

Registration Number 00194871

Venners Limited
Directors' Report and Financial Statements
for the year ended 31 December 2017



Company Information

Directors	C A Gibson S Hulme A Lindsay S J Mayne M W Muir J P Perry D R Prickett D B Rugg
Secretary	C A Gibson
Company Number	00194871
Registered Office	Pinder House 249 Upper Third Street Milton Keynes MK9 1DS
Auditors	Grant Thornton UK LLP Victoria House 199 Avebury Boulevard Milton Keynes MK9 1AU

Table of Contents

Strategic Report	4-5
Directors' Report	6-7
Statement of Directors' Responsibilities	8
Auditor's Report on Financial Statements	9-10
Statement of Comprehensive Income	11
Statement of Changes in Shareholders' Equity	12
Statement of Financial Position	13
Statement of Cash Flows	14
Notes to the Financial Statements	15-32

Strategic Report

For the year ended 31 December 2017

The Directors present their Strategic Report on the company for the year ended 31 December 2017.

Review of the business

Principal Activities and Business Review:

The Company's principal activity continued to be that of providing an integrated range of Stock, Consultancy, Compliance, Health & Safety and Inventory services.

Risks and Uncertainties:

We operate in a world with a heightened awareness of risk. In growing and developing our business we have made a conscious decision to try and minimise unrewarded risk. We have done this in the following ways:

1. We offer a spread of services within our business.
2. We have a spread of work which deliberately covers both corporate and private clients.

That said, whilst we have endeavoured to reduce risks we are not immune to movements in the global economy or changes in the economic or legislative environments in the countries in which we do business. In addition, such things as banking crises and changes in behaviour pattern due to environmental based legislation can all impact our businesses in unexpected ways.

The following could adversely affect our markets:

- changes in employee legislation, in particular the Working Time Directive;
- increase in transport costs;
- trends towards a cashless society; and
- economic slowdown and technology changes affecting the hospitality sector.
- the terms and impact of the UK's decision to leave the EU.

The list of risks is meant to highlight those we consider relevant today and is not intended to be an exhaustive list of risks facing the business.

Key Performance Indicators:

The key financial performance indicators are as follows:

- Revenue growth – an important part of our strategy is growing our business and is best measured by revenue growth;
- Operating profit % - this is measured as operating profit as a percentage of revenue.

Review of strategy and business model

Venners is the UK's leading supplier of food and beverage stocktaking, compliance, inventory, consultancy and related stock management systems to the hospitality sector. We are viewed by many of our clients as a strategic partner delivering added value and exceptional ROI.

Venners delivered a record breaking revenue performance in 2017 following increased demand for our services. The company saw a fifty percent increase in demand of enquires via its website generating hundreds of business leads throughout the year, in particular the last two quarters. As a result we increased turnover and entered 2018 with a strong pipeline across each of our verticals. New customers this year included Amber Taverns, Laine Pubs and Malmaison Hotels. We took on additional work with Greene King, EI Group, formerly Enterprise Inns and Bespoke Hotels.

However, with the growth of Venners and the rate of new business acquisition positive and constant, our approach to recruitment has had to develop to keep pace. Turnover has almost doubled in the last seven years and in 2018 we are forecast to employ over 250 people. We therefore find ourselves well-positioned for further growth over the next five years.

Retaining our reputation for customer-focused service delivery is a key priority. We are focused on listening to customers and adapting our services to their changing needs. It is with the same entrepreneurial spirit and culture that has brought us our success up to now that we start to develop and introduce disruptive technologies to satiate the requirements of our customers and the wider industry.

2017 saw the migration of our internal stocktaking technology to a cloud-based platform, with roll outs to all our customers planned across 2018. Utilising the power of this newer technology will help enrich our customer's reports with more immediate analytics, insightful dashboard summaries and key visuals to highlight areas of potential concern.

Technology is changing the focus of our operations, but it does not alter the core of the business. We add real value not just through auditing, but by understanding the implications of the resulting data and delivering that insight to our customers. Therefore, the industry knowledge our people, notably our stock auditors, bring is our key differentiator.

The company founded in 1896 by the scion of a vertically integrated London brewing family is today a recognised industry leader in improving food and beverage profits and controls. By staying true to our roots in the hospitality industry, we have extended our scope without diluting the Venners brand.

We are broadening and deepening our management structure, delegating more responsibility across the management team and pushing decision-making closer to customers so that we remain flexible, responsive and potent.

Our timely, expert intervention can be invaluable. A leading Scottish golf course recently asked us to put a control system in place to reduce waste and improve profitability for its liquor-based stock. We not only set up this system, we delivered stock management action plans, staff training and clear, informative reporting. Within 12 months, the club's consumption yields had risen by 2.9%, its liquor profitability was up by 4.2%.

We undertake compliance audits that compare a company's operations with industry best practice and identify areas for improvement. Stonegate Pubs and the Creams Café chain were among new clients taking this service in 2017.

Our comprehensive range of health and safety services includes kitchen, food safety and full H&S audits. With food especially, these are time-critical services. Our cloud-based compliance platform, sends real-time data and audit information direct to the customer. It also links with customers' internal systems, so the most critical data can be continuously monitored by the customers themselves.

