ANNUAL REPORT & ACCOUNTS 2016

ROBERT WALTERS PLC

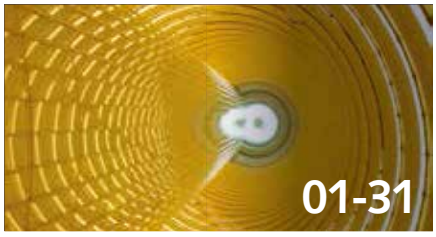
ROBERT WALTERS

SPECIALISTS IN RECRUITMENT

Robert Walters is a market-leading specialist professional recruitment group spanning 28 countries.

Our specialist solutions to clients range from permanent, contract and interim recruitment through to recruitment process outsourcing and managed services.

2016 HIGHLIGHTS



STRATEGIC REPORT

DIRECTORS' REPORT

FINANCIALS

REVENUE

£998.5m

(2015: £812.7m)

NET FEE INCOME (Gross profit)

£278.3m

(2015: £234.4m)

OPERATING PROFIT

£26.2m

(2015: £23.1m)

PROFIT BEFORE TAXATION

£28.1m

(2015: £22.4m)

BASIC EARNINGS PER SHARE

27.7p

(2015: 20.6p)

MARKET-LEADING GLOBAL BRAND

WHAT WE DO

In an ever-changing and increasingly complex global recruitment market, the Group provides clients with an end-to-end recruitment offering on a local, regional or global basis.

OUR MISSION

Our mission is to be the world's leading specialist professional recruitment consultancy and recruitment outsourcing provider with a clear differentiation based on the quality of service delivered to our clients and candidates.

Core principles

- Innovation
- Teamwork
- Leadership
- Integrity

OUR SERVICES ACROSS THE WORLD

We provide specialist recruitment consultancy and recruitment process outsourcing/managed services across Australasia, Asia, Africa, the Middle East, Europe and the Americas.

OUR BRANDS

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, 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.

OUR CLIENTS

We build long-term, high-quality relationships with organisations ranging from the world's largest multinationals through to SMEs and start-ups.

GEOGRAPHIC NET FEE INCOME

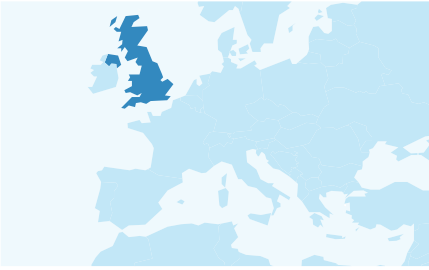
The Group's international network of offices spans 28 countries and enables us to meet the demands of clients and candidates whose needs extend beyond local markets, whilst our strong local foundations provide us with unique insights into local industry and culture.

ASIA PACIFIC

42%

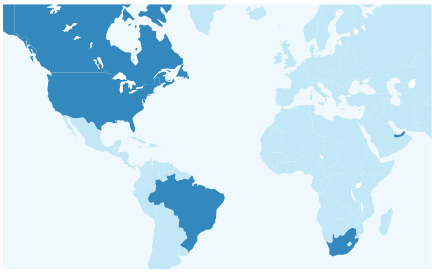
EUROPE

22%



UK

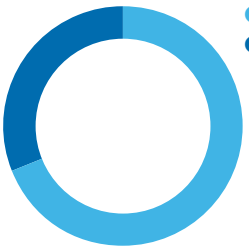
31%



OTHER INTERNATIONAL

5%

PERMANENT/CONTRACT RECRUITMENT NET FEE INCOME



EMPLOYEES

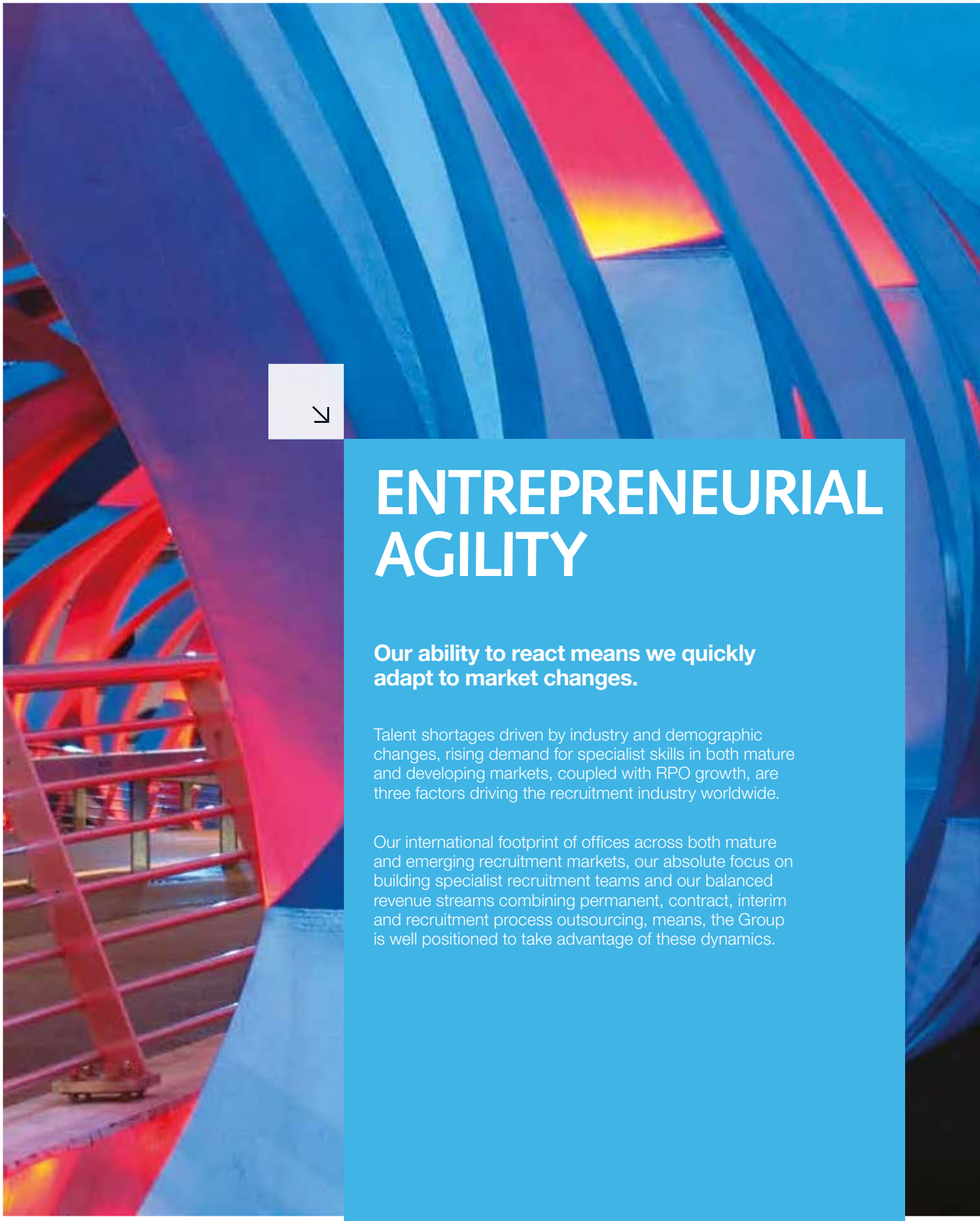
3,229

COUNTRIES

28

NET FEE INCOME GENERATED OUTSIDE THE UK

69%



ENTREPRENEURIAL AGILITY

Our ability to react means we quickly adapt to market changes.

Talent shortages driven by industry and demographic changes, rising demand for specialist skills in both mature and developing markets, coupled with RPO growth, are three factors driving the recruitment industry worldwide.

Our international footprint of offices across both mature and emerging recruitment markets, our absolute focus on building specialist recruitment teams and our balanced revenue streams combining permanent, contract, interim and recruitment process outsourcing, means, the Group is well positioned to take advantage of these dynamics.

Industry Trend 1

TALENT SHORTAGES WORLDWIDE

Even in economies with static or reduced growth the war for specialist talent persists, driven by legislative, industry and demographic changes.

In talent short markets specialist recruiters can excel. Employers have a number of options available to them but as skills shortages intensify, recruitment firms are in greater demand to add value to the hiring process, compared to speculative channels like social media or advertising.

It's very hard to replace the human element of the specialist recruitment firm, as market knowledge and talking to clients and candidates on a daily basis means being able to make direct approaches to the right professionals through headhunting.

In fact, as social and job board channels proliferate, the need for recruitment firms to filter access to quality candidates grows.

With our focus on building long-standing relationships, even in tough markets, we are well positioned to deliver value. Our broad geographic coverage also means we can take advantage of cyclical growth cycles and talent shortages wherever they appear.

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 new professional skills sets and disciplines of expertise.

The marketing function is a good example where increased specialisation has been marked over the last decade. Specialist marketing roles in fields such as search engine marketing, social and content marketing have emerged and are in high demand.

The market is also seeing new industries being created with increasingly specialist skills required. For example, the rise in financial technology (fintech) is driving demand for hybrid skills as companies drive innovation. With the proliferation of digital channels there is also growing demand for niche developer skills like Ruby and Java as well as ever more focused professionals looking at user experience and user interface.

Increasing regulation is also driving the need for specialist skill sets worldwide, and demand is shifting constantly. Legal, risk, compliance and projects professionals are in high demand and this trend shows no sign of abating.

Our strategy of discipline diversification coupled with our entrepreneurial culture allows us to quickly adapt to these market changes.

Industry Trend 3

RPO GROWTH

The RPO market, according to leading market research agency Nelson Hall, is predicted to grow 15% per year through to 2019. Growth is being driven by organisations seeking to benefit from global processes, economies of scale, global standards of measurement as well as a drive for greater efficiency across supplier relationships.

The Group recognised this trend, becoming the first recruitment business to set up an outsourcing arm in 1997 and today our Resource Solutions offering is a global market leader.

Revenue from Resource Solutions is incremental for the Group. We are able to monetise multiple channels: the non-agency channel through direct recruitment and the agency channel through managed services and master vendor relationships. The Group is also able to benefit from complementary services such as payroll and pre-employment screening. Most importantly, our model provides clients with a well-balanced recruitment supply chain that provides access to the widest pool of talent available.

83%

HIRING MANAGERS AFFECTED BY TALENT SHORTAGES 2016

Robert Walters Whitepaper: Recruiting Professionals in a Candidate Short Market, June 2016

46%

SAY FINDING CANDIDATES IN HIGH DEMAND TALENT POOLS THE BIGGEST OBSTACLE TO ATTRACTING TALENT

LinkedIn Global Recruiting Trends 2016

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.

Our approach is underpinned by a blend of revenue streams that together provide resilience when economic conditions are tough but present an opportunity for rapid growth through operational gearing when economic conditions improve.

Our balanced business model mitigates the supply-demand dynamic of our industry and means we can react to skills shortages, globalisation of the workforce and new market opportunities through:

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 three market-entry acquisitions in its 31-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.

A RESILIENT BUSINESS MODEL

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.

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.

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.

OUR FOUNDATIONS

Non-commission, team profit share

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

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 & Culture

- Home-grown senior management team
- International staff mobility programme
- Career-progress is meritocratic and based on performance

Specialists

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

Innovation culture

- Entrepreneurial
- Industry first sponsorships
- Agile business model – first to launch RPO arm

STRATEGY IN ACTION

To illustrate how we put our strategy into action, the following pages feature examples of how we have grown our business across the globe.

From developing a business in a fast-growing, emerging recruitment market such as Indonesia, through to driving growth in more mature recruitment markets, including Japan, the Netherlands and the UK regions.

FOCUS ON INDONESIA

FINDING TALENT IN AN EMERGING RECRUITMENT MARKET

Rob Bryson,
Country Manager, Indonesia

Market drivers

- One of the fastest growing middle classes globally
- Fast digital adoption
- One of the world's fastest growing economies
- Anticipated 55% shortfall in senior management talent in the next decade*

* BCG Perspectives: Tackling Indonesia's Talent Shortage

Key facts

- Double-digit year-on-year growth
- High performing team – with some of the Group's top achievers
- Predominantly Indonesian nationals

"Local competitors can't match our global infrastructure and the few larger recruiters don't have our access to overseas Indonesians. We've carved out a niche for finding the most sought-after talent in the market."

"In 2014 I transferred from our Melbourne office to become country manager of Indonesia – attracted by the enormous opportunity the country has to offer. You only need to look around Jakarta at the sheer number of skyscrapers being built to sense the scale and pace of development.

Fast-developing economy

Indonesia is home to one of the fastest growing middle classes in the world, and a population that has adapted exceptionally quickly to digital technology. For example, everything is now done on mobile devices and 67% of Indonesians use theirs to make purchases, significantly higher than the USA.

Strong, sustainable growth

In the last four years we've grown quickly, increasing headcount from five to 41 people covering eight recruitment disciplines. We have grown consistently and year-on-year we're seeing high double-digit NFI growth, and we don't anticipate this slowing.

Success factors

We were the first international specialist recruitment business to launch in the country. First mover advantage was key and we were able to bring quality, cutting edge recruitment practices to a growing industry. Five years on there's still very limited competition and regulation means there are high barriers to entry.

1. Hiring quality people
Our story is classic Robert Walters – our business is built on the quality of our people. We hire people from our candidate database and they also refer potential employees to us. In fact, I am proud to say that almost everyone we've hired has been an internal referral. Hiring local Indonesians with overseas experience is also a key differentiator for us.

2. Specialist expertise
The team's specialist expertise sets us apart too. For example, consultants with accounting backgrounds recruit finance candidates – reflecting the nature of candidates our clients are looking to hire. It gives us credibility in the market and means people want to talk to us.

3. Global infrastructure
We're at a great advantage being part of a high-quality global business. Our unrivalled South East Asia office footprint and regional and global database also sets us apart. The support from our internal functions like finance, IT and marketing is also something local competitors can't match, and it enables our consultants to focus on recruitment and building long-term business relationships.

Talent shortages

Severe talent shortages are the norm and as a result there's high demand for our services. Clients include multinationals, combined with high-growth businesses.

Clients want candidates with an international outlook yet a very small percentage of the population has this sort of experience. Less than 10% speak quality business English but clients often want English and multiple local language skills. We've created a niche by finding these candidates, especially by targeting overseas Indonesians thinking about returning home.

Unique candidate generation methods

Key to our success is our Pulang Kampung campaign, which literally means 'return home to the village.' We tap into the network of Indonesians worldwide through our global offices, getting referrals from across our South East Asia business, and from further afield, for example, in Sydney, Melbourne, Hong Kong, San Francisco, New York, London and Amsterdam. We're also having great success from investing in proactive social campaigns. Indonesians are contacting us when looking to return home, so we are able to secure a source of talent not available to competitors."

NO 1

SPECIALIST RECRUITER IN INDONESIA

FOCUS ON JAPAN

DELIVERING GROWTH IN A TALENT SHORT AND STRUCTURALLY CHALLENGING MARKET

David Swan,
Managing Director, Japan and Korea

Market drivers

- Ageing population
- Declining birth rate
- Extreme talent shortages
- High demand for bilinguals

Key facts

- No 1 specialist international recruiter in Japan
- Group's most profitable business
- Four consecutive years of record results
- In excess of 25 nationalities in the business helping us build a broad client base, both local and global

Offices

- Tokyo
- Osaka

The market in Japan

"The Japanese market has some structural challenges. Due to its ageing population Japan's workforce is shrinking, placing huge pressure on the pool of available specialist talent. Across the country there are 1.4 open jobs for every job seeker but when we look at major cities like Tokyo, where our biggest office in Japan is based, there are two open jobs for every candidate.

Compounding these trends, there's also a substantial skills mismatch in the market. Only half of job seekers have the right specialist skills for today's job market and we're typically seeing five open jobs for every person in skill short areas. When you add in technical requirements and language skills (the majority of jobs require Japanese as a first language) the ratio of open jobs goes up yet again. So, we're looking at an extremely tight labour market with almost full employment and very low rates of immigration.

It's challenging but offers fantastic opportunities for us as a high quality, specialist recruiter where candidates place a big emphasis on trusted brands in a high fee environment.

Our strategy for growth

First to market
We were one of the first multinational recruitment companies in the Japan market in 1999 and we invested more at an earlier stage than our competitors. We've also hired and developed local, high quality staff, particularly at senior management level. This has been one of the key factors to our success.

Focus on bilingual talent
Secondly, we've carved out a niche by specialising in the hardest to find talent – bilingual professionals – this is an essential differentiator and has helped us address a key need for clients – both multinational corporations in Japan and Japanese companies looking to internationalise.

Building relationships so headhunting works
Most candidates in Japan only move jobs two to three times during their careers, so keeping in touch is critical. We do that through a range of formal and informal mechanisms. We've also had a very strong focus on headhunting as a source of candidates, it's successful because our candidates trust us. Trust takes time to build and it means there are high barriers to entry to be successful in this market.

Long-term careers and market knowledge
Our senior management team have all been with us at least 9 years and this gives us a deep local knowledge base. The whole team is very much organically grown and our people really set us apart."

"Building trusted relationships with candidates over the long term means we know how and where to find the best bilingual professionals for our clients. It's our complete commitment to a specialist focus that sets us apart."

FOCUS ON THE UK REGIONS

RELATIONSHIPS DRIVE BUSINESS GROWTH

Chris Poole,
Managing Director, UK Regions

Key fact

- **Manchester business experiencing seventh consecutive year of record net fee income**

Five offices

- Birmingham
- Guildford
- Manchester
- Milton Keynes
- St Albans

"We have built a strong regional business from the ground up, getting to know clients on a personal level to establish the brand. During my 13-year tenure we've grown from one specialisation (accounting and finance) to 11 different specialisations and today it's still all about good service and relationships.

Client recommendations

We knew there was scale in this market, there were competitors with decent market share but we felt we could offer a higher-quality service. Starting with finance we soon diversified our discipline base due to client demand, including supply chain and business support. Satisfied clients recommended us and those clients quickly became our candidates.

Today we have five established businesses across the UK regions.

Building relationships

It's about meeting clients and proving to people they can trust you. If there's a genuine relationship and clients receive a great service, they depend on us. Many of our original clients are still working with us today.

Significant market growth

There's a lot of investment happening in the regions right now and there's more to come over the medium to long term, with large-scale infrastructure projects like the new high speed rail (HS2) in the pipeline. Milton Keynes, for example, is experiencing very strong growth and is one of the fastest growing economic regions in the UK. There's a growing talent pool and clients can often save on salary without sacrificing quality.

Entrepreneurship

We empower our consultants to own and grow their part of the business. If this doesn't happen the market can overtake you. Entrepreneurship is part of the mindset at Robert Walters, it's how we've grown. It's about not relying on past success but looking at what's coming next.

Success factors

We are market leaders in the North West. Our business, especially in the SME market, has grown by delivering a consistently high level of service to both clients and candidates. Communities tend to speak to each other in the SME world, and we are regularly recommended to new clients.

Thought leaders

We are thought leaders in expertise-led content and events, for example, we started and continue to sponsor the West Midlands Finance Awards. Because of our reputation for market expertise we are the first people relocating businesses talk to. We help our clients link up with their peers and that gives us an advantage.

Consultative service

It's about more than just filling jobs, it's about genuine consultancy. For example, we aren't afraid to advise clients and suggest that a different type of candidate would better meet their strategic goals.

The business today

We now have five regional businesses and have seen significant revenue growth. We expect this to be the case going forward. Our Manchester business, for example, has had its seventh consecutive year of record net fee income growth and we're very positive about the coming year."

"It's about meeting clients and proving to people they can trust you. If there's a genuine relationship and clients receive a great service they depend on us. Many of our original clients are still working with us today."

