**3 March 2020**

**ROBERT WALTERS PLC**
(the "Company", or the "Group")

**Results for the year ended 31 December 2019**

**RESILIENT PERFORMANCE DESPITE GLOBAL TURBULENCE.**
**OUTLOOK REMAINS UNCERTAIN.**

Robert Walters plc (LSE: RWA), the leading international recruitment group, today announces its results for the year ended 31 December 2019.

**Financial and Operational Highlights**

| | **2019** | **2018** | **% change** | **% change (constant currency*)** |
|---|---|---|---|---|
| Revenue | £1.22bn | £1.23bn | (1%) | (2%) |
| Gross profit (net fee income) | £405.5m | £392.0m | 3% | 2% |
| Operating profit | £51.2m | £49.7m | 3% | 1% |
| Profit before taxation | £47.4m | £49.1m | (3%) | (6%) |
| Basic earnings per share | 48.4p | 50.4p | (4%) | n/a |
| Adjusted operating profit | £50.5m** | £49.7m | 2% | 0% |
| Adjusted profit before taxation | £49.5m** | £49.1m | 1% | (2%) |
| Adjusted basic earnings per share | 50.6p** | 50.4p | 0% | n/a |
| Final dividend per share | 11.0p | 10.7p | 3% | n/a |

* Constant currency is calculated by applying prior year exchange rates to local currency results for the current and prior years.
** Adjusted figures exclude the impact of IFRS 16 Lease adjustments which only impact 2019, with the specific adjustments disclosed in note 13.

- Resilient performance with Group net fee income up 3% (2%*) to a record £405.5m (£401.5m*) (2018: £392.0m) and profit before taxation up 1%** (down 2%*) to £49.5m** (2018: £49.1m).
- Continued investment in the Group's international footprint with the opening of one new country, Mexico and four new offices (Cologne, Nantes, Thailand's Eastern Seaboard and Utrecht) in existing markets.
- All regions outside of the UK produced increases in both net fee income and operating profit, with 76% (2018: 73%) of the Group's net fee income derived from our international businesses.
- Asia Pacific net fee income up 7% (4%*) to £164.6m (£160.7m*) (2018: £154.1m) and operating profit up 7%** (2%*) to £22.6m** (£21.5m*) (2018: £21.2m).
    - In Asia, standout performances were delivered by Japan, the Group's most profitable business, Malaysia and Vietnam, with all producing significant increases in both net fee income and operating profit.
    - Market conditions remained extremely challenging in Hong Kong which was significantly impacted by the political protests in the second half of the year.
    - Solid performance in Australia with single-digit growth in both net fee income and operating profit.
- Europe net fee income up 8% (9%*) to £108.7m (£109.6m*) (2018: £100.8m) and operating profit increased 1%** (1%*) to £15.2m** (£15.2m*) (2018: £15.0m).
    - Strong blend of permanent, contract and interim recruitment offerings underpinned a solid performance across the region.
    - France, the largest business in the region, the Netherlands, Belgium and Spain all delivered record levels of net fee income. Performance in France particularly pleasing given the backdrop of Gilets-Jaunes protests and general strikes.
- UK net fee income down 9% to £98.4m (2018: £107.4m) and operating profit down 7%** to £11.5m** (2018: £12.4m).
    - Candidate and client confidence hit hard, particularly in the second half of the year, by Brexit-related uncertainty and the General Election. Both specialist recruitment and recruitment process outsourcing businesses were negatively affected.
    - Technology-related recruitment held up well throughout the year in both London and the UK regions.

- Other International (the Americas, South Africa and the Middle East) net fee income was up 14% (11%*) to £33.8m (£32.9m*) (2018: £29.7m) and operating profit increased by 7%** (1%*) to £1.2m** (£1.1m*) (2018: £1.1m).
    - Outstanding performances in San Francisco and the Middle East. Chile already profitable and Mexico has started well. Brazil and South Africa were more challenging.
- Group headcount decreased by 3% to 4,027 (2018: 4,132) with reductions focused in Resource Solutions, the Group's recruitment process outsourcing business, in line with clients' reduced hiring requirements.
- The Group purchased 2,486,300 shares at an average price of £6.03 for £15.0m through the Group's Employee Benefit Trust.
- Strong balance sheet with net cash of £85.8m as at 31 December 2019 (31 December 2018: £74.3m).

Robert Walters, Chief Executive, said:

***"2019 was a year of unprecedented political and economic turbulence fuelled by the US-China trade war, Brexit, protests in Hong Kong and Gilets-Jaunes disruption in France. It's a testament to the strength of the Group's brand, geographic diversity and long-term growth strategy that we have been able to deliver a 3% (2%*) increase in net fee income and a record level of Group profit.***

***"The global recruitment market remains unpredictable at present with the Coronavirus outbreak, which is likely to negatively impact full-year profit expectations, adding a further layer of uncertainty. We will continue to monitor the Coronavirus situation and update the market as appropriate."***

The Company will be holding a presentation for analysts at 10.30am today at the offices of Robert Walters plc, 11 Slingsby Place, St. Martin's Courtyard, London WC2E 9AB.

The Company will publish a trading update for the first quarter ending 31 March 2020 on 8 April 2020.

**Further information**


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**About Robert Walters Group**

The Robert Walters Group is a market-leading international specialist professional recruitment group with over 4,000 staff spanning 31 countries. We specialise in the placement of the highest calibre professionals across the disciplines of accountancy and finance, banking, engineering, HR, IT, legal, sales, marketing, secretarial and support and supply chain and procurement. Our client base ranges from the world's leading blue-chip corporates and financial services organisations through to SMEs and start-ups. The Group's outsourcing division, Resource Solutions, is a market leader in recruitment process outsourcing and managed services.

www.robertwaltersgroup.com

**Forward looking statements**

This announcement contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them at the time of their approval of this announcement and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

**Robert Walters plc**
**Results for the year ended 31 December 2019**

**Chairman's Statement**
The Group delivered a resilient performance in 2019, increasing net fee income to record levels and maintaining profitability despite the political and economic turbulence that marked much of the year. Against this backdrop, Asia Pacific, Europe and Other International delivered growth whilst the UK was negatively impacted by a decline in candidate and client confidence. 76% (2018: 73%) of the Group's net fee income is now derived from our international businesses with the Group's footprint now spanning 31 countries.

Revenue was down 1% (down 2%*) to £1.22bn (2018: £1.23bn) and net fee income increased by 3% (2%*) to £405.5m (2018: £392.0m). Operating profit was up 2%** (0%*) to £50.5m** (2018: £49.7m) and earnings per share increased by 0.4%** to 50.6p** per share (2018: 50.4p per share). The statutory reported operating profit was up 3% (1%*) to £51.2m and earnings per share was down 4% to 49.4p. The Group further strengthened its balance sheet with net cash of £85.8m as at 31 December 2019 (31 December 2018: £74.3m). Both permanent and contract recruitment grew during the year, with the Group's ratio of permanent and contract recruitment net fee income currently 69% permanent to 31% contract (2018: 69%:31%).