In one recent assignment, we were called in by a large, food-led pub business which had been suffering from reduced footfall in the wake of a two-star hygiene rating. After following Venners recommendations, they won a five-star rating at their next assessment. Customer complaints ceased, confidence amongst management and staff soared; the business is back on track.

Venners Consulting has become the go-to supplier for menu costings and revenue prototyping. We are getting increased interest from right across Europe for our consultancy services. Our loss prevention services are also in demand. A recent assignment for a global hotel chain typifies the approach. Senior management called us in after identifying a persistent shortfall in revenue at an airport venue. We conducted a covert observational audit, which confirmed that two staff members were regularly diverting takings and defrauding the group by as much as £44,000 a year.

We have grown our business alongside what are now some of the largest participants in the UK hospitality sector. In 2018, we will continue to apply our experience to develop and refine our services so we continue to meet their changing requirements.

This report was approved by the board on 12 April 2018



C A Gibson
Company Secretary
Registration no. 00194871

Directors' Report

For the year ended 31 December 2017

The Directors present their report and the financial statements for the year ended 31 December 2017.

Results and Dividends

The results for the year are set out in the Statement of Comprehensive Income on page 11. The Directors paid interim dividends of £nil (2016: £700,000). The Directors do not recommend the payment of a final dividend (2016: £nil). The operating profit for the year before exceptional items (see note 5) of £nil (2016: £286,000) was £624,000 (2016: £1,016,000). The profit for the year before tax was £557,000 (2016: £1,263,000) and the total comprehensive profit for the financial year was £650,000 (2016: £396,000 loss) and this amount has been added to reserves.

Employees

The Directors recognise the benefits which accrue from keeping employees informed on the progress of the business and involving them in the Company's performance. The Company is committed to providing equality of opportunity to all employees regardless of nationality, ethnic origin, age, sex or sexual orientation and continues to be supportive of the employment and advancement of disabled persons.

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. See note 3 on page 18 and 19.

Health, Safety and the Environment

The Directors consider the health, safety and environmental protection aspects of the business to be of great importance, as the prevention of personal injury, the avoidance of damage to health and the protection of the environment are important business and social responsibilities. Management practices within the Company are designed to ensure so far as is reasonably practicable, the health, safety and welfare at work of employees, contractors and visitors and the implementation of environmentally aware and friendly policies.

Going Concern

In considering going concern, management review the cashflow forecasts of the company for a period of 12 months from the date of approval of these financial statements. Having reviewed this information management believe the company has sufficient resources to continue as a going concern for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors

The Directors who served during the year are detailed below.

C A Gibson	
P H R Gwyn	(resigned 18 September 2017)
T C Heyburn	(resigned 21 December 2017)
S Hulme	
A Lindsay	(appointed 1 September 2017)
S J Mayne	
M W Muir	
J P Perry	
D B Rugg	
P K Sarwal	(resigned 24 January 2018)

D R Prickett was appointed on 24 January 2018.

Auditors

Grant Thornton UK LLP was appointed in the year as auditors of the company. Grant Thornton UK LLP will be proposed for reappointment in accordance with the provisions of section 489 of the Companies Act 2006.

Disclosure of information to Auditors

The Directors of the Company have confirmed that in fulfilling their duties as a Director:

- so far as they are each aware, there was no relevant audit information of which the auditors were unaware; and
- they have taken all reasonable steps that a Director ought to have taken to make himself or herself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

This information is given and should be interpreted in accordance with the provision of s.418 of the Companies Act 2006.

This report was approved by the board on 12 April 2018

A handwritten signature in black ink that reads "Christopher Gibson". The signature is written in a cursive, flowing style.

C A Gibson

Company Secretary

Registration no. 00194871

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Venners Limited

Opinion

We have audited the financial statements of Venners Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Statement of Financial Position, the Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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



Giles Mullins
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

25 April 2018

Statement of Comprehensive Income

For the year ended 31 December 2017

	<i>Note</i>	2017 £'000	2016 £'000
Revenue		11,090	10,550
Employee benefit expenses	6	(7,691)	(7,221)
		3,399	3,329
Depreciation and amortisation		(114)	(136)
Other operating expenses		(2,661)	(2,177)
Operating profit before exceptional items		624	1,016
Exceptional items	5	-	286
Operating profit		624	1,302
Finance income	7	36	57
Finance cost	7	(103)	(96)
Net finance cost		(67)	(39)
Profit before tax	8	557	1,263
Taxation	9	(56)	(84)
Profit after tax		501	1,179
Other comprehensive income / (losses):			
Items that will not be reclassified to profit or loss			
Actuarial gains / (losses) on defined benefit plans		180	(1,805)
Income tax effect		(31)	230
Net other comprehensive income / (losses) not being reclassified to profit or loss in subsequent periods		149	(1,575)
Other comprehensive income / (losses) for the period, net of tax		149	(1,575)
Total comprehensive income / (losses) for the period		650	(396)

All amounts derive from continuing operations.

