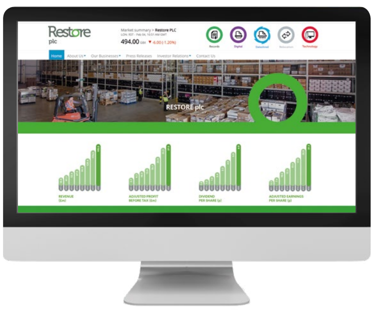
Restore plc

Strong. Momentum.

Annual Report for the year ended 31 December 2019

Restore plc

The UK leader in Document Management and Business Relocation services



For more information please see
www.restoreplc.com

Highlights

A year of Strong Momentum with double digit growth in revenue and profit with strong cash generation. Looking ahead we have a clear strategy to grow in the markets we serve.

+10%	+13%	+9.5%	+0.5x
£215.6m	£42.4m	27.6p	1.6x
Revenue	Adjusted profit before tax*	Adjusted basic earnings per share*	Leverage

Operational highlights

- Smooth executive transition
- Restore Records Management net box growth of 1.5%
- Restore Datashred operating performance strong, largely offsetting paper price headwinds
- Restore Digital contract expansion of new wins
- Restore Harrow Green strong (especially London)
- Restore Technology continues development of scale and capability
- Continued improvement in Health & Safety
- 4 small acquisitions

Financial highlights

- Group revenue up 10% to £215.6m
- Group adjusted profit before tax up 13% to £42.4m
- Strong cash generation exceeded expectations with leverage reduced from 2.1x to 1.6x
- Adjusted operating margins increased from 21.1% to 21.5%
- Adjusted basic earnings per share up 9.5% to 27.6p
- Total dividend up 20% to 7.2p per share

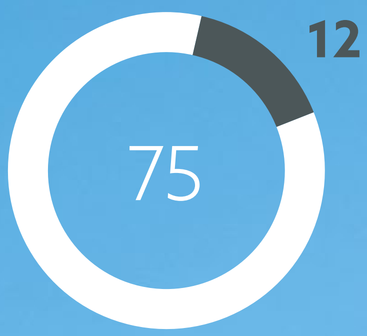
*Before discontinued operations, amortisation of intangible assets, exceptional items and share-based payment charge, excludes the effects of the adoption of IFRS 16 (see page 19 for reconciliation).

Overview

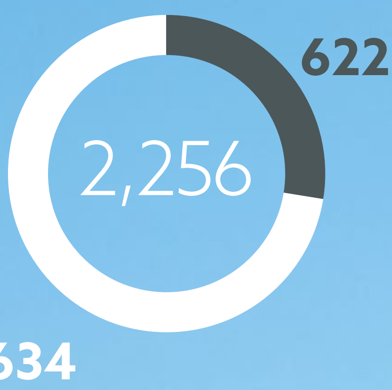
Restore plc has 2 divisions:

- Document Management
- Relocation

Total sites



Total employees at 31 December 2019



At a glance

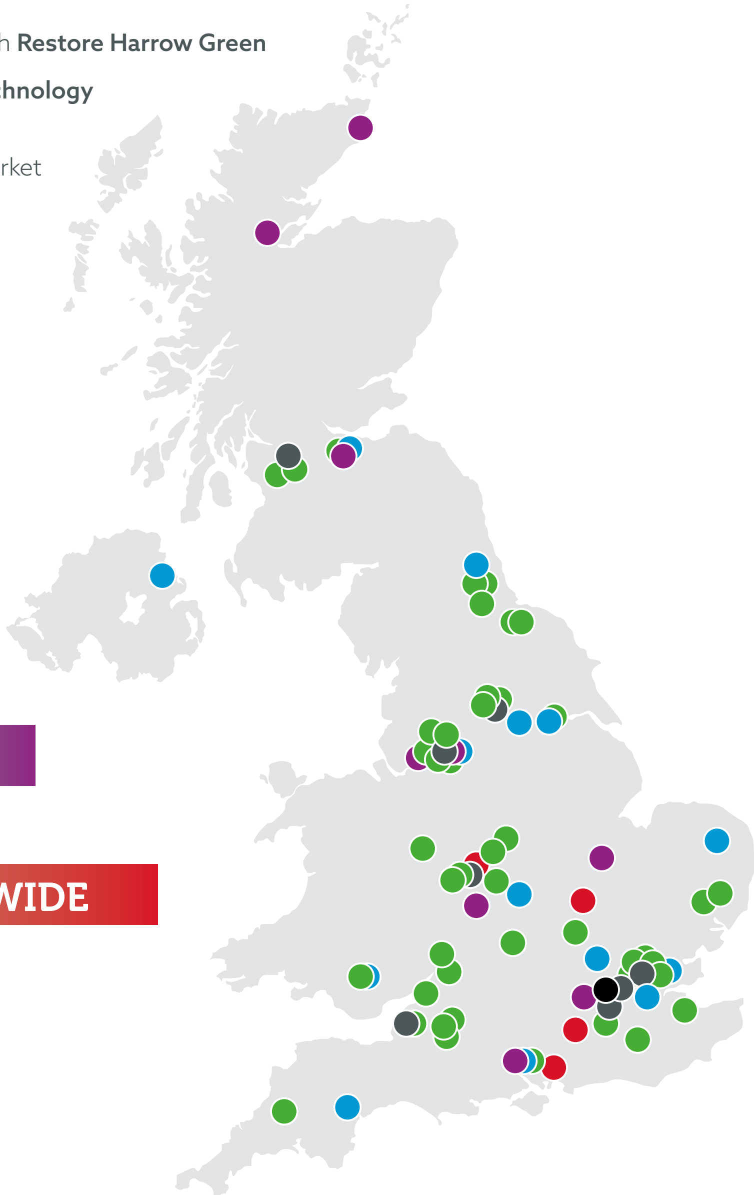
Restore is the UK's leading document management and business relocation provider. We have deep experience and knowledge providing services to offices and workplaces in the private and public sectors. Our excellent delivery record is backed by high levels of accreditation and our customer commitment is reflected in excellent customer satisfaction ratings, high retention rates and repeat business.

We provide safe and secure services in:

- Document storage through **Restore Records Management**
- Document shredding through **Restore Datashred**
- Scanning through **Restore Digital**
- Commercial and workplace relocation through **Restore Harrow Green**
- IT lifecycle management through **Restore Technology**

All of our businesses have a similar channel to market and operate on the same Customer Relationship Management system, which further binds our businesses together.

FULL UK COVERAGE WITH OVER 75 STORAGE AND PROCESSING CENTRES UK WIDE



Strong

We have predictable, recurring revenues

We provide mission critical services to customers that are non-core for them to deliver for themselves. A majority of our revenue is contracted for many years and this is particularly true of our Records Management business which accounts for around 70% of Group operating profit. The 22 million records we store for our customers produce consistent, steadily growing revenue streams. Our other 4 business units exhibit high customer retention and also benefit from contracted, recurring revenues.

We have attractive operating margins

On a consistent accounting policy basis* in 2019, our operating margins were 21.5%, up from 21.1% in 2018. These operating margins reflect the critical nature of the services we provide to customers and the scale we have in services which give us significant economic and service advantage. These services are specialist in nature and with further investment in technology and facilities we can maintain a strong cost advantage with scale. They are important to our customers' day-to-day operations but cannot be performed effectively in-house.

We are well-invested

We provide full coverage across mainland Britain for all of our services. We have consistently improved the quality of our operating sites and going forward within our historic capex envelope we can maintain this quality. We also intend to look at opportunities for business units to co-locate their sites and improve our cost and service footprint even more as we expand.

We are strongly cash-generative

We have shown in a year with a low level of acquisitions that exceptional items drop significantly leading to substantial cash generation to pay down debt. We are very disciplined on cash generative growth and therefore our cash conversion is strong, our customers are high quality and underlying bad debt is low which is consistent with the high levels of customer satisfaction and mission critical service we provide.

We have delivered sharp increases in earnings per share

There has been consistent growth in adjusted earnings per share since the Group returned to profit in 2010. Adjusted EPS* have increased from 2.4p in 2010 to 27.6p in 2019.

We have delivered strong dividend growth

Our dividend has grown from 1.0p in 2011 to 7.2p in 2019. Despite this rapid growth, our adjusted dividend cover is 3.8x.

We hold strong market positions with substantial room to grow

In all of the five markets we operate in we are either the UK market leader or the number two and all markets show steady growth. However, the fragmented nature of many of the markets we operate in and our modest share of <13% means we have significant opportunity to expand.

Revenue (£'m)

Adjusted profit before tax* (£'m)

Momentum

We know our market and deliver for customers

We have deep experience and knowledge of the UK commercial and public sector working environments. We are only focussed on the B2B opportunity and we understand how UK offices work. We know who the decision makers are and we tailor our services to this particular market. We are disciplined and deliver consistently high levels of service to customers generating strong customer satisfaction and retention.

We have a clear strategy to deliver growth

We have a clear strategy to grow organically and faster than the market through our scale advantage and high customer satisfaction, together with the addition of earnings enhancing acquisitions, which in the main, deliver greater scale and now with a larger cost base we can drive efficiencies across the company to grow margins

We have excellent customer relationships to cross sell more services

We know that existing customers are the most important and we deliver high levels of customer satisfaction leading to high retention rates. From this consistency we generate repeat business and this also provides a platform to sell more services from all five business units. This repeat business and cross selling underpins the organic growth of the business.

We have significant acquisition opportunities to grow in 4 out of 5 markets

Although the company has grown significantly with acquisitions there are still very substantial opportunities in the market to grow through further acquisitions to improve scale and scope. We see the main opportunities in 4 of the 5 markets, Records Management, Datashred, Digital and Technology.

We have opportunities to grow operating margins

We see opportunities to grow overall margins with a focus on improving the cost base of the company. A significant focus is the property portfolio in the group which we believe can be rationalised to deliver cost savings over the next ten years. In addition, by taking advantage of the increasing scale and hence buying power of the Group we see opportunities to improve the unit cost in many areas.

Adjusted basic earnings per share* (p)

Dividend per share (p)

*Before discontinued operations, amortisation of intangible assets, exceptional items and share-based payment charge, excludes the effects of the adoption of IFRS 16.

Chairman's Introduction

"I am pleased to report that as we transitioned into the next stage in the Company's growth, the new executive team have delivered a successful year of strong profit growth and cash generation and set out a clear vision for future expansion."

Martin Towers, Chairman

Introduction

Restore plc has consistently grown through acquisition and organic expansion to become one of the UK's leading business service providers. The Company has reached a position of significant market share and scale and is well placed to develop from further acquisition, developing synergy and through continued organic momentum.

I am pleased to report that as we transitioned into the next stage of the Company's continued development, the new executive team have delivered a successful year of strong profit progression and cash generation and set out a clear vision for future expansion.

We are either number one or two in all of the markets in which we operate and we remain focussed on services which are mission-critical to customers, providing cost advantage through our scale. With a greater emphasis on organic growth and operational efficiency, we are investing in technology for productivity and differentiation which generate good operating margins and strong visibility of earnings.

Results

For the year to 31 December 2019, adjusted profit before tax on a consistent accounting policy basis was £42.4 million on revenue of £215.6 million, with profit and revenue up 13% and 10% respectively. Adjusted earnings per share increased by 9.5% to 27.6 pence.

Strategy

An insightful and well attended Capital Markets Day, held in November 2019, confirmed not only the strong position the Company has achieved, but also the significant growth opportunities that lie ahead in the markets we serve.

Restore's core strategy for is to generate strong organic growth from existing and new customers, grow through acquisition in most of the markets we operate in and through increasing scale, drive cost efficiencies to enhance margins further.

The records management activities, which generate the majority of the Company's operating profit, have high levels of customer retention, reflecting many years of investment. Operating as a trusted partner to our customers within a stable market produces recurring revenues and reliable cash flows which underpin the consistent performance of the business.

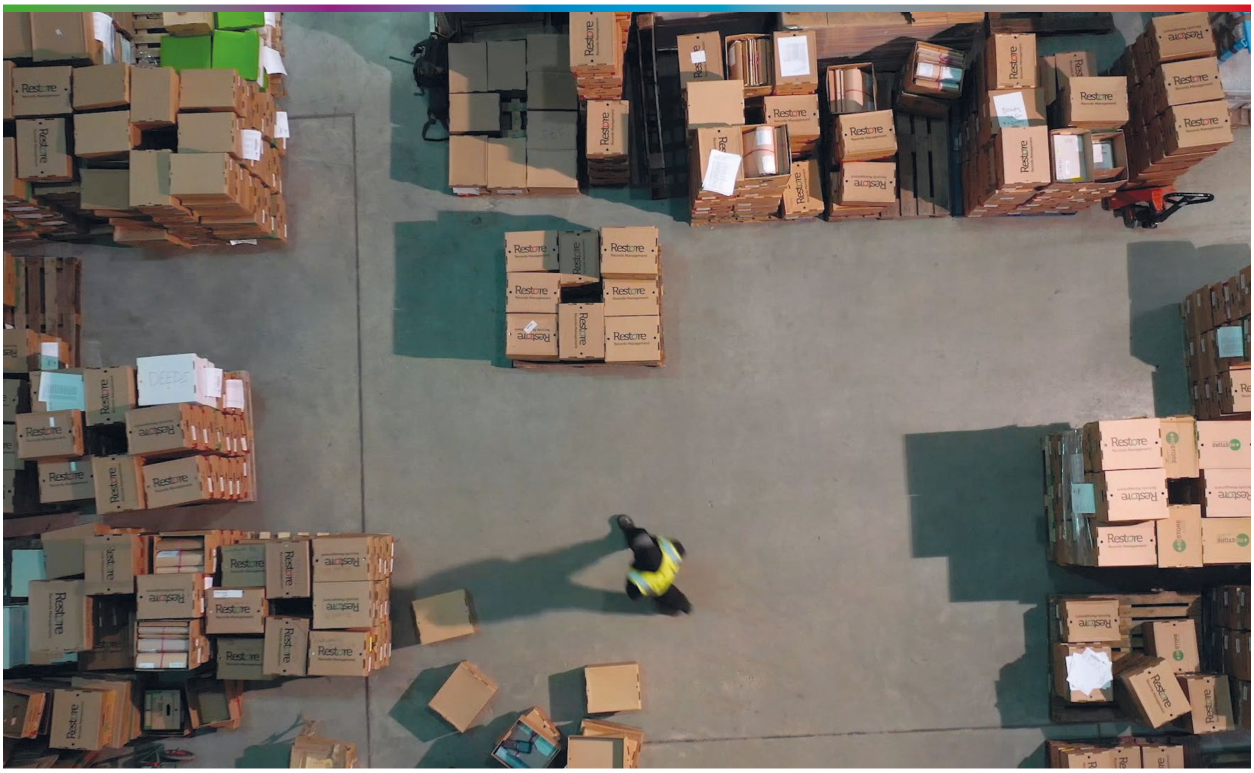
In addition to our position as the second largest records management business in the UK, we are the market leader in office relocation, number two in the secure destruction of confidential documents and number two in digital/scanning services. Over the last few years we have patiently built a strong presence in the exciting, but fragmented and immature, IT recycling sector achieving a number two position with a significant opportunity to grow.

Health and Safety

Health and Safety is the number one priority in the Company. During 2019 we undertook a comprehensive review of all our sites and we continue to invest more in our facilities, equipment and training. Through the Risk Committee we monitor our progress and safety at work is a key focus item from the Board to Executive Committee and site operations, ensuring we have a culture of safety first for our employees, customers and suppliers.

Board Changes

We had a successful year with the transition to a new CEO and CFO in 2019. I am delighted with the smooth handover and continued momentum in the Company with Charles Bligh, CEO, who started in March 2019 and Neil Ritchie, CFO, in October 2019. We also welcomed Jamie Hopkins, who will chair the Remuneration Committee, as Non-Executive Director in January 2020, also after 6 years of service, James Wilde will be stepping down from the Board at the AGM in May 2020. I would like to thank James for his significant contribution to the Company over the last 6 years.



People

Restore's business philosophy is based around maintaining a small head office and encouraging a one Restore approach whilst ensuring each business unit is empowered and resourced to deliver relevant and specialist performance. This is intrinsic to delivering best in-class service for customers and financial discipline.

We are a customer focussed business that is served by a service driven and solution orientated team.

We continue to invest in our processes and our skills to outperform customer expectations and set the standard for the sectors in which we operate. Since the end of the financial year we have created a new position of Chief People Officer and recruited Angie Wiseman to this post with a broad remit to further advance our people strategy.

I would like to thank all the team for their commitment over the last year and look forward to them continuing to share in the success of the Company.

Dividends

Your Board is recommending a final dividend of 4.8 pence, payable on 3 July 2020 reflecting the Board's confidence in the Company's future prospects following a year of transition and strong momentum with cash generation in 2019. Given the exceptional circumstances in relation to the COVID-19, we will continue to review our dividend policy, including the proposed final dividend referred to above, as the situation develops.

Summary and Outlook

2019 was a busy year for the Company with a number of Board and senior management changes. Built upon a solid financial platform, the Company is well positioned for the next stage of growth despite the current uncertainties brought about by COVID-19.

M Towers

Martin Towers
Chairman
18 March 2020

Our Divisions
Document Management

Divisional figures:

Revenue (£'m)	Operating profit (£'m)*
+8.1%	**+11.4%**
£159.5m	£42.9m
(2018: £147.6m)	(2018: £38.5m)

Records

"Customer focussed document storage and records management provider"

No.2
UK Market Position

Restore Records Management is the largest business unit in the Group, accounting for the majority of operating profit.

Number 2 in the marketplace, and with c5,800 highly valued customers across the private and public sectors, the business provides storage and retrieval solutions for hard copy documents, magnetic data storage tapes and heritage assets together with a range of document management services to support a variety of customer requirements.

Around three-quarters of revenue is generated from storage fees which provide a predictable and consistent income stream together with strong cash generation, whilst requiring only modest levels of capital investment to maintain.

Restore Records Management's commercial proposition is that it can realise significantly lower storage and management costs than a customer could achieve through application of their own resources and that customer processes can be significantly enhanced through utilisation of Restore's highly accredited experience in handling high volumes of physical records.

Key operating targets for the business are optimising storage density and delivering class leading customer service. Consistent achievement of these objectives has resulted in high levels of customer satisfaction and excellent customer retention.

Operating from 55 locations across the UK, the property estate is primarily leasehold and provides a mixture of deep and active storage options. The majority of facilities take the form of large, modern industrial units, although the business also operates from a number of cost effective locations in heritage aircraft hangers and former stone mines.

The current capacity utilisation is around 95% which provides the optimum balance of cost effectiveness and operating efficiency.

Looking forward, management believe this is a market that can continue to grow organically with many customers continuing to produce paper documentation as part of their processes with further opportunity to secure unvended records that are using valuable office space and have yet to be outsourced to the storage marketplace.

There is also considerable scope for development of the public sector market both in provision of storage and added value document management services. Restore Records Management is especially proud of the services it provides to a number of Government agencies and the NHS, supporting these critical organisations to achieve valuable process optimisation.

In addition, after a period of fast growth through acquisition, the business has the opportunity to expand margins through rationalisation, particularly consolidation of the property estate and by achieving further operating efficiency through scale.

Restore Records Management has a strong track record of providing customers with local service within an organisation that has national scale that can offer a number of tailored document management service solutions. With the potential to expand organically and by acquisition, Restore Records Management is well placed to take advantage of opportunities to grow and continue to deliver exceptional customer service.

*Before discontinued operations, amortisation of intangible assets, exceptional items and share-based payment charge, excludes the effects of the adoption of IFRS 16 (see page 61).

Datashred

"Trusted paper shredding and recycling"

No.2
UK Market Position

£41.0m
2019 Revenue

Restore Datashred operates from 12 shredding centres across the UK with over 450 staff and a fleet of 200+ collection and mobile shredding vehicles.

With a 4.5/5 trust pilot rating, the business serves approximately 14,500 customers from SMEs to large public organisations and combines local customer service with national scale in a fragmented and under-developed market

Revenues are derived from both service income and sales of shredded paper into the recycling market with almost 80,000 tonnes of paper processed last year, preserving an estimated 1.3 million trees.

Other competitors in the sector are more reliant on shredded paper resale values than Restore Datashred and, as such, Restore Datashred's business is more resilient and able to take advantage of the current volatility in the highly commoditised shredded paper market.

Having grown through acquisition, Restore Datashred is currently number 2 in the UK marketplace. The business's scale is particularly important in a sector where the key factor driving profitability is route density and operational efficiency.

The business provides a highly complementary service to our other activities across the Group with many customers having a shredding requirement as part of a location move or digitisation process for example.

As customer demand for secure destruction grows, the opportunity for Restore Datashred's highly accredited proposition is expected to increase.

Digital

"Leading digital enablement business, converting hard copy documents into electronic images or data streams"

No.2
UK Market Position

£22.6m
2019 Revenue

Restore Digital has over 360 staff working across 8 scanning bureaus in the UK.

The customer focussed team can perform a number of digital services including one-off scanning projects or collaborate with clients to develop embedded process support, for example acting as a digital mailroom, receiving hard copy mail and redistributing in electronic format or as a process enabler, lifting data from hard copy documents and providing information processing services or cloud hosted database management.

A high proportion of Restore Digital's revenue is recurring or contracted, for example annual exam paper processing or represented by large long-term projects such as the digitisation of health records. From this solid platform, the business has capacity to invest in technology and maintain its leading status in digital process development.

Having expanded rapidly to number 2 in the market, Restore Digital aims to continue to grow through acquisition and by development of its product offer as well as servicing the existing digital scanning market. As scale increases, margins should expand as scale offers the opportunity for processing efficiency and higher returns on central investment costs.

Our Divisions
Relocation

Divisional figures:

Revenue (£'m)

+17.1%

£56.1m

(2018: £47.9m)

Operating profit (£'m)*

+24.1%

£7.2m

(2018: £5.8m)

Relocation

"The UK's favourite business relocation organisation"

No.1
UK Market Position

Restore Harrow Green is the UK's leading office relocations company with a focus on supporting blue chip corporate clients. The business offers a full project management service, the physical relocation of furnishings, documents and IT equipment so that relocated staff simply turn up and can operate in their new facility.

The business also provides specialist relocation management services to customers such as the Ministry of Defence and will undertake long term storage and furniture and office asset recycling as complementary client solutions. The business also offers international move support for individuals or whole office relocations.

With a team of over 360 staff and operating a fleet of over 115 vehicles from 8 branches across the UK, the business has the size and experience to manage significant complexity and flex resources to accommodate demanding timetables required by clients seeking to minimise downtime.

Customer satisfaction is very high and whilst one-off moves are critical, over half of the business's revenue is generated through incremental activity and office reconfigurations from existing customers who typically develop a close and long term relationship with Restore Harrow Green.

The business is particularly strong in London and has opportunity to grow regionally. Additionally, there is potential to enter into more technical channels that seek a high level of competence in moving assets such as museums and the health sector.

Importantly, Restore Harrow Green also plays a key role in introducing new customers to other Group companies as a physical move is often a trigger for housekeeping or business process development where the Group is well placed to provide additional services.

Technology

"Highly accredited and secure IT asset lifecycle management provider"

No.2
UK Market Position

Restore Technology is a leading IT asset deployment, management and decommissioning business with the highest levels of process and security certification in the sector.

Operating from 4 sites in the UK, revenues are generated at the early life stage from software imaging, physical installation and asset tagging and later, during the operating life of the asset, by providing relocation services or hardware and software upgrades. At the end of life, Restore Technology provides fully secured and certificated decommissioning and subsequent asset repurposing or recycling.

In a fragmented and largely unregulated market, Restore Technology provides customers with a trusted supply chain that can meet complex physical requirements through its national scale and highly qualified technicians. The accredited processes provide customer assurance in relation to the significant data risk on asset decommissioning and with high levels of asset repurposing and zero landfill, the business provides a strong environmental case for organisation seeking to develop their environmental and social policies.

With recent investment in its class leading site at Bedford and from developing partnerships with leading IT channel partners, the business is focussed on engaging new customers at the early and mid-life stage in order to take significant market share in end of life management which in turn leads to re-engagement in early and mid-life care.

The asset management and disposal market is growing but not yet mature and Restore Technology has the potential to become the key reference point and market leader in the sector.

*Before discontinued operations, amortisation of intangible assets, exceptional items and share-based payment charge, excludes the effects of the adoption of IFRS 16 (see page 61).

Strategic Report

Our Business Model & Strategy

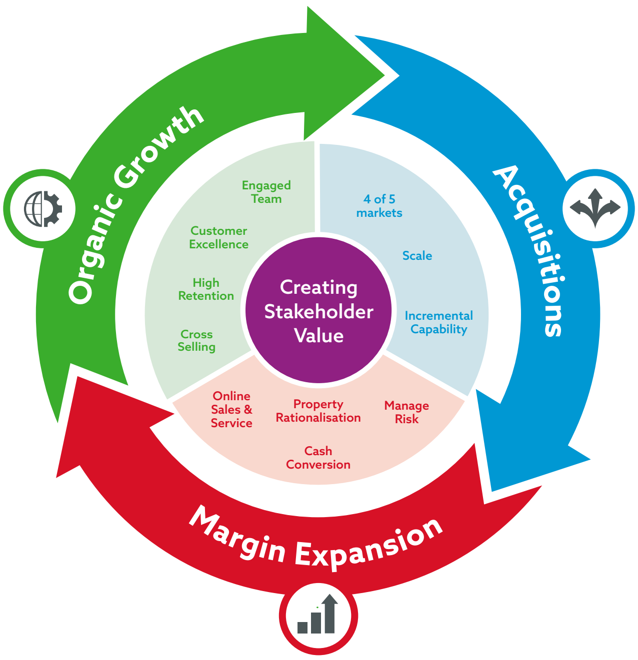
We provide inter-related office support services to customers throughout the UK. We seek to grow our market share and expand the services we offer to create value that is shared with our investors and used to fund continued growth.

Our Business Model & Strategy

Our business model is focussed entirely on businesses with office related services which are critical to the customer where we can drive costs and service advantage with national scale. We are focussed on cash generative growth which creates value that is shared with our investors and also used to fund continued growth.

The strategy we are driving is based on three core elements;

- **Organic Growth** – grow faster than the market relying on high retention, repeat business and cross selling the wider services of the group.
- **Acquisitions** – four of the five markets have significant acquisition opportunities in still largely fragmented and in some cases immature markets.
- **Margin Expansion** – after many years of acquisitive growth the cost base is much larger giving us further buying power to reduce cost and additionally there is a significant opportunity in real estate rationalisation as we grow further.



Our business philosophy

We believe that power and responsibility should be locked together and driven as far down the organisation as possible. As part of this we operate a decentralised model, with autonomous divisions supported by a small head office which drives discipline in operational excellence in front of the customer and a profitable cash generative focus.

Many industries, particularly business-to-business services, are based around an established channel to market. The key advantage that our divisions derive from being part of the Restore Group is that they all share a similar channel to market. Through our long established Groupwide Customer Relationship Management system, we know who the key decision makers are within our customers and to be able to offer them the other services that we provide.

Our Key Resources and Capabilities

- Competitive advantage through our scale, tight cost control, UK focus and market knowledge
- Longstanding customer relationships
- Nationwide coverage providing a one stop shop
- Leverage group wide technology investments
- Motivated, capable people
- Track record in integrating and improving acquisitions
- Responsible leadership

+33%

Compound Annual growth rate since 2011 in adjusted earnings per share

+29%

Compound Annual growth rate since 2011 in revenues

Our Customers' needs

Our market is primarily UK offices where we offer a range of closely related services. These services are operationally complex and mission-critical. These services generate recurring revenues as they are generally required regularly. High-quality performance is necessary and, if this is delivered, customers benefit from the consistency of the existing supplier. Our businesses benefit from being market leaders in sectors where scale generates significant cost effectiveness and enables larger multi-branch customers to be serviced by a single supplier.

Our Customer Base

Our customer base covers a broad range of both private and public sector entities. Examples of our market sector penetration includes:

FTSE 100 companies

>85%

Top 50 UK accountancy practices

>85%

Top 100 UK legal practices

>95%

Local authorities in England, Wales and Scotland

>65%

UK National Health Trusts

>80%

Our Acquisition strategy

Our businesses benefit from scale in the UK market. The services we supply are those where customers see little benefit in changing suppliers. Acquisitions are the logical way to accelerate business growth and create value.