During the year, headcount decreased by 3% to 4,027 (2018: 4,132) with reductions focused in Resource Solutions, our recruitment process outsourcing business, in line with clients' reduced hiring requirements.

The Board will be recommending a 3% increase in the final dividend to 11.0p per share which, combined with the interim dividend of 4.5p per share, would result in a 5% increase in the total dividend to 15.5p per share (2018: 14.7p).

In 2019, the Group purchased 2,486,300 shares at an average price of £6.03 for £15.0m through the Group's Employee Benefit Trust. The Board is authorised to re-purchase up to 10% of the Group's issued share capital and will be seeking approval for the renewal of this authority at the Annual General Meeting on 13 May 2020.

In May, Giles Daubeney stepped down from the Board and his role as Deputy CEO. On behalf of the Board, I would like to thank Giles for his significant contribution to the Group over the last 30 years and wish him well for the future.

I would like to extend the Board's thanks to all our employees across the globe for their steadfastness and resilience in delivering a pleasing performance against what has been a challenging macroeconomic environment for the Group.

**Carol Hui**
**Chairman**
**2 March 2020**

*Constant currency is calculated by applying prior year exchange rates to local currency results for the current and prior years.
** Adjusted figures have been calculated to eliminate the impact of IFRS 16 Leases adjustments.

## Chief Executive's Statement

### Review of Operations

2019 was a year of unprecedented political and economic turbulence fuelled by the US-China trade war, Brexit, protests in Hong Kong and Gilets-Jaunes disruption in France. It's a testament to the strength of the Group's brand, geographic diversity and long-term growth strategy that we have been able to deliver a 3% (2%*) increase in net fee income and a record level of Group profit** against such a volatile backdrop, which negatively impacted both client and candidate confidence across a number of the Group's markets.

Whilst the macro picture was generally challenging, we did see good growth across a number of markets and disciplines, and we continued to invest to take advantage of these opportunities. During the year we opened our first office in Mexico and four new offices in Cologne, Nantes, Thailand's Eastern Seaboard and Utrecht. Conversely, in markets and disciplines where we experienced a slowing of activity, we reacted quickly, but sensibly, aligning headcount to market appropriate levels. This was particularly true in Resource Solutions, our recruitment process outsourcing business, where a number of global financial services clients instituted hiring freezes during the year.

We continued to invest in technology to ensure our consultants can spend as much time as possible building personal relationships with our candidates and clients. Our consultants are fully mobile with the global roll out of Microsoft Surfaces now complete, we have begun a global project to replace our existing CRM system and we have deployed a second chatbot to further drive process automation and efficiency.

**Asia Pacific (41% of Group net fee income)**
Revenue was £410.7m (2018: £394.1m), net fee income increased by 7% (4%*) to £164.6m (£160.7m*) (2018: £154.1m) and operating profit increased by 7%** (2%*) to £22.6m** (£21.5m*) (2018: £21.2m). Statutory operating profit increased by 8% (3%*) to £22.8m.

In Asia, our market-leading business in Japan continued to go from strength to strength increasing both net fee income and operating profit to record levels. Japan is the Group's most profitable country and the structural dynamics of the market in terms of both demographics and bilingual professional shortages continue to provide long-term growth potential. Hong Kong, the Group's third largest Asia Pacific market, was significantly impacted by ongoing political protests resulting in marked declines in both net fee income and operating profit.

Elsewhere across the region, Malaysia and Vietnam performed strongly, increasing operating profit by 100%* and 64%* respectively, whereas the ripple effect of trade tariff uncertainty unsettled confidence in a number of other South East Asia markets, including Singapore.

In Australia, performance was solid with single-digit growth in both net fee income and operating profit with activity levels strongest in Sydney and Melbourne. New Zealand delivered another record year, increasing net fee income by 15%*, further cementing our market-leading position.

Resource Solutions was impacted by hiring freezes imposed by a number of global financial services clients. However, we continued to both win new deals and expand existing offerings within the region, with notable successes in the pharmaceuticals sector.

**Europe (27% of Group net fee income)**
Revenue was £252.5m (2018: £237.1m), net fee income increased by 8% (9%*) to £108.7m (£109.6m*) (2018: £100.8m) and operating profit increased by 1%** (1%*) to £15.2m** (£15.2m*) (2018: £15.0m). Statutory operating profit increased by 3% (3%*) to £15.4m. Our blend of permanent, contract and interim recruitment solutions underpinned a solid performance across the region.

France, the region's largest business, bounced back strongly from a Gilets-Jaunes impacted first half of the year to produce double-digit growth in both net fee income and operating profit. Spain continued to outperform, producing record levels of both net fee income and operating profit.

The Group's Benelux operations increased net fee income by 9%* to a record level. In the Netherlands, activity levels were strongest across interim and contract, with skill shortages becoming more acute across all professional disciplines. In Belgium, activity levels were strongest in permanent and interim recruitment.

We continued to strategically invest in developing our business in Germany, which represents a long-term growth opportunity for the Group. We opened a new office in Cologne and also launched an interim business; however, market conditions became increasingly challenging as the year progressed. We also invested in Switzerland, further growing our office in Geneva to complement our well-established business in Zurich.

**UK (24% of Group net fee income)**
Revenue was £514.0m (2018: £571.8m), net fee income decreased by 9% to £98.4m (2018: £107.4m) and operating profit decreased by 7%** to £11.5m** (2018: £12.4m). Statutory operating profit decreased by 6% to £11.7m.

The UK market, including both specialist professional recruitment and recruitment process outsourcing, was hit hard throughout the year by political and economic uncertainty related to both Brexit and the General Election. Candidate and client confidence deteriorated as the year progressed, with permanent recruitment activity levels hardest hit. Contract was also impacted by uncertainty surrounding impending IR35 legislation. Bright spots did exist with technology and digital recruitment activity levels holding up well right across the UK, and our Birmingham and Milton Keynes offices in particular delivering strong performances.

Resource Solutions had a challenging year with a number of global financial services clients imposing hiring freezes. Headcount levels in the business were reduced accordingly in line with client requirements. More positively, we continued to diversify our client portfolio outside of financial services with a number of new client deals in the entertainment and professional services sectors.

**Other International (8% of Group net fee income)**
Other International encompasses the Americas, South Africa and the Middle East. Revenue was £38.9m (2018: £30.2m), net fee income increased by 14% (11%*) to £33.8m (£32.9m*) (2018: £29.7m) and operating profit increased by 7%** (1%*) to £1.2m** (£1.1m*) (2018: £1.1m). Statutory operating profit increased by 17% (12%*) to £1.3m.

In North America, our San Francisco and Los Angeles businesses had a strong year, driven by demand for technology and finance professionals. New York was more challenging and we have undertaken a management restructure to revitalise the business which is now delivering positive results. In Latin America, our newest operation in Mexico has started well and our business in Chile was profitable at the end of its first year. Brazil continued to be challenging.