FOCUS ON THE NETHERLANDS

DIVERSIFICATION AND GROWTH IN A MATURE MARKET

Rob Vermaak,
Managing Director, Benelux

Key fact

- **2016 was the business's second consecutive year of record results**

Three offices

- **Amsterdam**
- **Eindhoven**
- **Rotterdam**

"I joined Robert Walters 12 years ago when we had just one office in Amsterdam. We were 75-80% permanent recruitment focused with the rest of the business focused on interim recruitment. We had no contract business.

We spotted an opportunity to diversify the business through better aligning our permanent, contract and interim blend with market demands, as well as growing our geographic footprint. The subsequent growth we have been able to deliver shows that established, mature markets also offer significant potential for growth.

Two new offices

In 2005 and 2006 we opened new offices in Rotterdam and Eindhoven, increasing headcount with a particular focus on growing our local permanent and interim business. In 2008, when the global financial crisis started, we were able to get through tougher times because we'd spent time balancing the business and growing interim.

Growing a profitable contract business

In 2008, we further invested in our contract business when competitors were pulling out of the market. Through our Walters People brand we focused on operational, clerical recruitment – hiring our current Walters People director in 2010. Contract growth this year has been the highest in absolute terms since we established the division.

Record growth

Today, we're a much bigger business overall. In the last six years we've almost doubled headcount and have consistently delivered strong net fee income and operating profit growth. I am pleased to say that 2016 was a record year for the Netherlands business.

The business is now balanced and a smaller percentage is permanent recruitment focused, with the rest of the business split evenly between interim and contract. For sure, if we'd just focused on permanent recruitment we would not have seen the same success.

Success factors

Three complementary business groups
Balancing the business across permanent, contract and interim mitigates against the cyclical nature of our industry. If regulation hits one area or business uncertainty means businesses switch to contract hiring, we can quickly flex our business up or down accordingly.

Ability to find scarce talent
We stand out because of the quality of our consultants, who function as advisors to our clients. By focusing on quality relationship building we've become known for sourcing scarce talent – we can pinpoint the right individuals for very specific client requirements.

With interim recruitment for example, we're replacing key leaders in a business or facilitating significant management changes – this requires high levels of expertise, strong networks and experience.

Specialisation
First we grew our core discipline base, starting with four teams and growing to 13 specialist teams. Our teams then split on level of candidate expertise and region, also branching into industry based specialisation within disciplines; for example manufacturing, chemical and retail.

People
We place a lot of focus on training so that we're able to offer talented individuals fast career paths to management roles. It's been key to our success.

I'm closely involved with the selection of every single person we hire and I'm proud of the team and the business we've built."

"By focusing on building quality relationships with clients we've become known for sourcing scarce talent – we can pinpoint the right individuals for very specific client requirements."

FOCUS ON NEW ZEALAND

GROWTH IN DIVERSE REGIONAL MARKETS

Shay Peters,
Managing Director, New Zealand

Key facts

- Record year in 2016
- Nine specialist disciplines
- Strong blend of permanent and contract fees across both the public and private sector

Two offices:

- Wellington
- Auckland

"We have two very different markets in New Zealand. Auckland is private sector focused with a population of 1.5 million people. In contrast, Wellington is a small public sector focused market with a population of just 500,000 – 70% of the market is governed by large government procurement contracts, which can have an impact on margins.

Our challenge has been to establish well-balanced revenue streams to ensure sustainable business growth.

Success factors

Focus on retained work
Key to our success has been the quality of engagement with clients and our focus on retained and large-scale project work.

Freedom to adapt
Freedom to adapt to the local market is critical. In such a small market as Wellington, for example, growing scale means spotting growth opportunities. So instead of starting with a core Robert Walters strength like finance, for example, we initially focused on areas like procurement. We've also developed a high level of retained work where the focus is on doing a bespoke, quality job for our clients.

Growing within the local context
We added headcount and growth from billings came quickly. It's about knowing the market – Wellington will never have a huge legal market, for example, so the local context is key. In Auckland it's about ensuring our consultants focus on the breadth of our client base; the SME market is large and it's a great opportunity for us to maximise margin.

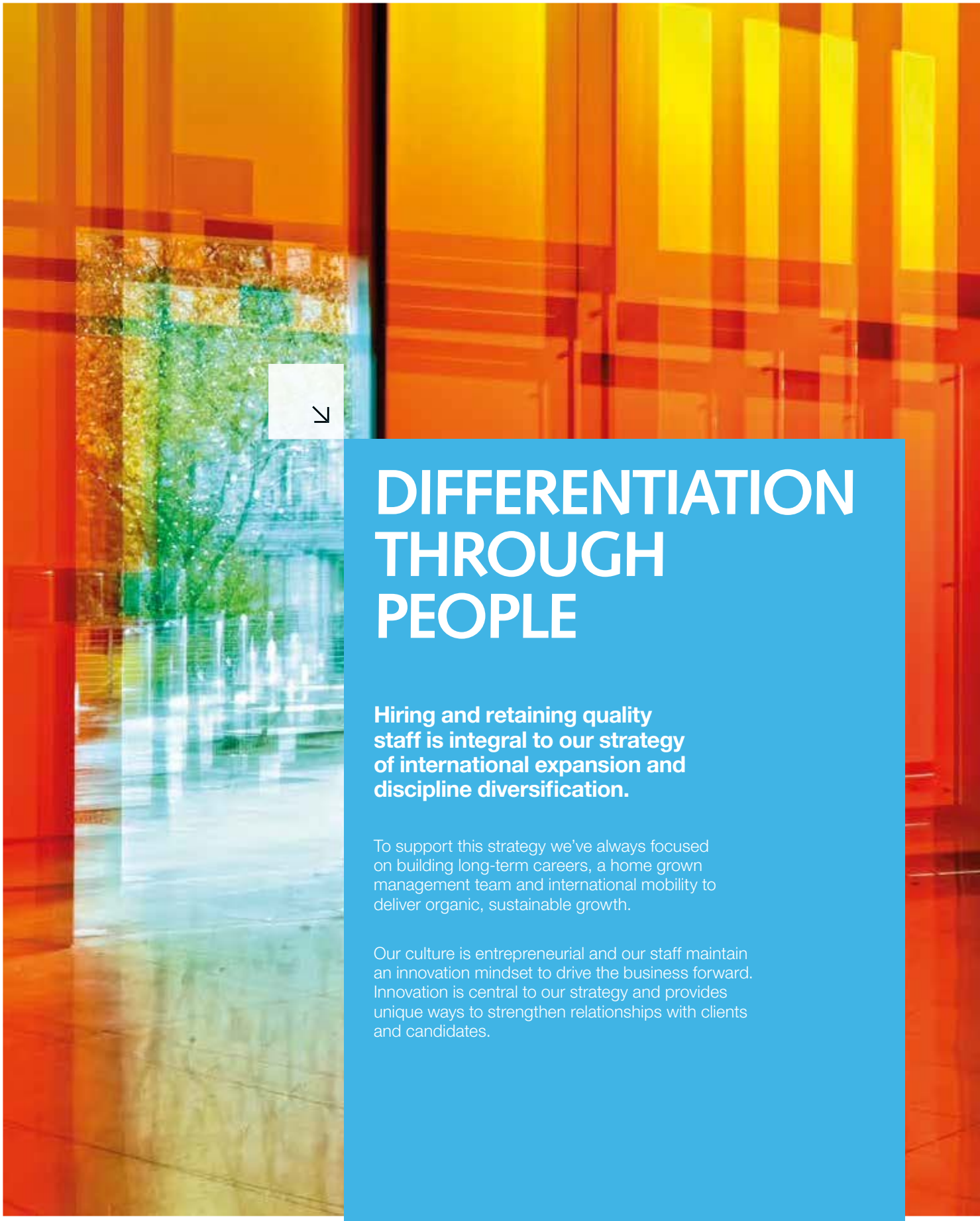
Networking
We invest heavily in networking and run a series of industry leading events based on research and whitepapers. Again, it's about positioning the business as a consultancy – we're often quoted in the national media as a critical source of business information on topics like retaining Millennial talent and the latest employee benefit trends.

Ability to source scarce talent
Over the last 24 months we've seen rising demand for highly skilled candidates across Wellington and Auckland as business confidence grows. In such a small labour market any surge in demand has a big impact on the talent pool.

To address demand we rely on our long-standing international candidate management function and overseas roadshows to give us access to the sorts of overseas experienced candidates it's hard to find in the local market.

We hold seminars annually in London, where our New Zealand consultants present on the local market to those thinking of returning home and we track these candidates long term."

"Having the freedom to tailor strategy to suit the local context, focusing on quality engagement and the strength of our brand through initiatives like The Lions sponsorship has been critical to our success."



DIFFERENTIATION THROUGH PEOPLE

Hiring and retaining quality staff is integral to our strategy of international expansion and discipline diversification.

To support this strategy we've always focused on building long-term careers, a home grown management team and international mobility to deliver organic, sustainable growth.

Our culture is entrepreneurial and our staff maintain an innovation mindset to drive the business forward. Innovation is central to our strategy and provides unique ways to strengthen relationships with clients and candidates.

ENTREPRENEURIAL CULTURE DRIVING GROWTH

Home-grown management team
By giving our people opportunities for career growth we've built a successful home-grown management team. We encourage long-term career development and are proud that the average tenure of our senior management team is currently over 13 years. Long-term retention of our home-grown management is critical to the success of the Group.

Long-term and international careers
Many of our senior management team have been with us since joining as consultants and have grown the business across the globe, taking our unique culture with them. Now, they are leaders of our largest businesses. Providing a career path into management is something we've traditionally been very good at and helps us preserve our culture.

Supporting organic growth
By promoting our international mobility programme we encourage successful staff to move around the world. We have moved over 150 staff during the last five years, building new businesses and strengthening existing ones, supporting our strategy of organic, sustainable growth.

Non-commission team-based profit
Our specialist recruiters don't receive individual sales commission but instead are rewarded on a team profit share basis. This is a different approach to the vast majority of our competitors and promotes a positive working culture, ensuring clients and candidates come first and that our candidates are marketed to a broad range of organisations.

This team-based model is scalable and means we are able to rapidly increase headcount to benefit from positive market conditions or conversely scale back in more challenging periods. In the case of challenging market conditions, whilst recognising that cost control is essential to protect short-term profitability, we do take a longer-term view and it is the Group's policy to maintain headcount wherever possible so as to ensure we are well positioned to benefit from a recovery.

Meritocratic culture
Our culture is meritocratic with clear opportunities for progression and promotion based on performance. To aid key senior staff retention we encourage senior management to participate in equity incentive programmes. More details can be found in note 18 to the accounts.

Maximising productivity
The Group is always focused on the maximisation of our consultants' productivity across the globe. It is essential that new consultants, disciplines and offices become productive and profitable as quickly as possible through the provision of training, desk-side management support, effective systems and first-class marketing.

Employee engagement
We are fortunate to have engaged employees who drive the business forward. We help to keep in touch with staff globally through a range of communications, including regular video casts featuring Robert Walters, CEO and Giles Daubeney, Deputy CEO, as well as a quarterly Group News publication to all staff. Local businesses also hold monthly 'floor wrap ups', where local MDs present to staff on business performance and celebrate success. In addition, we use tools like our intranet and an ideation platform to gather staff feedback and suggestions.

"Whilst an individual's contribution is critical, everyone gets rewarded as a team – it's at the heart of our business."

Giles Daubeney, Deputy CEO

Find out more about our people and culture, including video case studies of our people, on our careers website: robertwalters.com/careers

150

OVER 150 INTERNATIONAL STAFF MOVES DURING THE PAST FIVE YEARS

INNOVATION SPOTLIGHT

Faye Walshe,
Innovation Director

Key facts

- **Showcased innovation across our extensive client base and researched in excess of 100 new innovation tools**
- **Launched 14 new products**
- **Held multiple marketing events for clients across the globe**

"There are two key ways we focus on innovation. Firstly, by innovating our own business practices and crucially, helping clients innovate their recruitment process.

Innovating for clients

It's a key differentiator. Clients hear about innovation from us first. We simplify the trends from the hundreds of new recruitment products being launched each year.

Our Innovation Client Report is a great example of how we showcase innovation. The report recaps ideas shared at face-to-face sessions with clients, from machine learning platforms to interview scenario tools.

Strategic partners

Our goal is for clients to turn to us for advice on innovation and this encourages loyalty. It's about offering strategic level consultancy, not just tactical recruitment solutions. There's an appetite for simple, affordable innovation as well as pioneering technology and we talk to clients about both.

Consumer trends

Uniquely, we track how consumer expectations are changing and the impact on recruitment. Take Uber's business model, no one waits for cabs anymore! The rise in digitalisation means that as consumers we can all get what we want, when we want it.

This step change influences candidate expectations of the recruitment process – we help clients understand and deal with this.

Innovating across the Group

The Group has always had a reputation for innovation, we were the first recruitment business to launch a recruitment outsourcing arm and it's part of the fabric of the business.

This year, we implemented a global ideation platform called The Aquarium, which means our staff around the world can easily submit new business ideas and service improvements. Staff were involved in naming the platform and we see innovation as a key way to engage and motivate our people. We also launched co-worker recognition awards this year which has been a great tool for engagement.

Another focus this year has been further Group investment in our proprietary technology Talentsource. With 25,000 users logging in each week, we've made the experience more responsive for hiring managers, not just candidates.

Achievements

We've now consolidated our approach to innovation in my team and this year Tom Lakin, our Innovation Manager, and I have researched over 100 new technologies and tools. By taking a consultative approach we are better equipped to help clients with their key challenges and form deeper partnerships with them. It's information they aren't getting elsewhere."

"Innovation is a key differentiator. Our clients turn to us for strategic level advice on innovation, not just tactical solutions, and this in turn drives relationships and loyalty."

Faye Walshe,
Innovation Director

"I'm proud to be named in the Top 50 Leading Ally Executive category by OUTstanding and The Financial Times and am passionate about promoting diversity."

Janine Chidlow,
MD, EMEA & Americas,
Resource Solutions

OUTstanding and The FT's leading top 50 ally executive list acknowledges senior executives who are unwavering in their support for LGBT people in the workplace. Janine formed a diversity committee for Resource Solutions, for which she is executive sponsor.

outstanding

BUILDING MY CAREER

Norma Gillespie,
Head of Operations, Resource Solutions

"I started my career with the Group in 1997 as an account manager based onsite at one of our clients. Within two years I was promoted to account director and my career has grown with the business ever since.

In the early days I focused on one client, managing their permanent hiring in London, but today we manage that client's graduate, contingent and permanent recruitment across the UK and Europe. Right from the start staff are empowered to extend the services we offer to clients – very much like we're running our own business.

The scope of my role has grown and in 2010 I became operations director looking after a portfolio of client accounts. Promotion followed again in 2015 when I took on additional responsibility for compliance and governance from a global perspective. In essence I'm responsible for making sure we not only meet but exceed client expectations every day.

We strive to achieve this goal by offering a very high-quality service, always thinking about what the client may need or want next, keeping them ahead of their competitors. Each account manager 'owns' their client's business, always looking to add value. The team's mantra is all about retaining and extending business.

For me, the best thing about working for the Group is that you have a voice and access to a receptive senior management team. If you need to make a key decision quickly, the support is there and we can be very responsive to client needs. I feel like my role makes a real difference to the Company and I've found that right from the start of my career."

"I joined the business in 1997 as an account manager and have had the freedom to grow my role in an entrepreneurial environment. Now I look after compliance and governance from a global perspective. I've enjoyed rapid career progression as the business has grown."

REVIEW OF THE YEAR

INTERNATIONAL EXPANSION

Replication and maintenance of the Group's culture is a critical success factor when opening offices in new markets. During 2016, the Group opened in four new countries – Canada, India, Portugal and the Philippines. It's testament to the success of our strategy that each of these businesses was opened by an existing member of staff who has transferred from another overseas market.

For example, our new business in Toronto, Canada was opened by Martin Fox who has been with the Group for ten years having worked in both our Dublin and London offices. Our business in Portugal was opened by Cristiano Aron who transferred to Lisbon from our office in São Paulo, Brazil. In addition, our new operation in the Philippines is being managed by Eric Mary who has previously worked in both our Paris and Bangkok offices.

4 NEW COUNTRIES

Lisbon

Toronto

Manila

Hyderabad

3 NEW OFFICES IN EXISTING MARKETS

Belgium

France

Malaysia

NEW LAUNCHES

Walters People brand launched in Spain

New Resource Solutions website launched

Broadbean job posting tool deployed globally

Salary Survey 2017 launched

* The Group entered the Philippines market by way of a profit share franchise agreement.

LATEST AWARDS – A YEAR OF SUCCESS

Robert Walters was named Best National Recruitment Agency at the National Online Recruitment Awards, recognising outstanding online achievement. Nominees were assessed on the accessibility and design of their website, the volume of vacancies available and social media presence. The judges based their decision solely on their objective assessment of the Company's websites.

The Group achieved a ranking as one of the Top 3 most socially engaged recruiters on LinkedIn worldwide for the second year running, out of over 60,000 recruitment firms.

We were proud to receive the HRM Asia Readers' Choice Award for best HR tech for our proprietary recruitment technology, Talentsource for the second year in a row. We also won the Readers' Choice Award for best client experience.

Our Spanish business was named a Top 30 professional services company of the year by the National Federation of Consulting which recognises excellence, leadership and talent. In Japan, we were proud to be named the best international recruitment company at the Recruiter Awards. Here are a selection of our 2016 awards:

TOP THREE MOST SOCIALLY ENGAGED RECRUITER

JAPAN MARKETING TEAM NAMED BEST SUPPORT TEAM

INTERNATIONAL RECRUITER OF THE YEAR, JAPAN

FRANCE BUSINESS NAMED GREAT PLACE TO WORK

BEST RECRUITER MID MANAGEMENT ROLES, MALAYSIA

BEST ONLINE RECRUITER, UK

TOP 100 GRADUATE EMPLOYER, AUSTRALIA

TOP 30 PROFESSIONAL SERVICES COMPANY OF THE YEAR, SPAIN

BEST RECRUITMENT FIRM – CLIENT EXPERIENCE, RESOURCE SOLUTIONS

BEST PROFESSIONAL & SPECIALIST SEARCH, GERMANY

INDUSTRY LEADING SPONSORSHIPS

We sponsor and support a range of diverse partners: from international sporting brands to art galleries and not-for-profit institutions worldwide.

Innovation & Arts
The Group has continued its support of a range of cultural institutions across the globe this year, as well as creating new partnerships. Our partnerships include The Saatchi Gallery in London, the Tokyo Exhibition Centre and the Seoul Museum. These partnerships help deepen relationships with clients, whilst differentiating the Robert Walters brand.

British & Irish Lions
Our landmark sponsorship of The British & Irish Lions in 2013 was an industry first. We have built on this and are

very proud to be an official sponsor for their 2017 Tour to New Zealand.

Japan National Rugby
Continuing our support of Japan rugby union we finalised an official sponsorship agreement with the Japan Rugby Football Union during the year.

Brazil Rugby Federation
We have become an official sponsor of the Brazil Rugby Federation (CBRU) supporting the professionalisation of the sport.

"Our integrated marketing campaigns and embracing of mobile and digital channels has led us to win many awards for our marketing team in the past few years, including, I'm proud to say, this year's best back office marketing team in Japan."

Stephen Edwards, Chief Marketing Officer

GLOBAL, DIVERSIFIED, SPECIALIST

Our blend of specialist professional recruitment and recruitment process outsourcing solutions is a key differentiator in an evolving recruitment industry.

Our geographic footprint covering 28 countries including fast-growing emerging recruitment markets and mature well-established markets provides a well-balanced platform for growth.

"Profit before tax was up 26% (16%*) to £28.1m (2015: £22.4m) and net fee income increased by 19% (8%*) to £278.3m (2015: £234.4m)."