The synergies we can generate from acquisitions means that we can offer the owners of the acquired businesses an attractive valuation while achieving a highly attractive return on capital for our investors.

We have a proven track record in integrating acquired businesses and in maintaining and improving service levels to our acquired customers who see benefit in now being serviced by a company with increased financial strength and service excellence.

Acquisitions in the year

Restore Technology

- **Secure IT Destruction Limited**
  June 2019
- **Team Recycling Limited**
  July 2019

Restore Records Management

- **FDA Limited**
  October 2019
- **Archive Limited**
  December 2019

Chief Executive Officer's statement

"I am pleased to report we delivered Strong Momentum with excellent financial performance and organic expansion."

Charles Bligh, CEO

Introduction

Following my appointment in March 2019 I have been delighted with the continued business momentum. We go into 2020 with a clear strategy for growth, a strong management team to deliver our plans and the financial strength to invest as opportunities arise with a disciplined and cash generative growth focus.

Results

We achieved good results, maintaining strong momentum throughout the year. For the year to 31 December 2019, the business delivered a 10% increase in revenue to £215.6 million and 13% increase in adjusted profit before tax to £42.4 million with the operating margin increasing 40 bps to 21.5%. Earnings per share on an adjusted basis were up 9.5% at 27.6 pence (2018: 25.2 pence). A clear focus for the year was cash generation and I am pleased with the result which saw net debt leverage of the Company falling during the year from 2.1x to 1.6x which exceeded expectations.

Organic growth was achieved through continued expansion of the customer portfolio, selective price increases and further productivity improvement from our growing scale. Acquisition activity in the year was relatively low as we looked to consolidate the prior year acquisition of TNT BS, acquired in May 2018 and focus on the cash generation capability of the business. During the year four small businesses were acquired.

Document Management Division

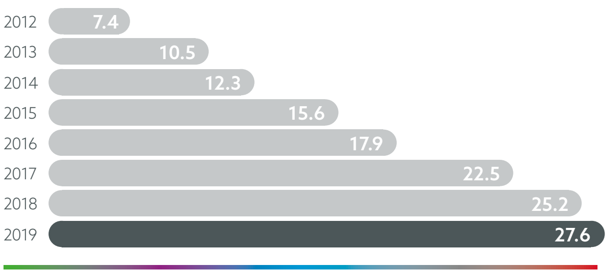
Our Document Management division comprises Restore Records Management, Restore Datashred and Restore Digital increasing revenue by £11.9 million to £159.5 million with operating profit increasing £4.4 million to £42.9 million.

Restore Records Management continued to grow steadily with organic revenue growth of 2.0%. Revenue in the year, including an additional four month contribution from TNT BS, increased to £95.9 million from £86.5 million. Operating margins also increased. We now store approximately 20 million boxes or box equivalents and 2.7 million data tapes and this stream of recurring revenues forms the foundation of profitability for the Group.

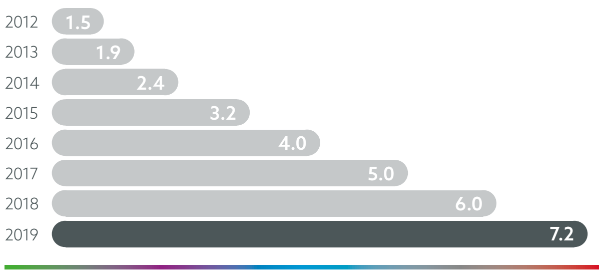
A key indicator of growth is annual net box growth, which bounced back to be 1.5% for the year. After the introduction of GDPR in 2018 and resulting increase in destruction rates we have seen as expected a glide path to a more normalised destruction level which is a positive overall trend. Supplementing the organic performance, we acquired two small storage businesses holding approximately 58k boxes in the second half of the year.

Occupancy rates closed the year within target range, ending 2019 at 95% which we consider to be the optimal level.

The extension in Rainham is on track for new box intake from Q1 2020. This will give us over 750k box slots to enable the closing of less efficient sites and provide for growth from existing customers.



Adjusted earnings per share (p)



Dividend per share (p)

Note: Financial results are pre restatement unless highlighted.

Case study:

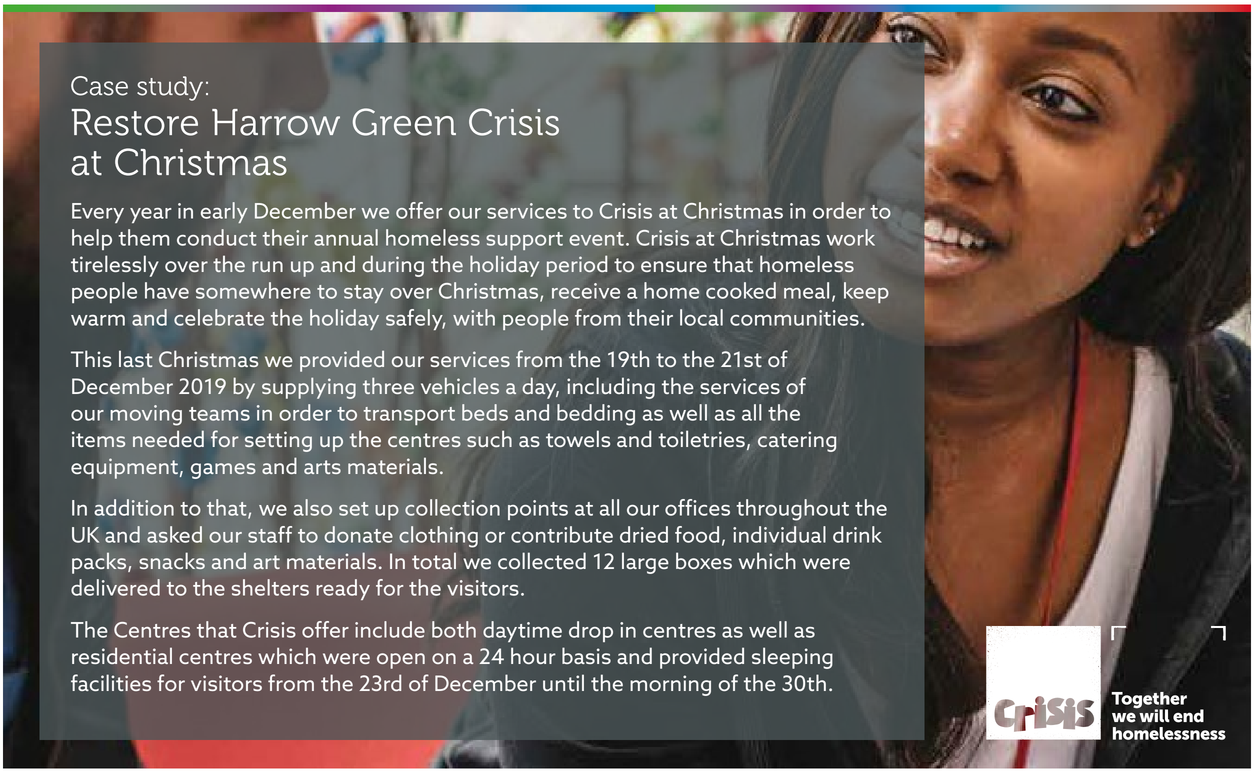
Restore Harrow Green Crisis at Christmas

Every year in early December we offer our services to Crisis at Christmas in order to help them conduct their annual homeless support event. Crisis at Christmas work tirelessly over the run up and during the holiday period to ensure that homeless people have somewhere to stay over Christmas, receive a home cooked meal, keep warm and celebrate the holiday safely, with people from their local communities.

This last Christmas we provided our services from the 19th to the 21st of December 2019 by supplying three vehicles a day, including the services of our moving teams in order to transport beds and bedding as well as all the items needed for setting up the centres such as towels and toiletries, catering equipment, games and arts materials.

In addition to that, we also set up collection points at all our offices throughout the UK and asked our staff to donate clothing or contribute dried food, individual drink packs, snacks and art materials. In total we collected 12 large boxes which were delivered to the shelters ready for the visitors.

The Centres that Crisis offer include both daytime drop in centres as well as residential centres which were open on a 24 hour basis and provided sleeping facilities for visitors from the 23rd of December until the morning of the 30th.



We also continued to expand capacity through developing additional hardened aircraft shelters at Upper Heyford in Oxfordshire and further filled out our mine at Monkton Farleigh with increased racking. In line with our synergy realisation plans, we exited from two of the former TNT BS sites at Beckton and Nottingham.

Following on from this consolidation activity, we conducted a strategic review of the property estate across Records Management. Over the next ten years we see substantial opportunity to reduce the number of leases and buildings whilst preparing for business growth, improved operating efficiency and provision of regional presence our customers require.

Our decision at the end of 2018, to have two distinct sales teams focusing on corporate and public sector is helped us strengthen our pipeline in both sectors. In addition to our focus on central government through the Pan Government Contract, we are building on our experience and expertise in the transformation of NHS patient records from physical to digital, as well as operating new customer contracts in a live medical records environment. This is a key growth area, we are using our existing track record and accessing customers through our strong position within all the key public sector procurement frameworks to generate even more opportunities.

We are now able to deliver services beyond those that have traditionally been outsourced, and through deploying these in a structured process and using our sector insight, we are able to help overcome many of the barriers that NHS Trusts have faced in relation to physical to digital transition. We have existing relationships with over 80% of NHS hospitals, and our unique service offering in this area provides an excellent growth opportunity for Restore, whilst helping the NHS to operate more efficiently.

We have good growth opportunities in Records Management and our strategy has three focus areas. Firstly, to continue to grow organically, both with existing customers and through winning new contracts to achieve this we intend to invest in the service proposition which will improve the digital experience of our customers. Secondly, there is margin expansion opportunity, primarily in property management and rationalisation. Thirdly, we will seek selective bolt-on acquisitions to further consolidate our position as one of the two major service providers in the UK.

Restore Datashred, our secure shredding and recycling business, continued to develop following the introduction of a new management team, strong development of operating KPIs and financial discipline and investment in the processing sites and fleet. Recycled Paper pricing, which represents 29% of revenues, was a headwind during the year resulting in a slight decline in revenues from £41.8 million to £41.0 million. Despite this headwind, the gross profit level of the business increased slightly year-on-year through strong cost controls and operating efficiency which is a good result and creates an efficient organisation from which to build.

The business continues to be focussed on customer experience and has invested in digital automation and portals. The excellent trust pilot rating of 4.5/5 in 2019 is a reflection of the strong customer feedback we receive on Datashred's trusted supplier status and service orientated team. With a new Managing Director in role from October 2019, I expect further improvements across the business during 2020.

We see good opportunities to grow Datashred in a very fragmented market place where we are a secure number two today. Our strategy is to organically grow our market share and further invest in new portals and tools to ensure we are not only the lowest cost provider, but the easiest to do business with. This will allow us to take additional market share over time.

Additionally there is substantial opportunity to drive strategic progress through acquisition over the medium term. The current headwinds in the recycled paper market may provide an early catalyst for this consolidation as some of our competitors struggle to make their business models work given they are heavily reliant on recycled paper revenues. Importantly, we can absorb acquisitions into our existing UK footprint and capacity without any significant investment in additional infrastructure.

Restore Digital, our scanning business, saw revenues increase from £19.3 million to £22.6 million. Operating margins were broadly unchanged as a result of planned ramp up costs associated with key contracts which will normalise into 2020.

The focus in the year was driving organic growth, specifically in key focus accounts, and as a result we saw significant new business from these relationships. We saw significant growth from regulated industries, which reinforces our strategic direction to focus on regulated sectors.

We continued to execute effectively our major long-term contracts with customers, such as RM Education for whom we scan exam papers, and the Nuclear Decommissioning Authority.

Key significant sales wins were achieved in both NHS GP records scanning and in our consultancy business where we are configuring and building specialist image capture and data processing capabilities for a Government customer.

We expect these growth areas to continue into 2020 and beyond. With a future focus on organic growth, we invested heavily during the year in extending capability and experience within our Sales Team.

Our strategy to grow is primarily focussed on expanding market share through winning new customers and importantly selling into existing Group customers where there is a scale element and stringent security/service level requirements. We have a strong product capability that we deliver to customers today and we will invest further to gradually improve the product and technology range that we offer and over time develop our margin. We also see opportunity for acquisitions where we can see value from driving significant synergy benefits leveraging our national footprint.

Relocation Division

Our Relocation division comprises Restore Harrow Green and Restore Technology. It increased revenue significantly by £8.2 million to £56.1 million with operating profit increasing by £1.4 million to £7.2 million.

Restore Harrow Green continued to grow both revenues and profits. Revenues increased by £3.9 million to £41.5 million and double-digit operating margins were achieved. It was a very good year with London performing well, and a solid overall performance in the other regional centres throughout the UK.

We continue to develop our sales and product strategy as the market evolves. We are attracting more direct customers from our competition and we are working increasingly with the co-working companies in the UK and larger facilities management organisations. These new channels value the price certainty and commitment to delivery we bring.

We secured a number of high profile relocations during the year all throughout the UK and across multiple sectors including Debenhams, HMRC, Financial Ombudsman, Ford Motor Company, Marsh & McLennan, McKinsey & Company, Johnson & Johnson, Bath Spa University, North Lanarkshire Council, Illumina. We have built trusted relationships with our customers and delivered project and cost certainty in the process.

We were delighted to be the winner of the Partner in Relocation award with PFM for our work with Jaguar Land Rover. This is the sixth time we have won this award and delighted with the work we have delivered to JLR to earn this recognition.

Our strategy in Restore Harrow Green is to grow organically and expand into new customer segments that value certainty of delivery and at the same time be a conduit for further opportunity to the rest of the Group.

Restore Technology saw revenues increase by £4.3 million to £14.6 million. This was a mixture of strong organic growth and the benefit of acquisitions made in both the prior year and during 2019. In 2019 we made two acquisitions for a total net consideration of £2.1 million.

With the new facility in Bedford now fully operational and taking even more capacity we saw the margins in the second half of the year improve year-on-year as we expected.

We are currently the second largest independent ITAD business in the UK and see significant opportunities to

Case study:

Charitable donation of laptops to Brigade Bar & Kitchen

At Restore Technology we believe charity and CSR is vital for a modern business.

Recently we were delighted to be able to help Brigade Bar & Kitchen with the donation of Lenovo Thinkpad laptops for use by their apprentices. Brigade Bar & Kitchen is a social enterprise bar, restaurant, who also run a range of programmes that help people who are homeless or at risk of homelessness. These programmes include Freshlife, Get Stuck In and the United Kitchen Apprenticeship.

The consecutive programmes aim to first get participants interested in food and the opportunities it can provide them, before giving them three weeks of kitchen experience. Next they complete six months in the kitchens at Brigade whilst working towards an RQF (Regulated Qualifications Framework) Level 2 qualification, before finally completing a seven month work placement.

grow in a large and fragmented market. Although the ITAD industry is largely un-regulated the obligations on businesses are very high, particularly in the areas of data security, environmental and social responsibility and cyber risk management. Increasingly, businesses will seek to work with larger and more credible organisations such as Restore Technology, one of the UK's most accredited and trusted suppliers in this market. We see this as a positive long run trend coupled with the advantages that scale delivers in our cost base meaning the consolidation of the market is attractive.

Our strategy is to grow organically with an increased focus on channel partners to access the market, and to a service based business model that builds scale and has scope through the acquisition of smaller ITAD businesses across the UK.

Outlook

Looking ahead, the business has a clear strategy to grow both organically and through acquisition and to leverage our scale to the benefit of our customers and our shareholders. We have a high quality business model, an experienced team and a solid financial base from which we have the opportunity to expand our market share and grow earnings over the medium to long term.

We will execute this strategy with a focus on returns on capital and long term total shareholder value creation.

While the wider environment remains uncertain, in particular the effects of COVID-19, Restore's high proportion of contracted and recurring revenues together with its strong financial base means the business is both well prepared and well placed for the headwinds ahead.

I want to pay tribute to the previous CEO Charles Skinner and CFO Adam Councell whose leadership with the wider team created the company in its current form. I look forward to taking this very strong foundation forward and with the entire team continue the disciplined focus to deliver for customers and build an even better company for all stakeholders.

The Company has strong positions in all of its markets and has significant growth opportunities and trading since the start of the year has been in line with the Board's expectation.

Charles Bligh
Chief Executive Officer
18 March 2020

Chief Financial Officer's Statement

"Restore has delivered a strong financial performance, delivering a further year of consistent growth in revenues and profit. In addition, in a year of lower acquisition activity, the Company has shown its ability to generate cash and reduce net debt."

Neil Ritchie, CFO

Introduction

Restore has delivered another year of strong growth in revenues and profit and through strong cash generation, the Company has delivered a significant reduction in net debt.

The results show underlying organic growth together with an additional four months contribution from effect of TNT BS, which was acquired in May 2018. With relatively few acquisitions in the year, exceptional costs were lower and this is reflected in strong statutory profit for the year.

The financial results also reflect a year of transition in accounting policies with the adoption of IFRS 16, Leases, having a material effect on the consolidated income statement and balance sheet. As such, the results are shown under IFRS 16 and additionally on a consistent basis without IFRS 16, to enable like for like comparison with 2018 and prepare for 2020 reporting.

Looking ahead, the Company has a strong financial platform from which to build and significant financial capacity to fund further expansion.

Financial Highlights

		Using consistent accounting policies	
Continuing operations	**2019 £'m**	**2019 £'m**	2018 £'m
Revenue	215.6	215.6	195.5
Adjusted profit before tax*	35.6	42.4	37.5
Statutory profit before tax	24.8	27.8	21.0
Adjusted EBITDA**	70.0	54.0	48.2
Net debt	88.5	88.5	111.3

* Adjusted Profit Before Tax under consistent accounting policies is stated before amortisation, exceptional items, share-based payments and IFRS 16. Adjusted Profit Before Tax for 2019 on a revised reporting basis is stated before amortisation and exceptional items and after adoption of IFRS 16.

** Adjusted EBITDA is stated before amortisation, exceptional items and share-based payments and is shown before the adoption of IFRS 16 on a consistent accounting basis and after IFRS16 on a revised reporting basis.

Income Statement

The Company's revenue for the year ended 31 December 2019 grew 10% to £215.6m (2018: £195.5m) with adjusted profit before tax increasing by 13% to £42.4m. (2019: £37.5m).

Organic business development provided 5% annual growth in revenue with acquisition related growth, primarily relating to the full year benefit of TNT BS acquired in May 2018, contributing a further 5%.

With increased business scale and improvements in operational efficiency, the Group's adjusted operating profit margin improved to 21.5% compared with 21.1% in 2018. This improvement in margin was largely achieved through synergy related to the prior year TNT BS acquisition and increased yield from the property estate and fleet, with both costs showing only modest increases year on year despite the strong increase in revenues.

The statutory profit before tax for 2019 was £24.8m (2018: £21.0m) and is stated after the adoption of a new accounting standard, IFRS 16 Leases, which had the effect of increasing charges to the Income Statement by £3m in the year.

Despite this additional non-cash cost, the statutory profit before tax increased year on year by 18% and by 32% when restating the statutory result for the impact of IFRS 16. This growth is due to increased profits arising from higher revenues together with lower levels of exceptional costs in the year.

Adjusted profit items

Due to the one-off nature of exceptional costs and the non-cash element of certain charges, the Directors believe that an adjusted measure of profit before tax and earnings per share provides shareholders with a useful representation of the underlying earnings from the Group's business. The adjusting items in arriving at the underlying adjusted profit before tax are as follows:

		Using consistent accounting policies	
Continuing operations	**2019 £'m**	**2019 £'m**	2018 £'m
Statutory profit before tax	24.8	24.8	21.0
IFRS 16 impact	-	3.0	–
Statutory profit before tax	24.8	27.8	21.0
Amortisation of intangible assets	8.1	8.1	7.0
Exceptional items	2.7	2.7	8.5
Share-based payments charge*	–	3.8	1.0
Adjusted profit before tax	35.6	42.4	37.5

* Share-based payments will no longer be considered an adjusting item in the adjusted profit before tax measure. The table above illustrates the adjusted profit before tax for the year to 2019 before and after the effect of the share-based payment charge.

Exceptional Costs

Restore's strategy is to grow organically, through acquisition and from unlocking margin expansion opportunities, particularly the development of synergies across the Group. To deliver these goals, costs of a one-off or unusual nature may occur and in order to give a suitable representation of the underlying earnings of the Group, these costs are shown separately.

In 2019, exceptional costs have reduced significantly due to lower levels of acquisition activity. During 2019, exceptional costs incurred as a result of acquisitions were £2.3m with expense relating to prior year acquisitions, but incurred in the year, totalling £2.2m.

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Acquisition transaction costs	0.1	0.1	2.4
Acquisition restructuring costs	2.3	2.3	4.6
Other exceptional	0.3	0.3	1.5
Total	2.7	2.7	8.5

Earnings Per Share (EPS)

Basic adjusted earnings per share are calculated by reference of the adjusted profit for the year, less a standard tax charge, to the weighted average number of shares in issue during the year. The year on year improvement in adjusted EPS reflects increased profitability in 2019.

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Basic adjusted earnings per share from continuing operations (pence)	23.2p	27.6p	25.2p
Basic earnings per share from continuing operations (pence)	13.4p	15.3p	13.0p

Basic earnings per share reflect the statutory profit after tax divided by the weighted average number of shares in issue during the year. Whilst improving, year on year, the adoption of IFRS 16 dilutes the basic earnings per share by 1.9p.

Interest Cost

The total interest cost for 2019 increased substantially as a result of the adoption of IFRS 16.

The interest costs relating to bank loans and overdrafts was £3.9m for 2019 which is relatively flat with the prior year (2018: £3.8m). Whilst net debt has decreased from £111.3m to £88.5m during 2019, the average debt for the year is consistent across 2019 and 2018 with a profile of increasing debt during 2018 contrasting with a profile of decreasing debt during 2019.

Interest costs associated with the adoption of IFRS 16 were £5.7m (2018: £0.0m).

Taxation

UK Corporation Tax is calculated at 19% (2018: 19%) of the estimated assessable profit for the year. In relation to deferred tax, the UK Corporation Tax rate had been assumed at 17% for future periods but at the Budget presentation on 11 March 2020, the future tax rate was set at 19%. The adjustment, if the deferred tax balances were revised to this new rate, would result in a cumulative deferred tax charge of approximately £1.7m.

Deferred tax associated with intangible assets represents a material, non-cash element of the tax charge. During the year a review of deferred tax was undertaken which resulted in an additional expense of £1.9m charged to the Income Statement.

Cash generation and financing

Restore benefits from a high proportion of predictable, recurring revenues and robust margins which together with disciplined working capital management delivers strong operating cash flows.

In 2019, the Group generated £42.9m of cash from operating activities (2018: £25.6m). This improvement is the result of improved profits, lower exceptional costs and positive working capital management associated with greater management focus.

Net debt @ 31 December 2018	Net debt @ 30 June 2019	Net debt @ 31 December 2019
£111.3m	£95.0m	£88.5m
Leverage 2.1x	1.8x	1.6x

As a result of this cash generation, the Group's net debt decreased to £88.5m at 31 December 2019 (2018: £111.3m) with a corresponding reduction in pro forma adjusted EBITDA leverage from 2.1x to 1.6x.

The Group continues to have significant headroom within its borrowing facilities with the current Revolving Credit Facility (RCF), which runs to November 2022, providing borrowing capacity of up to £160m with a further accordion of £30m available subject to bank syndicate approval. This leaves the Group with flexibility to invest as opportunities arise.

Statement of Financial Position

IFRS 16 represents a significant change in the shape of the Group's balance sheet with an increase in right of use assets and corresponding increase in lease liabilities.

On a consistent accounting basis, excluding IFRS 16, the net assets of the Group have increased by £14m to £230.0m.

Following the application of IFRS 16, the Group's net assets increased by £2.5m to £218.5m. This difference when compared with a consistent accounting policy treatment, reflects the net impact of an increase in liabilities in excess of right of use asset valuation.

Capital investment in the sites and infrastructure to maintain and support growth was 4% of revenue (2018: 5%). The major investment in the year was £6m to build and fit out an extension to the Rainham site to increase capacity for the Records Management business.

The Group's working capital ratios remain healthy with a liquidity ratio of current assets to current liabilities, excluding cash, of 1.5 (2018: 1.6) on a pre-IFRS 16 basis.

IFRS 16

IFRS 16 'Leases' was issued in January 2016. The Group has applied the standard from 1 January 2019 using the modified retrospective approach and as such prior year figures will not be adjusted.

The adoption of the standard has a material impact on Group's Financial Statements. The changes at 31 December 2019 can be summarised as follows:

- Right of use assets increase by £115.1m primarily reflecting the sizeable leasehold property portfolio of the Group.
- Liabilities increase by £134.3m reflecting the valuation of future lease payments.
- Profit Before Tax is decreased by £3.0m reflecting the following adjustments.
  - Credit to the P&L in relation to operating lease payments, primarily property rental, of £19.8m.
  - Increase in depreciation charge relating to capitalisation of leases of £17.1m.
  - Increase in non-cash interest charges relating to the notional finance costs of the assets in use of £5.7m.

Case study:

Restore Digital & The British Heart Foundation

The British Heart Foundation are the nation's heart charity and the largest independent funder of cardiovascular research.

Restore Digital were chosen as the British Heart Foundation's preferred partner for the capture of their 4,200 Live HR employee files. Along with the provision of a Cloud based Document Management System.

Once we scanned the files, Restore uploaded them to BHF's chosen Document Management Solution, DocuWare.

The British Heart Foundation now have a fully GDPR compliant HR solution for all live employee files. They can upload not only new scanned images into DocuWare but also emails and any other MS Office documents directly into the live employee file, rather than having to print and store the original paperwork.

As a result of these changes, the Group has reported an adjusted statement of EBITDA in order to calculate an adjusted pro forma EBITDA debt leverage. This excludes the effects of IFRS 16 as the Directors believe this is a more useful measure to the readers of the accounts and more closely represents a cash based gearing assessment.

The debt covenants on the Group's borrowing facilities will be unaffected by the application of IFRS 16 as the covenant calculation are based on the accounting principles in place at the date the agreement was entered into and exclude IFRS16.

The cash-flows of the Group remain unaltered as a result of adoption of this new standard.

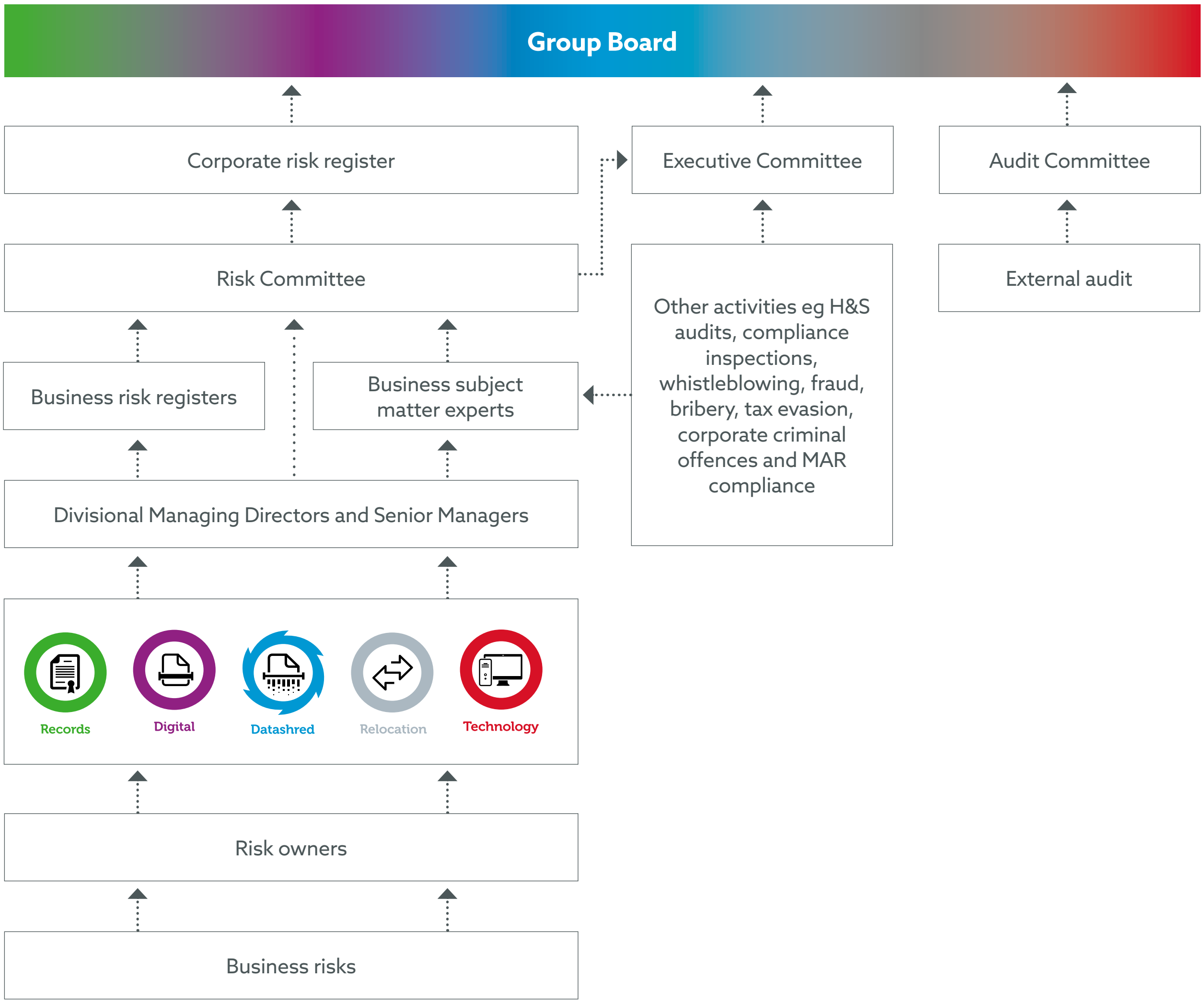
Neil Ritchie
Chief Financial Officer

18 March 2020

Risk Management

Our Risk Committee is chaired by Sharon Baylay, Senior Independent Director. The Committee meets at least three times a year to discuss and continue to assess the Group's most significant risks. These include; people, property, infrastructure and IT, Health and Safety, financial, environmental, reputational and security risks. All divisions within the Group are represented and update their risk registers at least before every meeting recording the mitigating factors and actions in place for each risk.

