



ANNUAL REPORT & ACCOUNTS 2017

ROBERT WALTERS PLC

ROBERT WALTERS

INTRODUCTION

PEOPLE ARE THE MOST IMPORTANT COMPONENTS OF OUR BUSINESS. FROM THE JOB SEEKER, TO THE HIRING MANAGER, TO THOSE WHO BRING THEM TOGETHER. SO WE STAND BY OUR **COMMITMENT** TO OUR CLIENTS, CANDIDATES AND EMPLOYEES EVERY DAY, WHICH IS A TEAM-BASED COLLABORATIVE ENVIRONMENT THAT PROVIDES A QUALITY SERVICE. **INNOVATION** IS THE KEY, ALWAYS IMPROVING AND DIFFERENTIATING WHAT WE DO. WHICH IS WHAT HAS CREATED YEARS OF SUCCESSFUL **GROWTH** IN OUR BUSINESS – WE NOW HAVE 3,793 PEOPLE IN 28 COUNTRIES HELPING THE WORLD'S BUSINESSES CHOOSE THE BEST CANDIDATES.

2017 HIGHLIGHTS

£1.2bn

REVENUE (2016: £998.5m)

£345.2m

NET FEE INCOME (GROSS PROFIT) (2016: £278.3m)

£41.9m

OPERATING PROFIT (2016: £26.2m)

£40.6m

PROFIT BEFORE TAXATION (2016: £28.1m)

42.9p

BASIC EARNINGS PER SHARE (2016: 27.7p)



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To view our Annual Report online
visit robertwalters.com/investors

ROBERT WALTERS AT A GLANCE

MARKET-LEADING
GLOBAL BRAND

GEOGRAPHIC NET FEE INCOME (NFI)

The Group's international network of offices spans 28 countries and enables us to meet the demands of clients and candidates whose needs extend beyond their own market. Our ability to build truly local foundations gives us unique insights into diverse cultures and industry practices in every territory.

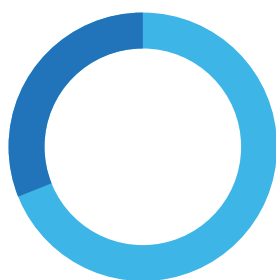
OUR CLIENTS

We build long-term, high-quality relationships with start-ups, SMEs and the world's largest multinational corporates.



8% GROUP
NFI

OTHER
INTERNATIONAL

PERMANENT/CONTRACT
RECRUITMENT NET
FEE INCOME

■ 68% Permanent
■ 32% Contract

EMPLOYEES

3,793

COUNTRIES

28

NET FEE INCOME
GENERATED OUTSIDE
THE UK

71%

WHAT WE DO

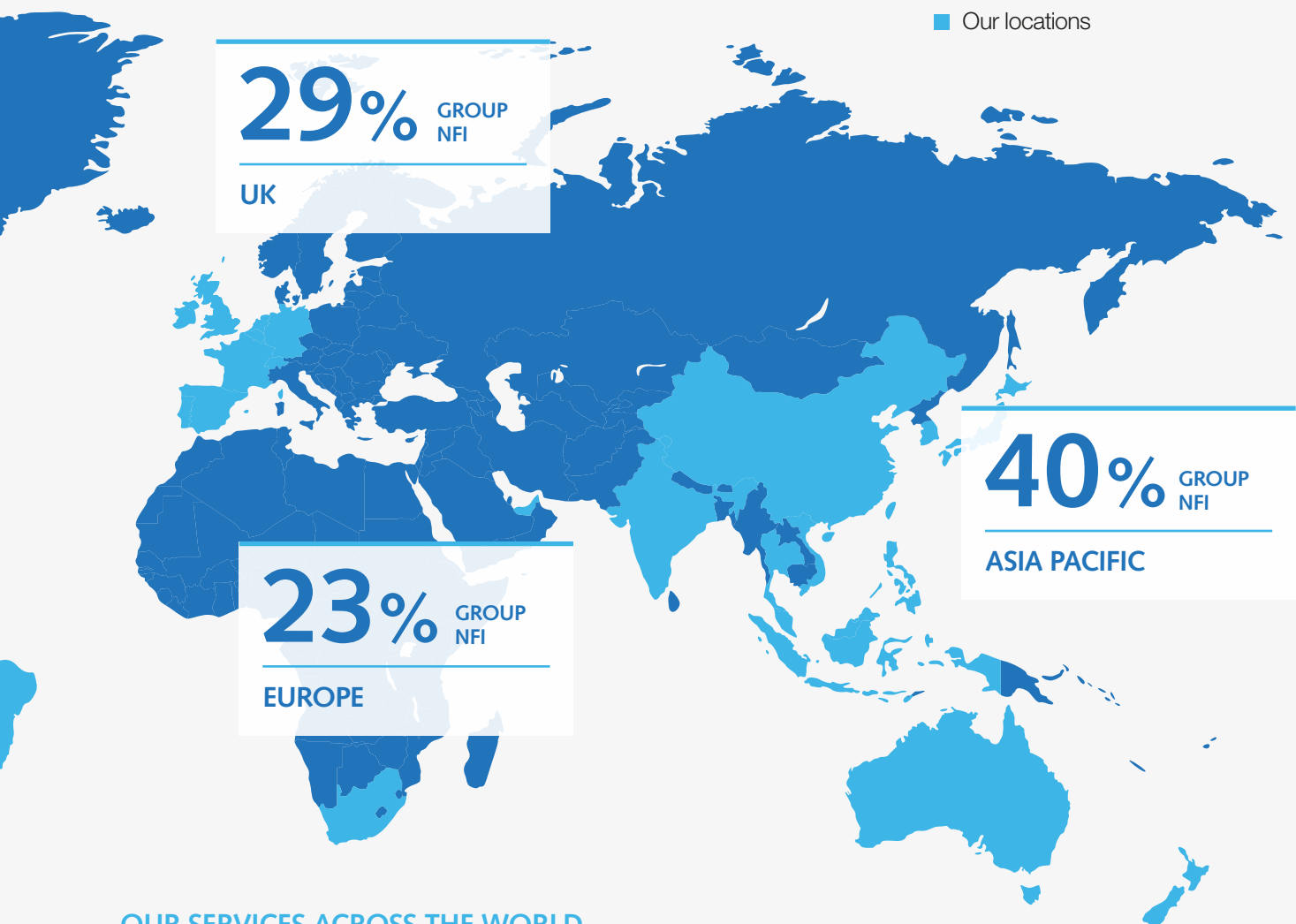
In an increasingly complex global recruitment market, the Group builds great teams for our clients by offering an end-to-end recruitment service, on a local, regional or global basis.

OUR MISSION

We're always striving to be the best. That means being the world's leading specialist professional recruitment group with a clear differentiation on the quality of service offered to our clients and candidates.

CORE PRINCIPLES

- Teamwork
- Integrity
- Passion
- Innovation

**OUR SERVICES ACROSS THE WORLD**
ROBERT WALTERS
SPECIALIST PROFESSIONAL
RECRUITMENT

Robert Walters recruits specialists for permanent, contract and interim roles across our core disciplines of accounting & finance, banking & financial services, engineering, HR, IT, legal, procurement, sales & marketing, secretarial & support and supply chain.

RESOURCE SOLUTIONS
RECRUITMENT PROCESS
OUTSOURCING

Resource Solutions is a market leader in recruitment process outsourcing (RPO) and managed services. Resource Solutions designs and deploys tailored recruitment outsourcing solutions for clients across the world.

WALTERS PEOPLE
CLERICAL RECRUITMENT
EUROPE

Walters People specialises in temporary/contract and junior permanent recruitment across France, Belgium, the Netherlands and Spain, focusing on financial and business support positions.

CHAIRMAN'S STATEMENT

“

THE GROUP DELIVERED
AN OUTSTANDING
PERFORMANCE IN 2017,
INCREASING PROFIT
BEFORE TAXATION
BY 44% (50%*).

”

LESLIE VAN DE WALLE
CHAIRMAN

A YEAR
OF RECORD
PERFORMANCE



OPERATING PROFIT INCREASED BY

60%

PROFIT BEFORE TAXATION INCREASED BY

44%

COUNTRIES DELIVERING RECORD PERFORMANCES

15

The Group delivered an outstanding performance in 2017, increasing profit before taxation by 44% (50%*) to a record £40.6m (2016: £28.1m). All of the Group's regions delivered increases in both gross profit (net fee income) and operating profit and 71% (2016: 69%) of the Group's net fee income is now derived from overseas businesses.

Revenue was up 17% (14%*) to £1.2bn (2016: £1.0bn) and net fee income increased by 24% (20%*) to £345.2m (2016: £278.3m). Operating profit was up 60% (54%*) to £41.9m (2016: £26.2m) and earnings per share increased by 55% to 42.9p per share (2016: 27.7p per share).

The Group further strengthened its balance sheet with net cash of £31.1m as at 31 December 2017 (31 December 2016: £22.5m). The Group's ratio of permanent and contract recruitment net fee income is 68% permanent to 32% contract (2016: 69%:31%).

During the year, headcount increased by 17% to 3,793 (2016: 3,229). Headcount investment is highest in those regions and business units demonstrating the strongest potential for accelerated growth.

The Board will be recommending a 50% increase in the final dividend to 9.3p per share which combined with the interim dividend of 2.75p per share would result in a 42% increase in the total dividend to 12.05p per share (2016: 8.5p).

In 2017, the Group purchased 2.1m shares at an average price of £3.79 for £8.0m, which were subsequently cancelled. An additional 0.4m shares were purchased at an average price of £4.03 for £1.8m 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 17 May 2018.

As recently announced, I will be stepping down from my role as the Group's Non-Executive Chairman on 1 March. It has been a privilege to serve on the Board for the past five years and I have absolutely no doubt that the Robert Walters Group will continue to go from strength to strength. I would like to take this opportunity, one final time, to thank all of the Group's staff for their hard work and support in delivering a high-quality service to our candidates and clients.



Leslie Van de Walle
Chairman
28 February 2018

9.3p

FINAL DIVIDEND

42.9p

BASIC EARNINGS PER SHARE

3,793

HEADCOUNT

£31.1m

NET CASH

*Constant currency is calculated by applying prior year exchange rates to local currency results for the current and prior years.

CHIEF EXECUTIVE'S STATEMENT

“

THE GROUP'S ABILITY
TO DELIVER ITS BEST
EVER PERFORMANCE WAS,
ONCE AGAIN, TESTAMENT
TO THE SUCCESS OF OUR
LONG-TERM STRATEGY
FOR GROWTH.

”

ROBERT WALTERS
CHIEF EXECUTIVE

STRONG GROWTH
DELIVERED
WORLDWIDE

The Group's ability to deliver its best ever performance was, once again, testament to the success of our long-term strategy for growth; founded on the two pillars of international expansion and discipline diversification.

Our international footprint covers 28 countries, and most crucially, encompasses some of the world's fastest growing and exciting recruitment markets as well as more mature and well-established locations that continue to have significant scope for additional growth.

The breadth of solutions we can provide to our clients, from permanent, contract and interim recruitment through to recruitment process outsourcing is also a key point of differentiation in our ability to provide a true end-to-end recruitment offering to both candidates and clients.

ASIA PACIFIC (40% OF GROUP NET FEE INCOME)

Revenue was £370.2m (2016: £348.6m), net fee income increased by 16% (11%*) to £136.6m (£131.1m*) (2016: £117.6m) and operating profit increased by 21% (14%*) to £17.7m (£16.8m*) (2016: £14.7m).

One of the key strengths of the Group is its presence in both established and emerging recruitment markets and nowhere is this more prevalent than in Asia Pacific. The Group operates in 13 countries and has an unrivalled footprint across the region.

In Asia, the Group's most profitable single country, Japan, enjoyed yet another record year in both Tokyo and Osaka, reinforcing our market-leading position in this exciting market. Hong Kong, another of the Group's well-established scale businesses, also had a record year whilst market conditions in Singapore remained more challenging. Across our emerging markets, all businesses delivered record performances and continued to grow net fee income and market share.

Australia had a good year and a particularly strong fourth quarter: benefiting from our footprint of offices covering five states, our focus on margin growth in the SME market and high growth disciplines such as technology, digital and contract. New Zealand had a record year with the Group's successful sponsorship of the recent British & Irish Lions Tour helping to further build our brand profile and market-leading position.

Resource Solutions continued to grow its client base across the region, winning a number of multi-country contracts with new clients. A new Global Service Centre was opened in Manila during the year to complement our existing site in India.

**UK
(29% OF GROUP NET FEE INCOME)**
Revenue was £569.6m (2016: £480.6m), net fee income increased by 16% to £100.9m (2016: £86.7m) and operating profit increased by 84% to £11.8m (2016: £6.4m).

In the UK and particularly in London and the South East, candidate and client confidence levels remain somewhat cautious. However, activity levels in certain sectors and disciplines were strong. In London, growth was strongest across technology, legal, financial services and commerce finance. In the regions, growth was broad-based with St. Albans and Manchester in particular delivering the strongest rates of growth, benefiting from a focus on SMEs and the trend of a number of large businesses moving operations outside of London.

Resource Solutions continued to deliver impressive rates of growth and encouragingly won several clients in new industry sectors including retail, mobile telecommunications, fintech and property management.

**EUROPE
(23% OF GROUP NET FEE INCOME)**
Revenue was £189.1m (2016: £147.0m), net fee income increased by 34% (26%*) to £80.6m (£75.5m*) (2016: £60.1m) and operating profit increased by 168% (149%*) to £11.3m (£10.5m*) (2016: £4.2m).

The Group has a geographic footprint that spans nine countries. Performance was outstanding across the region with both net fee income and operating profit increasing significantly year-on-year.

Belgium, Germany, Portugal, the Netherlands and Spain all delivered net fee income increases in excess of 20%. Our French business, our largest in the region, grew net fee income by 18% and delivered a significant increase in operating profit.

OTHER INTERNATIONAL (8% OF GROUP NET FEE INCOME)

Other International encompasses Brazil, Canada, South Africa, the Middle East and the USA. Revenue was £36.9m (2016: £22.3m), net fee income increased by 93% (87%*) to £27.1m (£26.2m) (2016: £14.0m) and operating profit increased by 16% (41%*) to £1.1m (£1.3m*) (2016: £0.9m).

Market conditions in Brazil remain challenging but it has been positive to see our business deliver in excess of 50% growth in net fee income year-on-year. Our new business in Canada has started well whilst in the US, although financial services remains tough, other market sectors, particularly technology and digital, continue to be strong. The Middle East was largely flat year-on-year whilst in South Africa we are seeing good growth from Sub-Saharan markets as our brand presence grows across the region.

BOARD CHANGES

Leslie Van de Walle will be stepping down from his role as Non-executive Chairman on 1 March 2018. On behalf of myself and the Board, I would like to thank Leslie for his strong contribution to the Group over the last five years and wish him all the best for the future. Carol Hui, who is currently Senior Independent Director will step up to the role of Non-executive Chairman whilst Brian McArthur-Muscroft will take on the role of Senior Independent Director. The Board is in the process of identifying an additional Non-executive Director.

OUTLOOK

The Group has successfully maintained the momentum of 2017 and started the year strongly. As a result, we look at the year ahead with confidence.



Robert Walters
Chief Executive
28 February 2018

*Constant currency is calculated by applying prior year exchange rates to local currency results for the current and prior years.

MARKET OPPORTUNITIES AND DRIVERS

KEY TRENDS

INDUSTRY TREND 1

TALENT SHORTAGES
WORLDWIDE

Talent shortages are set to intensify further, even in countries experiencing modest growth. Demographic changes continue to be a key driver, particularly across Asia. As the European job market begins to grow after ten years of stagnation, the war for talent shows no sign of slowing. In talent short markets, specialist recruitment firms can excel and are in greater demand to add value to the hiring process, especially when compared to speculative channels like social media or advertising.

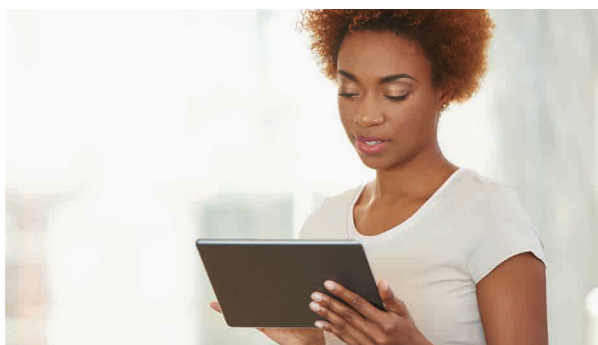
KEY DRIVERS

- Growing middle class across Asia
- Ageing populations
- Globalisation driving demand for bilingual talent
- Legislative and industry changes

OUR RESPONSE

- Ability to head hunt 'passive' talent – channels like LinkedIn can't replicate
- Specialist teams quick to recognise new areas of demand
- Long-standing, genuine relationships, we know who is ready to move
- Innovative marketing campaigns like 'Pulang Kampung' see page 30

INDUSTRY TREND 2



SPECIALISATION

Businesses are looking for ever more specialist skill-sets. In particular, the rise of digitalisation and changes in technology are driving growth in professional skills-sets and new disciplines of expertise. The marketing function is a good example of this with a shift in demand from general marketers to digital specialists and now, niche roles like Pay Per Click (PPC), Search Engine Optimisation (SEO) and retargeting specialists are increasingly common. The proliferation of digital channels is also driving demand for niche technology skills like robotic process automation, cyber security, artificial intelligence (AI) and business intelligence.

KEY DRIVERS

- Disruptive technologies and innovation
- New industry and sector creation e.g. big data
- Rise in financial technology (fintech) driving demand for hybrid skills
- Switch from generalists to channel experts
- Regulation driving demand for compliance, risk, audit and legal experts

OUR RESPONSE

- Strategy of discipline diversification
- Agile approach – able to quickly build new teams and replicate across our business
- Sector specialists who've worked in industry, deep understanding of client/candidate needs
- Relationship driven network means we are able to work across geographies to relocate specialist talent

INDUSTRY TREND 3



RPO GROWTH

The RPO market, according to leading market research agency Nelson Hall, is predicted to grow by 15% annually through to 2019. Growth is being driven by increased globalisation of the workforce as organisations increasingly look for one integrated provider with global solutions. Companies are also looking to benefit from best practice, economies of scale, global standards and measurement as well as a drive for greater efficiency across supplier relationships. Whilst cost saving is one key driver, this is now balanced with a desire for a higher quality candidate experience.

KEY DRIVERS

- Increasing globalisation of the workforce
- Organisations moving from multiple outsourcing partners to smaller numbers
- Demand for global technology platforms to provide common HR standards
- Blended service requirement: where business partners feed requests to lower cost sourcing centres

OUR RESPONSE

- First recruitment business to set up an outsourcing arm in 1997
- Client dedicated service with quality focus: ability to deliver total talent management
- Cutting edge, proprietary software TalentSource: our end-to-end talent management platform
- Global service centres in Manchester, Hyderabad, Johannesburg, Jacksonville and Manila

STRATEGIC PRIORITIES

ORGANIC GROWTH STRATEGY

The Group's strategy for growth is centred on organic international expansion and discipline diversification, ensuring a balanced footprint covering mature and developing markets.

INTERNATIONAL EXPANSION

Driving growth through expansion into new geographic locations is essential to our strategy. Our growth is largely organic with the Group only having made four market-entry acquisitions in its 32-year history.

DISCIPLINE DIVERSIFICATION

Growing the business through building scale in existing disciplines and launching new disciplines in response to market changes is a key focus. We choose new markets and disciplines that represent a long-term growth opportunity.

RESILIENT BUSINESS MODEL

Entering markets at the right time

There are no shortages of opportunities to enter new markets and develop new disciplines, it is always a question of timing and management. A new market or new discipline must represent a long-term growth opportunity for the Group and secondly, the right management must be in place to ensure we effectively maintain and grow our Robert Walters Group culture.

Identifying new markets

Local senior management have responsibility for identifying new market and new discipline opportunities and are required to present a clear business case to the Board for approval. The Group has benefited greatly over the years from early entry and accelerated growth in new and developing recruitment markets, where first mover advantage can be beneficial. This will remain a key focus point of our strategy moving forward.

Organic growth

Organic growth is critical to how we drive sustainable and profitable growth. By focusing on long-term, international careers we are able to effectively embed our culture in new territories. By promoting our international mobility programme we encourage successful staff to move around the world, building new businesses and strengthening existing ones.

Whilst we often move people from existing offices to open in new markets, we quickly build local teams and develop them through the business to become directors.

“

WE FEEL WE HAVE THE RIGHT BLEND OF A STRUCTURED DUE DILIGENCE PROCESS, COUPLED WITH SPEED AND AGILITY, TO MAXIMISE OPPORTUNITIES AS AND WHEN THEY ARISE.

”

ROBERT WALTERS
CEO

OUR FOUNDATIONS

NON-COMMISSION, TEAM PROFIT SHARE

- No individual commission, unlike most competitors
- Team-based profit share puts clients and candidates first
- No candidate ownership, so candidates are marketed to a broad range of clients

COMMITMENT TO QUALITY

- Consultative, long-term relationships with clients and candidates
- Focus on service levels and satisfaction
- Relationships built on integrity

LONG-TERM BUSINESS FOCUS

- Maintain presence in tough markets
- Retain clients, candidates and staff
- Organic growth model

PEOPLE AND CULTURE

- Home-grown senior management team
- International staff mobility programme
- Career progression based on performance

SPECIALISTS

- Teams recruit by discipline
- Industry specialists in each team
- Specialist consultants recruit specialist professionals

INNOVATION CULTURE

- Entrepreneurial, open-minded people
- Industry first sponsorships
- Bring innovation to clients first
- Agile business model – first to launch RPO arm

PEOPLE AND CULTURE

TAKING OUR
UNIQUE CULTURE
FORWARDS

DARREN COX
GROUP HR DIRECTOR



THERE'S PASSION TO ACHIEVE BUT THERE'S PERSPECTIVE TOO. WHAT MATTERS IN THE LONG TERM IS RELATIONSHIPS; SO OUR PEOPLE CARE AND THE ENVIRONMENT IS CONSTRUCTIVE.



Darren Cox was a key strategic hire for the Group during the year. He gives us his vision for developing the Group's people strategy and an insight into our culture.

"The culture here is strong and distinctive. You feel it quickly as soon as you meet the people. Their energy is contagious and everyone is hungry to achieve more. Hungry, yet still humble. We're pretty self-effacing, given our success, and that was a key reason I joined the business.

Relationships matter here. Every single day consultants are focused on building real, deep connections with clients and candidates and that reflects internally. It makes for a positive working environment. Loyalty matters too; that's unusual and a great asset. We have young directors who've been in the business for 15-20 years.

We're growing rapidly and it's important to retain our strengths as we become a bigger organisation. I see my role as helping the business take this unique

culture forward, to ensure it's ready to meet the challenges of our next growth phase.

One of my focuses will be connecting our staff to the meaningfulness of what we do, beyond the services we provide. Articulating our purpose clearly will help build deeper and longer commitment from our people and help us attract the highest quality people to join us.

Values will be important too. Focusing on the behaviours that make our environment special, reminding us what's important so we can replicate them effectively at greater scale.

We have smart, strong people who are passionate about success but still care. Importantly, we're open minded, with a very different perspective. It's a belief in continuous improvement – an innovation mindset if you like. We always think we can be better. That's a great springboard for further growth and success."

OUR EMPLOYER BRAND

Realising the potential of our people and attracting the best talent enables our strategy of international expansion and discipline diversification. Our employer brand is at the heart of our growth strategy.

GLOBAL CAREERS

Moving successful people internationally is a key motivator for staff and supports our organic growth strategy. Over 190 staff have transferred internationally in the last five years, many making several moves. Providing a career path into management is something we've been good at and is the reason our culture is deeply embedded throughout our business.

WORKING IN TEAMS

Whilst an individual's contribution is critical, everyone gets rewarded as a team – it's at the heart of our business. Our specialist recruiters don't receive individual commission and that's key to attracting the right people who work to deliver for clients.

FRIENDSHIP AND COMMUNITY

The importance we place on relationships with clients and candidates flows through to our relationships within the business. Friendship facilitates cross border working, allowing candidates to be shared globally and makes for a positive working environment. Giving back to our communities is a given; we don't have to mandate people to take part, they love to do it.

FAST TRACK DEVELOPMENT

Progression is based on performance with clear opportunities to develop. To aid senior staff retention we encourage senior management to participate in equity incentive programmes.

HOME-GROWN MANAGEMENT TEAM

By giving opportunities for career growth we've built a successful home-grown management team. Encouraging long-term development is key to our success and the average tenure of our senior management team is currently over 13 years.

MAXIMISING PRODUCTIVITY THROUGH DEVELOPMENT

Through continuous training we focus on maximising our consultants' productivity across the globe. It's essential that new consultants, disciplines and offices become productive and profitable as quickly as possible. We do this through desk-side support, effective systems and first-class training.

FROM LONDON TO SAN FRANCISCO




BETHAN JAMES
SENIOR CONSULTANT,
SAN FRANCISCO

“
MOVING FROM LONDON TO SAN FRANCISCO HAS BEEN THE BIGGEST CHALLENGE OF MY CAREER. IT'S ALSO BEEN INCREDIBLY REWARDING.”

PEOPLE AND CULTURE

GLOBAL EXPERIENCES

Supporting people to move internationally is a key motivator and supports our organic growth strategy. But it's not just about moving to other countries, giving our staff exposure to different cultures as part of a global business is important too.



“WORKING FOR THE ROBERT WALTERS GROUP HAS GIVEN ME GREAT EXPOSURE TO GLOBAL WORK PRACTICES AND A DIFFERENT PERSPECTIVE ON WORKING ACROSS CULTURES. IT WAS A PRIVILEGE TO TRAVEL TO A REMOTE PART OF KENYA AS PART OF THE GLOBAL ANGELS VOLUNTEERING PROGRAMME – IT’S COMPLETELY CHANGED MY OUTLOOK.”

GAELE BOVY
SENIOR CONSULTANT, WALTERS PEOPLE, ANTWERP

GLOBAL CAREERS: FRANCE, AUSTRALIA AND JAPAN



AMELIE LE MOUROUX
FINANCE DIRECTOR,
JAPAN AND KOREA



I'VE BEEN TRUSTED THROUGH MY CAREER AND THE SENIOR MANAGEMENT TEAM HAS ALWAYS BEEN BEHIND ME, GIVING ME ANY OPPORTUNITY THEY COULD. THEY'VE ALWAYS LISTENED – YOU CAN BRING IDEAS TO THE TABLE. TO LISTEN TAKES HUMILITY; I LIKE THAT, EVERYONE IS OPEN MINDED.



“Following my accountancy qualifications I worked in the oil and gas industry as a group accountant but was looking for faster career progression. In 2004 I joined the Robert Walters business in Paris, attracted by a real opportunity for growth.

My first role was as finance manager; the team was growing quickly and it was such an exciting time. In 2007, just after maternity leave, I took on additional responsibility, setting up processes for our Belgian business. Over the next few years I became a true business partner to Alain Mlanao, managing director of Walters People in Paris.

MOVING TO AUSTRALIA

Upon joining the Group I'd flagged that I was open to an international move and in 2012 the opportunity arose to become Finance Manager for Australia and New Zealand. I moved first to ensure it was the right decision and my family joined me a few months later.

Life was fantastic in Australia. It was such a different market and with a high volume of niche, boutique recruiters, making fees was a very different proposition – I relished the chance to improve my commercial and business understanding. With a bigger finance team I could spend more time with managers explaining the impact of their role on profit/loss and the bonus pool.

MOVING TO JAPAN

After three happy years in Australia I was offered the chance to take on the finance director role in Japan. So in 2015 I moved to Tokyo. Every day is different and I'm really enjoying a role where I'm a business partner with David Swan, managing director for Japan and Korea.”

PEOPLE AND CULTURE

COMMITTED TO PEOPLE

We want people to make a long-term commitment to working with us and in return we stay loyal to our staff. Demonstrating the value we place on people is important to us so we offer experiences like volunteering trips to Kenya, incentive weekends and regular social events.



“ WE GET ENERGISED BY GIVING BACK TO OUR COMMUNITY AND THIS CREATES BALANCE AND CONTEXT FOR THE HARD WORK AND EFFORT WE ALL PUT INTO OUR DAY-TO-DAY WORK. ”

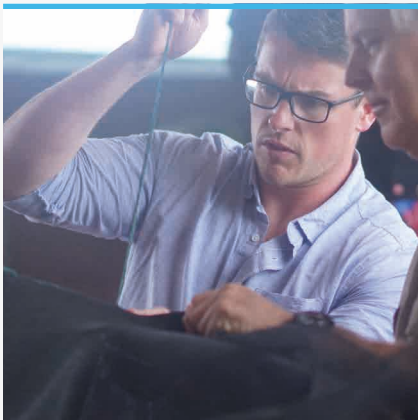
DARREN COX
GROUP HR DIRECTOR



CAROLINE WATKIN
GROUP COMMUNICATIONS
DIRECTOR

“
BY PARTNERING WITH
GLOBAL ANGELS I COULD
SEE THERE WAS AN AMAZING
OPPORTUNITY FOR OUR
BUSINESS TO MAKE A REAL
DIFFERENCE TO THE
COMMUNITY IN TSAVO,
KENYA OVER THE LONG TERM.

”



We believe in the power of the team. This translates into how we work with candidates and clients, the way we reward teamwork and how we make a difference in the community.



Our people are enthusiastic, optimistic and create positive change through the energy they bring to their work.

BUSINESS IN ACTION

RESOURCE SOLUTIONS GROWTH

Oliver Harris tells us how remaining close to clients is key to our success.



OLIVER HARRIS
CEO, RESOURCE SOLUTIONS

“

WE HAVE BUILT A STRONG REPUTATION FOR DELIVERY AND ESTABLISHED HIGH LEVELS OF TRUST.

”

“There’s been a real maturing of the RPO market across the world, particularly in the UK, with quality becoming a much bigger driver for clients.

Whilst cost saving remains important, many are now moving away from decisions purely based on costs. What we’re now seeing is a growing trend towards using onshore locations or moving overseas operations back home; benefiting both Resource Solutions and the Robert Walters recruitment business.

As part of the increased emphasis on quality, total talent acquisition came to the fore as clients looked more holistically at their hiring strategy. The idea is to give candidates the same experience whether they’re applying for a temporary or permanent position; with the added efficiency of building one talent pool. Whereas many competitors focus on either temporary or permanent hiring (MSP & RPO) we’ve been well placed to support businesses with our big picture focus on all forms of outsourced recruitment and added value service.

We have built a strong reputation for delivery and established high levels of trust; rarely losing a client. Balancing growth whilst maintaining our quality reputation is critical to our strategy. Remaining close to clients has been fundamental to our success. Not just through formal processes like quarterly business reviews but talking to clients at industry roundtables and regular events.

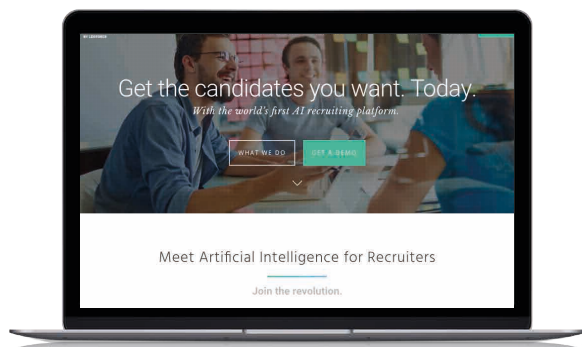
Innovation also helps us cement client relationships and we are their ‘go-to’ source for all new recruitment innovations. We’ve trialled over 100 technologies and implemented numerous new tools for some of our biggest clients. It’s a real differentiator.

We offer a one hundred per cent client focused model, understanding each organisation’s needs and building around them: it’s completely bespoke.”

