Deferred Terms 2017 £000	Impairment 2017 £000	Total 2017 £000	Gross: Standard Terms 2016 £000	Gross: Deferred Terms 2016 £000	Impairment 2016 £000	Total 2016 £000
Not past due	**5,831**	**7,960**	**(114)**	**13,677**	2,111	1,916	(48)	3,979
Past due (1-30 days)	**865**	**34**	**–**	**899**	679	41	–	720
Past due (30-120 days)	**528**	**32**	**–**	**560**	862	18	–	880
Past due (over 120 days)	**1,079**	**32**	**–**	**1,111**	675	9	(56)	628
	8,303	**8,058**	**(114)**	**16,247**	4,327	1,984	(104)	6,207

13.0% of standard terms trade receivables are 120 days or more past due (2016: 15.6%). These receivables arise primarily in Critical Care where our standard credit terms are 30 days. As mentioned in the Strategic Report increasing cost pressures on solicitiors mean they often do not settle these balances until interim funds are available or a case has settled. This is often within 12 months and, therefore, formal deferred terms are not utilised. We monitor these debts closely through regular contact with these solicitors and do not consider there to be any significant risks regarding recoverability.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2017 £000	2016 £000
Balance at 1 January	**104**	166
Allowance recognised/(released)	**10**	(62)
Balance at 31 December	**114**	104

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

(c) Liquidity risk

Financial risk management

Liquidity risk arises from the Group's management of working capital and the finance charges on its debt instruments and repayments of principal. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts and loans to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effects of netting agreements:

2017	Secured bank loans £000	Trade and other payables £000	Total £000
Non-derivative financial instruments			
Carrying amount	**(13,125)**	**(2,808)**	**(15,933)**
Contractual cash flows:			
1 year or less	**(295)**	**(2,808)**	**(3,103)**
1 to 2 years	**(295)**	**–**	**(295)**
2 to 5 years	**(13,420)**	**–**	**(13,420)**
	(14,010)	**(2,808)**	**(16,818)**

23 Financial instruments continued

2016	Secured bank loans £000	Trade and other payables £000	Total £000
Non-derivative financial instruments			
Carrying amount	(11,250)	(2,755)	(14,005)
Contractual cash flows:			
1 year or less	(3,977)	(2,755)	(6,732)
1 to 2 years	(3,895)	–	(3,895)
2 to 5 years	(3,812)	–	(3,812)
	(11,684)	(2,755)	(14,439)

(d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Market risk – foreign currency risk

The Group has no foreign currency risk as all transactions are in Sterling.

Market risk – interest rate risk

Profile

The Group is exposed to interest rate risk from its use of interest-bearing financial instruments. This is a market risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

At the balance sheet dates, there were no interest-bearing financial assets; however, the interest rate profile of the Group's interest-bearing financial liabilities was:

	2017 £000	2016 £000
Variable rate instruments		
Financial liabilities	**13,125**	11,250
Total interest-bearing financial instruments	**13,125**	11,250

Sensitivity analysis

A change of 0.5% in interest rates at the balance sheet date would increase/(decrease) profit or loss in the following year by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables remain constant and considers the effect of financial instruments with variable interest rates. The analysis is performed on the same basis for the comparative periods.

	2017 £000	2016 £000
Profit for the year		
Increase	**(66)**	(56)
Decrease	**66**	56

Market risk – equity price risk

The Group does not have an exposure to equity price risk as it holds no investment in equity securities which are classified as available for sale financial assets or designated at fair value through profit or loss.

(e) Capital management

Group

The Group's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern and to provide an adequate return to shareholders. Capital comprises the Group's equity, i.e. share capital including preference shares, share premium, own shares and retained earnings, as well as bank loans.

24 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017 £000	2016 £000
Less than 1 year	**402**	420
Between 1 and 5 years	**491**	936
	893	1,356

The Group leases a number of office buildings under operating leases. During the year £426,000 was recognised as an expense in the income statement in respect of operating leases (2016: £424,000).