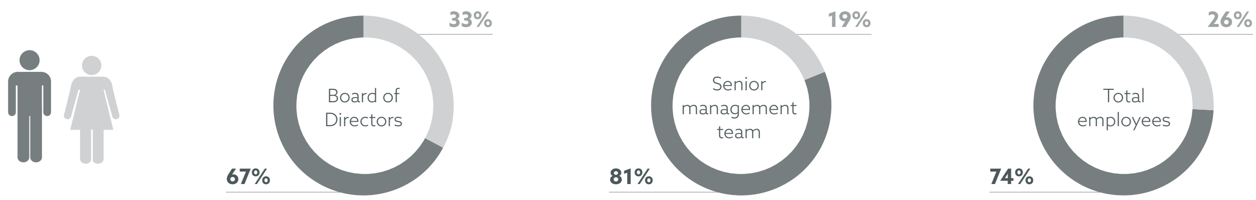
The Committee is pro-active rather than re-active and seeks to understand the current and future risks within the Group and have a strategic plan in place should a potential risk be highlighted. The Committee reports to the Group Board and to the Executive Committee who are ultimately responsible for overseeing the effective management of risk.



Principal risks and mitigation controls

Risk	Potential impact	Risk mitigations
Finance and liquidity	Lack of liquidity driven by lack of profitability, failure to meet banking covenants or reduced appetite from banks to lend impacting the continuation of the strategy of the Group.	All of the Group's businesses benefit from high levels of recurring revenues leading to strong cash generation and current trading is more than adequate to service financial obligations. Leverage is comfortable at 1.6x pro forma adjusted EBITDA leading to strong cash generation. Historically the Group has not had any issues in raising capital to fund its acquisition strategy. In addition further mitigating actions are available including cost or capex freezes as well as reducing discretionary payments such as dividends.
Systems, technology and cyber attack risk	Financial and operational impact of a loss of systems or operational data in one or more of the Group's operations impacting day to day services.	The Group has disaster recovery plans in place in all of its businesses which are reviewed at appropriate intervals. Systems data is stored in high security data centres and is fully replicated via a point to point network to secondary data centres where necessary. In addition to the mitigations that have previously been in place, a programme of security enhancements will be rolled out in 2020.
Business property	Damage or loss of access to business property through fire, flood, terrorism, loss of power or services.	Regular risk assessments and audits are undertaken to ensure risks are mitigated as far is practical. Insurance cover is maintained over business property and covers business interruption.
Market changes	Material change to business dynamics. As previously noted any shift in the document storage market which results in a reduction in the volume of documents stored. Other risks facing the Group are paper pricing in Restore Datashred and the unknown effects of COVID-19.	Business KPI's are monitored to identify any potential market trends to enable appropriate actions to be taken. In the event of a reduction in the storage of documents the Group expects to be able to manage its property portfolio down over a period of time in line with the nature of any such reduction. In respect of paper pricing, conservative assumptions have been built into the financial forecasts and further pricing reductions would not significantly impact the Group. COVID-19 is an unknown impact at present, with potential disruption to society possible. Whilst this would likely result in an under achievement of budget it would not be a significant threat to business continuity.
Material increase in UK business property costs	Due to the high level of property costs in the Group, particularly in the records management business, a material increase in property costs could have a significant impact on the Group.	Increase in property costs are likely to have an impact across the markets that Restore operate in. As a result the Group expect to be able to pass on such increases in costs to our customers reasonably promptly.
HR and succession planning	Lack of succession planning across the Group for any potential key management positions.	Succession planning exercises have been undertaken for all of the key positions in the Group to identify potential internal development opportunities and where external appointments may be required. Following the appointment of our new Chief People Officer a review of the HR strategy for the entire Group is being undertaken and actions expected to be concluded before the end of H1.
Loss of confidential customer records	Potential financial and reputational impact of a loss of customer records/ data.	The Group ensure all staff adhere to training guidelines and understand data protection legislation. Where appropriate vehicles are tracked and staff vetted. All of the Group's operations maintain accreditations appropriate to the activities undertaken. The Group also maintains adequate insurance for such events.
Injury or death through workplace accidents	As many of the Group's operations involve physical labour, use of machinery and transport, there is a potential exposure to accidents, including RIDDOR incidents.	The Group has well established training, accident reporting procedures, and processes in place to mitigate such risks and during 2019 the Group undertook a comprehensive review of all sites and are investing more in our facilities, equipment and training to set the benchmark for Health and Safety in the sectors in which we operate. Health and Safety is overseen by the Risk Committee and Group Board.

Corporate Responsibility statement



Group diversity as at 31 Dec 2019

Our People:

At Restore we know that to maintain and build upon the great service that we offer our customers, we must ensure that we continue to invest in a safe, inclusive and rewarding environment for our employees to work in.

As part of this ongoing investment, we created the new role of Chief People Officer as a member of the Executive Management team to develop and progress our people strategy.

Over the last year we have also been focussed on ensuring our colleagues have a voice and have put particular focus on developing our employee engagement plans both on a localised and Group level. We continue to operate a whistleblowing policy across the Group that provides employees with guidance on how to raise concerns about fraud, security, unethical behaviour, health and safety, bullying, discrimination, bribery and corruption, data protection and any other matter they feel should be reported.

Collaborative working has similarly been a key priority. We have created more cross functional working, sharing expertise and best practice opportunities whilst maintaining our devolved structures that allow us the flexibility to win in the marketplace.

Inclusion and diversity:

Restore is committed to equality and fairness and we do not discriminate on the grounds of gender, gender reassignment, marital status, race, ethnic origin, disability, sexual orientation, religion or age.

We aim to ensure our workforce is representative of society and that each employee feels respected and able to give their best.

With increasing scale comes the ability to offer greater development and career opportunities to our people whilst maintaining the flexibility to treat people as individuals.

We have a number of welfare and diversity policies in place, including gender pay gap reporting, modern slavery and whistleblowing.

Each year we publish details of our Gender Pay Gap. The latest figures can be found on our website
www.restoreplc.com

We are committed to identifying and addressing any risks of Modern Slavery across all parts of our business and supply chain, including those of our subcontractors and partners. Our statement is on our website **www.restoreplc.com**

Health and Safety

Health and Safety and the wellbeing of our employees, sub-contractors and customers is of paramount importance to us. Over the course of 2019 we reviewed the business in detail to ensure we had the right governance and accountabilities in place, and mechanisms for continuous improvement, as well as providing comprehensive training for our employees.

Health and Safety is overseen by our Health and Safety Compliance Group who report to the Risk Committee and Group Board. We strive for continuous improvement through new policies and procedures, audits, risk assessments, training sessions and toolbox talks.

We have regional or site based Health and Safety Committees, which are attended by at least three employees, per Committee, on a quarterly basis. This encourages everyone's voice to be heard and we can monitor any concerns raised by employees. The Committees report into our Health and Safety Compliance Group.

Sustainability

Sustainability is at the core of Restore's purpose and business model. A large part of the services that our businesses offer are the responsible and secure disposal of office-sourced paper, digital media, textiles, archive box contents, IT equipment and furniture and we are committed to a target of 0% landfill from processing operations.

Our strong company values determine that we are good citizens and responsible curators of Earth's resources, so that energy conservation, waste management and the prevention of pollution are key considerations for us, and form part of the work carried out by our Group Environmental Committee.

Corporate Responsibility statement continued

80,000

Tonnes of paper shredded

500,000

IT assets recycled

We strive to:

- reduce consumption of materials and promote re-use and recycling, including furniture unsuitable for redistribution;
- achieve ongoing improvement in environmental performance and minimise the impact of our operations on the environment; and
- minimise the impact of our buildings, structures and operational plant by reducing visibility and noise.

In practical terms, this is expressed through areas such as:

Working with trusted organisations

- **The Carbon Trust**, we continue to follow the plan produced for us a number of years ago by the Trust to reduce our environmental impacts through recycling and reducing energy consumption
- **Planet Mark**, in their sixth year of following the scheme, Restore Harrow Green worked hard to achieve a 12% reduction in carbon per employee (to 31 May 2019), and a 17% reduction in business travel. Their ambitious plans to reduce the business' overall carbon emissions were fulfilled by hitting a 16% total carbon footprint reduction.

Recycling

- **Restore Datashred**, processed and recycled approximately 80,000 tonnes of paper in 2019
- **Restore Technology**, processed 500,000 IT assets, either refurbishing or stripping them down to component level and, from their Bedford facility alone, sent the equivalent of the weight of a London bus to approved specialist recyclers, every week
- **Groupwide**, we adhere to regulations regarding mixed waste and we recycle 95% of all waste.

Use of natural resources

- **Greener fleet management**, across the Group, telematics, careful route planning and regular driver training all contribute to environmental performance, reducing running costs and our carbon footprint. All measured through schemes such as FORS and Masternaut, the latter rating us as performing 10% better than our industry average **Greener vehicles**, Restore Datashred is making rapid progress towards having a totally Clean Air Zone and Ultra Low Emission Zone-compliant fleet. By December 2019 85.9% were Euro VI compliant, with that figure set to rise to 95% by the end of 2020. Restore Records Management is starting to use EV sprinter vans in and out of London
- **Greener energy**, photovoltaic panels, smart sensors to reduce lighting costs and, in the Ipswich area, bio-energy supplied to two of our Records Management facilities from a local power plant that uses locally produced biomass to fuel it
- **Greener security**, we use Inergen™ Premier as the inert gas in our fire suppression system as it has the smallest carbon footprint possible
- **Archive boxes**, the boxes we use are made from 70% recycled, along with responsibly sourced FSC-certified raw material.

Buildings and infrastructure

- **Restore Records Management**, has almost completed its site extension in Rainham, to the east of London. Photovoltaic panels and smart, low energy lighting will be one aspect of the modern building. Installing electric charging points for vehicles, which we aim to run from the energy we produce ourselves is another
- **Electric charging points**, we are working in tandem with NewMotion, a Shell Group business, to build a smart, green network across the Group, with a growing number of vans and company cars regularly using those already installed

- **Restore Technology**, in 2018, the business opened its flagship facility at Cardington Point in Bedford. Sixty one solar panels with daylight harvesting capability and 91 smart motion detecting LG lights are reducing energy usage by up to 70%, while anti-leak and water waste reduction procedures mean this building is as efficient and sustainable as we can make it.

We support our customers with their sustainability targets by helping them to:

- make more efficient use of their work space and public service facilities by helping create smart office settings and by storing records
- speed up access to important stored records through file tracking software and scan-on-demand services, while saving on vehicle journeys
- reduce their carbon footprint by designing and implementing a digital transformation strategy whose aims include radically reduced paper use, and increased recycling
- contribute to charitable causes through donations of furniture, IT equipment and payments in lieu of cash-back programmes – a scheme both Restore Harrow Green and Restore Technology offer to their customers
- keep track of their environmental impact after every transaction through Restore Datashred's Environmental Report, available through their online customer portal. This report details how much paper has been recycled, how many trees have been prevented from being felled, and how much water and energy have been saved. Restore Technology also supplies online custom sustainability reports, which document recycling levels, reduction in environmental impacts, energy savings and how many waste toxins have been diverted from landfill.

Detailed information about all our initiatives and ideas can be found on the part of our website dedicated to Corporate Responsibility **www.restoreplc.com**

Community and charitable initiatives

We care for the communities in which we work and take part in a number of Group-wide initiatives to ensure our presence is a positive one for our neighbours and colleagues.

For many years, teams from across the Group have worked together with Crisis at Christmas, donating many boxes of clothing, toiletries, food, transport and their time to help the charity set up their shelters every December.

Each business in the Group supports charities and community groups with whom they have a personal connection. For 2019, Restore Harrow Green raised £19,876 for charities, including Macmillan, British Heart Foundation, Great Ormond Street Hospital and Mental Health, and continued their working relationship with St Joseph's Hospice in London, voluntarily moving furniture and equipment so that hospice employees could focus on their frontline work.

Restore Records Management is a long-term supporter of the Surrey Care Trust and in 2019 they raised and donated £15,000. Also locally, the business stepped up as a sponsor for the 25th anniversary celebrations of Kangaroos, a Sussex-based charity that provides a lifeline to families whose children have a range of learning disabilities and additional needs. On a micro scale, our Records Management business sponsors kit and opportunities for a number of football teams around the country, including Lindfield Rovers U16s team in Sussex.

When Restore Technology took ownership of a bulk load of quality laptops in the middle of 2019 they decided to donate them to Brigade Bar and Kitchen and the Beyond Food Foundation, an award-winning social enterprise in central London that helps people who are homeless or at risk of being so with a range of work and life skills programmes.

Nationwide, Restore Datashred's teams pull together to support and raise thousands of pounds for national and local organisations – many of them involving strong elements of creativity and fun – as well as encouraging and sponsoring individuals training for and completing feats of strength and daring.

Over the past 12 months Restore Digital teams have involved themselves in a number of fundraising events for national charities, such as taking part in the annual Macmillan coffee morning event. Underpinning this commitment to doing the right thing, the business has developed a volunteering policy, which encourages and enables Digital employees to give their time to causes close to their hearts.

Whether our people undertake business-led fundraising or their own, personal projects – many involving extraordinary physical and emotional effort – it is clear that Restore people are, as our Company values state, 'good people'.

Directors Duties

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

Directors of a Company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term
- The interests of the Company's employees
- The need to foster the Company's business relationships with suppliers, customers and others
- The impact of the Company's operations on the community and environments
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the Company.'

As part of their induction, Directors are briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. It is important to recognise that in a large organisation such as ours, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to employees of the Company and details of this can be found in our Governance Statement on pages 32 to 34.

The following paragraphs summarise how the Directors fulfil their duties

Risk Management, we provide business-critical services to our clients. As we grow, our business and our risk environment also becomes more complex. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management.

For details of our principal risks and uncertainties, and how we manage our risk environment please see pages 22 to 23.

Our People, the Company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, customers, investors, communities and society as a whole. People are at the heart of our services. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible.

For further details on our people, please see page 24.

Business Relationships, our strategy is based on 3 core elements, organic growth, acquisitions and margin expansion. We need to develop and maintain strong customer relationships and we value all of our suppliers.

For further details on how we work with our customers and suppliers, please see pages 12 to 13.

Community and Environment, the Company's approach is to use our position of strength to create positive change for the people and communities with which we interact. We want to leverage our expertise and enable colleagues to support the communities around us.

For further details on how we interact with communities and the environment, please see pages 24 to 26.

Shareholders, the Board is committed to openly engaging with our shareholders, as we recognise the importance of a continuing effective dialogue, whether with institutional investors, private, or employee shareholders. It is important to us that shareholders understand our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised properly considered.

For further details on how we engage with our shareholders, please see page 33.

This Strategic report on pages 11 to 28 was approved by the Board of Directors on 18 March 2020 and signed on their behalf by:

Charles Bligh
Chief Executive Officer
18 March 2020

Neil Ritchie
Chief Financial Officer
18 March 2020

Governance

Board of Directors

Our key principle is that power and responsibility go hand in hand. Our people know what is expected of them and we give them the power to make their own decisions.

Martin Towers
Non-Executive Chairman
Age 67

Martin Towers was appointed Chairman in January 2018 having joined the Board as a Non-Executive Director in September 2017.

Martin is a Non-Executive Chairman of Tyman plc, and Norcros plc.

Martin was Group Finance Director of Kelda Group plc from 2003 until 2008 and was previously Group Finance Director of McCarthy & Stone plc, The Spring Ram Corporation plc and Allied Textile Companies plc. Martin served as Chief Executive of Spice plc from 2009 until its sale to Cinven in 2010 and was Non-Executive Director of Homestyle Group plc from 2004 to 2006, KCOM Group plc from 2009 to 2015 and was a Senior Independent Director of RPC Group plc from 2009 to 2018.

Martin is Chairman of the Group's Nomination Committee and a member of the Remuneration and Audit Committee.

Charles Bligh
CEO
Age 52

Charles Bligh was appointed CEO of the Group in March 2019.

Charles was previously Chief Operating Officer and main Board Director at TalkTalk Telecom Group plc, which he joined in 2011. He previously spent 20 years at IBM Corporation in various countries, culminating in his role as Vice President, Commercial Sector in UK and Ireland.

Charles is also a trustee of the National Children Orchestras of Great Britain.

Neil Ritchie FCA
CFO
Age 48

Neil Ritchie was appointed CFO of the Group in October 2019.

Neil is a Chartered Accountant and was previously Chief Financial Officer of AIM-listed Mulberry Group plc and prior to this spent 14 years with the technology business Dyson, where he held a variety of commercial and finance roles.

Neil serves on the Board as an Executive Director, reporting to CEO Charles Bligh.

Sharon Baylay

Senior Independent Director
Age 51

Sharon joined the board in September 2014.

Sharon is a Non-Executive Director of Hyve plc, the listed organiser of international trade exhibitions and conferences, Acting Chair at Ted Baker Plc, the global lifestyle brand and Non-Executive Chair at Unique X Ltd and Elements Talent Solutions, both privately owned companies backed by the Business Growth Fund (BGF). She has previously been Marketing Director and main Board Director of the BBC, responsible for Marketing Communications and Audiences, and spent much of her career at Microsoft where she was Board Director of Microsoft UK and Regional General Manager of MSN International.

Sharon is also a holder of the FT/Pearson Non-Executive Director Diploma and a Fellow of Chartered Institute of Marketing.

Sharon is Chair of the Group's Nomination, Remuneration and Audit Committees and is Chairperson of the Risk Committee.

James Wilde

Non-Executive Director
Age 66

James Wilde joined the Board in June 2014.

He has previously been Non-Executive Chairman of several support services and manufacturing businesses, including NSL Services Group, Deb Group Limited, Zenith Vehicle Contracts Group Limited, ATPI Limited and Allied Glass Group Limited. He was on the Board of the Navy Army and Air Force Institutes (NAAFI) for six years and spent much of his executive career at Securiguard Group plc and Rentokil Initial plc, where he was Chief Executive.

James is a member of the Group's Nomination, Remuneration and Audit Committees.

James will retire from the Board at the AGM on 21 May 2020.

Susan Davy

Non-Executive Director
Age 50

Susan Davy joined the board in January 2019.

Susan has been Chief Financial Officer at Pennon Group plc since 2015, having previously been Finance and Regulatory Director at South West Water.

Susan is a member of the Group's Nomination and Remuneration Committees and Chairperson of the Audit Committee.

Susan is Chair of the Audit Committee and a member of the Group's Nomination and Remuneration Committees.

Jamie Hopkins

Non-Executive Director
Age 51

Jamie Hopkins joined the Board in January 2020.

He was previously Chief Executive Officer of Workspace Group plc from 2012 until May 2019. Formerly served as Chief Executive and then a Non-Executive Director of Mapeley plc from 2002 until 2010 and a Director of Chester Properties from 2009 to 2012. Jamie also acted as Investment Director of Delancey Estates and Savills between 1990 to 2002. A member of the Royal Institution of Chartered Surveyors. Jamie is currently a Non-Executive Director at Allsop LLP and St Modwen.

Jamie is Chairman of the Remuneration Committee and a member of the Group's Nomination and Audit Committees.

Governance Statement

The role of the Board

The Board ensures that the Group is managed for the long-term benefit of all shareholders with corporate governance being an essential element of this and has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code which is considered appropriate for an AIM listed company. The Board is responsible for the overall leadership, strategy, development and control of the Group in order to achieve its strategic objectives.

The Group provides inter-related office support services to customers throughout the UK, using our proven acquisition-based model, resources and expertise to create value that is shared with our investors and used to fund continued growth.

The Group is led and controlled by the Board which currently consists of two Executive Directors and five Non-Executive Directors and is chaired by Martin Towers. Board meetings are held on a regular basis and no significant decision is made other than by the Directors. All Directors participate in the key areas of decision making, and there is a written statement of matters which require Board approval. These include:

- any changes to the range of services offered by the Group
- the release of all RNS announcements except for those relating to the share-based incentives or notifications of changing in holdings from investors
- the release of all press announcements
- the issue of equity outside of the existing share-based incentive schemes
- the issue of new grants under existing share-based incentive schemes
- the creation of any new equity based employee incentive schemes or bonus schemes for the executive members
- the disposal of any Group company
- the annual budget, business plan and Group strategy
- any change in auditors
- Directors share dealing
- market purchase of shares in the Group
- approval of material capex outside of the Group budget
- appointment of new Directors and Directors remuneration
- major new contracts
- approval of annual report and interim statement
- approval of all dividends
- approval of any changes in accounting policies
- approval of Group policies
- approval of conduct of any major litigations
- approval of policies on political and charitable contributions.

Skills Experience and Independence

The Board is satisfied that there is a suitable balance between Company knowledge and independence in order to discharge its duties and responsibilities effectively. All Non-Executives are considered to be independent, and are able to commit the required time necessary to fulfil their roles. Information is circulated to the Directors in advance of the meetings. No one individual has powers to make decisions.

During 2019 there were ten Board meetings.

As the Group has developed, the composition of the Board has been under review to ensure that it remains appropriate. All Directors retire annually and are required to be reappointed by the shareholders at the AGM.

Further information on the remuneration arrangements for the Directors and senior management is set out in the Directors' Remuneration Report on pages 36 to 41.

The Board takes decisions regarding the appointment of new Directors and this is done following a thorough assessment of a potential candidates skills and suitability for the role.

The Directors are responsible for preparing the financial statements as set out in the Statement of Directors' Responsibilities on page 44. The responsibilities of the auditors are described in the Independent auditor's report.

The Board considers and reviews the requirement for continued professional development and undertakes to ensure that their awareness of developments in corporate governance and the regulatory framework is current, as well as remaining knowledgeable of any industry-specific updates.

The Nomad and external advisers also support this development, by providing guidance and updates as required.

The biographies of each of the Directors, including their experience and skills are shown on pages 30 and 31.

Board Committees

The Company has established an Audit Committee, chaired by Susan Davy, comprising the Chairman and Non-Executive Directors who are responsible for monitoring the integrity of the financial statements of the Company, advising on appropriate accounting policies and reviewing management judgements, reviewing effectiveness of internal control and approving the external audit plan and reviewing the effectiveness of the external auditor, PricewaterhouseCoopers LLP. The Audit Committee report is set out on page 35.

The Company has an established Remuneration Committee comprising the Chairman and Non-Executive Directors and its report is set out on pages 36 to 41.

The Nomination Committee comprises of the Non-Executive Directors. The Committee is chaired by Martin Towers unless the matter under discussion is his own succession. Other Directors are invited to attend as appropriate. The Committee is also assisted by executive search consultants as and when required. The Committee's principal responsibility is to lead the process for Board appointments and to make recommendations for maintaining an appropriate balance of skills on the Board. It is anticipated that the Committee will usually meet to discuss succession planning for key senior executives.

The Board and Nomination Committee undertake regular assessments of management to ensure that they maintain a successful strategy in order that succession plans are in place. The Board aim to maximise development of internal talent and where appropriate involve external recruitment.

Our Chairman continues to ensure that contributions made to the Board are relevant, independent, effective and encourage debate. Over the next 12 months further review of the Board functionality will be undertaken to include assessments of whether Board members attend and actively contribute to meetings as well as thoughts on board composition, external advisers and other relevant matters.

Relations with Shareholders

The Chief Executive Officer and the Chief Financial Officer are the Company's principal contact for investors, fund managers, the press and other interested parties. The Company meets regularly with its large investors and institutional shareholders who along with analysts are invited to meetings by the Company after the announcement of the Company's results. The Company conducts bi-annual investor roadshows in the UK. At the Annual General Meeting, investors are given the opportunity to question the entire Board.

Internal Control

The Board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material mis-statement or loss, the Group's systems are designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

The key procedures that have been established and which are designed to provide effective control are as follows:

- Management structure – the Board meets regularly to discuss all issues affecting the Group
- Investment appraisal – the Group has a clearly defined framework for investment appraisal and approval is required by the Board where appropriate.

2019 Board and Committee meetings and attendance

	Number of Board meetings	Number of Audit Committee meetings	Number of Remuneration Committee meetings	Number of Nomination Committee meetings
	Total 10	Total 3	Total 4	Total 2
Executive Directors				
Charles Bligh**	9	3	-	-
Neil Ritchie****	3	2	-	-
Charles Skinner*	2	1	-	-
Adam Councell***	6	2	-	-
Non-Executive Directors				
Martin Towers	10	3	4	2
Sharon Baylay	9	2	4	2
Stephen Davidson*	2	1	4	2
James Wilde	10	3	4	2
Susan Davy	10	3	4	2

* Resigned 31 March 2019
** Appointed 11 March 2018
*** Resigned 5 August 2019
**** Appointed 1 October 2019

Case study:

Restore Records Management support the work of Surrey Care Trust, a local charity that changes lives.

In some parts of Surrey over 30% of children and young people live in poverty. An estimated 1,500 families face multiple problems such as: parents without jobs or qualifications, a parent with mental health problems, disability or illness. Over 25,000 economically active people are unemployed and over 15% of 16 to 64 year-olds have no, or low qualifications.

Restore Records Management's annual donation helps fund the learning, training and mentoring provided by Surrey Care Trust to support young people and adults to build resilience, self-reliance, and a more positive future through programmes such as:

- Free youth counselling for those aged 16 to 25
- Adult Learning Programmes giving adults a second chance at education
- Long term mentoring – helping to raise skills and realise aspirations
- Stanwell Family Centre – Aiding childhood development and providing adults with skills for parenting, life and work.

Restore Records Management are proud to continue supporting the fantastic work of Surrey Care Trust to help vulnerable young people and adults in the future.

The Board regularly reviews the effectiveness of the systems of internal control and considers the major business risks and the control environment. No significant control deficiencies have come to light during the year and no weakness in internal financial control has resulted in any material losses, contingencies or uncertainties which would require disclosure as recommended by the Turnbull guidance for Directors on reporting on internal financial control.

The Board considers that, in light of the control environment described above, there is no current requirement for a separate internal audit function. The Board will continue to review the need to put in place an internal audit function.

Martin Towers
Chairman
18 March 2020

Audit Committee Report

Audit Committee

The Audit Committee consists of Susan Davy as Chair and the other independent Non-Executive Directors.

Meetings and attendance

The Audit Committee has met three times in the year. The Committee is scheduled to meet four times in 2020.

The meetings are also attended by the Chief Executive Officer and Chief Financial Officer. The external auditor attends meetings by invitation. Other members of senior management attend meetings by invitation.