ARYA

We piloted Artificial Intelligence (AI) candidate sourcing technology for a major bank.

AI was the talent acquisition buzzword of 2017 but making sense of the array of technologies requires an open minded approach and ongoing development. We're proud to be at the forefront of the AI journey, continually testing in order to learn and adapt.



ROBOT REVOLUTION

We identify early technology entrants to the market and make recommendations to our clients for their consideration.

Our Robot Revolution eBook explored how robotics and automation can be used effectively in the fields of HR and recruitment.



DIVERSIFICATION

ACCELERATED GROWTH
ACROSS EUROPE

KEY FACTS

- Operating profit increased 168% across Europe
- Awarded 'Great Place to Work' in France & the Netherlands
- Balanced blend of recruitment businesses:
 - Permanent
 - Contract
 - Interim
- Built two premium but very distinct offerings alongside our permanent recruitment business to adapt to market conditions of the last ten years:

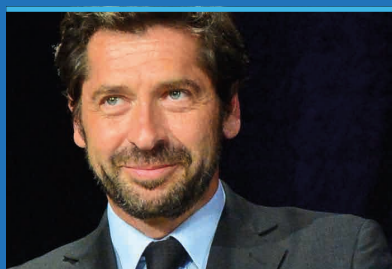
ROBERT WALTERS INTERIM MANAGEMENT

Interim professionals are senior executives, capable of leading significant business change, including mergers/takeovers, business process engineering or crisis. We know which high level candidates are available, often proposing them within 24 hours and placing them with clients in under a week.

WALTERS PEOPLE

We specialise in the recruitment of temporary and temporary to permanent employees for financial and business support positions. The success of Walters People is a direct result of our consultants' energy and dedication to finding the right match between client and candidate in the shortest time.

GREAT
PLACE
TO
WORK®



ANTOINE MORGAUT
CEO, EUROPE AND
SOUTH AMERICA

“WE ARE GRATEFUL TO OUR PEOPLE FOR COMMITTING SO MUCH OF THEIR TALENT AND PASSION TO THE BUSINESS. THE SUCCESS OF EUROPE BELONGS TO THEM.”

“Europe has faced tough economic conditions during a large part of the last ten years, together with increasing regulation. It's an incredibly diverse market too, a patchwork of strong identities.

Against this backdrop we spotted an opportunity to adapt by offering greater employment flexibility to our clients through Interim Management at Robert Walters and Contracting via Walters People.

FIVE-STAR CANDIDATE SERVICE

Candidates are at the heart of our business. We give them a premium service and every consultant is dedicated to putting candidates first. This means we have exceptional people to offer our clients.

Our consultants' specialist focus is a core principle and means we can offer candidates a high level of service. Their expertise gives them credibility – the majority having worked in the areas they recruit. Candidates find that they are working with a peer, someone who really understands them.

EMPLOYER OF CHOICE

We have encouraged teamwork and diversity, becoming a Great Place to Work in France during 2014 – retaining the award to date. We also became a Great Place to Work in the Netherlands in 2016. Initiatives like these have enabled us to attract the best employees.

SIGNS OF CHANGE

Europe is facing talent shortages now that confidence is rising. We've seen years of understaffing so we're well-placed with our market-leading brand, strong candidate relationships and exceptional staff to provide businesses with the professionals they need.”

COMMITMENT TO CLIENTS



KARINA SEBTI
DIRECTOR, INTERIM
MANAGEMENT – PARIS

"I joined Robert Walters in 2004 to help build the new interim management division in France. I've always been convinced by the potential of interim management as a new working model.

It's been exciting to see the market change over the past ten years. Interim management used to be considered the last career step for senior professionals before retirement, but now we are seeing younger managers taking on interim roles to diversify their careers with new responsibilities they wouldn't necessarily have in a permanent job.

One of the keys to our success has been the client focus I've instilled in the team. I've taught them to always challenge themselves and to never take anything for granted. We never assume that a client will be loyal to us – we are always offering outstanding service. Determination is key as our team know that we never give up on a client."

FIVE-STAR CANDIDATE SERVICE



JOSE BOKHORST
DIRECTOR, WALTERS PEOPLE
– NETHERLANDS

"I joined Walters People in 2010 and was excited by the opportunity to grow a business within the context of a multinational company.

In the early days, we focused on finance and accounting roles in Amsterdam. Today we've grown from three consultants to over 50, spread across three offices and six specialist divisions.

One thing we've done well is anticipating market trends. We recognised that temp candidates were becoming more scarce so we decided to add value to our service by launching Walters People Academy. It's an e-learning platform where our candidates can benefit from free educational programmes – in finance, languages and other areas. The platform also allows temps to test their skills. It's something that makes candidates want to work with us because we're giving something back.

We are always challenging our people to change their mindset – instead of focusing on what you can get, focus on what you can give to a candidate or client."

SPONSORSHIP

BRITISH & IRISH LIONS SPONSORSHIP

Building on the success of our 2013 sponsorship, our 2017 Lions campaign encompassed social media, press, events and internal engagement.

8m

ENGAGEMENTS

+3m

CONTENT VIEWS

+1.5m

VIDEO VIEWS



“STAFF WON THE OPPORTUNITY TO FACE DOWN THE HAKA ALONGSIDE RUGBY LEGENDS JAMIE ROBERTS AND OUR ROBERT WALTERS AMBASSADOR RICHARD HILL.

GILES DAUBENEY
DEPUTY CEO

SOCIAL MEDIA

Integrated social media campaign celebrating our shared goal to field the best talent. Rugby fans were given the opportunity to win the trip of a lifetime to watch the Lions' first test in New Zealand through our Ultimate Lions Fan Facebook competition.



Ultimate Fan Winner, Stuart Broad. Our campaign has been shortlisted for the UK's Sponsorship Awards in the best branded sports content category.



Stuart faced a tough interview panel made up of rugby legends David Flatman, Richard Hill our ambassador, and Tom Shanklin.

CLIENT EVENTS

Exclusive client events such as private training and team announcements.



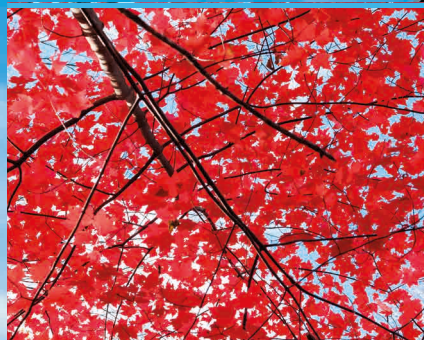
MEDIA COVERAGE



INTERNATIONAL EXPANSION

ENTERING A NEW MARKET

Canada represents a strong, long-term growth opportunity for the Group. In this heavily commission-driven market our non-commission and quality driven approach is a key differentiator.



1

CELEBRATING
ONE YEAR
IN CANADA

LAUNCH STRATEGY

- Focused on a single specialisation
- Leveraged personal and wider Group network
- Only recruited core roles
- Built a reputation for delivery

CANADA



MARTIN FOX
MANAGING DIRECTOR,
CANADA

“

WE'VE BEEN VERY STRINGENT ABOUT THE ROLES WE'VE TAKEN ON. THAT'S REALLY HELPED US BUILD A REPUTATION FOR DELIVERY.

”

“I guess I'm a good advert for the Group's internal mobility programme having worked in Dublin, London and now back home in Canada. It's been an amazing experience and I've grown my career from a team support role in Dublin, following my political science degree, through to setting up our Canadian operation in just ten years.

It had always been my ambition to open the Group's business in Canada and I initially came to gather market intelligence in 2015. Realising the extent of the opportunity I moved back home to Toronto in 2016 to soft launch the business.

Accounting and finance was my first focus as the number of accounting firms here is significant and my personal network was financial services focused. Common to other Robert Walters start-ups we were very stringent about the roles we took on within our launch discipline; only working on permanent roles at qualified level and above.

This focused approach helps build reputation, especially in a market with a small town feel. People place a high value on personal recommendations here so quality and delivery are critical. We built a very qualified database of candidates and leveraged my personal network to place them.

We soon had a very high fill rate so I started growing the team. Jon joined us from our London business, Emily from our Wellington office and I also hired locally. Now we're recruiting accountants into commerce and are also moving qualified lawyers and accountants into compliance roles.

The market here is exclusively commission-driven and because our approach is just so different with our team-based bonus structure, it actually shocks candidates and clients.

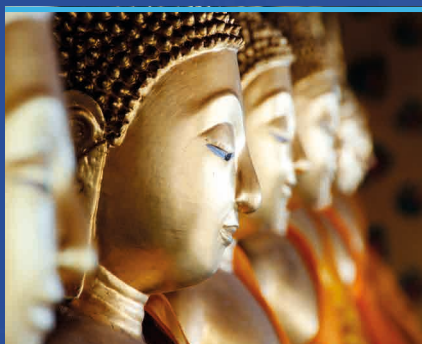
For candidates it builds trust; they know we won't force them into an unsuitable job as that's not how we get paid. We build longer and stronger relationships as a result and candidates refer others to us.

Clients really appreciate that they have a whole team working on their roles, not just the person they met initially. The market is immature compared to the size of the city so when we send a small selection of well prepared candidates and save them huge amounts of time, clients appreciate our quality approach.”

INTERNATIONAL EXPANSION

THE LOCAL/GLOBAL BALANCE

The Thai business was five years old and well-established when Gerrit joined but there was definitely untapped potential. In the last five years growth has accelerated and it's become a very profitable operation. Gerrit now directs both our Thailand and Vietnam operations.



10 CELEBRATING
TEN YEARS
IN THAILAND

KEY FACTS

- First mover advantage
- High profitability per consultant
- A number of staff have gone on to manage in different businesses across the Group

THAILAND



GERRIT BOUCKAERT
COUNTRY MANAGER,
THAILAND AND VIETNAM

“

THIS IS A VERY HUMAN BUSINESS. I'VE BEEN SUPPORTED BY THE GROUP BUT GIVEN INDEPENDENCE TO GROW BOTH THAILAND AND NOW VIETNAM. AT 37 YEARS OLD THAT'S BEEN INCREDIBLE.

”

“I'm originally from Belgium and after my Masters degree worked in Switzerland, India and Japan. I quickly learnt that building businesses in growth markets was what motivated me. Robert Walters' reputation for very early entry into emerging markets attracted me to the Group and through my network I met Matt Bennett, managing director of our Greater China region. Matt recommended me to the South East Asia business and in 2013 I moved to Thailand to manage the office.

A LOCAL AND INTERNATIONAL BUSINESS

The key to our success has been building the right mix of local and international staff. When I joined I identified two Thai nationals with fantastic leadership potential, Punyanuch Sirisawadwattana and Natiya Saul. Punyanuch was a manager and is now the director of HR, commerce finance, IT and banking, and Natiya was a senior consultant who is now director of sales and marketing, supply chain and procurement. The three of us have built the business together.

Bringing in the Robert Walters culture was important too. I hired Eric Mary from our Paris business as a senior consultant. Crucially, the Thai nationals managed the international staff. This attracted a lot of outstanding local people to work for the business as they knew they could have an advanced career with us. It's a very different approach.

Hiring open minded international staff has been critical to our success. The Thai Buddhist culture is very specific and unique so willingness to adapt is key. A lot more international recruiters are coming into the market now but our nuanced local knowledge gives us the edge.

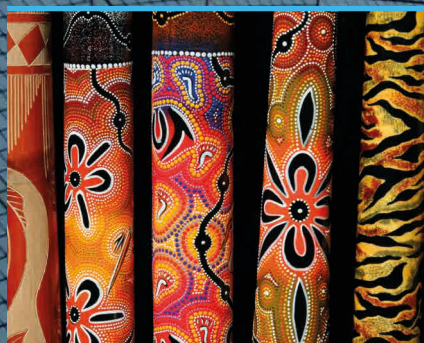
BUILD, REPLICATE MODEL

At the start we had a strong focus on HR recruitment, which opened a lot of doors and made a big difference to our bottom line. Following the successful Robert Walters model we've focused on existing specialisations, getting to critical mass before launching new disciplines. We're set to open another new specialisation in 2018.”

INTERNATIONAL EXPANSION

LONG-TERM, HONEST RELATIONSHIPS

To succeed over the long term we've had to be very focused, only recruiting specialist positions where we can maintain a price differential.



22 CELEBRATING
22 YEARS IN
AUSTRALIA

KEY FACTS

- ➔ 7 offices in Australia:
- Adelaide
 - Brisbane
 - Chatswood
 - Melbourne
 - Parramatta
 - Perth
 - Sydney

AUSTRALIA



JAMES NICHOLSON
MANAGING DIRECTOR,
AUSTRALIA AND NEW ZEALAND

“

THE STRENGTH OF THE SENIOR MANAGEMENT TEAM HAS HELPED US MAINTAIN LONG-TERM RELATIONSHIPS WITH CLIENTS. THE CRITICAL SUCCESS FACTOR HAS BEEN OUR HONEST APPROACH.

”

“Following my law degree I worked at KPMG Consulting and a small search firm in London before joining Robert Walters in 2003 as manager of Sydney’s banking division.

The Group put their faith in me with the relocation from London to Sydney and supported my career progression. In 2006, I became director of the Sydney business and in 2007 took on responsibility for Australia as a whole.

The region has maintained constant growth without the peaks and troughs of other geographies and recruitment margins are amongst the lowest in the world. The market is relatively small too and with limited barriers to entry it’s been flooded with new entrants, targeting our business streams.

To succeed we’ve had to be very focused. For example, with reducing volumes at the big banks we switched emphasis to boutique fund managers. SMEs have been a large growth area too and we’ve found rich seams of niche roles across legal, procurement and IT. We will only recruit specialist positions where we can maintain a price differential.

The right management structure has been critical and the team’s longevity of tenure has helped enormously. My key front and back office staff have worked with me for over 12 years and it’s a team I can absolutely rely on. The stable team has provided a platform for growth.

HONEST RELATIONSHIPS

The strength of the team has helped us maintain long-term relationships with clients and the critical success factor has been our honest approach. We aren’t afraid to explain the cost base of supplying labour and that we can only do so at a certain price point. Clients respect that and value the service.

Our key difference is the consultative advice and insights we give clients and candidates. Robert Walters’ consultants are specialists; most have worked in the fields they recruit and understand the market in depth because we don’t leave during difficult conditions. Our focus is beyond earning a dollar.”

INTERNATIONAL CANDIDATE MOVEMENT

SOUTH EAST ASIA FOCUS

In response to talent shortages across South East Asia, we've been running 'return home' campaigns targeting overseas nationals, inviting them to consider careers back home.

RETURNING HOME CAMPAIGNS ACROSS SOUTH EAST ASIA



VIETNAM

Come Home Phở Good
(Phở is Vietnam's staple dish)



INDONESIA

Pulang Kampung (come home)



PHILIPPINES

Balik Bayan (return home)



SINGAPORE

Balik Kampung (come home)

CANDIDATE CASE STUDY

MARY JOY TAGLE
SENIOR BUSINESS INTELLIGENCE
ANALYST, OLX PHILIPPINES

"I was extremely impressed that the Robert Walters international candidate manager didn't give up in looking for the right role for me.

Having analysed my ambitions, they were able to find a job that is a perfect match for my skills and experience.

I was given great support and advice that helped me integrate back into the Philippines.

The whole process went smoothly and I am impressed with the amazing personalised service. I will definitely share the Balik Bayan campaign with my friends overseas."

FOCUS ON INDONESIA'S PULANG KAMPUNG CAMPAIGN



GLORYA TAY
INTERNATIONAL CANDIDATE
MANAGER, JAKARTA



WE DON'T WAIT FOR A COMPANY TO HAVE A VACANCY – WE TALK TO CANDIDATES ABOUT THEIR GOALS AND THEN PROACTIVELY PRESENT THEM TO BUSINESSES. THIS HAS WORKED EXCEPTIONALLY WELL AND IN SOME CASES CLIENTS HAVE CREATED NEW ROLES FOR OUR INTERNATIONAL CANDIDATES.



Glorya Tay is international candidate manager in our Jakarta team heading up the Pulang Kampung 'Come Home' campaign, designed to bring Indonesian professionals home in response to talent shortages.

"Indonesia is home to one of the fastest growing middle classes in the world and that's driving severe talent shortages in the market. Clients are looking for Indonesian nationals with multinational experience, especially those fluent in both Bahasa and English.

Early on we realised we needed to be proactive to meet our clients' needs so we started our 'Pulang Kampung' outreach programme. My role is to identify and then assist overseas Indonesians return home to rewarding careers.

Using Robert Walters' global network and database I reach out to overseas Indonesians to find out if they're considering a move back home. I not only talk to them about the job market, but I advise them on everything from the housing market and schools to tax. Our candidates really value the dedicated, tailored service we provide."

CLIENT CASE STUDY

SAM ARTANTO
HEAD OF HR COE, PT NISSAN
MOTOR INDONESIA

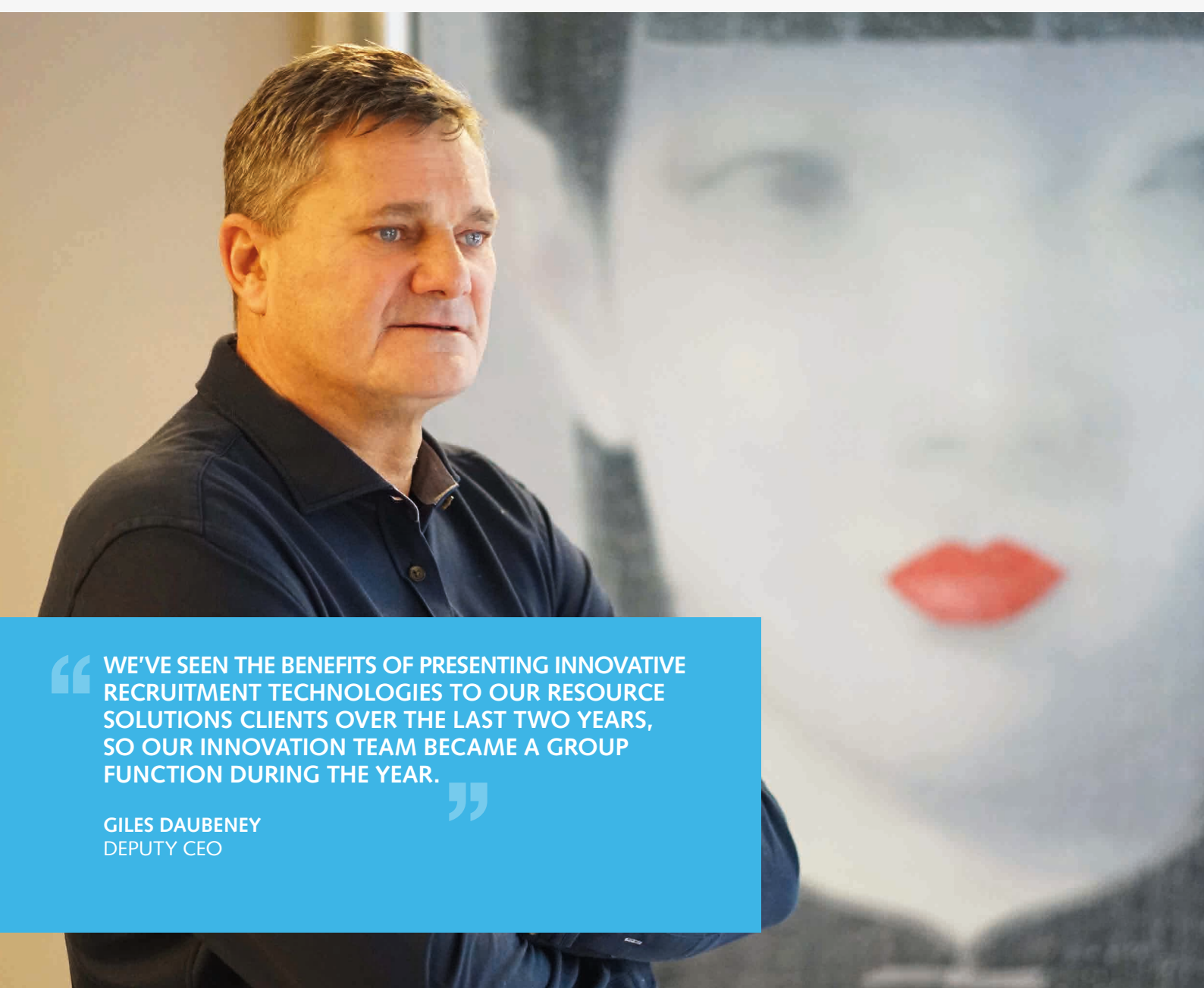
"We'd like to express our gratitude to Robert Walters for finding our General Manager Indonesia, who decided to return home for good – their Pulang Kampung programme has been very useful for us.

For a multinational company like Nissan Motor Company, having local talent with international work experience is essential to our business."

INNOVATION AND AWARDS

INNOVATION AND THOUGHT LEADERSHIP

Innovation and thought leadership
are the glue that binds us to our clients.

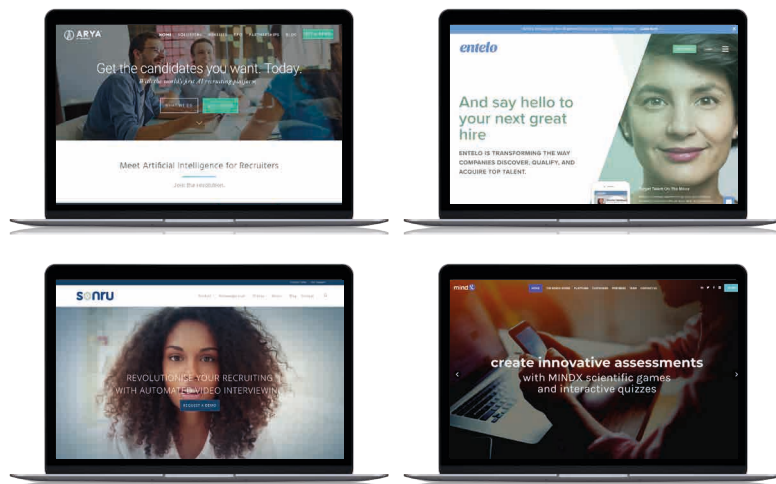


“ WE’VE SEEN THE BENEFITS OF PRESENTING INNOVATIVE
RECRUITMENT TECHNOLOGIES TO OUR RESOURCE
SOLUTIONS CLIENTS OVER THE LAST TWO YEARS,
SO OUR INNOVATION TEAM BECAME A GROUP
FUNCTION DURING THE YEAR. ”

GILES DAUBENEY
DEPUTY CEO

TECHNOLOGY

We investigated over 100 new technologies during the year, presenting the best to our clients.



FAYE WALSH
GROUP INNOVATION DIRECTOR

“THE AQUARIUM IS THE GROUP'S INNOVATION PLATFORM. ALLOWING STAFF FROM AROUND THE WORLD TO EASILY SUBMIT NEW IDEAS AND INNOVATIONS.”

THOUGHT LEADERSHIP



INNOVATION AND AWARDS

AWARDS

INTERNATIONAL
RECRUITMENT COMPANY
OF THE YEAR, UK



FRANCE & THE NETHERLANDS
NAMED GREAT PLACES
TO WORK



INTERNATIONAL RECRUITMENT
COMPANY OF THE YEAR,
AUSTRALIA & NEW ZEALAND



BEST RECRUITMENT
PROCESS OUTSOURCING
PARTNER, RESOURCE
SOLUTIONS, MALAYSIA



BEST RECRUITMENT
PROCESS OUTSOURCING
PARTNER, RESOURCE
SOLUTIONS, SINGAPORE



SHORTLISTED FOR BEST
BRANDED CONTENT AWARD
FOR OUR 'ULTIMATE LIONS
FAN' CAMPAIGN, UK



BEST RECRUITMENT
FIRM, CLIENT EXPERIENCE,
RESOURCE SOLUTIONS



SOCIAL MEDIA AWARDS

RANKED TOP 3 IN LINKEDIN'S MOST
SOCIALLY ENGAGED STAFFING
AGENCIES WORLDWIDE



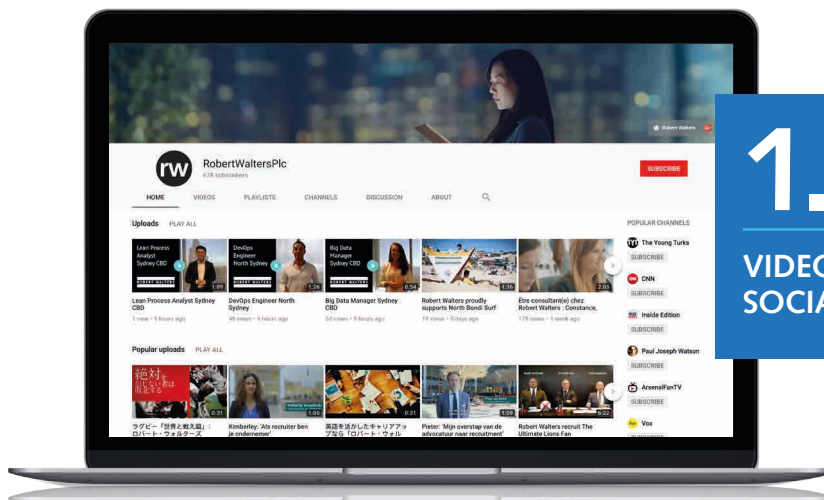
BEST USE OF
SOCIAL MEDIA, UK



+28%

INCREASE IN LINKEDIN
FOLLOWERS

ACHIEVEMENTS



67,000
APP DOWNLOADS ON
ITUNES AND ANDROID



+28%
WEBSITE VISITORS
ACROSS THE GROUP

CORPORATE SOCIAL RESPONSIBILITY

A SUSTAINABLE BUSINESS

Building a sustainable approach to business has always been at the heart of the Group.

A photograph showing a group of people, primarily of African descent, smiling and clapping. In the foreground, two women are prominent: one wearing a blue and white patterned headwrap and a blue floral top, and the other wearing a black headwrap and a black top. They are both smiling and clapping. In the background, other people are visible, including a man in a black t-shirt with 'GLOBAL' written on it and a man in a white t-shirt. They are all under a large, dark, textured net or canopy. The overall atmosphere is positive and celebratory.

“EVERYONE HAS THE OPPORTUNITY TO HELP BUILD COMMUNITY AND GIVE BACK. WHETHER THAT’S THROUGH OUR GLOBAL CHARITY WORK, VOLUNTEERING FOR A GOOD CAUSE OR THE MANY FUN CHARITY EVENTS WE ORGANISE ACROSS THE GLOBE.”

GILES DAUBENEY
DEPUTY CEO



OUR APPROACH

Sustainability has always been at the heart of the Group. The business started with the ambition of creating a fulfilling environment for our people to work in and instilling a belief in doing recruitment the right way. We are particularly proud that so many of our people stayed with us, developing their careers for the long term; helping to grow our business across the globe. And we've always focused on building relationships for the long term, both with clients and candidates. Everything we do is about delivering organic, sustainable growth.

Our four sustainability cornerstones are:

- **Our people**
Growing tomorrow's leaders
- **Our clients & candidates**
Relationships for the long term
- **Communities & charity**
Building on the strength of our people we keep our initiatives relevant to our local communities and integral to the business
- **Environment**
Committed to staying a carbon balanced business

For more detail, view the Sustainability Report at www.robertwalters.com/sustainability or search for Robert Walters Publications in iTunes or the Google Play store.

COMMUNITIES AND CHARITY

Our approach is to keep charity and community initiatives relevant to our local communities, building on the strengths of our people and making them integral to our business.

Everyone has the opportunity to give back through a variety of programmes, from Volunteering Day, Global Charity Day, Global Angels Volunteering Programme and other initiatives, whether that's helping underprivileged children, preparing the long-term unemployed for interviews or providing food and supplies to those in need.

Commitment to our local communities continued during the year with a wide variety of activities taking place across the world. In total the Group made charitable donations of £164,000 (2016: £57,000).

Some highlights across the Group include:

Our Belgian business supported SOS Children's Villages, an organisation helping families at risk and children without parental care. The business helped to make the SOS Homes look their best and they also participated in a wide range of activities, from bake sales to marathons to help raise funds.

In France, our consultants volunteered their time working with Opération Coup de Pouce to help the long-term unemployed improve their CVs and interview skills.

Similarly, in Spain our team worked with Fundación Atresmedia running pre-employment workshops and mock interviews to help students prepare for the job market.

Australia's long-term partnership with Dress for Success, a charity helping women achieve economic independence, continued and our consultants led two employment workshops per month.

In South Africa, our team supported Cotlands, a not-for-profit organisation creating access to play-based, early learning opportunities for underprivileged children. On Mandela Day staff from the Johannesburg office took a group of children to the zoo and also volunteered at Cotlands' annual sports day.

Throughout 2017 our team in San Francisco supported the Redwood Empire Food Bank by donating much needed food and supplies. In New Zealand, staff volunteered their time once a month to make school lunches for underprivileged children who would otherwise go without.

Our Japan staff and their families participated in the FIT For Charity Run. FIT (Financial Industry in Tokyo) supports local community organisations which serve important but not necessarily well recognised or understood causes.

GLOBAL CHARITY DAY

Staff in every country also participated in our sixth annual Global Charity Day on Friday 13 October 2017, setting a new fundraising record by raising over £134,000 (2016: £113,000) through a display of creativity, fun and teamwork.

The fundraising activities took a variety of forms. Staff from Resource Solutions in the UK tested their stamina by taking part in treadmill marathons, a bicycle lap around London and a 100km triathlon in aid of Great Ormond Street Hospital (GOSH). Meanwhile, the director of our New Zealand business bravely volunteered to shave his head to raise funds for KidsCan, an organisation that provides underprivileged children in New Zealand with food, clothing and healthcare so they can focus on their education.

CORPORATE SOCIAL RESPONSIBILITY CONTINUED



In Germany, our teams in Frankfurt and Düsseldorf volunteered to collect and distribute food donations to local people in need and staff in Ireland held their own 'Great Irish Bake Off' in aid of the Capuchin Day Centre for Homeless People. In Australia, our teams organised coffee and cake sales and a lawn bowls competition in support of Dress for Success.

The Netherlands team held a bake sale, raffle and charity run to raise money for Hotel Heppie, a place where socially disadvantaged and disabled children can relax and enjoy a holiday.

Prior to charity day itself, a group of staff visited Hotel Heppie where they made lunch and ran a soccer clinic for the children.

Staff from both Walters People and Robert Walters in Belgium volunteered their practical skills, including baking, gardening and painting to help local SOS Children's Villages.

Across China, staff raised funds to support the Suzhou Shancheng Public Welfare Association. In Shanghai, staff secured sponsorships from a local coffee shop and florist, giving staff the opportunity to learn new skills in coffee making and flower arranging in exchange for donations. Staff in Korea took the opportunity to try new skills by raising money for Anna's House, which cares for homeless children and adults, through candle and perfume making workshops.

GLOBAL ANGELS

Aligned with our purpose as a business, our CSR and sustainability strategy aims to transform people's lives. Particularly those who've had less opportunity than we have.

In 2016 we chose a Group Charity Partner to bring greater focus to our work in the community. The Global Angels Foundation is a small, international development



organisation transforming disadvantaged communities around the world, with a focus on bringing water, education and social empowerment.

Our partnership has focused on empowering a small community in the Itinyi Valley in Tsavo, Kenya and we aim to work with the same community over the next five to ten years, building relationships for the long term.

This year we've donated a new classroom to the local secondary school, where children were previously taught outside under a tree. We have also funded a large scale shade house. The shade house protects crops from the harsh sun, allowing the community to grow crops with a much reduced water intake – critical in a drought prone region.

As well as providing financial support we are also giving our time by sending eight staff a year on volunteering trips to Tsavo. Our teams have already worked hard to dig the foundations for our classroom and helped build our shade netting project.