NET FEE INCOME (GROSS PROFIT)

£278.3m

(2015: £234.4m)

PROFIT BEFORE TAX

£28.1m

(2015: £22.4m)

BASIC EARNINGS PER SHARE

27.7p

(2015: 20.6p)

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

The Group performed strongly in 2016 with profit before taxation increasing by 26% (16%*) to £28.1m (2015: £22.4m). Net fee income and operating profit grew across all of the Group's regions despite a backdrop of political and economic uncertainty across a number of markets.

The strength of the Group lies in the blend of both the breadth of solutions we provide to clients and in our geographic spread. Our blend of specialist professional recruitment and recruitment process outsourcing solutions is a key differentiator in an evolving recruitment industry, whilst our geographic footprint, covering 28 countries including fast-growing emerging recruitment markets and mature well-established markets, provides a well-balanced platform for growth.

Revenue was up 23% (15%*) to £998.5m (2015: £812.7m) and gross profit (net fee income) increased by 19% (8%*) to £278.3m (2015: £234.4m). Operating profit was up 14% (4%*) to £26.2m (2015: £23.1m) and earnings per share increased by 34% to 27.7p per share (2015: 20.6p per share). The Group has further strengthened its balance sheet with net cash of £22.5m as at 31 December 2016 (31 December 2015: £17.8m). Permanent recruitment represents 69% (2015: 69%) of recruitment net fee income.

During the year, headcount increased by 11% to 3,229 (2015: 2,916) with the majority of the uplift within Resource Solutions, our recruitment process outsourcing business.

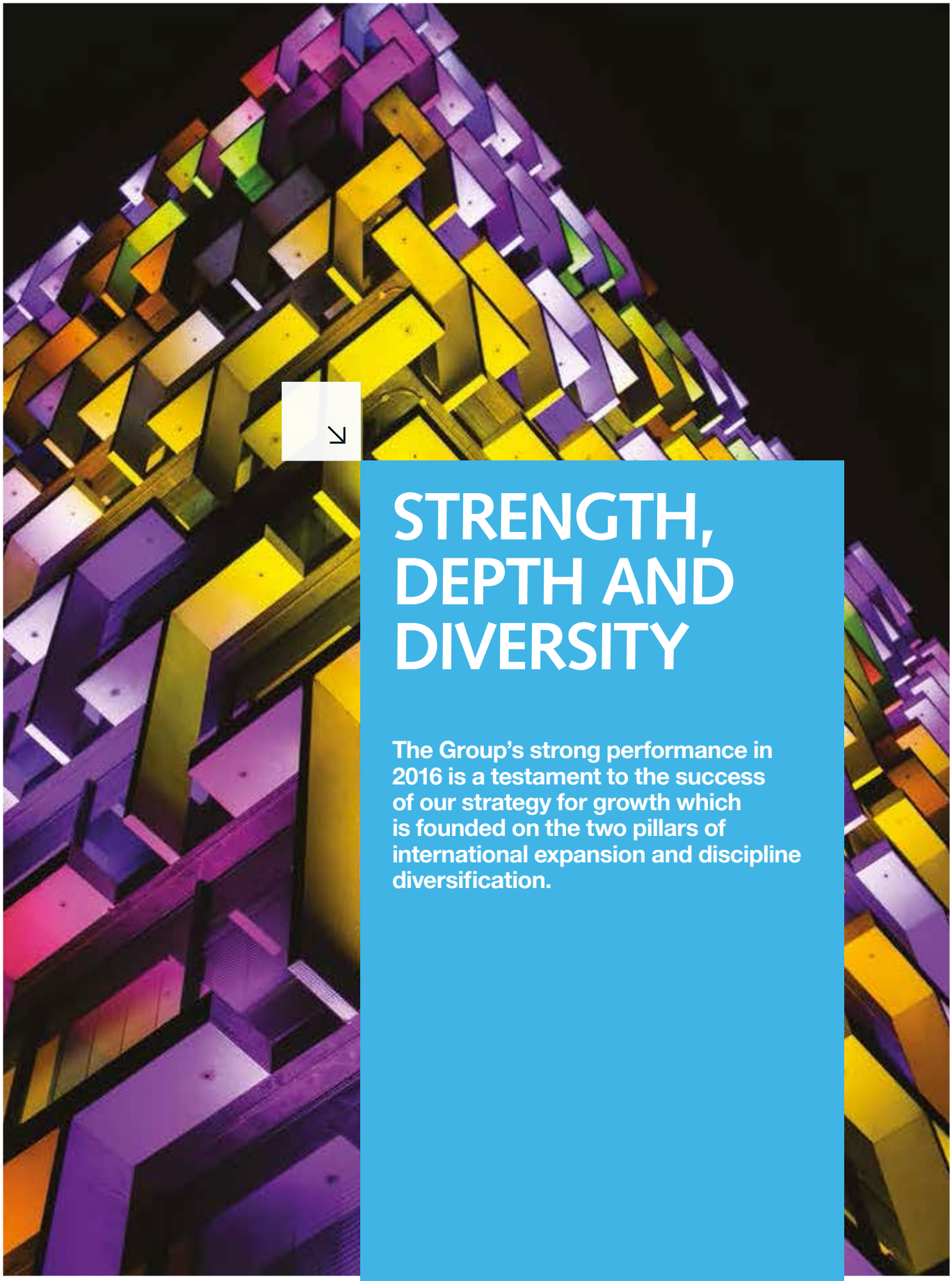
The Board will be recommending a 21% increase in the final dividend to 6.2p per share which combined with the interim dividend of 2.3p per share would result in a total dividend of 8.5p per share (2015: 7.08p).

I would like to take this opportunity to extend a warm welcome to Tanith Dodge who joined the Board as a Non-executive Director in February 2017. Her HR expertise and experience working within international organisations will be a valuable asset to the Board.

In 2016, 6.3m shares were purchased at an average price of £3.04 for £19.2m through the Group's Employee Benefit Trust. The Group also purchased 1m shares at an average price of £3.44 for 3.4m, which were subsequently cancelled. A further 2.1m shares have been purchased and cancelled at an average price of £3.79 for £8.0m since 31 December 2016. 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 25 May 2017.

Finally, on behalf of the Board, I would like to thank all of our staff across the globe for their continued hard work and dedication. These results are a fitting testament to their efforts in delivering a high-quality service to our clients and candidates.

Leslie Van de Walle
Chairman
14 March 2017



STRENGTH, DEPTH AND DIVERSITY

The Group's strong performance in 2016 is a testament to the success of our strategy for growth which is founded on the two pillars of international expansion and discipline diversification.

Review of Operations

The Group's strong performance in 2016 is a testament to the success of our strategy for growth which is founded on the two pillars of international expansion and discipline diversification.

During the year, we further expanded our international footprint into four new countries, Canada, India, the Philippines and Portugal, and strengthened existing businesses with new offices in Antwerp, Toulouse and Penang. The Group now has over 3,200 staff spanning 28 countries including some of the world's fastest growing and emerging recruitment markets, particularly in the Asia Pacific region. 69% of the Group's net fee income is now generated outside of the UK.

In discipline terms, our core specialist professional recruitment business continues to evolve through growth in emerging disciplines such as technology, digital, healthcare and fintech whilst retaining our leading positions in the more traditional disciplines of finance, banking, HR and legal. In addition, the Group, through our market-leading Resource Solutions offering, is at the forefront of the growth of the recruitment process outsourcing industry, which we believe to be the most influential trend impacting today's global recruitment market.

Asia Pacific (42% of net fee income)
Revenue was £348.6m (2015: £285.1m) and net fee income increased by 22% (6%*) to £117.6m (£101.8m*) (2015: £96.3m) and operating profit increased by 13% (0%*) to £14.7m (£12.9m*) (2015: £12.9m).

Japan, the Group's largest business in the region, had a record year across both Tokyo and Osaka with bilingual professionals remaining in strong demand and short supply. Our emerging market strategy in Asia has continued to pay dividends with Thailand, Indonesia and Taiwan in particular delivering excellent growth and record performances. We have also further extended our footprint in Asia with the opening of our first office in the Philippines. For these emerging markets, the Group's ability to attract overseas professionals back to their home countries is a particular source of competitive advantage.

Market conditions in Greater China, particularly in financial services in Hong Kong, remained challenging whilst Singapore and Malaysia delivered robust performances.

Australia delivered solid net fee income growth with Sydney, Brisbane and Adelaide delivering the strongest results. In New Zealand, our business goes from strength to strength and produced a record performance. 2017 promises to be a particularly exciting year for our New Zealand business with the Group having renewed its sponsorship of the British & Irish Lions who tour the country in June and July.

Resource Solutions in Asia continued to deliver strong rates of net fee income growth, winning a number of new clients in new territories and extending existing deals. To support this growth, we opened a new client service centre in Hyderabad, India.

UK (31% of net fee income)
Revenue was £480.6m (2015: £403.4m), net fee income increased by 8% to £86.7m (2015: £80.4m) and operating profit increased by 4% to £6.4m (2015: £6.2m).

2016 was a year dominated by the run-up to and fall-out from the EU referendum. Candidate and client confidence levels were negatively impacted and activity levels, particularly in financial services in London, declined. However, despite this general backdrop there were areas of notable activity with commerce finance across the UK performing well and our regional recruitment businesses in Manchester, Milton Keynes and St Albans benefiting from their focus on SMEs to deliver record performances.

Resource Solutions has won a number of large new client accounts over the last 15 months which necessitated a significant investment in both staff numbers and infrastructure particularly during the first half of the year. I am pleased to report that Resource Solutions has benefited from this investment and delivered excellent year-on-year net fee income growth and we expect this to continue into 2017.

Europe (22% of net fee income)
Revenue was £147.0m (2015: £112.7m) and net fee income increased by 30% (15%*) to £60.1m (£53.2m*) (2015: £46.3m) producing a 27% (19%*) increase in operating profit to £4.2m (£3.9m*) (2015: £3.3m).

Our European business delivered a strong performance resulting in significant increases in both net fee income and operating profit. Spain, Germany and Switzerland delivered the strongest rates of growth, all increasing net fee income in excess of 40% year-on-year.

France, our largest business in the region, had a record year growing across permanent, contract and interim and a new regional office was opened in Toulouse. The Benelux region also had a record year with our contract and interim businesses in particular delivering standout performances. A new office was opened in Antwerp to further develop our regional office network in Belgium.

During the fourth quarter, the Group entered a new European market with the opening of our first Portuguese office in Lisbon.

Other International (5% of net fee income)
Other International comprises the USA, Canada, Brazil, the Middle East and South Africa. Revenue was £22.3m (2015: £11.5m) and net fee income increased by 22% (3%*) to £14.0m (£11.8m*) (2015: £11.5m) producing a 36% (16%*) increase in operating profit to £1.0m (£0.8m*) (2015: £0.7m).

Performance was mixed across the region. In the USA, New York was impacted by a decline in activity in financial services, whereas our office in San Francisco continued to perform well and grew net fee income. We extended our North American footprint with the opening of our first office in Canada in Toronto at the beginning of the fourth quarter. Challenging market conditions continued to prevail in both Brazil and South Africa.

The Middle East had a record year and grew strongly, benefiting from our continued diversification into new recruitment disciplines.

Outlook
Looking ahead, we remain mindful of the unpredictable geopolitical environment, however, the Group's global footprint coupled with the range of recruitment services we provide positions us well to maximise opportunities for growth as they arise.

Robert Walters
Chief Executive
14 March 2017

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

FINANCIAL REVIEW

Financial and operational highlights

Year ended	2016	2015	% change	% change (constant currency*)
Revenue	**£998.5m**	£812.7m	23%	15%
Gross profit (net fee income)	**£278.3m**	£234.4m	19%	8%
Operating profit	**£26.2m**	£23.1m	14%	4%
Profit before taxation	**£28.1m**	£22.4m	26%	16%
Basic earnings per share	**27.7p**	20.6p	34%	

* 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 23% (15%*) to £998.5m (2015: £812.7m) with 54.8% (2015: 53.5%) of the annual total being generated in the second half of the year. Revenue from temporary placements represents 83% (2015: 83%) of total 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 19% (8%*) to £278.3m (2015: £234.4m). Net fee income was £150.2m in the second half compared to £128.1m in the first half (2015: 1H £113.9m, 2H £120.5m). The increase in net fee income was due to growth in both the permanent and temporary Robert Walters divisions and the Resource Solutions business.

GROUP REVENUE SPLIT

Operating profit
Operating profit increased by 14% (4%*) to £26.2m (2015: £23.1m) and administrative expenses were £252.1m (2015: £211.3m). The principal reason for the 19% (9%*) increase in costs was due to an increase of 9% in the Group's average headcount to 3,023 in 2016, up from 2,771 during 2015.

Conversion ratio
Operating profit as a percentage of gross profit decreased by 0.5% during the year as a consequence primarily of an 11% increase in headcount, an investment that positions the Group strongly to take advantage of future growth opportunities.

Interest and financing costs
The Group incurred a net interest charge for the year of £0.4m (2015: £0.5m). The Group has a £45.0m four-year committed financing facility until December 2020. At 31 December 2016, £38.9m (2015: £25.1m) was drawn down under this facility. The Group also has an outstanding loan of £1.2m 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. More details are provided in note 13 to the accounts.

A foreign exchange gain of £2.3m arose during the year on translation of the Group's intercompany trading accounts and external borrowings (2015: loss of £0.3m).

Taxation
The tax charge in 2016 was £8.2m (2015: £7.1m) which gives an effective rate of 29.3% (2015: 31.6%). The tax rate is higher than the standard UK rate of 20.0%, 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 client and candidate 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 27.7p (2015: 20.6p) and the weighted average number of shares for the year was 71.9m (2015: 74.2m).

Dividend
A final dividend of 6.20p (2015: 5.13p) per ordinary share is being proposed by the Board. Together with the interim dividend of 2.30p (2015: 1.95p) per ordinary share paid in October 2016, the total dividend per share would amount to 8.50p (2015: 7.08p). The final dividend, if approved, which amounts to £4.3m, will be paid on 9 June 2017 to those shareholders on the register as at 19 May 2017.

Share buy back
The Company has authorisation to purchase up to 10% of the share capital and reviews on a regular basis whether or not the Group has a cash surplus, having regard to both: working capital requirements; and, a dividend policy that is progressive in a positive economic cycle and that has historically maintained the dividend during a downturn. In a scenario where a cash surplus is identified and the Directors believe that there is sufficient evidence that a share buy back will be earnings enhancing, the Group will buy back its own shares.

Balance sheet
The Group had net assets of £101.9m at 31 December 2016 (31 December 2015: £91.7m) including goodwill of £8.1m (2015: £8.0m). The increase in the Group net assets of £10.2m comprises profit for the year of £19.9m, currency movements of £13.0m and credits relating to share schemes of £4.6m offset primarily by dividends paid of £5.4m, own shares purchased of £19.1m, and shares repurchased for cancellation of £3.4m.

Cash flow and net cash position
At 31 December 2016, the Group had net cash balances of £22.5m (31 December 2015: £17.8m). Cash inflow from operating activities was £37.2m (2015: £23.2m). The significant payments made from operational cash flow were made up of £19.1m net of own shares purchased and proceeds from exercise of share options, £3.4m of share buy-back for cancellation, £7.7m of corporation tax payments, £5.4m of dividends, £2.8m of fixed asset expenditure and £2.1m on computer software. 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 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 61.

KEY PERFORMANCE INDICATORS

NET FEE INCOME

£278.3m

(2015: £234.4m)

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 19% (8%*), mainly in line with the Group's strategy for growth through investment in headcount in both mature and developing recruitment markets and the RPO business.

OPERATING PROFIT

£26.2m

(2015: £23.1m)

Definition
Operating profit represents net fee income less administrative expenses.

Analysis
Strong net fee income growth along with improved productivity driving a 14% (4%*) increase in operating profit.

PRODUCTIVITY

£133.7k

(2015: £122.4k)

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

Analysis
In 2016, productivity improved by 9%, as the Group capitalised on improving market conditions and favourable exchange rates for our overseas business.

EARNINGS PER SHARE

27.7p

(2015: 20.6p)

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 34% increase reflects the increase in profitability of the Group during the year.

INTERNATIONAL MIX

69%

(2015: 66%)

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 3% 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.

TOTAL SHAREHOLDER RETURN (TSR)

12.3%

(2015: 107.3%)

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 2016, albeit lower than the corresponding three-year period ended 31 December 2015.

DEBTOR DAYS

29

(2015: 27)

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.

NET CASH

£22.5m

(2015: £17.8m)

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 15% and £19.2m of shares purchased by the Group's Employee Benefit Trust.

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.

ENVIRONMENTAL

Decreased carbon emissions per head

Definition
The Group is targeting to reduce the mandatory scope 1 & 2 CO_2e emissions per head by 20% across the Group by 2023, from a Full Year 2013 baseline.

Analysis
The Group's scope 1 & 2 mandatory emissions per head are down to 1.15 from the 2013 base year revised number of 1.37, a decrease of 16%.

BUSINESS MIX

Permanent v contract 69% : 31%

(2015: 69% : 31%)

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

Analysis
The mix remains unchanged year-on-year. Growth in permanent recruitment net fee income enables the Group to benefit quickly from operational gearing, whilst contract provides a cash hedge in the event of a downturn.

CANDIDATE ENGAGEMENT

Glassdoor rating

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

Analysis
Our company rating is 4.0 out of 5 – considered a high score and up from 3.6 last year.

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

A COMMITTED SUSTAINABLE APPROACH

The Board recognises its responsibilities in respect of social, environmental and ethical (SEE) matters. The Board monitors all significant risks to the Group, including SEE risks, which may impact the Group's short and long-term value. During 2016, no significant SEE risks were identified.

Our digitally-published Sustainability Report details our approach to corporate responsibility, covering four key sustainability themes: People, our Clients & Candidates, Communities & Culture and the Environment.

Our approach

Building a sustainable approach to business has always been at the heart of the Group. The business started with the creation of 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, have developed their careers for the long term and have helped to grow our business across the globe.

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.

Our people

Growing tomorrow's leaders

The Group's strategy for growth is centred on international expansion and discipline diversification. Our people are integral to the success of this strategy and as a result we've always focused on building long-term careers, a home-grown management team and international mobility to deliver organic, sustainable growth.

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 critical part of our staff induction programme and all employees participate in our diversity workshops.

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.

Gender diversity

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

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 recent appointment of Tanith Dodge as a Non-executive Director demonstrates this policy in action.

Clients and Candidates

We have always focused on building relationships and retaining our candidates and clients for the long term. Ensuring that enough time is taken to deliver a high level of service means clients use us again and candidates trust us to manage their careers. Doing things the right way means candidates become our clients – a continual reinvestment in the future of the business.

	2016 Average Employees			2015 Average Employees		
	Male	Female	Total	Male	Female	Total
Board Directors	6	1	7	6	1	7
Senior Managers[1]	120	71	191	111	43	154
Other Employees	1,075	1,750	2,825	969	1,641	2,610
Total	1,201	1,822	3,023	1,086	1,685	2,771

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.

Communities and culture

Charity initiatives supporting local communities

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. Whether that's back to work interview skills for the long-term unemployed or working together as a team to volunteer at organisations like Per Scholas in New York, conducting mock interviews for students.

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 £57,000.

Our Australian business supported Dress for Success, a charity helping women in Sydney achieve economic independence. The Sydney team provided two employment workshops a month. The Australian team continued to raise significant funds for their charity partner Youngcare too, which helps young people get out of Aged Care into life-changing accommodation.