Activities

Activities of the Audit Committee have included:

- Reviewing the terms of reference of the Committee and agreeing the future Audit Committee programme for 2020
- Reviewing the financial results for the half and full year for approval by the Board
- Considering the appropriateness of preparing the financial statements on a going concern basis
- Approving the 2019 audit plan and considering the findings of the external auditor for the financial year ended 31 December 2019
- Advising the Board in relation to ensuring that the financial statements taken as a whole are fair and balanced
- Considering relevant alternative profit measures for the Group in order to show the underling profit and earnings per share, in order to be compliant with best practice
- Considering the need for an internal audit function for the Group
- During 2020, the Committee has considered the Group's treasury policy, normalising the structure and introducing formal reporting in respect of treasury matters

External auditor

The Audit Committee oversees the relationship with the external auditor and review their performance and on going independence. The Audit Committee has reviewed the independence of PricewaterhouseCoopers LLP and the conduct of the audit for the financial year ended 31 December 2019. The Committee concluded that the external audit process has been effectively run and that PricewaterhouseCoopers LLP remains independent and has recommended their reappointment. The external auditor attends meetings by invitation and the Committee meets with the external auditor without management present at least once a year.

Risk management and internal controls

The Board is responsible for the effectiveness of the Company's risk management and internal controls. The Committee has received a report on policies and procedures in place, the assurance work done to check adherence to those polices and the follow up actions taken to address any issues identified.

A whistleblowing policy is in place across the Group to encourage employees to report any malpractice or illegal acts or omissions. All reported incidents are followed up and the actions taken reviewed by the Restore plc Board.

Susan Davy
Chair of the Audit Committee
18 March 2020

Directors' remuneration report

Remuneration Committee

The Remuneration Committee is very focussed on its role in promoting the long term value across Restore. It is responsible for determining the remuneration policy for the Executive policy for the Executive Directors and senior management, as well as its implementation over time, with the aim of ensuring that it supports the Group's strategy.

The key priorities are that the remuneration arrangements attract and retain a high calibre team and offer them every encouragement to deliver a strategy and create shareholder value in a responsible manner. In addition, that the remuneration received is proportionate to the levels of performance achieved and the returns received by the shareholders.

The Committee has an agreed set of Terms of Reference which are available on our website **www.restoreplc.com**. These are kept under regular review to ensure that they remain appropriate and reflect any changes which may be required as a result of changing regulation, legislation or best practice.

The members of the Remuneration Committee are Jamie Hopkins (who currently chairs the Committee following hand over from Martin Towers in January 2020) and the Non-Executive Directors. The Committee meets at least once a year and at other times as required and uses Mercers where appropriate as remuneration consultants. In 2019, the Committee met four times. Its main activities during the year were to:

- review the approach to senior executive remuneration to ensure it remains fit-for-purpose and appropriately incentivises delivery of the Group's strategy
- review and agree parameters for the 2019 designated Annual Bonus Scheme and Long Term Incentive Plan (LTIP)
- Implement the introduction of the 2019 remuneration scheme
- approve the individual packages of the Executive Directors and senior management members; and
- review and agree the structure of this Directors' remuneration report.

The Committee is committed to adhering to good practice for executive pay and pay reporting.

Directors' Remuneration Policy

The Group's Remuneration Policy is aimed at aligning the interests of the Executive Directors with the growth strategy of the Group and creation of shareholder value over the longer-term.

The Committee reviews the Remuneration Policy periodically to ensure that it:

- reinforces the achievement of Restore's long-term goals and support its culture
- reflects market practice
- is competitive for companies of similar size and complexity and
- is simple.

Executive Directors' remuneration policy

Element of package	Objective	Policy	Opportunity
Base salary	To provide a competitive base salary for the market in which the Group operates, to help attract, motivate and retain Directors with the experience and capabilities required to achieve the Group's strategic aims.	Salaries are reviewed annually taking into account Group performance, role, experience and market positioning.	Salary increases are reviewed in the context of, and generally set in line with, the increases awarded to the wider workforce.
Benefits	To provide a market competitive benefits package as part of a competitive total package.	Executive Directors receive benefits in line with market practice, principally private medical insurance, life assurance and a car allowance.	Set at a level which the Committee deems appropriate.
Pension	To provide an appropriate level of retirement benefit.	Executive Directors are eligible to participate in the Group's defined contribution pension plan, or receive a cash allowance in lieu thereof.	Pension contributions are paid at an agreed rate.

Incentive plan	Objective	Operation	Opportunity	Performance linkage
Annual bonus	Rewards achievement of short-term financial and strategic goals.	The outcome of the annual bonus is based on the achievement of annual performance targets set at the start of the year. The Committee has discretion to amend the payout should the formulaic outcome not reflect the Committee's assessment of underlying business performance. Any bonus earned is paid in cash. Awards may also be subject to clawback for a period of up to three years in the event of material financial mis-statement or gross misconduct, at the discretion of the Committee.	The maximum annual bonus opportunity is 125 per cent of base salary.	The performance measures, weightings and targets are set annually by the Committee. The bonus opportunity will be linked to the achievement of challenging financial and, when appropriate, non-financial performance targets. Details of the measures and their weightings will be disclosed annually in the Annual Report on Remuneration.

Incentive plan	Objective	Operation	Opportunity	Performance linkage
LTIP	To drive and reward the achievement of longer term objectives, support retention and promote share ownership by Executive Directors.	Awards of nil-cost share options may be made annually. Vesting will be subject to the achievement of specified performance conditions over a period of three years. To the extent that an award vests, it may be subject to a further holding period of up to two years. Awards may also be subject to malus over the vesting period, and clawback for a period of up to two years after vesting, at the discretion of the Committee. Dividend equivalents may also accrue over the vesting period, and be paid on any awards that vest.	The normal maximum LTIP opportunity is 125 per cent of salary in respect of a financial year. Under the LTIP rules, an award of up to 175 per cent of salary may be granted in respect of a financial year in exceptional circumstances.	The vesting of LTIP awards will be subject to the achievement of defined performance targets. Although the measures, their weightings and the targets set will be reviewed by the Committee prior to making an award, it is the Committee's intention currently that the vesting of 2019 LTIP awards be based 75% on 3-year return on invested capital (ROIC) and 25% on the Group's Absolute Total Shareholder Return (TSR) over the performance period.

Non-Executive Directors' remuneration policy

The remuneration policy for the Non-Executive Directors is to pay fees necessary to attract an individual of the calibre required, taking into consideration the size and complexity of the business and the time commitment of the role.

Details are set out in the table below:

Approach to setting fees	Basis of fee	Other items
The fees of the Non Executive Directors are agreed by the Chairman and Executive Directors. Fees are reviewed annually. Fees are set taking into account the level of responsibility, relevant experience and specialist knowledge of each Non Executive Director.	Fees may include a basic fee and additional fees for further responsibilities (for example Chairman of the Remuneration and Audit Committee). Fees are paid in cash.	Non Executive Directors do not receive any benefits or pension contributions. Travel and other reasonable expenses incurred in the course of performing their duties are reimbursed.

Legacy remuneration

The Company will honour any commitment entered into, and Directors will remain eligible to receive payment from any award granted, prior to the implementation of the Remuneration Policy outlined above, even if these commitments and/or awards fall outside the above Policy.

Directors' Contracts and Letters of Appointment

The Company's policy on Executive Directors' service contracts is that, in line with the best practice provisions of the UK Corporate Governance Code, they are to be terminable by the company on six months' notice.

Executive Directors	Date of contract	Notice period
Charles Bligh	12 December 2018	6 months
Neil Ritchie	16 May 2019	6 Months

The Non-Executive Directors do not have service contracts but have letters of appointment.

Non-Executive Directors	Date of Letter	Notice period
Martin Towers	10 August 2017	3 months
Sharon Baylay	12 August 2014	3 months
James Wilde	28 March 2014	3 months
Susan Davy*	12 December 2018	3 months
Jamie Hopkins**	28 November 2019	3 months

* appointed 2 January 2019
** appointed 2 January 2020

Annual Report on Remuneration

Directors' Emoluments

The aggregate emoluments of the Directors of the Company during 2019 and 2018 were:

£'000	Salary & Fees	Bonus	Benefits	Pension	Subtotal 2019	Long-term incentive vesting	Total 2019
Executive Directors							
Charles Bligh*	382	231	1	8	622	-	622
Neil Ritchie**	74	40	-	8	122	-	122
Charles Skinner***	134	-	1	-	135	-	135
Adam Councell****	181	-	3	10	194	1,542	1,736
Non-Executive Directors							
Martin Towers	90	-	-	-	90	-	90
Sharon Baylay	55	-	-	-	55	-	55
Stephen Davidson***	13	-	-	-	13	-	13
James Wilde	45	-	-	-	45	-	45
Susan Davy	49	-	-	-	49	-	49
	1,023	271	5	26	1,325	1,542	2,867

The annual salary of Charles Bligh and Neil Ritchie in 2019 was £425,000 and £300,000 respectively.
* appointed 11 March 2019
** appointed 1 October 2019
*** retired 31 March 2019
**** resigned 5 August 2019

£'000	Salary & Fees	Benefits	Pension Costs	Subtotal 2018	Long-term incentive vesting	Total 2018
Executive Directors						
Charles Skinner	535	2	-	537	3,164	3,701
Adam Councell	268	13	27	308	1,055	1,363
Non-Executive Directors						
Martin Towers	90	-	-	90	-	90
Sharon Baylay	51	-	-	51	-	51
Stephen Davidson	50	-	-	50	-	50
James Wilde	45	-	-	45	-	45
	1,048	15	27	1,090	4,219	5,309

Long Term Incentive plan (LTIP)

The first awards were made in 2019 under the Long Term Incentive Plan conditionally awarded to senior employees of the Company. The awards are calculated as a percentage of the participants' salaries and scaled according to seniority.

Share options were awarded as follows to Charles Bligh on 21 March 2019 and Neil Ritchie on 1 October 2019 as shown in the table below.

	Number of options awarded	Percentage of salary awarded	Date from which exercisable	Expiry date
Charles Bligh	253,840	175%	20 March 2022	20 March 2029
Neil Ritchie	110,295	150%	30 September 2022	30 September 2029

Legacy Share Plans

EIP

Under the Executive Incentive Plan (EIP) the previous Executive Directors of the Company, Charles Skinner and Adam Councell held nil cost options on the Company. On 13 June 2019, Adam Councell exercised his remaining 368,357 nil costs options in the Company. (2018: Charles Skinner and Adam Councell exercised 600,000 and 200,000 nil-cost options, respectively).

Vested but unexercised options held by the Directors as at 31 December 2019 are as follows:

	Number of options 2019	Exercise Price	Date from which exercisable	Expiry date	Number of options 2018	Exercise Price
Charles Skinner	279,536	0p	26 November 2017	26 November 2023	279,536	0p
Charles Skinner	879,536	0p	26 November 2018	26 November 2023	879,536	0p
Adam Councell	-	0p	26 November 2017	26 November 2023	93,179	0p
Adam Councell	-	0p	26 November 2018	26 November 2023	293,178	0p
Adam Councell	-	499.0p	26 March 2021	26 March 2028	250,000*	499.0p

*The 250,000 options included above and issued on 26 March 2018 lapsed on resignation.

2010 share option scheme

The last grants under this scheme were made in 2018, the share options under the scheme have no performance conditions.

The closing price for Restore plc shares at 31 December 2019 was 550.0p. During the year the market price of the Company's ordinary shares ranged between 556.0p and 257.0p.

Directors' Interests in Shares

The beneficial interests of the Directors who were in office at 31 December 2019 in the shares of the Company (including family interests) were as follows:

	Number of ordinary shares of 5p each 2019	**Number of ordinary shares of 5p each 2018**
Charles Bligh	16, 802	-
Neil Ritchie	6,000	-
Martin Towers	15,000	15,000
Sharon Baylay	1,750	-
James Wilde	-	-
Susan Davy	-	-

As at 18 March 2020 there has been no change in any of the above holdings.

Jamie Hopkins
Chairman of the Remuneration Committee
18 March 2020

Directors' report

Restore plc is an AIM listed support services company focussed on providing services to offices and workplaces in the public and private sectors. The Company is incorporated and domiciled in the United Kingdom where the vast majority of trading occurs.

Restore plc has two divisions: Document Management and Relocation. As a Group we provide safe and secure services in:

- Document storage, cloud and media storage
- Document shredding
- Digital services, including specialist project scanning
- Commercial and workplace relocation; and
- Management of IT assets from full deployment until end of life Recycling or Re-Use.

The Directors present their report together with the audited financial statements for the year ended 31 December 2019.

The Governance statement on pages 32 to 44 also forms part of this Directors' report.

Review of the Business

The Strategic report on pages 11 to 28 provides an operating and financial review of the business, the Group's trading for the year ended 31 December 2019, as well as risk management and an indication of future developments.

Result and Dividend

The Group has reported its Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union. The Group's results for the year are set out in the Consolidated statement of comprehensive income on page 49.

The Directors recommend a final dividend for the year of 4.8p per share payable on 3 July 2020 (2018: 4.0p per share). An interim dividend of 2.4p was paid during the year (2018: 2.0p). The estimated final dividend to be paid is £6.0m (2018: £5.0m).

Directors

On 1 April 2019 Charles Bligh succeeded Charles Skinner as Chief Executive Officer of the Group, following his retirement, and Susan Davy succeeded Stephen Davidson as Chair of the Audit Committee.

On 5 August 2019, Adam Councell resigned from the Company and he was succeeded by Neil Ritchie as Chief Financial Officer.

The Directors of the Company who were in office during the year and up to the date of signing of the financial statements were

- Charles Bligh (appointed 11 March 2019)
- Charles Skinner retired 31 March 2019
- Adam Councell resigned 5 August 2019; and
- Neil Ritchie (appointed 1 October 2019).

Independent Non-Executive

- Martin Towers (Chairman)
- Sharon Baylay (Senior Independent Director)
- Stephen Davidson resigned 31 March 2019
- James Wilde
- Susan Davy (appointed 2 January 2019)

The biographical details of the Directors are given on pages 30 and 31.

Directors' remuneration, share options, long-term executive plans, pension contributions, benefits and interests are set out in the Directors' remuneration report on pages 36 to 41.

The Company maintains liability insurance for its Directors and Officers , the Company's articles of association allow the indemnification of Directors out of the assets of the Company to the extent permitted by law. Indemnities in favour of the Directors have not been entered into during the year.

Share Capital and Substantial Shareholdings

Full details of the authorised and issued share capital of the Company are set out in note 24 to the financial statements.

At 16 March 2020, the latest practicable date prior to the approval of this document, the Company had been notified of the following interests amounting to 3% or more of the voting rights attaching to the Company's issued share capital:

Significant Shareholder	Percentage of issued share capital
Octopus Investments	11.0%
Canaccord Genuity Wealth Management	8.9%
Artemis Investment Management	5.9%
Invesco Limited	5.1%
Franklin Templeton Investments	4.8%
Polar Capital	4.4%
Royal London Asset Management	4.4%
Slater Investments	4.2%
Charles Stanley	3.9%
M&G Investments	3.0%

Employee Involvement process

The Directors believe that the involvement of employees is an important part of the business culture. Employees are its most important asset and contribute to the successes achieved to date (view our Corporate Responsibility statement on pages 24 to 28).

Equal Opportunities

The Group is committed to eliminating discrimination and encouraging diversity. Its aim is that each employee is able to perform to the best of their ability. The Group will not make assumptions about a person's ability to carry out their work, for example on their ethnic origin, gender, sexual orientation, marital status, religion or beliefs, age or disability.

Disabled Employees

In the event of an employee becoming disabled, every effort is made to retain them in order that their employment with the Group may continue. It is the policy of the Group that training, career development and promotion opportunities should be available to all employees.

Environmental Policy

Maintaining and improving the quality of the environment in which we live is an important concern for the Group, our staff, customers, suppliers, sub-contractors and communities. We have adopted high standards of environmental practices and aim to minimise our impact on the environment wherever this is practical. In particular, we comply with, and endeavour to exceed the requirements of all laws and regulations relating to the environment. For further details see our Corporate Responsibility statement on pages 24 to 28.

Health and Safety

The Group recognises the importance of maintaining high standards of health and safety for everyone working within our business and also for anyone who may be affected by our business. Further details on health and safety are given on page 24.

Political and Charitable Donations

Donations of £8,000 were made by the Group for charitable purposes during the year (2018: £17,000). The Group does not make political donations. Further details on our charitable initiatives are given on page 26.

Financial Risk Management

Information in respect of the financial risk management objectives and policies of the Group, is contained in note 3.

Related party transactions

Any related party transactions required to be disclosed under the AIM rules are disclosed in note 35 to the financial statements.

Modern Slavery Act

Our Anti-slavery policy, which sets out our commitment to preventing modern slavery and human trafficking from occurring within any part of our business and supply chain, is available on our website www.restoreplc.com.

Statement, as to Disclosure of Information to Auditors

The Directors in office on 18 March 2020 have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Post Balance Sheet Events and Future Developments

Details of post balance sheet events are given in note 37 of the financial statements. The Board intends to continue to pursue its business strategy as outlined in the Strategic report on pages 11 to 28.

Annual General Meeting

The notice of the Annual General Meeting to be held on 21 May 2020 is set out on pages 109 to 113.

Going Concern

The Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future and that it is appropriate to prepare financial statements on the going concern basis. Further details are given in note 1 to the financial statements on page 53.

Approval

This Directors' report was approved by the Board of Directors and signed on behalf of the Board on 18 March 2020.

Sarah Waudby

Sarah Waudby
Company Secretary

18 March 2020

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

Independent auditor's report to the members of Restore plc

Report on the audit of the financial statements

Opinion

In our opinion, Restore plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2019 and of the group's profit and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company statements of financial position as at 31 December 2019; the Consolidated statement of comprehensive income, the Consolidated and Company statements of cash flows, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

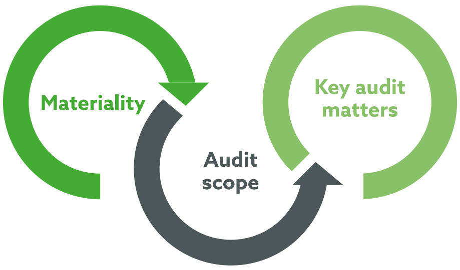
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



Materiality

- Overall group materiality: £1.5 million (2018: £1.5 million), based on 5% of profit before tax, adjusted for non-recurring exceptional items.
- Overall company materiality: £1.2 million (2018: £1.3 million), based on 5% of profit before tax, adjusted for non-recurring exceptional items.

Audit scope

- We performed full scope audits at the parent company (comprising Restore Records Management and head office), Restore Datashred, and Restore Harrow Green.
- Our full scope audits account for 83% of group revenue and 85% of profit before tax and exceptional items.
- We completed a review of Restore Digital and tested a sample of material balances at Restore Technology.

Key audit matters

- Impairment of intangible assets (Group and parent company)
- Adoption of IFRS 16 "Leases" (Group and parent company)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, 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. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Impairment of intangible assets and goodwill	
As at 31 December 2019, the net book value of intangible assets and goodwill held by both the group and parent company is significant, £257.5m and £177.1m respectively. Goodwill is subject to an annual impairment test and impairment tests for intangible assets are also required if there are any indications of an impairment trigger. Management prepared a discounted cash flow model at a cash generating unit level in order to support the carrying value of intangibles and goodwill, which this year required a number of adjustments to account for the implications of the adoption of IFRS 16. (Group and parent company)	In respect of the impairment reviews required for goodwill and intangible assets, our work involved reviewing the model, inputs and assumptions used in management's calculation. Specifically, we have reviewed the calculation of the discount rate, agreed the carrying value of assets to be supported to underlying documents and assessed the cash flows that feed into the model for reasonableness. Additionally, we have examined the model's mechanics and the specific adjustments required by IFRS 16. We also ran a series of sensitivity analyses. Based on our work, we did not identify any material issues.
Adoption of IFRS 16 "Leases"	
The Group adopted IFRS 16, 'Leases' on 1 January 2019. This new accounting standard requires a lessee to recognise a right-of-use asset representing its right to use the underlying leased asset, and a lease liability representing its obligation to make lease payments. Management has applied judgement in determining the lease terms and calculating the discount rate. Therefore, we considered it to be a key audit matter. As at 31 December 2019 the Group has recorded a right-of-use asset of £115.1m and lease liabilities of £134.3m.	We obtained the Group's calculation of the right-of-use asset, lease liability, depreciation charge and interest on the lease liability based on the lease data for the population of leases identified. We performed procedures to assess the completeness of management's listing of the lease contracts in place. We tested the accuracy of the lease data compiled by management by agreeing key inputs to the underlying arrangements to ensure the accuracy of key data points used in determining the IFRS 16 accounting entries. Our testing included an evaluation of the mathematical accuracy of the underlying calculations. We also considered the appropriateness of the Group's assessment of the discount rates used in the lease calculations. Based on the procedures performed, we noted no material issues from our work.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group operates in the United Kingdom through two divisions which comprise five business streams: Restore Records Management, Restore Datashred and Restore Digital (within the Document Management division), and Restore Harrow Green and Restore Technology (with the Relocation division). There is also a central head office function. There were considered to be three financially significant operating units which required a full scope audit being the parent company (comprising Restore Records Management and head office), Restore Datashred, and Restore Harrow Green.

The remaining operating units were not individually financially significant enough to require a full scope audit but were subject to review procedures or testing on a sample basis of material balances performed by the group engagement team. The group team performed procedures on exceptional items.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

	Group financial statements	Company financial statements
Overall materiality	£1.5 million (2018: £1.5 million)	£1.2 million (2018: £1.3 million)
How we determined it	5% of profit before tax, adjusted for non-recurring exceptional items	5% of profit before tax, adjusted for non-recurring exceptional items
Rationale for benchmark applied	Profit before tax, adjusted for non-recurring exceptional items is a generally accepted auditing benchmark	Profit before tax, adjusted for non-recurring exceptional items is a generally accepted auditing benchmark

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £0.5 million and £1.2 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £75,000 (Group audit) (2018: £66,000) and £60,000 (Company audit) (2018: £66,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities set out on page 44, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

We have no exceptions to report arising from this responsibility.

Kate Wolstenholme (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

18 March 2020

Consolidated statement of comprehensive income

For the year ended 31 December 2019

	Note	Year ended 31 December 2019 £'m	Using consistent accounting policies: Year ended 31 December 2019 £'m	Using consistent accounting policies: Year ended 31 December 2018 £'m
Revenue – continuing operations	4	215.6	215.6	195.5
Cost of sales		(120.3)	(123.0)	(111.5)
Gross profit		95.3	92.6	84.0
Administrative expenses		(50.1)	(50.1)	(43.7)
Amortisation of intangible assets	12	(8.1)	(8.1)	(7.0)
Exceptional items	5	(2.7)	(2.7)	(8.5)
Operating profit		34.4	31.7	24.8
Finance costs	7	(9.6)	(3.9)	(3.8)
Profit before tax		24.8	27.8	21.0
Income tax charge	8	(7.9)	(8.6)	(2.5)
Profit and total comprehensive income for the year from continuing operations		16.9	19.2	18.5
Loss from discontinued operations	4	(0.2)	(0.2)	(2.8)
Profit attributable to owners of the parent		16.7	19.0	15.7
Earnings/(loss) per share attributable to owners of the parent (pence)	9			
Total – basic		13.4p	15.3p	13.0p
Total – diluted		12.9p	14.7p	12.5p
Continuing operations – basic		13.6p	15.5p	15.3p
Continuing operations – diluted		13.1p	14.9p	14.7p
Discontinued operations – basic		(0.2p)	(0.2p)	(2.3p)
Discontinued operations – diluted		(0.2p)	(0.2p)	(2.2p)

The reconciliation between the statutory results shown above and the non-GAAP adjusted measures are shown below:

	Note	Year ended 31 December 2019 £'m	Using consistent accounting policies: Year ended 31 December 2019 £'m	Using consistent accounting policies: Year ended 31 December 2018 £'m
Operating profit – continuing operations		34.4	31.7	24.8
Adjustments for:				
Amortisation of intangible assets	9	8.1	8.1	7.0
Exceptional items	9	2.7	2.7	8.5
Share-based payments charge	9	–	3.8	1.0
Adjustments	9	10.8	14.6	16.5
Adjusted operating profit		45.2	46.3	41.3
Depreciation of property, plant and equipment	6	24.8	7.7	6.9
Earnings before interest, taxation, depreciation, amortisation and exceptional items (EBITDA)		70.0	54.0	48.2
Profit before tax		24.8	27.8	21.0
Adjustments (as stated above)		10.8	14.6	16.5
Adjusted profit before tax		35.6	42.4	37.5

Consolidated statement of financial position

As at 31 December 2019

Company registered no. 05169780

	Note		Using consistent accounting policies	
		2019 £'m	**2019 £'m**	2018 £'m
ASSETS				
Non-current assets				
Intangible assets	12	257.5	257.5	261.9
Property, plant and equipment	13	71.8	71.8	71.1
Right of use assets	14	115.1	–	–
Investments	15	1.6	1.6	–
Deferred tax asset	22	3.8	3.1	2.5
		449.8	334.0	335.5
Current assets				
Inventories	16	1.4	1.4	1.1
Trade and other receivables	17	47.9	47.9	48.7
Cash and cash equivalents	19	17.0	17.0	11.7
		66.3	66.3	61.5
Assets held directly for sale	4	–	–	1.8
Total assets		516.1	400.3	398.8
LIABILITIES				
Current liabilities				
Trade and other payables	18	(35.5)	(38.0)	(33.3)
Financial liabilities – borrowings	19	(0.4)	(0.4)	(0.8)
Financial liabilities – leases liabilities	20	(16.6)	–	–
Other financial liabilities	20	–	(0.1)	(0.2)
Current tax liabilities		(3.9)	(4.3)	(2.4)
Provisions	23	–	(0.9)	(0.9)
		(56.4)	(43.7)	(37.6)
Liabilities associated with assets held for sale	4	–	–	(0.2)
Non-current liabilities				
Financial liabilities – borrowings	19	(105.1)	(105.1)	(122.2)
Financial liabilities – lease liabilities	20	(117.7)	–	–
Other financial liabilities	20	–	(0.1)	(0.1)
Deferred tax liability	22	(18.4)	(18.4)	(17.6)
Provisions	23	–	(3.0)	(5.1)
		(241.2)	(126.6)	(145.0)
Total liabilities		(297.6)	(170.3)	(182.8)
Net assets		218.5	230.0	216.0
EQUITY				
Share capital	24	6.2	6.2	6.2
Share premium account	25	150.3	150.3	150.3
Other reserves	26	6.1	6.1	3.8
Retained earnings	27	55.9	67.4	55.7
Equity attributable to the owners of the parent		218.5	230.0	216.0

These financial statements on pages 49 to 109 were approved by the Board of Directors and authorised for issue on 18 March 2020 and were signed on its behalf by:

Charles Bligh
Chief Executive Officer

Neil Ritchie
Chief Financial Officer

Consolidated statement of changes in equity

For the year ended 31 December 2019

	Attributable to owners of the parent				
	Share capital £'m	Share premium £'m	Other reserves £'m	Retained earnings £'m	Total equity £'m
Balance at 1 January 2018	5.6	100.9	3.2	46.2	155.9
Profit for the year	–	–	–	15.7	15.7
Total comprehensive income for the year	–	–	–	15.7	15.7
Transactions with owners					
Issue of shares in the year	0.6	51.0	–	–	51.6
Issue costs	–	(1.6)	–	–	(1.6)
Dividends	–	–	–	(6.6)	(6.6)
Transfers	–	–	(0.4)	0.4	–
Share-based payments charge	–	–	1.0	–	1.0
Balance at 31 December 2018	6.2	150.3	3.8	55.7	216.0
Change in accounting policy (note 36)	–	–	–	(10.0)	(10.0)
Restated total equity at 1 January 2019	6.2	150.3	3.8	45.7	206.0
Profit for the year	–	–	–	16.7	16.7
Total comprehensive income for the year	–	–	–	16.7	16.7
Transactions with owners					
Dividends	–	–	–	(8.0)	(8.0)
Transfers (note 26)	–	–	(0.7)	0.7	–
Share-based payments charge	–	–	2.1	–	2.1
Current tax on share-based payments	–	–	0.3	–	0.3
Deferred tax on share-based payments	–	–	0.6	–	0.6
Deferred tax taken directly to equity	–	–	–	0.8	0.8
Balance at 31 December 2019	6.2	150.3	6.1	55.9	218.5

	Using consistent accounting policies				
	Share capital £'m	Share premium £'m	Other reserves £'m	Retained earnings £'m	Total equity £'m
Balance at 1 January 2019	6.2	150.3	3.8	55.7	216.0
Profit for the year	–	–	–	19.0	19.0
Total comprehensive income for the year	–	–	–	19.0	19.0
Transactions with owners					
Dividends	–	–	–	(8.0)	(8.0)
Transfers (note 26)	–	–	(0.7)	0.7	–
Share-based payments charge	–	–	2.1	–	2.1
Current tax on share-based payments	–	–	0.3	–	0.3
Deferred tax on share-based payments	–	–	0.6	–	0.6
Balance at 31 December 2019	6.2	150.3	6.1	67.4	230.0

Consolidated statement of cash flows

For the year ended 31 December 2019

	Note	Year ended 31 December 2019 £'m	Using consistent accounting policies: Year ended 31 December 2019 £'m	Using consistent accounting policies: Year ended 31 December 2018 £'m
Net cash generated from operations	28	71.3	51.7	32.4
Net finance costs		(8.7)	(3.1)	(3.6)
Income taxes paid		(5.7)	(5.7)	(3.2)
Net cash generated from operating activities		56.9	42.9	25.6
Cash flows from investing activities				
Purchase of property, plant and equipment and applications software		(9.0)	(9.0)	(10.1)
Purchase of subsidiary undertakings, net of cash acquired	11	(2.2)	(2.2)	(4.0)
Purchase of trade and assets	11	(0.6)	(0.6)	(88.5)
Proceeds from sale of property, plant and equipment		0.2	0.2	0.9
Disposal of subsidiary, net of cash disposal		(0.2)	(0.2)	–
Cash flows used in investing activities		(11.8)	(11.8)	(101.7)
Cash flows from financing activities				
Net proceeds from share issues		–	–	50.0
Dividends paid		(8.0)	(8.0)	(6.6)
Repayment of bank borrowings		–	–	(2.3)
Repayment of revolving credit facility		(17.4)	(17.4)	(8.0)
New bank loans raised		–	–	44.0
Finance lease repayments		(14.3)	(0.3)	(0.1)
Net cash (used in)/generated by financing activities		(39.7)	(25.7)	77.0
Net increase in cash and cash equivalents		5.4	5.4	0.9
Cash and cash equivalents at start of year		11.2	11.2	10.3
Cash and cash equivalents at end of year		16.6	16.6	11.2
Cash and cash equivalents shown above comprise:				
Cash at bank	19	17.0	17.0	11.7
Bank overdraft	19	(0.4)	(0.4)	(0.8)
Assets held as classified for sale	4	–	–	0.3
		16.6	16.6	11.2

Notes to the Group financial statements

For the year ended 31 December 2019

1. General Information

Restore plc and its subsidiaries specifically focus on providing services to offices and workplaces in the public and private sectors and has two divisions: Document Management and Relocation. The Group primarily operates in the UK. The Company is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is The Databank, Unit 5 Redhill Distribution Centre, Salbrook Road, Redhill, Surrey, RH1 5DY.