In South Africa, the market remained volatile whereas in the Middle East, growth was strong with our business delivering record levels of both net fee income and operating profit.

**Outlook**
The global recruitment market remains unpredictable at present with the Coronavirus outbreak, which is likely to negatively impact full-year profit expectations, adding a further layer of uncertainty.

**Robert Walters**
**Chief Executive**
**2 March 2020**

*Constant currency is calculated by applying prior year exchange rates to local currency results for the current and prior years.
** Adjusted figures have been calculated to eliminate the impact of IFRS 16 Leases adjustments.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ROBERT WALTERS PLC ON THE PRELIMINARY STATEMENT OF ANNUAL RESULTS**

As the independent auditor of Robert Walters plc we are required by UK Listing Rules to agree to the publication of the company's preliminary statement of annual results for the year ended 31 December 2019 which include the financial and operational highlights, the Chairman's Statement, the Chief Executive's Statement, and summarised financial statements.

**Responsibilities of Directors and auditor**

The Directors of the company are responsible for the preparation, presentation and publication of the preliminary statement of annual results in accordance with the UK Listing Rules. We are responsible for agreeing to the publication of the preliminary statement of annual results, having regard to the Financial Reporting Council's Bulletin "The Auditor's Association with Preliminary Announcements made in accordance with the requirements of UK Listing Rules". We are not required to agree to the publication of the analyst presentation published alongside the preliminary statement of results.

**Status of our audit of the financial statements**

Our audit of the annual financial statements of the company is complete and we signed our auditor's report on 2 March 2020. Our auditor's report is not modified and contains no emphasis of matter paragraph.

Our auditor's report on the full financial statements contained the following information regarding key audit matters and how they were addressed by us in the audit, our application of materiality and the scope of our audit.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, 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.

| **Key audit matter** | • Revenue recognition for permanent and temporary placements. |
|---|---|
| **Description** | • The significant risk in revenue recognition lies within the valuation of accrued revenues, due to the high degree of judgement and scope for fraud/error in the valuation. There is a risk that revenue that has not yet been invoiced, or has been invoiced but that the cash collected does not exist. Additional complexities arise from identification of the performance obligation triggering revenue recognition.<br>• For permanent placements on non-retained assignments, as detailed in the summary of significant accounting policies, revenue is recognised when a start date is confirmed and a candidate has accepted in writing. From the point of revenue recognition to the candidate starting, accrued income is recognised. A provision is held for candidates who accept but do not start at a consistent percentage of the accrued income balance based on historical experience. Whether the percentage applied remains valid is considered to be a matter of significant management judgement.<br>• For temporary placements, the Group's policy is to recognise revenue as the service is provided at contractually agreed rates. There is a risk that timecards are not appropriately approved or are not submitted on time and therefore that the related revenue does not exist or is not recognised in the appropriate financial year. |
| **How we addressed the key audit matter in the audit** | • **Control design:** In components subject to full scope procedures, we evaluated the design and implementation of relevant controls in the revenue cycle intended to ensure revenue is recognised in the correct period.<br>• **Test of controls:** Effectiveness of key controls in the revenue cycle have been tested in the significant components where relevant. For permanent placements, the controls tested include signing of the contract and |

| | |
|---|---|
| | evidence of candidate acceptance to allocation of cash receipts. For temporary placements, we have ensured the rate applied has been appropriately approved.<br>• **Tests of detail:**<br>o Permanent placements recorded around year-end were sampled to agree to confirmation of candidate acceptance. Testing was performed to ensure the point of revenue recognition was supportable and revenue was recorded in the correct period in line with the accounting policy.<br>o For those permanent candidates that had accepted but had not started at year-end, where revenue is recorded in accrued income, we have challenged the appropriateness of the provision rate applied by reference to the rate of historical back-outs over the twelve month period and actual back-outs post-year end.<br>o We have performed testing to recalculate the accrued income and associated costs recognised for late timecards or timecards straddling the year-end (where the approved timecard was submitted after the year-end but related to services provided in the year).<br>o Through review of key contracts, we have challenged the accounting treatment of accrued income recognised for Resource Solutions temporary placements to ensure it appropriately represents the contractual relationship as agent or principal. |
| **Key observations communicated to the Audit Committee** | • We did not identify any significant deficiencies in internal control as a result of our audit work.<br>• We did not identify any material indication that revenue that has not yet been invoiced or has been invoiced but not cash collected does not exist.<br>• We consider the provision rate applied to permanent accrued income to be a reasonable and fair estimate based on past experience.<br>• Our testing of cut-off for Resource Solutions temporary placements has resulted in the gross-up of accrued income and accruals for the year ended 31 December 2018 and 31 December 2019. We are satisfied the presentation in both years is appropriate. |

| **Key audit matter** | • Implementation of IFRS 16 Leases. |
|---|---|
| **Description** | • IFRS 16 Leases is effective for the first time in the current financial year. The impact is disclosed in summary of significant accounting policies.<br>• After determining which leases, or arrangements containing a lease, need to be accounted for and disclosed in line with the new standard, judgement is required to identify the expected lease term, subsequent modifications and extensions and in identifying the discount rate implicit in the lease or estimating the incremental borrowing rate to be used in the calculations.<br>• Use of inappropriate judgements and estimates could materially impact valuation of the right-of-use asset and lease liability and the resultant deferred tax, depreciation and finance charges. |
| **How we addressed the key audit matter in the audit** | • **Tests of detail:**<br>o We have reviewed management's accounting policy, the transition methodology and practical expedients taken and financial statement disclosure against the requirements of the standard.<br>o We have considered whether any other potential contracts that would fall within scope of IFRS 16 exist through review of the reconciliation to the prior year operating lease disclosure and review of key expense ledgers.<br>o We have challenged the judgements and key assumptions used in determining the incremental borrowing rates for each lease, agreeing inputs to third party support.<br>o We have agreed key terms of a sample of leases to the underlying contracts and re-calculated the right-of-use asset and lease liability. |

| | |
|---|---|
| **Key observations communicated to the Audit Committee** | • We did not identify any reportable misstatements or significant deficiencies in internal control as a result of our audit work.<br>• We concluded that estimations and judgements made in identifying leases and determining key inputs to the calculations are reasonable and that disclosures relating to the transition to IFRS 16 Leases are appropriate and accurate. |

**Our application of materiality**

The concept of materiality is fundamental to the preparation of the financial statements and the audit process, and applies not only to monetary misstatements, but also to disclosure requirements and adherence to appropriate accounting principles and statutory requirements. We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We have determined materiality based on our professional judgement for the financial statements as a whole as follows:

| | **Group** | **Parent Company** |
|---|---|---|
| **Materiality** | £2.40m | £1.87m |
| **Basis** | 5.0% of profit before tax | 1.7% of net assets |
| **Rationale** | Profit before tax is considered to be the most appropriate benchmark based on market practice and investor expectations.<br><br>The materiality applied equates to 0.6% of Group net fee income and 1.5% of Group net assets. | Net assets is considered to be the most appropriate benchmark as the Parent Company does not trade. |