The volunteering trips have been an excellent way to engage staff in our charitable work and highlight our purpose of transforming lives. The response to this opportunity has been incredible with huge numbers of staff from all around the world applying to take part.

DIVERSITY

Diversity is at our heart in such an international business. We are an equal opportunities employer and aim to provide a working environment and culture that values difference – a diverse workforce allows us to fully realise the Group's potential right across the globe. Our diversity policy forms a part of our staff induction programme. Diversity is as critical an issue for our candidates and clients as it is for our own staff.



All candidates are encouraged to complete an equal opportunities form on registration, the data from which is important to both the Group and our clients to ensure we are introducing candidates from the widest possible talent pool and helping clients fulfil their own diversity programmes.

We are proud to partner with OUTstanding. OUTstanding is a not-for-profit professional network for lesbian, gay, bisexual and transgender (LGBT+) executives and their ally leaders.

The Group is also partnering with ENEI (Employers Network for Equality and Inclusion) to push best practice forward.



MOLLY BEDINGFIELD
FOUNDER & CEO,
GLOBAL ANGELS FOUNDATION

“WE EMPOWER COMMUNITIES BY PROVIDING THE RESOURCES THEY NEED TO BECOME SUSTAINABLE AND TO THRIVE. ROBERT WALTERS IS PLAYING A KEY PART IN HELPING US TRANSFORM TSAVO.”

	2017 average employees			2016 average employees		
	Male	Female	Total	Male	Female	Total
Board Directors	5	2	7	6	1	7
Senior managers ¹	131	68	199	120	71	191
Other employees	1,269	2,086	3,355	1,075	1,750	2,825
Total	1,405	2,156	3,561	1,201	1,822	3,023

1. A senior manager is a person who is responsible for managing significant activities within the Group, or who is strategically important to part of the Group. This will include any operating country or regional directors and functional heads of department.

GENDER EQUALITY

In accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Group has provided the table above.

The Board has a policy to encourage diversity, including gender. On 1 January 2014, the Board implemented a policy to ensure that there will be an equal gender quota for any future long list for a Board appointment. The appointment of Tanith Dodge as a Non-executive Director demonstrates this policy in action. We are also pleased to welcome Carol Hui as our new Chairman.

Gender Pay Gap Reporting UK

We support gender equality and will publish our UK gender pay gap on 4 April 2018. The data will feature on our UK website and we will publish our commitments to close any gender pay gaps we have.

ENVIRONMENT

The Board recognises its responsibilities in respect of social, environmental and ethical (SEE) matters and monitors all significant risks to the Group, including SEE risks, which may impact the Group's short and long-term value. During 2017, no significant SEE risks were identified.

Although our impact on the environment is minimal as an office-based organisation, we are fully carbon balanced and have been for three years. That means we're investing in projects that offset emissions through reforestation initiatives. The whole of Robert Walters' Group operations have been fully carbon balanced since 2015, through a partnership with the Woodland Trust and a Carbon Balanced programme in Vietnam via World Land Trust.

The Group is active in working towards the achievement of local Environmental Management Systems. In 2017, 24% of the Group's employees worldwide were operating in locations which were certified to ISO14001, the International Standard for

Environmental Management. The Standard provides a framework for achieving the balance between enhancing profitability while setting targets for improving the organisation's environmental performance.

The London office has been undertaking an environmental initiative throughout 2017 to reduce purchased electricity and heat. This has been achieved by new and innovative programming strategies of the building management system to maximise efficiency of the air conditioning system and to make best use of free cooling. The initiative culminated in a 31% carbon reduction whilst also improving comfort levels for staff in the office.

Greenhouse gas reporting

In September 2013, the Mandatory Carbon Reporting requirements prescribed by the Greenhouse Gas Emissions Directors' Regulations Report came into effect. This section includes our mandatory reporting of greenhouse gas emissions pursuant to the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 (the Regulations).

Reporting year

The greenhouse gas emissions report has been prepared based on a reporting year of 1 January to 31 December 2017, which is the same as the Group's financial reporting period.

Reporting boundary

The Group's report is based on all entities and offices which are either owned or under operational control globally.

Methodology and scope

The methodology used to calculate the Group's emissions is based on the 'Environmental Reporting Guidelines: including mandatory greenhouse gas emissions reporting guidance' (June 2013) issued by the Department for Environment, Food and Rural Affairs (DEFRA). The Group has also utilised DEFRA's 2017 conversion factors within the reporting methodology.

The greenhouse gas emissions data has been prepared with reference to GHG protocol, which categorises greenhouse gas emissions into three scopes. Reporting on emissions from Scope 1 (direct GHG emissions) and Scope 2 (indirect GHG emissions) activities is mandatory. The reporting of Scope 3 (other indirect emissions from sources not owned or controlled by the Company) emissions is voluntary and therefore the Group reports on all those Scope 3 activities which it feels have a significant impact on its greenhouse gas emissions.

All other Scope 3 activities have been considered but the Group feels that the impact of these was so limited as to be negligible and has decided not to disclose these activities within this report. This decision will be reviewed on an annual basis or sooner if changes are made to regulatory reporting requirements.

Intensity metric

The Group has recorded the total global emissions, in tonnes of CO₂e, and has decided to use an intensity metric of tonnes of CO₂e per head, which the Group believes is the most relevant indication of our growth and provides the best comparative measure over time.

Global greenhouse gas emissions data

The table on page 40 shows the total global emissions, in tonnes of CO₂e and tonnes of CO₂e per head for the Group.

Base year

The 2013 financial year was the base year for the Group's greenhouse gas reporting, being the first year the Group completed a global calculation.

The base year has been recalculated for changes to the scope of operation and measurements, including any additions to measured Scope 3 data. The base year and previous year's data are also recalculated if better quality data for the previous year is identified.

CORPORATE SOCIAL RESPONSIBILITY CONTINUED

Reducing carbon

The Group set a target to reduce the mandatory Scope 1 and 2 CO₂e emissions per head by 20% across the Group by 2023, from a Full Year 2013 baseline.

The Group's Scope 1 and 2 mandatory emissions per head are down to 1.00 from the 2013 base year revised number of 1.37, a decrease of 27%, meeting the target set in 2013 six years early.

The Group actively seeks to reduce the carbon footprint of the business through:

- Consulting closely with the Carbon Trust and considering its recommendations as environmental objectives;
- Establishing objectives for minimising travel to that which is totally necessary; and
- Offsetting carbon emissions through accredited reforestation schemes covering the UK and Asia Pacific.

HUMAN RIGHTS AND ETHICAL BEHAVIOUR

The Group respects all human rights and in conducting its business the Group regards those rights relating to non discrimination, fair treatment and respect for privacy to be the most relevant and to have the greatest potential impact on its key stakeholder groups of clients, candidates, employees and suppliers.

The Board has overall responsibility for ensuring the Group upholds and promotes respect for human rights. The Group seeks

to anticipate, prevent and mitigate any potential negative human rights impacts as well as enhance positive impacts through its policies and procedures and, in particular, through its policies regarding employment, equality and diversity. Group policies seek both to ensure that employees comply with all applicable legislation and regulation and to promote good practice.

The Group's policies are formulated and kept up to date by the relevant business areas, authorised by the Board and communicated to all employees.

The Group has a zero tolerance approach to bribery and corruption and has specific processes in place to prevent it. The Group's Anti-Bribery Policy (with specific reference to the Bribery Act) is issued to all employees. The Anti-Bribery Policy is reviewed annually to ensure that it is current.

The Group is aware of the new UK Modern Slavery Act 2015 and will comply with its obligations under it. In respect of actions taken during the year, we believe that we operate a supply chain with a very low inherent risk of slavery and human trafficking potential. As such, over and above our normal operating procedures, we have taken no specific steps in this regard.

The Group undertakes extensive monitoring of the implementation of all of its policies and has not been made aware of significant breaches of policy or any incident in which the organisation's activities have resulted in an abuse of human rights.

HEALTH AND SAFETY

The Chief Executive has overall responsibility for the implementation of the Group's health and safety policy, with specific operational responsibility delegated to managers at each location. Every effort is made to ensure that all national safety requirements are met at all times and there were no notable injuries or health and safety issues identified during the year.

POLITICAL DONATIONS

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

FTSE4GOOD INDEX

The Group has held FTSE4Good status since 2008. FTSE4Good index inclusion criteria covers a number of corporate responsibility themes, such as environmental management, climate change, countering bribery and supply chain labour standards. Our continued inclusion in the index recognises that our policies and management systems enable us to address and mitigate key corporate responsibility risks.



FTSE4Good

GREENHOUSE GAS EMISSION SOURCE (BASE YEAR 2013)

	2017 Dec YTD tCO ₂ e	2017 Dec YTD tCO ₂ e per head	Current revision	
			2013 Dec YTD tCO ₂ e	2013 Dec YTD tCO ₂ e per head
Scope 1				
Vehicle fleet and purchased gas	586	0.23	494	0.26
Total Scope 1 emissions	586	0.23	494	0.26
Scope 2				
Purchased electricity and heat	1,967	0.77	2,146	1.11
Total Scope 2 emissions	1,967	0.77	2,146	1.11
Scope 3				
Business travel – Air	1,318	0.51	488	0.25
Business travel – Land ¹	208	0.08	231	0.12
Transmission and distribution	154	0.06	166	0.09
Total Scope 3 emissions	1,680	0.65	885	0.46
Total Group emissions	4,233	1.65	3,525	1.83
Carbon offset	(4,233)	(1.65)	(935)	(0.48)
Total net emissions	0	0.00	2,590	1.35

1. Land travel includes all forms of land transport, such as rail and taxi, but excludes travel in the Group's vehicle fleet. The appropriate conversion factor for the method of transportation is applied to the distance travelled.

FINANCIAL REVIEW

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Year ended	2017	2016	% change	% change (constant currency*)
Revenue	£1,165.8m	£998.5m	17%	14%
Gross profit (net fee income)	£345.2m	£278.3m	24%	20%
Operating profit	£41.9m	£26.2m	60%	54%
Profit before taxation	£40.6m	£28.1m	44%	50%
Basic earnings per share	42.9p	27.7p	55%	

*Constant currency is calculated by applying prior year exchange rates to local currency results for the current and prior years.

Revenue

Revenue for the Group is the total income from the placement of permanent and contract staff, and therefore includes the remuneration costs of contract candidates and the total cost of advertising recharged to clients. It also includes outsourcing fees, consultancy fees and the margin derived from payrolling contracts charged by Resource Solutions to its clients.

Revenue increased 17% (14%*) to £1,165.8m (2016: £998.5m) with 51.7% (2016: 54.8%) of the annual total being generated in the second half of the year. Revenue from temporary placements represents 81% (2016: 83%) of revenue. The Group continues to focus on consultant productivity and hiring in the areas of the business where recruitment activity levels are increasing.

Gross profit (net fee income)

Net fee income is the total placement fees of permanent candidates, the margin earned on the placement of contract candidates and the margin from advertising. It also includes the outsourcing, consultancy and payrolling margin earned by Resource Solutions.

Net fee income for the year increased by 24% (20%*) to £345.2m (2016: £278.3m). Net fee income was £180.7m in the second half compared to £164.5m in the first half (2016: 1H £128.1m, 2H £150.2m). The increase in net fee income was due to growth in both the permanent and temporary Robert Walters divisions and the Resource Solutions business.

Operating profit

Operating profit increased by 60% (54%*) to £41.9m (2016: £26.2m) and administrative expenses were £303.4m (2016: £252.1m). The principal reason for the 20% (15%*) increase in costs was due to an increase of 17% in the Group's average headcount to 3,561 in 2017, up from 3,032 during 2016.

Conversion ratio

Operating profit as a percentage of gross profit was 12.1%, an increase of 2.7%.

Interest and financing costs

The Group incurred a net interest charge for the year of £0.5m (2016: £0.4m). The Group has a £45m four-year committed financing facility until December 2020. At 31 December 2017, £30.2m (2016: £38.9m) was drawn down under this facility. The Group also has an outstanding loan of £0.6m which was used to finance the growth in working capital of our business in China. This Renminbi-denominated loan is secured by cash deposits in Hong Kong and is repayable in instalments over four years. The Group also has a non-recourse £15m facility. More details are provided in note 13 to the accounts.

A foreign exchange loss of £0.9m arose during the year on translation of the Group's intercompany trading accounts and external borrowings (2016: gain of £2.3m).

Taxation

The taxation charge in 2017 was £11.2m (2016: £8.2m) which gives an effective rate of 27.7% (2016: 29.3%). The tax rate is higher than the standard UK rate of 19.25%, primarily as a result of higher rates of overseas taxation in Japan, Australia and France, the impact of adjustments to accounting profit in the tax calculation and disallowable entertainment. Over the medium term, other than governmental changes to corporation tax rates, the key factor affecting the effective tax rate is likely to be the mix of profits generated across low and high tax jurisdictions.

Earnings per share

Basic earnings per share were 42.9p (2016: 27.7p) and the weighted average number of shares for the year was 68.4m (2016: 71.9m).

Dividend

A final dividend of 9.3p (2016: 6.2p) per ordinary share is being proposed by the Board. Together with the interim dividend of 2.75p (2016: 2.30p) per ordinary share paid in October 2017, the total dividend per share would amount to 12.05p (2016: 8.50p). The final dividend, if approved,

which amounts to £6.4m, will be paid on 1 June 2018 to those shareholders on the register as at 11 May 2018.

Balance sheet

The Group had net assets of £121.8m at 31 December 2017 (31 December 2016: £101.9m) including goodwill of £8.1m (2016: £8.1m). The increase in the Group net assets of £19.9m comprises profit for the year of £29.3m and credits relating to share schemes of £5.3m, offset primarily by shares repurchased for cancellation of £8.0m, dividends paid of £6.1m, own shares purchased for the Employee Benefit Trust of £1.8m and currency movements of £1.7m.

Cash flow and net cash position

At 31 December 2017, the Group had net cash balances of £31.1m (31 December 2016: £22.5m). Cash inflow from operating activities was £43.0m (2016: £37.2m). The significant payments made from operational cash flow were made up of £11.0m of corporation tax payments, £8.0m of share buy back for cancellation, £6.1m of dividends, £5.1m of fixed asset expenditure, £1.9m on computer software and £1.8m of own shares purchased. The Group had positive cash flows from operations and is currently well placed to meet future working capital cash requirements.

Surplus cash balances are invested with financial institutions with favourable credit ratings that offer competitive rates of return.

Subsidiary undertakings

The subsidiary undertakings and branches principally affecting the profits or net assets of the Group in the year are listed in note 10 to the accounts.

Going concern

Details on the directors' consideration and decision to adopt the going concern basis in preparing the accounts can be found on page 76.

KEY PERFORMANCE INDICATORS

ACHIEVING
OUR GOALS

NET FEE INCOME

**£345.2m**

(2016: £278.3m)

DEFINITION

Net fee income is the total placement fees of permanent candidates, the margin earned on the placement of contract candidates and the margin from advertising. It also includes the outsourcing, consulting and payrolling margin earned by Resource Solutions.

ANALYSIS

Net fee income grew by 24% (20%*), mainly in line with the Group's strategy for growth through investment in regions providing opportunities across permanent, temporary and interim recruitment and recruitment process outsourcing.

OPERATING PROFIT

**£41.9m**

(2016: £26.2m)

DEFINITION

Operating profit represents net fee income less administrative expenses.

ANALYSIS

Strong net fee income growth along with improved productivity driving a 60% (54%*) increase in operating profit.

PRODUCTIVITY

**£138.9k**

(2016: £133.7k)

DEFINITION

Productivity represents the total net fee income generated per fee earner.

ANALYSIS

In 2017, productivity improved by 4%, as the Group capitalised on improving market conditions and favourable exchange rates for our overseas business.

*Constant currency is calculated by applying prior year exchange rates to local currency results for the current and prior years.

EARNINGS PER SHARE

**42.9p**

(2016: 27.7p)

DEFINITION

Earnings per share is defined as profit for the year attributable to the Group's equity shareholders, divided by the weighted average number of shares in issue during the year.

ANALYSIS

The 55% increase reflects the increase in profitability of the Group during the year.

NET CASH

**£31.1m**

(2016: £22.5m)

DEFINITION

Net cash represents the Group's cash and short-term deposits less bank overdrafts and loans.

ANALYSIS

This improvement is after dividend payments increased by 12% and £9.8m of shares purchased during the year.

ENVIRONMENTAL

DECREASED CARBON EMISSION PER HEAD**DEFINITION**

The Group set a target to reduce the mandatory Scope 1 and 2 CO₂e emissions per head by 20% across the Group by 2023, from a Full Year 2013 baseline.

ANALYSIS

The Group's Scope 1 and 2 mandatory emissions per head are down to 1.00 from the 2013 base year revised number of 1.37, a decrease of 27%, meeting the target set in 2013 six years early.

INTERNATIONAL MIX

**71%**

(2016: 69%)

DEFINITION

International mix represents the percentage of net fee income generated outside UK operations expressed as a percentage of total net fee income.

ANALYSIS

There has been a 2% movement in the international mix, primarily due to the pace of growth in the European and Other International regions which have grown at a faster rate than the UK business in line with the Group's strategy of geographical diversification.

DEBTOR DAYS

28

(2016: 29)

DEFINITION

Debtor days represents the length of time it takes the Group to receive payments from its debtors. It is calculated by reference to the number of days' billings it takes to cover the debtor balance.

ANALYSIS

Tight control over debtor collection assists in reducing the overall risk profile of the business.

BUSINESS MIX

PERMANENT V CONTRACT 68%:32%

(2016: 69%:31%)

DEFINITION

Business mix represents the ratio of permanent and contract recruitment net fee income.

ANALYSIS

Growth in permanent recruitment net fee income enables the Group to benefit quickly from operational gearing, whilst contract recruitment provides a cash hedge in the event of a downturn.

TOTAL SHAREHOLDER RETURN (TSR)

**115.8%**

(2016: 12.3%)

DEFINITION

TSR is share price growth plus dividends attributable to shareholders over a three-year period.

ANALYSIS

The increase reflects the upturn in share price growth over the three-year period ended 31 December 2017.

RISK MANAGEMENT

CONTINUE TO ENHANCE THE RISK MANAGEMENT FRAMEWORK**DEFINITION**

The Group's risk framework is designed to safeguard the Group's assets and to manage the risk of failure to achieve business objectives.

ANALYSIS

A risk review was undertaken during the year to assess the principal risks in the existing framework against the current environment and operations, with the required changes made to the risk profile.

CANDIDATE ENGAGEMENT

**GLASSDOOR RATING****DEFINITION**

The Glassdoor rating recognises companies that embrace transparency and engage with job seekers.

ANALYSIS

Our Company rating is 4.5 out of 5 – considered a high score and up from 4.0 last year.

PRINCIPAL RISKS AND UNCERTAINTIES

RISK MANAGEMENT PROCESS

The Board recognises the importance of identifying and actively monitoring the full range of financial and non-financial risks facing the business, at both a local and Group level. By regularly reviewing the risk profile of the business, the Board ensures that the risk exposure remains appropriate at any point in the cycle. The effectiveness of the risk management process is monitored by the Audit and Risk Committee. The process involves identifying and prioritising the key risks within the Group and developing and implementing appropriate mitigation strategies to address those risks.

We review our risks in terms of likelihood of occurrence and potential impact on the business and the Audit and Risk Committee reviews and considers the extent to which management has addressed the key risks through appropriate controls and actions to mitigate those risks. Each local management team continues to consider key risk areas on an ongoing basis with a specific periodic review at least once a year of their system of internal controls to ensure that each risk area is addressed within the business. The Internal Audit function reviews and tests the effectiveness of these controls to ensure that risk is being managed properly and effectively.

A summary of the key risks that we believe could potentially impact the Group's operating and financial performance, together with associated key actions, is shown below:

Risk	Actions to mitigate risk
Economic environment Job availability and the level of candidate confidence in the employment market are important factors in determining the total number of recruitment transactions in a given year. Candidates are less inclined to move jobs when the number of jobs available is stagnant or in decline, which could lead to a deterioration in the Group's financial performance.	<p>The Group is geographically diversified, spanning 28 countries, which reduces the reliance on the success of any particular market. The Group also continues to develop its contract and Resource Solutions businesses, both of which provide more resilient revenue streams in the event of an economic downturn. Historically, the Group has successfully diversified into other sectors to reduce its concentration risk in the event of a downturn.</p> <p>The Board's strategy when facing a slowdown in a market is to balance the cost base, such that the impact on profit is mitigated, against the perceived future benefit from the retention of key staff. Historically, the Group has benefited substantially from increased operational gearing as a result of its policy of deliberately retaining key staff through economic downturns.</p>
People management The Group relies heavily on recruiting and retaining talented individuals with the right skill-sets to grow the business. In addition, as the Group expands its operations in emerging markets the supply of people with the required skills in specific geographic regions may be limited. Failure to attract and retain key employees with the required sales, management and leadership skills may adversely affect the Group's financial results.	<p>The Group's policy of linking bonuses to profitability in discrete operating units has a high correlation to the retention of efficient and effective members of staff.</p> <p>The long-term incentive schemes that are detailed in note 18 to the accounts form a key part of a wider strategy to improve levels of staff retention, particularly of the Group's senior employees.</p> <p>Other elements of the strategy to improve staff retention and maximise career opportunities include significant investment of time and financial resources in employee training and development including regular weekly appraisals, aimed at core consultant competencies and focused on enhancing management potential. The Group's culture and the associated processes help to increase productivity and also improve the employee's alignment to the business. A comprehensive approach to succession planning is also in place across the Group.</p> <p>The Group offers international career opportunities and actively encourages the redeployment of existing talent to international offices and also to establish new offices.</p>
Business model Competition risk varies in each of the Group's main regions depending on the maturity of the client and candidate market. The emergence of new technology platforms such as social media for recruitment purposes may also lead to increased competition.	<p>The development of strong commercial relationships with clients has enabled the Group to win and then maintain its contracts with large global organisations and the Group also has a significant and diverse income stream across the SME marketplace.</p> <p>The Group reviews and monitors changes in technology and social media trends to ensure that it evolves appropriately. The Group continues to promote itself as a relationship recruiter operating in specialised markets, ensuring its online presence is competitive and provides a high-quality customer experience.</p>
Brand and reputation There is an inherent risk that the brand and reputation of the Group could be impacted by a failure to maintain high-quality service levels to both candidates and clients.	<p>Quality control standards are maintained and reviewed for each stage of the recruitment cycle with all new employees receiving appropriate levels of training applicable to their role.</p> <p>Candidate and client satisfaction surveys are carried out on a regular basis, with directors addressing any negative feedback directly with the client or candidate. A 'Contact us' email address is available on the Group's website so any negative feedback or improper conduct can be acted upon swiftly by the Chief Marketing Officer and local senior management.</p>

Risk	Actions to mitigate risk
Laws and regulations The Group operates in a number of diverse jurisdictions and has to comply with numerous domestic and international laws and regulations, any change to which could have a detrimental effect on the Group's financial performance.	<p>To ensure compliance, our legal department works with leading external advisors as required to monitor potential changes in employment legislation across the markets in which we operate.</p> <p>Contractual terms and conditions are thoroughly reviewed before signing to ensure contract provisions are fully understood and risks are fairly allocated between parties.</p> <p>An escalation process exists such that contracts with non-standard terms are reviewed and approved by the Chief Legal Officer and Chief Financial Officer as appropriate.</p>
Technology The Group is reliant on its technological infrastructure to maintain client and candidate data. A critical infrastructure or system disruption could have a material impact on the Group's financial results, whilst a loss of confidential and competitive information can have an adverse impact on operations and the reputation of the Group.	<p>The Group maintains a comprehensive IT security policy, which is reviewed on a regular basis, covering all areas of IT security from user access through to server access.</p> <p>All sensitive candidate and client information is held securely with restricted access.</p> <p>Appropriate guidance and training on the security and handling of both manual and electronic documents including confidential and sensitive data is provided to all staff.</p> <p>The Group has a dedicated Chief Technology Officer and Group Information Security Officer with specific remits to consider and ensure that appropriate and reasonable controls are put in place, particularly in respect of cyber-related threats and data breach.</p> <p>The Group continues to review and improve its Business Continuity Plan to mitigate against any critical infrastructure disruptions.</p>
Foreign exchange The Group operates under a number of functional currencies. The main functional currencies of the Group are Pounds Sterling, the Euro, Australian Dollars and Yen. Any unfavourable movements in the foreign exchange rates may have an adverse effect on translation of overseas operations, and subsequently the Group's Pounds Sterling financial results.	<p>Revenues and costs are in their functional currencies in the local entities, which minimises the Group's transactional exposure. Additionally, there are no material net foreign exchange exposures to monetary assets and monetary liabilities.</p> <p>The Group continues to monitor the sensitivity to foreign currency fluctuations through performing regular sensitivity analysis and reducing exposure wherever possible.</p>

STRATEGIC REPORT APPROVAL

The Strategic Report, outlined on pages 1 to 45, incorporates the 2017 Highlights, Robert Walters at a Glance, Chairman's Statement, Chief Executive's Statement, Market Opportunities and Drivers, Strategic Priorities, People and Culture, Business in Action, Diversification, Sponsorship, International Expansion, International Candidate Movement, Innovation and Awards, Corporate Social Responsibility, Financial Review, Key Performance Indicators and Principal Risks and Uncertainties.

By order of the Board,



Alan Bannatyne
Chief Financial Officer
28 February 2018

CORPORATE GOVERNANCE STATEMENT

Dear Shareholder

I am pleased to report that your Company has again complied in full throughout the year with the UK Corporate Governance Code.

As a Board, we are pleased with the progress that the Group has made to ensure high standards of corporate governance are maintained. We monitor developments and trends in corporate governance both in the UK and internationally, adopting any emerging practice we feel would improve our governance whether or not it becomes mandatory.

One of our core values that is continually communicated within the Group is a belief that the highest standards of integrity are essential in business. As a Group, we have an expressed aim of respecting the needs of shareholders, employees, clients, candidates, contractors and suppliers.

The Board has a wide range of responsibilities and it is my duty to ensure it has the right mix of skills and talent and to ensure that it works effectively as a team towards shared goals. The Board has a policy to encourage diversity, which specifically requires an equal gender quota for any future long list for a Board appointment. I am pleased to announce that we have appointed our second female Director, Tanith Dodge, to the Board this year.

The Board Committees have had a successful year. The Audit and Risk Committee continued to see significant improvements in all areas of risk management. We have again increased the resources within the Internal Audit function and expanded its breadth of scope with a continued focus on the Group's risk register and overall risk profile of the Group. The Remuneration Committee has continued to engage with our shareholders, completing a comprehensive review of Executive Directors' pay during the year and incorporating current best practice.

A key aspect for ensuring your Board's effectiveness is our annual Board and Committee evaluation process, which had a positive outcome. We will continue to look to enhance the positioning of the business and continue to adapt and improve the Group's risk culture and framework.

On the following pages we describe our corporate governance framework in more detail.



Leslie Van de Walle

Chairman

28 February 2018

Statement of compliance with the UK Corporate Governance Code

The Company has complied fully throughout the year ended 31 December 2017 with the Code provisions set out in the 2014 UK Corporate Governance Code (the Code).

The Board of Directors is committed to the highest standards of corporate governance and has applied the principles set out in the Code, including the Main Principles, the Supporting Principles and the Provisions, by complying with the Code as reported above. Further explanation of how we integrate the Main Principles of the five sections of the Code into our business, these being: Leadership; Board Effectiveness; Relations with Shareholders; Accountability; and Remuneration, is set out below. Our principles and policy in relation to remuneration are covered separately in our Remuneration Report on pages 54 to 73.

Leadership

The Board and its role

The Board is responsible to the Group's shareholders for the conduct and performance of the Group's business. Having strong governance processes and oversight helps drive the culture of the business so that it can better deliver on its responsibility to all of our stakeholders.

The Board has developed a Board governance framework which sets out the governance structure of the Board and its Committees. The Board considers that it has shown its commitment to leading and controlling the Group by:

- Having a Board constitution which details the Board's responsibility to the Group's shareholders for the management of the Group's affairs. It exercises direction and supervision of the Group's operations throughout the world and defines the line of responsibility from the Board to the Chief Executive and the Executive Directors, in whom responsibility for the executive management of the business is vested;
- The Board retaining specific responsibility for agreeing the strategic direction of the Group, the approval of accounts, business plan, budget and capital expenditure, the review of operating results, the effectiveness of governance practice and risk management, and also the appointment of senior executives and succession planning;
- A high level of attendance by the Directors at the seven Board meetings held during the year;
- The provision of appropriate training to all new Directors at the time of appointment to the Board, and by ensuring that existing Directors receive such training as to be equipped with the skills required to fulfil their roles; and
- Delegating responsibilities to sub-Committees: Audit and Risk Committee; Remuneration Committee; and Nominations Committee.

Audit and Risk Committee

The Audit and Risk Committee's primary focus is to assist the Board in fulfilling its oversight responsibilities. During the year the Committee met three times and reviewed the following:

- Half-year results and the annual financial statements;
- The effectiveness of the Group's system of internal controls, internal audit and risk management;
- The performance of the external auditor, their terms of engagement, the scope of the audit and audit findings including findings on key judgements and estimates in the financial statements; and
- The opinions of management and the external auditor in relation to the appropriateness of the accounting policies adopted, significant estimates and judgements and whether disclosures were balanced and fair.

Further information on the work of the Committee during the year can be found on pages 51 to 53.

Nominations Committee

The Nominations Committee met two times during the year and its activities included:

- Monitoring the Board's structure, size, composition and diversity to achieve a balanced and effective Board in terms of skills, knowledge and experience;
- Considering all aspects of the Board with regard to succession planning;
- Engaging the assistance of Ridgeway as an external advisor, performing a detailed Board skills analysis and subsequently recommending Tanith Dodge for appointment as Non-executive Director;
- Reviewing the leadership needs and succession planning of the Group including identifying and developing talent;
- Recommending any changes in the membership of the Board Committees;
- Assessing potential conflicts of interest of all Directors; and
- An annual review of progress achieved, including the diversity objectives of the Group to increase the level of female representation on the Board. Following the appointment of Tanith Dodge, two of the seven Board members are female.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Remuneration Committee

The Remuneration Committee met three times during the year and its activities included:

- Engaging with our largest shareholders to ensure a strong level of communication and dialogue;
- Ensuring there was a smooth transition between the out-going Chairman, Andrew Kemp, and the incoming Chairman, Tanith Dodge, with a four-month handover period;
- Designing and recommending a new framework for Executive remuneration, incorporating current guidance on best practice and in line with the tri-annual requirement for shareholder approval of the remuneration policy;
- Determining the individual remuneration packages for Executive Directors;
- Approving the targets and performance assessments for performance-related incentive schemes; and
- Overseeing the operation of all incentive schemes and awards and determining whether the performance criteria had been met.

Further information on the work of the Committee during the year can be found in the Remuneration Report on pages 54 to 73.

Attendance at meetings

The number of scheduled Board meetings and Committee meetings attended as a member by each Director during the year are set out below.

	Board (7 meetings)	Audit and Risk Committee (3 meetings)	Nominations Committee (2 meetings)	Remuneration Committee (3 meetings)
Leslie Van de Walle	7	n/a	2	n/a
Robert Walters	7	n/a	2	n/a
Giles Daubeney	7	n/a	n/a	n/a
Alan Bannatyne	7	n/a	n/a	n/a
Andrew Kemp	4 ¹	1 ¹	2	2 ¹
Carol Hui ²	7	3	2	3
Brian McArthur-Muscroft	6	3	2	2
Tanith Dodge	6 ³	3	1 ³	2 ³

1. Andrew Kemp resigned from the Board after the Annual General Meeting on 25 May 2017.

2. Carol Hui was appointed as Senior Independent Director after the Annual General Meeting on 25 May 2017.

3. Tanith Dodge joined the Board as Non-executive Director on 1 February 2017 and became Chairman of the Remuneration Committee after the Annual General Meeting on 25 May 2017.