The Company is listed on the AIM.

These Group consolidated financial statements were authorised for issue by the Board of Directors on 18 March 2020.

2. Significant Accounting Policies

Basis of Preparation

The consolidated financial statements of Restore plc have been prepared in accordance with EU endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on a historical cost basis although when derivatives are used, they are reflected at their fair value. The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed later in this note.

The consolidated financial statements are presented in pounds sterling and, unless stated otherwise, shown in pounds million to one decimal place.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance, financial position, its cash flows, liquidity position, principal risks and uncertainties affecting the business are set out in the Strategic report on pages 11 to 28.

The Group meets its day-to-day working capital requirements through its financing facilities which are due to expire in November 2022. Details of the Group's borrowing facilities are given in note 21 of the financial statements.

The Group's budget for 2020 and forecasts for 2021, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of Consolidation

The Consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, contingent consideration and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. Provisional fair values are adjusted against goodwill if additional information is obtained within one year of the acquisition date about facts or circumstances existing at the acquisition date. Other changes in provisional fair values are recognised through profit or loss.

Contingent Consideration

Contingent consideration is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income unless the contingent consideration is classified as equity. In such circumstances, changes are recognised within equity.

Changes in contingent consideration arising from additional information, obtained within one year of the acquisition date, about facts or circumstances that existed at the acquisition date are recognised as an adjustment to goodwill.

Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

In the opinion of the Directors, the chief operating decision maker is the Board of Restore plc and there are two segments, Document Management and Relocation, whose reports are reviewed by the Board in order to allocate resources and assess performance. Segment revenue comprises sales to external customers most of whom are located in the UK. Services are provided primarily from the UK.

Revenue Recognition

Revenue for services is recognised in the Consolidated income statement on the delivery of those services based upon the proportion of the total delivered at the Consolidated statement of financial position. It is recognised at the fair value of consideration received or receivable net of discounts, VAT, returns, rebates and after eliminating intra-group sales.

As reported in the Annual Report for the year ended 31 December 2018, the Group performed an analysis of revenue recognition across the business. It was concluded that no restatement was required in the recognition of revenue under IFRS 15.

Sale of services – Document Management

Revenue from records management represents amounts billed or due for the storage and retrieval of customers' files and boxes. Revenue is recognised on retrieval of documents or time-apportioned for the period for which the documents are stored.

The Group provides all round secure document destruction and recycling processes, including the rental and servicing of office recycling units as well as larger secure waste containers providing a confidential waste destruction process. Revenue is recognised on a time-apportioned basis in respect of rental and when destruction is complete. For the sale of paper products, revenue is currently recognised when the goods are delivered to the customers' premises, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer.

The Group sells scanning and IT services which are provided on a time basis or as a fixed price contract with contract terms ranging up to three years, in which case revenue is recognised based upon the value of work completed, or revenue may be received on a contractual basis, either as a fixed proportion of managed costs or other fee mechanism, in which case revenue is recognised once those contractual conditions have been satisfied, either based on managed costs incurred, on a time basis, or other appropriate contractual measurement.

Sale of services – Relocation

Revenue represents amounts in respect of relocation, furniture storage, asset disposal and recycling. Revenue is recognised based upon the value of the work completed for removals, storage revenue is recognised on a per day basis for the furniture stored on behalf of its customers and when a disposal is complete.

Sale of goods

Revenue from the sale of goods is recognised when the risks and rewards of ownership have been transferred to the customer, the amount of revenue can be measured reliably and the recovery of the consideration is probable.

Interest income

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Exceptional Items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Transactions which may give rise to exceptional items are principally gains or losses on disposal of investments and subsidiaries, redundancy, integration and other restructuring costs, provisions made in respect of onerous leases, acquisition costs relating to business combinations, cash-settled EIP charges and national insurance costs on the exercise of share options.

Profit Measures

Due to the one-off nature of exceptional items and the non-cash element of certain charges, the Directors believe that an adjusted measure of operating profit, EBITDA, profit before tax and earnings per share provide shareholders with a more appropriate representation of the underlying earnings of the Group. The items adjusted for in arriving at these on a consistent accounting policy basis are amortisation of intangible assets, exceptional items, share-based payments charge and a standard tax charge (excluding the effects of the adoption of IFRS 16). On a revised policy basis the items adjusted are amortisation of intangible assets, exceptional items and a Standard tax charge.

Intangible Assets

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of identifiable assets and liabilities of a subsidiary, at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Other intangible assets

Other intangible assets are recognised when they are controlled through contractual or other legal rights, or are separable from the rest of the business, and their fair value can be reliably measured.

Customer relationships

Acquired customer relationships are identified as a separate intangible asset as they are separable and can be reliably measured by valuation of future cash flows. This valuation also assesses the life of the particular relationship. The life of the relationship is assessed annually and management believes that a 5–10% customer attrition rate is appropriate giving the life of customer relationships as ten to twenty years, depending upon the nature of the customer contract. All customer relationships are being amortised on a straight-line basis and have a remaining life of four to twenty years. The customer lists are considered annually to ensure that this classification is still appropriate.

Trade names

Acquired trade names are identified as a separate intangible asset. Trade names are being written off on a straight-line basis over ten years. The life of the trade name is assessed annually.

Application software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives (three to five years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Computer software development costs recognised as assets are amortised on a straight-line basis over their estimated useful lives (expected to be up to five years). Residual values and useful lives are reviewed each year.

Property, Plant and Equipment

Property, plant and equipment is stated at historical cost, less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight-line basis on all property, plant and equipment, except freehold land.

	Basis
Freehold and long leasehold buildings	2–5% per annum
Long leasehold land	over the remaining life of the lease
Leasehold improvements	over the life of the lease
Plant and machinery	5–50% per annum
Racking	5% per annum
Office equipment, fixtures and fittings	10–40% per annum
Motor vehicles	20–25% per annum

Leased Assets

The Group has adopted IFRS16 ‘Leases’ retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transaction provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in note 14. Prior to 1 January 2019 the accounting policies were as follows:

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Where property lease contracts contain guaranteed minimum incremental rental payments, the total committed cost is determined and is amortised on a straight-line basis over the life of the lease. Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership to the Group are classified as finance leases. Finance leases are classified as a financial liability and measured at amortised cost. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments and depreciated over the period of the lease. The resulting lease obligations are included in liabilities. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Investments

Loans and receivables are measured at amortised cost. Impairment losses are recognised in profit or loss when there is evidence of impairment. Available for sale investments are non-derivative assets and are initially recognised at fair value net of any transaction costs and are subsequently carried at fair value. Fair value gains and losses are recognised in other comprehensive income and are recycled to profit or loss on disposal of the investment. If a fair value for an investment cannot be reliably measured, due to the variability in the range of reasonable fair value estimates being significant, or the probabilities of the various estimates within the range not being able to be reasonably assessed, that investment will be carried at cost. An impairment test is performed annually on the carrying value of the investment. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount, when there is objective evidence for impairment including significant or prolonged decline in fair value below cost.

Investments which are held for the long term and over which management do not exercise significant control are carried at cost.

An impairment review is carried out annually.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value is the price at which inventories can be sold in the normal course of business. Provision is made where necessary for obsolete, slow moving and defective inventories.

Trade and Other Receivables

Trade receivables, classified as loans and receivables in accordance with IFRS 9 'Financial Instruments', are recorded initially at fair value and subsequently measured at amortised cost. A provision for impairment is established when the Company considers that there is a significant increase in credit risk, in line with the expected credit loss ('ECL) model now being used. The amount of the provision is the difference between the assets' carrying amount and the present value of future cash flows discounted at the effective interest rate. The movement in the provision is recognised in profit or loss.

Any other receivables are recognised at their initial fair value less the value of the impairment calculated.

Customer Incentives

Incentives provided to new customers are in the form of either costs borne on behalf of new customers or the provision of services free of charge. Such incentives are recognised as an asset at amortised cost at the point when the contract is signed and the costs are incurred, or when the service is provided and are amortised in the income statement over the period of the contract, usually 5 years.

Cash and Cash Equivalents

Cash and cash equivalents as defined for the Consolidated statement of cash flows comprise cash in hand, cash held at bank with immediate access, other short-term investments and bank deposits with maturities of three months or less from the date of inception.

Assets Held for Sale

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as met only when a sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. If this condition is no longer met and the assets and disposal groups are held for continuing use they are transferred out of assets held for sale in the current year. Disposal groups are groups of assets, and liabilities directly associated with those assets, that are to be disposed of together as a group in a single transaction.

Non-current assets and disposal groups classified as held for sale are initially measured at the lower of carrying value and fair value less costs to sell. At subsequent reporting dates non-current assets (and disposal groups) are measured to the latest estimate of fair value less costs to sell. As a result of this measurement any impairment is recognised by charging to profit or loss.

Trade Payables

Trade payables, classified as other liabilities in accordance with IFRS 9, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Other payables are stated at amortised cost.

Borrowings

Borrowings are classified as other liabilities in accordance with IFRS 9 and are recorded at the fair value of the consideration received, net of direct transaction costs. Finance charges are accounted for in profit or loss over the term of the instrument using the effective interest rate method.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the Consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and 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 it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profits nor the accounting profit.

Deferred tax 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 upon tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to other comprehensive income and equity, in which case the deferred tax is also dealt with in other comprehensive income and equity.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate pre-tax discount rate.

Equity Instruments

Equity instruments issued by the Company are recorded at fair value net of transaction costs.

Share-Based Payments

The Group has applied the requirements of IFRS 2 Share-based Payment. During 2019 the Group changed its accounting policy to recognise the National Insurance liability on any outstanding unexercised shares under unapproved schemes as at year end (note 30).

The Group issues equity settled share-based payments to certain employees. Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity settled share-based payments is expensed 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 pricing model. Where employees' contracts are terminated the options are treated as having been forfeited and accordingly previous charges are credited back to profit or loss if the option has not yet vested or retained earnings if the option has vested.

The Group has the ability to net-settle share options such that only shares equating to the gain over the option price are issued directly to the option holder. This has the benefit of reducing the number of shares that must be issued in connection with an option exercise thereby reducing shareholder dilution.

Pensions

The Group operates a number of defined contribution pension schemes. Contributions are charged to profit or loss as incurred.

Financial Instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group has become party to the contractual provisions of the instrument. The Group uses derivative financial instruments when considered appropriate such as interest rate caps to hedge its risks associated with interest rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to profit or loss.

Critical Accounting Estimates and Judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements.

Acquisitions

The Group has made several acquisitions during the year, as shown in note 11. The assessment of the fair values of the assets and liabilities at acquisition is calculated using consistent key assumptions and where these are still being assessed until further information is received, the amounts included in these financial statements are included as provisional. The key assumptions that have been made are in respect of the valuation of customer relationships, and the allocation of the consideration between cash-generating units.

Valuation of separable intangibles on acquisition

When valuing the intangibles acquired in a business combination, management estimate the expected future cash flows from the asset and select a suitable discount rate in order to calculate the present value of those cash flows. Separable intangibles valued on acquisitions made in the year were £1.9m in respect of customer relationships (2018: £47.4m) as detailed further in note 11. The life of the customer relationship is assessed annually and is a key judgement and estimate.

Consideration

In the 2019 acquisitions, the businesses acquired operate a single cash-generating unit and therefore no allocation of consideration was required. In the acquisition of TNT BS UK Limited in 2018, the consideration has been allocated to the cash-generating units based on historic earnings as the Directors believe this to be the most appropriate measure.

Lease Term

In determining the lease term, management considers all facts and circumstances that are relevant.

For Records Management sites, management have taken the view that all extension options should be applied, whereas for all other business site leases, the first break option should be assumed to be taken.

Exceptional items

Included within exceptional items, and as disclosed in note 5, are amounts included in respect of restructuring and reorganisation and the related duplication of costs. The period taken to complete restructuring varies for each acquisition and management judgement is applied in determining the level of duplication of costs incurred, particularly in relation to personnel costs where it can take some time for the optimal levels of staffing to be achieved, but it is generally within 12 months of the date of acquisition.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 12.

Management also make estimates regarding the appropriate useful economic life for intangible assets.

Provisions

Included under consistent accounting policies within provisions is an onerous lease provision which relates to the amount by which future lease rental commitments, arising as a result of acquisitions, exceed the fair market rentals (note 23). In calculating this provision the key estimates are those relating to the fair values of the rentals on the properties concerned, the impact of future rent reviews and the discount rate applicable.

Adoption of New and Revised Standards

New standards, amendments and interpretations issued and effective during the financial year commencing 1 January 2019:

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- IFRS 16 Leases
- Prepayment Features and Negative Compensation – Amendments to IFRS 9
- Long-term interests in Associates and Joint Ventures – Amendments to IAS 28

- Annual Improvements to IFRS Standards 2015 – 2017 Cycle
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19
- Interpretation 23 Uncertainty over Income Tax Treatments.

The Group had to change its accounting policies as a result of adopting IFRS 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. This is disclosed in note 36. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

3. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and capital risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group may use derivative financial instruments to hedge certain risk exposures.

Risk management is carried out centrally under policies approved by the Board of Directors. The Group evaluates and hedges financial risks. The Board provides written principles for overall risk management.

Market risk

Foreign exchange risk

The Group operates primarily in the UK and has limited exposure to foreign exchange risk.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During 2019 and 2018, the Group's borrowings at variable rates were denominated in pounds sterling. The Group analyses its interest rate exposure using financial modelling. Based on the various scenarios, the Group manages its cash flow interest rate risk by using interest rate swaps when considered appropriate. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates at a certain level. Interest rate swaps are an agreement with other parties at quarterly intervals, to exchange the difference between fixed and floating rate calculated by reference to the notional principal amount. The Group does not currently hold any interest rate swaps.

Credit risk

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new customers before standard payment, delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to retail customers, including outstanding receivables and committed transactions. The maximum exposure is the carrying amount as disclosed in note 17.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as also shown in note 17.

Liquidity risk

The Group monitors its risk to a shortage of funds using a forecasting model. This model considers the maturity of both its financial assets and financial liabilities and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance in order to ensure that there is sufficient cash or working capital facilities to meet the requirements of the Group for its current business plan. A detailed analysis of the Group's debt facilities is given in note 21.

Capital risk

The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will trade profitably in the foreseeable future. The Group also aims to maximise its capital structure of debt and equity so as to minimise its cost of capital.

The Group manages its capital with regard to the risks inherent in the business and the sector within which it operates by monitoring its gearing ratio on a regular basis. The Group considers its capital to include share capital, share premium, other reserves, retained earnings and net debt as noted below. Net debt includes short and long-term borrowings (including overdrafts) net of cash and cash equivalents.

No changes were made in the objectives, policies or processes during the years ending 31 December 2019 and 31 December 2018.

The Group's strategy is to strengthen its capital base in order to sustain the future development of the business.

Debt to Capital Ratio	2019 £'m	Using consistent accounting policies 2019 £'m	Using consistent accounting policies 2018 £'m
Total debt	105.5	105.5	123.0
Less: cash and cash equivalents (note 19)	(17.0)	(17.0)	(11.7)
Net debt	88.5	88.5	111.3
Total equity	218.5	230.0	216.0
Debt to capital ratio	0.4	0.4	0.5

On a consistent accounting policy basis, the gearing reduced during 2019 compared to that in 2018 as a result of the strong cash generation in the year. The Group does not have any externally imposed capital requirements.

Fair value estimation

The fair value of financial instruments is market value.

4. Segmental Analysis

The Group is organised into two main operating segments, Document Management and Relocation, and incurs Head Office costs. Services per segment operate as described in the Strategic report. The vast majority of trading of the Group is undertaken within the United Kingdom. Segment assets include intangibles, property, plant and equipment, right of use assets, inventories, receivables and operating cash. Central assets include deferred tax and head office assets. Segment liabilities comprise operating liabilities. Central liabilities include income tax and deferred tax, corporate borrowings and head office liabilities. Capital expenditure comprises additions to computer software, property, plant and equipment and includes additions resulting from acquisitions through business combinations. Segment assets and liabilities are allocated between segments on an actual basis.

Revenue

The revenue from external customers was derived from the Group's principal activities primarily in the UK (where the Company is domiciled) as follows:

Continuing operations	2019 £'m	Using consistent accounting policies 2019 £'m	Using consistent accounting policies 2018 £'m
Restore Records Management	95.9	95.9	86.5
Restore Datashred	41.0	41.0	41.8
Restore Digital	22.6	22.6	19.3
Document Management division	159.5	159.5	147.6
Restore Harrow Green	41.5	41.5	37.6
Restore Technology	14.6	14.6	10.3
Relocation division	56.1	56.1	47.9
Total Revenue	215.6	215.6	195.5

Major customers

For the year ended 31 December 2019 no customers individually accounted for more than 3% (2018: 3%) of the Group's total revenue.

Segmental information

Profit before tax	**2019 £'m**	**2019 £'m** (Using consistent accounting policies)	2018 £'m
Document Management division	45.1	42.9	38.5
Relocation division	7.7	7.2	5.8
Head office	(3.8)	(3.8)	(3.0)
Amortisation of intangible assets	(8.1)	(8.1)	(7.0)
Exceptional items	(2.7)	(2.7)	(8.5)
Share-based payments charge	(3.8)	(3.8)	(1.0)
Operating profit	34.4	31.7	24.8
Finance costs	(9.6)	(3.9)	(3.8)
Profit before tax	24.8	27.8	21.0

	Document Management £'m	**Relocation £'m**	**Head Office £'m**	**31 December 2019 Total £'m**
Segment assets	447.2	68.8	0.1	516.1
Segment liabilities	164.5	31.1	102.0	297.6
Capital expenditure	7.8	1.0	0.2	9.0
Depreciation and amortisation	29.2	3.6	0.1	32.9

	Using consistent accounting policies			
	Document Management £'m	**Relocation £'m**	**Head Office £'m**	**31 December 2019 Total £'m**
Segment assets	346.8	54.2	(0.7)	400.3
Segment liabilities	50.9	16.6	102.8	170.3
Capital expenditure	7.8	1.0	0.2	9.0
Depreciation and amortisation	14.7	1.0	0.1	15.8

	Using consistent accounting policies			
	Document Management £'m	Relocation £'m	Head Office £'m	31 December 2018 £'m
Segment assets	335.1	61.2	2.5	398.8
Segment liabilities	41.6	12.4	128.8	182.8
Capital expenditure	8.8	1.1	0.2	10.1
Depreciation and amortisation	13.2	0.7	–	13.9

On 25 February 2019, the Company sold ITP Group Holdings Limited, its printer cartridge recycling business in exchange for a 40% stake in Ink and Toner Recycling Limited, also a printer cartridge recycling company. The Company is now represented on the board of Ink and Toner Limited and accounts for this as an investment (note 15). The investment of £1.6m is included within the Relocation division segment assets line in the above.

Discontinued operations	31 December 2019 £'m	Using consistent accounting policies 31 December 2019 £'m	31 December 2018 £'m
Revenue	–	–	4.2
Operating loss	–	–	0.3
Impairment and amortisation of intangible assets	–	–	2.5
Loss before tax	–	–	2.8
Tax charge	–	–	–
Loss on disposal	0.2	0.2	2.8
Loss for the year from discontinued operations	0.2	0.2	2.8

At 31 December 2018, the assets and liabilities of the business were presented as held for sale.

Assets classified as held for sale	£'m
Property, plant and equipment	0.1
Other current assets	1.4
Cash	0.3
	1.8
Liabilities classified as held for sale	
Trade and other payables	0.2

5. Exceptional Items

	2019 £'m	Using consistent accounting policies 2019 £'m	2018 £'m
Acquisition – transaction costs	0.1	0.1	2.4
Acquisition related restructuring costs	2.3	2.3	4.6
Other exceptional	0.3	0.3	1.5
Total	2.7	2.7	8.5

Restore's strategy is to grow organically, through acquisition and from unlocking margin expansion opportunities, particularly the development of synergies across the Group. To deliver these goals, costs of a one-off or unusual nature may occur and in order to give a suitable representation of the underlying earnings of the Group, these are shown separately.

Transaction costs include stamp duty costs and transitional service arrangement fees, in addition to the cost of legal and professional fees incurred as part of the acquisitions.

Acquisition related restructuring costs were £2.3m in 2019, a reduction of £2.3m on 2018 due to the lower levels of acquisition activity and the completion of restructuring on prior year acquisitions. These costs include:

- The cost of duplicated staff roles during the integration and restructuring period
- The redundancy cost of implementing the post completion staff structures
- IT costs associated with the wind down of duplicated IT systems and the transfer across to the destination systems
- Property costs associated with sites which are identified at the point of acquisition as being superfluous to ongoing requirements and where a credible exit strategy is clear to management.

Other exceptional costs of £0.3m relate to the employers national insurance on the excise of share options in the year (2018: £0.6m, £0.7m non-cash write down of fixed assets and £0.2m other).

6. Operating Profit

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
The following items have been included in arriving at operating profit:			
Amortisation of intangible assets	8.1	8.1	7.0
Depreciation of property, plant and equipment	24.8	7.7	6.9
Profit on disposal of property, plant and equipment	–	–	0.2
Share-based payments charge	3.8	3.8	1.0
Operating leases – plant and machinery	–	4.7	4.7
Operating leases – land and buildings	–	15.4	14.3
Auditors' remuneration:			
– Parent and consolidated financial statements	0.2	0.2	0.1
– Audit of Company's subsidiaries pursuant to legislation	0.1	0.1	0.1
Expenses by function:			
Staff costs (note 31)	73.1	73.1	64.6
Depreciation	24.8	7.7	6.9
Premises costs	8.5	28.3	29.4
Materials costs	11.0	11.0	11.2
Subcontractor costs	20.6	20.6	11.5
Selling and distribution expenses	6.5	6.5	6.1
Transport costs	13.5	13.5	13.6
Computer costs	4.8	4.8	3.9
Audit and tax costs	0.3	0.3	0.3
Legal and professional costs	3.2	3.2	1.5
Telecommunication costs	0.7	0.7	0.9
Exceptional items	2.7	2.7	8.5
Other expenses	3.4	3.4	5.3
Total cost of sales and administrative expenses	173.1	175.8	163.7
Amortisation of intangible assets	8.1	8.1	7.0
Total operating costs	181.2	183.9	170.7

7. Finance Costs

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Interest on bank loans and overdrafts	3.6	3.6	3.5
Interest on finance lease liabilities	5.7	–	–
Amortisation of deferred finance costs	0.3	0.3	0.3
Total	9.6	3.9	3.8

8. Taxation

	2019 £'m	Using consistent accounting policies 2019 £'m	Using consistent accounting policies 2018 £'m
Current tax:			
UK corporation tax on profit for the year	7.3	7.9	5.7
Adjustment in respect of previous periods	–	–	(0.4)
Total current tax	7.3	7.9	5.3
Deferred tax: (note 22)			
Current year	(1.3)	(1.2)	(2.4)
Adjustment in respect of previous periods	1.9	1.9	(0.4)
Total deferred tax	0.6	0.7	(2.8)
Total tax charge	7.9	8.6	2.5

The adjustment in respect of deferred tax for prior periods relates to a re-estimation of the deferred tax liability associated with intangible assets.

The charge for the year can be reconciled to the profit in the Consolidated statement of comprehensive income as follows:

	2019 £'m	Using consistent accounting policies 2019 £'m	Using consistent accounting policies 2018 £'m
Profit before tax	24.8	27.8	21.0
Profit before tax multiplied by the rate of corporation tax of 19.0% (2018: 19.0%)	4.7	5.3	4.0
Effects of:			
Expenses not deductible	3.6	2.1	–
Income not chargeable for tax purposes	(2.7)	(1.0)	(1.5)
Adjustment in respect of corporation tax for previous periods	–	–	(0.4)
Adjustment in respect of deferred tax for previous periods	1.9	1.9	(0.4)
Share-based payments charge	0.2	0.2	0.2
Effect of change in rate used for deferred tax	0.2	0.1	0.5
Deferred tax not recognised	–	–	0.1
Tax charge	7.9	8.6	2.5

9. Earnings Per Ordinary Share

Basic earnings per share have been calculated on the profit for the year after taxation and the weighted average number of ordinary shares in issue during the year.