Further materiality measures applied in the conduct of the audit include:

| | **Measure** | **Application** |
|---|---|---|
| **Performance materiality** | £1.68m (70% of materiality) | The application of materiality at the individual account or balance level is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. |
| **Component materiality** | £1.68m cap (70% of materiality) | Our audit work at each component, excluding the Parent Company, was executed at levels of materiality applicable to each individual entity as approved by the Group audit team and in each case, lower than that applied to the Group. |
| **Clearly trivial** | £100,000 | All audit differences in excess of *'clearly trivial'* are reported to the Audit and Risk Committee, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. |
| **Quantative & qualitative disclosures** | We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements. | |

**The scope of our audit**

The Group has diverse international operations. Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. We designed an audit strategy to ensure we have obtained the required audit assurance for each component for the purposes of our Group audit opinion (ISA 600 (UK)). Components were scoped in to address aggregation risk and to ensure sufficient coverage was obtained of Group balances on which to base our audit opinion.

| | |
|---|---|
| **Signficant components** | • We focussed our Group audit scope primarily on the audit work at three significant components, which were subject to full-scope audit procedures.<br>• These significant components contribute 44% (2018: 49%) of the Group profit before tax, 30% (2018: 30%) of the Group net fee income, and 42% (2018: 44%) of the Group revenue.<br>• The three components considered to be significant were Robert Walters PLC, Resource Solutions Limited (UK) and Robert Walters Japan KK (Japan).<br>• Following involvement in risk assessment and setting the overall audit approach and strategy with the component auditor at the planning stage, the Senior Statutory Auditor visited the Japanese component to review testing performed, meet with local management and to challenge conclusions reached.<br>• The Senior Statutory Auditor was directly involved in directing and reviewing the audit of the remaining UK-significant components with the audit being performed by the Group team. |
| **Full scope audits** | • Ten further components were subject to full scope audit procedures in addition to the three identified significant components (thirteen in total).<br>• These components contribute 30% (2018: 18%) of the Group profit before tax, 32% (2018: 33%) of the Group net fee income, and 32% (2018: 32%) of the Group revenue.<br>• Full scope audit procedures were performed on components in the UK, Australia, Hong Kong and France.<br>• All testing was performed by BDO Member Firms under direction and supervision of the Group audit team.<br>• The Senior Statutory Auditor and a senior member of the Group team visited France and directed work for the remaining full-scope components via detailed instructions, briefings and via review of selected working papers on significant risk areas. |
| **Specified procedures** | • Specified procedures were performed to address the risk of material misstatement arising from key balances in smaller components, with testing performed on all material balances within these components.<br>• This specific scope testing was performed on components that contribute 16% (2018: 18%) of the Group profit before tax, 16% (2018: 16%) of the Group net fee income, and 16% (2018: 14%) of the Group revenue.<br>• These components included:<br>o Robert Walters BV<br>o Walters People BV<br>o Walters People Sociedad Limitada Empresa de Trabajo Temporal<br>o Robert Walters New Zealand Limited<br>o Robert Walters Talent China Limited<br>o Robert Walters Recruitment (Thailand) Ltd<br>o Resource Solutions Inc (Delaware)<br>o Robert Walters Luxembourg Investment SARL (Irish Branch)<br>o Robert Walters (Singapore) Pte Ltd |
| **Remaining components** | • All other components were scoped in for analytical review procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information. |
| **Parent Company & Consolidation** | • The Parent Company is located in the UK and is audited by the Group audit team. The Parent Company is treated as a significant component for the Group audit.<br>• The Group audit team have performed testing of the consolidation and related consolidation adjustments posted in preparation of the Group financial statements. |

**Procedures performed to agree to the preliminary statement of annual results**
In order to agree to the publication of the preliminary statement of annual results of the company, we:

- checked the accuracy of extraction of the financial information in the preliminary statement from the audited financial statements of the company;
- considered whether any ‘alternative performance measures’ and associated narrative explanations may be misleading; and
- read the management commentary and considered whether it is in conflict with the information that we have obtained in the course of our audit.

**Use of our report**
This report and our auditor’s report on the company’s financial statements are made solely to the company’s members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 and the terms of our engagement. Our audit work has been undertaken so that we might state to the company’s members those matters we have agreed to state to them 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 our auditor’s report on the financial statements or this report, or for the opinions we have formed.

Mark Cardiff (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
2 March 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Consolidated Income Statement
## FOR THE YEAR ENDED 31 DECEMBER 2019

| | Notes | 2019 £s millions | 2018 £s millions |
|---|---|---|---|
| **Revenue** | 1 | **1,216.1** | **1,233.2** |
| Cost of sales | | (810.6) | (841.2) |
| **Gross profit (net fee income)** | | **405.5** | **392.0** |
| Administrative expenses | | (354.3) | (342.3) |
| **Operating profit** | | **51.2** | **49.7** |
| Finance income | | 0.6 | 0.5 |
| Finance costs | 2 | (4.0) | (1.0) |
| Loss on foreign exchange | | (0.4) | (0.1) |
| **Profit before taxation** | | **47.4** | **49.1** |
| Taxation | 3 | (13.4) | (13.5) |
| **Profit for the year** | | **34.0** | **35.6** |
| **Attributable to:** | | | |
| Owners of the Company | | **34.0** | **35.6** |
| **Earnings per share (pence):** | 5 | | |
| Basic | | 48.4 | 50.4 |
| Diluted | | 44.9 | 45.8 |
| **Adjusted results excluding IFRS 16 Leases:** | 13 | | |
| Adjusted operating profit | | 50.5 | 49.7 |
| Adjusted profit before taxation | | 49.5 | 49.1 |
| **Adjusted earnings per share (pence):** | 5 | | |
| Basic | | 50.6 | 50.4 |
| Diluted | | 46.9 | 45.8 |

The amounts above relate to continuing operations.

## Consolidated Statement of Comprehensive Income
## FOR THE YEAR ENDED 31 DECEMBER 2019

| | 2019 £s millions | 2018 £s millions |
|---|---|---|
| Profit for the year | 34.0 | 35.6 |
| **Items that may be reclassified subsequently to profit and loss:** | | |
| Exchange differences on translation of overseas operations | (5.6) | 2.3 |
| **Total comprehensive income and expense for the year** | **28.4** | **37.9** |
| **Attributable to:** | | |
| Owners of the Company | **28.4** | **37.9** |