Our Spanish business worked with Fundación Atresmedia, offering pre-employment workshops training participants on how to search for jobs. In Ireland, our consultants supported a range of local charities, from The Alzheimer's Society Ireland, Capuchin Day Centre, a homeless shelter and Our Lady's Hospice in Dublin. The Netherlands team volunteered at 'Hotel Heppie', a charity supporting children who are socially disadvantaged, or physically or mentally challenged, enabling them to have a holiday. Twelve consultants helped by making a fun lunch and organising bootcamp training and a soccer clinic for the kids.

Across Asia, our teams supported a range of children's charities. In Taiwan, we supported The Children Are Us Foundation, raising funds for those with mental disabilities. Singapore supported Club Rainbow, a charity helping children with chronic illnesses. Malaysia raised funds for Anbe Sivam Charity Home, helping less able children to enjoy life. Our China team supported China Children and Teenagers' Fund.

Global Charity Day 2016

Australia

Japan

UK

Staff from our San Francisco business volunteered at the SF-Marin Food Bank, working together as a team to package food parcels for those in need.

Global Charity Day

Staff in every country also participated in our fifth annual Global Charity Day on Friday 14 October 2016, raising £113,000 (2015: £82,000) through a display of fun, teamwork and creativity. Staff members globally donated to wear 'casuals for a cause' and charity runs, make-overs, bake sales and fancy dress were popular themes.

On the fun end of the spectrum the Singapore team took part in a spicy noodle eating challenge, Hong Kong competed in a crazy golf office tournament, whilst in Vietnam consultants hunted for paperclips hidden in rice.

Sporting events were a key theme in the UK, with two consultants running 22 miles from our St Albans office to our London headquarters. Another consultant cycled for 8 hours straight on a static bike to raise significant funds for Macmillan Cancer UK and two other team members competed to see who could row and cycle the furthest in a day.

The Japan team once again accepted donations in return for various activities including stroking and walking one of the consultant's dogs, with proceeds going to a range of charities, including, the Smiling Hospital Japan, Second Harvest and Peace Boat.

In New Zealand the team raised a record amount through an auction and sponsored head-shaving for KidsCan, a charity working to meet the physical and nutritional needs of Kiwi kids less fortunate than others. The Netherlands raised a record amount too, with £25k of funds going to children's charity Stichting Heppie – they raised 22% of the global total.

FTSE4Good

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.

Environment

Although our impact on the environment is minimal, as an office-based organisation, we are fully carbon balanced and have been for two years. That means we're investing in projects that offset emissions through reforestation initiatives. In 2016, the whole of Robert Walters' Group operations were carbon balanced 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 2016, 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.

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 2016, 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 2016 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 in respect of potential impact 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 CO_2e, and has decided to use an intensity metric of tonnes of CO_2e 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 below shows the total global emissions, in tonnes of CO_2e and tonnes of CO_2e 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.

Reducing carbon
The Group is targeting to reduce CO_2e per head emissions by 20% across the Group by 2023, from a FY 2013 baseline.

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 (2015: £nil).

Greenhouse gas emission source (base year 2013)

	2016 Dec YTD tCO_2e	**2016 Dec YTD tCO_2e per head**	2013 Dec YTD tCO_2e	2013 Dec YTD tCO_2e per head
Scope 1				
Vehicle fleet & purchased gas	**538**	**0.23**	494	0.26
Total Scope 1 Emissions	**538**	**0.23**	494	0.26
Scope 2				
Purchased electricity and heat	**2,175**	**0.92**	2,146	1.11
Total Scope 2 Emissions	**2,175**	**0.92**	2,146	1.11
Scope 3				
Business travel – Air	**1,032**	**0.43**	488	0.25
Business travel – Land[1]	**348**	**0.15**	231	0.12
Transmission and distribution	**176**	**0.07**	166	0.09
Total Scope 3 Emissions	**1,556**	**0.65**	885	0.46
Total Group Emissions	**4,269**	**1.80**	3,525	1.83
Carbon offset	**(4,269)**	**(1.80)**	(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.

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. Following the risk assessment exercise undertaken by the Internal Audit function during the year, the risk profile was updated to reflect the current environment and operations. 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 Report of 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 Report of 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.	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.
	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.
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.	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.
	The Group reviews and monitors changes in 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.
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. The failure to attract and retain key employees with the required sales, management and leadership skills may adversely affect the Group's financial results.	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.
	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.
	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.
	The Group offers international career opportunities and actively encourages the redeployment of existing talent to international offices and also to establish new offices.
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.	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.
	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.

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.	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.
	Contractual terms and conditions are thoroughly reviewed before signing to ensure contract provisions are fully understood and risks are fairly allocated between parties.
	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.
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.	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.
	All sensitive candidate and customer information is held securely with restricted access.
	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.
	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.
	The Group continues to review and improve its Business Continuity Plan to mitigate against any critical infrastructure disruptions.
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 affect on translation of overseas operations, and subsequently the Group's Pounds Sterling financial results.	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.
	The Group has translation exposure in accounting for overseas operations and its policy is not to hedge against this exposure.
	The Group continues to monitor the sensitivity to foreign currency fluctuations through performing regular sensitivity analysis and reducing exposure wherever possible.

STRATEGIC REPORT APPROVAL

The Strategic Report, outlined on pages 1 to 31, incorporates the 2016 Highlights, Robert Walters at a Glance, Market Opportunities and Drivers, Our Strategic Priorities, Strategy in Action, People and Culture, Review of the Year, Chairman's Statement, Chief Executive's Statement, Financial Review, Key Performance Indicators, Corporate Responsibility Statement and Principal Risks and Uncertainties.

By order of the Board,

Alan Bannatyne
Chief Financial Officer
14 March 2017

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 recently appointed our second female Director, Tanith Dodge, to the Board.

The Board Committees have had a successful year. The Report of the Audit and Risk Committee continued to see significant improvements in all areas of risk management, as the Internal Audit function built upon the areas covered in the previous year, 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
14 March 2017

Statement of compliance with the UK Corporate Governance Code

The Company has complied fully throughout the year ended 31 December 2016 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 39 to 58.

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. There were no apologies;
- 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: Report of the Audit and Risk Committee; Remuneration Committee; and Nominations Committee.

Report of the Audit and Risk Committee

The Report of 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 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 37 and 38.

Nominations Committee

The Nominations Committee met four 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 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, 25% of the Board is now female.

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;
- 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 39 to 58.

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)	Report of the Audit and Risk Committee (3 meetings)	Nominations Committee (4 meetings)	Remuneration Committee (3 meetings)
Leslie Van de Walle	7	n/a	4	n/a
Robert Walters	7	n/a	4	n/a
Giles Daubeney	7	n/a	n/a	n/a
Alan Bannatyne	7	n/a	n/a	n/a
Andrew Kemp	7	3	4	3
Carol Hui	7	3	4	3
Brian McArthur-Muscroft	7	3	4	3

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 and Andrew Kemp, 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 Andrew Kemp as the Senior Independent Director. Andrew Kemp 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 June 2016 Annual General Meeting.

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 recent appointment of our second female Director, Tanith Dodge, to the Board.

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 at 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 and communication, strategic approach and risk assessment.

In 2016, 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 Non-executive 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 their re-election 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 2016 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.

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 2016 and up to the date of approval of the Annual Report. The Board's monitoring covers all controls, including financial, operational and 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 Report of 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 Report of the Audit and Risk Committee.

The Internal Audit function provides objective assurance to both the Report of the Audit and Risk Committee and to the Board. The Internal Audit annual plan is submitted for approval by the Report of 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 2015, improvements had been made during 2016. 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 auditor

A separate Report of the Audit and Risk Committee is set out on pages 37 and 38 and provides details of the role and activities of the Committee and its relationship with the external auditor.

Leslie Van de Walle
Chairman
14 March 2017

REPORT OF THE AUDIT AND RISK COMMITTEE

Dear Shareholder

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

Composition of the Report of the Audit and Risk Committee

The Report of the Audit and Risk Committee is appointed by the Board from the Non-executive Directors of the Company. The Report of 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 terms of reference are considered annually by the Report of the Audit and Risk Committee and are available upon request.

Members of the Report of the Audit and Risk Committee include myself – Brian McArthur-Muscroft (Chairman), Carol Hui and Andrew Kemp, all of whom are Non-executive Directors. The Committee met three times during the year, with full attendance at each of the meetings.

The Report of the Audit and Risk Committee is required to include one financially qualified member, with this requirement currently fulfilled by myself, and all Report of the 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 Report of the 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 Report of the Audit and Risk Committee

The Report of 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 Report of the Audit and Risk Committee regularly receives reports identifying the key internal controls in existence and also risk reports from the business. The Report of the Audit and Risk Committee then evaluates the effectiveness of those controls and the management of key risks within the Group.

The Report of 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 Report of the Audit and Risk Committee by the auditor prior to the approval of the annual financial statements.

Significant accounting judgements

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 2016 and matters where the Committee specifically considered the judgements that had been made are set out opposite:

Revenue recognition

Revenue in respect of contingent 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.

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. They 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 2019; the Group's financing arrangements include:

- Net funds totalling £22.5m (this is net of the facility drawn down to the extent of £38.9m at 31 December 2016);
- A further £1.2m Renminbi denominated loan;
- A guaranteed four-year borrowing facility of £45.0m;
- Net current assets of £76.2m.

The Committee considered the three-year period 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.

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

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. The Committee reviews and discusses revenue recognition from temporary placements with management, internal audit and the external auditor. The Committee concluded that management's approach to revenue recognition from temporary placements was consistent with the accounting policy and that any judgements made were appropriate.

Goodwill impairment

In reviewing the results for 2016, the Committee reviewed the assessments made for goodwill impairment. This included measuring the carrying value of goodwill against the discounted cash flows of each cash generating unit (CGU) where a goodwill balance is held. Each local business is considered to be a CGU. There are a number of judgements made by management, including the forecast of future performance, discount rates used, the growth rates applied and the sensitivity analysis undertaken. The Committee confirmed, based on management's expectations of future performance of individual business units, that no goodwill impairment charges were required in 2016.

Future accounting standards

Fair, balanced and understandable

A final draft of the Annual Report is reviewed by the Report of the Audit and Risk Committee prior to consideration by the Board and the Committee considered whether the 2016 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.

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 2017 and the Committee will continue to assess the impact on the Group's financial statements.

Internal Audit and risk

At the end of 2015, the Committee approved the Internal Audit plan for 2016. 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 2017.

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 Report 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 Report 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 Report of 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 Report of 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 in 2019. 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 Report of 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 auditor and no auditor liability agreement has been entered into.

Independence of our external auditor

The Report of 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 Report of the Audit and Risk Committee each financial year. The Report of 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 Report of 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 Report of 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 Report of 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 14 March 2017 and is signed on its behalf by:

Brian McArthur-Muscroft
Report of the Audit and Risk Committee Chairman
14 March 2017

DIRECTORS' REMUNERATION REPORT

Dear Shareholder

I am delighted to introduce the Directors' Remuneration Report for 2016. Our shareholders will be asked to vote on both the Annual Report on Remuneration and on the Directors' Remuneration Policy at the Annual General Meeting on 25 May 2017. This will be the third anniversary of the approval of our current Policy. The Remuneration Committee believes that the Policy has served the Company and shareholders well and is therefore asking shareholders to re-approve substantially the same Policy which we expect to remain in place for the next three years from the date of the AGM.

Robert Walters plc operates in a highly competitive sector. Our approach to the remuneration of the Executive Directors – and indeed for all employees – has been fundamental to our culture and our success over the years. We pay well across the Company, based upon merit and performance, with the objective of ensuring that our shareholders receive value for money from our investment in remuneration. The total pay bill in 2016 was £181.2m and the total remuneration of the Executive Directors in 2016 amounted to 2.6% of this. Share ownership is considered to be a key element of remuneration across the Group, with 120 senior employees participating in Group share scheme plans. Additionally, the Executive Directors have significant shareholdings to align their interests with those of long-term shareholders.

The 2016 Directors' Remuneration Report

This Remuneration Report is split into two parts and comprises:

- The Annual Report on Remuneration which details payments made to Directors in 2016, showing the link between Group performance and remuneration for the 2016 financial year and the intended approach to be applied to the 2017 financial year. The Annual Report on Remuneration will be subject to an advisory vote.
- The Directors' Remuneration Policy which sets out the Group's intended remuneration policy for Directors which, subject to approval by shareholders, will be effective from the 2017 Annual General Meeting. The Directors' Remuneration Policy is subject to a binding vote.

The performance of the business in 2016

Despite continuing global economic uncertainty and the aftermath of the UK's vote to leave the European Union, the Group has delivered a strong operating performance, with a 19% increase in net fee income to £278.3m. We have driven performance improvement in the majority of our markets and have expanded our international footprint by establishing new offices, for example, in Portugal and Canada. 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 £28.1m, an increase of 26% over 2015. The balance sheet remains strong and our net cash position was £22.5m at the year end. Over two thirds of our net fee income now comes from outside the UK and 82% of recruitment net fee income from outside the financial services sector. Basic earnings per share was 27.7p, an increase of 34% on the prior year basic earnings of shares of 20.6p and a proposed final dividend payment of 6.20p per ordinary share represents an increase of 21% on the prior year payment of 5.13p.

Decisions and pay outcomes in 2016

The annual bonus for 2016 was based on reported profit before tax and a basket of Key Performance Indicators (KPIs). The Remuneration Committee has again assessed whether the profit before tax target remains commercially sensitive and has decided that, as last year, it is willing to disclose the targets set for 2016 on a retrospective basis. The profit before tax achieved for the year was 95% of the maximum hurdle of £29.7m set at the start of the year. This hurdle was 33% higher than the profit before tax reported for 2015. In line with the bonus calculation as approved by shareholders at the 2014 Annual General Meeting, profit before taxation of £28.1m was achieved which amounts to 60% of the total bonus opportunity and amounts to 89% 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 the opening of new offices, staff retention and development of the Resource Solutions business, all of which were delivered ahead of plan. There were however a number of 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 details of 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 has determined that bonus payments amounting to 67% of the maximum bonus under this measure (30% of salary) should be made. Consequently, bonus payments amounting to 80% of the maximum bonus opportunity were awarded to all Executive Directors, representing 119% of salary. The Annual Report on Remuneration has more details. A third of the bonus earned is deferred into shares.

Whilst the Robert Walters plc's share price has outperformed the FTSE Small Cap and the share price has more than doubled over the last five years, this strong operating performance has not been reflected in the share price over the year, which ended the year at 342p, down 5% against the FTSE Small Cap which was up 14%. The vesting of the shares under the Long-Term Incentive Plan aligns with the performance of the Group over the last three years. Only half the performance shares awarded in 2014 (and awarded before the current Directors' Remuneration Policy was introduced) have vested as the stretching performance targets were not fully achieved over the three-year period from 31 December 2013 to 31 December 2016. The Group's total shareholder return (TSR) over the three-year period was 12.3% compared to a relative result for the FTSE Small Cap Index of 24.8%. However, the strong EPS growth over the period of 229.6% has resulted in 50% vesting of performance shares and the full vesting of share options granted in 2014. As a result, the total remuneration of the Chief Executive is 62% of his total remuneration for the previous year. The Committee is satisfied that the pay outcomes are a fair reflection of the corporate and individual performances delivered over the year and over the last three years.

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 2.5% with effect from 1 January 2017, below the average increase for employees across the Group of 3.2%.

The fee for the Chairman was increased by 12% from £107,000 to £120,000, with effect from 1 January 2017. This is the maximum increase under the Directors' Remuneration Policy (both current and as proposed). The Remuneration Committee took the view that a significant increase was required to reflect the Chairman of the Board's time commitment, his leadership and his key role over the last four years on ensuring the effectiveness of the Board and of the Non-executive Directors.

The Directors' Remuneration Policy

During 2016, the Remuneration Committee reviewed the Directors' Remuneration Policy in the light of the needs of the business and the developing views of our institutional shareholders. We take the view that the long-established model of fixed pay, annual variable pay and a three-year share-based incentive plan underpinned by significant shareholdings has been and is likely to continue to be an effective approach to paying our Executive Directors and other senior executives.

We also looked at the relationship between pay outcomes and the performance of the Group. The pay outcomes of the Executive Directors are variable from year to year as the Annual Report on Remuneration shows, consistent with our policy of paying for performance. When compared with companies of similar market capitalisation and revenue, our policy is competitive and as a global professional services business, it is crucial that we are able to compete against other companies in our sector. The Remuneration Committee has satisfied itself that the link between pay outcomes and the Group's performance is correlated over the short term and the longer term and it is clear that our Remuneration Policy has been adhered to. We have also looked at the relationship between the Chief Executive's total remuneration and average pay in the Group which we know is of interest to some shareholders. Based on aggregate figures taken from this Annual Report it is 34:1 for 2016.

Even given the intensifying competition in the industry and the development of the Group, we are not proposing any significant changes and there are no increases or new elements of pay to the proposed Directors' Remuneration Policy. We have looked closely at introducing holding periods in respect of vested shares awarded under the Performance Share Plan. The new Policy introduces a two-year holding period in respect of the net value of vested shares awarded under the Performance Share Plan until the share ownership requirement of two times salary has been met.

We are mindful that the views of institutional shareholders on executive remuneration continue to evolve and the Government's Green Paper on corporate governance reform may require us to make further changes to our Policy. We shall continue to monitor developments and seek to ensure that our Policy is not only tailored to the needs of the Group but also supported by our shareholders.

The Directors' Remuneration Policy is set out on pages 52 to 55.

I hope the 2016 Directors' Remuneration Report is clear and helpful and that our shareholders will support both the Annual Report on Remuneration and the Directors' Remuneration Policy.

Andrew Kemp
Remuneration Committee Chairman
14 March 2017

ANNUAL REPORT ON REMUNERATION

This section of the report provides details of the payments made to Directors in respect of the 2016 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 48, the Group has outperformed the FTSE Small Cap since 2009 and there has been a correlation between performance and pay.

Executive Directors

The total remuneration for 2016 and comparative prior year figures for each Executive Director are set out in the table below. The single total figures for 2016 are considerably lower than those for the previous year, which reflects the fact that the annual bonus pay-outs are, on average, 12% lower than last year and the partial vesting of the share awards for 2016, as opposed to full vesting in 2015. The single total remuneration figures for 2015 have also been updated to reflect the share price on the date of vesting.

	2016							
	Base salary £'000	**Other[1] benefits £'000**	**Pension £'000**	**Total fixed pay £'000**	**Bonus[2] £'000**	**LTIPs[3] £'000**	**Total variable pay £'000**	**Total[4] £'000**
R C Walters	**575**	**60**	**115**	**750**	**685**	**437**	**1,122**	**1,872**
G P Daubeney	**510**	**48**	**102**	**660**	**607**	**324**	**931**	**1,591**
A R Bannatyne	**351**	**26**	**70**	**447**	**418**	**267**	**685**	**1,132**
	1,436	**134**	**287**	**1,857**	**1,710**	**1,028**	**2,738**	**4,595**

	2015							
	Base salary £'000	Other[1] benefits £'000	Pension £'000	Total fixed pay £'000	Bonus[2] £'000	LTIPs[3] £'000	Total variable pay £'000	Total[4] £'000
R C Walters	567	60	113	740	794	1,480	2,274	3,014
G P Daubeney	473	48	94	615	662	1,231	1,893	2,508
A R Bannatyne	346	26	69	441	484	911	1,395	1,836
	1,386	134	276	1,796	1,940	3,622	5,562	7,358

1 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.

2 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 43

3 The performance measures, targets and the performance outcomes for the Performance Share Plan and the legacy Executive Share Option Scheme are detailed on pages 43 and 44.

4 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 2016 of 342p. The 2015 single total figures were based on an estimate using the average share price for the final quarter of the financial year for 2015 of 390p and have been revised to reflect the exercisable price of 309p for the PSP and co-investment awards and the closing share price on 4 March 2016 (the vesting date) of 311p for the share options.