		Using consistent accounting policies	
	2019	**2019**	2018
Weighted average number of shares in issue	124,164,022	124,164,022	120,367,778
Total profit for the year	£16.7m	£19.0m	£15.7m
Total basic earnings per ordinary share	13.4p	15.3p	13.0p
Weighted average number of shares in issue	124,164,022	124,164,022	120,367,778
Share options	5,097,959	5,097,959	5,351,055
Weighted average fully diluted number of shares in issue	129,261,981	129,261,981	125,718,833
Total fully diluted earnings per share	12.9p	14.7p	12.5p
Continuing profit for the year	£16.9m	£19.2m	£18.5m
Continuing basic earnings per share	13.6p	15.5p	15.3p
Continuing fully diluted earnings per share	13.1p	14.9p	14.7p
Discontinued loss for the year	(£0.2m)	(£0.2m)	(£2.8m)
Discontinued basic loss per share	(0.2p)	(0.2p)	(2.3p)
Discontinued fully diluted loss per share	(0.2p)	(0.2p)	(2.2p)

Adjusted earnings per share

The Directors believe that the adjusted earnings per share provide a more appropriate representation of the underlying earnings derived from the Group's business. The adjusting items are shown in the table below:

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Continuing profit before tax	24.8	27.8	21.0
Adjustments:			
Amortisation of intangible assets	8.1	8.1	7.0
Exceptional items	2.7	2.7	8.5
Share-based payments charge	–	3.8	1.0
Adjusted continuing profit for the year	35.6	42.4	37.5

The adjusted earnings per share, based on the weighted average number of shares in issue during the year, 124.2m (2018: 120.4m) is calculated below:

		Using consistent accounting policies	
	2019	**2019**	2018
Adjusted profit before tax (£'m)	35.6	42.4	37.5
Tax at 19.0% / 19.0% (£'m)	(6.8)	(8.1)	(7.1)
Adjusted profit after tax (£'m)	28.8	34.3	30.4
Adjusted basic earnings per share	23.2p	27.6p	25.2p
Adjusted fully diluted earnings per share	22.3p	26.5p	24.2p

10. Dividends

In respect of the current year, the Directors propose a final dividend of 4.8p per share (2018: 4.0p) will be paid to ordinary shareholders on 3 July 2020. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. An interim dividend of 2.4p per share (2018: 2.0p) was paid during the year.

The proposed final dividend for 2019 is payable to all shareholders on the Register of Members at 29 May 2020. The final estimated dividend to be paid is £6.0m (2018: £5.0m).

11. Business Combinations

On 5 June 2019, the Group completed the acquisition of Secure IT Disposals Limited (SITD), an technology company, for cash consideration of £2.1m. Deferred consideration of £0.4m has been contractually agreed with the vendors and will be paid in 2020 on renewal of a major contract. The Group is still in the process of establishing the fair value of the assets and liabilities acquired, the provisional customer relationships were £1.3m.

As the Group is still in the process of establishing the fair value of the assets and liabilities acquired the fair values presented below are provisional.

	£'m
Intangibles – customer relationship	1.3
Property, plant and equipment	0.3
Inventories	0.2
Trade and other receivables	0.8
Cash	0.2
Trade and other payables	(0.5)
Corporation tax	(0.1)
Deferred taxation	(0.2)
Finance leases	(0.2)
Net assets acquired	1.8
Goodwill	0.7
Consideration	2.5
Satisfied by:	
Cash to Vendors	2.1
Deferred consideration	0.4
Total consideration	2.5

On 7 July 2019, the Group acquired the trade and assets of Team Recycling Limited, a technology business based in Somerset for cash consideration of £0.2m. The provisional customer relationships were £0.2m.

On 1 October 2019, the Company acquired the trade and assets of FDA Limited a records management business based in Chichester for cash consideration of £0.1m which provisionally represents customer relationships.

On 2 December 2019, the Company acquired the trade and assets of Archive Limited a records management business based in Manchester for cash consideration of £0.3m which provisionally represents customer relationships.

During the year, deferred consideration of £0.3m was paid, in relation to the acquisitions of Ink and Toner Limited and Crimson UK Limited.

Post acquisition results

The table below gives the revenue and profit for the acquisitions completed in the year and included in the consolidated results.

	2019 £'m	2018 £'m
Revenue	2.2	18.3
Profit before tax since acquisition included in the Consolidated statement of comprehensive income	0.2	7.0

If the acquisitions had been completed on the first day of the financial year, Group revenue would have been £217.6m (£217.6m under consistent accounting policy) and Group continuing profit before tax would have been £30.5m (£30.5m under consistent accounting policy. As explained in note 5, following the acquisitions a number of restructuring costs are incurred, and after this post acquisition restructuring the acquisitions have a positive impact on Group profit before tax.

The acquisitions made during the year were to further extend national coverage, increase customers and sites and increase the Group's market share in its records management and technology services.

12. Intangible Assets

	Goodwill £'m	Customer relationships £'m	Trade names £'m	Applications software IT £'m	Total £'m
Cost					
1 January 2018	135.8	78.2	4.3	3.8	222.1
Arising on acquisition of subsidiaries	7.2	3.5	–	–	10.7
Arising on acquisition of trade and assets	21.7	43.9	–	–	65.6
Additions – external	–	–	–	1.2	1.2
Transfer to assets held for sale	(1.3)	(1.6)	–	–	(2.9)
31 December 2018	163.4	124.0	4.3	5.0	296.7
1 January 2019	163.4	124.0	4.3	5.0	296.7
Arising on acquisition of subsidiaries	0.7	1.3	–	–	2.0
Arising on acquisition of trade and assets	–	0.6	–	–	0.6
Additions – external	–	–	–	1.1	1.1
31 December 2019	164.1	125.9	4.3	6.1	300.4
Accumulation amortisation and impairment					
1 January 2018	10.6	13.8	1.6	2.2	28.2
Charge for the year	–	6.0	0.3	0.7	7.0
Transfer to assets held for sale	–	(0.4)	–	–	(0.4)
31 December 2018	10.6	19.4	1.9	2.9	34.8
1 January 2019	10.6	19.4	1.9	2.9	34.8
Charge for the year	–	7.0	0.3	0.8	8.1
31 December 2019	10.6	26.4	2.2	3.7	42.9
Carrying amount at 31 December 2019	153.5	99.5	2.1	2.4	257.5
Carrying amount at 31 December 2018	152.8	104.6	2.4	2.1	261.9
Carrying amount at 31 December 2017	125.2	64.4	2.7	1.6	193.9

The customer relationships have a remaining life of 3–20 years. Amortisation is charged to profit or loss as an administrative expense.

The changes to goodwill during the year were as follows:

	£'m
Cost	
1 January 2018	135.8
Acquired - TNT BS	27.5
Acquired - ORS	0.8
Acquired - Spinnaker	0.1
Acquired - Safe-Shred	0.5
Transferred to assets held for sale	(1.3)
31 December 2018	163.4
Acquired – SITD	0.7
31 December 2019	164.1
Accumulated impairment	
1 January 2018 and 31 December 2018	10.6
31 December 2019	10.6
Carrying amount at 31 December 2019	153.5
Carrying amount at 31 December 2018	152.8
Carrying amount at 1 January 2018	125.2

Allocation to cash-generating units

Goodwill has been allocated for impairment testing purposes to the following cash-generating units. The carrying value is as follows:

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Document Management	146.4	146.4	146.4
Relocation	7.1	7.1	6.4
	153.5	153.5	152.8

Annual test for impairment

For the purpose of impairment testing, goodwill and other intangibles are allocated to business segments which represent the lowest level at which that those assets are monitored for internal management purposes. The recoverable amount of each cash-generating unit is determined from value-in-use calculations. The calculations use pre-tax cash flow projections based on financial budgets approved by the Directors for year one and cash flow projections for years two and three using growth rates that are considered to be in line with the general trends in which each cash-generating unit operates. Terminal cash flows are based on these 3 year projections, assumed to grow perpetually at 1%. In accordance with IAS 36, the growth rates for beyond the forecasted three years do not exceed the long-term average growth rate for the industry. The key assumptions forming inputs to the cash flows are in revenues and margins. Revenues for 2020 have been assessed by reference to existing contracts and market volumes. Margins have been assumed to be consistent with those currently achieved in the Document Management and Relocation divisions. The forecasts have been discounted at a pre-tax rate of 7.6% (2018: 7.6%). This discount rate was calculated using a pre-tax rate based on the weighted average cost of capital for the Group. The key assumptions used for the value in use calculations are as follows:

	Document Management %	**Relocation %**
Revenue growth – average over 3 years	4	2
Revenue growth – remainder	1	1
Cost growth – employee/overheads, average over 3 years	4	1

Sensitivity

The Group has not identified any reasonable potential changes to key assumptions that would cause the carrying value of the remaining goodwill or other intangibles to exceed its recoverable amount.

13. Property, Plant and Equipment

	Freehold and long leasehold land & buildings £'m	Leasehold improve-ments £'m	Racking plant & machinery £'m	Office equipment fixtures & fittings £'m	Motor vehicles £'m	Total £'m
Cost						
1 January 2018	12.8	9.9	31.9	3.8	3.4	61.8
Reclassification	–	–	–	0.5	(0.1)	0.4
Additions	0.3	4.0	3.9	0.7	–	8.9
Disposals	–	(0.1)	(1.2)	(0.5)	–	(1.8)
Acquisitions	16.9	2.0	4.5	0.2	0.1	23.7
Transferred to assets held for sale	–	–	–	(0.2)	–	(0.2)
31 December 2018	30.0	15.8	39.1	4.5	3.4	92.8
1 January 2019	30.0	15.8	39.1	4.5	3.4	92.8
Additions	0.3	4.9	2.1	0.6	–	7.9
Disposals	–	–	–	(0.1)	(0.1)	(0.2)
Acquisitions	–	–	0.1	–	0.2	0.3
Transfer from assets held for sale	–	–	–	0.2	–	0.2
31 December 2019	30.3	20.7	41.3	5.2	3.5	101.0
Accumulated depreciation						
1 January 2018	1.2	2.3	9.5	1.6	1.1	15.7
Reclassification	–	–	–	0.4	–	0.4
Charge for the year	0.4	1.3	3.7	0.8	0.7	6.9
Disposals	–	(0.1)	(0.5)	(0.5)	(0.1)	(1.2)
Transferred to assets held for sale	–	–	–	(0.1)	–	(0.1)
31 December 2018	1.6	3.5	12.7	2.2	1.7	21.7
1 January 2019	1.6	3.5	12.7	2.2	1.7	21.7
Charge for the year	0.6	1.5	3.9	1.0	0.7	7.7
Disposals	–	–	–	(0.2)	(0.1)	(0.3)
Transfer from assets held for sale	–	–	–	0.1	–	0.1
31 December 2019	2.2	5.0	16.6	3.1	2.3	29.2
Net book value						
31 December 2019	28.1	15.7	24.7	2.1	1.2	71.8
31 December 2018	28.4	12.3	26.4	2.3	1.7	71.1
31 December 2017	11.6	7.6	22.4	2.2	2.3	46.1

Capital expenditure contracted for but not provided in the financial statements is shown in note 33. Depreciation is charged to profit or loss as an administrative expense.

14. Right of use assets

	Leasehold Property £'m	Office equipment, fixtures and fittings £'m	Motor Vehicles £'m	Total £'m
Cost				
31 December 2018	–	–	–	–
Change in accounting policy (note 36)	110.2	0.7	9.4	120.3
1 January 2019	110.2	0.7	9.4	120.3
Additions	6.3	0.1	5.6	12.0
Disposals	(0.1)	–	–	(0.1)
31 December 2019	116.4	0.8	15.0	132.2
Accumulated depreciation				
1 January 2019	–	–	–	–
Depreciation charge for the year	13.3	0.6	3.2	17.1
31 December 2019	13.3	0.6	3.2	17.1
Net book value				
31 December 2019	103.1	0.2	11.8	115.1
1 January 2019	110.2	0.7	9.4	120.3
31 December 2018	–	–	–	–

15. Investments

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Investments	1.6	1.6	–

The Group holds a 40% investment in Ink and Toner Limited, a printer cartridge recycling business company. This shareholding is being held as an investment at historic cost, as due to shareholder structure the Directors did not have the ability to exhibit significant influence over the operations of the business.

16. Inventories

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Finished goods and goods for resale	1.4	1.4	1.1

£5.5m (2018: £5.3m) of inventories were recognised as an expense in cost of sales in the year.

17. Trade and Other Receivables

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Trade receivables	29.0	29.0	34.9
Less: provision for impairment of trade receivables	(0.4)	(0.4)	(1.8)
Trade receivables – net	28.6	28.6	33.1
Other receivables	0.7	0.7	1.0
Prepayments and accrued income	18.6	18.6	14.6
	47.9	47.9	48.7

The average credit period is 41 days (2018: 52 days). No interest is charged on the trade receivables for the first 30 days from the date of the invoice. Thereafter, interest may be charged at 2% per annum on the outstanding balance.

Trade receivables are provided for based on estimated irrecoverable amounts, determined by reference to past payment history and the current financial status of the customers.

		Using consistent accounting policies	
Movement in the allowance for impairment	**2019 £'m**	**2019 £'m**	2018 £'m
1 January	1.8	1.8	0.7
(Decrease)/increase in amount recognised in profit or loss	(1.4)	(1.4)	1.1
31 December	0.4	0.4	1.8

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. See note 21 for an analysis of trade receivables that were past due but not impaired.

Customer incentives are included within prepayments as follows:

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Incentives recognised – 31 December	4.9	4.9	3.0
Credit to income in the year	2.4	2.4	1.3

18. Trade and Other Payables

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Trade payables	14.4	14.4	12.7
Other taxation and social security	6.4	6.4	6.4
Other payables	0.1	0.1	0.7
Accruals and deferred income	14.6	17.1	13.5
	35.5	38.0	33.3

The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame. Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period for trade purchases is 39 days (2018: 49 days).

19. Financial Liabilities – Borrowings

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Current			
Bank loans and overdrafts	0.4	0.4	0.8
Bank loans – secured	–	–	–
Deferred financing costs	–	–	–
	0.4	0.4	0.8
Non-current			
Bank loans – secured	106.0	106.0	123.3
Deferred financing costs	(0.9)	(0.9)	(1.1)
	105.1	105.1	122.2

The bank debt is due to The Royal Bank of Scotland plc, Barclays Bank plc, Bank of Ireland, Clydesdale Bank plc and Allied Irish Bank and is secured by a fixed and floating charge over the assets of the Group. The interest rate profile and an analysis of borrowings is given in note 21. Under the bank facility the Group is required to meet quarterly covenant tests in respect of interest cover and leverage.

All tests were met during the year and the Directors expect to continue to meet these tests.

Analysis of net debt

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Cash at bank and in hand	17.0	17.0	11.7
Bank loans due within one year	(0.4)	(0.4)	(0.8)
Bank loans due after one year	(105.1)	(105.1)	(122.2)
	(88.5)	(88.5)	(111.3)

20. Other Financial Liabilities

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Obligations under finance leases – present value of finance lease liabilities	134.3	0.2	0.3
Repayable by instalments:			
In less than one year	16.6	0.1	0.2
In two to five years	52.8	0.1	0.1
More than five years	64.9	–	–
	134.3	0.2	0.3

21. Financial Instruments

The Group's financial instruments comprise cash at bank, bank loans and various other receivable and payable balances that arise from its operations. The main purpose of these financial instruments is to finance the Group's operations.

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Cash at bank	17.0	17.0	11.7
Bank overdraft	(0.4)	(0.4)	(0.8)
Cash and cash equivalents	16.6	16.6	10.9

As noted on page 58, the Group adopted IFRS 9 from 1 January 2018. An expected credit loss model has been applied which permits a simplified approach for the Group's impairment of trade receivables. This model applies a credit risk percentage based upon historical risk of default against receivables that are grouped into age brackets. The group's trade receivables share similar risk characteristics and therefore we have chosen to apply default percentages on all outstanding receivables. The Group has a low credit risk on its trade receivables and historic defaults.

We review our loans and receivables in line with the application of IFRS 9 and the expected credit loss ('ECL') model in accordance with our Group policy and this will continue on an ongoing basis.

As at 31 December 2019, trade receivables of £1.4m (2018: £4.8m) were past due but not impaired.

These relate to a number of independent customers with no recent history of default. The ageing analysis of these trade receivables is as follows:

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
60–90 days	0.5	0.5	1.5
Greater than 90 days	0.9	0.9	3.3

The main financial risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Directors review and agree policies for managing each of these risks. Interest rates are regularly reviewed to ensure competitive rates are paid. Detailed cash flow forecasts are produced on a regular basis to minimise liquidity risks.

Carrying value of financial assets and liabilities excluding cash and borrowings

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Loans and receivables	29.8	29.8	34.1
Financial liabilities measured at amortised cost	(147.6)	(19.5)	(18.7)

Trade and other receivables/payables are carried through comprehensive income where the carrying values are either fair value or approximate fair value.

We review our loans and receivables in line with the applications of IFRS9 and the expected credit loss ('ECL') model in accordance with our Group policy and this will continue on an on going basis.

Currency and interest rate risk profile of financial liabilities

All bank borrowings were subject to floating interest rates, at LIBOR plus a margin of between 1.85% and 2.35%, depending on the leverage covenant.

The interest rate risk profile of the Group's gross borrowings for the year was:

Currency	Total £'m	Floating rate financial liabilities £'m	Weighted average interest rates %
Sterling at 31 December 2019	105.5	105.5	2.8
Sterling at 31 December 2018	123.0	123.0	2.5

The exposure of Group borrowings to interest rate changes and contractual pricing dates at the end of the year are as follows:

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
6 months or less	105.5	105.5	123.0

Interest rate sensitivity

At 31 December 2019, if interest rates had been 50 basis points higher and all other variables were held constant, it is estimated that the Group's profit before tax would be approximately £0.6m (2018: £0.6m) lower. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings and is based on the change taking place at the beginning of the financial year and held constant throughout the year.

The Group's sensitivity to future interest rates changes has remained the same during the current year.

Financial assets recognised in the statement of financial position and interest rate profile

All financial assets are short-term receivables and cash at bank. The cash at bank earns interest based on the variable bank base rate and is held with Barclays Bank plc.

Maturity of financial liabilities

The maturity profile of the carrying amount of the Group's financial liabilities (including interest payments) other than short-term trade payables and accruals which are due within one year was as follows:

	Bank debt £'m	Other financial liabilities* £'m	2019 Total £'m
Within one year, or on demand	0.4	17.0	17.4
Between two and five years	105.1	52.8	157.9
More than five years	–	64.9	64.9
	105.5	134.7	240.2

	Using consistent accounting policies					
	Bank debt £'m	**Other financial liabilities* £'m**	**2019 Total £'m**	Bank debt £'m	Other financial liabilities* £'m	2018 Total £'m
Within one year, or on demand	0.4	0.5	0.9	0.8	0.2	1.0
Between two and five years	105.1	0.1	105.2	–	0.1	0.1
More than five years	–	–	–	122.2	–	122.2
	105.5	0.6	106.1	123.0	0.3	123.3

* Other financial liabilities include interest accruals, amounts owing under finance leases and contingent and deferred consideration.

Borrowing facilities

The Company has a finance facility with The Royal Bank of Scotland plc, Barclays Bank plc, Bank of Ireland, Clydesdale Bank plc and Allied Irish Bank which expires on 4 November 2022. The enlarged facilities consist of a single £160m RCF (which is partly reduced by an on demand net overdraft facility of £1.5m). In addition there is an uncommitted accordion facility (RCF) of £30.0m, and an overdraft of £1.5m. An offset facility is in place and on a gross basis; £18.1m of the overdraft facility was unutilised at 31 December 2019 (2018: £12.4m). Details of security are given in note 19. Committed but undrawn borrowing facilities as at 31 December 2019 amounted to £52.5m (2018: £35.1m).

All of the Company's borrowings are in sterling.

Fair values of financial assets and financial liabilities

The Group's financial assets and liabilities bear floating interest rates and are relatively short-term in nature. In the opinion of the Directors the book values of the assets and liabilities equate to their fair value.

Interest rate management

The Group does not currently hold any interest rate swaps to mitigate the risk of changing interest rates on the issued variable rate debt held due to the current interest rates incurred and forecasted market rates. This policy is reviewed on a regular basis by the Board.

22. Deferred Tax

Summary of balances

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Deferred tax liabilities	(18.4)	(18.4)	(17.6)
Deferred tax asset	3.8	3.1	2.5
Net position at 31 December	(14.6)	(15.3)	(15.1)

Legislation was enacted in September 2016 to reduce the UK Corporation tax rate to 17% from 1 April 2020. UK Deferred tax balances have therefore been measured at 17% as this is the tax rate that will apply on reversal unless the timing difference is expected to reverse before April 2020, in which case the approximate tax rate has been used.

During the March 2020 Budget, the UK Government announced that the reduction in rate would be cancelled and the 19% rate retained from 1 April 2020. The effect of this had not been substantively enacted by the balance sheet date and therefore has not been reflected in these accounts. The impact would be an increase in deferred tax liability of £1.7m.

The movement in the year in the Group's net deferred tax position is as follows:

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
1 January	(15.1)	(15.1)	(9.4)
Credit to income statement for the year	(0.7)	(0.6)	2.8
Tax credited/(charged) directly to equity	1.4	0.6	(0.8)
Acquisitions	(0.2)	(0.2)	(7.7)
31 December	(14.6)	(15.3)	(15.1)

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon during the year:

Deferred tax liabilities

	Accelerated capital allowances £'m	Intangible assets £'m	Properties £'m	Total £'m
1 January 2018	(1.0)	(11.4)	(0.9)	(13.3)
Credit to income for the year	–	3.4	–	3.4
Acquisitions	–	(7.7)	–	(7.7)
31 December 2018	(1.0)	(15.7)	(0.9)	(17.6)
(Charge)/credit to income for the year	0.3	(0.9)	–	(0.6)
Acquisition	–	(0.2)	–	(0.2)
31 December 2019	(0.7)	(16.8)	(0.9)	(18.4)
Deferred tax liabilities are analysed as follows:				
Current	(0.4)	(1.4)	–	(1.8)
Non- current	(0.3)	(15.4)	(0.9)	(16.6)
Total	(0.7)	(16.8)	(0.9)	(18.4)

	Using consistent accounting policies			
	Accelerated capital allowances £'m	Intangible assets £'m	Properties £'m	Total £'m
1 January 2018	(1.0)	(11.4)	(0.9)	(13.3)
Credit to income for the year	–	3.4	–	3.4
Acquisitions	–	(7.7)	–	(7.7)
31 December 2018	(1.0)	(15.7)	(0.9)	(17.6)
Credit/(charge) to income for the year	0.3	(0.9)	–	(0.6)
Acquisition	–	(0.2)	–	(0.2)
31 December 2019	(0.7)	(16.8)	(0.9)	(18.4)
Deferred tax liabilities are analysed as follows:				
Current	(0.4)	(1.4)	–	(1.8)
Non-current	(0.3)	(15.4)	(0.9)	(16.6)
Total	(0.7)	(16.8)	(0.9)	(18.4)

Deferred tax assets

	Share-based payments £'m	Losses £'m	Provisions £'m	IFRS 16	Total £'m
1 January 2018	2.1	0.5	1.3	–	3.9
Charge to income for the year	(0.1)	(0.2)	(0.3)	–	(0.6)
Transactions with owners	(0.8)	–	–	–	(0.8)
31 December 2018	1.2	0.3	1.0	–	2.5
Charge to income for the year	0.3	(0.3)	(0.1)	–	(0.1)
Credit/(charge) directly to equity	0.6	–	(0.9)	1.7	1.4
Transactions with owners	–	–	–	–	–
31 December 2019	2.1	–	–	1.7	3.8
Deferred tax assets are analysed as follows:					
Current	1.1	–	–	0.1	1.2
Non-current	1.0	–	–	1.6	2.6
Total	2.1	–	–	1.7	3.8

	Using consistent accounting policies			
	Share-based payments £'m	Losses £'m	Provisions £'m	Total £'m
1 January 2018	2.1	0.5	1.3	3.9
Charge to income for the year	(0.1)	(0.2)	(0.3)	(0.6)
Transactions with owners	(0.8)	–	–	(0.8)
31 December 2018	1.2	0.3	1.0	2.5
Charge to income for the year	0.3	(0.3)	–	–
Credit directly to equity	0.6	–	–	0.6
31 December 2019	2.1	–	1.0	3.1
Deferred tax assets are analysed as follows:				
Current	1.1	–	0.3	1.4
Non-current	1.0	–	0.7	1.7
Total	2.1	–	1.0	3.1

A deferred tax asset has been recognised on the expected future tax deductions on the exercise of share options. An amount of £0.3m (2018: £0.8m charged) has been credited to equity.

23. Provisions

	Onerous lease provision £'m	Dilapidation provision £'m	Total £'m
1 January 2018 – using consistent accounting policies	6.0	1.1	7.1
Used during the year	(1.0)	(0.1)	(1.1)
31 December 2018	5.0	1.0	6.0
Used during the year	(1.4)	(0.7)	(2.1)
31 December 2019 – using consistent accounting policies	3.6	0.3	3.9

The onerous lease provision relates to future payments at above market rents on onerous leases on a number of sites expiring before March 2030. On a consistent accounting policy basis £0.9m of costs are expected to be incurred within one year and the balance over the next seven years. This provision has been discounted at 6%, being the market commercial property yield rates (2018: 6%).

Provisions are analysed as follows:

	2019 £'m	2018 £'m
Current	0.9	0.9
Non-current	3.0	5.1
Total	3.9	6.0

24. Called Up Share Capital

		Using consistent accounting policies	
	2019 £'m	2019 £'m	2018 £'m
Authorised:			
199,000,000 (2018: 199,000,000) ordinary shares of 5p each	10.0	10.0	10.0
Allotted, issued and fully paid:			
124,419,734 (2018: 123,940,899) ordinary shares of 5p each	6.2	6.2	6.2

The issued ordinary share capital is as follows:

Date	Number of ordinary shares	Issue price
1 January 2018	112,962,586	
18 January 2018 – exercise of share options	18,500	5.0p
11 April 2018 – exercise of share options	800,000	5.0p
1 May 2018 – equity raised to acquire TNT BS	10,100,000	510.0p
2 May 2018 – exercise of share options	36,132	5.0p
2 November 2018 – exercise under SAYE scheme	347	432.0p
14 November 2018 – exercise of share options	23,334	5.0p
31 December 2018	123,940,899	
14 June 2019 – exercise of share options	386,357	5.0p
24 September 2019 – exercise of share options	20,768	5.0p
18 October 2019 – exercise of share options	16,377	5.0p
23 December 2019 – exercise of share options	55,333	5.0p
31 December 2019	124,419,734	

The 478,835 (2018: 877,966) ordinary shares shown as issued above as a result of the exercise of share options were net-settled at market price on the day of exercise (note 30).

25. Share Premium Account

	2019 £'m	Using consistent accounting policies 2019 £'m	2018 £'m
1 January	150.3	150.3	100.9
Premium on shares issued during the year	–	–	51.0
Share issue costs	–	–	(1.6)
31 December	150.3	150.3	150.3

The Company may use the reserve to reduce a deficit in the retained earnings of the Company from time to time subject to shareholders and court approval and the Company may release the reserve upon transferring to a blocked trust bank account a sum equal to the remaining amount outstanding to non-consenting creditors that existed at the date of the capital reduction.

26. Other Reserves

Share-based payments reserve	2019 £'m	Using consistent accounting policies 2019 £'m	2018 £'m
1 January	3.8	3.8	3.2
Charge for the year	2.1	2.1	1.0
Current tax on share-based payments charge	0.3	0.3	(0.8)
Deferred tax on share-based payments charge	0.6	0.6	0.8
Transfers*	(0.7)	(0.7)	(0.4)
31 December	6.1	6.1	3.8

* A net amount of £0.7m has been reclassified from share-based payments reserve to retained earnings in respect of lapsed and exercised options (2018: £0.4m).

The share-based payments reserve comprises charges made to the income statement in respect of share-based payments under the Group's equity compensation schemes.

27. Retained Earnings

	2019 £'m	Using consistent accounting policies 2019 £'m	2018 £'m
31 December 2018	55.7	55.7	46.2
Change in accounting policy	(10.0)	-	-
Restated total equity at 1 January 2019	45.7	55.7	46.2
Profit for the year	16.7	19.0	15.7
Deferred tax credited directly to equity	0.8	–	–
Dividends	(8.0)	(8.0)	(6.6)
Transfers*	0.7	0.7	0.4
31 December	55.9	67.4	55.7

* A net amount of £0.7m has been reclassified from share-based payments reserve to retained earnings in respect of lapsed and exercised options (2018: £0.4m).

Retained earnings are the balance of income retained by the Group. Retained earnings may be distributed to shareholders by a dividend payment.

28. Cash Inflow from Operations

Continuing operations	2019 £'m	Using consistent accounting policies 2019 £'m	Using consistent accounting policies 2018 £'m
Profit before tax	24.8	27.8	21.0
Depreciation of property, plant and equipment	24.8	7.7	6.9
Amortisation of intangible assets	8.1	8.1	7.0
Net finance costs	9.5	3.9	3.8
Share-based payments charge	3.8	3.8	1.0
Gain on disposal of property, plant and equipment	–	–	(0.2)
Increase in inventories	(1.0)	(1.0)	–
Decrease/(increase) in trade and other receivables	1.0	1.0	(4.7)
Increase/(decrease) in trade and other payables	0.5	0.6	(2.4)
Net cash generated from operating activities	71.5	51.9	32.4
Net cash used by operating activities – discontinuing operations	(0.2)	(0.2)	–
Net cash generated from total operations	71.3	51.7	32.4

29. Pensions

The Group operates a number of defined contribution schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. The total cost charged to profit or loss of £1.7m (2018: £1.4m) represents contributions payable to these schemes by the Group at rates specified in the rules of the plan.