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Shareholders' Equity

As at 31 December 2017

	Attributable to the Equity Holders of the Company			
	Share capital £'000	Fair value and other reserves (Note 15) £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2016	50	75	1,344	1,469
Employee share option scheme:				
- value of services provided	-	14	-	14
Dividends paid			(700)	(700)
Total comprehensive loss for the year	-	-	(396)	(396)
Balance at 1 January 2017	50	89	248	387
Employee share option scheme:				
- value of services provided	-	14	-	14
Total comprehensive profit for the year	-	-	650	650
Balance at 31 December 2017	50	103	898	1,051

The accompanying notes are an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2017

	Note	2017 £'000	2016 £'000
Assets			
Non-current assets			
Intangible assets	10	153	236
Property, plant and equipment	11	89	39
Deferred tax assets	12	635	697
		877	972
Current assets			
Current tax asset		-	57
Trade and other receivables	13	4,472	4,191
Cash and cash equivalents		839	321
		5,311	4,569
Total assets		6,188	5,541
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	14	50	50
Fair value and other reserves	15	103	89
Retained earnings		898	248
Total equity		1,051	387
Liabilities			
Non-current liabilities			
Retirement benefit obligations	16	3,521	3,894
		3,521	3,894
Current liabilities			
Trade and other payables	17	1,591	1,260
Current tax liabilities	9	25	-
		1,616	1,260
Total liabilities		5,137	5,154
Total equity and liabilities		6,188	5,541

The accompanying notes are an integral part of these financial statements.

The financial statements of Venners Limited, registered number 00194871, were approved by the Board of Directors on 12 April 2018 and signed on its behalf by:



S J Mayne
Managing Director



C A Gibson
Finance Director

Statement of Cash Flows

For the year ended 31 December 2017

	<i>Note</i>	2017 £'000	2016 £'000
Cash flow from operating activities			
Cash generated from operations	19	707	497
Tax paid		57	(20)
Net cash generated from operating activities		764	477
Cash flow from investing activities			
Purchase of plant, property and equipment		(76)	(29)
Intangible assets expenditure		(6)	(4)
Loans made to Group Companies		(200)	(1,400)
Loan repayments received from Group Companies		-	700
Interest received		36	57
Net cash used in investing activities		(246)	(676)
Cash flow from financing activities			
Dividends paid		-	(700)
Net cash used in financing activities		-	(700)
Net increase / (decrease) in cash and cash equivalents		518	(899)
Cash and cash equivalents at beginning of year		321	1,220
Cash and cash equivalents at end of year		839	321

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

1. General information

Venners Limited, is a company registered in England and Wales under the Companies Act 2006. The registered office is given on page 2. The Company provides an integrated range of Stock, Compliance, Consultancy and Inventory services together with a range of Health & Safety services.

2. Summary of significant accounting policies

Accounting policies for the year ended 31 December 2017

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of Venners Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Company financial statements have been prepared under the historical cost convention with the exception of the defined benefit pension scheme, and on a going concern basis.

The financial statements have been prepared in accordance with IFRS and IFRS Interpretations Committee interpretations issued and effective or issued and early adopted as at the time of preparing these statements.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

New and amended standards adopted by the company

None of the new standards, interpretations and amendments, effective for the first time from 1 January 2017, have had a material effect on the financial statements of the Company.

New standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning after 1 January 2018 or later periods and have not been early adopted. It is anticipated that none of these new standards, amendments and interpretations currently in issue at the time of preparing the financial statements will have a material effect on the financial statements of the Company, except for IFRS 16 Leases' which becomes mandatory for the Company's 2019 financial statements.

IFRS 16, 'Leases' was issued in January 2016. The impact on the Company will be as follows: It eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases. Leases will be 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. Where lease payments are made over time, the Company will also recognise a financial liability representing its obligation to make future lease payments. The most significant effect of the new requirements in IFRS 16 will be an increase in lease assets and financial liabilities. The Company does not plan to adopt this standard early and the extent of the impact will be assessed when the standard becomes effective.

IFRS 15: Revenue from Contracts with Customers. The standard represents a single revenue recognition standard to be applied across various industries. The standard replaces IAS 11 Construction Contracts and IAS 18 Revenue.

The core principle of the Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods and services. The Standard also requires enhanced disclosures about revenue, provides guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improves guidance for multiple element arrangements.

Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers; the main exceptions are leases, financial instruments and insurance contracts.

On 22 July 2015, The International Accounting Standards Board (IASB) confirmed a one-year deferral of the effective date of the revenue Standard, IFRS 15 Revenue from Contracts with Customers, to 1 January 2018.

2.2 Foreign currency translation

Functional and presentation currency

The Financial Statements are presented in pounds sterling, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

2.3 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services provided in the ordinary course of the Company's activities. Revenue derived from the Company's principal activities (which is shown exclusive of applicable sales taxes or equivalents) is recognised as follows:

Stock, compliance and inventory services

Fees are recognised on completion of the visit to the client's premises.

Consultancy and Health and Safety Services

Income is recognised in the accounting period in which the service is rendered, assessed on the basis of actual service provided as a proportion of the total services to be provided.