**Consolidated Balance Sheet**
**AS AT 31 DECEMBER 2019**

| | Notes | 2019 £s millions | 2018 £s millions |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 6 | 13.4 | 11.2 |
| Property, plant and equipment | 7 | 11.4 | 10.6 |
| Right-of-use asset | 13 | 72.9 | - |
| Deferred tax assets | | 11.6 | 12.4 |
| | | **109.3** | **34.2** |
| **Current assets** | | | |
| Trade and other receivables[1] | 8 | 209.7 | 242.0 |
| Corporation tax receivables | | 2.6 | 4.7 |
| Cash and cash equivalents | | 112.4 | 79.9 |
| | | 324.7 | 326.6 |
| **Total assets** | | **434.0** | **360.8** |
| **Current liabilities** | | | |
| Trade and other payables[1] | 9 | (161.9) | (187.2) |
| Corporation tax liabilities | | (6.8) | (11.8) |
| Bank overdrafts and borrowings | 10 | (26.6) | (5.7) |
| Lease liability | 13 | (17.4) | - |
| Provisions | | (1.3) | (1.7) |
| | | (214.0) | (206.4) |
| **Net current assets** | | **110.7** | **120.2** |
| **Non-current liabilities** | | | |
| Lease liability | | (58.1) | - |
| Provisions | | (1.3) | (1.7) |
| | | **(59.4)** | **(1.7)** |
| Total liabilities | | (273.4) | (208.1) |
| **Net assets** | | **160.6** | **152.7** |
| **Equity** | | | |
| Share capital | | 16.0 | 15.9 |
| Share premium | | 22.2 | 22.0 |
| Other reserves | | (71.8) | (71.8) |
| Own shares held | | (26.5) | (18.3) |
| Treasury shares held | | (9.1) | (9.1) |
| Foreign exchange reserves | | 9.1 | 14.7 |
| Retained earnings | | 220.7 | 199.3 |
| **Equity attributable to owners of the Company** | | **160.6** | **152.7** |

[1] A material adjustment of £11.0m has been made to increase the Trade and other receivables and Trade and other payables for 2018, in order to recognise the gross asset and liability values in relation to the temporary revenue accrual for the timesheets received after the year-end date. Previously, the liability had been offset with the accrued income. There is no impact to the Consolidated Income Statement in relation to this correction.

**Consolidated Cash Flow Statement**
**FOR THE YEAR ENDED 31 DECEMBER 2019**

| | Notes | 2019<br>£s millions | 2018<br>£s millions |
|---|---|---|---|
| **Cash generated from operating activities** | 11 | **82.4** | **73.4** |
| Income taxes paid | | (12.6) | (10.7) |
| **Net cash from operating activities** | | **69.8** | **62.7** |
| | | | |
| **Investing activities** | | | |
| Interest received | | 0.6 | 0.5 |
| Purchases of computer software | 6 | (3.6) | (0.6) |
| Purchases of property, plant and equipment | 7 | (5.9) | (5.7) |
| **Net cash used in investing activities** | | **(8.9)** | **(5.8)** |
| | | | |
| **Financing activities** | | | |
| Equity dividends paid | 4 | (10.6) | (9.5) |
| Proceeds from issue of equity | | 0.3 | 0.1 |
| Interest paid | | (1.2) | (1.0) |
| Interest on lease liabilities | | (2.8) | - |
| Principal paid on lease liabilities | | (16.4) | - |
| Proceeds from financing facility | | 25.5 | 0.5 |
| Repayment of financing facility | | (4.5) | (25.7) |
| Purchase of own shares | | (15.0) | (5.1) |
| **Net cash used in financing activities** | | (24.7) | (40.7) |
| **Net increase in cash and cash equivalents** | | **36.2** | **16.2** |
| | | | |
| Cash and cash equivalents at beginning of year | | 79.9 | 61.9 |
| Effect of foreign exchange rate changes | | (3.7) | 1.8 |
| **Cash and cash equivalents at end of year** | | **112.4** | **79.9** |

**Consolidated Statement of Changes in Equity**
**FOR THE YEAR ENDED 31 DECEMBER 2019**

| Group | Share capital £s millions | Share premium £s millions | Other reserves £s millions | Own shares held £s millions | Treasury shares held £s millions | Foreign exchange reserves £s millions | Retained earnings £s millions | Total equity £s millions |
|---|---|---|---|---|---|---|---|---|
| Balance at 1 January 2018 | 15.9 | 21.9 | (71.8) | (18.2) | (9.1) | 12.4 | 170.8 | 121.9 |
| Profit for the year | - | - | - | - | - | - | 35.6 | 35.6 |
| Foreign currency translation differences | - | - | - | - | - | 2.3 | - | 2.3 |
| Total comprehensive income and expense for the year | - | - | - | - | - | 2.3 | 35.6 | 37.9 |
| Dividends paid (note 4) | - | - | - | - | - | - | (9.5) | (9.5) |
| Credit to equity for equity-settled share-based payments | - | - | - | - | - | - | 5.6 | 5.6 |
| Current and deferred tax on share-based payment transactions | - | - | - | - | - | - | 1.8 | 1.8 |
| Transfer to own shares held on exercise of equity incentives | - | - | - | 5.0 | - | - | (5.0) | - |
| New shares issued and own shares purchased | - | 0.1 | - | (5.1) | - | - | - | (5.0) |
| Balance at 31 December 2018 | **15.9** | **22.0** | **(71.8)** | **(18.3)** | **(9.1)** | **14.7** | **199.3** | **152.7** |
| Profit for the year | - | - | - | - | - | - | 34.0 | 34.0 |
| Foreign currency translation differences | - | - | - | - | - | (5.6) | - | (5.6) |
| Total comprehensive income and expense for the year | - | - | - | - | - | (5.6) | 34.0 | 28.4 |
| Dividends paid (note 4) | - | - | - | - | - | - | (10.6) | (10.6) |
| Credit to equity for equity-settled share-based payments | - | - | - | - | - | - | 5.6 | 5.6 |
| Current and deferred tax on share-based payment transactions | - | - | - | - | - | - | (1.1) | (1.1) |
| Transfer to own shares held on exercise of equity incentives | - | - | - | 6.5 | - | - | (6.5) | - |
| New shares issued and own shares purchased | 0.1 | 0.2 | - | (14.7) | - | - | - | (14.4) |
| **Balance at 31 December 2019** | **16.0** | **22.2** | **(71.8)** | **(26.5)** | **(9.1)** | **9.1** | **220.7** | **160.6** |

## Statement of Accounting Policies
## FOR THE YEAR ENDED 31 DECEMBER 2019

**Accounting Policies**
**Basis of preparation**
Robert Walters plc is a public Company limited by shares incorporated and domiciled in the United Kingdom under the Companies Act. The financial report for the year ended 31 December 2019 has been prepared in accordance with the historic cost convention and with International Financial Reporting Standards (IFRSs), including International Accounting Standards and Interpretations as adopted for use by the European Union, though this announcement does not itself contain sufficient information to comply with IFRSs.

The Group had net cash of £85.8m at 31 December 2019. Despite the volatile and uncertain global economic conditions, the Group remains confident of its long-term growth prospects. The Group has a strong balance sheet and considerable financial resources, together with a diverse range of clients and suppliers across different geographic locations and sectors. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. After making enquiries, the Directors have formed a judgement, at the time of approving the accounts, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the accounts.