30. Share-Based Payments

Savings Related Share Option Scheme (Sharesave)

The Group operates a Savings Related Share Option Scheme which is open to all employees with more than 6 months continuous service. This is an approved HMRC scheme and was established in 2018.

Under Sharesave, participants remaining in the Group's employment at the end of the three year savings period are entitled to use their savings to purchase shares in the Company at a stated exercise price.

Employees leaving for certain reasons are able to use their savings to purchase shares within six months of their leaving. On 23 May 2019 as part of the scheme 668,439 options were issued (2018: 639,626).

Options were valued using a stochastic model: i) the option pricing model used and the inputs to that model including the weighted average share price, exercise price, expected volatility, option life, expected dividends, the risk-free interest rate and any other inputs to the model, including the method used and the assumptions made to incorporate the effects of expected early exercise; ii) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historic volatility. The fair value per option and the assumptions used in the calculation for the options issued in 2019 and 2018 are as follows:

Grant date	2019	2018
Share price at grant date	339.0p	500.0p
Exercise price	274.0p	432.0p
Share options	668,439	639,626
Expected volatility	30%	30%
Risk free rate	0.8%	0.8%
Expected dividends expressed as a dividend yield	1.3%	1.3%
Fair value per option	139.8p	126.2p

The total fair value of options issued in the year was £0.9m (2018: £0.8m). The volatility is measured by calculating the standard deviation of the natural logarithm of share price movements.

Notes to the Group financial statements continued

A reconciliation of share option movements over the two years to 31 December 2019 is:

Grant date	2019 Number	2019 Weighted average exercise price	2018 Number	2018 Weighted average exercise price
Outstanding at 1 January	590,311	432.0p	–	–
Issued under Sharesave	668,439	274.0p	639,626	432.0p
Lapsed	(17,492)	405.0p	–	–
Cancelled	(459,555)	418.0p	(48,968)	432.0p
Exercised from Sharesave	–	–	(347)	432.0p
Outstanding at 31 December	781,703	306.0p	590,311	432.0p
Exercisable at 31 December	–	–	–	–

The exercise price of the 2019 grant is 274.0p (2018: 432.0p). The weighted average remaining contractual life of the options outstanding at 31 December 2019 was 2.2 years (2018: 2.5 years).

Long Term Incentive Plan (LTIP)

A new LTIP was established in 2018 and the first awards were made in 2019. Under the Long Term Incentive Plan, shares are conditionally awarded to senior employees of the Company. The awards are calculated as a percentage of the participants' salaries and scaled according to seniority.

Performance is measured at the end of the three year performance period. If the required performance conditions have been met, the awards vest and may be subject to a further holding period of up to two years.

	2019
Number of options over ordinary shares granted	691,184

The weighted average remaining contractual life of the LTIP awards is 9 years.

Volatility is a measure of the amount by which the underlying share price is expected to fluctuate during the life of the option.

Valuation details

The fair value of the options granted without market-based performance conditions is estimated using a Black-Scholes model taking into account the terms and conditions upon which the options were granted. The fair value of the options granted with market-based performance conditions are estimated using Monte Carlo model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the 2019 grants.

2019 LTIP share awards	Subject to ROIC	Subject to TSR
Dividend Yield	0%	0%
Expected Volatility	29%	29%
Risk Free rate of return	0.7%	0.6%
Expected life of options	3	3
Weighted Average share price	303.0p – 408.0p	303.0p – 408.0p
Fair value at date of grant	303.0p – 391.0p	99.0p – 130.0p
Exercise price	£nil	£nil
Model Used	Black Scholes	Monte Carlo

The volatility is based on the historical observed volatility from trading in the Company's shares over a period equal to the time to expiry for each option.

Legacy Share Schemes

Share option scheme

The Restore share option scheme was introduced in April 2010 and the last award under the scheme was made in December 2018. Under the scheme the Remuneration Committee could grant options over shares in the Company to Directors and employees of the Group.

Between 2010 and 2018 the Company made grants of options to Senior Management and Directors, on which there are no performance conditions and which are exercisable within 0–10 years.

A reconciliation of the share option movements over the two years to 31 December 2019 is:

	Number	**2019 Weighted Average Exercise price**	Number	2018 Weighted Average Exercise price
Outstanding at 1 January	4,711,429	241.6p	4,536,429	142.5p
Granted	–	–	1,100,000	473.8p
Exercised	(375,000)	151.0p	(125,000)	232.1p
Lapsed	(325,000)	501.0p	–	–
Exercised from EIP	(386,357)	–	(800,000)	0p
Outstanding at 31 December	3,625,072	234.6p	4,711,429	241.6p
Exercisable at 31 December	2,325,072	105.0p	2,336,429	49.2p

The 375,000 options exercised as shown in the table above were net-settled at the market price on the day of exercise and resulted in 92,478 ordinary shares being issued (note 24), (2018: 125,000 options exercised, 77,966 ordinary shares issued).

The exercisable options outstanding at 31 December 2019 had an exercisable price of between 0p and 516.0p and a weighted average remaining contractual life of 6.5 years (2018: 5.1 year). The weighted average share price at exercise date for the options exercised in the year was 151.0p

The total fair value of options issued in the year was £nil (2018: £1.4m). The volatility is measured by calculating the standard deviation of the natural logarithm of share price movements.

Executive Incentive Plan (EIP)

On 26 November 2016, the performance conditions under the EIP were met and the performance units previously held by the Directors were converted into nil-cost options which were granted on 5 December 2016. On 13 June 2019 Adam Councell exercised 386,358 nil cost options.

The options held as at 31 December 2019 were as follows:

	Number of options 2019	**Exercise Price**	**Date from which exercisable**	**Expiry date**	Number of options 2018	Exercise Price
Charles Skinner	279,536	0p	26 November 2017	26 November 2023	279,536	0p
Charles Skinner	879,536	0p	26 November 2018	26 November 2023	879,536	0p
Adam Councell	–	0p	26 November 2017	26 November 2023	93,179	0p
Adam Councell	–	0p	26 November 2018	26 November 2023	293,178	0p
Adam Councell	–	499.0p	26 March 2021	26 March 2028	250,000	499.0p

The 250,000 options included above and issued on 26 March 2018 under the Legacy Share Option Scheme lapsed on resignation.

Accounting Policy Update

In accordance with IFRS 2, a provision of £1.7m for National Insurance payable on the exercise of all share options as at December 2019, has been made. This is based upon the expected gain if all share options granted were to be exercised as at year end.

31. Directors and Employees

Staff costs during the year	2019 £'m	2018 £'m
Wages and salaries	61.5	56.4
Social security costs	6.1	5.8
Post employment benefits	1.7	1.4
Share-based payments charge	3.8	1.0
	73.1	64.6

Average monthly number of employees during the year	Number	Number
Directors	2	2
Management	114	111
Administration	391	319
Operatives	1,658	1,597
	2,165	2,029

Total amounts for Directors' remuneration and other benefits	2019 £'m	2018 £'m
Emoluments for Directors' services	2.9	5.2
Directors' remuneration shown above included the following amounts in respect of the highest paid Director:		
Salary and benefits	1.7	3.7

Directors' exercised share options during the year as shown on page 39.

Key management compensation	2019 £'m	2018 £'m
Short-term employment benefits	4.8	4.3
Social security costs	0.6	1.2
Post employment benefits	0.3	0.4
Other benefits	0.1	0.1
Share-based payments charge	3.8	1.0
Long-term incentives vesting*	1.5	4.2
	11.1	11.2

* £0.3m (2018: £0.6m) of employers national insurance has been categorised within exceptional items.

The key management of the Group are management attending divisional board meetings.

32. Leasing Commitments

Prior to the adoption of IFRS 16 – 'Leases' the Group had leases for premises and assets under non-cancellable operating lease agreements of varying terms.

The majority of the lease agreements are renewable at the end of the lease period at market rate.

	Land and buildings		Plant and machinery	
Future aggregate minimum lease payments under non-cancellable operating leases	2019 £'m	2018 £'m	2019 £'m	2018 £'m
– Less than one year	–	15.7	–	4.2
– In two to five years	–	53.2	–	7.2
– More than five years	–	78.4	–	0.3
	–	147.3	–	11.7

The operating leases represent rentals payable by the Group for certain properties, vehicles and equipment.

33. Capital Commitments

Capital expenditure	**2019 £'m**	2018 £'m
Contracted for but not provided in the financial statements	5.7	1.5

The capital commitments consist of £4.9m in respect of general plant and equipment and £0.8m in respect of a building extension.

34. Contingent Liabilities

The Company has entered into a bank cross guarantee with its subsidiaries. The guarantee amounts to £88.5m at 31 December 2019 (2018: £111.3m). The assets of the Company and its subsidiaries are pledged as security for the bank borrowings, by way of a fixed and floating charge.

As previously advised there was a fatality at Restore Datashred in October 2018. Restore Datashred accepted liability with The Health and Safety Executive and await confirmation of any fines or damages and any potential deficit to our insured position, and the Board feels that it is too early to value this and will continue to keep the situation under review and when there is sufficient visibility to enable pragmatic assessment of the liability to be ascertained the Company will make any provisions that are appropriate.

35. Related Party Transactions and Controlling Party

The remuneration of key management personnel and details of the Directors' emoluments are shown in note 31. Dividends of £11,569, £1,075, £320, £112 were paid to Adam Councell, Charles Bligh, Martin Towers and Sharon Baylay (2018: £82,005, £15,415, £267 were paid to Charles Skinner, Adam Councell and Martin Towers respectively.

Adam Councell exercised nil-cost options in the year, as disclosed within the Directors' remuneration report (pages 36 to 41).

The Directors do not consider there to be a controlling party.

36. Changes in accounting policies

(a) Adjustments recognised on the adoption of IFRS16

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 in (b) below.

The Group has adopted IFRS 16 retrospectively from 1 January 2019, and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet at 1 January 2019.

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using a rationale based on the Group's incremental borrowing rate as of 1 January 2019 which was 4.2%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the 1 January 2019. The measurement principles of IFRS 16 are only applied after that date. The re-measurements to the lease liabilities were recognised as adjustments to the related right of use assets immediately after the date of initial application.

A reconciliation of the lease liability recognised at 1 January 2019 to operating lease commitments at 31 December 2018 is shown below.

	£'m
IAS17 operating lease commitments	159.0
Add: adjustments related to variable lease payments based on an index or rate	2.3
Less: adjustments due to disposal of subsidiary	(0.4)
Less: contracts to which the short-term leases exemption has been applied	(0.5)
Add: service/non-lease components of lease contracts	8.8
Subtotal gross IFRS16 liabilities recognised at 1 January 2019	169.2
Discounted using the Group's incremental borrowing rate of 4.2%	135.8
Add: finance lease liabilities recognised at 31 December 2018	0.3
IFRS16 lease liability as at 1 January 2019	136.1
Of which are:	
Current lease liabilities	14.3
Non-current lease liabilities	121.8
	136.1

The Group leases various premises and assets under non-cancellable lease agreements of varying terms.

The majority of the lease agreements are renewable at the end of the lease period at market rate.

The associated right of use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 1 January 2019. Onerous lease provisions of £4.4m at 1 January 2019 have been offset against the right of use asset at the date of initial application. The recognised right of use assets are shown in note 14.

The effects of the change in accounting policy include the following items in the balance sheet on 1 January 2019:

- right of use assets – increase by £120.3m
- deferred tax assets – increase by £1.7m
- lease liabilities – increase by £136.1m

The net impact on retained earnings on 1 January 2019 was a decrease of £10.0m.

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of single discount rate structures, to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and interpretation 4.

Determining whether an arrangement contains a lease

(b) The Group's leasing activities and how these are accounted for

The Group leases various properties, plant and equipment and vehicles. Rental contracts are typically made for fixed periods and may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined interest rate structures based on the lessee's incremental borrowing rate have been used, to reflect the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right of use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and low-value assets comprise IT-equipment and small items of office furniture.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

37. Post Balance Sheet Events

There have been no events since the balance sheet date which require disclosure.

Company statement of financial position

At 31 December 2019

	Note	2019 £'m	Using consistent accounting policies 2019 £'m	2018 £'m
ASSETS				
Non-current assets				
Intangible assets	38	177.1	177.1	181.1
Property, plant and equipment	39	53.2	53.2	51.2
Right of use assets	40	80.8	–	–
Investments	41	98.0	98.0	95.5
Deferred tax asset	49	3.7	2.1	1.2
		412.8	330.4	329.0
Current assets				
Inventories	43	0.5	0.5	0.5
Trade and other receivables	44	31.1	30.8	28.7
Cash and cash equivalents	46	7.9	7.9	7.3
		39.5	39.2	36.5
Assets held directly for sale	42	–	–	1.6
Total assets		452.3	369.6	367.1
LIABILITIES				
Current liabilities				
Trade and other payables	45	(17.0)	(18.2)	(16.9)
Financial liabilities – borrowings	46	(0.4)	(0.4)	(0.8)
Financial liabilities – liabilities lease	47	(10.6)	–	–
Current tax liabilities		–	(0.3)	(0.2)
		(28.0)	(18.9)	(17.9)
Non-current liabilities				
Financial liabilities – borrowings	46	(105.1)	(105.1)	(122.2)
Financial liabilities – lease liabilities	47	(87.0)	–	–
Other long term liabilities	47	(41.8)	(41.8)	(32.6)
Deferred tax liability	49	(14.0)	(14.0)	(14.8)
Provisions	50	–	–	(0.4)
		(247.9)	(160.9)	(170.0)
Total liabilities		(275.9)	(179.8)	(187.9)
Net assets		176.4	189.8	179.2
EQUITY				
Share capital	51	6.2	6.2	6.2
Share premium account		150.3	150.3	150.3
Other reserves		5.5	5.5	3.7
Retained earnings		14.4	27.8	19.0
Equity attributable to the owners of the parent		176.4	189.8	179.2

The Company's profit for the financial year was £15.2m, (£16.1m on consistent accounting policy basis) (2018: £4.5m).

These financial statements set out on pages 87 to 108 were approved by the Board of Directors and authorised for issue on 18 March 2020 and were signed on its behalf by:

Charles Bligh
Chief Executive Officer

Neil Ritchie
Chief Financial Officer

Company statement of changes in equity

For the year ended 31 December 2019

	Attributable to owners of the parent				
	Share capital £'m	Share premium £'m	Other reserves £'m	Retained earnings £'m	Total equity £'m
Balance at 1 January 2018	5.6	100.9	3.1	20.7	130.3
Profit for the year	–	–	–	4.5	4.5
Total comprehensive income for the year	–	–	–	4.5	4.5
Transactions with owners					
Issue of shares in the year	0.6	51.0	–	–	51.6
Issue costs	–	(1.6)	–	–	(1.6)
Dividends	–	–	–	(6.6)	(6.6)
Transfers*	–	–	(0.4)	0.4	–
Share-based payments charge	–	–	1.0	–	1.0
Balance at 31 December 2018 (audited)	6.2	150.3	3.7	19.0	179.2
Change in accounting policy (note 59)	–	–	–	(14.1)	(14.1)
Restated total equity at 1 January 2019	6.2	150.3	3.7	4.9	165.1
Profit for the year	–	–	–	15.2	15.2
Total comprehensive income for the year	–	–	–	15.2	15.2
Transactions with owners					
Dividends				(8.0)	(8.0)
Transfers*	–	–	(0.7)	0.7	–
Share-based payments charge	–	–	1.6	–	1.6
Current tax on share-based payments	–	–	0.3	–	0.3
Deferred tax on share-based payments	–	–	0.6	–	0.6
Deferred tax taken to equity	–	–	–	1.6	1.6
Balance at 31 December 2019	6.2	150.3	5.5	14.4	176.4

	Using consistent accounting policies				
	Share capital £'m	Share premium £'m	Other reserves £'m	Retained earnings £'m	Total equity £'m
Balance at 1 January 2019	6.2	150.3	3.7	19.0	179.2
Profit for the year	–	–	–	16.1	16.1
Total comprehensive income for the year	–	–	–	16.1	16.1
Transactions with owners					
Dividends	–	–	–	(8.0)	(8.0)
Transfers*	–	–	(0.7)	0.7	–
Share-based payments charge	–	–	1.6	–	1.6
Current tax on share-based payments	–	–	0.3	–	0.3
Deferred tax on share-based payments	–	–	0.6	–	5.5
Balance at 31 December 2019	6.2	150.3	5.5	27.8	189.8

* A net amount of £0.7m has been reclassified from share-based payments reserve to retained earnings in respect of lapsed and exercised options (2018: £0.4m).

Company statement of cash flows

For the year ended 31 December 2019

	Note	Year ended 31 December 2019 £'m	Using consistent accounting policies Year ended 31 December 2019 £'m	Using consistent accounting policies Year ended 31 December 2018 £'m
Net cash generated from operations	52	55.0	41.2	21.7
Net finance costs		(7.3)	(3.2)	(3.8)
Income taxes paid		(4.6)	(4.6)	(2.7)
Net cash generated from operating activities		43.1	33.4	15.2
Cash flows from investing activities				
Purchase of property, plant and equipment and applications software		(6.4)	(6.4)	(2.4)
Purchase of trade and assets		(0.4)	(0.4)	(87.5)
Sale of subsidiary net of cash disposed		(0.2)	(0.2)	–
Cash flows used in investing activities		(7.0)	(7.0)	(89.9)
Cash flows from financing activities				
Net proceeds from share issues		–	–	50.0
Dividends paid		(8.0)	(8.0)	(6.6)
Repayment of bank borrowings		(17.4)	(17.4)	(2.3)
Repayment of revolving credit facility		–	–	(8.0)
New bank loans paid		–	–	44.0
Finance lease repayments		(9.7)	–	–
Net cash (used in)/generated by from financing activities		(35.1)	(25.4)	77.1
Net increase in cash and cash equivalents		1.0	1.0	2.4
Cash and cash equivalents at start of year		6.5	6.5	4.1
Cash and cash equivalents at end of year	46	7.5	7.5	6.5
Cash and cash equivalents shown above comprise:				
Cash at bank	46	7.9	7.9	7.3
Bank overdraft	46	(0.4)	(0.4)	(0.8)
		7.5	7.5	6.5

Company accounting policies

For the year ended 31 December 2019

These financial statements for the Company have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and EU endorsed International Financial Reporting Standards (IFRS). The Directors consider that the accounting policies as shown on pages 53 to 59 are suitable, are supported by reasonable judgements and estimates and have been consistently applied except where stated below. A summary of the more important accounting policies is as follows.

Going Concern

The going concern basis has been applied in these accounts on the basis that funds will be made available from other group companies.

The going concern position is discussed further in the consolidated financial statements of the Group on page 53 and applies to the Company.

Company Profit And Loss Account

In accordance with section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The results for the financial year of the Company are given on page 87 of the financial statements.

Notes to the Company financial statements

For the year ended 31 December 2019

38. Intangible Assets

	Goodwill £'m	Customer relationships £'m	Applications software £'m	Total £'m
Cost				
1 January 2018	66.1	55.1	2.3	123.5
Reclassification	8.6	(8.6)	–	–
Additions – external	–	–	0.5	0.5
Arising on acquisition	27.4	44.4	–	71.8
31 December 2018	102.1	90.9	2.8	195.8
1 January 2019	102.1	90.9	2.8	195.8
Additions – external	–	–	0.5	0.5
Arising on acquisition of trade and assets	–	0.4	–	0.4
31 December 2019	102.1	91.3	3.3	196.7
Accumulated amortisation and impairment				
1 January 2018	3.8	5.0	1.6	10.4
Charge for the year	–	3.8	0.5	4.3
31 December 2018	3.8	8.8	2.1	14.7
1 January 2019	3.8	8.8	2.1	14.7
Charge for the year	–	4.5	0.4	4.9
31 December 2019	3.8	13.3	2.5	19.6
Carrying amount				
31 December 2019	98.3	78.0	0.8	177.1
31 December 2018	98.3	82.1	0.7	181.1
31 December 2017	62.3	50.1	0.7	113.1

* An amount of £8.6m previously recognised as customer relationships was reclassified to goodwill in the prior year.

The customer relationships have a remaining life of 3–20 years. Amortisation is charged to profit or loss as an administrative expense.

The changes to goodwill during the year were as follows:

	£'m
Cost	
1 January 2018	66.1
Reclassification	8.6
Acquired – TNT BS	27.4
31 December 2018	102.1
1 January 2019	102.1
31 December 2019	102.1
Accumulated impairment	
1 January 2018	3.8
31 December 2018	3.8
1 January 2019	3.8
31 December 2019	3.8
Carrying amount at 31 December 2019	98.3
Carrying amount at 31 December 2018	98.3
Carrying amount 31 December 2017	62.3

Annual test for impairment

The recoverable amount of the goodwill and intangibles is determined from value-in-use calculations. The calculations use pre-tax cash flow projections based on financial budgets approved by the Directors for year one and cash flow projections for years two and three using growth rates that are considered to be in line with the general trends in which the Company operates. Terminal cash flows are based on these 3 year projections, assumed to grow perpetually at 1%. In accordance with IAS 36, the growth rates for beyond the forecasted three years do not exceed the long-term average growth rate for the industry. The key assumptions forming inputs to the cash flows are in revenues and margins. Revenues for 2019 have been assessed by reference to existing contracts and market volumes. Margins have been assumed to be consistent with those currently achieved in the Records Management division. The forecasts have been discounted at a pre-tax rate of 7.6% (2018: 7.6%). This discount rate was calculated using a pre-tax rate based on the weighted average cost of capital for the Company. This has changed during the year as a result of changes in both the cost of equity and cost of debt for the Company.

The key assumptions used for the value in use calculations are as follows:

	Records Management %
Revenue growth – average over 3 years	4
Revenue growth – remainder	1
Cost growth – employee/overheads, average over 3 years	4

Sensitivity

The Company has not identified any reasonable potential changes to key assumptions that would cause the carrying value of the remaining goodwill or intangibles to exceed its recoverable amount.

39. Property, Plant And Equipment

	Freehold and long leasehold land & buildings £'m	Leasehold improve-ments £'m	Racking plant & machinery £'m	Office equipment fixtures & fittings £'m	Motor vehicles £'m	Total £'m
Cost						
1 January 2018	6.6	7.9	23.2	1.4	0.1	39.2
Additions	0.2	0.9	0.5	0.3	–	1.9
Acquisitions	16.9	1.8	4.4	0.2	–	23.3
Disposals	–	–	(1.0)	–	–	(1.0)
31 December 2018	23.7	10.6	27.1	1.9	0.1	63.4
1 January 2019	23.7	10.6	27.1	1.9	0.1	63.4
Additions	0.3	4.4	0.6	0.4	–	5.7
Acquisitions	–	0.2	–	–	–	0.2
31 December 2019	24.0	15.2	27.7	2.3	0.1	69.3
Accumulated depreciation						
1 January 2018	0.5	2.0	5.4	0.8	0.1	8.8
Charge for the year	0.4	0.9	2.0	0.3	–	3.6
Disposals	–	–	(0.2)	–	–	(0.2)
31 December 2018	0.9	2.9	7.2	1.1	0.1	12.2
1 January 2019	0.9	2.9	7.2	1.1	0.1	12.2
Charge for the year	0.6	1.0	2.0	0.3	–	3.9
31 December 2019	1.5	3.9	9.2	1.4	0.1	16.1
Net book value						
31 December 2019	22.5	11.3	18.5	0.9	–	53.2
31 December 2018	22.8	7.7	19.9	0.8	–	51.2
31 December 2017	6.1	5.9	17.8	0.6	–	30.4

Capital expenditure contracted for but not provided in the financial statements is shown in note 56.

Depreciation is charged to profit or loss as an administrative expense.

40. Right of use assets

	Leasehold Property £'m	Office equipment, fixtures and fittings £'m	Motor Vehicles £'m	Total £'m
Cost				
31 December 2018	–	–	–	–
Change in accounting policy (note 59)	84.8	–	1.0	85.8
1 January 2019	84.8	–	1.0	85.8
Additions	5.2	–	0.8	6.0
31 December 2019	90.0	–	0.8	91.8
Accumulated depreciation	–	–	–	–
1 January 2019	–	–	–	–
Depreciation charge for the year	10.4	–	0.6	11.0
31 December 2019	10.4	–	0.6	11.0
Net book value				
31 December 2019	79.6	–	1.2	80.8
1 January 2019	84.8	–	1.0	85.8
31 December 2018	–	–	–	–

41. Investments

Shares in subsidiary undertakings

	£'m
Cost	
1 January 2018	136.0
Capital contribution – subsidiary share-based payment	0.6
Transferred to assets held for sale	(1.6)
31 December 2018	135.0
1 January 2019	135.0
Capital contribution – subsidiary share-based payment	0.9
Additions (note 42)	1.6
31 December 2019	137.5
Accumulated impairment	
1 January 2018	33.8
Impairment of ITP Group Holdings	5.7
31 December 2018	39.5
1 January 2019 and 31 December 2019	39.5
Net book value	
31 December 2019	98.0
31 December 2018	95.5
1 January 2018	102.2

At 31 December 2019 the Company held directly and indirectly equity and voting rights of the following undertakings:

Company	Class of holding	% held	Country of incorporation	Nature of business
Document Management Division				
All companies within this division are registered at The Databank, Unit 5 Redhill Distribution Centre, Salbrook Road, Redhill, Surrey RH1 5DY.				
*Restore Datashred Limited**††	Ordinary	100%	England and Wales	Shredding Services
*Datashred Limited	Ordinary	100%	England and Wales	Dormant
*Lombard Recycling Limited	Ordinary	100%	England and Wales	Dormant
*Baxter Confidential Limited	Ordinary	100%	England and Wales	Dormant
*ID Secured Limited	Ordinary	100%	England and Wales	Dormant
*Peabody QED Thurrock Management Limited†††	Ordinary	33%	England and Wales	Management of real estate
Optical Records Systems Limited†	Ordinary	100%	England and Wales	Dormant
ORS Group Limited	Ordinary	100%	England and Wales	Dormant
*Restore Digital Limited**†	Ordinary	100%	England and Wales	Digital Services
*Restore (Spur) Limited	Ordinary	100%	England and Wales	Dormant
*Restore Shred Limited	Ordinary	100%	England and Wales	Dormant
Safe-Shred UK Limited**††	Ordinary	100%	England and Wales	Shredding Services
*Wansdyke Security Limited	Ordinary	100%	England and Wales	Dormant
Data Solutions 2019 Limited	Ordinary	100%	England and Wales	Dormant
Relocation Division				
All UK companies within this division are registered at 2 Oriental Road, Silvertown, London, E16 2BZ.				
Function Business Relocation Limited	Ordinary	100%	England and Wales	Dormant
*Harrow Green Limited	Ordinary	100%	England and Wales	Relocation
Relocom Limited	Ordinary	100%	England and Wales	Dormant
*Restore Technology Limited**	Ordinary	100%	England and Wales	Technology
*The ITAD Works Limited	Ordinary	100%	England and Wales	Dormant
*Ink and Toner Recycling Limited††††	Ordinary	40%	England and Wales	Printer Cartridge Recycling
ITP Group Holdings Limited††††	Ordinary	40%	England and Wales	Holding Company
International Technology Products (UK) Limited††††	Ordinary	40%	England and Wales	Printer Cartridge Recycling
International Technology Products GmbH***	Ordinary	40%	Germany	Printer Cartridge Recycling
Office Green Limited**††††	Ordinary	40%	England and Wales	Printer Cartridge Recycling
Spinnaker Waste Management Limited	Ordinary	100%	England and Wales	Dormant
Secure IT Disposals Limited	Ordinary	100%	England and Wales	Technology
Secure IT Destruction Limited	Ordinary	100%	England and Wales	Technology
Takeback Limited††	Ordinary	40%	England and Wales	Printer Cartridge Recycling

* Held directly.