Other income is recognised as follows:

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.4 Intangible assets

Intangible fixed assets such as software are stated at cost, net of amortisation and any provision for impairment. Amortisation is calculated to write down the cost of all intangible fixed assets to their estimated residual value by equal annual instalments over their expected useful economic lives. The expected useful lives are between one and five years.

2.5 Property, plant and equipment

Tangible fixed assets are stated at cost, net of depreciation and provision for any impairment. Depreciation is calculated to write down the cost of all tangible fixed assets to estimated residual value by equal annual instalments over their expected useful lives as follows:

Leasehold property	Lease term
Fixtures, fittings and equipment	5 – 10 years
Computer equipment	2 – 3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the Statement of Comprehensive Income.

2.6 Leases

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Rentals under operating leases (net of any incentives received) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

2.7 Impairment of assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the

asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is based on the present value of the future cash flows relating to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Any assessment of impairment based on value in use takes account of the time value of money and the uncertainty or risk inherent in the future cash flows. The discount rates applied are post-tax and reflect current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

2.8 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the estimated future cash flows. The amount of the provision is recognised in the Statement of Comprehensive Income.

2.9 Cash and cash equivalents

Cash and cash equivalents are recognised initially at fair value and subsequently measured at amortised cost. Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the Statement of Financial Position.

2.10 Taxation including deferred tax

Tax on company profits is provided for at the current rate applicable in each of the relevant territories.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Statement of Financial Position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This is reviewed annually.

2.11 Share capital and share premium

Ordinary shares are classified as equity.

2.12 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. In respect of interim dividends, which are paid prior to approval by the Company's shareholders they are recognised on payment.

2.13 Employee benefits

Pension obligations

The Company has both a defined benefit and defined contribution scheme. A defined benefit scheme is a pension scheme that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration. A defined contribution scheme is a pension scheme under which the Company pays fixed contributions into a separate entity. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

Pension obligations – defined benefit schemes

The liability recognised in the Statement of Financial Position in respect of defined benefit pension schemes is the present value of the defined benefit obligation at the Statement of Financial Position date less the fair value of scheme assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the income statement.

Pension obligations – personal pension plan

The Company contributes towards a personal pension scheme for participating employees. These employees are currently entitled to such contributions after a qualifying period has elapsed. Payments to the scheme are charged as an employee benefit expense as they fall due. The Company has no further payment obligations once the contributions have been paid.

Share based compensation

The fair value of employee share option schemes, including Save As You Earn (SAYE) schemes, is measured by a Black-Scholes pricing model. In accordance with IFRS 2 'Share-based Payments' the resulting cost is charged to the Statement of Comprehensive Income over the vesting period of the options. The value of the charge is adjusted to reflect expected and actual levels of options vesting. No expense is recognised in respect of share options granted before 7 November 2002 and that vested before 1 January 2005.

Christie Group plc operates an equity-settled, long term incentive plan designed to align management interests with those of shareholders. The Company participates in this scheme. For share options granted after 7 November 2002 and vested after 1 January 2005 the fair value of the employee's services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each Statement of Financial Position date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the Statement of Comprehensive Income, and a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Commissions and bonus plans

The Company recognises a liability and an expense for commissions and bonuses, based on formula driven calculations. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

3. Financial risk management

The Company uses a limited number of financial instruments, comprising cash, short-term deposits, bank loans and overdrafts and various items such as trade receivables and payables, which arise directly from operations. The Company does not trade in financial instruments.

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

a) Market risk

Foreign exchange risk:

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

At 31 December 2017, if sterling had strengthened by 10% against the Euro, with all other variables held constant, the post tax profit for the year would have been £ 2,000 lower (2016: post tax losses £2,000 higher) mainly as a result of foreign exchange gains/losses on translation of Euro denominated trade receivables, cash and cash equivalents, and trade payables.

b) Credit risk

The Company has no significant concentrations of credit risk and has policies in place to ensure that sales are made to customers with an appropriate credit history.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and available funding through an adequate amount of committed credit facilities. The Company ensures it has adequate cover through the availability of bank overdraft and loan facilities.

At 31 December 2017 total borrowings by the company amounted to £nil (2016: £nil).

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Total cash and cash equivalents held by the company at 31 December 2017 were £839,000 (2016: £321,000).

d) Cash flow and interest rate risk

The Company finances its operations through a mix of cash flow from current operations together with cash on deposit and bank and other borrowings. Borrowings are generally at floating rates of interest and no use of interest rate swaps has been made. Overall the Company's operations are normally cash generative.

The company's interest rate risk arises from cash balances and borrowings subject to variable interest rates. For the year ended 31 December 2017, assuming all other variables remained equal but interest rates were either 0.25% higher or lower throughout the year, the impact on post tax profit would be a maximum increase or decrease of £5,000 (2016: £5,000).

3.2 Fair value estimation

The nominal value less impairment provision of trade receivables and payables are assumed to approximate to their fair values.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Retirement benefit obligations

The assumptions used to measure the expense and liabilities related to the Company defined benefit pension plan are reviewed annually by professionally qualified, independent actuaries, trustees and management as appropriate. The measurement of the expense for a period requires judgement with respect to the following matters, among others:

- the probable long-term rate of increase in pensionable pay;
- the discount rate; and
- the estimated life expectancy of participating members.