The financial information in this announcement, which was approved by the Board of Directors on 2 March 2020, does not constitute the Company's statutory accounts for the year ended 31 December 2019 but is derived from these accounts. Statutory accounts for 2018 have been delivered to the Registrar of Companies and those for 2019 will be delivered following the Company's Annual General Meeting. The auditors have reported on these accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

The Annual General Meeting of Robert Walters plc will be held on 13 May 2020 at 11 Slingsby Place, St Martin's Courtyard, London WC2E 9AB.

### 1. Segmental information

| | | 2019 £s millions | 2018 £s millions |
|---|---|---|---|
| i) | **Revenue:** | | |
| | Asia Pacific | 410.7 | 394.1 |
| | UK | 514.0 | 571.8 |
| | Europe | 252.5 | 237.1 |
| | Other International | 38.9 | 30.2 |
| | | **1,216.1** | **1,233.2** |
| ii) | **Gross profit:** | | |
| | Asia Pacific | 164.6 | 154.1 |
| | UK | 98.4 | 107.4 |
| | Europe | 108.7 | 100.8 |
| | Other International | 33.8 | 29.7 |
| | | **405.5** | **392.0** |

## 1. Segmental information (continued)

| | 2019 | 2018 |
|---|---|---|
| | £s millions | £s millions |
| **iii) Profit before taxation:** | | |
| Asia Pacific | 22.8 | 21.2 |
| UK | 11.7 | 12.4 |
| Europe | 15.4 | 15.0 |
| Other International | 1.3 | 1.1 |
| **Operating profit** | **51.2** | **49.7** |
| Net finance costs | (3.8) | (0.6) |
| **Profit before taxation** | **47.4** | **49.1** |

| | 2019 | 2018 |
|---|---|---|
| **iv) Net assets:** | | |
| Asia Pacific | 33.5 | 31.6 |
| UK | 6.9 | 11.5 |
| Europe | 20.9 | 24.0 |
| Other International | 5.9 | 6.0 |
| Unallocated corporate assets and liabilities* | 93.4 | 79.6 |
| | **160.6** | **152.7** |

*For the purposes of segmental information, unallocated corporate assets and liabilities include cash, bank borrowings, corporation and deferred tax balances.

The analysis of revenue by destination is not materially different to the analysis by origin and the analysis of finance income and costs are not significant.

All transactions between reportable segments relate to recharges for central cost sharing and were undertaken on an arms-length basis.

The Group is divided into geographical areas for management purposes, and it is on this basis that the segmental information has been prepared.

| **v) Other information – 2019:** | P,P&E and software additions | Depreciation and amortisation | Non-current assets | Assets | Liabilities |
|---|---|---|---|---|---|
| | £s millions | £s millions | £s millions | £s millions | £s millions |
| Asia Pacific | 3.1 | 8.1 | 34.9 | 90.1 | (56.6) |
| UK | 4.9 | 6.0 | 33.9 | 130.4 | (123.5) |
| Europe | 1.3 | 5.9 | 20.7 | 70.0 | (49.1) |
| Other International | 0.2 | 1.7 | 8.2 | 16.9 | (11.0) |
| Unallocated corporate assets and liabilities* | - | - | 11.6 | 126.6 | (33.2) |
| | **9.5** | **21.7** | **109.3** | **434.0** | **(273.4)** |

## 1. Segmental information (continued)

**v) Other information – 2018:**

| | P,P&E and software additions | Depreciation and amortisation | Non-current assets | Assets[1] | Liabilities[1] |
|---|---|---|---|---|---|
| | £s millions | £s millions | £s millions | £s millions | £s millions |
| Asia Pacific | 1.8 | 1.4 | 11.2 | 70.8 | (39.2) |
| UK[1] | 2.5 | 2.9 | 6.7 | 121.5 | (110.0) |
| Europe | 1.7 | 0.7 | 2.5 | 59.5 | (35.4) |
| Other International | 0.3 | 0.3 | 1.4 | 12.0 | (5.9) |
| Unallocated corporate assets and liabilities* | - | - | 12.3 | 97.0 | (17.6) |
| | **6.3** | **5.3** | **34.1** | **360.8** | **(208.1)** |

*For the purposes of segmental information, unallocated corporate assets and liabilities include cash, bank borrowings, corporation and deferred tax balances.

[1] A material adjustment of £11.0m has been made to increase the Trade and other receivables and Trade and other payables for 2018, in order to recognise the gross asset and liability values in relation to the temporary revenue accrual for the timesheets received after the year-end date. Previously, the liability had been offset with the accrued income. There is no impact to the Consolidated Income Statement in relation to this correction.

| | 2019 | 2018 |
|---|---|---|
| | £s millions | £s millions |
| **vi) Revenue by business grouping:** | | |
| Robert Walters | 730.8 | 702.1 |
| Resource Solutions (recruitment process outsourcing) | 485.3 | 531.1 |
| | **1,216.1** | **1,233.2** |

## 2. Finance costs

| | 2019 | 2018 |
|---|---|---|
| | £s millions | £s millions |
| Interest on bank overdrafts | 1.1 | 0.9 |
| Interest on bank borrowings | 0.1 | 0.1 |
| Lease Interest | 2.8 | - |
| **Total borrowing costs** | **4.0** | **1.0** |

## 3. Taxation

| | 2019 £s millions | 2018 £s millions |
|---|---|---|
| **Current tax charge** | | |
| Corporation tax - UK | 3.7 | 2.3 |
| Corporation tax - Overseas | 11.8 | 12.1 |
| | | |
| **Adjustments in respect of prior years** | | |
| Corporation tax - UK | - | - |
| Corporation tax - Overseas | (0.5) | 0.1 |
| | **15.0** | **14.5** |
| **Deferred tax** | | |
| Deferred tax - UK | (0.5) | 0.1 |
| Deferred tax - Overseas | (1.1) | (1.8) |
| | | |
| **Adjustments in respect of prior years** | | |
| Deferred tax - UK | - | 0.4 |
| Deferred tax - Overseas | - | 0.3 |
| | **(1.6)** | **(1.0)** |
| **Total tax charge for year** | **13.4** | **13.5** |
| | | |
| Profit before taxation | 47.4 | 49.1 |
| | | |
| Tax at standard UK corporation tax rate of 19% (2018: 19%) | 9.0 | 9.3 |
| Effects of: | | |
| (Relieved) unrelieved losses | (0.1) | (0.2) |
| Tax exempt income and other expenses not deductible | 1.6 | 0.4 |
| Overseas earnings taxed at different rates | 3.3 | 3.3 |
| Adjustments to tax charges in previous years | (0.5) | 0.7 |
| Impact of tax rate change | 0.1 | - |
| **Total tax charge for year** | **13.4** | **13.5** |

| | 2019 £s millions | 2018 £s millions |
|---|---|---|
| **Tax recognised directly in equity** | | |
| Tax on share-based payment transactions | **1.1** | **(1.8)** |

In November 2017, the European Commission published a preliminary decision to open a formal investigation in relation to the "Group Financing Exemption" ('GFE') in the UK's controlled foreign company rules. The investigation remains ongoing. In common with other UK-based international companies, the Group, whose arrangements are in line with current UK CFC legislation, may be affected by the outcome of this investigation and is therefore monitoring developments. Based on the current status of the investigation, the Group have fully provided for the full value of the potential liability.