Division of responsibilities between Chairman and Chief Executive

The Board has shown its commitment to dividing responsibilities for the Board and running the Company's business by keeping the roles of Chairman and Chief Executive separate. The roles are set out in writing and have been approved by the Board. The key responsibilities of the Chairman and Chief Executive are summarised below:

- During the year, as Chairman, Leslie Van de Walle was responsible for leading the Board, its effectiveness and its integrity. The Chairman sets the tone for the Company, and ensures the links between the Board and shareholders are strong.
- As Chief Executive, Robert Walters is responsible for the day-to-day management of the Group's operations, implementing Board approved strategic objectives and policies, and developing vision and strategy for the Board's review and approval.

Board balance and independence

The Board comprises the Chairman, three Executive Directors and three independent Non-executive Directors. The Board annually reviews its composition to ensure there is an appropriate balance between Executive and Non-executive Directors and by promoting diversity ensures the Board has the appropriate mix of skills, experience and knowledge. The Group's commitment to achieving a balance of Executive and Non-executive Directors is shown by:

- The Non-executive Directors comprising more than half of the Board of Directors; and
- The Non-executive Directors Leslie Van de Walle, Brian McArthur-Muscroft, Carol Hui, Andrew Kemp and Tanith Dodge being considered to act independently of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

Senior Independent Director

The Board has appointed Carol Hui as the Senior Independent Director. Carol Hui is available to shareholders when they may have issues or concerns where contact through the normal channels of either the Chairman or the Executive Directors has failed to resolve concerns, or where contact is deemed inappropriate.

Board effectiveness

Transparency of Board appointments

The Nominations Committee is responsible for nominating candidates to fill Board vacancies, considers the ongoing succession of the Board and its Committees and makes recommendations on Board composition and balance. The members of the Committee are the Non-executive Directors and Robert Walters. During the year, the Nominations Committee met to consider and approve the re-election of the remaining Directors at the May 2017 Annual General Meeting, including the appointment of Tanith Dodge as Non-executive Director to the Board and Chairman of the Remuneration Committee.

The Board has a policy to encourage diversity, including gender, and this was a focus of the Nominations Committee during the current year. The Board implemented a policy to ensure that there will be an equal gender quota for any future long list for a Board appointment. This has led to the appointment of our second female Director, Tanith Dodge, to the Board this year.

The Nominations Committee has written terms of reference which are available on request. The procedure for appointments to the Board includes the requirement to specify the nature of the position in writing and to ensure that appointees have sufficient time available to meet the demands of the position. The terms of the contracts for the Non-executive Directors are available upon request.

Understanding the business

The Board has sought to ensure that Directors are properly briefed on issues arising at Board meetings by establishing procedures for:

- Distributing Board papers in advance of meetings in the appropriate form including detailed reports and presentations to enable the Board to discharge its duties;
- Presentations on different aspects of the Company's business from members of the Executive Committee or other members of senior management;
- The Non-executive Directors meet senior operational management around the time of the annual global senior management conference;
- Regularly reviewing financial plans, including budgets and forecasts;
- Adjourning meetings or deferring decisions when Directors have concerns about the information available to them; and
- Making the Company Secretary responsible to the Board for the timeliness and quality of information.

Professional development

On appointment, the Directors receive relevant information about the Group, the role of the Board and the matters reserved for its decision-making, the terms of reference and membership of the principal Board Committees and the powers delegated to those Committees, the Group's corporate governance policies and procedures and the latest financial information about the Group. Throughout their period in office, the Directors are regularly updated on the Group's business and the environment in which it operates, by written briefings and by meetings with senior executives, who are invited to attend and present at Board meetings from time to time. They are also updated on any changes to the legal and governance requirements of the Group and those which affect them as Directors and are able to obtain training, at the Group's expense, to ensure they are kept up to date on relevant new legislation and changing commercial risks.

Performance evaluation

In line with the Code, a formal and rigorous performance appraisal of the Board, its Committees, the Directors and the Chairman is conducted annually as we recognise that our effectiveness is critical to the Group's continued success. This process includes a tailored questionnaire that specifically includes, among other areas, Board effectiveness on communication, strategic approach and risk assessment.

In 2017, a detailed review was completed by each Director and individual discussions took place between the Chairman and each of the Directors and, in the case of the Chairman's performance and leadership, this was reviewed by the Senior Independent Director. Subsequently, there was a full Board discussion of the matters that were raised and a process to ensure that the decisions taken were appropriately implemented. Overall, the outcome of the evaluation process was very positive, with good progress noted on the areas of focus raised in previous evaluations. This process did not identify any material issues that needed to be addressed.

Regular re-election of Directors

In line with the recommendations of the Code, the Board has agreed to submit all Directors for annual election. As a result of their annual performance evaluation, the Board considers that their individual performances continue to be effective, with each Director demonstrating commitment to their role. The Board is therefore pleased to support the re-election of all Directors who wish to stay in office at the forthcoming Annual General Meeting.

Succession planning

A clear focus on career progression for employees is core to the Group's growth and helps attract and retain talented individuals. The Group remains committed to maximising career opportunities through significant investment in training and professional development. Executive succession planning discussions were held in 2017 and a clear succession plan is in place for all Board members and their direct reports.

Relations with shareholders

Dialogue with institutional shareholders

The Directors seek to build on a mutual understanding of objectives between the Company and its institutional shareholders by:

- Making annual and interim presentations to institutional investors;
- Meeting shareholders to discuss long-term issues and obtain their views;
- Providing direct access to the Chairman for regular meetings with shareholders, including an annual invitation to meet with the top ten shareholders;
- Communicating regularly throughout the year; and
- Regular meetings of the Board being used as the forum to ensure that Non-executive Directors are updated on the views of major shareholders that have been communicated to the Executive Directors.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Constructive use of Annual General Meeting

The Board seeks to use the Annual General Meeting as an opportunity for all shareholders to question the Board and the Chairmen of the Board Committees on matters put to the meeting including the Annual Report. The Board seeks to encourage shareholder participation by:

- Inviting shareholders to submit questions in advance; and
- Providing a balanced and understandable assessment of the Group's position and prospects.

The results of voting at general meetings are published on the Company's website, robertwalters.com/investors, as required by the Code.

Accountability

Internal control

The Board is responsible for the effectiveness of the Group's system of internal control. A review has been completed by the Board for the year ended 31 December 2017 and up to the date of approval of the Annual Report. The Board's monitoring covers all controls, including financial, operational, compliance controls and risk management. It is based primarily on reviewing reports from management to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. The Audit and Risk Committee assists the Board in discharging its review responsibilities. During the course of its review of the system of internal control, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant.

The Group's system of internal control is designed to safeguard the Group's assets and to ensure the reliability of information used within the business and for publication. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The full Board meets regularly and has a schedule of matters which are required to be brought to it or its duly authorised Committees for decision, aimed at maintaining full and effective control over appropriate strategic, financial, operational and compliance issues on an ongoing basis.

The Board has put in place an organisational structure with clearly defined responsibilities and delegation of authority. The Board constitution clearly sets out those matters for which the Board is required to give its approval. The Board delegates the implementation of the Board's policy on risk and control to executive management and this is monitored by the Internal Audit function which reports back to the Board through the Audit and Risk Committee.

The Internal Audit function provides objective assurance to both the Audit and Risk Committee and to the Board. The Internal Audit annual plan is submitted for approval by the Audit and Risk Committee and the level of resource within this area was increased in the current year, in line with the growth across the Group. The reviews and tests of key business processes and control activities are reported on throughout the year, including follow up in respect of the implementation of management action plans to address any identified control weaknesses or potential improvements. It was pleasing to note that once again there were no findings that indicated the existence of key control weaknesses and that for areas capable of improvement identified in 2016, improvements had been made during 2017. In conclusion there were no areas that were deemed to be unfit for purpose.

The Internal Audit function assists the Board in reviewing the principal risks of the business by continually assessing the principal risks in the existing framework against the current environment and operations. Following their review, the Board concluded that the principal risks and framework are in line with the current business model. The risk profile and framework are reviewed by the Board on an ongoing basis.

Report of the Audit and Risk Committee and the Auditor

A separate report of the Audit and Risk Committee is set out on pages 51 to 53 and provides details of the role and activities of the Committee and its relationship with the external auditor.



Leslie Van de Walle

Chairman

28 February 2018

REPORT OF THE AUDIT AND RISK COMMITTEE

Dear Shareholder

I would like to give you an overview of the operation and scope of the Audit and Risk Committee and report on our work over the past year.

Composition of the Audit and Risk Committee

The Audit and Risk Committee is appointed by the Board from the Non-executive Directors of the Company. The Audit and Risk Committee's terms of reference include all matters indicated by Disclosure and Transparency Rule 7.1 and the 2014 UK Corporate Governance Code (the Code). The terms of reference are considered annually by the Audit and Risk Committee and are available upon request.

Members of the Audit and Risk Committee include myself, Brian McArthur-Muscroft (Chairman), Carol Hui and Tanith Dodge, all of whom are Non-executive Directors. The Committee met three times during the year, with full attendance at each of the meetings. Andrew Kemp, a former member of the Committee who resigned as a member of the Committee on 25 May 2017, was present at the first of those meetings during the year.

The Audit and Risk Committee is required to include one financially qualified member, with this requirement currently fulfilled by myself, and all Audit and Risk Committee members are considered to be financially literate. The composition of the Committee was reviewed during the year with the Board and Committee satisfied that it has the expertise and resource to fulfil its responsibilities effectively including those relating to risk and control.

As Audit and Risk Committee Chairman, I invited the Chairman of the Board and the Executive Directors to each meeting. In addition, the Group Financial Controller, the Head of Internal Audit and representatives from the Group's external auditor, Deloitte LLP, were present at each meeting.

Role of the Audit and Risk Committee

The Audit and Risk Committee meets at least three times a year to review the interim and annual financial statements, the accounting policies of the Group, its internal financial control procedures and compliance with accounting standards, business risk, legal requirements and the requirements of all other matters indicated by the terms of reference.

A process has been in existence throughout the period that this report relates to in order to assess the risks within the business and to report and monitor such risks. The Audit and Risk Committee regularly receives reports identifying the key internal controls in existence and also risk reports from the business. The Audit and Risk Committee then evaluates the effectiveness of those controls and the management of key risks within the Group.

The Audit and Risk Committee discharges its responsibility in respect of the annual financial statements by: reviewing the terms of the scope of the external audit in advance of the audit; and subsequently evaluating the findings of the external audit as presented to the Audit and Risk Committee by the Auditor prior to the approval of the annual financial statements.

Significant accounting judgements and estimates

The Committee reviewed the Group's draft full-year and half-yearly results statements prior to Board approval and reviewed the external auditor's detailed reports thereon. In particular the Committee reviewed the opinions of management and the Auditor in relation to the appropriateness of the accounting policies adopted, significant estimates and judgements and whether disclosures were balanced and fair. The main areas of focus in 2017 and matters where the Committee specifically considered the judgements that had been made are set out below:

Revenue recognition – permanent placements

Revenue in respect of permanent placements is deemed to be earned when a candidate accepts a position and a start date is determined. A provision is made by management, based on historical evidence, for the proportion of those placements where the candidate is expected to reverse their acceptance prior to the start date. The Committee reviewed the detailed criteria for revenue recognition and a report on the cut-off testing performed on earned but not invoiced revenue and was satisfied by the judgements made by management. The Committee also reviewed the back-out provision applied to this revenue, whereby a percentage of candidates may in reality reverse their acceptance prior to their start date and the level of provision is considered to be appropriate based on historical trends.

Revenue recognition – temporary placements

Revenue from temporary placements, which is amounts billed for the services of temporary staff, is recognised when the service has been provided. Rate cards are used, particularly in the Resource Solutions businesses, to determine the temporary worker rates and to calculate the amounts to be billed. The Committee reviews and discusses revenue recognition from temporary placements with management, Internal Audit and the external auditor. The Committee also evaluates the design, implementation and operating effectiveness of the internal controls in place to ensure that changes in rate cards are being processed appropriately and temporary worker rates are being recorded accurately. The Committee concluded that management's approach to revenue recognition from temporary placements was consistent with the accounting policy, that any judgements made were appropriate, and that the internal controls currently in place around rate cards are operating effectively.

REPORT OF THE AUDIT AND RISK COMMITTEE CONTINUED

Bad debt provisioning

At each balance sheet date, each subsidiary evaluates the collectability of trade receivables and records a provision based on anticipated recoverable cash flows, nature of counterparty, past due date, geographical location, the costs of recovery and the fair value of any guarantee received. The Committee reviewed the ageing profile of trade receivables and considered this to be consistent with previous periods. The Committee also considered that the level of the bad debt provision is appropriate, given the specific nature of individual debtors and the overall risk profile of the Group's trade receivables.

Other significant matters considered by the Committee

The Committee considered other significant matters as set out below:

Going concern

In order to support the going concern assumption, the Committee was presented with detailed forecasts showing the current Group financing position and future cash flows. For the three-year period ending 31 December 2020, the Group's financing arrangements include:

- Net funds totalling £31.1m (this is net of the facility drawn down to the extent of £30.2m at 31 December 2017);
- A non-recourse £15m facility;
- A further £0.6m Renminbi denominated loan;
- A guaranteed four-year borrowing facility of £45m;
- Net current assets of £92.2m.

The Committee considered that a three-year period is appropriate as it is the longest timeframe over which any reasonable view can be formed given the cyclical nature of the market in which the Group operates (more detail is provided on page 76).

Based on the current financing position and projected cash flows, the Committee concluded that the going concern assumption was appropriate.

Future accounting standards

The Committee received an update on future accounting standards changes and the potential impact that these may have on the Group's financial statements. Some of these new accounting standards will apply for the financial year 2018 and the Committee will continue to assess the impact on the Group's financial statements.

Fair, balanced and understandable

A final draft of the Annual Report is reviewed by the Audit and Risk Committee prior to consideration by the Board and the Committee considered whether the 2017 Annual Report was fair, balanced and understandable and whether it provided the necessary information for shareholders to assess the Group's performance, business model and strategy. They were satisfied that, taken as a whole, the Annual Report is fair, balanced and understandable and provided the necessary information for shareholders to assess the Group's performance, business model and strategy.

Internal Audit and risk

At the end of 2016, the Committee approved the Internal Audit plan for 2017. During the year, the Internal Audit function has delivered both significant geographic and financial coverage, as well as risk-based assurance across a wider remit including operational activities and support departments such as human resources. On-site audit reviews at Resource Solutions' clients have also been carried out. Internal Audit reports on key business processes and control activities, including following up the implementation of management action plans to address any identified control weaknesses. At each meeting, the Committee received a summary of new audit findings and a progress update on previously raised audit recommendations.

The Committee reviewed the independence and objectivity of the Internal Audit function and approved the Internal Audit plan for 2018.

Assessment of effectiveness of external audit process

The Committee assessed the effectiveness of the external audit process by obtaining feedback from all parties involved in the process, including management and the external auditor. As part of a formal review process, audit effectiveness questionnaires are completed by members of the Audit and Risk Committee and senior finance employees from across the Group. A summary report of these responses, including recommendations for future improvement, was presented to the Committee for their consideration. It was concluded that the external audit process was operating effectively. The Committee held private discussions with Deloitte LLP (Deloitte) at both of the Audit and Risk Committee meetings which considered the financial statements, to provide an opportunity for open dialogue and feedback without management being present. Matters discussed included the preparedness and efficiency of management with respect to the audit, the strengths and any perceived weaknesses of the financial management team, confirmation that no restriction on scope had been placed on them by management and how they had exercised professional judgement.

Based on this formal feedback and its own ongoing assessment, the Committee remains satisfied with the efficiency and effectiveness of the audit.

Reappointment of auditor

The Audit and Risk Committee is responsible for making recommendations to the Board regarding the appointment of its external auditors and their remuneration. Deloitte has been the Group's auditor since 2002. The Audit and Risk Committee, following a review during the year, remains satisfied with the effectiveness and independence of Deloitte. Nevertheless, in line with the new European Union Audit Directive and Regulation, it is the intention that the Group audit will be put out for tender for the 2019 audit. In line with our Auditor Independence Policy, the Group Audit Partner is required to rotate after a maximum of five years; the current Audit Partner, John Charlton, was appointed in 2014. The Audit and Risk Committee will give further consideration during the Audit Partner's term to the application of the audit tendering provision of the 2014 edition of the UK Corporate Governance Code. There are no contractual obligations restricting our choice of external auditors and no auditor liability agreement has been entered into.

Independence of our external auditor

The Audit and Risk Committee recognises the importance of ensuring the independence and objectivity of the Group's auditor and reviews the service provided by the auditor and the level of their fees. Any non-audit fees greater than £25,000 require the approval of the Audit and Risk Committee each financial year. The Audit and Risk Committee has adopted a policy with respect to the provision of non-audit services provided to the Group by the external auditor that complies with the requirements of the Code. The Board has delegated responsibility to the Audit and Risk Committee for making recommendations on the appointment, evaluation and dismissal of the external auditor.

After due and careful consideration, taking account of the processes above, the Committee has recommended to the Board that Deloitte be reappointed as the Company's Auditor.

Raising concerns in confidence

The Audit and Risk Committee also reviews the Group's whistleblowing procedures to ensure that appropriate arrangements are in place for employees to be able to raise matters of possible impropriety in confidence, with suitable follow-up action. The Audit and Risk Committee considers that the nomination of Brian McArthur-Muscroft, as a point of contact, for raising any such matter is an appropriate measure and the procedure for raising such concerns is detailed on the Group's intranet.

Approved

This report was approved by the Board of Directors on 28 February 2018 and is signed on its behalf by:



Brian McArthur-Muscroft

Audit and Risk Committee Chairman

28 February 2018

DIRECTORS' REMUNERATION REPORT

Dear Shareholder

I am delighted to introduce the Directors' Remuneration Report for 2017 in my first year as Chair of the Remuneration Committee. We set stretching targets at the beginning of the year and the Company has had a very successful year, delivering profit before taxation for the year of £40.6m, which is 44% higher than last year's outturn of £28.1m. Last year, we sought and obtained overwhelming approval for our Directors' Remuneration Policy which is designed to reward our Executive Directors for superior performance. I am glad to say that, this year, the shares awarded in 2015 under the Performance Share Plan have vested in full. This corresponds to a 115.8% increase in absolute TSR over the performance period. Our shorter-term operating performance has also been exceptional and bonuses of 95% of maximum are payable.

Robert Walters plc operates in a highly competitive sector. Our approach to the remuneration of all employees, including the Executive Directors, has been fundamental to our culture and our success over the years. We pay well across the Company, based upon merit and performance. Our objective is to ensure that our shareholders receive value for money from our investment in remuneration. The total pay bill in 2017 was £220.4m and the total remuneration of the Executive Directors in 2017 amounted to 3.7% of this. Share ownership is considered to be a key element of remuneration across the Group, with 140 senior employees participating in the Group share scheme plans. Additionally, the Executive Directors have an obligation to acquire minimum shareholdings in order to align their interests with those of long-term shareholders.

The 2017 Directors' Remuneration Report

This Remuneration Report is split into two main parts and comprises:

- The Annual Report on Remuneration which details payments made to Directors in 2017, showing the link between Group performance and remuneration for the 2017 financial year and the intended approach to be applied to the 2018 financial year. The Annual Report on Remuneration will be subject to an advisory vote.
- The Directors' Remuneration Policy which sets out the Group's Remuneration Policy for Directors. This was approved by shareholders at the 2017 Annual General Meeting and is included for information.

The performance of the business over the last three years

This has been a positive period for the Group, with the share price increasing by 91% over the three-year period ended 31 December 2017. Full dividend increased by 101%, TSR grew by 116% over the three-year period compared to small cap average of 47% and profit before taxation increased by 223%.

The performance of the business in 2017

The Group has delivered a strong operating performance, with a 24% increase in net fee income to £345.2m. We have driven performance improvement in the majority of our markets and our headcount has grown as we have invested further in recruiting experienced, talented employees while focusing upon the retention of our existing employees. This ensures the business is well positioned for future growth opportunities. Our productivity has continued to improve and this has increased profit before taxation to £40.6m, an increase of £12.5m over 2016. The balance sheet remains strong and our net cash position was £31.1m at the year end. Over two thirds of our net fee income now comes from outside the UK and 85% of recruitment net fee income from outside the financial services sector. Basic earnings per share was 42.9p, an increase of 55% on the prior year basic earnings of shares of 27.7p, and a proposed final dividend payment of 9.3p per ordinary share represents an increase of 50% on the prior year payment of 6.2p.

Decisions and pay outcomes in 2017

The annual bonus for 2017 was based on reported profit before taxation and a basket of Key Performance Indicators (KPIs).

The Remuneration Committee has again assessed whether the profit before taxation target remains commercially sensitive and has decided that, as last year, the targets set for 2017 may be disclosed on a retrospective basis. The profit before taxation achieved for the year was greater than the maximum hurdle of £36.5m set at the start of the year. This hurdle was 30% higher than the profit before taxation reported for 2016. Profit before taxation of £40.6m was achieved, which results in 100% of the total bonus opportunity for this element of the bonus or 105% of salary. The specific strategic KPIs set at the start of the year included both individual objectives for the Executive Directors and team objectives. Key areas of focus this year included certain specific strategic objectives, technology objectives, staff retention and development of the Resource Solutions business, all of which were delivered. There were however certain country-specific objectives that were not achieved. Within the Directors' Remuneration Report we have sought to give shareholders more information about how performance is assessed against the KPIs although we continue to take the view that the specific targets remain commercially sensitive even after the end of the year. Based on the Remuneration Committee's assessment of performance against all KPIs, it was determined that bonus payments amounting to 83% of the maximum bonus under this measure (37% of salary) should be made. Consequently, bonus payments amounting to 95% of the maximum bonus opportunity were awarded to all Executive Directors, representing 142.5% of salary. The Annual Report on Remuneration has more details. A third of the bonus earned is deferred into shares.

This strong operating performance has been reflected in the share price over the year. Robert Walters plc's share price has outperformed the FTSE Small Cap and the share price has more than doubled over the last twelve months, and ended the year at 591.5p, up 23% against the FTSE Small Cap which itself was up 15%. The vesting of the shares under the long-term incentive plan aligns with the performance of the Group over the last three years. The Group's total shareholder return (TSR) over the three-year period was 116% compared to a relative result for the FTSE Small Cap Index of 47%, and together with the strong EPS growth over the three-year period of 280% has resulted in the full vesting of performance shares and the share options granted in 2015. As a result, the total remuneration of the Chief Executive is 160% of his total remuneration for the previous year. The Committee is satisfied that the pay outcomes are a fair reflection of the very strong corporate and individual performances delivered over the year and also over the last three years. This means that the ratio of the CEO's total realised pay to average pay in the Company is 59:1 for 2017 (2016: 34:1).

The Remuneration Committee has reviewed the base salaries of the Executive Directors and considered the overall employment market as well as the average base pay increases for employees in the UK and throughout the Group, together with current trading conditions. As a result, the Committee has decided to increase Executive Directors' salaries by 3% with effect from 1 January 2018, below the average increase for employees across the Group of 3.2%.

I hope the 2017 Directors' Remuneration Report is clear and helpful and that our shareholders will support the Annual Report on Remuneration.



Tanith Dodge

Remuneration Committee Chairman

28 February 2018

DIRECTORS' REMUNERATION REPORT CONTINUED

ANNUAL REPORT ON REMUNERATION

This section of the report provides details of the payments made to Directors in respect of the 2017 financial year. The sections of the report which are subject to audit have been highlighted.

Single total figure of remuneration (audited)

As illustrated by the TSR performance graph on page 62, the Group has outperformed the FTSE Small Cap since 2009 and there has been a correlation between performance and pay. £1 invested in Robert Walters plc in 2009 is now worth £5.69.

Executive Directors

The total remuneration for 2017 and comparative prior year figures for each Executive Director are set out in the table below. The single total figures for 2017 are considerably higher than those for the previous year, and reflect that the annual bonus pay-outs are, on average, 23% higher than last year and the partial vesting of the shares for 2016, as opposed to full vesting in 2017. The single total remuneration figures for 2016 have also been updated to reflect the share price on the date of vesting. The total realised remuneration for the Executive Directors is equivalent to 4.5% of the increase in the market capitalisation of the Company in 2017 and 4.0% of the value created over the last three years.

	2017							Total ⁴ £'000
	Base salary £'000	Other ¹ benefits £'000	Pension £'000	Total fixed pay £'000	Bonus ² £'000	LTIPs ³ £'000	Total variable pay £'000	
R C Walters	590	60	118	768	840	1,733	2,573	3,341
G P Daubeney	523	48	105	676	746	1,445	2,191	2,867
A R Bannatyne	360	26	72	458	513	1,058	1,571	2,029
	1,473	134	295	1,902	2,099	4,236	6,335	8,237

	2016							Total ⁴ £'000
	Base salary £'000	Other ¹ benefits £'000	Pension £'000	Total fixed pay £'000	Bonus ² £'000	LTIPs ³ £'000	Total variable pay £'000	
R C Walters	575	60	115	750	685	657	1,342	2,092
G P Daubeney	510	48	102	660	607	501	1,108	1,768
A R Bannatyne	351	26	70	447	418	401	819	1,266
	1,436	134	287	1,857	1,710	1,559	3,269	5,126

- Each of the Executive Directors received a range of benefits, comprising permanent health insurance, private medical insurance, a car allowance and mortgage subsidy. The benefits for Robert Walters and Giles Daubeney have not been increased in value since 2000; and, in the case of Alan Bannatyne, since his promotion to Chief Financial Officer in 2007.
- Two thirds of the annual bonus shown is paid in cash and one third is deferred and held as shares. The performance measures, targets and the outcomes for the annual bonus plan are described on page 57.
- The performance measures, targets and the performance outcomes for the Performance Share Plan are detailed on page 58.
- The single total figures for each Executive Director are based on an estimate of the share price on the date of vesting. We have used the average share price for the final quarter of the financial year for 2017 of 595p. The 2016 single total figures were based on an estimate using the average share price for the final quarter of the financial year for 2016 of 342p and have been revised to reflect the exercisable price of 385p for the PSP and co-investment awards and the closing share price on 15 March 2017 (the vesting date) of 407p for the share options.

Chairman and Non-executive Directors (audited)

The total remuneration for 2017 and 2016 for the Chairman and each Non-executive Director is set out in the table below.

	2017 Total fees ¹ £'000	2016 Total fees ¹ £'000
L Van de Walle	120	107
A D Kemp	29	67
B McArthur-Muscroft	67	65
C Hui	63	55
T Dodge	58	-
	337	294

- No taxable benefits are payable to the Chairman and Non-executive Directors.

Additional details in respect of the single total figure

Base salary

For 2017, the Committee gave Robert Walters, Giles Daubeney and Alan Bannatyne a base salary increase of 2.5% and this came into effect on 1 January 2017. These salary increases were lower than the average salary increase for employees across the Group of 3.2%.

Other benefits

Each of the Executive Directors is entitled to a range of benefits, comprising permanent health insurance, private medical insurance, car allowance and mortgage subsidy.

Pensions

Each of the Executive Directors is entitled to an annual contribution of 20% of salary to be paid into an approved money purchase scheme or as cash in lieu. All of the Executive Directors take their pension contribution as a cash allowance.

Annual bonus

For 2017, the Remuneration Committee determined the annual bonus payment for the Executive Directors by reference to specific performance targets set at the beginning of the year. The performance measures and bonus payment were as follows:

		Bonus for profit before taxation performance		Bonus for personal KPIs performance		Total bonus	
		Potential	Actual	Potential	Actual	Potential	Actual
R C Walters	£'000	620	620	266	220	886	840
	% of salary	105%	105%	45%	37%	150%	142%
	% of maximum	70%	70%	30%	25%	100%	95%
G P Daubeney	£'000	549	549	235	197	784	746
	% of salary	105%	105%	45%	37%	150%	142%
	% of maximum	70%	70%	30%	25%	100%	95%
A R Bannatyne	£'000	378	378	162	135	540	513
	% of salary	105%	105%	45%	37%	150%	142%
	% of maximum	70%	70%	30%	25%	100%	95%

Annual bonus performance outcomes

- The 2017 threshold, budget (i.e. target) and maximum performance standards for reported profit before taxation (which has a 70% weighting) were set in the light of both internal budgets and market expectations. The Remuneration Committee has decided that, on a retrospective basis, the disclosure of the profit before taxation performance standards or targets set for 2017 is not commercially sensitive. The Remuneration Committee takes a view on this each year. The Group profit before taxation thresholds, target and maximum performance standards set for 2017 were £29.9m, £33.2m and £36.5m respectively. At threshold, 52.5% of salary (35% of maximum) is payable. The outcome of profit before taxation was £40.6m. This was significantly above the maximum of the range set or 70% of the overall bonus opportunity and resulted in the payment of 105% of salary for each Executive Director compared with 89% of salary for the previous year.
- Performance against the Key Performance Indicators (KPIs) (which have a 30% weighting) has been assessed against a number of objectives which cover several different areas including financial, environmental, social and governance. The Remuneration Committee does not consider that it is appropriate to disclose the specific targets for the non-financial KPIs which, in the opinion of the Board, remain commercially sensitive even retrospectively. The Board is of the view that this information can give our competitors a competitive advantage. The Remuneration Committee takes a systematic approach to setting the KPIs and to the assessment of performance against them as follows. Although many of the objectives are individual, the Remuneration Committee seeks to encourage the Executive Directors to work effectively as a team. The KPIs therefore reflect their shared responsibilities for moving the business forward and investing appropriately in the long-term sustained performance of the Group. At the start of the year, the Remuneration Committee selects and agrees, for each of the Executive Directors, specific goals which are designed to develop the Group and to mitigate a variety of the risks that face the Company. They are designed to be stretching and require actions and delivery to a high standard. The objectives for 2017 covered several areas of focus, including client objectives, potential locations, the Group's employees, Corporate Social Responsibility, internal systems and strategic objectives. Within each area of focus, specific and stretching performance targets are set. Examples include: the successful execution of the Group's investment strategy, specific strategic objectives, including a number relating to Resource Solutions, target performance levels in respect of specific offices and regions, staff retention and development, client and candidate satisfaction, innovation, such as the roll-out of the Group's social media strategy, and cost effective improvements to IT infrastructure, including the further development of Resource Solutions' core proprietary software, Talent Source.
- The Remuneration Committee discusses after the end of the year each of the KPIs and the performance level achieved by each Executive Director. Because the targets are clearly set at the outset, the Committee is able to see if they have been met or not. By way of example of two achievements against KPIs in 2017, the Group significantly enhanced its engagement with new technology offerings including a number of integrations with candidate search and social media platforms and Resource Solutions grew revenue by more than 30%. The majority of objectives were met in full. Following the Remuneration Committee's detailed assessment of performance over the year against all the KPIs that 91% were achieved, it was determined that 83% of the maximum was payable under this element to each Executive Director, representing 25% of the maximum bonus and 37.5% of salary. The bonus outturn is the same for each of the Executive Directors because, even where individual Executive Directors take the lead, the Remuneration Committee holds them jointly accountable where objectives are met and where they are not.

DIRECTORS' REMUNERATION REPORT CONTINUED

Consequently, total bonuses of 95% of the maximum were awarded to all Executive Directors, representing 142.5% of salary (compared to 119% of salary for the previous year). One third of the earned bonus for 2017 will be deferred for two years into shares, payable in equal tranches at the end of 2018 and 2019. The bonus figure shown in the single total figure table on page 56 is the total bonus awarded in relation to performance for the year, including the portion that is deferred. Details of the cash payment and the deferred shares are set out below.