Chairman and Non-executive Directors (audited)

The total remuneration for 2016 and 2015 for the Chairman and each Non-executive Director is set out in the table below.

	2016 Total fees[1] £'000	2015 Total fees[1] £'000
L Van de Walle	**107**	106
A D Kemp	**67**	66
B McArthur-Muscroft	**65**	64
C Hui	**55**	54
	294	290

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

Additional details in respect of the single total figure

Base salary

As disclosed in the 2015 Directors' Remuneration Report, Giles Daubeney was promoted to Deputy Chief Executive Officer in January 2016 and received a promotion increase to his salary effective from 1 January 2016 of 8% to reflect his expanded responsibilities, which were over and above his duties as Chief Operating Officer. This increase was approved following engagement with our largest shareholders. Robert Walters and Alan Bannatyne received a base salary increase of 1.5% which was also effective from 1 January 2016. 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 2016, 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 payments 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	604	514	259	171	863	685
	% of salary	105%	89%	45%	30%	150%	119%
	% of maximum	70%	60%	30%	20%	100%	80%
G P Daubeney	£'000	535	456	230	151	765	607
	% of salary	105%	89%	45%	30%	150%	119%
	% of maximum	70%	60%	30%	20%	100%	80%
A R Bannatyne	£'000	369	314	158	104	527	418
	% of salary	105%	89%	45%	30%	150%	119%
	% of maximum	70%	60%	30%	20%	100%	80%

Annual bonus performance outcomes

- The 2016 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 2016 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 2016 were £24.3m, £27.0m and £29.7m respectively. At threshold, 52.5% of salary (35% of maximum) is payable. The outcome of profit before taxation was £28.1m. This was 95% of the maximum of the range set or 60% of the overall bonus opportunity and resulted in the payment of 89% of salary for each Executive Director compared with 100% 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 and 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. 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 2016 covered several areas of focus, including client objectives, strategic 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 at the start of the year. Examples include: the successful execution of the Group's investment strategy, the opening of new offices in specific locations, 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 development of Resource Solutions.
- 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 2016, the Group expanded into the Philippines, Canada and Portugal during the year and Resource Solutions grew revenue by more than 30%. Both outcomes exceeded expectation and 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 70% were achieved, it was determined due to the weighting criteria of specific KPIs that 67% of the maximum was payable under this element to each Executive Director, representing 20% of the maximum bonus and 30% 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.

Consequently, total bonuses of 80% of the maximum were awarded to all Executive Directors, representing 119% of salary (compared to 140% of salary for the previous year). One third of the earned bonus for 2016 will be deferred for two years into shares, payable in equal tranches at the end of 2017 and 2018. The bonus figure shown above in the single total figure 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.

	2016			2015		
	Annual bonus £'000s	**Cash payment – two thirds £'000s**	**Deferred payment – one third £'000s**	Annual bonus £'000s	Cash payment – two thirds £'000s	Deferred[1] payment – one third £'000s
R C Walters	**685**	**457**	**228**	794	529	265
G P Daubeney	**607**	**405**	**202**	662	441	221
A R Bannatyne	**418**	**279**	**139**	484	323	161

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

Over the last five years, the average total bonus pay-out has been 75% of total bonus opportunity. This has been a challenging period for the Group, which has included a crisis of confidence in the Eurozone and recessionary pressures in the last three years in the UK. Notwithstanding the difficult macro-economic background, the worst start to financial markets in early 2016 for more than 30 years and the impact of the Brexit vote in June 2016, which lowered confidence in the UK market, the Group has adhered to its core strategy and taken investment decisions for the longer term. Overall, the Group has successfully achieved net fee income growth every year since 2009, and increased the global footprint of the business by a further 11 countries, taking the Group to 28 countries across the globe. Resource Solutions has also gone from strength to strength and achieved an annual average growth rate in revenue in excess of 30%. Despite this substantial level of investment, the Company is the first among its peer group to exceed previous peak profitability and profits have increased annually from £7.7m in 2012 to £28.1m in the current year. The Remuneration Committee is satisfied that the bonus payments are aligned with the strong operating performance of the Group.

Long-term incentive plans

The remuneration shown in the long-term incentive plan (LTIP) figures in the single total figure table on page 41 shows the total vested value of both legacy share options (which are no longer part of our Directors' Remuneration Policy and shares granted under the Performance Share Plan (PSP) which are detailed below:

(a) Share options (legacy awards)

The 2016 value has been calculated based on a share price of 340p in respect of the share options granted in March 2014. The share options which will vest in March 2017, subject to continued service and the achievement of stretching performance conditions determined at the beginning of 2014, over the three-year period ended on 31 December 2016. 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.	100%	The Group's annualised EPS growth rate must exceed the UK retail price index by at least an annual compound growth of 8% (RPI + 8%).	The Group's annualised EPS growth rate must exceed the UK retail price index by at least an annual compound growth of 14% (RPI + 14%).	The Group's annualised compound EPS growth was 48.8% and hence above the maximum of the performance range.	100%
Total to vest in March 2017					**100%**

The Group's EPS has grown by 48.8% in annual compound terms over the period and, as a result, the share options awarded in March 2014 vested in full in March 2017 and remain exercisable until March 2024.

For the last five financial years, the average actual percentage vesting of the share options granted has amounted to 40% of the initial award. This highlights the stretching nature of the EPS targets over that period.

The performance conditions for all outstanding share options can be found on page 46.

The table below details the number of share options granted in March 2014, the potential value of these options at grant date and the estimated value of the shares under option included in the single figure table in 2016.

	Options granted	Grant price p[1]	Strike price or 'face value' £'000[2]	Fair value £'000[3]	% of vesting achieved	No. of vested awards	Value of vested awards[4] £'000
R C Walters	300,000	353	1,059	305	100%	300,000	–
G P Daubeney	250,000	353	883	254	100%	250,000	–
A R Bannatyne	200,000	353	706	203	100%	200,000	–

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 options granted.
4 The value of awards has been estimated using the average share price for the final quarter of 2016 of 340p per share. The actual value of the award may differ as it is dependent on the share price on the vesting date.

This is the last vesting of share options to Executive Directors granted under the legacy plan.

(b) Performance Share Plan (PSP)

The 2016 value represents an estimate of the value of the PSP share awards that were granted in May 2014. PSP awards granted in May 2014 are scheduled to vest in May 2017 subject to the achievement of stretching performance conditions over the three-year period ending on 31 December 2016. 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 48.8% 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 2016 was 12.3% compared to a median TSR of the FTSE Small Cap Index of 24.8%.	0%
Total to vest in May 2017					**50%**

None of the shares subject to relative TSR have vested. The Group's annual compound EPS was 48.8% over the period and all the shares subject to EPS will vest. Therefore, half of the total shares awarded in May 2014 under the PSP will vest in May 2017, subject to continued employment.

The table below details the awards granted in May 2014, 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 2016.

	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[4] £'000
R C Walters	174,673	315	550	367	50%	87,337	297
G P Daubeney	145,631	315	459	306	50%	72,816	248
A R Bannatyne	106,649	315	336	224	50%	53,325	181

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 pricing model, multiplied by the number of share awards granted.
4 The value of awards has been estimated using the average share price for the final quarter of 2016 of 340p per share. The value of the award may differ as it is dependent on the share price on the vesting date.

The Executive Directors also participated in the legacy co-investment opportunity in June 2014, with each of them investing in shares equivalent in value to 25% of salary after tax. An award of co-investment shares was then made over the number of shares which could have been acquired had the amount of salary invested been on a pre-tax basis. The performance measures and targets are the same as those for the PSP awards above and, as a consequence, half of the co-investment shares will vest in June 2017.

The table below details the estimated value for the co-investment awards included in the single figure table for the financial year 2016.

	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[4] £'000
R C Walters	82,406	315	260	173	50%	41,203	140
G P Daubeney	44,479	315	140	93	50%	22,240	76
A R Bannatyne	50,313	315	158	106	50%	25,157	86

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 options granted.
4 The value of vested awards has been estimated using the average share price for the final quarter of 2016 of 340p per share. The actual 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 or co-investment awards. The vesting of shares 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 Performance Share Plan can be found below.

Long-term incentives awarded in 2016 (audited)

Performance Share Plan (PSP)

On 10 March 2016, the Executive Directors were granted share awards to the value of approximately 180% of salary as follows:

	Share awards	Co-investment awards	Grant price p[1]	Face value £'000[2]	Fair value £'000[3]	% award vesting at minimum threshold performance	% of face value that could vest
R C Walters	339,550	–	305	1,036	613	30%	100%
G P Daubeney	301,219	–	305	919	545	30%	100%
A R Bannatyne	207,295	–	305	632	375	30%	100%

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 options 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 ending 31 December 2018	50%	15%
Earning per share (EPS) growth over a three-year period ending 31 December 2018	50%	15%
Total	**100%**	**30%**

In relation to the PSP performance measures, 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 Committee, taking into account all available data. For the 2016 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.
b. 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.

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 or SAYE Option Scheme are as follows:

	Options at 1 January 2016	Options granted during the year	Options exercised during the year	Options lapsed during the year	Options at 31 December 2016[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	–	–	Mar 2013 – Mar 2020
Executive Options	300,000	–	–	–	300,000	211	–	–	Mar 2016 – Mar 2023
Executive Options	300,000	–	–	–	300,000	353	–	–	Mar 2017 – Mar 2024
SAYE Options	6,792	–	–	–	6,792	265	–	–	May 2017 – Nov 2017
	906,792	**–**	**–**	**–**	**906,792**				
G P Daubeney									
Executive Options	250,000	–	–	–	250,000	208	–	–	Mar 2013 – Mar 2020
Executive Options	250,000	–	–	–	250,000	211	–	–	Mar 2016 – Mar 2023
Executive Options	250,000	–	–	–	250,000	353	–	–	Mar 2017 – Mar 2024
SAYE Options	6,792	–	–	–	6,792	265	–	–	May 2017 – Nov 2017
	756,792	**–**	**–**	**–**	**756,792**				
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	–	–	May 2017 – Nov 2017
	606,792	**–**	**–**	**–**	**606,792**				
	2,270,376	**–**	**–**	**–**	**2,270,376**				

1 In total there are 1,500,000 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 2016 was 342p per share (2015: 360p per share) and the range during the year was 250p to 376p per share.

Performance Share Plan (PSP) (audited)

There are currently 75 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 performance measures.

	Date of grant	Share awards	Co-investment awards	Vested during year	Lapsed during year	At 31 December 2016	Share price on date of award p[1]	Exercise date
R C Walters								
	April 2013	269,901	112,534	(382,435)	–	–	217	April 2016
	May 2014	174,673	82,406	–	–	257,079	315	May 2017
	February 2015	291,293	–	–	–	291,293	360	February 2018
	March 2016	339,550	–	–	–	339,550	305	March 2019
		1,075,417	**194,940**	**(382,435)**	**–**	**887,922**		
G P Daubeney								
	April 2013	224,251	93,823	(318,074)	–	–	217	April 2016
	May 2014	145,631	44,479	–	–	190,110	315	May 2017
	February 2015	242,862	–	–	–	242,862	360	February 2018
	March 2016	301,219	–	–	–	301,219	305	March 2019
		913,963	**138,302**	**(318,074)**	**–**	**734,191**		
A R Bannatyne								
	April 2013	161,789	68,709	(230,498)	–	–	217	April 2016
	May 2014	106,649	50,313	–	–	156,962	315	May 2017
	February 2015	177,853	–	–	–	177,853	360	February 2018
	March 2016	207,295	–	–	–	207,295	305	March 2019
		653,586	**119,022**	**(230,498)**	**–**	**542,110**		

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 2017 the Company had outstanding options representing 6.7% of issued share capital. Share awards made under the PSP and deferred bonus shares 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 44 and 45 and in note 18 to the accounts.

Directors' interests in shares

The Directors who held office at 31 December 2016 had the following interests in the ordinary shares of the Company:

	31 December 2016 Number	31 December 2015 Number
R C Walters	**2,519,930**	2,317,781
G P Daubeney	**1,807,242**	1,639,113
A R Bannatyne	**424,247**	302,410
L Van de Walle	**45,587**	25,587
A D Kemp	**10,000**	10,000
C Hui	**10,000**	10,000
B McArthur-Muscroft	**7,140**	7,140

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 count towards the share ownership policy.

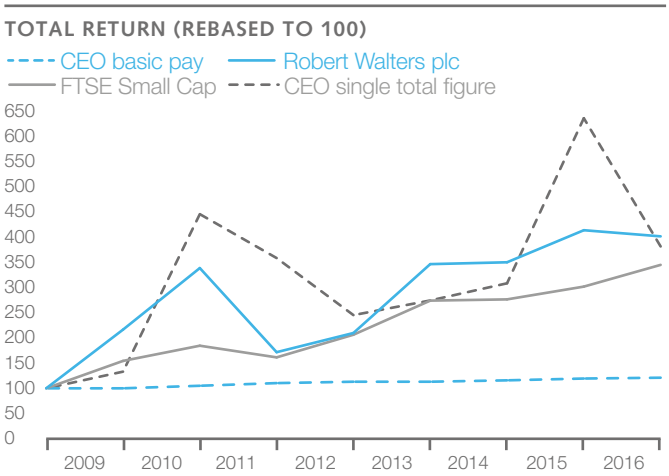
For the avoidance of doubt, Directors are not permitted to take forward options or in any way securitise or hedge their holdings of Robert Walters plc shares.

The percentage and value of the shareholdings of the Executive Directors, based on the share price at 31 December 2016 and expressed as a percentage of salary, are as follows:

Shares held	% of issued share capital	% of salary
R C Walters	3.30%	1,497%
G P Daubeney	2.36%	1,211%
A R Bannatyne	0.56%	413%

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 Robert Walters' Total Shareholder Return against the Total Shareholder Return (TSR) of the FTSE Small Cap Index. The FTSE Small Cap Index has been selected because Robert Walters plc is a constituent.



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 eight 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.

R C Walters	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 LTIPs performance targets are based on
2016	1,872	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		**67%**	**42%**	

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 41.
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 the face value of the award.

Chief Executive's pay compared to employees

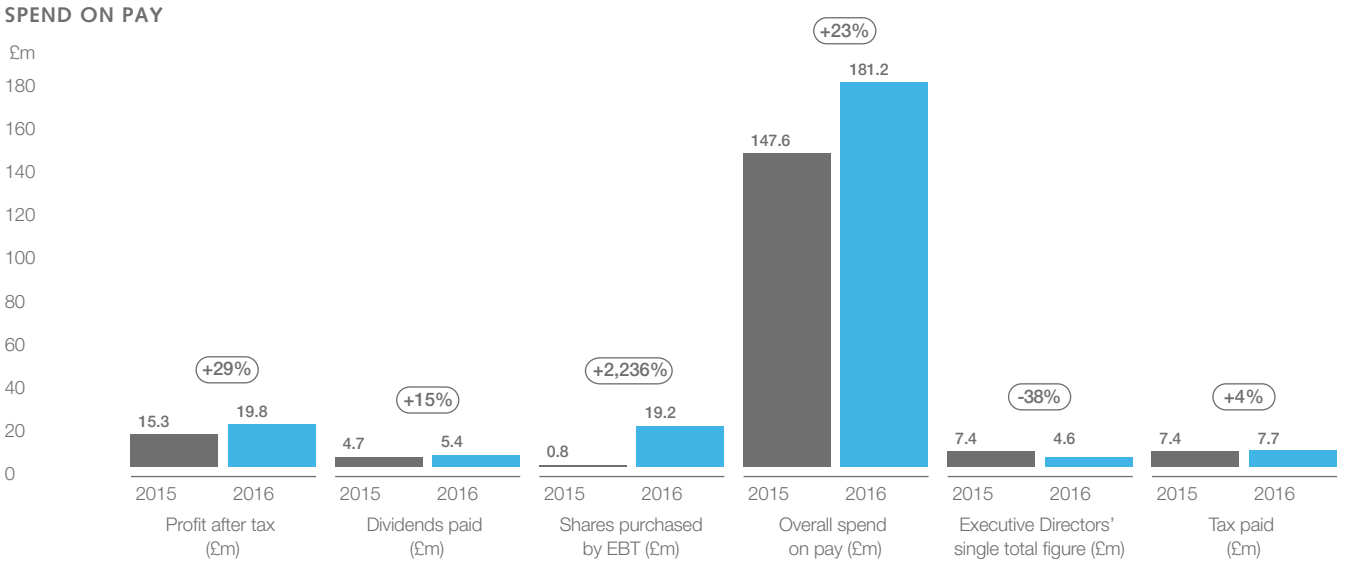
The table below shows the year-on-year percentage movement of base pay, other benefits and annual bonus in 2016 for the Chief Executive, compared with the average percentage change for Group employees:

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 41. 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	1.5%	1.0%	(14%)
All employees	3.2%	2.0%	6%

Relative importance of the spend on pay

The graph below shows details of the Group's profit after tax, dividends paid, share buybacks, total spend on pay and tax paid for the years ended 31 December 2015 and 2016. In the opinion of the Board, profit before tax and tax 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 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.

2 The total dividend paid during the year ended 31 December 2016 was £5.6m based on a final dividend of £4.0m, paid on 10 June 2016, and an interim dividend of £1.6m paid on 14 October 2016. Further details on dividends are given in note 6.

3 Tax paid during the year represents the corporation taxation paid for the Group during the year ended 31 December 2016.

4 The shares purchased by the EBT represent the total amount spent by the EBT on shares during the year ended 31 December 2016.

Payments to past Directors and payments for loss of office

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

The implementation of our remuneration policy in 2017

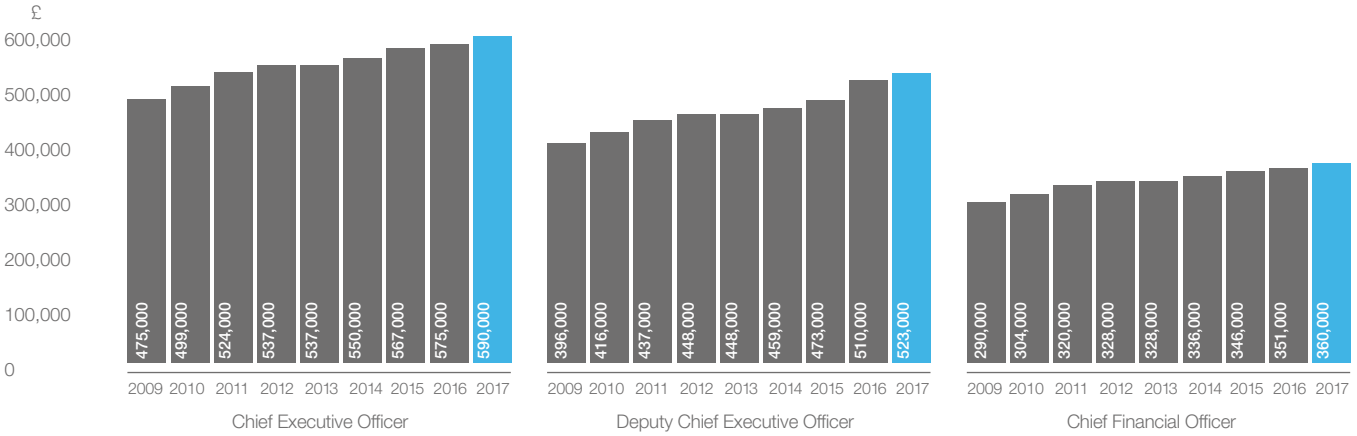
Subject to the reapproval of the Directors' remuneration policy, the Group's policy on Executive Directors' remuneration and implementation for the year ended 31 December 2017 will be implemented in substantially the same way that it has been over the last three years as follows:

(a) Executive Directors

(i) Base salary

For 2017, the average salary increases 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 2.5%. 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 2017.