## 4. Dividends

| | 2019<br>£s millions | 2018<br>£s millions |
|---|---|---|
| Amounts recognised as distributions to equity holders in the year: | | |
| Interim dividend paid of 4.5p per share (2018: 4.0p) | 3.1 | 2.8 |
| Final dividend for 2018 of 10.7p per share (2017: 9.3p) | 7.5 | 7.1 |
| | **10.6** | **9.9** |
| **Proposed final dividend for 2019 of 11.0p per share (2018: 10.7p)** | **7.7** | **7.1** |

The proposed final dividend of £7,700,000 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

The final dividend, if approved, will be paid on 1 June 2020 to those shareholders on the register as at 8 May 2020.

## 5. Earnings per share

The calculation of earnings per share is based on the profit for the year attributable to equity holders of the Parent and the weighted average number of shares of the Company.

| | 2019<br>Number of shares | 2018<br>Number of shares |
|---|---|---|
| Weighted average number of shares: | | |
| Shares in issue throughout the year | 79,652,285 | 79,374,520 |
| Shares issued in the year | 284,468 | 196,213 |
| Treasury and own shares held | (9,742,152) | (9,043,151) |
| **For basic earnings per share** | **70,194,601** | **70,527,582** |
| Outstanding share options and equity | 5,455,700 | 7,054,450 |
| **For diluted earnings per share** | **75,650,301** | **77,582,032** |

| | 2019<br>£s millions | 2018<br>£s millions |
|---|---|---|
| Profit for the period attributable to equity holders of the Parent | **34.0** | **35.6** |
| IFRS 16 Leases adjustment (note 13) | 1.5 | - |
| Adjusted profit for the period attributable to equity holders of the Parent** | **35.5** | **35.6** |

** Adjusted profit for the period has been calculated to eliminate the impact of the IFRS 16 Leases adjustments as disclosed in note 13.

## 6. Intangible assets

| | Goodwill £s millions | Computer software £s millions | Assets under construction £s millions | Total £s millions |
|---|---|---|---|---|
| **Cost:** | | | | |
| At 1 January 2018 | 8.1 | 13.0 | - | 21.1 |
| Additions | - | 0.6 | - | 0.6 |
| Disposals | - | - | - | - |
| Foreign currency translation differences | 0.0 | 0.1 | - | 0.1 |
| **At 31 December 2018** | **8.1** | **13.7** | **-** | **21.8** |
| Additions | - | 1.4 | 2.2 | 3.6 |
| Disposals | - | (2.8) | - | (2.8) |
| Foreign currency translation differences | (0.1) | - | - | (0.1) |
| **At 31 December 2019** | **8.0** | **12.3** | **2.2** | **22.5** |
| **Accumulated amortisation and impairment:** | | | | |
| At 1 January 2018 | - | 9.2 | - | 9.2 |
| Charge for the year | - | 1.4 | - | 1.4 |
| **At 31 December 2018** | **-** | **10.6** | **-** | **10.6** |
| Charge for the year | - | 1.4 | - | 1.4 |
| Disposals | - | (2.8) | - | (2.8) |
| Foreign currency translation differences | - | (0.1) | - | (0.1) |
| **At 31 December 2019** | **-** | **9.1** | **-** | **9.1** |
| **Carrying value:** | | | | |
| At 1 January 2018 | 8.1 | 3.8 | - | 11.9 |
| At 31 December 2018 | **8.1** | **3.1** | **-** | **11.2** |
| **At 31 December 2019** | **8.0** | **3.2** | **2.2** | **13.4** |

The carrying value of goodwill primarily relates to the acquisition of Talent Spotter in China (£1,202,000) and the historical acquisition of the Dunhill Group in Australia (£6,847,000). The historical acquisition cost of Talent Spotter was £768,000, with the movement to the current carrying value a result of foreign currency translation differences. Goodwill is tested annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amount of the goodwill is based on value in use in perpetuity. The key assumptions in the value in use are those regarding expected changes to cash flow during the period, growth rates and the discount rates.

Estimated cash flow forecasts are derived from the most recent financial budgets and an assumed average growth rate of 3-5% for years two and three. The forecast for revenue and costs as approved by the Board reflect the latest industry forecasts and management expectations based on past experience.

The value of the cash flows is then discounted at a post-tax rate of 7.5% (pre-tax rate of 10.3%), based on the Group's estimated weighted average cost of capital and risk adjusted depending on the location of goodwill. The weighted average cost of capital has also been adjusted for a terminal growth rate, between 2-3% depending on location, for year four onwards.

Management has undertaken sensitivity analysis taking into consideration the impact in key assumptions. This included reducing the cash flow from year two onwards by 0%, 10% and 20% in absolute terms. The sensitivity analysis shows no impairment charge would arise under each scenario.

## 7. Property, plant and equipment

| | Leasehold improvements £s millions | Fixtures, fittings and office equipment £s millions | Computer equipment £s millions | Total £s millions |
|---|---|---|---|---|
| **Cost:** | | | | |
| At 1 January 2018 | 8.4 | 14.2 | 8.2 | 30.8 |
| Additions | 0.1 | 2.8 | 2.8 | 5.7 |
| Disposals | - | (0.8) | (0.2) | (1.0) |
| Foreign currency translation differences | 0.2 | - | 0.1 | 0.3 |
| **At 31 December 2018** | 8.7 | 16.2 | 10.9 | 35.8 |
| Additions | 1.4 | 2.7 | 1.8 | 5.9 |
| Disposals | (0.1) | (0.4) | (1.2) | (1.7) |
| Foreign currency translation differences | (0.1) | (0.6) | (0.2) | (0.9) |
| **At 31 December 2019** | 9.9 | 17.9 | 11.3 | 39.1 |
| **Accumulated depreciation and impairment:** | | | | |
| At 1 January 2018 | 5.6 | 9.2 | 6.9 | 21.7 |
| Charge for the year | 0.7 | 1.6 | 1.6 | 3.9 |
| Disposals | - | (0.4) | (0.2) | (0.6) |
| Foreign currency translation differences | 0.2 | (0.1) | 0.1 | 0.2 |
| **At 31 December 2018** | 6.5 | 10.3 | 8.4 | 25.2 |
| Charge for the year | 0.8 | 1.9 | 2.0 | 4.7 |
| Disposals | (0.1) | (0.3) | (1.2) | (1.6) |
| Foreign currency translation differences | (0.1) | (0.4) | (0.1) | (0.6) |
| **At 31 December 2019** | 7.1 | 11.5 | 9.1 | 27.7 |
| **Carrying value:** | | | | |
| At 1 January 2018 | 2.8 | 5.0 | 1.3 | 9.1 |
| At 31 December 2018 | 2.2 | 5.9 | 2.5 | 10.6 |
| **At 31 December 2019** | **2.8** | **6.4** | **2.2** | **11.4** |

## 8. Trade and other receivables

| | 2019<br>£s millions | 2018<br>£s millions |
|---|---|---|
| Receivables due within one year: | | |
| Trade receivables | 127.6 | 148.8 |
| Other receivables | 7.8 | 18.5 |
| Prepayments | 5.1 | 6.5 |
| Accrued income[1] | 69.2 | 68.2 |
| | **209.7** | **242.0** |

[1] A material adjustment of £11.0m has been made to increase the accrued income for 2018, in order to recognise the gross asset value in relation to the temporary revenue accrual for the timesheets received after the year-end date. Previously, the liability had been offset with the accrued income. There is no impact to the Consolidated Income Statement in relation to this correction.