25 Commitments

Capital commitments

At 31 December 2017 the Group had no capital commitments (2016: £nil).

26 Transactions with owners, recorded directly in equity

Exercise of share options

During 2016 84,629 share options were exercised which resulted in the issue of 84,629 new Ordinary Shares with a par value of £0.0025. The exercising of these options raised funds of £160,508 for the Group. A charge of £85,093 has been reclassified from the share option reserve to share premium to reflect the crystallisation of previous charges in respect of these options.

During 2017 711,461 share options were exercised which resulted in the issue of 711,461 new Ordinary Shares with a par value of £0.0025. The exercising of these options raised funds of £1,779 for the Group.

27 Related parties

Transactions with key management personnel

Key management personnel in situ at the 31 December 2017 and their immediate relatives control 4.5% (2016: 4.4%) of the voting shares of the Company.

Key management personnel are considered to be the Directors of the Company as well as those of National Accident Helpline Limited, Fitzalan Partners Limited and Bush & Company Rehabilitation Limited and any other management serving as part of the executive team. Detailed below is the total value of transactions with these individuals.

	2017 £000	2016 £000
Short-term employment benefits	**3,291**	2,241
Termination benefits	**32**	56
	3,323	2,297

28 Net debt

Net debt includes cash and cash equivalents and other interest bearing loans and borrowings.

	2017 £000	2016 £000
Cash and cash equivalents	**858**	4,814
Other interest-bearing loans and borrowings	**(12,922)**	(11,089)
Net debt	**(12,064)**	(6,275)

Set out below is a reconciliation of movements in net debt during the period.

	2017 £000	2016 £000
Net decrease in cash and cash equivalents	**(3,956)**	(5,242)
Cash and cash equivalents net (inflow)/outflow from (increase)/decrease in debt and debt financing	**(1,833)**	3,693
Movement in net borrowings resulting from cash flows	**(5,789)**	(1,549)
Net debt at beginning of period	**(6,275)**	(4,726)
Net debt at end of period	**(12,064)**	(6,275)

COMPANY BALANCE SHEET
AT 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Non-current assets			
Investments	2	**52,700**	52,700
Current assets			
Trade and other receivables	3	**18,259**	26,246
Net assets		**70,959**	78,946
Equity			
Share capital	5	**115**	113
Share option reserve		**2,121**	1,939
Share premium		**14,507**	14,507
Retained earnings		**54,216**	62,387
Total equity		**70,959**	78,946

The notes on pages 81 to 85 form part of these financial statements.

These financial statements were approved by the Board of Directors on 19 March 2018 and were signed on its behalf by:

J R Atkinson
Director

Company registered number: 08996352

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Share capital £000	Share option reserve £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total £000
Balance at 1 January 2016		113	1,121	14,262	–	70,926	86,422
Transactions with owners, recorded directly in equity							
Issue of new Ordinary Shares	8	–	–	160	–	–	160
Exercise of share options	8	–	(85)	85	–	–	–
Share based payments	6	–	903	–	–	–	903
Dividends paid		–	–	–	–	(8,539)	(8,539)
Balance at 31 December 2016		113	1,939	14,507	–	62,387	78,946
Transactions with owners, recorded directly in equity							
Issue of new Ordinary Shares	8	**2**	**–**	**–**	**–**	**–**	**2**
Share based payments	6	**–**	**182**	**–**	**–**	**–**	**182**
Dividends paid		**–**	**–**	**–**	**–**	**(8,171)**	**(8,171)**
Balance at 31 December 2017		**115**	**2,121**	**14,507**	**–**	**54,216**	**70,959**

The notes on pages 81 to 85 form part of these financial statements.

COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £000	2016 £000
Cash flows from operating activities		
Profit for the year	**–**	–
Adjustments for:		
share based payments	**182**	903
	182	903
Decrease in trade and other receivables	**7,987**	7,476
Net cash from operating activities	**8,169**	8,379
Cash flows from financing activities		
New share issue	**2**	160
Dividends paid	**(8,171)**	(8,539)
Net cash used in financing activities	**(8,169)**	(8,379)
Net increase in cash and cash equivalents	**–**	–
Cash and cash equivalents at 1 January	**–**	–
Cash and cash equivalents at 31 December	**–**	–

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 Accounting policies

Basis of preparation

Financial Statements

The Financial Statements for the year ended 31 December 2017 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial information has been prepared on a going concern basis and under the historical cost convention.

The company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements. The Group profit includes a profit after tax for the parent company of £nil (2016: £nil).

Use of judgements and estimates

The preparation of financial statements in conformity with IFRSs requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Judgements

In applying the Company's accounting policies, management has applied the following judgement that has a significant impact on the amounts recognised in the financial statements.

Impairment of Investment

The Directors have considered the carrying value of the investment and performed an impairment review comparing the carrying amount to fair value less cost to sell. The Directors have not considered value in use as under the fair value method, the fair value less costs to sell is sufficiently in excess of the carrying amount of the investment. It is the Directors' opinion that, as this value exceeds the carrying amount of the investment, then no impairment should be recognised. Further details of the key assumptions used in this judgement are given in note 2.

Estimates

Discussed below are key assumptions concerning the future, and other key sources of estimation at the reporting date, that have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Recoverability of trade receivables

Trade receivables are reflected net of an estimated provision for impairment losses. This provision considers the past payment history and the length of time that the debt has remained unpaid.

New standards, interpretations and amendments not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- *IFRS 9: Financial Instruments – Effective for annual reporting periods beginning on or after 1 January 2018, with early application permitted.*
- *IFRS 15: Revenue from Contracts with Customers – Effective for annual reporting periods beginning on or after 1 January 2018, with early application permitted.*
- *IFRS 16: Leases – Effective for annual reporting periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15: Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.*

The Company has considered the impact of the above standards and revisions and has concluded that they will not have a material impact on the Company's financial statements.

Going concern

The Company had net assets of £70,959,000 (2016: £78,946,000) and net current assets of £18,259,000 (2016: £26,246,000) as at each year end.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully. As part of the normal management process, detailed projections of future trading are prepared, which includes the impact for possible changes in market or regulatory conditions. Based on these projections the Board remains positive about the Company's short- and medium-term prospects.

Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

1 Accounting policies continued

Employee share schemes

The share option plans allow employees of the Group to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Impairment

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2 Investments

The Company has the following investments in subsidiaries:

Name of subsidiary	Country of incorporation and principal place of business	Class of shares held	Principal activity	Ownership 2017	Ownership 2016
Consumer Champion Group Limited	United Kingdom	Ordinary	Holding company	**100%**	100%
Bush & Company Rehabilitation Limited	United Kingdom	Ordinary	Critical care services	**100%**	100%
Fitzalan Partners Ltd	United Kingdom	Ordinary	Agency services for solicitors	**100%**	100%
NAH Holdings Limited	United Kingdom	Ordinary	Holding company	**100%**	100%
NAH Group Ltd	United Kingdom	Ordinary	Holding company	**100%**	100%
National Accident Helpline Limited	United Kingdom	Ordinary	Agency services for solicitors	**100%**	100%
Lawyers Agency Services Limited	United Kingdom	Ordinary	Dormant	**100%**	100%
Accident Helpline Limited	United Kingdom	Ordinary	Dormant	**100%**	100%
NAH Support Services Limited	United Kingdom	Ordinary	Dormant	**100%**	100%
Tiger Claims Limited	United Kingdom	Ordinary	Dormant	**100%**	100%
Your Law 1 Limited	United Kingdom	Ordinary	Dormant	**100%**	100%
NAH Legal Services Limited	United Kingdom	Ordinary	Dormant	**100%**	100%
Searches UK Limited	United Kingdom	Ordinary	Agency services for solicitors	**100%**	100%
Inside Eye Limited	United Kingdom	Ordinary	Dormant	**100%**	100%
Project Jupiter Limited	United Kingdom	Ordinary	Holding company	**100%**	100%
Your Law LLP[1]	United Kingdom	n/a	Personal Injury lawyers	**n/a**	n/a
National Law Associates LLP[1]	United Kingdom	n/a	Personal Injury lawyers	**n/a**	n/a