(iii) Annual bonus

For 2017, 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 clients, locations, the Group's people, Corporate Social Responsibility, internal systems and strategic development. The targets set and performance achieved will be disclosed in next year's report to the extent deemed possible by the Remuneration Committee.

For 2017, 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 2018 and 2019.

(iv) PSP

For 2017, 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 2019. 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%	30%
Earnings per share (EPS) growth over a three-year period	50%	30%
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 eight years – see page 48 – of 42% of maximum on average suggests that the three-year performance standards set for the longer-term share plans are robust.

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 Committee, taking into account all available data. For 2016, the first year target is set at 20%. 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 2017, 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.

For 2017, the fees for the Chairman (as determined by the Remuneration Committee) and the Non-executive Directors (as determined by the Chairman and the Executive Directors) have been agreed as follows:

	2017 Total fees[1] £'000	2016 Total fees[1] £'000
L Van de Walle	**120**	107
A D Kemp	**69**	67
B McArthur-Muscroft	**67**	65
C Hui	**56**	55
	312	294

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

The Chairman's fee has been increased by 12% which is the maximum possible under the Directors' Remuneration Policy (current and as proposed). The Remuneration Committee, in making this change, has acknowledged not only Leslie Van de Walle's time commitment, but also his leadership of the Board and his ability, as demonstrated over the last four years, to enhance its effectiveness. The Non-executive Directors each received an increase in remuneration of 2.5% effective from 1 January 2017.

The Remuneration Committee
The Remuneration Committee comprises Andrew Kemp (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 during the year. The Committee has satisfied itself that the advice provided is independent and objective. FIT Remuneration Consultants 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 is also a member of the Remuneration Consultants Group. The fees paid during the year were £15,398. 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 AGM in June 2016, shareholders approved the Directors' Remuneration Report for the year ended 31 December 2015. The table below shows the results in respect of the resolution. The table also shows the percentage of votes cast for and against resolution on the Directors' Remuneration Policy originally approved at the Group's AGM on 15 April 2014.

Resolution	Votes for	%	Votes against	%	Votes withheld
Approve the Directors' Remuneration Policy	59,842,357	93.66	4,044,008	6.33	5,654,726
Approve the Directors' Remuneration Report	56,368,350	95.37	2,732,343	4.62	4,765,668

DIRECTORS' REMUNERATION POLICY

This section comprises the remuneration policy for the Board Directors (the Policy). Shareholders are being asked to reapprove the Policy at the 2017 Annual General Meeting in May and if approved, the Policy will take effect from the AGM.

The Remuneration Committee believes that the current Policy, which was originally approved at the AGM on 15 April 2014, remains effective and shareholders will be asked to vote on the new Policy which is substantially the same as the originally approved Policy. This takes into account the following factors:

- The current Policy is effective and supports our business. We take the view that the long-established model of fixed pay, annual variable pay and a three-year share-based incentive plan underpinned by significant long-term shareholdings is an effective approach to motivating and retaining our Executive Directors. Our remuneration outcomes are evidenced, over time, to be aligned with performance. The Remuneration Committee favours consistency of approach albeit in uncertain and volatile times. We place considerable importance on pay for performance, on setting tough targets and on share ownership. The ceilings on our variable pay arrangements are deliberately set so as to be relatively high. This is in line with the entrepreneurial culture of the Group.
- The Government's Green Paper on corporate governance reform may require further changes to our approach in the future.
- Institutional shareholders' thinking is evolving but we take heart from the encouragement of our shareholders to adopt an approach which we think works well for our Company and our shareholders.

We have decided to introduce a two-year holding period in respect of the post-tax value of vested shares awarded under the Long-Term Incentive Plan until the share ownership requirement of two times salary has been met. All three Executive Directors hold shares which are, to varying degrees, well in excess of this share ownership guideline.

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

The table below sets out the detailed workings of each component of total remuneration which will be effective from the AGM on 25 May 2017.

Element	Link to strategic objectives	Operation	Maximum potential	Performance conditions and assessment
Base salary[8]	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: – The performance of each individual Executive Director; – Average increases 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, however, to no adjustment being made.
Pensions	To provide a competitive employment benefit and long-term security.	Robert Walters 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.	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. All benefits are subject to annual review to ensure they remain in line with market practice. Reasonable business related expenses will reimbursed (including any tax due). The Company will continue to operate the Save As You Earn (SAYE) option scheme – see notes for further detail.	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.	The on-target bonus opportunity is 97.5% of salary and is dependent upon the achievement of specific annual performance conditions. 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. 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. 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.	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. Zero payment will be made for performance below threshold performance.	Performance is measured over one financial year, based on the following measures: – Financial targets as set out in the budget at the start of the year; and – KPIs set against pre-determined strategic performance objectives. 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. 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.

Element	Link to strategic objectives	Operation	Maximum potential	Performance conditions and assessment
Performance Share Plan (PSP) award[2,5]	The PSP is designed to promote staff retention, motivate executives across the Group and promote team efforts towards Group-wide strategic objectives. The three-year time horizon of these share awards also aligns leadership with the longer-term returns of the business and shareholder interests.	PSP awards are normally granted annually and vest after three years, dependent on the achievement of performance conditions over a three-year period. 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. 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. 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.	The maximum award of performance 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. 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.	Performance will be measured over a three-year period, subject to the following performance conditions: – 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. The TSR and EPS components will operate independently. Vesting levels between threshold and maximum performance will be calculated on a straight-line basis.

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-creating and to encourage them and reward them for working as a team.
   c. The financial measures of the annual bonus 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 two 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 Company'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 will apply 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 2014 and will vest in 2017. 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 above)
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.

Chairman and Non-executive Directors

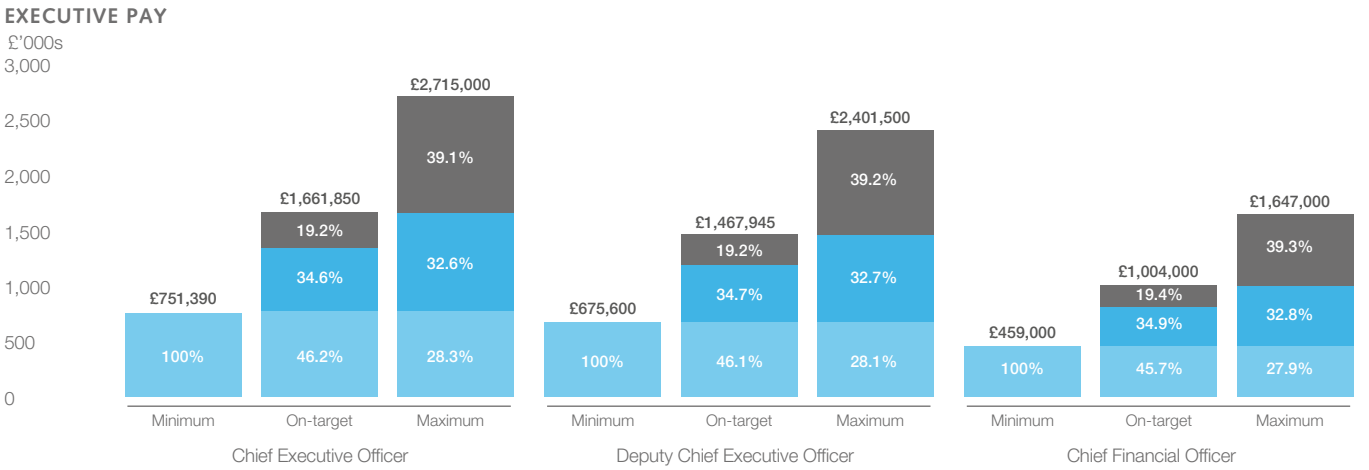
The table below sets out the fees payable to the Chairman and Non-executive Directors:

Element	Link to strategic objectives	Operation	Maximum potential	Performance conditions and assessment
Chairman	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 company fee levels. In order to ensure no potential impairment to the required impartiality and objectivity of the Chairman, fees are not linked to performance.	The remuneration of the Chairman is determined annually by the Remuneration Committee. 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. 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. The Chairman does not participate in any of the Company's share schemes, pension schemes or bonus arrangements.	The fees for the Chairman are determined by reference to benchmark market data and assessment of the expected time commitment. Reasonable business and travel expenses are reimbursed (including any tax due). 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. 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.	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.

Non-executive Directors	The Group seeks to pay fees which reflect the level of responsibility expected of Non-executive Directors and which are competitive with peer company fee levels. In order to ensure no potential impairment to the required impartiality and objectivity of the Non-executive Directors, fees are not linked to performance.	The remuneration of the Non-executive Directors is determined annually by the Chairman and the Executive Directors. 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. 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. Non-executive Directors do not participate in any of the Company's share schemes, pension schemes or bonus arrangements.	The fees for Non-executive Directors are determined by reference to benchmark market data and an assessment of the expected time commitment. A Board Committee Chairman and the Senior Independent Director may receive an additional fee commensurate to the additional responsibility and time commitment. In addition to the above, reasonable business and travel expenses are reimbursed (including any tax due). 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. 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.	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.

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 41 of the Annual Report on Remuneration.



Notes to the illustrative graph:

1 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).

2 For simplicity the value of any all-employee award has been ignored.

Each element of remuneration is defined in the table below:

Element	Description
Minimum (fixed pay only)	Base salaries as effective at 1 January 2017 Pension at 20% of base salary Actual benefit costs as recorded for the year ended 31 December 2016
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	Date of contract
Executive Directors	
R C Walters	19 June 2000
G P Daubeney	19 June 2000
A R Bannatyne	1 March 2007
Non-executive Directors	
A D Kemp	7 November 2007
C Hui	1 January 2012
L Van de Walle	1 October 2012
B McArthur-Muscroft	1 May 2013

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

The tables on pages 46 and 47 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 51 shows 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 Company'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. The small modifications to the Policy which the Remuneration Committee is asking shareholders to reapprove at the Annual General Meeting take into account the overall emerging views of shareholders.

Approval

This report was approved by the Board of Directors on 14 March 2017 and signed on its behalf by:

Andrew Kemp
Remuneration Committee Chairman
14 March 2017

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 Chief Legal Officer; and
- The final draft is reviewed by the Report of 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
14 March 2017

DIRECTORS' REPORT

Overview

The Directors present their Annual Report on the activities of the Group, together with the financial statements for the year ended 31 December 2016.

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 2016 are set out on pages 69 to 92 and the Company's audited financial statements are set out on pages 93 to 96. The Group's profit after taxation for the year ended 31 December 2016 was £19,897,000 (2015: £15,290,000).

The Directors recommend a final dividend of 6.20p per ordinary share (2014: 5.13p) to be paid on 13 June 2017 to shareholders on the register on 23 May 2016, which together with the interim dividend of 2.30p paid on 14 October 2016, makes a total of 8.50p per share for the year (2015: 7.08p).

Post balance sheet events

There have been no significant post balance sheet events to report since 31 December 2016.

Directors

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

Leslie Van de Walle[1]
Robert C Walters
Giles P Daubeney
Alan R Bannatyne
Brian McArthur-Muscroft[1]
Andrew D Kemp[1]
Carol Hui[1]
Tanith Dodge[1] (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 58.

Details of share options granted to Directors and the interests of the Directors in the ordinary shares of the Company are shown on pages 45 to 47.

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 Employee Benefit Trust does not seek to exercise the voting rights on these shares.

Substantial shareholdings

On 14 March 2017, 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	7,709,040	10.37
Aberforth Partners	7,543,028	10.15
Robert Walters plc Employee Benefit Trust[1]	6,825,151	5.00
Kames Capital	4,534,883	6.10
Liontrust Asset Mgt	3,870,486	5.21
Hargreave Hale	3,571,681	4.81
Standard Life Investments	3,558,127	4.79
Aberdeen Asset Mgt	3,369,981	4.53
Old Mutual Global Investors	3,201,047	4.31
JO Hambro Capital Mgt	3,042,222	4.09
Schroders Investment Mgt	3,030,771	4.08
Mr Robert Walters	2,519,930	3.39

1 Robert Walters plc Employee Benefit Trust 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 will offer themselves for re-election at the 2017 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 9 June 2016, 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 2016, ordinary shares of the Company were purchased by the Employee Benefit Trust at an average price of £3.04 for a total cost of £19.2m. The Company purchased £3.4m of ordinary shares of the Company at an average price of £3.44 and these were subsequently cancelled. A further £6.4m of Company ordinary shares have been purchased and subsequently cancelled at an average price of £3.74 since 31 December 2016.

Provisions on change of control

The Company's revolving credit facility agreement for £45.0m 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 Company'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 24 and 25.

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 2019.

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 forecasts and cash flow projections being used to assess going concern have been comprehensively stress-tested by using simulation techniques involving sensitivity analysis. 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. Cash risk is mitigated to an extent as in the event of a reduction in the overall number of contractors, working capital is released.

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 30 and 31. 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 £22.5m of net cash at 31 December 2016 and a £45.0m four-year committed financing facility until December 2020. 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 14 March 2017 confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company'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 25 May 2017 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
14 March 2017

DIRECTORS AND ADVISORS

Leslie Van de Walle
Non-executive Chairman
Appointed: October 2012
Committees: Nominations (Chairman)
Leslie is Non-executive Chairman of SIG plc and he is also a Non-executive Director and Senior Independent Director of DCC plc. He was formerly 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
Appointed: July 2000
Committees: Nominations
After three years at Touche Ross & Co. Robert Walters 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
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. Giles was promoted to Deputy Chief Executive in January 2016.

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.

Andrew Kemp
Non-executive Director
Appointed: November 2007
Committees: Remuneration (Chairman), Audit and Nominations
Andrew was latterly Group HR Director at De La Rue plc. He previously held Group HR Director appointments at Bovis, Transport Development Group plc, News International, Aegis and Rentokil Initial plc. Prior to Bovis, Andrew held a number of HR appointments at the rank of Captain and Major in the British Army.

Carol Hui
Non-executive Director
Appointed: January 2012
Committees: Audit, Nominations and Remuneration
Carol is a qualified lawyer and a senior executive with extensive corporate and commercial experience. She is the Chief of Staff of Heathrow Airport. Previously, she was a Board Director and the Chief Legal Officer of Amey plc, Group Legal Director and Company Secretary of TDG plc and Deputy Chief Legal Officer of BG plc. She was also a solicitor with Slaughter and May. Carol was awarded European Chief Legal Officer of the Year by the International Law Office and won a number of other awards from the Financial Times, Mulan Foundation, The Lawyer, Legal 500 and International Chief Legal Officer Awards. She is a Board Governor of London South Bank University. Carol was appointed to the Board of Robert Walters plc in January 2012.

Brian McArthur-Muscroft
Non-executive Director
Appointed: May 2013
Committees: Audit (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. 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. Prior to joining Paysafe, Brian was Group Finance Director at Telecity Group plc 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 2013 and ICAEW's FTSE 250 Finance Director of the Year in 2012. Also a restructuring specialist, Brian was the Interim CFO 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: Audit, Nominations and Remuneration
Tanith Dodge is an HR executive with a strong consumer background in international organisations. She is currently Group Human Resources Director at Value Retail, joining last year from Marks & Spencer Group plc where she ran global HR for 80,000 employees in 53 countries. Before joining M&S, 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
Chartered Accountants
2 New Street Square
London EC4A 3BZ

Solicitors
Dechert
160 Queen Victoria Street
London EC4V 4QQ

Stockbrokers
Investec
2 Gresham Street
London EC2V 7QP

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

Registrars
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ROBERT WALTERS PLC

Opinion on financial statements of Robert Walters plc

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 2016 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 FRS 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements that we have audited 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 their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent Company financial statements, United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework", and Article 4 of the IAS Regulation, as applied in accordance with the provisions of the Companies Act 2006.

Summary of our audit approach

Key risks	The key risks that we identified in the current year were: – Revenue recognition; and – Recoverability of trade receivables and bad debt provisioning These risks are the same as those identified in the previous year. Our revenue recognitions risk has been expanded to cover temporary placements as well as permanent placements.
Materiality	The materiality that we used in the current year was £1.35m (2015: £1.35m). Materiality was determined on the basis of pre-tax profit, which is consistent with the basis used in 2016.
Scoping	Our work was primarily focused on the audit work at seven significant components, which were all subject to a full audit. These seven significant components being the United Kingdom, Australia, France, Japan, Hong Kong, China and Singapore, account for 84% of the Group's revenue (2015: 85%), 72% of the Group's net fee income (NFI) (2015: 75%) and 80% of the Group's total assets (2015: 82%).

Going concern and the Directors' assessment of the principal risks that would threaten the solvency or liquidity of the Group

As required by the Listing Rules we have reviewed the Directors' statement regarding the appropriateness of the going concern basis of accounting contained within the Accounting Policies note to the financial statements and the directors' statement on the longer-term viability of the Group contained within the Director's Report on page 60.

We are required to state whether we have anything material to add or draw attention to in relation to:

- the Directors' confirmation on page 61 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 30–31 that describe those risks and explain how they are being managed or mitigated;
- the Directors' statement in the Accounting Policies note to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements; and
- the Directors' explanation on page 61 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 confirm that we have nothing material to add or draw attention to in respect of these matters.

We agreed with the Directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards.

We confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

In the current period we have expanded our revenue recognition risk to cover temporary placements as well as permanent placements. This has been done due to the growing contribution of the RPO business, Resource Solutions, to the Group.

Revenue recognition	
Risk description	For permanent placements, which accounted for 17% of the revenue of the Group's recruitment business in 2016 (2015: 17%), 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. This is discussed by The Report of the Audit and Risk Committee on page 37. 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. For temporary placements, which accounted for 83% of the revenue of the Group's recruitment business in 2016 (2015: 83%), the Group's policy (as detailed in the Accounting Policies note) is to record revenue as the service is provided. Accordingly revenue is accrued in respect of temporary placements where temporary staff have provided a service but which remain unbilled. This is discussed by The Report of the Audit and Risk Committee on page 37. Whilst the calculation of accrued income for temporary placements is not complex, management judgement is required in determining the amount of accrued income to recognise in respect of placements where it is believed that temporary staff provided the service before year end, but where no timesheet had been received at the year-end date.
How the scope of our audit responded to the risk	In all full scope components, we evaluated the design and implementation of the internal controls in place to ensure that revenue in respect of all permanent placements is recorded in the correct period. In the UK, Australia and Singapore, we performed additional testing to confirm whether these 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. We assessed the level of provision held at the year-end against the average level of back-outs experienced on a monthly basis during the year. We also evaluated the back-outs following the year end. In all full scope locations, we evaluated the design and implementation of the internal controls in place to ensure that revenue in respect of all temporary placements is recorded in the correct period. We reviewed a sample of timesheets received after the year-end date, to ensure that revenue in respect of these were recorded in the correct period. We recalculated the accrued income balance relating to temporary placements, and assessed the cut-off applied to the receipt of post year-end timesheets relating to services provided before year end. Our testing also involved a retrospective review of the dates of timesheets submitted during 2016 which related to 2015. This was done to assess the likely level of accrued income required at 31 December 2016 for 'missing' timesheets.
Key observations	We did not identify any misstatements or significant deficiencies 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 and bad debt provisioning	
Risk description	Gross trade receivables at 31 December 2016 were £187.0m (2015: £140.7m). 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. This is discussed by the Report of the Audit and Risk Committee on page 37.
How the scope of our audit responded to the risk	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 the UK we performed additional testing to confirm whether internal controls were operating effectively. We focused our testing on higher risk balances on the basis of the ageing profile, collection history and the credit quality of the customer. We agreed a sample of balances to subsequent cash receipts and other supporting documentation (such as subcontractor timesheets) which supported the recoverability of the balance. For certain components, debtor confirmations were also sent out for a sample of balances. We have 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. Additionally, we evaluated post year-end developments to determine whether any provisions required reversal or further provision.
Key observations	We did not identify any misstatements or significant deficiencies as a result of our audit work. We concluded that the provision for bad debts was in the middle of the acceptable range.