Included within accrued income is a provision against the cancellation of placements where a candidate may reverse their acceptance prior to the start date. The value of this provision as of 31 December 2019 is £2,434,000 (31 December 2018: £2,324,000). The movement in this provision during the year is a charge to the income statement of £110,000 (2018: £432,000). Contract assets are expected to convert into contract receivables within 3 months of recognition.

## 9. Trade payables and other payables: amounts falling due within one year

| | 2019<br>£s millions | 2018<br>£s millions |
|---|---|---|
| Trade payables | 4.7 | 7.1 |
| Other taxation and social security | 21.9 | 25.9 |
| Other payables | 19.1 | 24.3 |
| Accruals and deferred income[1] | 116.2 | 129.9 |
| | **161.9** | **187.2** |

[1] A material adjustment of £11.0m has been made to increase the accruals and deferred income for 2018, in order to recognise the gross liability value in relation to the temporary revenue accrual for the timesheets received after the year-end date. Previously, the liability had been offset with the accrued income. There is no impact to the Consolidated Income Statement in relation to this correction.

There is no material difference between the fair value and the carrying value of the Group's trade and other payables.

## 10. Bank overdrafts and borrowings

| | 2019<br>£s millions | 2018<br>£s millions |
|---|---|---|
| Bank overdrafts and borrowings: current | 26.6 | 5.7 |
| | **26.6** | **5.7** |
| The borrowings are repayable as follows: | | |
| Within one year | 26.6 | 5.7 |
| | **26.6** | **5.7** |

In February 2019, the Group renewed and extended to four years its committed financing facility of £45.0m to £60.0m which expires in March 2023. At 31 December 2019, £25.5m (2018: £4.5m) was drawn down under this facility.

The Group has a short-term facility of Renminbi 25m (£2.9m) of which Renminbi 10m (£1.1m) was drawn down as at 31 December 2019. The loan is secured against cash deposits in Hong Kong.

The Directors estimate that the fair value of all borrowings is not materially different from the amounts stated in the Consolidated Balance Sheet of £26,600,000 (2018: £5,680,000).

## 11. Note to the cash flow statement

| | 2019<br>£s millions | 2018<br>£s millions |
|---|---|---|
| **Operating profit** | **51.2** | **49.7** |
| Adjustments for: | | |
| Depreciation and amortisation charges | 21.7 | 5.3 |
| Loss on disposal of property, plant and equipment and computer software | 0.1 | 0.4 |
| Charge in respect of share-based payment transactions | 5.6 | 5.6 |
| Unrealised foreign exchange loss | (1.3) | (0.8) |
| **Operating cash flows before movements in working capital** | **77.3** | **60.2** |
| Decrease (increase) in receivables[1] | 25.5 | (12.0) |
| (Decrease) increase in payables[1] | (20.4) | 25.2 |
| **Cash generated from operating activities** | **82.4** | **73.4** |

[1] A material adjustment of £11.0m has been made to increase the Trade and other receivables and Trade and other payables for 2018, in order to recognise the gross asset and liability values in relation to the temporary revenue accrual for the timesheets received after the year-end date. Previously, the liability had been offset with the accrued income. There is no impact to the Consolidated Income Statement in relation to this correction.

## 12. Reconciliation of net cash flow to movement in net funds

| | 2019<br>£s millions | 2018<br>£s millions |
|---|---|---|
| **Increase in cash and cash equivalents in the year** | **36.2** | **16.3** |
| Cash inflow (outflow) from movement in bank borrowings | (21.0) | 25.2 |
| Foreign currency translation differences | (3.7) | 1.7 |
| **Movement in net cash in the year** | **11.5** | **43.2** |
| Net cash at beginning of year | 74.3 | 31.1 |
| **Net cash at end of year** | **85.8** | **74.3** |

Net cash is defined as cash and cash equivalents less bank borrowings.

## 13. IFRS 16 Leases

**IFRS 16 Leases**

The Group applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. The Group has adopted the modified retrospective application of IFRS 16 Leases from 1 January 2019, and has not restated comparatives for the 2018 reporting period, in accordance with IFRS 16:C5(b). Consequently, the Group recognised the reclassifications and the adjustments arising from the new leasing rules in the opening balance sheet on 1 January 2019.

**Adjustments recognised on adoption of IFRS 16**

As at 1 January 2019, the Group had non-cancellable operating lease commitments of £64.3m. An assessment showed that £64.0m of these arrangements related to leases other than short-term leases and leases of low-value assets. Taking into consideration the exercise of options to extend where it is reasonably certain these options will be exercised, as at 1 January 2019, the Group has recognised a right of use asset of £82.1m and a corresponding lease liability of £83.7m in respect of these leases. The provision for onerous lease contracts which was required under IAS 17 of £0.7m, rental prepayments of £1.3m and lease liability incentives of £2.1m previously recognised in respect of the operating leases have been derecognised and the amount factored into the measurement of the right to use assets and lease liabilities.

The adoption of IFRS 16 Leases has resulted in the below adjustments recognised in the Consolidated Income Statement.

| | Reported results £s millions | IFRS 16 Adjustment £s millions | Adjusted results £s millions |
|---|---|---|---|
| Operating profit | 51.2 | (0.7) | 50.5 |
| Profit before taxation | 47.4 | 2.1 | 49.5 |
| Profit for the year | 34.0 | 1.5 | 35.5 |

**Impact on segment disclosures and earnings per share**

The change in accounting policy has resulted in a decrease in the Group's profit before taxation, for the 12 months ended 31 December 2019, and an increase in the total assets and total liabilities as at 31 December 2019. The following segments were affected by the change in policy:

**2019:**

| | Profit before taxation £s millions | Assets £s millions | Liabilities £s millions |
|---|---|---|---|
| Asia Pacific | 0.2 | 22.5 | (23.7) |
| UK | 0.2 | 25.4 | (26.2) |
| Europe | 0.2 | 18.0 | (18.3) |
| Other International | 0.1 | 7.0 | (7.3) |
| Unallocated corporate assets and liabilities* | (2.8) | - | - |
| | **(2.1)** | **72.9** | **(75.5)** |

* For the purpose of segmental information, unallocated corporate assets and liabilities include cash, bank borrowings, interest charged on leases, corporation and deferred tax balances.

Basic earnings per share decreased by 2.2p per share for the 12 months to 31 December 2019 as a result of the adoption of IFRS 16 Leases.