	2017			2016		
	Annual bonus £'000s	Cash payment – two thirds £'000s	Deferred payment – one third £'000s	Annual bonus £'000s	Cash payment – two thirds £'000s	Deferred payment – one third £'000s ¹
R C Walters	840	560	280	685	457	228
G P Daubeney	746	497	249	607	405	202
A R Bannatyne	513	342	171	418	279	139

1. 50% of the deferred shares awarded in 2016 and the remaining 50% of the deferred shares awarded in 2015 have vested at the end of 2017.

Over the last five years, the average total bonus pay-out has been 92% of total bonus opportunity. This has been a period during which the Group has successfully implanted core strategies of entering new markets, expanding disciplines and scaling individual businesses, in particular Resource Solutions which has grown revenues at a compound average rate in excess of 30% during the period. All of which has been achieved against a difficult macro-economic backdrop. Over the five-year period, EPS has increased year-on-year on average by 46%.

Long-term incentive plans

The remuneration shown in the long-term incentive plan (LTIP) figures in the single total figure table on page 56 shows the total vested value of shares granted under the Performance Share Plan (PSP) which are detailed below:

Performance Share Plan (PSP)

The 2017 value represents an estimate of the value of the PSP share awards that were granted in February 2017. PSP awards granted in February 2015 are scheduled to vest in February 2018 subject to the achievement of stretching performance conditions over the three-year period ending on 31 December 2017. Details of the performance levels achieved over this three-year period are set out below:

Performance measure	Weighting	Performance required for minimum vesting (i.e. 33% of award)	Performance required for maximum vesting (i.e. 100% of award)	Actual performance	% of vesting achieved
Compound annual increase in EPS compared to the increase in RPI over three years.	50%	The Group's annualised EPS growth rate to exceed the UK retail price index by at least an annual compound growth of 8%.	The Group's annualised EPS growth rate to exceed the UK retail price index by at least an annual compound growth of 14%.	The Group's annualised compound EPS growth was 41% and hence above the maximum of the performance range.	100%
Relative TSR measured against the FTSE Small Cap Index over three years.	50%	Relative TSR of the Group matches the median relative TSR performance of the FTSE Small Cap Index.	Relative TSR of the Group exceeds the median relative TSR performance of the FTSE Small Cap Index by at least an annual compound growth of 12.5%.	TSR over the three-year period ended 31 December 2017 was 29.2% compared to a median TSR of the FTSE Small Cap Index of 13.7%.	100%
Total to vest in February 2018					100%

The maximum level of performance required under both performance measures was exceeded and hence the shares awarded in February 2015 under the Performance Share Plan will vest in full in February 2018 subject to continued employment.

The table below details the awards granted in February 2015, the potential value of these awards at grant date and the estimated value of the shares awarded under the PSP included in the single figure table for the financial year 2017.

	No. of PSP awards granted	Grant price (p) ¹	Face value (£'000) ²	Fair value (£'000) ³	% of vesting achieved	No. of vested awards	Value of vested awards (£'000) ⁴
R C Walters	291,293	340	990	765	100%	291,293	1,733
G P Daubeney	242,862	340	826	637	100%	242,862	1,445
A R Bannatyne	177,853	340	605	467	100%	177,853	1,058

1. Grant price is the market value at the time of grant.

2. Face value has been calculated as the maximum number of shares that would vest if all performance measures and targets are met, multiplied by the share price at date of grant.

3. Fair value has been calculated as the fair value of one share as provided by Aon Hewitt New Bridge Street's stochastic option pricing model, multiplied by the number of shares granted.

4. The value of awards has been estimated using the average share price for the final quarter of 2017 of 595p per share. The value of the award may differ as it is dependent on the share price on the vesting date.

The Remuneration Committee has powers to exercise discretion in relation to the vesting of shares under the PSP. The vesting of share awards is subject to the Remuneration Committee being satisfied that there has been a genuine improvement in the underlying performance of the business. No discretion to enhance or reduce remuneration was exercised in the year. The performance conditions for all outstanding awards under the PSP can be found below.

Long-term incentives awarded in 2017 (audited)

Performance Share Plan (PSP)

On 15 March 2017, the Executive Directors were granted share awards to the value of approximately 180% of salary as follows:

	Share awards	Grant price (p) ¹	Face value (£'000) ²	Fair value (£'000) ³	% award vesting at minimum threshold performance
R C Walters	264,067	402	1,062	792	30%
G P Daubeney	234,269	402	942	703	30%
A R Bannatyne	161,216	402	648	484	30%

1. Grant price is the market value at the time of grant.

2. Face value has been calculated as the maximum number of shares that would vest if all performance measures and targets are met multiplied by the share price at date of grant.

3. Fair value has been calculated as the fair value of one share as provided by Aon Hewitt New Bridge Street's stochastic option pricing model, multiplied by the number of shares granted.

The performance conditions and weightings for these PSP awards are set out as follows:

Performance measures	Weighting	% of award vesting at threshold*
Total shareholder return (TSR) relative to the FTSE Small Cap Index over a three-year period	50%	15%
Earnings per share (EPS) growth over a three-year period	50%	15%
Total	100%	30%

* There has been recent advisory recommendations for only 25% to vest at threshold – given that shareholders have just overwhelmingly approved the Group's remuneration policy, the intention is for this view to be considered more fully at the next policy approval vote in 2020.

In relation to the PSP performance measures, the vesting criteria are split into the following two components:

- In determining the three-year EPS targets, the first year is set using a specific growth target, which represents the most reasonable current expectation for year one performance of the Company, taking into account all available data. For the 2017 awards, the first year target was set at an increase of 15% over the previous year. Years two and three targets are then based on a fixed rate of growth in earnings per share of UK RPI + 8%. The three-year threshold will be the compound result of EPS growth in years one, two and three. There is then a straight-line increase in vesting, with 100% vesting occurring where EPS growth matches the annual compound growth rate of UK RPI + 14% in respect of years two and three.
- In relation to the three-year relative TSR performance measure no vesting occurs unless performance at least matches the performance of the FTSE Small Cap Index and full vesting occurs only when TSR exceeds the FTSE Small Cap Index by annual compound growth of 12.5%. This is deemed to be the equivalent of upper quartile performance.

DIRECTORS' REMUNERATION REPORT CONTINUED

Statement of Directors' shareholding and share interests (audited)

Share options

Details of the options to acquire ordinary shares in the Company granted to or held by the Directors under the Company's Executive Share Option Scheme (legacy awards) or SAYE Option Scheme are as follows:

	Options at 1 January 2017	Options granted during the year	Options exercised during the year	Options lapsed during the year	Options at 31 December 2017 ¹	Price granted p ²	Share price on exercise p	Gain on exercise p	Exercise dates
R C Walters									
Executive Options	300,000	-	(300,000)	-	-	208	580	1,116	Mar 2013 – Mar 2020
Executive Options	300,000	-	(300,000)	-	-	211	580	1,107	Mar 2016 – Mar 2023
Executive Options	300,000	-	-	-	300,000	353	-	-	Mar 2017 – Mar 2024
SAYE Options	6,792	-	(6,792)	-	-	265	385	8	May 2017 – Nov 2017
SAYE Options	-	4,945	-	-	4,945	364	-	-	May 2020 – Nov 2020
	906,792	4,945	(606,792)	-	304,945				
G P Daubeney									
Executive Options	250,000	-	(250,000)	-	-	208	580	930	Mar 2013 – Mar 2020
Executive Options	250,000	-	(250,000)	-	-	211	580	923	Mar 2016 – Mar 2023
Executive Options	250,000	-	-	-	250,000	353	-	-	Mar 2017 – Mar 2024
SAYE Options	6,792	-	(6,792)	-	-	265	385	8	May 2017 – Nov 2017
SAYE Options	-	4,945	-	-	4,945	364	-	-	May 2020 – Nov 2020
	756,792	4,945	(506,792)	-	254,945				
A R Bannatyne									
Executive Options	200,000	-	-	-	200,000	208	-	-	Mar 2013 – Mar 2020
Executive Options	200,000	-	-	-	200,000	211	-	-	Mar 2016 – Mar 2023
Executive Options	200,000	-	-	-	200,000	353	-	-	Mar 2017 – Mar 2024
SAYE Options	6,792	-	(6,792)	-	-	265	385	8	May 2017 – Nov 2017
SAYE Options	-	4,945	-	-	4,945	364	-	-	May 2020 – Nov 2020
	606,792	4,945	(6,792)	-	604,495				
	2,270,376	14,835	(1,120,376)	-	1,164,385				

1. In total there are 1,150,000 options that have vested but are unexercised.

2. Market price when awarded, except for SAYE Options which were granted at a 20% discount to the market price.

The performance criteria of the options are detailed in note 18. SAYE Options are not subject to any performance measures.

The market price of the ordinary shares at 31 December 2017 was 591.5p per share (2016: 342p per share) and the range during the year was 335p to 650p per share.

Performance Share Plan (PSP) (audited)

There are currently 126 senior executives who participate in the PSP, including the Executive Directors. The table below shows the number of shares that have been awarded to the Executive Directors under the PSP and that remained unexercised at the end of the financial year, and also shows the shares which were granted, which vested and which lapsed during the year. All PSP awards are subject to the same performance measures and targets.

	Date of grant	Share awards	Co-investment awards	Vested during year	Lapsed during year	At 31 December 2017	Share price on date of award (p) ¹	Exercise date
R C Walters								
	May 2014	174,673	82,406	(128,539)	(128,540)	-	315	May 2017
	February 2015	291,293	-	-	-	291,293	360	February 2018
	March 2016	339,550	-	-	-	339,550	305	March 2019
	March 2017	264,067	-	-	-	264,067	402	March 2020
		1,069,583	82,406	(128,539)	(128,540)	894,910		
G P Daubeney								
	May 2014	145,631	44,479	(95,055)	(95,055)	-	315	May 2017
	February 2015	242,862	-	-	-	242,862	360	February 2018
	March 2016	301,219	-	-	-	301,219	305	March 2019
	March 2017	234,269	-	-	-	234,269	402	March 2020
		923,981	44,479	(95,055)	(95,055)	778,350		
A R Bannatyne								
	May 2014	106,649	50,313	(78,481)	(78,481)	-	315	May 2017
	February 2015	177,853	-	-	-	177,853	360	February 2018
	March 2016	207,295	-	-	-	207,295	305	March 2019
	March 2017	161,216	-	-	-	161,216	402	March 2020
		653,013	50,313	(78,481)	(78,481)	546,364		

1. Market price when awarded.

In accordance with the guidance issued by The Investment Association and consistent with the rules of the Company's share schemes, the maximum number of new shares that may be issued in respect of all share schemes is limited to 10% of the issued share capital. At 1 January 2018 the Company had outstanding options representing 5.5% of issued share capital. Share awards made under the PSP are satisfied with market-purchased shares through the Employee Benefit Trust.

In the event of a change of control, the rules specify that all awards would vest subject to satisfaction of the performance conditions. The awards would normally then be pro-rated to reflect the period of time between the date of grant and the date of change of control. Further information relating to all equity awards currently available to Executive Directors is detailed on pages 58 and 59 and in note 18 to the accounts.

Directors' interests in shares (audited)

The Directors who held office at 31 December 2017 had the following interests in the ordinary shares of the Company:

	31 December 2017 Number	31 December 2016 Number
R C Walters	2,224,624	2,519,930
G P Daubeney	1,633,069	1,807,242
A R Bannatyne	486,283	424,247
L Van de Walle	30,587	45,587
C Hui	10,000	10,000
B McArthur-Muscroft	7,140	7,140
T Dodge	-	-

DIRECTORS' REMUNERATION REPORT CONTINUED

Share ownership policy

Executive Directors are subject to share ownership guidelines which recommend a minimum holding of 200% of salary. Their holdings are all well in excess of this, which we believe aligns their interests with those of shareholders. Only shares that are beneficially owned by the Executive Directors and connected persons count towards the share ownership policy.

For the avoidance of doubt, Directors are not permitted to take forward options or in any way securitise or hedge their holdings of Robert Walters plc shares.

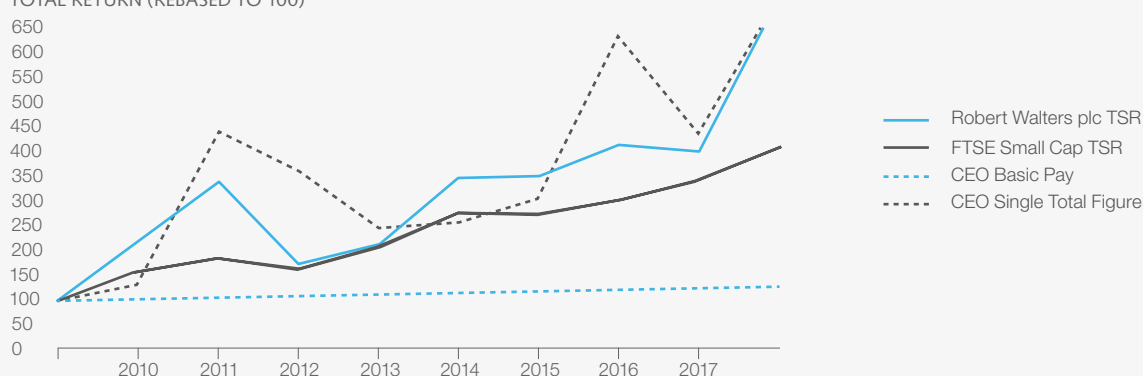
The percentage and value of the shareholdings of the Executive Directors, based on the share price at 31 December 2017 and expressed as a percentage of salary, are as follows:

Shares held	% of issued share capital	% of salary
R C Walters	2.80%	2,230%
G P Daubeney	2.06%	1,847%
A R Bannatyne	0.61%	799%

TSR performance and the CEO's pay

The Remuneration Committee supports the Group's strong view that remuneration should be linked to performance. The following graph shows how the Chief Executive's base salary (and total realised pay) has changed since 2009. It also shows the Company's total shareholder return (TSR) against the TSR of the FTSE Small Cap Index. The FTSE Small Cap Index has been selected because Robert Walters plc is a constituent.

TOTAL RETURN (REBASED TO 100)



The following table shows the Chief Executive's total realised pay (calculated using the same approach we have used to calculate the single total figure) in each of the last nine years. It also shows the levels of pay-outs from the annual bonus and the long-term share-based plans in each year going back to 2009.

	Single total figure showing realised remuneration £'000 ¹	% of total bonus paid against maximum opportunity ²	% of LTIPs vesting against maximum opportunity ³	Period over which the LTIP performance targets are based
R C Walters				
2017	3,341	95%	100%	2014 – 2017
2016	2,092	80%	78%	2013 – 2016
2015	3,014	93%	100%	2012 – 2015
2014	1,463	100%	18%	2011 – 2014
2013	1,241	100%	0%	2010 – 2013
2012	1,168	0%	71%	2009 – 2012
2011	1,699	40%	35%	2008 – 2011
2010	2,112	120%	32%	2007 – 2010
2009	630	0%	0%	2006 – 2009
Total average		70%	48%	

1. Total remuneration is calculated as the total of fixed and variable pay based on the same calculation method used in the single total figure table on page 56.

2. The percentage (%) of total bonus paid against maximum opportunity is calculated as the annual bonus pay-out in each respective year based on the same calculation method used in the single total figure table as a % of the maximum opportunity.

3. The percentage (%) of LTIP shares vesting against maximum opportunity is calculated as the number of share options and PSP awards that have vested in the year as a % of number granted.

Chief Executive's pay compared to employees

The table below shows the year-on-year percentage movement of base pay, other benefits and annual bonus in 2017 for the Chief Executive, compared with the average percentage change for Group employees.

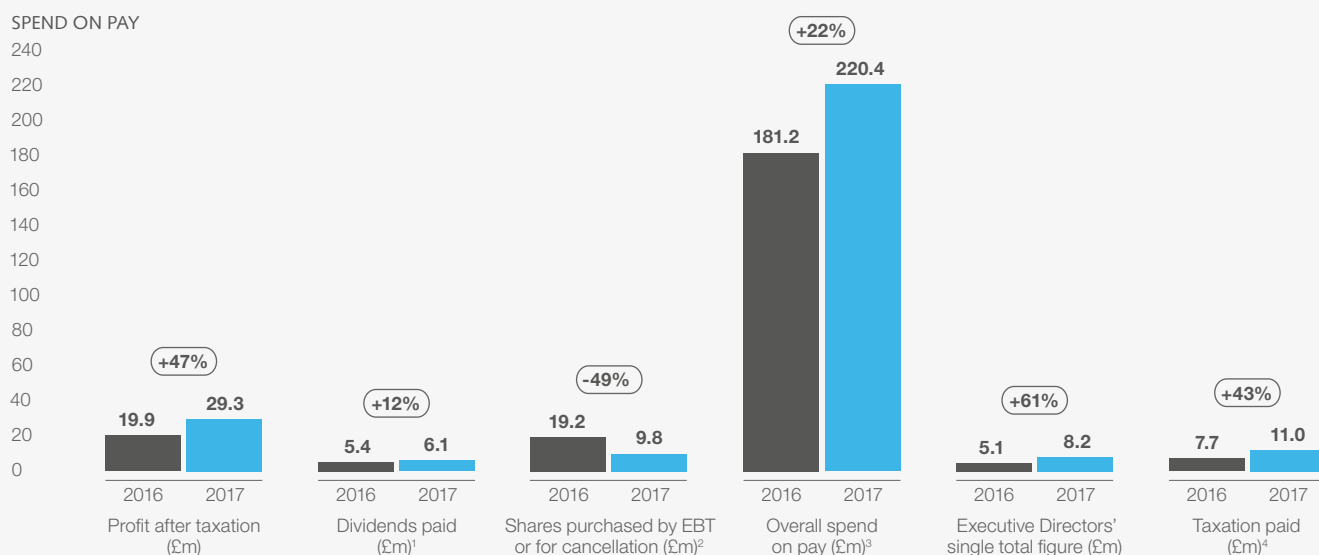
The Chief Executive's remuneration disclosed in the table below uses the same information for base salary, other benefits and bonus as the single total figure on page 56. The Group employee pay is calculated using the movement of the average remuneration (per head) for all Group employees.

	Base salary	Other benefits including pension	Bonus
R C Walters	2.5%	2.5%	22.3%
All employees	3.2%	3.5%	10%

The ratio of the CEO's total realised pay to average pay in the Company is 59:1 for 2017 (2016: 34:1).

Relative importance of the spend on pay

The graph below shows details of the Group's profit after taxation, dividends paid, share buybacks, total spend on pay and taxation paid for the years ended 31 December 2016 and 2017. In the opinion of the Board, profit before taxation and taxation paid are both helpful reference points for putting the investment of pay costs necessary in a professional services business into context.



Notes to the illustrative graph:

1. The total dividend paid during the year ended 31 December 2017 was £6.1m based on a final dividend of £4.2m, paid on 9 June 2017, and an interim dividend of £1.9m paid on 13 October 2017. Further details on dividends are given in note 6.
2. The shares purchased by the EBT represent the total amount spent by the EBT on shares and shares purchased for cancellation during the year ended 31 December 2017.
3. Overall spend on pay includes wages and salaries, social security costs, pension costs and share-based payments for all employees including Directors. Further details of the total remuneration of the Group are given in note 4.
4. Taxation paid during the year represents the corporation taxation paid for the Group during the year ended 31 December 2017.

Payments to past Directors and payments for loss of office

There have been no other payments to past Directors or for loss of office during the current or previous financial year.

DIRECTORS' REMUNERATION REPORT CONTINUED

The implementation of our remuneration policy in 2018

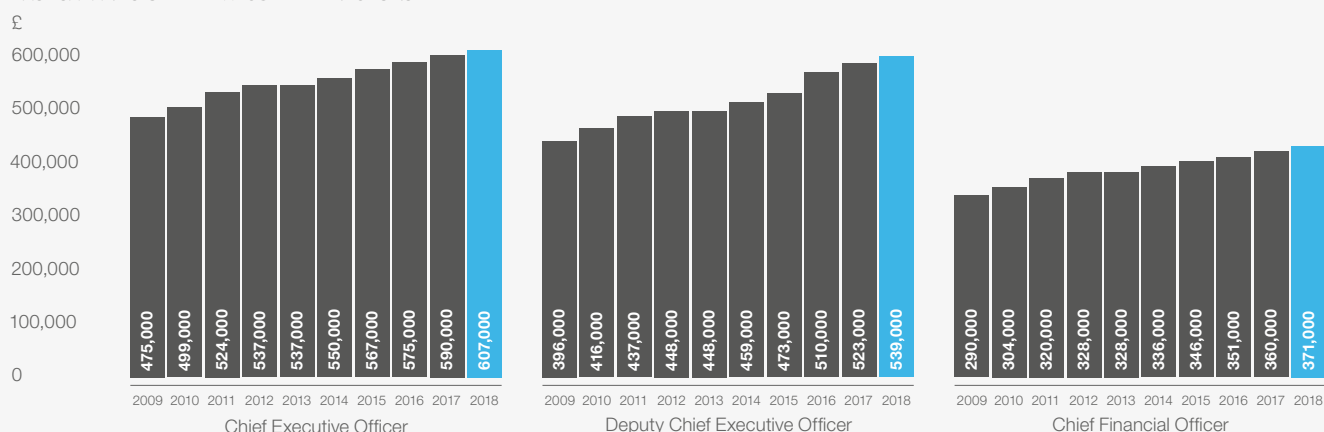
The Group's policy on Executive Directors' remuneration and implementation for the year ended 31 December 2018 will be as follows:

(a) Executive Directors

(i) Base salary

For 2018, the average salary increase for employees across the Group other than Executive Directors is expected to be approximately 3.2%. The Committee has decided to give the Executive Directors salary increases lower than the average salary increase. Robert Walters, Giles Daubeney and Alan Bannatyne will each receive a base salary increase of 3.0%. The graph below sets out the base salaries of the Executive Directors going back to 2009.

BASE SALARIES OF THE EXECUTIVE DIRECTORS



(ii) Other benefits

No changes will be made to benefits in 2018.

(iii) Annual bonus

For 2018, the Remuneration Committee has determined that the annual bonus payment for the Executive Directors will be by reference to specific performance targets set at the beginning of the year and on the same basis as the previous year. The performance measures are:

- Reported profit before taxation for the Group (70% weighting); and
- Key Performance Indicators (30% weighting) which include objectives covering a range of key areas such as strategic development, clients, locations, the Group's people, internal systems and Corporate Social Responsibility. The targets set and performance achieved will be disclosed in next year's report to the extent deemed possible by the Remuneration Committee.

For 2018, the on-target bonus for each of the Executive Directors will remain at 97.5% of salary and the maximum bonus at 150% of salary. One third of any earned bonus will be deferred for two years into shares, payable in equal tranches at the end of 2019 and 2020.

(iv) Performance Share Plan (PSP)

For 2018, it is envisaged that each Executive Director will receive awards under the PSP to the value on grant of 180% of base salary.

The performance period is the three-year period ending 31 December 2020. The performance conditions and weightings for these PSP awards are set out as follows:

Performance condition	Weighting	% of award vesting at threshold
Total shareholder return (TSR) relative to the FTSE Small Cap Index over three years	50%	15%
Earning per share (EPS) growth over a three-year period	50%	15%
Total	100%	30%

The proportion of shares that vest for threshold performance reflects the high standard of performance expected before the shares start to vest. The historical vesting record of the maximum on average over the last nine years – see page 62 – of 48% of maximum on average suggests that the three-year performance standards set for the longer-term share plans are robust. The Group's remuneration policy was approved in 2017 and given recent developments, this area will be reconsidered in detail at the date of the next policy approval.

In relation to the PSP performance conditions, the vesting criteria are split into the following two components:

- a. In determining the three-year EPS targets, the first year is set using a specific growth target, which represents the most reasonable current expectation for year one performance of the Company, taking into account all available data. For 2018 the first year target is set at 17.5%. Years two and three targets are then based on a fixed rate of growth in earnings per share of UK RPI + 8%. The overall threshold target will be the compound result of years one, two and three. There is then a straight-line increase in vesting with 100% vesting occurring where EPS growth matches the annual compound growth rate of UK RPI + 14% in respect of years two and three.
- b. In relation to the TSR performance condition, no vesting will occur unless performance at least matches the performance of the FTSE Small Cap Index and full vesting occurs when TSR exceeds the FTSE Small Cap Index by annual compound growth of 12.5%. The Remuneration Committee believes that this is broadly equivalent to upper quartile performance.

(v) Pensions

No changes in the level of pension contributions or cash in lieu of pension as a percentage of base salary are envisaged for any of the Executive Directors in 2018, which will remain at 20% of salary.

(b) Chairman and Non-executive Directors

The Remuneration Committee is responsible for determining the remuneration of the Chairman and the Board is responsible for determining the fees of the Non-executive Directors.

As of 1 January 2018, the agreed fees for the Chairman (as determined by the Remuneration Committee) and the Non-executive Directors (as determined by the Chairman and the Executive Directors) are as follows:

	2018 Total fees ¹ £'000	2017 Total fees ¹ £'000
L Van de Walle	120	120
C Hui ²	69	63
B McArthur-Muscroft ²	69	67
T Dodge	69	58
A D Kemp ³	-	29
	327	337

1. No other taxable benefits are payable to the Chairman and Non-executive Directors.

2. Following their proposed appointments on 1 March 2018, Carol Hui will receive a fee as Chairman of £120,000 per annum and Brian McArthur-Muscroft a fee of £74,000 per annum as Senior Independent Director.

3. Andrew Kemp resigned from the Board on 25 May 2017.

The Remuneration Committee

The Remuneration Committee comprises Tanith Dodge (Chairman), Brian McArthur-Muscroft and Carol Hui, all of whom are independent Non-executive Directors. The Chairman of the Board, Leslie Van de Walle, is invited to attend all meetings.

The purpose of the Committee is to consider all aspects of Executive Directors' remuneration and to determine the specific remuneration packages of the Executive Directors, including bonus schemes, pension contributions and other benefits. The Committee also recommends to the Board the remuneration of the Chairman. The Committee ensures that the remuneration packages are competitive within the recruitment industry, and reflect both Group and personal performance during the year, while also having regard to the broader levels of remuneration within the Group itself and environmental, social and governance issues. The Committee meets when required to consider all aspects of Executive Directors' remuneration and received independent external advice from FIT Remuneration Consultants LLP during the year. The Committee has satisfied itself that the advice provided is independent and objective. FIT Remuneration Consultants LLP has been formally appointed by the Committee and does not provide other services to the Remuneration Committee or to the Group. The Committee has used its best judgement to satisfy itself that the advice provided is objective and independent. FIT Remuneration Consultants LLP is also a member of the Remuneration Consultants Group. The fees paid during the year were £22,818. The fees are charged on a time and expenses basis.

The terms of reference of the Remuneration Committee are available on our website.

Voting at the Annual General Meeting

At the Group's Annual General Meeting on 25 May 2017, shareholders approved the Directors' Remuneration Report for the year ended 31 December 2016 and also approved the Directors' Remuneration Policy. The table below shows the results in respect of the resolutions.

Resolution	Votes for	%	Votes against	%	Votes withheld
Approve the Directors' Remuneration Policy	57,214,725	95.71	2,556,389	4.28	1,019
Approve the Directors' Remuneration Report	56,526,925	94.81	3,087,342	5.18	157,866

DIRECTORS' REMUNERATION REPORT CONTINUED

DIRECTORS' REMUNERATION POLICY

This section details the Group's remuneration policy for Executive Directors, which was approved by the shareholders in a binding vote during the 2017 Annual General Meeting. The policy (detailed in this section) took effect from the Annual General Meeting on 25 May 2017.

How the Remuneration Committee sets remuneration

The Remuneration Committee reviews the Group's remuneration philosophy and structure each year to ensure the remuneration framework remains effective in supporting the Group's business objectives. The review ensures the policy is in line with best practice and fairly rewards individuals for the contribution to the business, having regard for the size and complexity of the Group's operations and the need to motivate and attract employees of the highest calibre.

The total remuneration package links corporate and individual performance with an appropriate balance between long and short-term elements, and fixed and variable components. The policy is designed to incentivise Executive Directors to meet the Company's key objectives and, consequently, a significant portion of total remuneration is performance related.

Executive Directors' remuneration policy

For information, the table below sets out the detailed workings of each component of total remuneration.