The assumptions used may differ materially from actual results, and these differences may result in a significant impact on the amount of pension expense recorded in future periods. In accordance with IAS 19, all actuarial gains and losses are recognised immediately in other comprehensive income.

(b) Deferred Taxation

Deferred tax assets are recognised to the extent that the Company believes it is probable that future taxable profit will be available against which temporary timing differences and losses from previous periods can be utilised. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Statement of Financial Position date and are expected to apply when the related deferred tax asset is realised.

5. Exceptional items

	2017 £'000	2016 £'000
Reduction in past service costs relating to defined benefit pension scheme	-	286
	-	286

In relation to its defined benefit pension scheme the Company has completed a consultation relating to the indexation increases which may be applied to future increases in pensionable salary for active members of the scheme. The result was a reduction in the Company's liability of £286,000 as at 31 December 2016 and this was recorded as an exceptional item in that year's financial statements.

6. Employee benefit expenses

Staff costs for the Company during the year	2017 £'000	2016 £'000
Salaries and short term employee benefits	6,403	6,023
Social Security expense	625	571
Other benefits	455	435
Post employment benefits	194	178
Cost of employee share schemes	14	14
	7,691	7,221

Average number of people (including executive directors) employed by the Company during the year was	2017 Number	2016 Number
Operational	215	205
Administration and support staff	38	38
	253	243

6.1 Directors' emoluments

	2017 £'000	2016 £'000
Remuneration and other emoluments	579	523
Pension contributions*	51	47
	630	570

* This represents the Company contributions paid to the defined benefit pension scheme and the personal pension plan in respect of Directors.

The services of P K Sarwal are non-executive in nature and his emoluments in respect of these services are borne by the parent company and recharged. Accordingly the above details include the amounts recharged for the services rendered in respect of the aforementioned Director.

The services of C A Gibson are executive in nature and his emoluments in respect of these services are borne by a fellow subsidiary and recharged. Accordingly the above details include the amounts recharged for the services rendered in respect of the aforementioned Director.

The emoluments of P H R Gwyn and D B Rugg were paid by the parent company or by a fellow subsidiary. Their services to this Company are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company or the fellow subsidiary that pays their emoluments.

	2017 Number	2016 Number
Number of Directors to whom relevant benefits are accruing under a defined benefit scheme	3	4
Number of Directors who exercised share options	1	2
Highest paid Director	2017	2016
Amounts included above:	£'000	£'000
Emoluments and other benefits	203	171
Pension contributions	26	20
	229	191
Amounts accrued under a defined benefit pension scheme:		
Accrued pension	63	61

The highest paid director did not exercise any share options during 2017 or 2016.

7. Finance income and costs

	2017 £'000	2016 £'000
Net interest on retirement benefit obligations	(103)	(96)
Finance costs	(103)	(96)
Intercompany interest receivable	36	57
Finance income	36	57
Net finance cost	(67)	(39)

8. Profit before tax

	2017 £'000	2016 £'000
Profit before tax is stated after charging / (crediting):		
Depreciation of property, plant and equipment		
– owned assets	25	16
– Amortisation of intangible fixed asset	89	120
Operating lease charges		
– buildings	35	35
– other	356	321
Impairment of trade receivables	83	45
Loss on the disposal of property, plant and equipment	1	-
Gain on foreign exchange	(1)	(1)

Services provided by the Company's auditor

During the year the Company obtained the following services from the Company's auditors as detailed below:

	2017 £'000	2016 £'000
Audit services		
– statutory audit	12	12

In addition to the above services, the Company's previous auditor acted as auditor to the Venners plc Retirement Benefit Scheme. The appointment of auditors to the Company Pension Scheme and the fee paid in respect of the audit are agreed by the trustees of the scheme, who act independently from the management of the Company. The fees paid to the Company's previous auditor for audit services to the pension scheme were £5,000 (2016: £6,000).

9. Taxation

	2017 £'000	2016 £'000
Current tax		
UK Corporation tax at 19.25% (2016: 20%)	25	-
Total current tax	25	-
Deferred tax		
Origination and reversal of timing differences	27	82
Impact of change in the UK corporation tax rate	4	2
Total deferred tax charge	31	84
Tax charge on profit	56	84

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK of 19.25% as follows:

	2017 £'000	2016 £'000
Profit before tax	557	1,263
Tax at standard rate of UK corporation tax of 19.25% (2016: 20.0%)	107	253
Effects of:		
– utilisation of tax losses and other deductions	(41)	(156)
– net income not deductible for tax purposes	(41)	(56)
– timing differences	27	41
– re-measurement of deferred tax due to changes in the UK corporation tax rate	4	2
– Total tax charge	56	84

10. Intangible assets

	Software £'000
Cost	
At 1 January 2017	549
Additions	6
Disposals	(15)
At 31 December 2017	540
Accumulated amortisation	
At 1 January 2017	313
Charge for the year	89
Eliminated on disposal	(15)
At 31 December 2017	387
Net book amount at 31 December 2017	153