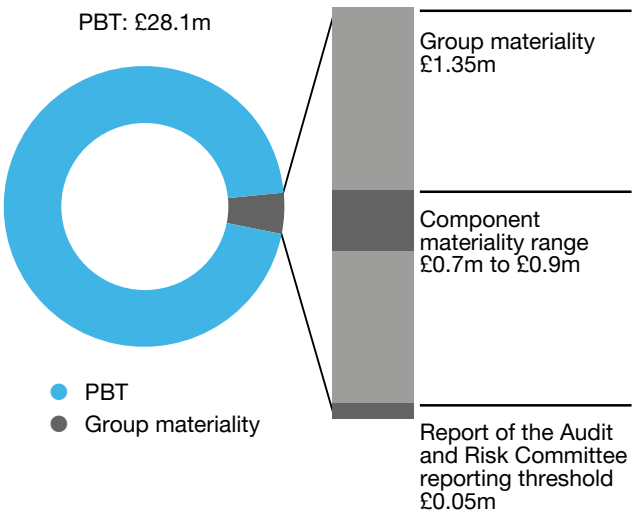
These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 materiality	£1.35m (2015: £1.35m)
Basis for determining materiality	5% of pre-tax profit. In 2015, our materiality was calculated based on 6% of pre-tax profit. This has been adjusted down in the current year, to bring the materiality used into line with industry norms, and with other similar companies.
Rationale for the benchmark applied	Pre-tax 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 5% of pre-tax profit (2015: 6%), 0.5% of Group Net Fee Income (2015: 0.6%) and 1.3% of Equity (2015: 1.5%).



We agreed with the Report of the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £50,000 (2015: £50,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Report of 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

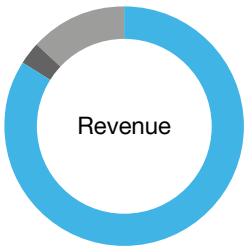
Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

Based on that assessment, we focused our Group audit scope primarily on the audit work at seven significant components, which were all subject to a full audit. This is consistent with the approach taken in the 2015 audit.

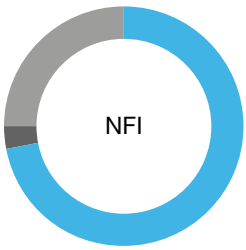
The seven significant components, being the United Kingdom, Australia, France, Japan, Hong Kong, China and Singapore, represent the principal business units and account for 84% of the Group's revenue (2015: 85%), 72% of the Group's net fee income (NFI) (2015: 75%) and 80% of the Group's total assets (2015: 82%). They 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 seven significant components was executed at levels of materiality applicable to each individual entity which were lower than Group materiality and capped at £877,500 (2015: £877,500). In addition we also performed specified audit procedures at one other location, the Netherlands, representing 3% of the Group's revenue (2015: 2%), 3% of the Group's net fee income (2015: 3%) and 3% of total assets (2015: 3%), where 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.

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.

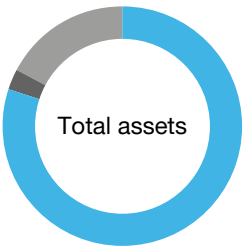
The Group audit team continued to follow a programme of planned visits that has been designed so that the Senior Statutory Auditor or a senior member of the Group audit team visits, on an annual basis, a number of the significant components (four in the current year) where the Group audit scope was focused. In 2016, as well as the UK, this included visits to France, the Netherlands and Japan (2015: France and Japan). Annually, for each of the seven significant 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 and attend the audit close meetings either via telephone, teleconference or in person, and, for a number of the components (five in the current year), on a rotational basis, review a selection of working papers on scoped significant audit risks.



- 84% Full audit scope
- 3% Specified audit procedures
- 13% Review at Group level



- 72% Full audit scope
- 3% Specified audit procedures
- 25% Review at Group level



- 80% Full audit scope
- 3% Specified audit procedures
- 17% Review at Group level

Opinion on other matters prescribed by the Companies Act 2006

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

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- 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 Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and 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 arising from these matters.

Corporate Governance Statement
Under the Listing Rules we are also required to review part of the Corporate Governance Statement relating to the Company's compliance with certain provisions of the UK Corporate Governance Code.

We have nothing to report arising from our review.

Our duty to read other information in the Annual Report
Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:
- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Report of the Audit and Risk Committee which we consider should have been disclosed.

We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of Directors and auditor
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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

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.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

John Charlton FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
14 March 2017

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £'000	2015 £'000
Revenue	1	**998,535**	812,715
Cost of sales		**(720,205)**	(578,287)
Gross profit		**278,330**	234,428
Administrative expenses		**(252,088)**	(211,325)
Operating profit		**26,242**	23,103
Finance income		**460**	168
Finance costs	2	**(895)**	(630)
Gain (loss) on foreign exchange		**2,334**	(283)
Profit before taxation	3	**28,141**	22,358
Taxation	5	**(8,244)**	(7,068)
Profit for the year		**19,897**	15,290
Earnings per share (pence):			
Basic		**27.7**	20.6
Diluted		**25.4**	18.7

The amounts above relate to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £'000	2015 £'000
Profit for the year	**19,897**	15,290
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of overseas operations	**12,953**	(1,347)
Total comprehensive income and expense for the year	**32,850**	13,943

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2016

	Note	2016 £'000	2015 £'000
Non-current assets			
Intangible assets	8	**11,402**	10,788
Property, plant and equipment	9	**8,183**	7,740
Deferred tax assets	14	**8,253**	8,785
		27,838	27,313
Current assets			
Trade and other receivables	11	**236,507**	191,849
Corporation tax receivables		**1,531**	1,103
Cash and cash equivalents	16	**62,601**	43,378
		300,639	236,330
Total assets		**328,477**	263,643
Current liabilities			
Trade and other payables	12	**(178,008)**	(139,906)
Corporation tax liabilities		**(5,069)**	(4,276)
Bank overdrafts and loans	13	**(40,070)**	(25,573)
Provisions	15	**(1,244)**	(294)
		(224,391)	(170,049)
Net current assets		**76,248**	66,281
Non-current liabilities			
Deferred tax liabilities	14	**–**	(4)
Provisions	15	**(2,143)**	(1,933)
		(2,143)	(1,937)
Total liabilities		**(226,534)**	(171,986)
Net assets		**101,943**	91,657
Equity			
Share capital	17	**16,101**	17,249
Share premium		**21,854**	21,836
Other reserves	19	**(72,241)**	(73,410)
Own shares held	19	**(19,906)**	(7,136)
Treasury shares held	19	**(9,095)**	(19,860)
Foreign exchange reserves		**14,038**	1,085
Retained earnings		**151,192**	151,893
Equity attributable to owners of the Company		**101,943**	91,657

The accounts on pages 69 to 92 were approved and authorised for issue by the Board of Directors on 14 March 2017 and signed on its behalf by:

Alan Bannatyne
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £'000	2015 £'000
Cash generated from operating activities	20	**37,178**	23,214
Income taxes paid		**(7,693)**	(7,433)
Net cash from operating activities		**29,485**	15,781
Investing activities			
Interest received		**460**	169
Purchases of computer software		**(2,172)**	(2,058)
Purchases of property, plant and equipment		**(2,841)**	(3,929)
Purchase of non-controlling interest		**–**	(498)
Net cash used in investing activities		**(4,553)**	(6,316)
Financing activities			
Equity dividends paid		**(5,410)**	(4,688)
Proceeds from issue of equity		**39**	140
Interest paid		**(895)**	(630)
Proceeds from bank loans and overdrafts		**14,350**	1,672
Share buy-back and cancellation		**(3,446)**	–
Purchase of own shares		**(19,168)**	(822)
Proceeds from exercise of share options		**26**	452
Net cash used in financing activities		**(14,504)**	(3,876)
Net increase in cash and cash equivalents		**10,428**	5,589
Cash and cash equivalents at beginning of year		**43,378**	38,205
Effect of foreign exchange rate changes		**8,795**	(416)
Cash and cash equivalents at end of year		**62,601**	43,378

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

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 2015	17,192	21,753	(73,410)	(8,765)	(19,860)	2,432	138,032	77,374
Profit for the year	–	–	–	–	–	–	15,290	15,290
Foreign currency translation differences	–	–	–	–	–	(1,347)	–	(1,347)
Total comprehensive income and expense for the year	–	–	–	–	–	(1,347)	15,290	13,943
Dividends paid	–	–	–	–	–	–	(4,688)	(4,688)
Credit to equity for equity-settled share-based payments	–	–	–	–	–	–	4,656	4,656
Deferred tax on share-based payment transactions	–	–	–	–	–	–	602	602
Transfer to own shares held on exercise of equity incentives	–	–	–	1,999	–	–	(1,999)	–
New shares issued and own shares purchased	57	83	–	(370)	–	–	–	(230)
Balance at 31 December 2015	17,249	21,836	(73,410)	(7,136)	(19,860)	1,085	151,893	91,657
Profit for the year	–	–	–	–	–	–	19,897	19,897
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 tax 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**

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 current 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 the 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 2016

Accounting policies

Basis of preparation

Robert Walters plc is a Company incorporated and domiciled in the UK under the Companies Act.

The financial report for the year ended 31 December 2016 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 24.

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 tax, including UK corporation tax and foreign tax, 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 tax 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 tax 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 tax is recognised in the income statement except when the tax relates to items charged or credited directly to equity, in which case the tax 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 the supply chain. This is in accordance with IFRS 15 and IAS 18 and is not considered a matter of judgement. The cash value of funds managed during 2016 was £1.5bn (2015: £1.5bn).

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) 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.

(j) Property, plant and equipment and computer software
Property, plant and equipment and computer software is stated at cost, net of depreciation. Depreciation is provided on all property, plant and equipment 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%.

(k) 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.

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

(m) Receivables
Trade and other receivables are recorded at cost, less any provision for impairment.

(n) 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.

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

(p) 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.

(q) 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.

(r) 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.

(s) 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.

The following standards which are applicable to the Group, have been published but are not yet effective and have not yet been adopted by the EU.

- IFRS 9 'Financial Instruments'. This standard is the first step in the process to replace IAS 39 'Financial Instruments: Recognition and Measurement.' IFRS 9 introduces new requirements for classifying and measuring financial assets and affects the accounting for financial assets - IFRS 9 is applicable for periods beginning on or after 1 January 2018.
- IFRS 15 'Revenue from Contracts with Customers' provides guidance on the recognition, timing and measurement of revenue. IFRS 15 is applicable for periods of beginning on or after 1 January 2018.
- IFRS 16 'Leases' establishes principles for the recognition, measurement, presentation and disclosure of leases – IFRS 16 is applicable for periods beginning on or after 1 January 2019.

It is not practicable to provide a reasonable estimate of the effect of the adoption of the above standards until a detailed review has been complete, however, IFRS 16 will require the Group to recognise a lease liability and a right-of-use asset for most of the leases previously treated as operating leases. 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 expenses 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: in making this judgement, management considered the detailed criteria for the recognition of revenue from permanent placements who had accepted a position and agreed a start date, but had not started employment. 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

The critical judgements that have been made in arriving at the amounts recognised in the Group's financial statements and the key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities have been identified by management as deferred tax and impairment of goodwill.

- Deferred tax: the judgement to recognise a deferred tax asset is dependent upon the Group's expectations regarding the future profitability of certain businesses, which contain a degree of inherent uncertainty. Deferred tax assets are only recognised to the extent that they are considered recoverable based on forecasts of available taxable profits against which they can be utilised.
- Impairment of goodwill: the Group annually tests whether goodwill has been impaired. Management make judgements to allocate goodwill to the most appropriate group of Cash Generating Units (CGUs) and this reflects the level at which goodwill is monitored. The recoverable amount of the CGUs that the goodwill has been allocated to is determined based on value-in-use calculations, which require estimating future cash flows and applying a suitable discount rate.

NOTES TO THE GROUP ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. Segmental information

	2016 £'000	2015 £'000
i) Revenue:		
Asia Pacific	**348,636**	285,145
UK	**480,587**	403,437
Europe	**146,985**	112,676
Other International	**22,327**	11,457
	998,535	812,715
ii) Gross profit:		
Asia Pacific	**117,591**	96,270
UK	**86,675**	80,352
Europe	**60,062**	46,349
Other International	**14,002**	11,457
	278,330	234,428
iii) Profit before taxation:		
Asia Pacific	**14,655**	12,930
UK	**6,396**	6,162
Europe	**4,243**	3,316
Other International	**948**	695
Operating profit	**26,242**	23,103
Net finance costs	**1,899**	(745)
Profit before taxation	**28,141**	22,358
iv) Net assets:		
Asia Pacific	**32,621**	31,765
UK	**28,867**	28,903
Europe	**9,592**	6,050
Other International	**3,617**	1,526
Unallocated corporate assets and liabilities*	**27,246**	23,413
	101,943	91,657

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

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

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 – 2016:					
Asia Pacific	**922**	**1,237**	**11,160**	**63,621**	**(31,000)**
UK	**2,392**	**2,300**	**6,219**	**146,599**	**(117,732)**
Europe	**901**	**505**	**1,304**	**37,168**	**(27,576)**
Other International	**788**	**137**	**902**	**8,704**	**(5,086)**
Unallocated corporate assets and liabilities*	**–**	**–**	**8,253**	**72,385**	**(45,140)**
	5,017	**4,179**	**27,838**	**328,477**	**(226,534)**

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 – 2015:					
Asia Pacific	1,436	1,261	10,897	58,001	(26,236)
UK	3,262	1,739	6,612	119,644	(90,741)
Europe	1,205	1,202	887	28,121	(22,071)
Other International	84	74	132	4,611	(3,085)
Unallocated corporate assets and liabilities*	–	–	8,785	53,266	(29,853)
	5,987	4,276	27,313	263,643	(171,986)

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

	2016 £'000	2015 £'000
vi) Revenue by business grouping:		
Robert Walters	**599,356**	499,749
Resource Solutions (recruitment process outsourcing)	**399,179**	312,966
	998,535	812,715

2. Finance costs

	2016 £'000	2015 £'000
Interest on bank overdrafts	**841**	588
Interest on bank loans	**54**	42
Total borrowing costs	**895**	630

3. Profit before taxation

	2016 £'000	2015 £'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	**355**	281
	409	335
– Other services pursuant to legislation	**25**	25
– Fees payable to the Auditor pursuant to legislation	**434**	360
– Tax services – compliance	**94**	66
– Tax services – advisory	**12**	9
– Other non-audit services	**5**	12
Total fees	**545**	447
Depreciation and amortisation of assets – owned	**4,179**	4,276
Loss on disposal of property, plant and equipment and computer software	**666**	719
Impairment of trade receivables (net)	**1,183**	(673)
Operating lease rentals – property	**12,160**	10,103
Operating lease rentals – computers and equipment	**1,079**	883

4. Staff costs

	2016 Number	2015 Number
The average monthly number of employees of the Group (including Executive Directors) during the year was:		
Group employees	**3,023**	2,771

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

4. Staff costs continued

	2016 £'000	2015 £'000
Their aggregate remuneration comprised:		
Wages and salaries	**156,354**	125,326
Social security costs	**16,013**	14,172
Other pension costs	**4,205**	3,403
Cost of employee share options and awards	**4,590**	4,656
	181,162	147,557

Details of the Directors' remuneration are given in the Directors' Remuneration Report on page 41.

5. Taxation

	2016 £'000	2015 £'000
Current tax charge		
Corporation tax – UK	**1,971**	343
Corporation tax – Overseas	**6,520**	6,685
Adjustments in respect of prior years		
Corporation tax – UK	**126**	114
Corporation tax – Overseas	**(686)**	(104)
	7,931	7,038
Deferred tax		
Deferred tax – UK	**173**	425
Deferred tax – Overseas	**16**	(699)
Adjustments in respect of prior years		
Deferred tax – UK	**(16)**	162
Deferred tax – Overseas	**140**	142
	313	30
Total tax charge for year	**8,244**	7,068
Profit before taxation	**28,141**	22,358
Tax at standard UK corporation tax rate of 20% (2015: 20.25%)	**5,628**	4,528
Effects of:		
Unrelieved (relieved) losses	**683**	(78)
Other expenses not deductible for tax purposes	**477**	308
Overseas earnings taxed at different rates	**1,785**	1,927
Adjustments to tax charges in previous years	**(435)**	313
Impact of tax rate change	**106**	70
Total tax charge for year	**8,244**	7,068

	2016 £'000	2015 £'000
Tax recognised directly in equity		
Tax on share-based payment transactions	**449**	(602)

6. Dividends

	2016 £'000	2015 £'000
Amounts recognised as distributions to equity holders in the year:		
Interim dividend paid of 2.3p per share (2015: 1.95p)	**1,620**	1,459
Final dividend for 2015 of 5.13p per share (2014: 4.35p)	**3,790**	3,229
	5,410	4,688
Proposed final dividend for 2016 of 6.2p per share (2015: 5.13p)	**4,316**	3,809

The proposed final dividend of £4,316,000 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.

	2016 £'000	2015 £'000
Profit for the year attributable to equity holders of the Parent	**19,897**	15,290

	2016 Number of shares	2015 Number of shares
Weighted average number of shares:		
Shares in issue throughout the year	**86,251,859**	85,970,809
Shares issued in the year	**74,666**	204,562
Shares cancelled in the year	**(1,652,089)**	–
Treasury and own shares held	**(12,799,910)**	(12,018,059)
For basic earnings per share	**71,874,526**	74,157,312
Outstanding share options and equity	**6,470,656**	7,540,850
For diluted earnings per share	**78,345,182**	81,698,162

8. Intangible assets

	Goodwill £'000	Computer software £'000	Total £'000
Cost:			
At 1 January 2015	7,984	8,191	16,175
Additions	–	2,058	2,058
Disposals	–	(295)	(295)
Foreign currency translation differences	(7)	(26)	(33)
At 31 December 2015	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**
Accumulated amortisation and impairment:			
At 1 January 2015	–	6,598	6,598
Charge for the year	–	838	838
Disposals	–	(294)	(294)
Foreign currency translation differences	–	(25)	(25)
At 31 December 2015	–	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**
Carrying value:			
At 1 January 2015	7,984	1,593	9,577
At 31 December 2015	7,977	2,811	10,788
At 31 December 2016	**8,088**	**3,314**	**11,402**

The carrying value of goodwill primarily relates to the acquisition of Talent Spotter in China (£1,229,000) and the acquisition of the Dunhill Group in Australia (£6,847,000). The historical acquisition cost of Talent Spotter was £768,000, with the movement to the current carrying value a result of foreign currency translation differences. Goodwill is tested annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amount of the goodwill is based on value-in-use in perpetuity. The key assumptions in the value-in-use are those regarding expected changes to cash flow during the period, growth rates and the discount rates.