Element	Link to strategic objectives	Operation	Maximum potential	Performance conditions and assessment
Base salary	The base salary of each Executive Director takes into account the performance of each individual and is set at an appropriate level to secure and retain the talent needed to deliver the Group's strategic objectives.	Salaries are normally reviewed annually on 1 January and are influenced by: <ul style="list-style-type: none"> – The performance of each individual Executive Director; – Average increase for employees across the Group as a whole; and, – Information from relevant comparator groups including our industry peer group. 	Annual increases will not exceed 7.5% + RPI, or the average increase of employees across the Group in any given year, whichever is higher. The level of increase may deviate from this maximum in the case of special circumstances (for example, increases in responsibilities or promotion). In these cases, any exceptional increase will not exceed 20% a year.	Base salary increases are principally set in line with market movement and also consider the average salary increase for other employees across the Group rather than individual performance. Poor performance is likely to lead to no adjustment being made.
Pensions	To provide a competitive employment benefit and long-term security.	Robert Walters plc operates a money purchase pension scheme. Executive Directors participating in the pension plan may benefit from annual Group contributions worth up to 20% of base salary. Executive Directors are entitled to take all or part of their pension contributions as a cash allowance.	20% of salary.	n/a

Element	Link to strategic objectives	Operation	Maximum potential	Performance conditions and assessment
Other benefits ^{3,4}	To provide cost-effective employment benefits and encourage share ownership.	<p>Benefits currently include car allowance, mortgage subsidy, permanent health insurance and private medical insurance, and may also include other benefits in future. Relocation assistance may also be provided – see notes for further clarity.</p> <p>All benefits are subject to annual review to ensure they remain in line with market practice.</p> <p>Reasonable business related expenses will be reimbursed (including any tax due).</p> <p>The Group will continue to operate the Save As You Earn (SAYE) option scheme – see notes for further detail.</p>	Maximum benefit costs will not exceed a value of £72,500 a year, indexed to inflation except where a relocation package is required, and the costs will be capped by the Company's relocation policy.	n/a
Annual bonus ¹	The annual bonus is designed to drive the achievement of the Group's financial and strategic business targets on an annual basis.	<p>The on-target bonus opportunity is 97.5% of salary and is dependent upon the achievement of specific annual performance conditions.</p> <p>One third of any earned bonus will be deferred for two years into shares, payable in equal tranches at the end of years one and two.</p> <p>The Group will apply a clawback (i.e. recovery) provision in respect of any annual bonus deferral into shares in the event of material restatement of previously published financial statements within 18 months of the financial year end of the year in which the deferred shares were awarded.</p> <p>A malus provision will operate in respect of any act or omission by the participant which, in the opinion of the Remuneration Committee, has amounted to gross misconduct.</p>	<p>The maximum bonus opportunity is 150% of salary for the achievement of stretch performance in any given year. Threshold performance equates to 52.5% of salary.</p> <p>Zero payment will be made for performance below threshold performance.</p>	<p>Performance is measured over one financial year, based on the following measures:</p> <ul style="list-style-type: none"> – Financial targets as set out in the budget at the start of the year; and, – KPIs set against pre-determined strategic performance objectives. <p>The intended weighting of these measures is not less than 70% financial and no more than 30% on KPIs. The Committee reserves the right to determine which performance measures and targets are to be used at the beginning of each financial year in order to align to the Group's strategic objectives.</p> <p>The Committee will not change the mix of measures or targets mid-year but does retain the right to apply its judgement when assessing formulaic outcomes in the case of a material misstatement of financial results or similar situation. The Committee will not exercise discretion to reward failure and will report on any exercise of discretion that changes the amount of remuneration paid in any year.</p>

DIRECTORS' REMUNERATION REPORT CONTINUED

Element	Link to strategic objectives	Operation	Maximum potential	Performance conditions and assessment
Performance Share Plan (PSP) award ^{2,5}	<p>The PSP is designed to promote staff retention, motivate executives across the Group and promote team efforts towards Group-wide strategic objectives.</p> <p>The three-year time horizon of these share awards also aligns leadership with the longer-term returns of the business and shareholder interests.</p>	<p>PSP awards are normally granted annually and vest after three years, dependent on the achievement of performance conditions over a three-year period.</p> <p>A two-year holding period will apply to the post-tax value of vested shares in respect of awards made from 2017 where Executive Directors have not met the share ownership guideline of two times salary.</p> <p>The Group will apply a clawback (i.e. recovery) provision in the event of material restatement of previously published financial statements within 18 months of the financial year end of the year in which the PSP shares were awarded.</p> <p>A malus provision will operate in respect of any act or omission by the participant which, in the opinion of the Remuneration Committee, has amounted to gross misconduct.</p>	<p>The maximum award of PSP shares that may be made to an Executive Director in any financial year is limited to shares with an aggregate market value of 200% of base salary. The normal award level is 180% of salary and no change to this is envisaged.</p> <p>Threshold performance will result in the vesting of 30% of the shares under award while maximum performance will result in full vesting. There will be no vesting for performance below threshold.</p>	<p>Performance will be measured over a three-year period, subject to the following performance conditions:</p> <ul style="list-style-type: none"> – 50% of the award will vest based on relative total shareholder return (TSR). This is currently measured relative to the FTSE Small Cap Index; and, – 50% of the award will vest based on earnings per share (EPS) growth over the three-year period. <p>The TSR and EPS components will operate independently. Vesting levels between threshold and maximum performance will be calculated on a straight-line basis.</p>

Notes to the policy table:

1. In relation to the annual bonus:
 - a. The financial performance measure or measures will be set by the Board at the beginning of each year in line with the budget and market expectations and will include measures such as profit before taxation which drive our business. In order to achieve maximum pay-out the financial performance delivered will have to be significantly ahead of budgets and market consensus.
 - b. KPIs are linked to the delivery of key projects designed to enhance the Group's operational strength and competitiveness in line with future strategy. They help to balance our financial operational performance with strategic investments during the year in, for example, clients, our people and internal systems to ensure the long-term growth and sustainability of the Group. At the end of the financial year, the Remuneration Committee meets to assess the performance of each Executive Director against the financial performance targets and KPIs and determine the bonus pay-out. Examples of KPIs include successful execution of the Group's investment strategy, opening of new offices, staff retention and development, client and candidate satisfaction, innovation and cost-effective improvements to IT infrastructure. There is no formulaic threshold vesting for KPIs and it is for the Remuneration Committee to judge performance against KPIs. KPIs are designed to hold individuals accountable for delivering on non-financial value creation and to encourage them and reward them for working as a team.
 - c. The financial measures of the awards (e.g. profit before taxation) are not disclosed in advance as these are deemed to be commercially sensitive. The Committee assesses each year whether to disclose these targets at such a time when they are no longer deemed to be commercially sensitive and at the earliest after the end of the financial year. This has been the case for the last three years. The KPIs remain more commercially sensitive in the view of the Board but every effort is made to disclose how the decisions on assessing performance have been reached.
2. In relation to the PSP, the vesting criteria are split into the following two components:
 - a. In determining the three-year EPS targets, the first year will be set using a specific growth target, which represents the most reasonable current expectation for year one performance of the Committee, taking into account all available data. Years two and three targets are then based on a fixed rate of growth in earnings per share of UK RPI + 8%. The overall threshold target will be the compound result of years one, two and three. At threshold, 30% of the awards will vest. There is then a straight-line increase in vesting with 100% vesting occurring where EPS growth matches the annual compound growth rate of UK RPI + 14% in respect of years two and three.
 - b. In relation to the TSR performance condition, no vesting will occur unless performance at least matches the performance of the selected peer group which is currently the FTSE Small Cap Index and full vesting occurs when TSR exceeds the FTSE Small Cap Index by annual compound growth of 12.5%. This level of performance is deemed to be broadly equivalent to upper quartile performance.
 - c. The two criteria above have been selected on the basis that they are considered to align the interests of management with shareholders. EPS is a KPI for the business. The existence of a market-related component ensures that performance is also benchmarked against relative performance and not just absolute performance.

In addition, any vesting will be subject to satisfactory financial performance over the period, as determined by the Committee. The Committee will retain the right to change the performance measures, targets and weightings (within the framework of policy) as appropriate at the beginning of each plan cycle to reflect the Group's current operations. Performance measures, targets and weightings will be set at the beginning of each three-year period and will not be adjusted mid cycle although the Committee does retain the right to alter formulaic vesting of awards in the case of material misstatement of financial results or similar situation. The Committee will not exercise discretion to reward failure and will report on any exercise of discretion that changes the amount of remuneration paid in any year. A holding period of two years will apply to the net value of vested shares awarded under the PSP where Executive Directors have yet to reach the share ownership guideline. This has been introduced in the light of shareholders' views and has been applied to awards granted in 2017 onwards.

3. In addition, the Group operates the Robert Walters plc Save As You Earn (SAYE) option scheme, which is an HMRC-approved scheme open to all permanent UK employees. Each individual is allowed to acquire options over ordinary shares of the Company at a discount of up to 20% of their market price up to a maximum value of £18,000. Options granted under the scheme can normally be exercised during a period of six months starting on the third anniversary of the start of the relevant SAYE contract. The current scheme started in 2017 and will vest in 2020. All Executive Directors have enrolled in this new scheme to the maximum value of £18,000.
4. In respect of other benefits, the maximum benefit costs of £72,500 a year exclude potential costs in respect of any relocation which will be capped by the Robert Walters plc policy.
5. Dividends do not accrue to unvested equity awards.
6. The Committee operates the annual bonus, PSP and all-employee share plans in accordance with their respective rules, the Listing Rules and, where appropriate, HMRC rules. The Committee retains a number of discretions to ensure the efficient operation of the plans, which includes:
 - a. The participants of each award plan.
 - b. The timing of award grant, vesting or payment.
 - c. The award quantum (although limited to that set out in the policy table on page 68).
 - d. The determination of good/bad leaver status for incentive plan purposes.
 - e. How to deal with a change of control situation.
 - f. Any adjustments which are required to take account of a variation in share capital.
7. The Committee also retains the ability to make adjustments to the performance measures or targets for outstanding awards and/or set different targets if an event occurs (e.g. a material acquisition or divestment) which means the original targets, in the opinion of the Committee, are no longer considered appropriate. Any change will be no less challenging to achieve in the opinion of the Committee. Any use of Committee discretion will be disclosed in the relevant Annual Report on Remuneration.
8. To the extent that the remuneration policy for Executive Directors differs from the remuneration policy which applies to employees generally, this reflects differences in levels of responsibility, affordability and market practice.

DIRECTORS' REMUNERATION REPORT CONTINUED

Chairman and Non-executive Directors

The table below sets out the fees payable to the Chairman and Non-executive Directors:

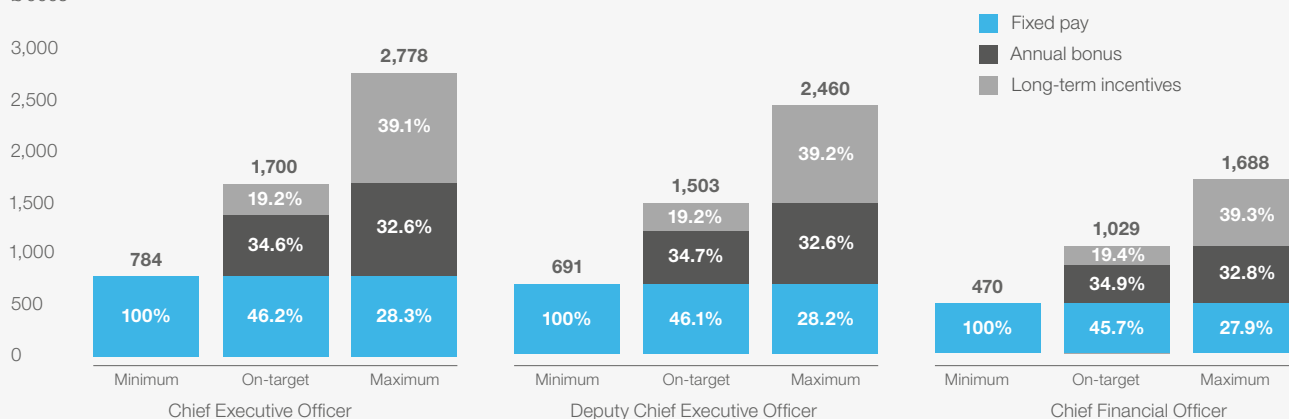
Element	Link to strategic objectives	Operation	Maximum potential	Performance conditions and assessment
Chairman	<p>The Group seeks to pay fees which reflect the level of responsibility, the time commitment and experience of the Chairman and which are competitive with peer group fee levels.</p> <p>In order to ensure no potential impairment to the required impartiality and objectivity of the Chairman, fees are not linked to performance.</p>	<p>The remuneration of the Chairman is determined annually by the Remuneration Committee.</p> <p>The fee level is usually reviewed annually – and may be increased, in the light of practices in our peer group and in companies of similar size.</p> <p>The Chairman has a letter of appointment and not an employment contract. His appointment is terminable by either party giving not less than three months' written notice at any time. No compensation is payable on early termination.</p> <p>The Chairman does not participate in any of the Group's share schemes, pension schemes or bonus arrangements.</p>	<p>The fees for the Chairman are determined by reference to benchmark market data and assessment of the expected time commitment.</p> <p>Reasonable business and travel expenses are reimbursed (including any tax due).</p> <p>Increases in fee value in any given year will be in line with market movement and will not exceed a maximum of 10% + RPI in any given year.</p> <p>In the event of a temporary but material increase in the time commitment required, an adjustment may be made to the fee level on a pro-rata basis.</p>	<p>The Chairman is subject to an annual evaluation as part of the assessment of the Board's performance but no element of pay is specifically linked to performance conditions or the outcome of this assessment.</p>

Element	Link to strategic objectives	Operation	Maximum potential	Performance conditions and assessment
Non-executive Directors	<p>The Group seeks to pay fees which reflect the level of responsibility expected of Non-executive Directors and which are competitive with peer group fee levels.</p> <p>In order to ensure no potential impairment to the required impartiality and objectivity of the Non-executive Directors, fees are not linked to performance.</p>	<p>The remuneration of the Non-executive Directors is determined annually by the Chairman and the Executive Directors.</p> <p>The fee levels are usually reviewed annually and may be increased, in the light of practice in our peer group companies and in companies of similar size.</p> <p>Non-executive Directors do not have employment contracts. Their appointment is terminable by either party giving not less than three months' written notice at any time. No compensation is payable.</p> <p>Non-executive Directors do not participate in any of the Group's share schemes, pension schemes or bonus arrangements.</p>	<p>The fees for Non-executive Directors are determined by reference to benchmark market data and an assessment of the expected time commitment.</p> <p>A Board Committee Chairman and the Senior Independent Director may receive an additional fee commensurate to the additional responsibility and time commitment.</p> <p>In addition to the above, reasonable business and travel expenses are reimbursed (including any tax due).</p> <p>Increases in fee value in any given year will be in line with market movement and will not exceed a maximum of 10% + RPI in any given year.</p> <p>In the event of a temporary but material increase in the time commitment required, an adjustment may be made to the fee level on a pro-rata basis.</p>	<p>Non-executive Directors are subject to an annual evaluation as part of the assessment of the Board's performance but no element of pay is specifically linked to performance conditions or the outcome of this assessment.</p>

Illustration of application of the remuneration policy

The graph below provides an indication of the potential total remuneration of each Executive Director based on three performance scenarios: minimum, on-target and maximum. As required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Amendment Regulations 2013, the graph below takes no account of changes in share price growth or dividend and hence may differ from realised earnings shown in the single total remuneration figures on page 56 of the Annual Report on Remuneration.

VALUE OF PACKAGE
£'000s



Notes to the illustrative graph:

- Share price appreciation and the value of dividends have not been included (i.e. the deferred bonus and PSP awards are based on the face value at grant).
- For simplicity the value of any all-employee award has been ignored.

DIRECTORS' REMUNERATION REPORT CONTINUED

Each element of remuneration is defined in the table below:

Element	Description
Minimum (fixed pay only)	Base salaries as effective at 1 January 2018 Pension at 20% of base salary Actual benefit costs as recorded for the year ended 31 December 2017
On-target	Fixed pay as above On-target annual bonus of 97.5% of salary (65% of maximum) On-target PSP award vesting of 54% of salary (30% of maximum)
Maximum	Fixed pay as above Maximum bonus of 150% of salary Maximum PSP award vesting of 180% of salary

Recruitment and appointment policy

Any remuneration arrangements for a new Director will be in line with the remuneration policy for existing Directors. Incentive awards will be in line with the current awards given to Directors and will be subject to the same maximum award levels and vesting criteria.

Where the appointee has variable remuneration arrangements with a previous employer that will be forfeited on the termination of that employment, the Remuneration Committee reserves the right to offer a share-based buyout for value foregone. A cash-based buyout may be required if shares may not be awarded. This is meant to facilitate the recruitment of key individuals and may be done in accordance with the rules of the UK Listing Authority. Any such award would only be made in exceptional circumstances, would not exceed the estimated value being forfeited and would take into account any performance and timing conditions appropriate to the awards being replaced. Relocation costs which are reasonable and appropriate may also be paid.

The service contracts for each of the Executive Directors are subject to review annually. These service contracts are terminable by either party giving up to 12 months' written notice at any time and there are no specific provisions relating to any payments for early termination of office, or in the event of a change of control.

Policy on payment for loss of office

For the current Executive Directors, in the event of early termination of an Executive Director's service contract, the Group has an absolute requirement to pay compensation reflecting the salary and benefits to which the Executive Director would have become entitled to under the contract during the notice period. Alternatively the Group may, under the contracts of employment in place and the rules of the plans, at its discretion make the following payments in the event of a 'good leaver' scenario:

- Notice period of 12 months' base salary, pension and contractual benefits or payments in lieu of notice;
- Bonus payable and time pro-rated for the period worked, subject to the achievement of the relevant personal and financial performance conditions; and,
- Vesting of PSP awards and any existing share options granted under the Executive Share Option Scheme are governed by the rules of the relevant incentive plans. These rules provide the Remuneration Committee discretion to allow vesting depending on the extent to which performance conditions have been met at the date of cessation and the length of time the awards or options have been held.

Each Executive Director has a duty to mitigate his loss in the event of termination. The Committee may settle any other amounts reasonably due to the Executive Director, for example to reimburse the leaver for a reasonable level of legal fees in connection with a settlement agreement or for outplacement services. The Chairman and the Non-executive Directors are not entitled to any compensation in the event of early termination.

Legacy awards and any other contractual obligations

All contractual commitments or awards made which are consistent with the remuneration policy in force at the time that the commitment or award was made will be honoured even if they would not otherwise be consistent with the policy prevailing when the commitment is fulfilled or awards vest. For example, this will include payment for the vesting of option awards made prior to the introduction of this policy. Any contractual commitments entered into before the Large and Medium-sized Companies and Groups (Accounts and Reports) Amendment Regulations 2013 came into force or before a person became a Director will also be honoured.

On 16 February 2017, Alan Bannatyne became a Non-executive Director of Xafinity plc. None of the other Executive Directors currently hold Non-executive Director positions.

Contracts of service/letter of appointment ¹	Date of original contract/letter of appointment ¹
Executive Directors	
R C Walters	19 June 2000
G P Daubeney	19 June 2000
A R Bannatyne	1 March 2007
Non-executive Directors	
C Hui	1 January 2012
L Van de Walle	1 October 2012
B McArthur-Muscroft	1 May 2013
T Dodge	1 February 2017

1. The Directors' contracts of service/letter of appointment provide details of the Directors' obligations and are available to view at the Company's registered office.

The Directors all stand for election at the Annual General Meeting every year.

The tables on pages 60 and 61 show the details of the share options and PSP awards that are currently held by each Director and when they will vest.

The table on page 65 show the fees payable to the Non-executive Directors.

The Executive Directors are required to seek approval from the Board prior to the acceptance of any such positions in companies outside the Group.

Statement of employment conditions elsewhere in the Group

Each year, prior to reviewing the remuneration of the Executive Directors, the Remuneration Committee is fully briefed on the remuneration practice across the Group, including an overview by country of how employee pay compares to the market, and material changes during the year and detailed comparative analysis of basic pay and variable pay changes within the UK where all of the Executive Directors are based. It ensures that the decisions on the remuneration of Executive Directors are made in the context of pay and employment conditions elsewhere in the Group. The Group does not consult with employees as part of the process of reviewing executive pay. We do consult with our major institutional shareholders when making major changes to pay.

Consideration of shareholders' views

The Committee engages in dialogue with major shareholders and their representatives and meets with the Group's largest investors to discuss and take feedback and to consult on major changes to the Directors' Remuneration Policy and governance matters. The level of support for the Directors' Remuneration Policy was high even though our shareholders have differing views on remuneration, for example, on performance measures.

Approval

This report was approved by the Board of Directors on 28 February 2018 and signed on its behalf by:



Tanith Dodge

Remuneration Committee Chairman

28 February 2018

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Annual 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 are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation, and have chosen to prepare the Parent Company financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable laws). Under company law the Directors must not approve the accounts 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, International Accounting Standard 1 requires that Directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

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.

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

Statement of the Directors in respect of the Annual Report

As required by the Code, the Directors confirm that they consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy. When arriving at this position the Board was assisted by a number of processes, including the following:

- The Annual Report is drafted by appropriate senior management with overall coordination by the Chief Marketing Officer and Group Financial Controller to ensure consistency across sections;
- An extensive verification process is undertaken to ensure factual accuracy;
- Comprehensive reviews of drafts of the report are undertaken by members of the Executive Board and senior management team;
- An advanced draft is considered and reviewed by two regional Managing Directors and the Legal General Counsel; and
- The final draft is reviewed by the Audit and Risk Committee prior to consideration by the Board.

Responsibility statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board,



Alan Bannatyne

Chief Financial Officer

28 February 2018

DIRECTORS' REPORT

Overview

The Directors present their Annual Report on the activities of the Group, together with the audited financial statements for the year ended 31 December 2017.

The Strategic Report provides information relating to the Group's activities, its business and strategy, the principal risks and uncertainties faced by the business and environmental and employee matters. These sections, together with the Corporate Governance and the Directors' Remuneration reports provide an overview of the Group and give an indication of future developments in the Group's business, so providing a balanced assessment of the Group's position and prospects in accordance with the latest narrative reporting requirements.

Results and dividends

The Group's audited financial statements for the year ended 31 December 2017 are set out on pages 90 to 112 and the Company's audited financial statements are set out on pages 113 to 116. The Group's profit after taxation for the year ended 31 December 2017 was £29,335,000 (2016: £19,897,000).

The Directors recommend a final dividend of 9.3p per ordinary share (2016: 6.2p) to be paid on 1 June 2018 to shareholders on the register on 11 May 2018, which together with the interim dividend of 2.75p paid on 13 October 2017 makes a total of 12.05p per share for the year (2016: 8.5p).

Post balance sheet events

There have been no significant post balance sheet events to report since 31 December 2017.

Directors

The Directors who served during the year and at the date of this report are shown as follows:

Leslie Van de Walle¹
 Robert C Walters
 Giles P Daubeney
 Alan R Bannatyne
 Brian McArthur-Muscroft¹
 Carol Hui¹
 Andrew D Kemp¹ (resigned 25 May 2017)
 Taniith Dodge¹ (appointed 1 February 2017)

1. Non-executive Directors.

Details of the Directors' service contracts are shown in the Report of the Remuneration Committee on page 73.

Details of share awards granted to Directors and the interests of the Directors in the ordinary shares of the Company are shown on pages 59 to 61.

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors, which were in place during the year and remain in force at the date of this report.

Employees

The Group continues to give full and fair consideration to applications for employment by disabled persons, bearing in mind their aptitudes and abilities. In the event of an employee becoming disabled while working for the Group, every effort will be made by the Group to ensure their continued employment and to provide retraining where practicable and appropriate.

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 17. Each share carries the right to one vote at general meetings of the Company. Further information on the voting and other rights of shareholders, including deadlines for exercising voting rights, are set out in the Company's Articles of Association and in the explanatory notes that accompany the Notice of the Annual General Meeting which are available on the Company's website at robertwalters.com/investors.

Restrictions on securities

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. Awards of shares under the Company's incentive arrangements, the Performance Share Plan and the Executive Share Option Scheme, are subject to restrictions on the transfer of shares prior to vesting.

Certain share awards under the Company's incentive arrangements are held in trust on behalf of the beneficiaries. The Trustee of the Robert Walters plc Employee Benefit Trust does not seek to exercise the voting rights on these shares.

DIRECTORS' REPORT CONTINUED

Substantial shareholdings

On 28 February 2018 the Company has been notified, in accordance with Chapter 5 of the Disclosure and Transparency Rules, of the following voting rights as a shareholder of the Company:

Name of shareholder	Number of shares	%
BlackRock Investment Mgt	7,700,015	10.23
Aberforth Partners	7,223,259	9.59
Old Mutual Global Investors	6,977,426	9.27
Robert Walters plc Employee Benefit Trust ¹	6,300,225	5.00
Kames Capital	6,215,994	8.25
Liontrust Asset Mgt	4,204,043	5.58
Aberdeen Standard Investments (Standard Life)	3,976,495	5.28
Hargreave Hale	3,784,322	5.03
Invesco Perpetual Asset Mgt	3,024,833	4.02
Mr Robert Walters	2,224,624	2.95

1. Robert Walters plc EBT is restricted to 5% voting rights.

Appointment and retirement of Directors

The Directors may from time to time appoint one or more additional Directors. The Board may appoint any person to be a Director (so long as the total number of Directors does not exceed the limit prescribed in the Articles of Association). The UK Corporate Governance Code recommends that all Directors be subject to annual re-election by shareholders. Therefore, all Directors who wish to stay in office will offer themselves for re-election at the 2018 Annual General Meeting.

Power of Company's Directors and acquisition of Company's own shares

The business of the Company shall be managed by the Directors, who may exercise all powers of the Company, subject to legislation, the provisions of the Articles of Association and any directions given by special resolution.

The Directors were authorised at the Company's last Annual General Meeting, held on 25 May 2017, to make market purchases of ordinary shares representing up to 10% of its share capital at that time and to allot shares within certain limits permitted by shareholders and the Companies Act. The Directors intend to renew this authority annually and will continue to exercise this power only when, in the light of market conditions prevailing at the time, they believe that the effect of such purchases will be to increase earnings per share and will likely promote the success of the Company for the benefit of its members as a whole.

During the year ended 31 December 2017, 2.1m ordinary shares have been purchased and cancelled at an average price of £3.79 for £8.0m. A further 0.4m shares were purchased at an average price of £4.03 for £1.8m through the Group's Employee Benefit Trust.

Provisions on change of control

The Company's revolving credit facility agreement for £45m includes a provision for a lending counterparty to amend, alter or cancel the relevant commitment to the Group following a change of control of the Company.

The Company does not have agreements with any Director or employee that would provide specific compensation for loss of office or employment resulting from a takeover, except that provisions of the Group's share plans may cause options and awards to vest on a takeover.

Articles of Association

The Company's Articles of Association may only be amended by a special resolution of the members.

Viability statement

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out on pages 41 and 43.

The Directors have assessed the long-term prospects of the Group based upon business plans and upon cash flow projections for the three-year period ending 31 December 2020.

The three-year period was chosen as it is considered the longest timeframe over which any reasonable view can be formed, given the cyclical nature of the market in which the Group operates. The forward visibility of permanent recruitment can be measured in weeks, and whilst temporary recruitment and recruitment process outsourcing may be less affected, with 68% of the Group based upon recruitment permanent activity, three years is considered to be the maximum period over which to consider the future cash flows of the business. The forecasts and cash flow projections being used to assess going concern have been comprehensively stress-tested by using simulation techniques involving sensitivity analysis applying, in particular, projections of reduced net fee income of up to 20% from forecasts each year over a three-year period. It should be noted that the Group has limited forward visibility and consequently there is a high degree of uncertainty in respect of future outcomes. Importantly, cash risk is mitigated to an extent as in the event of a reduction in the overall number of contractors working capital is released. Credit risk is seen as an ongoing area of key focus and the Group has historically managed to maintain dividend payments during previous economic downturns and it is the policy of the Directors to at least maintain the dividend in future periods.

In forming their opinion the Directors have performed a robust assessment of the principal risks and uncertainties facing the Group as set out on pages 44 and 45. In addition, note 16 to the accounts includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Group had £31.1m of net cash at 31 December 2017 and a £45m four-year committed financing facility until December 2020. The Group also has a non-recourse £15m facility. Further details of the financial position of the Group, its cash flows, liquidity position and borrowing facilities are described within the Financial Review.

The Group has a strong balance sheet and considerable financial resources and remains confident of the Group's long-term growth prospects, 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 and meet its liabilities as they fall due over the three-year assessment period. For this reason, the Directors continue to adopt the going concern basis in preparing the accounts.

Auditor and disclosure of information to the Auditor

As required by Section 418 of the Companies Act 2006, each of the Directors as at 28 February 2018 confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Group's Auditor is unaware; and
- The Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

Deloitte LLP has expressed its willingness to continue in office as Auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held on 17 May 2018 and the Notice of the Annual General Meeting, including an explanation of the special business of the meeting, will be sent out in due course.

By order of the Board,



Alan Bannatyne
Chief Financial Officer
28 February 2018

DIRECTORS AND ADVISORS

Leslie Van de Walle

Non-executive Chairman

Appointed: October 2012

Committees: Nominations (Chairman)

Leslie is Non-executive Director and Senior Independent Director of DCC plc and was appointed Deputy Chairman and Senior Independent Director of Crest Nicholson Holdings plc on 24 January 2018. He was formerly Non-executive Chairman of SIG plc, Chief Executive Officer of Rexam plc, Executive Vice President of Global Retail, a division of Royal Dutch Shell plc, and a Non-executive Director of Aegis Group plc and Aviva plc. He also previously held a number of senior management positions with Cadbury Schweppes plc and United Biscuits Limited.

Robert Walters

Chief Executive Officer

Appointed: July 2000

Committees: Nominations

After three years at Touche Ross & Co., Robert joined the recruitment firm Michael Page as one of its very first employees. Following an eight-year period which included setting up the New York office, he returned to London and established his own recruitment business in 1985, specialising in middle management professional positions. Since then the Company has grown, largely organically, into different sectors and a variety of regional and international locations. Robert Walters plc is quoted on the London Stock Exchange and currently has a global presence spanning 28 countries.

Giles Daubeney

Deputy Chief Executive Officer

Appointed: July 2000

After working in recruitment for Accountancy Selection Limited and Badenoch & Clark Limited, Giles joined the Group in 1988. From 1990 to 1994, he was based in Amsterdam and was responsible for the Group's Dutch and Belgian operations. Giles was appointed to the role of Chief Operating Officer in 1999, and was appointed to the Board of Robert Walters plc in July 2000. In January 2016, Giles was appointed Deputy Chief Executive Officer.

Alan Bannatyne

Chief Financial Officer and Company Secretary

Appointed: March 2007

After qualifying as a Chartered Accountant with Deloitte & Touche, Alan was Commercial Manager of Primecom and then Financial Director of Foresight, both subsidiaries of Primedia, a listed South African Media Group. Alan joined Robert Walters plc as Group Financial Controller in September 2002 and was appointed to the Board of Robert Walters plc as Chief Financial Officer in March 2007. In February 2017, he was appointed as a Non-executive Director of Xafinity plc.

Carol Hui

Non-executive Director

Appointed: January 2012

Committees: Audit and Risk, Nominations and Remuneration

Carol is the Chief of Staff and General Counsel of Heathrow Airport. She is a senior executive with extensive corporate, commercial and board experience in the transport, oil and gas, and infrastructure services sectors. Carol is a qualified lawyer, originally from Slaughter and May. She has received numerous business and legal awards, including from the International Law Office, the Financial Times, the Mulan Foundation, The Lawyer and the Legal 500. She has recently won a Chinese Business Leaders Award from Sinopro and PwC and a World's Leading General Counsel Award for 2017-2018.

Brian McArthur-Muscroft**Non-executive Director****Appointed: May 2013****Committees: Audit and Risk (Chairman), Nominations and Remuneration**

Brian has been Chief Financial Officer at Paysafe Group plc since 1 January 2015. He led Paysafe's move from AIM to a FTSE 250 listing on the London Stock Exchange Main Market in December 2016. In 2017 Paysafe was then acquired by CVC and Blackstone for \$4.8 billion and Brian has been asked to remain on the Board as Group Chief Financial Officer. As part of the deal, Brian led the \$2.6 billion debt raise to part fund the transaction. Prior to that, he delivered a transformational €1.2bn acquisition of a major competitor, including a £460m fully funded rights issue and a €500m debt raise. Before joining Paysafe, Brian was Group Finance Director at Telecity Group plc (Market Capitalisation £2.3 billion) where he led the IPO of the business in 2007 and raised £400m in senior debt facilities with major UK institutions. Brian was chosen as Business Week's Finance Director of the Year in 2017 and 2013 and ICAEW's FTSE 250 Finance Director of the Year in 2012. Also a restructuring specialist, Brian was the Interim Chief Financial Officer on the successful turnaround of MCI Worldcom EMEA. Brian holds a law degree and qualified as a chartered accountant with PricewaterhouseCoopers in London.

Tanith Dodge**Non-executive Director****Appointed: February 2017****Committees: Remuneration (Chairman), Audit and Risk and Nominations**

Tanith is an HR executive with a strong consumer background in international organisations. She is currently Group Human Resources Director at Value Retail, joining in May 2016 from Marks & Spencer Group plc where she ran the global HR for 80,000 employees in 53 countries. Before joining Marks & Spencer Group plc, Tanith was Group Human Resources Director at WH Smith, where she also held responsibility for Public Relations, Communications and Post Office Operations. Prior to this, she was Senior Vice President Human Resources for Europe, Middle East and Africa (EMEA) at InterContinental Hotels Group. Tanith has also held senior HR roles at Diageo plc and Prudential Corporation plc. Tanith is a Non-executive Director of the Chartered Institute of Personnel and Development.

Registered office

11 Slingsby Place
St Martin's Courtyard
London WC2E 9AB

Registered number

03956083

Auditor

Deloitte LLP
Statutory Auditor
2 New Street Square
London EC4A 3BZ

Solicitors

Squire Patton Boggs
7 Devonshire Square
London EC2M 4YH

Stockbrokers

Investec
2 Gresham Street
London EC2V 7QP

Principal bankers

Barclays
Level 28
1 Churchill Place
Canary Wharf
London E14 5HP

Registrars

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ROBERT WALTERS PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2017 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards to the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of Robert Walters plc (the 'Parent Company') and its subsidiaries (the 'Group') which comprise:

- the Consolidated Income Statement;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Company Balance Sheets;
- the Consolidated Cash Flow Statement;
- the Consolidated and Company Statements of Changes in Equity;
- the Statement of Accounting Policies; and
- the related notes 1 to 33.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Group and the Parent 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 as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters

The key audit matters that we identified in the current year were:

- Revenue recognition, both from permanent placements and temporary workers; and
- Recoverability of aged trade receivables and bad debt provisioning.

Materiality

The materiality that we used for the Group financial statements was £1.75m which was determined on the basis of pre-taxation profit.

The current year materiality represents 4.3% of pre-taxation profit, 0.5% of net fee income and 1.3% of net assets.

Scoping

Our work was primarily focused on the audit work at six significant components, which were all subject to a full audit. These six significant components were Australia, China, France, Hong Kong, Japan and the United Kingdom.

We also performed specified audit procedures in the Netherlands, and for Resource Solutions in the USA.