1 Your Law LLP and National Law Associates LLP are Limited Liability Partnerships. Project Jupiter Limited is a member firm of these LLPs with overall control of the voting rights.

The registered office of all of the above 100% subsidiaries is 1430 Montagu Court, Kettering Parkway, Kettering Venture Park, Kettering, Northamptonshire, NN15 6XR.

The registered office of Your Law LLP is Helmont House, Churchill Way, Cardiff, CF10 2HE.

The registered office of National Law Associates LLP is 43 Queen Square, Bristol, United Kingdom, BS1 4QP.

At 31 December 2017 the value of the investment in Consumer Champion Group Limited, its only directly owned subsidiary, was as follows:

Valuation	Total £000
At 1 January 2017 and 31 December 2017	**52,700**

Impairment has been assessed on a fair value less costs to sell basis. The key assumption for the fair value less costs to sell basis is the control premium. The Directors believe that if the Group were to be sold then a 30% control premium would be a realistic premium to add. If the control premium were removed entirely then carrying value would still be less than fair value less costs to sell. As the control premium sensitivity is so wide, the directors have not considered additional indicators and have concluded that the investment is not impaired on a fair value less costs to sell basis.

3 Trade and other receivables

	2017 £000	2016 £000
Amounts due from Group undertakings	**18,259**	26,246
	18,259	26,246

4 Financial instruments

Amounts due from Group undertakings

The fair value of amounts owed by Group undertakings are estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Management believes there are no risks arising from these financial instruments on the grounds that the amounts are payable on demand and no interest is charged to Group undertakings. The Board reviews and agrees policies for managing these risks. There have been no substantive changes in the Company's exposure to financial instrument risks or its objectives, policies and processes for managing and measuring those risks during the periods in this report unless otherwise stated.

	Fair value hierarchy	Carrying amount 2017 £000	Fair value 2017 £000	Carrying amount 2016 £000	Fair value 2016 £000
Amounts due from Group undertakings	3	**18,259**	**18,259**	26,246	26,246
Total financial assets		**18,259**	**18,259**	26,246	26,246

Fair value hierarchy

IFRS 7 requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the value measurements:
Level 1 – inputs are quoted prices in active markets
Level 2 – a valuation that uses observable inputs for the asset or liability other than quoted prices in active markets and
Level 3 – a valuation using unobservable inputs, i.e. a valuation technique.

Reconciliation of Level 3 fair value:

	Non-derivative financial asset	Total
Balance at 31 December 2016	26,246	**26,246**
Settlements	(7,987)	**(7,987)**
Balance at 31 December 2017	18,259	**18,259**

There were no transfers between levels throughout the periods under review.

5 Share capital

	2017	2016
Number of shares 'A' Ordinary Shares of £0.0025 each	**46,061,090**	45,349,629
	46,061,090	45,349,629

	£000	£000
Allotted, called up and fully paid At 31 December 2016: 45,349,629 'A' Ordinary Shares of £0.0025 each	**113**	113
Issued during the year	**2**	–
At 31 December 2017: 46,061,090 'A' Ordinary Shares of £0.0025 each	**115**	113
Shares classified in equity At 31 December 2016	**113**	113
Issued during the year	**2**	–
At 31 December 2017	**115**	113

6 Share based payments

The Company operates three employee share plans as follows:

SAYE plan

Options may be satisfied by newly issued Ordinary Shares, Ordinary Shares purchased in the market by an employees' trust or by the transfer of Ordinary Shares held in treasury.