Estimated cash flow forecasts are derived from the most recent financial budgets and an assumed average growth rate of 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 10.2% (pre-tax rate of 14.5%), 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 growth from year two onwards by 0%, 10% and 20% in absolute terms. The sensitivity analysis shows no impairment 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 2015	6,806	10,120	5,748	18	22,692
Additions	668	2,100	1,159	2	3,929
Disposals	(865)	(1,381)	(702)	(2)	(2,950)
Foreign currency translation differences	(15)	(431)	(56)	–	(502)
At 31 December 2015	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
Accumulated depreciation and impairment:					
At 1 January 2015	3,707	6,250	4,569	10	14,536
Charge for the year	746	1,828	860	4	3,438
Disposals	(398)	(1,188)	(645)	(1)	(2,232)
Foreign currency translation differences	(2)	(256)	(55)	0	(313)
At 31 December 2015	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	(0)	2,030
At 31 December 2016	5,197	7,927	5,826	15	18,965
Carrying value:					
At 1 January 2015	3,099	3,870	1,179	8	8,156
At 31 December 2015	2,541	3,774	1,420	5	7,740
At 31 December 2016	**2,214**	**4,650**	**1,316**	**3**	**8,183**

10. Group investments

Details of the Group investments existing as at 31 December 2016 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 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]	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]	100%	Recruitment consultancy	United Kingdom
Robert Walters Holdings Limited[1]	100%	Holding Company	United Kingdom
Walters Interim Ltd[2]	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
Level 41, 385 Bourke St, Melbourne, Victoria 3000
Level 41, 385 Bourke St, Melbourne, Victoria 3000
149 avenue Louise, Bruxelles 1050
149 avenue Louise, Bruxelles 1050
Rua de Rocios 350, Edif. Atrium IX, Conji 41-4, 4552-000, Vila Olimpia, São Paulo, Brazil
100 King Street West, Suited 5600, Toronto, Canada M5X 1C9
Unit 3601B-3604 Floor, Tower 2, Jing An Kerry Centre, 1539 West Nanjing Road, Shanghai, China 200040
Unit 3601B-3604 Floor, Tower 2, Jing An Kerry Centre, 1539 West Nanjing Road, Shanghai, China 200040
Klimenstska 1207/10, Nove Mesto, Phraha, PSC 110 00, Czech Republic
21-25 rue Balzac, 75008 Paris, France
16 rue Washington, 75008 Paris, France
16 rue Washington, 75008 Paris, France
Benrather Strasse 12, 40213 Dusseldorf, Germany
20/F Nexxus Building, 41 Connaught Road Central, Central Hong Kong
20/F Nexxus Building, 41 Connaught Road Central, Central Hong Kong
H-1037 Budapes, Montevideo u. 3/A
Regus Midtown, Level 1, Midtown Pl, Road No 1, Banjara Hill, Hyderabad 500034, Telangana India
World Trade Centre 9th Floor, Jl Jend Sudirman Kav 29-31 Jakarta, Indonesia 12920
Level 3, Custom House Plaza 2, IFSC, Dublin 1
26a Boulevard Royal, L2449, Luxembourg
3-12/18 Shibuya, Shibuya-ku, Tokyo, Japan
Antano Tumeno g.4, Vilnius, Lithuania
26a Boulevard Royal, L2449, Luxembourg
26a Boulevard Royal, L-2449 Luxembourg
B4-3A-6 Solaris Dutamas, No 1 Jalan Dutamas 1, 50480, Kuala Lumpur, Malaysia
B4-3A-6 Solaris Dutamas, No 1 Jalan Dutamas 1, 50480, Kuala Lumpur, Malaysia
Zuidplein 28, WTC, Toren H, 1077 XV Amsterdam
Zuidplein 28, WTC, Toren H, 1077 XV Amsterdam
c/o Deloitte, 80 Queen Street, Auckland 1010 New Zealand
Avenida da Republica, Numero 50, 10 andar, Lisbon,
6 Battery Road #22-01 Singapore 049909
6 Battery Road #22-01 Singapore 049909
6 Battery Road #22-01 Singapore 049909
19th Floor, GreenPark Corner, Cnr West Road South and Lower Road, Morningside, Sandton, Johannesburg, 2196 SOUTH AFRICA
19th Floor, GreenPark Corner, Cnr West Road South and Lower Road, Morningside, Sandton, Johannesburg, 2196 SOUTH AFRICA
Paseao de la Castellana, 13 4 planta Iza 18046 Madrid
Calle Almagro 30, 18010 Madrid, Spain
21F East Center, Center 1 Building, 26 Euljiro 5 gil, Jung-gu, Seoul 04539
Claridenstrasse 41, Zurich 8002, SWITZERLAND
10 F No 1 Songzhi Road, Zin-Yi District, Taipei, Taiwan
Q House Lumpini, 12th Floor, Unit 1201, 1 South Sathorn Road, Thungmahamek, Sathorn Bangkok 100120
11 Slingsby Place, St Martin's Courtyard, London WC2E 9AB
11 Slingsby Place, St Martin's Courtyard, London WC2E 9AB
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11 Slingsby Place, St Martin's Courtyard, London WC2E 9AB
11 Slingsby Place, St Martin's Courtyard, London WC2E 9AB
7 Times Square, Suite 1606, New York NY 10036
11 Slingsby Place, St Martin's Courtyard, London WC2E 9AB
7 Times Square, Suite 1606, New York NY 10036
101 Mission Street, Suite 2000, San Francisco CA 94105
7 Times Square, Suite 1606, New York NY 10036
138-142 Hai Ba Trung Street, Da Kao Ward District 1, Ho Chi Ming City, Vietnam

10. Group investments continued

The registered addresses for all 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

	2016 £'000	2015 £'000
Receivables due within one year:		
Trade receivables	**183,692**	138,869
Other receivables	**8,970**	12,640
Prepayments	**5,468**	13,389
Accrued income	**38,377**	26,951
	236,507	191,849

Included within prepayments and 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 2016 is £1,716,000 (31 December 2015: £1,450,000). The movement in this provision during the year is a charge to administrative expenses in the income statement of £266,000 (2015: £39,000).

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

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

	2016 £'000	2015 £'000
Trade payables	**6,727**	8,020
Other taxation and social security	**24,529**	19,628
Other payables	**22,489**	19,246
Accruals and deferred income	**124,263**	93,012
	178,008	139,906

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

Cash	**2016 £'000**	2015 £'000
Bank overdrafts and loans: current	**40,070**	25,573
	40,070	25,573

The borrowings are repayable as follows:		
Within one year	40,070	25,573
	40,070	25,573

In January 2017, the Group renewed and extended to four years its committed financing facility of £45.0m which expires in December 2020. At 31 December 2016, £38.9m (2015: £25.1m) was drawn down under this facility.

The Group has a short-term facility of Renminbi 25m (£2.9m) of which Renminbi 10m (£1.2m) was drawn down as at 31 December 2016. 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 £40,070,000 (2015: £25,573,000).

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 2015	1,208	1,650	1,502	3,846	8,206
Credit (charge) to income	(600)	595	(104)	79	(30)
Credit to equity	–	–	602	–	602
Foreign currency translation differences	–	(10)	–	13	3
At 31 December 2015	608	2,235	2,000	3,938	8,781
Credit (charge) to income	**45**	**(291)**	**30**	**(97)**	**(313)**
Charge to equity	**–**	**–**	**(918)**	**–**	**(918)**
Foreign currency translation differences	**–**	**215**	**–**	**488**	**703**
At 31 December 2016	**653**	**2,159**	**1,112**	**4,329**	**8,253**

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	**2016 £'000**	2015 £'000
Deferred tax assets	**8,253**	8,785
Deferred tax liabilities	**–**	(4)
	8,253	8,781

At 31 December 2016, no deferred tax liability is recognised on temporary differences of £13.9m (2015: £11.8m) 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.

The UK Government reduced the rate of corporation tax by 1% from 21% to 20% effective from 1 April 2015 and announced its intention to reduce the rate further by 1% to 19% by 1 April 2017 and another 2% to 17% by 1 April 2020.

The reduction of the main rate of UK corporation tax from 20% to 19% with effect from 1 April 2017 was substantively enacted on 26 October 2015. The further reduction of the main rate of UK corporation tax from 19% to 17% with effect from 1 April 2020 was substantively enacted on 6 September 2016. This change has resulted in a deferred tax charge arising from the reduction in the balance sheet carry value of deferred tax assets to reflect the anticipated rate of tax at which those assets are expected to reverse.

Deferred tax assets of £2.2m (2015: £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 the tax losses of £4.9m (2015: £2.5m) of which £1.8m (2015: £0.3m) have no time restriction over when they can be utilised, and the remaining £3.1m (2015: £2.2m) are time restricted for which the weighted average period over which they can be utilised is 4.6 years.

15. Provisions

	Total £'000
At 1 January 2015	2,024
Additional provisions charged to income statement	477
Provision released	(141)
Utilisation of provisions	(70)
Foreign exchange movements	(63)
At 31 December 2015	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**
Analysis of total provision:	
Current	**1,244**
Non-current	**2,143**
	3,387

The provisions comprise rents and other related amounts payable on vacated properties and dilapidation provisions. The payment of non-current provision (£2.1m) will be between two and five years.

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 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	**2016 £'000**	2015 £'000
Australian Dollars	**14,453**	4,947
Euros	**13,107**	10,494
Japanese Yen	**8,665**	9,672
Hong Kong Dollars[1]	**6,107**	6,334
Singapore Dollars	**3,006**	2,144
New Zealand Dollars	**2,322**	1,735
US Dollars	**1,840**	2,076
Chinese Renminbi	**1,777**	1,288
Indian Rupee	**1,763**	–
Thai Baht	**1,373**	636
Other	**8,187**	4,052
	62,601	43,378

1 Included in the Hong Kong Dollars cash balance is £3.6m (2015: £1.9m) 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.

16. Financial risk management continued

(ii) Currency exposures

The main currencies held by 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 £22.5m and equity of the Group, comprising issued share capital, reserves and retained earnings as disclosed in notes 17 and 18.

(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.

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 customers, 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 are generally not recoverable.

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

Out of trade receivables totalling £183.7m at 31 December 2016 (2015: £138.9m), balances totalling £145.3m (2015: £110.8m) are not due. The amount of trade receivables past due up to one month are £28.3m (2015: £19.4m) and past due greater than one month are £13.4m (2015: £10.5m). The amount of trade receivables outstanding by more than 90 days from invoice date at 31 December 2016 was £2.7m (2015: £1.9m). The level of bad debt provision at 31 December 2016 was £3.3m (2015: £1.8m).

(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 2019. The average effective interest rate for 2016 on the sales financing facility was between 1.7% and 1.95% and is determined upon the lenders' published rate plus 1.45%. 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

	2016 Number	2015 Number	**2016 £'000**	2015 £'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	**80,507,284**	86,251,859	**16,101**	17,249

The called-up share capital of the Company was increased on a number of occasions during the year following the issue of new shares in accordance with obligations in respect of the Executive Share Option Scheme.

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

18. Share options

Equity-settled share option plan

As at 31 December 2016 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	970,000	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	973,000	211	March 2016	March 2023
Executive Options	1,276,500	353	March 2017	March 2024
SAYE	309,736	265	May 2017	November 2017
Executive Options	8,000	265	June 2017	June 2024
Executive Options	40,000	307	June 2017	June 2024
Executive Options	624,500	339	February 2018	February 2025
Executive Options	746,000	299	March 2019	March 2026
SAYE	225,558	258	June 2019	December 2019
	5,203,294			

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.

18. Share options continued

	2016		2015	
	Options	**Weighted average exercise price (£)**	Options	Weighted average exercise price (£)
At 1 January	**4,827,259**	**2.75**	5,996,568	2.52
Granted during the year	**1,016,058**	**3.39**	748,500	3.39
Forfeited during the year	**(380,023)**	**2.97**	(182,000)	3.01
Exercised during the year	**(260,000)**	**2.13**	(567,809)	1.51
Expired during the year	**–**	**–**	(1,168,000)	2.27
At 31 December	**5,203,294**	**2.80**	4,827,259	2.75

The fair value of share options granted during the year was £515,000.

The weighted average share price at the date of exercise for share options exercised during the period was £3.17. The options outstanding at 31 December 2015 had a weighted average remaining contractual life of seven years and a weighted value of £2.80.

There were 1,973,000 options already exercisable at the end of the year, with a weighted exercise price of £2.10.

The inputs into the stochastic model are as follows:

	Executive Options				SAYE Options	
	2016	2015	2014	2013	2016	2014
Weighted average share price	**£3.08**	£3.51	£3.53	£2.11	£2.58	£2.65
Weighted average exercise price	**£2.99**	£3.39	£3.53	£2.11	£2.58	£2.65
Expected volatility	**32.4%**	34.2%	40.4%	44.5%	32.4%	40.4%
Expected life	**6**	6	6	4	3.25	3.25
Risk free rate	**1.0%**	1.2%	1.8%	1.0%	1.0%	1.8%
Expected dividend yield	**2.3%**	1.7%	1.5%	2.4%	2.3%	1.5%

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 Options fully vesting where earnings per share growth matches the UK retail price index plus an average of 14% per annum.

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.

18. Share options continued

Equity-settled Performance Share Plan (PSP)

As at 31 December 2016, 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:

The movements within the balances of share awards and co-investment awards are indicated below.

	2016			2015		
	Share awards	**Co-investment awards**	**Total**	Share awards	Co-investment awards	Total
At 1 January	**4,610,069**	**1,299,445**	**5,909,514**	4,725,252	1,972,438	6,697,690
Granted during the year	**1,833,807**	**385,318**	**2,219,125**	1,731,954	225,286	1,957,240
Vested during the year	**(1,857,149)**	**(662,713)**	**(2,519,862)**	(547,078)	(318,247)	(865,326)
Lapsed during the year	**–**	**–**	**–**	(1,012,530)	(553,897)	(1,566,426)
Forfeited during the year	**(129,878)**	**(39,976)**	**(169,854)**	(287,529)	(26,135)	(313,664)
At 31 December	**4,456,849**	**982,074**	**5,438,923**	4,610,069	1,299,445	5,909,514

The fair value of share awards and co-investment awards granted during the year was £3,972,000.

The awards outstanding at 31 December 2016 had a weighted average remaining contractual life of 17 months (2015: 16 months).

No awards expired during the year (2015: none).

The inputs into the stochastic model are as follows:

	2016	2015	2014	2013
Weighted average share price	**£3.08**	£3.51	£3.12	£2.13
Weighted average exercise price	**nil**	nil	nil	nil
Expected volatility	**26.5%**	26.0%	29.3%	37.9%
Expected life	**3**	3	3	3
Risk free rate	**0.5%**	0.7%	1.1%	0.4%
Expected dividend yield	**2.3%**	1.7%	1.7%	2.4%

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 £4,590,000 (2015: £4,656,000) during the year in respect of equity-settled share-based payment transactions and £nil (2015: £nil) in respect of cash-settled share-based payment transactions. The liability for cash-settled share-based payment transactions at 31 December was £nil (2015: £nil).

19. Reserves

The other reserves of the Group include a merger reserve of £83,379,000 (2015: £83,379,000), a capital reserve of £9,301,000 (2015: £9,301,000), capital redemption reserve of £1,793,000 (2015: £624,000) and a capital contribution reserve of £44,000 (2015: £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. £19.2m of own shares were purchased into the Employee Benefit Trust at an average price of £3.04 in 2016. Rights to dividends on shares held by the EBT have been waived by the trustees. Charges of £51,000 (2015: £34,000) 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 2016 was 6,825,151 (2015: 3,077,398) and £23,316.000 (2015: £11,079,000). The number and market value of treasury shares held at 31 December 2016 was 4,074,000 (2015: 8,922,900) and £13,918,000 (2015: £32,122,000).

20. Notes to the cash flow statement

	2016 £'000	2015 £'000
Operating profit	**26,242**	23,103
Adjustments for:		
Depreciation and amortisation charges	**4,179**	4,276
Loss on disposal of property, plant and equipment and computer software	**666**	719
Charge in respect of share-based payment transactions	**4,590**	4,656
Operating cash flows before movements in working capital	**35,677**	32,754
Increase in receivables	**(29,634)**	(25,711)
Increase in payables	**31,135**	16,171
Cash generated from operating activities	**37,178**	23,214

21. Reconciliation of net cash flow to movement in net funds

	2016 £'000	2015 £'000
Increase in cash and cash equivalents in the year	**10,428**	5,589
Cash flow from increase in bank loans	**(14,350)**	(1,672)
Foreign currency translation differences	**8,649**	(415)
Movement in net cash in the year	**4,727**	3,504
Net cash at beginning of year	**17,805**	14,301
Net cash at end of year	**22,532**	17,805

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:

	2016 £'000	2015 £'000
Within one year	**13,941**	10,549
In the second to fifth years inclusive	**28,225**	30,931
After five years	**3,856**	9,314
	46,022	50,794

The Group leases various offices under non-cancellable operating leases arrangements and various computers and equipment under operating lease agreements, which have varying terms and termination rights.

The Company has no finance lease commitments (2015: £nil).

There are no capital commitments for the Group (2015: £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 41.

During the year, there were related party transactions totalling £40,000 (2015: £17,000) with Tay Associates Limited, a related party through a Director of Robert Walters plc.

There were no outstanding balances at the 31 December 2016.

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 Company has no other contingent liabilities as at 31 December 2016 (2015: £nil).

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £'000	2015 £'000
Non-current assets			
Investments	27	**210,206**	205,908
Current assets			
Trade and other receivables	28	**1,231**	5,959
Cash and cash equivalents		**903**	–
Total assets		**212,340**	211,867
Current liabilities			
Trade and other payables	29	**(124,870)**	(135,010)
Net current liabilities		**(124,870)**	(135,010)
Net assets		**87,470**	76,857
Equity			
Share capital		**16,101**	17,249
Share premium		**21,854**	21,836
Capital redemption reserve		**1,793**	624
Own shares held		**(19,906)**	(7,136)
Treasury shares held		**(9,095)**	(19,860)
Retained earnings		**76,723**	64,144
Shareholders' funds		**87,470**	76,857

Robert Walters plc reported a result for the year of £34.0m (2015: £0.0m).

The accounts of Robert Walters plc, Company Number 3956083, on pages 93 to 96 were approved by the Board of Directors on 14 March 2017 and signed on its behalf by:

Alan Bannatyne
Chief Financial Officer

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	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 2015	17,192	21,753	624	(8,765)	(19,860)	66,216	77,160
Loss for the year	–	–	–	–	–	(41)	(41)
Foreign currency translation differences	–	–	–	–	–	–	–
Total comprehensive income and expense for the year	–	–	–	–	–	(41)	(41)
Dividends paid	–	–	–	–	–	(4,688)	(4,688)
Credit to equity for equity-settled share-based payments	–	–	–	–	–	4,656	4,656
Deferred tax on share-based payment transactions	–	–	–	–	–	–	–
Transfer to own shares held on exercise of equity incentives	–	–	–	1,999	–	(1,999)	–
New shares issued and own shares purchased	57	83	–	(370)	–	–	(230)
Balance at 31 December 2015	17,249	21,836	624	(7,136)	(19,860)	64,144	76,857
Profit for the year[1]	–	–	–	–	–	33,982	33,982
Foreign currency translation differences	–	–	–	–	–	–	–
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**
Deferred tax on share-based payment transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**
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**

1 Included in the profit for the year balance is £33.5m dividends received from subsidiaries

NOTES TO THE COMPANY ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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 payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement 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 73 except as noted below.

(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.

£14.6m (2015: £8.7m) 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 2016	205,908
Increase in the year due to equity incentive schemes	4,298
At 31 December 2016	**210,206**

There was no provision for impairment (2015: £nil).

Please refer to note 10 for a list of the Company's principal investments.

28. Trade and other receivables

	2016 £'000	2015 £'000
Amounts due from subsidiaries	**1,220**	891
Other receivables	**11**	5,068
	1,231	5,959

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

	2016 £'000	2015 £'000
Amounts due to subsidiaries	**124,870**	135,010
	124,870	135,010

30. Share capital

	2016 Number	2015 Number	2016 £'000	2015 £'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	**80,507,284**	86,251,859	**16,101**	17,249

31. Commitments

The Company has no finance lease commitments (2015: £nil).

There are no capital commitments for the Company (2015: £nil).

32. Related party transactions

There were no related party transactions in the year to 31 December 2016 (2015: £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 2016 (2015: £nil).

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MALAYSIA
NETHERLANDS
NEW ZEALAND
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