Across the components in scope for a full audit, and those where we performed specified audit procedures, we have coverage of 81% of the Group's revenue (2016: 84%), 71% of the Group's net fee income (2016: 72%) and 75% of total assets (2016: 80%).

Significant changes in our approach

In the previous year, the office in Singapore was included within our audit scope. Due to the small size and consistent performance of this component, we have not included it within scope in the current year, but have instead performed specified audit procedures for Resource Solutions in the USA, which is a recently established and rapidly growing part of the Group.

We have changed the focus of our revenue recognition key audit matter for temporary income.

This year we have concentrated on the impact of changes in pay rates for temporary workers covered by Resource Solutions contracts.

This key audit matter was previously focused on the recognition of revenue relating to work performed before year end, where timesheets are not received until after year end.

We have also refined our approach to the key audit matter we have identified around the recoverability of receivables.

This year we have focused on the recoverability of receivables on aged balances relating to sales in the permanent recruitment business.

In previous years, this key audit matter was focused on the entire receivables balance.

More details on both these changes are provided in the key audit matter section, on pages 83 to 85.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF ROBERT WALTERS PLC

Conclusions relating to going concern, principal risks and viability statement

Going concern

We have reviewed the Directors' statement within the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements (this is in the Accounting Policies note). We have also reviewed the Directors' identification of any material uncertainties to the Group's and Company's ability to continue to act as a going concern over a period of at least twelve months from the date of approval of the financial statements.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Principal risks and viability statement

Based solely on reading the Directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the Directors' assessment of the Group's and the Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 44 and 45 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation on page 77 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or
- the Directors' explanation on page 76 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to report whether the Directors' statement relating to the prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

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. These matters included 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.

Revenue recognition

Key audit matter description

Permanent revenue – accuracy and completeness of the provision for back-outs

For permanent placements, which accounted for 68% of the net fee income (gross profit) of the Group's recruitment business in 2017 (2016: 69%), the Group's policy (as detailed in the Accounting Policies note) is to record revenue when specific recognition criteria have been met, namely where a candidate accepts a position in writing and a start date is agreed. Accordingly, revenue is accrued in respect of permanent placements meeting the above criteria but which remain unbilled.

A provision is made for placements expected to be cancelled prior to the start date ('back-outs') on the basis of past experience.

Determining the level of provision required for back-outs involves a significant degree of management judgement, and is an area where there is potential for fraudulent manipulation of the financial results.

Please see page 51, where the Audit and Risk Committee has addressed this risk.

Temporary revenue – changes in temporary worker rates in the Resource Solutions business

The Group's policy is to recognise revenue relating to temporary workers as the service is provided, at contractually agreed rates (as detailed in the Accounting Policies note).

For temporary income, the risk identified in the current year is that changes in temporary worker rates in the Resource Solutions business may not be recorded accurately.

The Resource Solutions business has continued to grow in the current year, and now represents 44.8% of Group revenue (2016: 40.0%).

The contracts which govern the rates at which revenue should be recognised for temporary workers within the Resource Solutions business are complex. The margin earned varies with role, length of tenure and the entity which originally sourced the temporary worker. These rates are also subject to change when contracts are renegotiated.

Rate changes have a number of different drivers, and do not occur on a readily predictable timetable.

The process for updating the temporary worker rates is manual, as are the controls which management has put in place to mitigate the risk. A systematic error in the recording of these rates could lead to a material misstatement, and is most likely to occur when changes to rates are processed.

Please see page 51, where the Audit and Risk Committee has addressed this risk.

Note that this is a change from the revenue recognition key audit matter we identified in the prior year, which focused on the recognition of revenue relating to work performed before year end, where timesheets are not received until after year end.

Our work on this risk in the previous year demonstrated that the process is well controlled, and involves little management judgement. We have therefore concluded that the recognition of late timesheets is not a significant risk in the current year.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF ROBERT WALTERS PLC

Revenue recognition (continued)

How the scope of our audit responded to the key audit matter**Permanent revenue**

In all full scope locations, we evaluated the design and implementation of the internal controls in place to ensure that all permanent placements are recorded in the correct period.

In Australia, China, Hong Kong, Japan and the United Kingdom, we performed additional testing to confirm that the internal controls for permanent placements were operating effectively.

Our testing involved agreeing a sample of permanent placement fees earned but not invoiced to written evidence of candidate acceptance, including confirmation of start date.

Temporary revenue

In all full scope locations within the Resource Solutions business, we evaluated the design and implementation and tested the operating effectiveness of the internal controls in place to ensure that any changes in the rate at which revenue is recognised were recorded appropriately.

We selected a sample of temporary workers in the Resource Solutions business where there had been a change in rates during the year. The change in rates was then agreed to contract, and the associated revenue recalculated.

We reviewed a sample of contracts with clients of the Resource Solutions business, for evidence of any change in the underlying rates which should be reflected in the revenue recognised.

A sample of temporary workers in the Resource Solutions business where there was no change in the underlying rates was also selected for testing.

We confirmed that it was appropriate that the revenue recognised in respect of these temporary workers did not change through agreeing to the contract.

Key observations

We did not identify any reportable misstatements or significant deficiencies in internal controls as a result of our audit work.

We concluded that the provision for back-outs was conservative, but within an acceptable range compared to actual historical back-outs experienced.

We concluded that the revenue for temporary placements during the period was recognised appropriately.

Recoverability of trade receivables

Key audit matter description

Gross trade receivables at 31 December 2017 were £166.9m (2016: £187.0m).

Whilst historically the Group has not suffered from a significant level of write-offs, given the relatively small balances due from a large number of customers, significant management judgement is required in estimating the appropriate level of provision against trade receivables.

The Group's policy is to record a provision based on anticipated recoverable cash flows, nature of counterparty, past due date, geographical location, the costs of recovery and the fair value of any guarantee received, as detailed in the Accounting Policies note.

We have refined our approach to the risk we have identified around the recoverability of receivables. In previous years, this was focused on the entire receivables balance.

Our work in prior years has shown that the recoverability of the year-end receivables ledger is typically very high and the control environment around the receivables ledger is robust.

Both the Resource Solutions business and the temporary recruitment business predominantly deal with long standing clients, with whom the Group has strong relationships.

By contrast, one-off clients are far more common in the permanent recruitment business, and this part of the business typically holds large numbers of small balances due from a variety of clients.

We have therefore focused our risk on aged balances (> 30 days overdue) relating to sales in the permanent recruitment business.

Please see page 52, where the Audit and Risk Committee has addressed this risk.

How the scope of our audit responded to the key audit matter

In all full scope locations, we evaluated the design and implementation of the internal controls in place to ensure that an appropriate provision is recognised against trade receivables. In Australia, China, France, Hong Kong, Japan and the United Kingdom, we performed additional testing to confirm that these internal controls were operating effectively.

We focused our substantive testing on higher risk balances on the basis of the ageing profile, collection history and the credit quality of the client.

We agreed a sample of balances to subsequent cash receipts which supported the recoverability of the balance. Where cash had not subsequently been received at the date of testing, we have used alternative evidence to support the recoverability of the balance such as email correspondence between the Group and clients, proving that the service was provided, and historic payment patterns.

For certain components, debtor confirmations were also sent out for a sample of balances.

We evaluated the diligence applied by management in determining the risk associated with the recoverability of the receivables balance and tested the adequacy of provisioning by recalculating the provision for significantly aged balances, and considering receivables where the ageing profile of debtors has deteriorated or there is evidence that the credit quality of the debtor is considered a risk, and challenged management to justify why no provision is required.

We analysed the make-up of the year-end provision for bad debts and assessed it against the bad debt cost experienced in the year.

We performed a retrospective review, comparing the provision recognised at the end of 2016 with actual cash receipts against year-end balances during 2017, to determine the historical accuracy of management's judgements.

We also compared the level of provision recognised with a number of similar businesses within the recruitment industry, to determine if the Group was recognising a provision which was not in line with industry norms.

Additionally, we evaluated post year-end developments to determine whether any provisions required reversal or further provision.

Key observations

We did not identify any reportable misstatements or significant deficiencies in internal controls as a result of our audit work.

We concluded that the provision for bad debts was in the middle of the acceptable range.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF ROBERT WALTERS PLC

Our application of materiality

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 use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Materiality	£1.75m (2016: £1.35m)	£1.74m (2016: £1.34m)
Basis for determining materiality	4.3% of pre-taxation profit. This is consistent with the prior year.	0.2% of net assets
Rationale for the benchmark applied	Pre-taxation profit was selected as an appropriate benchmark for determining materiality based on market practice and investor expectations. This is consistent with the basis used in the prior year. The materiality used represents 0.5% of Group net fee income (2016: 0.5%) and 1.3% of equity (2016: 1.3%).	Net assets was selected as an appropriate benchmark for determining materiality, as the Parent Company does not trade, and acts only as a holding company.

Profit before taxation £40.6m



We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £87,500 (2016: £50,000) for the Group and the Parent Company, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

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.

Based on that assessment, we focused our Group audit scope primarily on the audit work at six significant components, which were all subject to a full audit.

The six significant components, being Australia, China, France, Hong Kong, Japan and the United Kingdom, represent the principal business units and account for 77% of the Group's revenue (2016: 84%), 64% of the Group's net fee income (NFI) (2016: 72%) and 69% of the Group's total assets (2016: 80%).

These components were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work at the six significant components was executed at levels of materiality applicable to each individual entity, which were lower than Group materiality, and capped at £1,225,000 (2016: £877,500).

In the prior year, the component in Singapore was also in scope, and is included within the prior year comparatives given above. Due to the small size of this component, and the rapid growth of the Resource Solutions activities both within and outside the United Kingdom in the past year, we have elected to replace our work on the component in Singapore with specified audit procedures performed on Resource Solutions in the USA. The extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations in the Resource Solutions USA.

In addition, we also performed specified audit procedures at one other location, the Netherlands. The extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations in the Netherlands.

Our coverage from the components in scope for specified audit procedures was 4% of the Group's revenue (2016: 2%), 7% of the Group's net fee income (2016: 3%) and 6% of total assets (2016: 3%).

Specified audit procedures are procedures which are performed to address the risks of material misstatement arising from key balances (for the entities in scope these were revenue, accrued income and trade receivables). This is in contrast to a full audit, where procedures are performed on all material balances within a component.

At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit.

The Group audit team continued to follow a programme of planned visits that has been designed so that the Senior Statutory Auditor or a senior member of the Group audit team visits, on an annual basis, a number of the in-scope components (three in the current year) where the Group audit scope was focused. In 2017, as well as the United Kingdom, this included visits to France and the Netherlands (2016: France, Japan and the Netherlands).

Annually, for each of the six in-scope components (and any offices where specified audit procedures are performed), we include the component audit team in our team briefing, discuss and agree their risk assessment and audit approach before their work commences, attend the audit close meetings either via telephone, teleconference or in person, and, for all components where this is not prohibited by local laws and regulations, review a selection of working papers on scoped significant audit risks.

The Parent Company is located in the UK, and is audited by the Group audit team.



INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF ROBERT WALTERS PLC

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report (the Strategic Report and Directors' 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.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- Fair, balanced and understandable – the statement given by the Directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit and Risk Committee reporting – the section describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee; or
- Directors' statement of compliance with the UK Corporate Governance Code – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the Auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, 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 controls 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

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.

Use of our report

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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with 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 have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

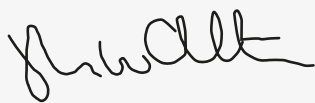
Other matters

Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were appointed by the shareholders on 25 May 2017 to audit the financial statements for the year ending 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 16 years, covering the years ending 31 December 2002 to 31 December 2017.

Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).



John Charlton FCA

Senior statutory auditor
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
28 February 2018

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £'000	2016 £'000
Revenue	1	1,165,776	998,535
Cost of sales		(820,528)	(720,205)
Gross profit		345,248	278,330
Administrative expenses		(303,350)	(252,088)
Operating profit		41,898	26,242
Finance income		531	460
Finance costs	2	(981)	(895)
(Loss) gain on foreign exchange		(874)	2,334
Profit before taxation	3	40,574	28,141
Taxation	5	(11,239)	(8,244)
Profit for the year		29,335	19,897
Attributable to:			
Owners of the Company		29,335	19,897
Earnings per share (pence):	7		
Basic		42.9	27.7
Diluted		38.9	25.4

The amounts above relate to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £'000	2016 £'000
Profit for the year	29,335	19,897
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of overseas operations	(1,686)	12,953
Total comprehensive income and expense for the year	27,649	32,850
Attributable to:		
Owners of the Company	27,649	32,850

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2017

	Note	2017 £'000	2016 £'000
Non-current assets			
Intangible assets	8	11,909	11,402
Property, plant and equipment	9	9,135	8,183
Deferred tax assets	14	10,163	8,253
		31,207	27,838
Current assets			
Trade and other receivables	11	227,585	236,507
Corporation tax receivables		3,016	1,531
Cash and cash equivalents	16	61,872	62,601
		292,473	300,639
Total assets		323,680	328,477
Current liabilities			
Trade and other payables	12	(161,270)	(178,008)
Corporation tax liabilities		(6,986)	(5,069)
Bank overdrafts and loans	13	(30,784)	(40,070)
Provisions	15	(1,198)	(1,244)
		(200,238)	(224,391)
Net current assets		92,235	76,248
Non-current liabilities			
Provisions	15	(1,634)	(2,143)
		(1,634)	(2,143)
Total liabilities		(201,872)	(226,534)
Net assets		121,808	101,943
Equity			
Share capital	17	15,875	16,101
Share premium		21,936	21,854
Other reserves	19	(71,818)	(72,241)
Own shares held	19	(18,193)	(19,906)
Treasury shares held	19	(9,095)	(9,095)
Foreign exchange reserves		12,352	14,038
Retained earnings		170,751	151,192
Equity attributable to owners of the Company		121,808	101,943

The accounts on pages 90 to 112 were approved and authorised for issue by the Board of Directors on 28 February 2018 and signed on its behalf by:



Alan Bannatyne

Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £'000	2016 £'000
Cash generated from operating activities	20	43,025	37,178
Income taxes paid		(11,032)	(7,693)
Net cash from operating activities		31,993	29,485
Investing activities			
Interest received		531	460
Purchases of computer software		(1,912)	(2,172)
Purchases of property, plant and equipment		(5,079)	(2,841)
Net cash used in investing activities		(6,460)	(4,553)
Financing activities			
Equity dividends paid		(6,074)	(5,410)
Proceeds from issue of equity		279	39
Interest paid		(981)	(895)
Proceeds from bank loans and overdrafts		-	14,350
Repayment of bank loans		(9,188)	-
Share buy-back and cancellation		(8,033)	(3,446)
Purchase of own shares		(1,784)	(19,168)
Proceeds from exercise of share options		846	26
Net cash used in financing activities		(24,935)	(14,504)
Net increase in cash and cash equivalents		598	10,428
Cash and cash equivalents at beginning of year		62,601	43,378
Effect of foreign exchange rate changes		(1,327)	8,795
Cash and cash equivalents at end of year		61,872	62,601

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

Group	Share capital £'000	Share premium £'000	Other reserves £'000	Own shares held £'000	Treasury shares held £'000	Foreign exchange reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2016	17,249	21,836	(73,410)	(7,136)	(19,860)	1,085	151,893	91,657
Profit for the year	-	-	-	-	-	-	19,897	19,897
Prior year adjustment ¹	-	-	-	-	-	-	1,254	1,254
Foreign currency translation differences	-	-	-	-	-	12,953	-	12,953
Total comprehensive income and expense for the year	-	-	-	-	-	12,953	21,151	34,104
Dividends paid	-	-	-	-	-	-	(5,410)	(5,410)
Shares repurchased for cancellation	(1,169)	-	1,169	-	10,765	-	(14,211)	(3,446)
Credit to equity for equity-settled share-based payments	-	-	-	-	-	-	4,590	4,590
Deferred taxation on share-based payment transactions	-	-	-	-	-	-	(449)	(449)
Transfer to own shares held on exercise of equity incentives	-	-	-	6,372	-	-	(6,372)	-
New shares issued and own shares purchased	21	18	-	(19,142)	-	-	-	(19,103)
Balance at 31 December 2016	16,101	21,854	(72,241)	(19,906)	(9,095)	14,038	151,192	101,943
Profit for the year	-	-	-	-	-	-	29,335	29,335
Foreign currency translation differences	-	-	-	-	-	(1,686)	-	(1,686)
Total comprehensive income and expense for the year	-	-	-	-	-	(1,686)	29,335	27,649
Dividends paid	-	-	-	-	-	-	(6,074)	(6,074)
Shares repurchased for cancellation	(423)	-	423	-	-	-	(8,033)	(8,033)
Credit to equity for equity-settled share-based payments	-	-	-	-	-	-	5,324	5,324
Deferred taxation on share-based payment transactions	-	-	-	-	-	-	1,659	1,659
Transfer to own shares held on exercise of equity incentives	-	-	-	2,652	-	-	(2,652)	-
New shares issued and own shares purchased	197	82	-	(939)	-	-	-	(660)
Balance at 31 December 2017	15,875	21,936	(71,818)	(18,193)	(9,095)	12,352	170,751	121,808

1. An immaterial adjustment of £1.25 million has been made to increase brought forward retained earnings. £0.195 million of this adjustment related to the 2015 financial year. The adjustment was made in order to recognise two changes in the prior year in the application of the revenue recognition policy in part of the business (the impact on the equivalent balance sheet and income statement captions is similarly immaterial).

The first change relates to permanent placements. These were previously recognised by this component when a candidate started a position. However, given the maturity of the market for this part of the business, the Group considers that it is more appropriate to recognise this revenue when the candidate accepts a position and the start date is determined, in line with the rest of the Group, as this reflects the underlying agreements. A provision is made for candidates who fail to start employment after accepting the offer and is based on the historic rate of "back-outs". The adjustment has not been treated as a change in accounting policy, under IAS 8, as it is not material.

The second change relates to temporary placements. The adjustment made is to recognise the impact of timesheets received after the year-end date, where work was performed during the 2016 financial year. The adjustment has also not been treated as a change in accounting policy, under IAS 8, as it is not material.

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017 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.

The financial statements have been prepared on a going concern basis. This is discussed in the Financial Review on page 41.

The principal accounting policies of the Group are summarised below and have been applied consistently in all aspects throughout the current year and preceding year.

(a) Basis of consolidation

The Group financial statements consolidate the financial statements of Robert Walters plc and its subsidiary undertakings drawn up to 31 December each year. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

(b) Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree.

All costs directly attributable to the business combination are accounted for as expenses in the periods in which the costs are incurred and the services received. The only exception to this is in respect of the costs incurred to issue debt or equity securities, which should be recognised in accordance with IAS 32 and IAS 39. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement and is not subsequently reversed.

Non-controlling interests in the acquired entity are initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(c) Goodwill

Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is not amortised but reviewed for impairment at least annually. Any impairment is recognised in the Consolidated Income Statement and is not subsequently reversed.

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the net 1 January 2004 Pounds Sterling UK GAAP amounts, subject to being tested for impairment at that date. On disposal the attributable amount of goodwill is included in determining the profit or loss on disposal.

(d) Taxation

Current taxation, including UK corporation taxation and foreign taxation, is provided at amounts expected to be paid (or recovered) using the tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date.

Deferred taxation is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred taxation is reviewed at each balance sheet date and is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

Current and deferred taxation is recognised in the income statement except when the taxation relates to items charged or credited directly to equity, in which case the taxation is also recognised in equity.

(e) Employee share schemes

The cost of awards made under the Group's employee share schemes after 7 November 2002 is based on the fair value of the shares at the time of grant and is charged to the Consolidated Income Statement on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of a stochastic model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. A liability equal to the portion of the services received is recognised at the current fair value determined at each balance sheet date for cash-settled share-based payments.

(f) Revenue

Revenue comprises the value of services, net of VAT and other sales-related taxes, provided in the normal course of business. Any bad debt provision that may be deemed necessary is treated as an administrative expense. The Group provides a breadth of services to clients with revenue generated by all service offerings, including recruitment process outsourcing, primarily due to the placement of permanent and temporary candidates. There are occasions where the Group will manage the recruitment supply chain on behalf of a client and in such cases a fee is received in respect of the work performed managing a supply chain. This is in accordance with IAS 18 and on the basis of work to date compliant with IFRS 15 and is not considered a matter of judgement. The cash value of funds managed during 2017 was £2.8bn (2016: £2.5bn).

Revenue from the placement of permanent staff on non-retained assignments is recognised when a candidate accepts a position and a start date is determined. A provision is made for the cancellation of placements prior to or shortly after the commencement of employment based on past experience of this occurring. For retained assignments revenue is recognised on completion of defined stages of work.

Revenue from temporary placements represents the amounts billed for the services of temporary staff including the salary costs of those staff. This is recognised as the service is provided, to the extent that the Group is acting as a principal. Where the Group is not considered to act as a principal, the salary costs of the temporary staff are excluded from revenue and only the net margin is recognised as revenue. Revenue in respect of outsourcing and consultancy is recognised as the service is provided.

(g) Gross profit (net fee income)

Gross profit is the total placement fees of permanent candidates, the margin earned on the placement of contract candidates and advertising margin. It also includes the outsourcing and consultancy margin earned by Resource Solutions.

(h) Operating profit

Operating profit is the total revenue less the total associated costs incurred in the production of revenue. The only items that are excluded from operating profit are finance costs (including foreign exchange), investment income and expenditure, taxation, and, if deemed appropriate, amounts that are identified as non-recurring material items.

(i) Finance income

Interest received is recorded as finance income in the Consolidated Income Statement in the period in which it is received.

(j) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date, with any gain or loss that may arise as a result being included in net profit or loss for the period.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and the results of overseas operations are dealt with through other comprehensive income and reserves, and recognised as income or as expenses in the period in which an operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRSs as Pounds Sterling denominated assets and liabilities.

(k) Property, plant and equipment and computer software

Property, plant and equipment and computer software are stated at cost, net of depreciation and amortisation. Depreciation and amortisation are provided on all property, plant and equipment and computer software at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

- Leasehold improvements and finance leases: the shorter of estimated useful life and the period of the lease;
- Motor vehicles: 17.5%;
- Fixtures, fittings and office equipment: 10% to 20%; and
- Computer equipment and computer software: 20% to 33.3%.

Depreciation and amortisation are recognised in administration expenses.

STATEMENT OF ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2017

(l) Leases

Rentals under operating leases are charged on a straight-line basis over the lease term even if the payments are not made on such a basis.

(m) Investments

Investments are shown at cost, less provision for impairment where appropriate.

(n) Receivables

Trade and other receivables are recorded at cost, less any provision for impairment.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(p) Other financial liabilities

Other financial liabilities, including borrowings, are measured at fair value, net of transaction costs.

(q) Pensions

The Group currently contributes to the money purchase pension plans of certain individual Directors and employees. Contributions payable in respect of the year are charged to the Consolidated Income Statement.

(r) Provisions

A provision is recognised when the Group has a present legal or contractive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and when the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

(s) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(t) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled, or they expire.

Developments in accounting standards/IFRSs

There were no new IFRS or IFRIC interpretations that had to be implemented during the year that significantly affect these financial statements.

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and have not yet been adopted by the EU:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers (and the related Clarifications)
IFRS 16	Leases
IFRS 2 (amendments)	Classification and Measurement of Share-based Payment Transactions
IFRS 4 (amendments)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
IAS 40 (amendments)	Transfers of Investment Property
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Annual Improvements to IFRSs 2014-2016 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IFRS 28 Investments in Associates and Joint Ventures
IFRIC 22	Foreign Currency Transactions and Advanced Consideration
IFRIC 23	Uncertainty over Income Tax Treatments

The Directors have carried out an assessment of the adoption and potential impact of the standards listed below:

IFRS 9 Financial Instruments

IFRS 9 introduces a new classification approach for financial assets and financial liabilities and becomes effective for accounting periods beginning on or after 1 January 2018. The categories of financial assets will be reduced from four to three and financial liabilities will be measured at amortised cost or fair value through profit and loss. The standard also prescribes an 'expected credit loss' model for determining the basis of providing for bad debts. Following a review of the Group's financial instruments, the Directors concluded that the Group does not hold any complex financial instruments and therefore do not expect this to have a material impact on the financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective for accounting periods beginning on or after 1 January 2018. A comprehensive review of the contracts that exist across the Group's revenue streams has been completed and it was concluded that revenue recognition under IFRS 15 is expected to be consistent with the Group's revenue recognition policy and there would have been no material impact on the financial statements had IFRS 15 been applied in the current reporting period.

IFRS 16 Leases

The full impact of IFRS 16 is currently under review, including understanding the practical application of the principles of the standard. It is therefore not feasible to provide a reasonable estimate of the effect of the adoption of the standard until this review has been completed. However, IFRS 16 will require the Group to recognise a lease liability and a right-of-use asset for most of these leases previously treated as operating leases when it becomes effective for accounting periods beginning on or after 1 January 2019. This will affect both non-current and current liabilities, fixed assets and the measurement and disclosure of expense associated with the leases which under the new standard will be treated as depreciation and financing expense which were previously recognised as operating expense over the term of the lease.

Certain other new accounting standards, amendments to existing accounting standards and interpretations which are in issue but not yet effective either do not apply to the Group or are not expected to have any material impact on the Group's net results or net assets.

Key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Due to inherent uncertainty involved in making estimates and assumptions, actual outcomes could differ from those assumptions and estimates.

- Revenue recognition: revenue from the placement of permanent staff is recognised when a candidate accepts a position and a start date is determined. A provision is made by management, based on historical evidence, for the proportion of those placements where the candidate is expected to reverse their acceptance prior to the start date.
- Bad debt provisioning: at each balance sheet date each subsidiary evaluates the collectability of trade receivables and records a provision based on anticipated recoverable cash flows, nature of counterparty, past due date, geographical location, the costs of recovery and the fair value of any guarantee received.

Critical accounting judgements

Management has identified the timing of revenue recognition as a critical judgement in arriving at the amounts recognised in the Group's financial statements.

- Revenue recognition: revenue in respect of permanent placements is deemed to be earned when a candidate accepts a position and a start date is agreed, but prior to employment commencing. In making this judgement, management considered the detailed criteria for the recognition of revenue from permanent placements.

NOTES TO THE GROUP ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. Segmental information

	2017 £'000	2016 £'000
i) Revenue:		
Asia Pacific	370,248	348,636
UK	569,610	480,587
Europe	189,056	146,985
Other International	36,862	22,327
	1,165,776	998,535
ii) Gross profit:		
Asia Pacific	136,641	117,591
UK	100,881	86,675
Europe	80,649	60,062
Other International	27,077	14,002
	345,248	278,330
iii) Profit before taxation:		
Asia Pacific	17,719	14,655
UK	11,802	6,396
Europe	11,279	4,243
Other International	1,098	948
Operating profit	41,898	26,242
Net finance costs	(1,324)	1,899
Profit before taxation	40,574	28,141
iv) Net assets:		
Asia Pacific	27,905	32,621
UK	33,927	28,867
Europe	18,001	9,592
Other International	4,693	3,617
Unallocated corporate assets and liabilities*	37,282	27,246
	121,808	101,943

*For the purposes of segmental information, unallocated corporate assets and liabilities include cash, bank loans, corporation and deferred taxation 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 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.

	P,P&E and software additions £'000	Depreciation and amortisation £'000	Non-current assets £'000	Assets £'000	Liabilities £'000
v) Other information – 2017:					
Asia Pacific	1,387	1,223	10,747	62,312	(34,407)
UK	3,550	2,640	7,131	125,923	(91,996)
Europe	1,227	584	1,818	49,677	(31,676)
Other International	827	291	1,348	10,717	(6,024)
Unallocated corporate assets and liabilities*	-	-	10,163	75,051	(37,769)
	6,991	4,738	31,207	323,680	(201,872)

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

1. Segmental information continued

	P,P&E and software additions £'000	Depreciation and amortisation £'000	Non-current assets £'000	Assets £'000	Liabilities £'000
Other information – 2016:					
Asia Pacific	922	1,237	11,160	63,621	(31,000)
UK	2,392	2,300	6,219	146,599	(117,732)
Europe	915	505	1,304	37,168	(27,576)
Other International	788	137	902	8,704	(5,087)
Unallocated corporate assets and liabilities*	-	-	8,253	72,385	(45,139)
	5,017	4,179	27,838	328,477	(226,534)

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

	2017 £'000	2016 £'000
vi) Revenue by business grouping:		
Robert Walters	643,626	599,356
Resource Solutions (recruitment process outsourcing)	522,150	399,179
	1,165,776	998,535

2. Finance costs

	2017 £'000	2016 £'000
Interest on bank overdrafts	939	841
Interest on bank loans	42	54
Total borrowing costs	981	895

3. Profit before taxation

	2017 £'000	2016 £'000
Profit is stated after charging:		
Auditor's remuneration – Deloitte LLP (as Auditor)		
– Fees payable to the Company's Auditor for the audit of the Company's annual accounts	54	54
– The audit of the Company's subsidiaries pursuant to legislation	352	355
	406	409
– Other services pursuant to legislation	25	25
– Fees payable to the Auditor pursuant to legislation	431	434
– Tax services – compliance	85	94
– Tax services – advisory	10	12
– Other non-audit services	2	5
Total fees	528	545
Depreciation and amortisation of assets – owned	4,738	4,179
Loss on disposal of property, plant and equipment and computer software	681	666
Impairment of trade receivables (net)	892	1,183
Operating lease rentals – property	14,484	12,160
Operating lease rentals – computers and equipment	1,969	1,079

NOTES TO THE GROUP ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2017

4. Staff costs

	2017 Number	2016 Number
The average monthly number of employees of the Group (including Executive Directors) during the year was:		
Group employees	3,554	3,023

The Directors analyse headcount in a number of ways and therefore headcount has been presented on a global basis.

	2017 £'000	2016 £'000
Their aggregate remuneration comprised:		
Wages and salaries	190,351	156,354
Social security costs	20,356	16,013
Other pension costs	4,399	4,205
Cost of employee share options and awards	5,324	4,590
	220,430	181,162

Details of the Directors' remuneration are given in the Directors' Remuneration Report on page 56.

5. Taxation

	2017 £'000	2016 £'000
Current tax charge		
Corporation tax – UK	3,618	1,971
Corporation tax – Overseas	8,297	6,520
Adjustments in respect of prior years		
Corporation tax – UK	-	126
Corporation tax – Overseas	(230)	(686)
	11,685	7,931
Deferred tax		
Deferred tax – UK	(437)	173
Deferred tax – Overseas	(832)	16
Adjustments in respect of prior years		
Deferred tax – UK	250	(16)
Deferred tax – Overseas	573	140
	(446)	313
Total tax charge for year	11,239	8,244
Profit before taxation	40,574	28,141
Tax at standard UK corporation tax rate of 19.25%* (2016: 20%)	7,811	5,628
Effects of:		
Unrelieved losses	451	683
Tax exempt income and other expenses not deductible for tax purposes	(482)	477
Overseas earnings taxed at different rates	2,866	1,785
Adjustments to tax charges in previous years	593	(435)
Impact of tax rate change	-	106
Total tax charge for year	11,239	8,244

*The UK Government reduced the rate of corporation tax by 1% from 20% to 19% on 1 April 2017.

	2017 £'000	2016 £'000
Tax recognised directly in equity		
Tax on share-based payment transactions	(1,659)	449

6. Dividends

	2017 £'000	2016 £'000
Amounts recognised as distributions to equity holders in the year:		
Interim dividend paid of 2.75p per share (2016: 2.3p)	1,879	1,620
Final dividend for 2016 of 6.2p per share (2015: 5.13p)	4,195	3,790
	6,074	5,410

Proposed final dividend for 2017 of 9.3p per share (2016: 6.2p)	6,429	4,316
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The proposed final dividend of £6,429,000 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

7. 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.