EMI Scheme

The EMI Plan provides for the grant, to selected employees of the Group, of rights to acquire (whether by subscription or market purchase) Ordinary Shares in the Company (Options). Options may be granted as tax-favoured enterprise management incentive options (EMI Options) or non-tax favoured Options.

LTIP

The LTIP will enable selected employees (including Executive Directors) to be granted awards in respect of Ordinary Shares. Awards may be granted in the form of nil or nominal cost options to acquire Ordinary Shares; or contingent rights to receive Ordinary Shares. Awards may be satisfied by newly issued Ordinary Shares, Ordinary Shares purchased in the market by an employees' trust or by the transfer of Ordinary Shares held in treasury.

The terms and conditions of grants of share options to employees of the Group, in the shares of NAHL Group plc are as follows:

Grant date/employees entitled/nature of scheme	Number of instruments	Vesting conditions	Contractual life of options
SAYE Equity-settled award to 35 employees granted by the parent company on 29 May 2014	179,436 ordinary shares	Performance-based	Third anniversary of Date of Grant
LTIP Equity-settled award to 1 employee granted by the parent company on 29 May 2014	52,501 ordinary shares	Performance-based	Third anniversary of Date of Grant
EMI Equity-settled award to 3 employees granted by the parent company on 13 April 2015	124,740 ordinary shares	Performance-based	Third anniversary of Date of Grant
EMI Equity-settled award to 1 employee granted by the parent company on 2 December 2015	120,689 ordinary shares	Performance-based	Third anniversary of Date of Grant
EMI Equity-settled award to 1 employee granted by the parent company on 31 October 2016	61,506 ordinary shares	Performance-based	Third anniversary of Date of Grant
EMI Equity-settled award to 1 employee granted by the parent company on 31 October 2016	62,893 ordinary shares	Performance-based	Third anniversary of Date of Grant
EMI Equity-settled award to 12 employees granted by the parent company on 31 October 2017	407,129 ordinary shares	Performance-based	On determination of performance criteria (as soon as practicable after 31 December 2019)

The number and weighted average exercise prices of share options are as follows:

	2017		2016	
	Weighted average exercise price £	**Number of options No.**	Weighted average exercise price £	Number of options No.
Outstanding at the beginning of the year	**1.53**	**2,310,822**	1.69	2,621,842
Exercised during the year	**(0.0025)**	**(711,461)**	(1.90)	(84,629)
Granted during the year	**0.0025**	**407,129**	1.38	145,363
Cancelled during the year	**(3.18)**	**(157,182)**	(1.75)	(141,813)
Lapsed during the year	**(2.00)**	**(708,330)**	–	–
Forfeited during the year	**(3.64)**	**(132,084)**	(2.89)	(229,941)
Outstanding at the end of the year	**1.14**	**1,008,894**	1.53	2,310,822
Exercisable at the end of the year	**1.24**	**231,937**	2.00	83,333

A charge of £182,000 (2016: £903,000) has been made through profit and loss in the current year. This amount has been recharged to the subsidiary companies and as such no cost has been recognised within the Company.

The fair value of each employee share option has been measured using the Black-Scholes formula where an expected volatility of 65.0% (2016: 65.0%) has been used as well as a risk-free interest rate (based on government bonds) of 1.0% (2016: 1.0%). Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

Expected volatility has been based on evaluation of historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

7 Commitments

Capital commitments

At 31 December 2017 the Company had no capital commitments (2016: £nil).

8 Transactions with owners, recorded directly in equity

Exercise of share options

During 2016 84,629 share options were exercised which resulted in the issue of 84,629 new Ordinary Shares with a par value of £0.0025. The exercising of these options raised funds of £160,508 for the Company. A charge of £85,093 was reclassified from the share option reserve to share premium to reflect the crystallisation of previous charges in respect of these options.