	Software £'000
Cost	
At 1 January 2016	547
Additions	4
Disposals	(2)
At 31 December 2016	549
Accumulated amortisation	
At 1 January 2016	195
Charge for the year	120
Eliminated on disposal	(2)
At 31 December 2016	313
Net book amount at 31 December 2016	236

11. Property, plant and equipment

	Fixtures, fittings and computer equipment £'000
Cost	
At 1 January 2017	186
Additions	76
Disposals	(19)
At 31 December 2017	243
Accumulated depreciation	
At 1 January 2017	147
Charge for the year	25
Eliminated on disposal	(18)
At 31 December 2017	154
Net book amount at 31 December 2017	89

	Fixtures, fittings and computer equipment £'000
Cost	
At 1 January 2016	168
Additions	29
Disposals	(11)
At 31 December 2016	186
Accumulated depreciation	
At 1 January 2016	142
Charge for the year	16
Eliminated on disposal	(11)
At 31 December 2016	147
Net book amount at 31 December 2016	39

12. Deferred tax

Deferred tax assets have been recognised in respect of tax losses and other temporary differences giving rise to deferred tax assets where it is probable that these assets will be recovered.

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the year are shown below. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

	2017 £'000	2016 £'000
Deferred income tax assets comprises:		
Losses carried forward	1	2
Pensions	3	2
Employee benefits	18	14
Fixed asset timing differences	14	17
Deferred tax asset	36	35
Deferred tax asset on pension	599	662
At 31 December	635	697

Movement in the deferred tax asset:

	2017 £'000	2016 £'000
At 1 January	697	551
Transfer from the statement of comprehensive income	(31)	(84)
Transfer (from) / to the statement of other comprehensive income	(31)	230
At 31 December	635	697

The UK government has announced future changes to the Corporation tax rate. These changes will result in a decrease in the standard rate of corporation tax to 17% from 1 April 2020. As at 31 December 2017 all such changes have been substantively enacted and have therefore been reflected in the calculation of deferred tax for the year ended 31 December 2017.

13. Trade and other receivables

	2017 £'000	2016 £'000
Current		
Trade receivables	1,777	1,668
Less: Provision for impairment of receivables	(94)	(49)
Amounts owed by group undertakings	2,546	2,349
Other debtors	15	14
Prepayments and accrued income	228	209
	4,472	4,191

The fair values of trade and other receivables approximates to the carrying value as detailed above. All trade and other receivables are denominated in UK sterling.

Concentrations of credit risk with respect to trade receivables are limited due to the Company's customer base being large and diverse. Due to this, management believe there is no further credit risk provision required in excess of the normal provision for doubtful receivables.

Trade receivables analysis

	2017 £'000	2016 £'000
Trade receivables	1,777	1,668
Less: Provision for impairment of trade receivables	(94)	(49)
Net trade receivables	1,683	1,619

The following summarises the movement in the provision for impairment of trade receivables.

	2017	2016
	£'000	£'000
At 1 January	49	55
Impairment of trade receivables during the year	83	29
Amounts written off in year	(38)	(35)
At 31 December	94	49

The following summarises details of trade receivables that are not overdue as the payment terms have not been exceeded as well as an analysis of overdue amounts and related provisions:

	2017	2016
	£'000	£'000
Not overdue	921	896
Amounts past due:		
< 1 month	675	580
1 - 3 months	87	119
3 - 6 months	62	42
6 - 12 months	11	10
> 1 year	21	21
Provision for impairment of trade receivables	(94)	(49)
Amounts past due but not impaired	762	723

14. Share capital

Ordinary shares of £1 each	Number	2017 £'000	Number	2016 £'000
Allotted and fully paid:				
At 1 January and 31 December	50,000	50	50,000	50

The Company has one class of ordinary shares which carry no right to fixed income.

Share based payments

Certain employees hold options to subscribe for shares in the ultimate holding Company, Christie Group plc at prices ranging from 39.5p to 138.5p under share option schemes for the period from April 2008 to October 2017.

Under the Share Option Scheme the Christie Group plc Remuneration Committee can grant options over shares to employees of the company. Options are granted with a fixed exercise price equal to the market price of the shares under option at the date of grant. The contractual life of an option is 10 years. Awards under the Share Option Scheme are generally reserved for employees at senior management level. Options granted under the Share Option Scheme will become exercisable on the third anniversary of the date of grant. Exercise of an option is subject to continued employment.

The ultimate holding company, Christie Group plc, also operates a Save As You Earn (SAYE) scheme which was introduced in 2002 and in which Company employees participate. Under the SAYE scheme eligible employees can save up to £250 per month over a three or five year period and use the savings to exercise options granted between 68.5p to 127.5p.

Share options (including SAYE schemes) were valued using the Quoted Companies Alliance (QCA) share option valuer, which is based on Black-Scholes. No performance conditions were included in the fair value calculations. The key assumptions used in the calculations are as follows:

	2017	2016
Share price at grant date	39.5p - 157.0p	39.5p - 251.5p
Exercise price	39.5p - 138.5p	39.5p - 251.5p
Expected volatility	29.6% - 82.9%	34.4% - 82.9%
Expected life	3 - 5 years	3 - 5 years
Risk free rate	0.2% - 4.7%	0.2% - 5.1%
Dividend yield	0.0% - 3.7%	0.0% - 3.7%
Fair value per option	15.4p - 103.2p	17.4p - 103.2p

The expected volatility is based on historical volatility over the last 5 years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life.