	2017 £'000	2016 £'000
Profit for the year attributable to equity holders of the Parent	29,335	19,897

	2017 Number of shares	2016 Number of shares
Weighted average number of shares:		
Shares in issue throughout the year	80,507,284	86,251,859
Shares issued in the year	317,504	74,666
Shares cancelled in the year	(1,893,733)	(1,652,089)
Treasury and own shares held	(10,558,159)	(12,799,910)
For basic earnings per share	68,372,896	71,874,526
Outstanding share options and equity	7,086,415	6,470,656
For diluted earnings per share	75,459,311	78,345,182

NOTES TO THE GROUP ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2017

8. Intangible assets

	Goodwill £'000	Computer software £'000	Total £'000
Cost:			
At 1 January 2016	7,977	9,928	17,905
Additions	-	2,172	2,172
Disposals	-	(1,170)	(1,170)
Foreign currency translation differences	111	265	376
At 31 December 2016	8,088	11,195	19,283
Additions	-	1,912	1,912
Disposals	-	(8)	(8)
Foreign currency translation differences	(30)	(47)	(77)
At 31 December 2017	8,058	13,052	21,110
Accumulated impairment and amortisation:			
At 1 January 2016	-	7,117	7,117
Charge for the year	-	1,191	1,191
Disposals	-	(679)	(679)
Foreign currency translation differences	-	252	252
At 31 December 2016	-	7,881	7,881
Charge for the year	-	1,364	1,364
Foreign currency translation differences	-	(44)	(44)
At 31 December 2017	-	9,201	9,201
Carrying value:			
At 1 January 2016	7,977	2,811	10,788
At 31 December 2016	8,088	3,314	11,402
At 31 December 2017	8,058	3,851	11,909

The carrying value of goodwill primarily relates to the acquisition of Talent Spotter in China (£1,199,000) and the historic 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 discount rates.

Estimated cash flow forecasts are derived from the most recent financial budgets and an assumed average growth rate of 5% for years two and three, which does not exceed the long-term average potential growth rate of the respective operations. 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 10.5% (pre-tax rate of 14.4%), 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.

9. Property, plant and equipment

	Leasehold improvements £'000	Fixtures, fittings and office equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost:					
At 1 January 2016	6,594	10,408	6,149	18	23,169
Additions	281	1,758	802	-	2,841
Disposals	(75)	(1,084)	(498)	-	(1,657)
Foreign currency translation differences	611	1,495	689	-	2,795
At 31 December 2016	7,411	12,577	7,142	18	27,148
Additions	1,617	2,155	1,307	-	5,079
Disposals	(479)	(434)	(105)	-	(1,018)
Foreign currency translation differences	(186)	(46)	(106)	-	(338)
At 31 December 2017	8,363	14,252	8,238	18	30,871
Accumulated depreciation and impairment:					
At 1 January 2016	4,053	6,634	4,729	13	15,429
Charge for the year	707	1,218	1,061	2	2,988
Disposals	(65)	(937)	(480)	-	(1,482)
Foreign currency translation differences	502	1,012	516	-	2,030
At 31 December 2016	5,197	7,927	5,826	15	18,965
Charge for the year	739	1,446	1,188	1	3,374
Disposals	(139)	(147)	(59)	-	(345)
Foreign currency translation differences	(138)	(29)	(91)	-	(258)
At 31 December 2017	5,659	9,197	6,864	16	21,736
Carrying value:					
At 1 January 2016	2,541	3,774	1,420	5	7,740
At 31 December 2016	2,214	4,650	1,316	3	8,183
At 31 December 2017	2,704	5,055	1,374	2	9,135

NOTES TO THE GROUP ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2017

10. Group investments

Details of the Group investments existing as at 31 December 2017 are as follows:

Subsidiary undertaking	Effective ownership of ordinary shares	Principal activity	Country of incorporation
Robert Walters Pty Limited	100%	Recruitment consultancy	Australia
Resource Solutions Corporation Pty Limited	100%	HR outsourcing services	Australia
Robert Walters SA	100%	Recruitment consultancy	Belgium
Robert Walters People Solutions SA	100%	Recruitment consultancy	Belgium
Robert Walters Brazil Limitada	100%	Recruitment consultancy	Brazil
Robert Walters Canada Inc	100%	Recruitment consultancy	Canada
Robert Walters Talent Consulting (Shanghai) Ltd	100%	Recruitment consultancy	China
Robert Walters Talent China Limited	100%	Recruitment consultancy	China
Resource Solutions Europe Limited (Czech Republic)	100%	HR outsourcing services	Czech Republic
Robert Walters SAS	100%	Recruitment consultancy	France
Walters People SAS	100%	Recruitment consultancy	France
Walters People Business Support SAS	100%	Recruitment consultancy	France
Robert Walters Germany GMBH	100%	Recruitment consultancy	Germany
Resource Solutions Consulting (Hong Kong) Limited	100%	HR outsourcing services	Hong Kong
Robert Walters (Hong Kong) Limited	100%	Recruitment consultancy	Hong Kong
Hungarian Branch Office of Resource Solutions Europe Ltd (Hungary)	100%	HR outsourcing services	Hungary
Resource Solutions India Private Limited	100%	HR outsourcing services	India
PT. Robert Walters Indonesia	100%	Recruitment consultancy	Indonesia
Robert Walters Limited	100%	Recruitment consultancy	Ireland
Robert Walters Luxembourg Investment SARL (Irish Branch)	100%	Investment	Ireland
Robert Walters Japan KK	100%	Recruitment consultancy	Japan
Resource Solutions Japan Kabusiki Kaisya KK	100%	HR outsourcing services	Japan
Resource Solutions Europe Limited Lieturos Filialas (Lithuania)	100%	HR outsourcing services	Lithuania
Robert Walters Luxemburg Investment SARL	100%	Investment	Luxembourg
Robert Walters (Luxemburg) Operations Ltd	100%	Recruitment consultancy	Luxembourg
Robert Walters Resource Solutions Sdn Bhd	100%	HR outsourcing services	Malaysia
Robert Walters Sdn Bhd	100%	Recruitment consultancy	Malaysia
Robert Walters BV	100%	Recruitment consultancy	Netherlands
Walters People BV	100%	Recruitment consultancy	Netherlands
Robert Walters New Zealand Limited	100%	Recruitment consultancy	New Zealand
Robert Walters Portugal Unipessoal Lda	100%	Recruitment consultancy	Portugal
Resource Solutions Consulting (Singapore) Pte Ltd	100%	HR outsourcing services	Singapore
Robert Walters (Singapore) Pte Limited	100%	Recruitment consultancy	Singapore
Walters People Singapore Pte Ltd	100%	Recruitment consultancy	Singapore
Robert Walters South Africa Proprietary Limited	100%	Recruitment consultancy	South Africa
Robert Walters External Profit Company (South Africa)	100%	Recruitment consultancy	South Africa
Robert Walters Holding SAS Sucursal En Espana	100%	Recruitment consultancy	Spain
Walters People Sociedad Limitada Empresa de Trabajo Temporal	100%	Recruitment consultancy	Spain
Robert Walters Korea Limited	100%	Recruitment consultancy	South Korea
Robert Walters Switzerland AG	100%	Recruitment consultancy	Switzerland
Robert Walters Company Limited (Taiwan)	100%	Recruitment consultancy	Taiwan
Robert Walters Recruitment (Thailand) Ltd	100%	Recruitment consultancy	Thailand
Robert Walters Dubai Ltd	100%	Recruitment consultancy	United Kingdom
Robert Walters Operations Limited	100%	Recruitment consultancy	United Kingdom
Robert Walters Consultancy ² (3568178)	100%	Recruitment consultancy	United Kingdom
Resource Solutions Limited	100%	HR outsourcing services	United Kingdom
Resource Solutions Europe Limited	100%	HR outsourcing services	United Kingdom
Resource Solutions Europe Limited External Profit Company	100%	HR outsourcing services	United Kingdom
Resource Solutions Technology Consultancy Services Ltd ² (3542052)	100%	Recruitment consultancy	United Kingdom
Robert Walters Holdings Limited ¹	100%	Holding Company	United Kingdom
Walters Interim Ltd ² (2152308)	100%	Recruitment consultancy	United Kingdom
Resource Solutions Inc (Delaware)	100%	HR outsourcing services	USA
Resource Solutions Inc (Florida)	100%	HR outsourcing services	USA
Robert Walters Associates Inc.	100%	Recruitment consultancy	USA
Robert Walters Associates California Inc.	100%	Recruitment consultancy	USA
Robert Walters Holdings North America	100%	Recruitment consultancy	USA
Robert Walters Vietnam Company Limited	100%	Recruitment consultancy	Vietnam

1. Robert Walters Holdings Limited has branch operations in Luxembourg and South Africa.

2. These subsidiaries, all of which are incorporated in England and Wales, are exempt from the requirements of the UK Companies Act 2006 relating to the individual accounts by virtue of section s394A of that Act.

Registered address

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 Benrather Strasse 12, 40213 Dusseldorf, Germany
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 26a Boulevard Royal, L2449, Luxembourg
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 138-142 Hai Ba Trung Street, Da Kao Ward District 1, Ho Chi Minh City, Vietnam

NOTES TO THE GROUP ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2017

10. Group investments continued

The registered address for each of these entities can be found on the previous page.

In September 2012, the Group gained control of the remaining 30% non-controlling interest in Robert Walters Talent Consulting (Shanghai) Ltd for a cost of Renminbi 24,000,000 (£2,341,000) from Talent Spotter with the associated value of the non-controlling interest in the Group balance sheet at the date of transaction of £532,000.

Under the legal form of this transaction, 30% of the ordinary shares are still owned by Talent Spotter, but in substance the control of these shares has come under the control of the Group.

Total payment of Renminbi 19,200,000 (£1,909,000) was made by the Group between September 2012 and 31 December 2014. In the year ended 31 December 2015, the Group made a final payment of Renminbi 4,800,000 (£498,000).

11. Trade and other receivables

	2017 £'000	2016 £'000
Receivables due within one year:		
Trade receivables	163,284	183,692
Other receivables	10,892	8,970
Prepayments	7,179	5,468
Accrued income	46,230	38,377
	227,585	236,507

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 2017 is £1,892,000 (31 December 2016: £1,716,000). The movement in the provision during the year is a charge to administrative expenses in the Consolidated Income Statement of £176,000 (2016: £266,000).

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

	2017 £'000	2016 £'000
Trade payables	8,712	6,727
Other taxation and social security	20,689	24,529
Other payables	24,020	22,489
Accruals and deferred income	107,849	124,263
	161,270	178,008

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

13. Bank overdrafts and loans

	2017 £'000	2016 £'000
Bank overdrafts and loans: current	30,784	40,070
	30,784	40,070
The borrowings are repayable as follows:		
Within one year	30,784	40,070
	30,784	40,070

In January 2017, the Group renewed and extended to four years its committed financing facility of £45m which expires in December 2020.

At 31 December 2017, £30.2m (2016: £38.9m) was drawn down under this facility.

The Group also has a non-recourse £15m facility.

The Group has a short-term facility of Renminbi 25m (£2.9m) of which Renminbi 5m (£0.6m) was drawn down as at 31 December 2017. 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 £30,784,000 (2016: £40,070,000).

14. Deferred taxation

The following are the major tax assets (liabilities) recognised by the Group and the movements during the current and prior year.

	Accelerated depreciation £'000	Tax losses £'000	Share-based payment £'000	Accruals and provisions £'000	Total £'000
At 1 January 2016	608	2,235	2,000	3,938	8,781
Credit (charge) to income	45	(291)	30	(97)	(313)
Credit to equity	-	-	(918)	-	(918)
Foreign currency translation differences	-	215	-	488	703
At 31 December 2016	653	2,159	1,112	4,329	8,253
Credit (charge) to income	(99)	(48)	400	193	446
Charge to equity	-	-	1,640	-	1,640
Foreign currency translation differences	-	(35)	-	(141)	(176)
At 31 December 2017	554	2,076	3,152	4,381	10,163

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

Group	2017 £'000	2016 £'000
Deferred tax assets	10,163	8,253

At 31 December 2017, no deferred tax liability is recognised on temporary differences of £16.2m (2016: £13.9m) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing and reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets of £2.1m (2016: £2.2m) have been recognised in respect of carried forward losses and latest forecasts show that these are expected to be recovered against future profit streams.

The Group has total unrecognised deferred tax assets relating to tax losses of £5.2m (2016: £4.9m) of which £0.8m (2016: £1.8m) have no time restriction over when they can be utilised, and the remaining £4.4m (2016: £3.1m) are time restricted, for which the weighted average period over which they can be utilised is 6.2 years.

15. Provisions

	Total £'000
At 1 January 2016	2,227
Additional provisions charged to income statement	1,279
Provision released	(186)
Utilisation of provisions	(212)
Foreign exchange movements	279
At 31 December 2016	3,387
Additional provisions charged to income statement	790
Provision released	(1,224)
Utilisation of provisions	(76)
Foreign exchange movements	(45)
At 31 December 2017	2,832
Analysis of total provision:	
Current	1,198
Non-current	1,634
	2,832

The provisions comprise rents and other related amounts payable on vacated properties and dilapidation provisions.

The payment of non-current provision (£1.6m) is expected to occur between two and five years.

NOTES TO THE GROUP ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2017

16. Financial risk management

The Group's financial instruments comprise cash and liquid resources and various items, such as trade receivables, trade payables, etc. that arise directly from its operations. The main purpose of these financial instruments is to finance the Group's operations. The Group has not entered into derivative transactions and no gains or losses on hedges have been incurred.

The main risks arising from the Group's financial instruments are foreign currency risk, liquidity risk, credit risk and interest rate risk.

(i) Financial assets

Surplus cash balances are invested in financial institutions with favourable credit ratings that offer competitive rates of return, while still providing the Group with flexibility in its cash management.

Cash	2017 £'000	2016 £'000
Australian Dollars	11,194	14,453
Euros	10,361	13,107
Japanese Yen	9,602	8,665
Hong Kong Dollars ¹	8,854	6,107
Singapore Dollars	2,852	3,006
US Dollars	2,774	1,840
New Zealand Dollars	2,709	2,322
Thai Baht	1,961	1,373
Chinese Renminbi	1,692	1,777
Indian Rupee	1,663	1,763
Other	8,210	8,187
	61,872	62,601

1. Included in the Hong Kong Dollars cash balance is £3.3m (2016: £3.6m) of restricted cash held on deposit as security against the Chinese Renminbi bank loan. Further details of this loan are provided in note 13.

All financial assets, as detailed above, are at floating rate. There is no material difference between the fair value and the carrying value of the financial assets.

(ii) Currency exposures

The main currencies of the Group are Pounds Sterling, the Euro, Australian Dollars and Yen. The Group does not have material transactional exposures because in the local entities, revenues and costs are in their functional currencies.

There are no material net foreign exchange exposures to monetary assets and monetary liabilities.

The Group has translation exposure in accounting for overseas operations and its policy is not to hedge against this exposure.

(iii) Liquidity risk

The Group's overall objective is to ensure that at all times it is able to meet its financial commitments as and when they fall due.

Surplus funds are invested on short-term deposit. Short-term flexibility is achieved by overdraft facilities, if appropriate.

The capital structure of the Group consists of net cash of £31.1m and equity of the Group, comprising issued share capital, reserves and retained earnings as disclosed in notes 17 and 18.

Details of the Group's bank overdrafts and loans facilities are disclosed in note 13.

(iv) Interest rate risk

The Group manages its cash funds through its London head office and does not actively manage its exposure to interest rate fluctuations. Surplus funds in the UK earn interest at a rate linked to the Bank of England base rate.

Surplus funds in other countries earn interest based on a number of different indices, varying from country to country.

(v) Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables and investments. The Group's credit risk is primarily in respect of trade receivables.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with counterparties that are deemed creditworthy and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group transacts with entities that are considered to have adequate credit ratings. This information is supplied by independent rating agencies where available and if not available the Group uses other publicly available financial information and its own trading records to rate its major customers.

16. Financial risk management *continued*

The Group's exposure and the credit ratings of its counterparties are regularly monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by management.

Trade receivables consist of a large number of clients, spread across industry sectors and geographical locations. In a number of territories in which the Group operates, particularly in the contract and interim businesses, invoices are contractually payable on demand. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, if considered appropriate, credit guarantee insurance cover is purchased.

Balances which are considered uncollectable either in part or for the whole amount are written down on a specific basis. The amount of the write-down takes into account an estimate of the recoverable cash flows, nature of counterparty, past due date, geographical area, the costs of recovery and the fair value of any guarantee received. The Group has provided fully for all receivables over 120 days because historical experience is such that receivables past due beyond 120 days have a significantly higher risk associated with collectability.

The maximum exposure of credit risk for trade receivables is represented by their carrying value, net of impairment.

Out of trade receivables totalling £163.3m at 31 December 2017 (2016: £183.7m), balances totalling £123.2m (2016: £145.3m) are not due. The amount of trade receivables past due up to one month are £27.5m (2016: £28.3m) and past due greater than one month are £16.2m (2016: £13.4m). The amount of trade receivables outstanding by more than 90 days from invoice date at 31 December 2017 was £1.5m (2016: £2.7m). The level of bad debt provision at 31 December 2017 was £3.6m (2016: £3.3m).

(vi) Financial liabilities

The Group financed its operations during the year through a mixture of retained earnings and also has a Renminbi loan, which was taken out in 2008, and a four-year committed Pounds Sterling sales financing facility, expiring in December 2020. The average effective interest rate for 2017 on the sales financing facility approximates to 2.75% and is determined upon the lenders' published rate plus 2.25%. As the rates are floating, the Group is exposed to cash flow risk. Further details in respect of these loans are disclosed in note 13 to the accounts.

The Group's sensitivity to foreign currency has decreased during the year as repayments have been made on the bank loans. Trade and other payables are settled within normal terms of business and are payable in less than 120 days.

17. Share capital

	2017 Number	2016 Number	2017 £'000	2016 £'000
Authorised				
Ordinary shares of 20p each	200,000,000	200,000,000	40,000	40,000
Allotted, called-up and fully paid				
Ordinary shares of 20p each	79,374,520	80,507,284	15,875	16,101

The called-up share capital of the Company decreased during the year following cancellation of shares.

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

NOTES TO THE GROUP ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2017

18. Share options

Equity-settled share option plan

As at 31 December 2017 the following options had been granted and remained outstanding in respect of the Company's ordinary shares of 20p each under the Company's Executive Share Option Scheme and SAYE Option Scheme:

	Share options granted	Price granted (p)	Exercisable	
			From	To
Executive Options	318,270	208	March 2013	March 2020
Executive Options	20,000	221	April 2013	April 2020
Executive Options	10,000	299	November 2013	November 2020
Executive Options	267,500	211	March 2016	March 2023
Executive Options	896,000	353	March 2017	March 2024
Executive Options	3,000	307	June 2017	June 2024
Executive Options	619,500	339	February 2018	February 2025
Executive Options	723,500	299	March 2019	March 2026
SAYE	184,395	258	June 2019	December 2019
Executive Options	935,500	400	March 2020	March 2027
SAYE	415,335	364	June 2020	December 2020
	4,393,000			

The movements within the balance of share options are indicated below, as well as a calculation of the respective weighted averages for each category of movement and the opening and closing balances.

	2017		2016	
	Options	Weighted average exercise price (£)	Options	Weighted average exercise price (£)
At 1 January	5,203,294	2.80	4,827,259	2.75
Granted during the year	1,360,835	3.89	1,016,058	3.39
Forfeited during the year	(105,171)	2.77	(380,023)	2.97
Exercised during the year	(2,065,958)	2.46	(260,000)	2.13
At 31 December	4,393,000	3.29	5,203,294	2.80

The fair value of share options granted during the year was £779,000.

The weighted average share price at the date of exercise for share options exercised during the period was £2.46. The options outstanding at 31 December 2017 had a weighted average remaining contractual life of seven years and a weighted value of £3.29.

There were 1,515,000 options already exercisable at the end of the year, with a weighted exercise price of £2.95.

The inputs into the stochastic model are as follows:

	Executive options				SAYE options	
	2017	2016	2015	2014	2017	2016
Weighted average share price	£4.07	£3.08	£3.51	£3.53	£3.64	£2.58
Weighted average exercise price	£4.00	£2.99	£3.39	£3.53	£3.64	£2.58
Expected volatility	30.8%	32.4%	34.2%	40.4%	30.8%	32.4%
Expected life	6	6	6	6	3.25	3.25
Risk free rate	0.5%	1.0%	1.2%	1.8%	0.5%	1.0%
Expected dividend yield	2.1%	2.3%	1.7%	1.5%	2.1%	2.3%

Expected volatility has been calculated over the period of time commensurate with the expected award term immediately prior to the date of grant. The expected life used in the model has been adjusted, based upon management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Exercise of the Executive Share Options is subject to the achievement of a percentage increase in earnings per share which exceeds the percentage increase in inflation by at least an average 8% per annum, over a period of three financial years of the Group.

On satisfaction of these performance targets, 33.33% of the options vest. Vesting then increases progressively with the Executive Share Options fully vesting where earnings per share growth matches the UK retail price index plus an average of 14% per annum.

18. Share options continued

The SAYE Option Scheme enables UK permanent employees to use the proceeds of a related SAYE contract to acquire options over ordinary shares of the Company at a discount of up to 20% of their market price. Options granted under the scheme can normally be exercised during a period of six months starting on the third anniversary of the start of the relevant SAYE contract. Exercise of an option is subject to continued employment.

Equity-settled Performance Share Plan (PSP)

As at 31 December 2017 the following share awards had been granted and remained outstanding in respect of the Company's ordinary shares of 20p each under the Company's Executive PSP Scheme and the movements within the balances of share awards and the co-investment awards are indicated below.

	2017			2016		
	Share awards	Co-investment awards	Total	Share awards	Co-investment awards	Total
At 1 January	4,456,849	982,074	5,438,923	4,610,069	1,299,445	5,909,514
Granted during the year	1,565,467	252,809	1,818,276	1,833,807	385,318	2,219,125
Vested during the year	(586,977)	(189,801)	(776,778)	(1,857,149)	(662,713)	(2,519,862)
Lapsed during the year	(586,977)	(189,801)	(776,778)	-	-	-
Forfeited during the year	(26,896)	-	(26,896)	(129,878)	(39,976)	(169,854)
At 31 December	4,821,466	855,281	5,676,747	4,456,849	982,074	5,438,923

The fair value of share awards and co-investment awards granted during the year was £5,415,000.

The awards outstanding at 31 December 2017 had a weighted average remaining contractual life of 15 months (2016: 17 months).

No awards expired during the year (2016: none).

The inputs into the stochastic model are as follows:

	2017	2016	2015	2014
Weighted average share price	£4.07	£3.08	£3.51	£3.12
Weighted average exercise price	nil	nil	nil	nil
Expected volatility	29.9%	26.5%	26.0%	29.3%
Expected life	3	3	3	3
Risk free rate	0.0%	0.5%	0.7%	1.1%
Expected dividend yield	2.1%	2.3%	1.7%	1.7%

Expected volatility has been calculated over the period of time commensurate with the remainder of the performance period immediately prior to the date of grant. The expected life used in the model has been adjusted, based upon management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Under the terms of the PSP the number of shares receivable by Executive Directors for a nominal value is dependent upon the total shareholder return (TSR) and the earnings per share (EPS) growth over the three-year period from the initial date of grant. In the case of co-investment awards, the continued ownership of qualifying shares in the Company is also required. As such it is not possible to determine the interests of the individual Directors prior to the completion of the vesting period, although no shares will vest if the TSR performance does not at least equal the performance of the FTSE Small Cap Index or the EPS compound annual growth exceed 8%. For all of the PSP shares to vest, the TSR must exceed the FTSE Small Cap Index by a compound 12.5% per annum and the EPS compound annual growth must also exceed 14%.

The Group recognised an expense of £5,324,000 (2016: £4,590,000) during the year in respect of equity-settled share-based payment transactions and £nil (2016: £nil) in respect of cash-settled share-based payment transactions.

The liability for cash-settled share-based payment transactions at 31 December 2017 was £nil (2016: £nil).

19. Reserves

The other reserves of the Group include a merger reserve of £83,379,000 (2016: £83,379,000), a capital reserve of £9,301,000 (2016: £9,301,000), a capital redemption reserve of £2,216,000 (2016: £1,793,000) and a capital contribution reserve of £44,000 (2016: £44,000).

The own shares are held by an Employee Benefit Trust (EBT) to satisfy the potential share obligations of the Group. The Company also has an obligation to make regular contributions to the EBT to enable it to meet its financing costs. £1.8m of own shares were purchased into the EBT at an average price of £4.03 in 2017. Rights to dividends on shares held by the EBT have been waived by the trustees. Charges of £42,000 (2016: £51,000) have been reflected in the Consolidated Income Statement in respect of the EBT.

The number and market value of own shares held at 31 December 2017 was 6,172,248 (2016: 6,825,151) and £36,509,000 (2016: £23,316,000). The number and market value of treasury shares held at 31 December 2017 was 4,074,000 (2016: 4,074,000) and £24,097,000 (2016: £13,918,000).

NOTES TO THE GROUP ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2017

20. Notes to the Cash Flow Statement

	2017 £'000	2016 £'000
Operating profit	41,898	26,242
Adjustments for:		
Depreciation and amortisation charges	4,738	4,179
Loss on disposal of property, plant and equipment and computer software	681	666
Charge in respect of share-based payment transactions	5,324	4,590
Operating cash flows before movements in working capital	52,641	35,677
Decrease (increase) in receivables	7,733	(29,634)
(Decrease) increase in payables	(17,349)	31,135
Cash generated from operating activities	43,025	37,178

21. Reconciliation of net cash flow to movement in net funds

	2017 £'000	2016 £'000
Increase in cash and cash equivalents in the year	598	10,428
Cash inflow (outflow) from movement in bank loans	9,188	(14,350)
Foreign currency translation differences	(1,230)	8,649
Movement in net cash in the year	8,556	4,727
Net cash at beginning of year	22,532	17,805
Net cash at end of year	31,088	22,532

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

22. Commitments

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £'000	2016 £'000
Within one year	14,167	13,941
In the second to fifth years inclusive	29,444	28,225
After five years	2,729	3,856
	46,340	46,022

The Group leases various offices under non-cancellable operating lease arrangements and various computers and equipment under operating lease agreements, which have varying terms and termination rights.

The Company has no finance lease commitments (2016: £nil).

There are no capital commitments for the Group (2016: £nil).

23. Related party transactions

Transactions between Robert Walters plc and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The remuneration of key management personnel who are deemed to be Directors has been disclosed in the Report of the Remuneration Committee on page 56.

During the year, there were related party transactions totalling £77,000 (2016: £40,000) with Tay Associates Limited, a related party through a Director of Robert Walters plc.

There were no outstanding balances at 31 December 2017.

All transactions were undertaken on an arms-length basis.

24. Contingent liabilities

Each member of the Robert Walters plc Group is party to joint and several guarantees in respect of banking facilities granted to Robert Walters plc.

The Group has no other contingent liabilities as at 31 December 2017 (2016: £nil).

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2017

	Note	2017 £'000	2016 £'000
Non-current assets			
Investments	27	215,200	210,206
Current assets			
Trade and other receivables	28	396	1,231
Cash and cash equivalents		835	903
Total assets		216,431	212,340
Current liabilities			
Trade and other payables	29	(135,298)	(124,870)
Net current liabilities		(135,298)	(124,870)
Net assets		81,133	87,470
Equity			
Share capital		15,875	16,101
Share premium		21,936	21,854
Capital redemption reserve		2,216	1,793
Own shares held		(18,193)	(19,906)
Treasury shares held		(9,095)	(9,095)
Retained earnings		68,394	76,723
Shareholders' funds		81,133	87,470

Robert Walters plc reported a profit for the year of £3.1m (2016: £34.0m).

The accounts of Robert Walters plc, Company Number 3956083, on pages 113 to 116 were approved by the Board of Directors on 28 February 2018 and signed on its behalf by:



Alan Bannatyne
Chief Financial Officer

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Own shares held £'000	Treasury shares held £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2016	17,249	21,836	624	(7,136)	(19,860)	64,144	76,857
Profit for the year	-	-	-	-	-	33,982	33,982
Total comprehensive income and expense for the year	-	-	-	-	-	33,982	33,982
Dividends paid	-	-	-	-	-	(5,410)	(5,410)
Credit to equity for equity-settled share-based payments	-	-	-	-	-	4,590	4,590
Transfer to own shares held on exercise of equity incentives	-	-	-	6,372	-	(6,372)	-
Shares repurchased for cancellation	(1,169)	-	1,169	-	10,765	(14,211)	(3,446)
New shares issued and own shares purchased	21	18	-	(19,142)	-	-	(19,103)
Balance at 31 December 2016	16,101	21,854	1,793	(19,906)	(9,095)	76,723	87,470
Profit for the year	-	-	-	-	-	3,106	3,106
Total comprehensive income and expense for the year	-	-	-	-	-	3,106	3,106
Dividends paid	-	-	-	-	-	(6,074)	(6,074)
Credit to equity for equity-settled share-based payments	-	-	-	-	-	5,324	5,324
Transfer to own shares held on exercise of equity incentives	-	-	-	2,652	-	(2,652)	-
Shares repurchased for cancellation	(423)	-	423	-	-	(8,033)	(8,033)
New shares issued and own shares purchased	197	82	-	(939)	-	-	(660)
Balance at 31 December 2017	15,875	21,936	2,216	(18,193)	(9,095)	68,394	81,133

NOTES TO THE COMPANY ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2017

25. Accounting policies

The principal accounting policies of the Company are summarised below and have been applied consistently in all aspects throughout the current year and the preceding year.

(a) Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under the standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, disclosure of standards not yet effective and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in the Statement of Accounting Policies to the consolidated financial statements on page 94 except as noted below.

The Company has made no critical judgement and there are no key sources of estimation uncertainty in arriving at the amounts in the Company's financial statements.

(b) Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and the results of overseas operations are dealt with through reserves.

(c) Investments

Investments are shown at cost less provision for impairment where appropriate.

26. Profit for the year

The Company has elected not to present its own profit and loss account as permitted by Section 408 of the Companies Act 2006.

There are no persons employed by Robert Walters plc.

£2.7m (2016: £14.6m) of the retained earnings of the Company represent distributable reserves.

Details of the proposed final dividend are provided in note 6 to the accounts.

Details of share-based payments are disclosed in note 18 to the accounts.

Details of treasury and own shares held are disclosed in note 19 to the accounts.

27. Fixed asset investments

	Total £'000
At 1 January 2017	210,206
Increase in the year due to equity incentive schemes	4,994
At 31 December 2017	215,200

There was no provision for impairment (2016: £nil).

Please refer to note 10 for a list of the Company's principal investments.

28. Trade and other receivables

	2017 £'000	2016 £'000
Amounts due from subsidiaries	385	1,220
Other receivables	11	11
	396	1,231

NOTES TO THE COMPANY ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2017

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

	2017 £'000	2016 £'000
Amounts due to subsidiaries	135,298	124,870
	135,298	124,870

30. Share capital

	2017 Number	2016 Number	2017 £'000	2016 £'000
Authorised				
Ordinary shares of 20p each	200,000,000	200,000,000	40,000	40,000
Allotted, called-up and fully paid				
Ordinary shares of 20p each	79,374,520	80,507,284	15,875	16,101

Refer to note 17 and Statement of Changes in Equity for consideration paid for the new issues of shares.

31. Commitments

The Company has no finance lease commitments (2016: £nil).

There are no capital commitments for the Company (2016: £nil).

32. Related party transactions

There were no related party transactions in the year to 31 December 2017 (2016: £nil) other than as disclosed in the Report of the Remuneration Committee and notes 27 and 28.

33. Contingent liabilities

The Company has no other contingent liabilities as at 31 December 2017 (2016: £nil).



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