During 2017 711,461 share options were exercised which resulted in the issue of 711,461 new Ordinary Shares with a par value of £0.0025. The exercising of these options raised funds of £1,779 for the Group.

9 Related parties

Transactions with key management personnel

Key management personnel in situ at 31 December 2017 and their immediate relatives control 4.5% (2016: 4.4%) of the voting shares of the Company.

Key management personnel are considered to be the Directors of the Company as well as those of National Accident Helpline Limited, Fitzalan Partners Limited and Bush & Company Rehabilitation Limited and any other management serving as part of the executive team. Detailed below is the total value of transactions with these individuals.

	2017 £000	2016 £000
Short-term employment benefits	**3,291**	2,241
Termination benefits	**32**	56
	3,323	2,297

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GLOSSARY

ABS	Alternative Business Structure
Adjusted net debt	Net debt including the pre-LASPO liability
AIM	Alternative Investment Market, part of the London Stock Exchange
B2B	Business to business
Bush	Bush & Company Rehabilitation
CBIT	Child Brain Injury Trust
CC	Critical Care
CGU	Cash Generating Unit
CLS	Consumer Legal Services
CMC	Claims Management Companies
CMRU	Claims Management Regulation Unit
CMSUK	Case Management Society UK
CODM	Chief Operating Decision Maker
CQC	Care Quality Commission
CRU	Compensation Recovery Unit
EMI Options	Enterprise Management Incentive Options
EPS	Earnings Per Share
ETR	Effective Tax Rate
Fast Track	Claims valued at £1,000 to £25,000
FCA	Financial Conduct Authority
Fitzalan	Fitzalan Partners
FNOL	First Notification of Loss
Group	NAHL Group plc
IFRSs	International Financial Reporting Standards
ISO 27001 – Information Governance	Risk-based information security standard and Business Continuity
LASPO	Legal Aid, Sentencing and Punishment of Offenders Act 2012 (enacted 01 April 2013)
Legal Support Advisors	Fully trained employees within National Accident Helpline's Legal Suppport Centre taking calls from consumers to assist with their claim
LIBOR	London Interbank Offered Rate
LTIP	Long-term Incentive Plan
MAR	Market Abuse Regulations
Medico-Legal	A claim or similar involving both medical and legal aspects
MI	Management Information
Multi-Track	Claims over £25,000 or complex points of law/evidence.
NAH	National Accident Helpline
NCI	Non-controlling interests
NIHL	Noise Induced Hearing Loss
Non-GAAP Measures	An alternative method to generally accepted accounting principles used to measure the financial performance
Non-RTA	Non-Road Traffic Accidents (includes employer, occupier and public liability)
Ogden Reforms	Changes to the discount rate applied to high value settlements
PBFT	Paul Bush Foundation Trust
PI	Personal Injury – an injury or illness suffered through no fault of an individual's own (for example, in a road accident, a slip, trip or fall, medical negligence, work accident or an industrial disease)
PLF	Panel Law Firm – a law firm selected to sit on our panel
Post-LASPO	After enactment of LASPO on 1 April 2013
Pre-LASPO	Before enactment of LASPO on 1 April 2013
QCA	Quoted Companies Alliance
RCF	Rolling Credit Facility
RP	Residential Property
RTA	Road Traffic Accidents (also, non-RTA - non Road Traffic Accidents)

SAYE	The Save As You Earn share scheme that was introduced for employees on admission, giving them an opportunity to purchase shares in the Company at a discounted rate following a three-year savings period
Searches	Searches UK
SLA	Service Level Agreement
SRA	Solicitors Regulation Authority
TSR	Total Shareholder Return
Underlying operating cash flow	Cash flows from underlying operating profit and excluding any exceptional items
Underlying operating profit	Profit from underlying core trading operations excluding amortisation on intangible assets arising on business combinations, IFRS 2 share option charges and exceptional items
Underlying revenue	Revenue from underlying core trading activities excluding any exceptional items
WACC	Weighted average cost of capital

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