A reconciliation of share option movements in the Company (excluding SAYE schemes) over the year to 31 December 2017 is shown below:

	2017		2016	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	56,000	68.04p	49,000	64.54p
Granted	113,000	112.17p	7,000	92.50p
Exercised	(10,000)	60.85p	-	-
Surrendered	(3,000)	46.50p	-	-
Outstanding at 31 December	156,000	100.88p	56,000	68.04p
Exercisable at 31 December	36,000	67.07p	49,000	64.54p

Excluding SAYE schemes, share options in the ultimate holding Company, Christie Group plc, were exercised in 2017 resulting in 113,000 shares being issued (2016: nil). The weighted average share price at the date of exercise of these options was £112.5p (2016: nil). The Company's total charge for the year relating to employee share based payments was £12,000 (2016: £14,000), all of which related to equity settled share based payment transactions. The weighted average remaining contractual life of share options outstanding at 31 December 2017 was 8.5 years (2016: 5.8 years). The exercise price of share options outstanding at 31 December 2017 was 45.0p to 113.5p (2016: 45.0p to 92.5p).

15. Fair Value and Other Reserves

	Share based payments £'000	Fair value and other reserves £'000
At 1 January 2017	89	89
Movement in respect of employee share scheme	14	14
At 31 December 2017	103	103

	Share based payments £'000	Fair value and other reserves £'000
At 1 January 2016	75	75
Movement in respect of employee share scheme	14	14
At 31 December 2016	89	89

Share based payments – the balance on the share based payments reserve represents the value of the services provided in relation to employee share ownership schemes.

16. Retirement benefit obligation

The Company participates in a defined benefit scheme providing benefits on final pensionable pay. The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method.

When a member retires, the pension and any spouse's pension is either secured by an annuity contract or paid from the managed fund.

	2017 £'000	2016 £'000
Present value of obligations	20,009	19,145
Fair value of plan assets	(16,488)	(15,251)
Liability in the Statement of Financial Position	3,521	3,894

The principal actuarial assumptions used were as follows:

	2017 %	2016 %
Discount rate	2.50	2.80
Inflation rate	3.30	3.30
Future salary increases	2.00	2.00
Future pension increases	3.00 to 3.50	3.00 to 3.50

Assumptions regarding future mortality experience are set based on advice from published statistics and experience. The average life expectancy in years of a pensioner retiring at age 65 is as follows:

	2017 Years	2016 Years
Male	21.9	21.9
Female	23.7	23.9

The movement in the defined benefit obligation is as follows:

	2017 £'000	2016 £'000
At 1 January	19,145	16,950
Annuity policies assigned to individuals	-	(1,201)
Interest cost	529	620
Current service cost	146	141
Past service cost	-	(286)
Benefits paid	(580)	(602)
Actuarial (gains) / losses on experience	104	(210)
Change in actuarial assumptions	665	3,733
At 31 December	20,009	19,145
Attributable to:		
Present value of funded obligations	16,488	15,251
Present value of unfunded obligations	3,521	3,894
	20,009	19,145

The movement in the fair value of plan assets is as follows:

	2017 £'000	2016 £'000
At 1 January	15,251	14,373
Annuity policies assigned to individuals	-	(1,201)
Interest income	426	524
Employee contributions	37	43
Employer contributions	405	396
Benefits paid	(580)	(602)
Return on plan assets less interest income	949	1,718
At 31 December	16,488	15,251

The amounts recognised in the Statement of Comprehensive Income are as follows:

	2017 £'000	2016 £'000
Current service cost	(146)	(141)
Total included in employee benefit expenses	(146)	(141)
Past service cost	-	286
Total included in exceptional items	-	286
Interest cost	(103)	(96)
Total included in finance costs	(103)	(96)
Net actuarial gain / (loss) recognised in year	180	(1,805)
Total included in other comprehensive income / (losses)	180	(1,805)
Total amount recognised in total comprehensive (losses) / income	(69)	(1,756)

Plan assets are comprised as follows:

	2017			2016		
	Quoted *	Unquoted	Total	Quoted *	Unquoted	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Equity	-	10,425	10,425	-	10,617	10,617
Debt	-	2,819	2,819	-	1,964	1,964
Property**	-	786	786	-	877	877
Other	-	2,458	2,458	-	1,793	1,793
	-	16,488	16,488	-	15,251	15,251

*Plan assets are held in unit trusts.

**Property assets include shares held in Carmelite Property Limited.

Through its defined benefit pension plans, the group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will increase the current scheme deficits but, by contrast, if plan assets outperform this yield the scheme deficits will be reduced. The group's pension schemes currently hold a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term. As the plans mature, it is probable that the schemes' trustees will seek to reduce the level of investment risk by investing more in assets that better match the liabilities. Currently, the group believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity investment is an appropriate element of the group's long term strategy to manage the plans efficiently.

Changes in bond yields - A decrease in corporate bond yields will increase the present value of plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk - Some of the group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. However, for most such liabilities there are inflation cap mechanisms in place which significantly reduce this risk. The majority of the plan's assets are not directly affected by inflation although may be correlated to the impacts that inflation may have on macro economic factors, such as increases in interest rates which might be used if monetary policy were employed to reduce inflation.

Life expectancy - The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Discount rate	0.50%	(8.5%)	9.6%
Salary growth rate	0.50%	0.0%	(0.7%)
Pension growth rate	0.25%	1.2%	(1.1%)
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy		4.0%	(3.9%)

The above sensitivity analyses are based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit pension obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the Statement of Financial Position. Salary growth assumption sensitivity recognises the enactment of an appropriate indexation cap on future pensionable salary increases.

Expected contributions by the Company to the Venners plc retirement benefit scheme for the year ending 31 December 2018 are £382,000.

The weighted average duration of the defined benefit obligation is 18.1 years (2016: 18.0 years).

Expected maturity analysis of undiscounted pension benefits:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
As at 31 December 2017	£'000	£'000	£'000	£'000	£'000
Pension benefits	450	500	2,200	28,900	32,050

The movement in the liability recognised in the Statement of Financial Position for the scheme is as follows:

	2017 £'000	2016 £'000
Beginning of the year	(3,894)	(2,577)
Net (expenses)/income included in Income Statement	(212)	92
Actuarial gains/(losses) included in Statement of Comprehensive Income*	180	(1,805)
Employer contributions	405	396
End of the year	(3,521)	(3,894)

*This figure is net of exceptional items (see note 5).

17. Trade and other payables

	2017 £'000	2016 £'000
Trade payables	137	116
Amounts owed to group undertakings	278	22
Other taxes and social security	303	298
Other creditors	88	81
Accruals	785	743
	1,591	1,260

All trade and other payables are denominated in UK sterling.

18. Provisions

	2017 £'000	2016 £'000
Dilapidations		
At 1 January	-	13
Utilised during the year	-	(13)
At 31 December	-	-
	2017 £'000	2016 £'000
Analysis of total provisions		
Current	-	-

Provision was held in respect of potential dilapidations arising on leasehold premises over the length of the lease in accordance with the lease terms.

19. Notes to the cash flow statement**Cash generated from operations**

	2017 £'000	2016 £'000
Profit for the year	501	1,179
Adjustments for:		
- Taxation	56	84
- Finance cost	67	39
- Depreciation	25	16
- Amortisation of intangible assets	89	120
- Loss on sale of property, plant and equipment	1	-
- Decrease in provisions	-	(13)
- Share option charge	14	14
- Movement in retirement benefit obligation	(296)	(584)
Changes in working capital:		
- Increase in trade and other receivables	(81)	(383)
- Increase in trade and other payables	331	25
Cash generated from operations	707	497

20. Financial Assets and Liabilities

The carrying value of financial assets and liabilities, which are principally denominated in Sterling were as follows:

	2017 £'000	2016 £'000
Assets		
Trade and other receivables	4,436	4,191
Cash and cash equivalents	839	321
	5,275	4,512
	2017 £'000	2016 £'000
Liabilities		
Retirement Benefit Obligations	3,521	3,894
Trade and other payables	1,591	1,260
	5,112	5,154

21. Contingent liabilities

The Company is party to composite cross guarantees between the bank, its ultimate parent undertaking and fellow subsidiaries. The Company's contingent liability under these guarantees at the year end was £4,516,000 (2016: £4,570,000).

22. Operating lease commitments

At 31 December 2017 the Company has lease agreements in respect of properties, vehicles, plant and equipment, for which the payments extend over a number of years.

	2017 Property £'000	2017 Vehicles and equipment £'000	2016 Property £'000	2016 Vehicles and equipment £'000
Commitments under non-cancellable operating leases due:				
Within one year	35	242	35	291
Within two to five years	61	344	96	376
	96	586	131	667

Operating lease payments represent:

- rentals payable by the Company for its office property.
- rentals for vehicles and equipment under non-cancellable operating lease agreements.

23. Related parties**23.1 Ultimate parent undertaking**

The Company's ultimate parent undertaking is Christie Group plc, a company registered in England and Wales. Consolidated financial statements incorporating the results of the Company are prepared by Christie Group plc and no other intermediate holding company. Copies of the consolidated financial statements may be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CG14 3UZ.

23.2 Identity of related parties

The Company has related party relationships with its ultimate parent undertaking Christie Group plc and other Group companies.

23.3 Transactions with group undertakings

	2017 £'000	2016 £'000
Provision of services	60	73
Purchase of services	667	546

Sales and purchases to group undertakings were carried out on commercial terms and conditions.

During the year loans of £200,000 (2016: £700,000) were made to group undertakings.

Year end balances arising from sales, provision of services and loans to group undertakings are disclosed in notes 13 and 17.

23.4 Transactions with directors

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the company. In the opinion of the board, the company's key management comprises the directors and information regarding their emoluments stated in accordance with IFRS is set out below:

	2017 £'000	2016 £'000
Directors Remuneration	630	570
Directors' National Insurance Contributions	69	60
	699	630