** The Company has taken the exemption from audit under section 479A of the Companies Act 2006.

*** The registered address of International Technology Products GmbH is Röntgenstraße 4, Hainburg, D-63512, Germany.

† The registered address of Restore Digital Limited and Optical Records Systems Limited is Unit 2, Tally Close, Agecroft Commerce Park, Swinton, Manchester, M27 8WJ.

†† The registered address of Restore Datashred Limited and Safe-Shred UK Limited is Unit Q1, Queen Elizabeth Distribution Centre, Purfleet, Essex, RM19 1NA.

††† The registered address of Peabody QED Thurrock Management Limited is 3rd Floor Solar House, 1-9 Romford Road, London, E15 4RG.

†††† The registered address is Riley Accounting Solutions, Gable End, Sparrow Hall Business Park, Leighton Road, Edlesborough, Bedfordshire, LU6 2ES.

Dormant companies are exempt from filing accounts under section 394 of the Companies Act 2006.

42. Assets Classified as Held for Sale

On 25 February 2019, the Company sold ITP Group Holdings Limited, its printer cartridge recycling business in exchange for a 40% stake in Ink and Toner Recycling Limited, also a printer cartridge recycling company. The Company is now represented on the board of Ink and Toner Limited (note 15).

		Using consistent accounting policies	
Assets classified as held for sale	**2019 £'m**	**2019 £'m**	2018 £'m
Investments	–	–	1.6

43. Inventories

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Finished goods and goods for resale	0.5	0.5	0.5

£2.7m (2018: £3.0m) of inventories were recognised as an expense in cost of sales in the year.

44. Trade and Other Receivables

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Due in less than one year			
Trade receivables	12.6	12.6	14.0
Less: provision for impairment of trade receivables	(0.1)	(0.1)	(0.3)
Trade receivables – net	12.5	12.5	13.7
Corporation tax	0.3	–	–
Amounts due from group undertakings	0.3	0.3	0.3
Other receivables	0.3	0.3	–
Prepayments and accrued income	10.7	10.7	8.7
	24.1	23.8	22.7
Due after more than one year			
Amounts due from group undertakings	7.0	7.0	6.0
	31.1	30.8	28.7

The average credit period is 40 days (2018: 44 days). No interest is charged on the trade receivables for the first 30 days from the date of the invoice. Thereafter, interest may be charged at 2% per annum on the outstanding balance.

Trade receivables are provided for based on estimated irrecoverable amounts, determined by reference to past payment history and the current financial status of the customers.

		Using consistent accounting policies	
Movement in the allowance for impairment	**2019 £'m**	**2019 £'m**	2018 £'m
1 January	0.3	0.3	0.1
(Decrease)/increase in amount recognised in profit or loss	(0.2)	(0.2)	0.2
31 December	0.1	0.1	0.3

In determining the recoverability of the trade receivables, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. See note 48 for an analysis of trade receivables that were past due but not impaired.

45. Trade and Other Payables

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Trade payables	7.0	7.0	6.9
Amount due to group undertakings	0.2	0.2	0.2
Other taxation and social security	2.9	2.9	3.0
Other payables	0.1	0.1	1.0
Accruals and deferred income	6.8	8.0	5.8
	17.0	18.2	16.9

The Company has financial risk management policies in place to ensure that all payables are paid within the credit time frame. Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period for trade purchases is 62 days, (59 days (using consistent accounting policy) (2018: 59 days).

46. Financial Liabilities – Borrowings

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Current			
Overdraft on demand	0.4	0.4	0.8
Bank loans – secured	–	–	–
Deferred financing costs	–	–	–
	0.4	0.4	0.8
Non-current			
Bank loans – secured	106.0	106.0	123.4
Deferred financing costs	(0.9)	(0.9)	(1.2)
	105.1	105.1	122.2

The bank debt is due to The Royal Bank of Scotland plc, Barclays Bank plc, Bank of Ireland, Clydesdale Bank plc and Allied Irish Bank and is secured by a fixed and floating charge over the assets of the Group. The interest rate profile and an analysis of borrowings is given in note 48. Under the bank facility the Group is required to meet quarterly covenant tests in respect of interest cover and leverage.

All tests were met during the year and the Directors expect to continue to meet these tests.

Analysis of net debt

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Cash at bank and in hand	7.9	7.9	7.3
Bank overdrafts	(0.4)	(0.4)	(0.8)
Bank loans due after one year	(105.1)	(105.1)	(122.2)
	(97.6)	(97.6)	(115.7)

47. Other Financial Liabilities

Obligations under finance leases – present value of lease liabilities	2019 £'m	Using consistent accounting policies 2019 £'m	2018 £'m
Repayable by instalments:			
In less than one year	10.6	–	–
In two to five years	36.8	–	–
More than five years	50.2	–	–
	97.6	–	–

	2019 £'m	Using consistent accounting policies 2019 £'m	2018 £'m
Amount due to group undertakings	41.8	41.8	32.6

48. Financial Instruments

The Company's financial instruments comprise cash at bank, bank loans and various other receivable and payable balances that arise from its operations. The main purpose of these financial instruments is to finance the Company operations.

	2019 £'m	Using consistent accounting policies 2019 £'m	2018 £'m
Cash at bank	7.9	7.9	7.3
Bank overdraft	(0.4)	(0.4)	(0.8)
Cash and cash equivalents	7.5	7.5	6.5

As noted on page 58, the Company adopted IFRS 9 from 1 January 2018. An expected credit loss model has been applied which permits a simplified approach for the Group's impairment of trade receivables. This model applies a credit risk percentage based upon historical risk of default against receivables that are grouped into age brackets. The Company's trade receivables share similar risk characteristics and therefore we have chosen to apply the same default percentages on all outstanding receivables. The Company has a low credit risk on its trade receivables and historic defaults.

As at 31 December 2019 trade receivables of £0.3m (2018: £0.8m) were past due but not impaired. These relate to a number of independent customers with no recent history of default. The ageing analysis of these trade receivables is as follows:

	2019 £'m	Using consistent accounting policies 2019 £'m	2018 £'m
60–90 days	0.2	0.2	0.3
Greater than 90 days	0.1	0.1	0.5

The main financial risks arising from the Company's financial instruments are interest rate risk and liquidity risk.

The Directors review and agree policies for managing each of these risks. Interest rates are regularly reviewed to ensure competitive rates are paid. Detailed cash flows are produced on a regular basis to minimise liquidity risks.

Carrying value of financial assets and (liabilities) excluding cash and borrowings

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Loans and receivables	13.6	13.2	14.1
Financial liabilities measured at amortised cost	112.1	15.6	(14.5)

Currency and interest rate risk profile of financial liabilities

All bank borrowings were subject to floating interest rates, at LIBOR plus a margin of between 1.85% and 2.35%, depending on the leverage covenant.

The interest rate risk profile of the Company's gross borrowings for the year was:

Currency	**Total £'m**	**Floating rate financial liabilities £'m**	**Weighted average interest rates %**
Sterling at 31 December 2019	105.5	105.5	2.8
Sterling at 31 December 2018	123.0	123.0	2.5

The exposure of Company's borrowings to interest rate changes and contractual pricing dates at the end of the year are as follows:

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
6 months or less	105.5	105.5	123.0

Interest rate sensitivity

At 31 December 2019, if interest rates had been 50 basis points higher and all other variables were held constant, it is estimated that the Company's profit before tax would be approximately £0.6m lower (2018: loss £0.6m lower). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings and is based on the change taking place at the beginning of the financial year and held constant throughout the year.

The Company's sensitivity to future interest rates changes has remained the same during the current year.

Financial assets recognised in the statement of financial position and interest rate profile

All financial assets are short-term receivables and cash at bank. The cash at bank earns interest based on the variable bank base rate and is held with Barclays Bank plc.

Maturity of financial liabilities

The maturity profile of the carrying amount of the Company's financial liabilities (including interest payments), other than short-term trade payables and accruals which are due within one year was as follows:

	Bank debt £'m	Other financial liabilities* £'m	2019 Total £'m
Within one year, or on demand	0.4	10.6	11.0
Between two and five years	105.1	36.8	141.9
Five years or more	-	92.1	92.1
	105.5	139.5	245.0

				Using consistent accounting policies		
	Bank debt £'m	Other financial liabilities* £'m	2019 Total £'m	Bank debt £'m	Other financial liabilities* £'m	2018 Total £'m
Within one year, or on demand	0.4	–	0.4	0.8	-	0.8
Between two and five years	105.1	–	105.1	–	–	–
Five years or more	–	41.8	41.8	122.2	54.8	177.0
	105.1	41.8	147.3	123.0	54.8	177.8

* Other financial liabilities include interest accruals, amounts owing under finance leases and contingent and deferred consideration.

Borrowing facilities

The Company has a finance facility with The Royal Bank of Scotland plc, Barclays Bank plc, the Bank of Ireland, Clydesdale Bank plc and Allied Irish Bank which expires on 4 November 2022. The enlarged facilities consist of a single £160m RCF (which is partly reduced by an on demand net overdraft facility of £1.5m). In addition there is an uncommitted accordion facility of £30.0m, and overdraft of £1.5m. An offset facility is in place and on a gross basis; £0.9m of the overdraft facility was unutilised at 31 December 2019 (2018: £8.0m). Details of security are given in note 19. Committed but undrawn borrowing facilities as at 31 December 2019 amounted to £52.5m (2018: £35.1m).

All of the Company's borrowings are in sterling.

Fair values of financial assets and financial liabilities

The Company's financial assets and liabilities bear floating interest rates and are relatively short-term in nature. In the opinion of the Directors the book values of the assets and liabilities equate to their fair value.

Interest rate management (see page 75)

49. Deferred Tax

Summary of balances	2019 £'m	Using consistent accounting policies 2019 £'m	2018 £'m
Deferred tax liabilities	(14.0)	(14.0)	(14.8)
Deferred tax asset	3.7	2.1	1.2
Net position at 31 December	(10.3)	(11.9)	(13.6)

Legislation was enacted in September 2016 to reduce the UK Corporation tax rate to 17% from 1 April 2020. UK Deferred tax balances have therefore been measured at 17% as this is the tax rate that will apply on reversal unless the timing difference is expected to reverse before April 2020, in which case the approximate tax rate has been used.

During the March 2020 Budget, the UK Government announced that the reduction in rate would be cancelled and the 19% rate retained from 1 April 2020. The effect of this had not been substantively enacted by the balance sheet date and therefore has not been reflected in these accounts. The impact would be an increase in deferred tax liability of £1.2m.

The movement in the year in the Company's net deferred tax position is as follows:

	2019 £'m	Using consistent accounting policies 2019 £'m	2018 £'m
1 January	(13.6)	(13.6)	(6.2)
Credit/(charge) to profit or loss for the year	1.0	1.0	(0.6)
Tax credited directly to equity	2.3	0.7	0.8
Acquisitions	–	–	(7.6)
31 December	(10.3)	(11.9)	(13.6)

The following are the major deferred tax liabilities and assets recognised by the Company and the movements thereon during the year:

Deferred tax liabilities

	Accelerated capital allowances £'m	Intangible assets £'m	Total £'m
1 January 2018	(1.3)	(7.1)	(8.4)
Credit to income for the year	0.5	0.7	1.2
Acquisitions	–	(7.6)	(7.6)
31 December 2018	(0.8)	(14.0)	(14.8)
Credit to income for the year	–	0.8	0.8
31 December 2019	(0.8)	(13.2)	(14.0)
Deferred tax liabilities are analysed as follows:			
Current	(0.1)	(0.5)	(0.6)
Non-current	(0.7)	(12.7)	(13.4)
31 December 2019	(0.8)	(13.2)	(14.0)

	Using consistent accounting policies		
	Accelerated capital allowances £'m	Intangible assets £'m	Total £'m
1 January 2018	(1.3)	(7.1)	(8.4)
Credit to income for the year	0.5	0.7	1.2
Acquisitions	–	(7.6)	(7.6)
31 December 2018	(0.8)	(14.0)	(14.8)
Credit to income for the year	–	0.8	0.8
31 December 2019	(0.8)	(13.2)	(14.0)
Deferred tax liabilities are analysed as follows:			
Current	(0.1)	(0.5)	(0.6)
Non-current	(0.7)	(12.7)	(13.4)
31 December 2019	(0.8)	(13.2)	(14.0)

Deferred tax assets

	Share-based payments £'m	IFRS 16 £'m	Total £'m
1 January 2018	2.2	–	2.2
Charge to income for the year	(0.2)	–	(0.2)
Transactions with owners	(0.8)	–	(0.8)
31 December 2018	1.2	–	1.2
Credit to income for the year	–	–	–
Credit directly to equity	0.6	1.6	2.2
Transactions with assets	0.3	–	0.3
31 December 2019	2.1	1.6	3.7
Deferred tax assets are analysed as follows:			
Current	1.1	0.1	1.2
Non-current	1.0	1.5	2.5
31 December 2019	**2.1**	**1.6**	**3.7**

	Using consistent accounting policies Total £m
1 January 2018	2.2
Charge to income for the year	(0.2)
Transactions with owners	(0.8)
31 December 2018	1.2
Credit directly to equity	0.6
Transactions with owners	0.3
31 December 2019	2.1

Deferred tax assets are analysed as follows:	
Current	1.1
Non-current	1.0
31 December 2019	2.1

A deferred tax asset has been recognised on the share-based payments charge. An amount of £0.6m (2018: £0.8m charged) has been credited to equity.

50. Provisions

	Dilapidation provision £'m
1 January 2018 – using consistent accounting policies	0.6
Used during the year	(0.2)
31 December 2018	0.4
Used during the year	(0.4)
31 December 2019 – using consistent accounting policies	–

Provisions are analysed as follows:

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Current	–	–	0.4

51. Called Up Share Capital

		Using consistent accounting policies	
	2019 £'m	**2019 £'m**	2018 £'m
Authorised:			
199,000,000 (2018: 199,000,000) ordinary shares of 5p each	10.0	10.0	10.0
Allotted, issued and fully paid:			
124,419,734 (2018: 123,940,899) ordinary shares of 5p each	6.2	6.2	6.2

The issued ordinary share capital is as follows:

Date	Number of ordinary shares	Issue price
1 January 2018	112,962,586	
18 January 2018 – exercise of share options	18,500	5.0p
11 April 2018 – exercise of share options	800,000	5.0p
1 May 2018 – equity raised to acquire TNT BS	10,100,000	510.0p
2 May 2018 – exercise of share options	36,132	5.0p
2 November 2018 – exercise under SAYE scheme	347	432.0p
14 November 2018 – exercise of share options	23,334	5.0p
31 December 2018	123,940,899	
14 June 2019 – exercise of share options	386,357	5.0p
24 September 2019 – exercise of share options	20,768	5.0p
18 October 2019 – exercise of share options	16,377	5.0p
23 December 2019 – exercise of share options	55,333	5.0p
31 December 2019	124,419,734	

The 478,835 (2018: 877,966) ordinary shares shown as issued above as a result of the exercise of share options were net-settled at market price on the day of exercise (note 30).

52. Cash inflow from Operations

		Using consistent accounting policies	
Continuing Operations	**2019 £'m**	**2019 £'m**	2018 £'m
Profit before tax	18.7	20.2	7.0
Depreciation of property, plant and equipment	14.8	3.9	3.6
Amortisation of intangible assets	4.9	4.9	10.0
Net finance costs	8.7	4.7	4.4
Share-based payments charge	2.0	2.0	0.4
Increase in inventories	–	–	(0.1)
Increase in trade and other receivables	(2.1)	(2.1)	(7.8)
Increase/(decreased) in trade and other payables	8.1	7.6	4.2
Net cash generated from operations	55.0	41.2	21.7

53. Share-Based Payments

Details of the share-based payments can be found in note 30.

54. Directors and Employees

Staff costs during the year	**2019 £'m**	2018 £'m
Wages and salaries	20.2	17.6
Social security costs	2.0	1.8
Post employment benefits	0.7	0.5
Share-based payments charge	2.0	0.4
	24.9	20.3

Average monthly number of employees during the year	**Number**	Number
Directors	2	2
Management	52	49
Administration	84	91
Operatives	669	609
	807	751

Total amounts for Directors' remuneration and other benefits	**2019 £'m**	2018 £'m
Emoluments for Directors' services	2.9	5.3
Directors' remuneration shown above included the following amounts in respect of the highest paid Director:		
Salary and benefits	1.7	3.7

Directors exercised share options during the year as shown on page 39.

Key management compensation	**2019 £'m**	2018 £'m
Short-term employment benefits	2.7	2.2
Social security costs	0.6	0.9
Post employment benefits	0.2	0.2
Share-based payments charge	2.0	0.4
Long-term incentives vesting*	1.5	4.2
	7.0	7.9

* £0.3m (2018: £0.6m) of employer's national insurance has been categorised within exceptional items.
The Key management of the Company are management attending the divisional board meetings.

55. Leasing Commitments

Prior to the adoption of IFRS 16 – 'Leases' the Company had leases for premises and assets under non-cancellable operating lease agreements of varying terms.

The majority of the lease agreements are renewable at the end of the lease period at market rate.

	Land and buildings		Plant and machinery	
Future aggregate minimum lease payments under non-cancellable operating leases	**2019 £'m**	2018 £'m	**2019 £'m**	2018 £'m
– In less than one year	–	12.4	–	0.6
– In two to five years	–	42.0	–	0.6
– More than five years	–	61.4	–	–
	–	115.8	–	1.2

The operating leases represent rentals payable by the Company for certain properties, vehicles and equipment.

56. Capital Commitments

		Using consistent accounting policies	
Capital expenditure	**2019 £'m**	**2019 £'m**	2018 £'m
Contracted for but not provided in the financial statements	4.1	4.1	0.2

The capital commitments consist of £3.3m in respect of general plant and equipment and £0.8m in respect of a building extension.

57. Contingent Liabilities

The Company has entered into a bank cross guarantee. The guarantee amounts to £88.5m at 31 December 2019 (2018: £111.3m). The assets of the Company are pledged as security for the bank borrowings, by way of a fixed and floating charge.

58. Related Party Transactions and Controlling Party

Details of related party transactions can be found in note 35.

59. Changes in accounting policies

(a) Adjustments recognised on the adoption of IFRS16

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 in (b) below.

The Group has adopted IFRS 16 retrospectively from 1 January 2019, and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet at 1 January 2019.

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using a rationale based on the Group's incremental borrowing rate as of 1 January 2019 which was 4.2%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the 1 January 2019. The measurement principles of IFRS 16 are only applied after that date. The re-measurements to the lease liabilities were recognised as adjustments to the related right of use assets immediately after the date of initial application.

A reconciliation of the lease liability recognised at 1 January 2019 to operating lease commitments at 31 December 2018 is shown below.

	£'m
IAS17 operating lease commitments	117.0
Add: adjustments related to variable lease payments based on an index or rate	2.3
Less: contracts to which the short-term leases exemption has been applied	0.1
Add: service/non-lease components of lease contracts	7.4
Subtotal gross IFRS16 liabilities recognised at 1 January 2019	126.8
Discounted using the Group's incremental borrowing rate of 4.2%	100.7
Add: finance lease liabilities recognised at 31 December 2018	–
IFRS16 lease liability as at 1 January 2019	100.7
Of which are:	
Current lease liabilities	9.3
Non-current lease liabilities	91.4
	100.7

The Group leases various premises and assets under non-cancellable lease agreements of varying terms.

The majority of the lease agreements are renewable at the end of the lease period at market rate.

The associated right of use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. Onerous lease provisions of £nil at 31 December 2018 have been offset against the right of use asset at the date of initial application. The recognised right of use assets are shown in note 40.

The effects of the change in accounting policy include the following items in the balance sheet on 1 January 2019:

- right of use assets – increase by £85.8m
- deferred tax assets – increase by £1.6m
- lease liabilities – increase by £100.7m

The net impact on retained earnings on 1 January 2019 was a decrease of £14.1m.

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of single discount rate structures to a portfolio's of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and Interpretation 4.

Determining whether an Arrangement contains a Lease.

(b) The Group's leasing activities and how these are accounted for

The Group leases various properties, plant and equipment and vehicles. Rental contracts are typically made for fixed periods and may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined interest rate structures based on the lessee's incremental borrowing rate have been used, to reflect the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right of use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and low-value assets comprise IT-equipment and small items of office furniture.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Company. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

60. Post Balance Sheet Events

There have been no events since the balance sheet date that require disclosure.

Notice of Annual General Meeting

Restore plc

Notice is hereby given that the Annual General Meeting of Restore plc ("the Company") will be held at the offices of Buchanan Communications Ltd, 107 Cheapside, London, EC2V 6DN on 21 May 2020 at 10.00am for the following purposes:

Ordinary Business

1. To receive the Company's annual accounts for the financial year ended 31 December 2019, together with the Directors' report and the auditors' report on those accounts.
2. To re-appoint PricewaterhouseCoopers LLP as auditors to the Company to hold office from the conclusion of the meeting until the conclusion of the next annual general meeting at which accounts are laid.
3. To authorise the Directors to set the auditors' remuneration.
4. To re-appoint Charles Bligh, who retires by rotation pursuant to the Company's articles of association, as a Director of the Company.
5. To re-appoint Neil Ritchie, who retires by rotation pursuant to the Company's articles of association, as a Director of the Company.
6. To re-appoint Martin Towers, who retires by rotation pursuant to the Company's articles of association, as a Director of the Company.
7. To re-appoint Sharon Baylay, who retires by rotation pursuant to the Company's articles of association, as a Director of the Company.
8. To re-appoint Susan Davy, who retires by rotation pursuant to the Company's articles of association, as a Director of the Company.
9. To re-appoint Jamie Hopkins, who retires by rotation pursuant to the Company's articles of association, as a Director of the Company.
10. To declare a final dividend of 4.8 pence per ordinary share in respect of the year ended 31 December 2019. This dividend will be paid on 3 July 2020 to the holders of ordinary shares at 6pm on 29 May 2020 (the ex dividend date being 28 May 2020).

Special Business

As special business, to consider and, if thought fit, to pass the following resolutions which will be proposed as to resolution 12 as an ordinary resolution and as to resolutions 12, 13 and 14 as special resolutions:

11. That the Directors be and they are hereby generally and unconditionally authorised in substitution for all existing authorities (but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities) to exercise all the powers of the Company to allot equity securities (as defined in section 560 of the Companies Act 2006 (the "Act")) up to an aggregate nominal amount of £2,081,628.90 (being 41,632,578 ordinary shares of 5 pence each) provided that this authority shall, unless renewed, expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or if earlier on the date which is 15 months after the date of this annual general meeting, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offers agreements as if the authority conferred by this resolution had not expired.
12. That, subject to the passing of resolution number 11 above, the Directors be and they are hereby empowered, pursuant to section 570 of the Act, to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by resolution number 11 or by way of a sale of treasury shares as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

    12.1 the allotment of equity securities in connection with a rights issue or other pro rata offer in favour of holders of equity securities where the equity securities respectively attributable to the interests of all those persons at such record dates as the Directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held by them subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with treasury shares, fractional entitlements, record dates, practical or legal difficulties under the laws of any territory or the requirements of any regulatory body or stock exchange or by virtue of equity securities being represented by depositary receipts or any other matter whatsoever; and

12.2 the allotment (otherwise than pursuant to paragraph 12.1 above) of equity securities up to an aggregate nominal amount of £312,244.34,

and shall expire upon the expiry of the general authority conferred by resolution 11 above, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted and/or shares held by the Company in treasury to be sold or transferred after such expiry and the Directors may allot equity securities and/or sell or transfer shares held by the Company in treasury in pursuance of such offers or agreements as if the power conferred by this resolution had not expired.

13. That, subject to the passing of resolution number 11 above, the Directors be and they are hereby empowered, pursuant to section 570 of the Act, to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by resolution number 11 or by way of a sale of treasury shares as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

13.1 the allotment of equity securities up to an aggregate nominal amount of £312,244.34; and

13.2 used for the purposes of financing (or refinancing, if such refinancing occurs within six months of the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

and shall expire upon the expiry of the general authority conferred by resolution 11 above, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted and/or shares held by the Company in treasury to be sold or transferred after such expiry and the Directors may allot equity securities and/or sell or transfer shares held by the Company in treasury in pursuance of such offers or agreements as if the power conferred by this resolution had not expired.

14. That the Company be and is hereby generally and unconditionally authorised, in accordance with section 701 of the Act, to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 5 pence each in the capital of the Company ("Ordinary Shares") on such terms and in such manner as the Directors may from time to time determine provided that:

14.1 the maximum number of Ordinary Shares authorised to be purchased is 12,489,773;

14.2 the minimum price which may be paid for each Ordinary Share is 5 pence (exclusive of expenses payable by the Company); and

14.3 the maximum price which may be paid for each Ordinary Share (exclusive of expenses payable by the Company) cannot be more than 105 per cent of the average market value of an Ordinary Share for the five business days prior to the day on which the Ordinary Share is contracted to be purchased.

The authority conferred shall expire at the conclusion of the next annual general meeting of the Company or if earlier on the date which is 15 months after the date of this annual general meeting except that the Company may before such expiry make a contract to purchase its own shares which will or may be completed or executed wholly or partly after such expiry.

By order of the Board

Sarah Waudby

Sarah Waudby
Company Secretary

Registered Office
The Databank
Unit 5
Redhill Distribution Centre
Salbrook Road
Redhill

18 March 2020

PLEASE NOTE:

You will not receive a form of proxy for the Annual General Meeting in the post. Instructions on how to vote electronically and how to register are detailed in the Notes. You will still be able to vote in person at the Annual General Meeting, and may request a hard copy proxy form directly from the registrars, **Link Asset Services, 34 Beckenham Road, Beckenham, BR3 4TU at enquiries@linkgroup.co.uk (telephone number: 0871 664 0300)**.

Notes: These notes are important and require your immediate attention.

1. Only those members entered on the register of members of the Company at close of business on 19 May 2020 or, in the event that this meeting is adjourned, in the register of members as at close of business on the day two days before the date of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that time. Changes to the entries on the register of members by the close of business on 19 May 2020 or, in the event that this meeting is adjourned, in the register of members before the close of business on the day two days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
2. A Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint another person of his/her choice as that Shareholder's proxy to exercise all or any of that Shareholder's rights to attend and to speak and vote at the meeting on his/her behalf. A Shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder. A proxy does not need to be a shareholder of the Company.
3. In the case of joint holders, the vote of the senior member who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other of the joint holders. For these purposes, seniority shall be determined by the order in which the names stand on the register of members.
4. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.
5. You can vote either:
    - by logging on to www.signalshares.com and following the instructions;
    - by requesting a hard copy form of proxy directly from the registrars, Link Asset Services (previously called Capita), at mailto:enquiries@linkgroup.co.uk or on Tel: 0371 664 0300. Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales;
    - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

    In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by Link Asset Services at PXS1 34 Beckenham Road, Beckenham, Kent, BR3 4ZF by 10.00am on 19 May 2020.
6. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all Shareholders and those who use them will not be disadvantaged.
7. The return of a completed form of proxy, electronic filing or any CREST Proxy Instruction (as described in note 11 below) will not prevent a shareholder from attending the Annual General Meeting and voting in person if he/she wishes to do so.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held at 10.00am on 21 May 2020 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Link Market Services Limited (CREST Participant ID: **RA10**), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

10. CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
12. Any shareholder attending the Annual General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
13. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.
14. Copies of all service agreements or letters of appointment under which the Directors of the Company are employed or engaged by the Company will be available for inspection at the Company's registered office during normal working hours on any week day (Saturdays, Sundays and public holidays excepted) from the date of this notice until the date of the Annual General Meeting and at the place of the Annual General Meeting for 15 minutes prior to and during the meeting.
15. Biographical details of each Director who is being proposed for re-appointment or re-election by shareholders can be found by visiting the Company's website www.restoreplc.com.

EXPLANATION OF RESOLUTIONS

Resolution 11 – authority to allot shares

At the last annual general meeting of the Company held on 21 May 2019, the Directors were given authority to allot ordinary shares in the capital of the Company up to a maximum nominal amount of £2,065,681.65 representing approximately one third of the Company's then issued ordinary share capital.

The Directors consider it appropriate that a further authority be granted to allot ordinary shares in the capital of the Company up to a maximum nominal amount of £2,081,628.90 representing approximately one third of the Company's issued ordinary share capital as at 16 March 2020 (the latest practicable date before publication of this document) during the shorter of the period up to the conclusion of the next annual general meeting in 2020 or 15 months.

As at the date of this notice the Company does not hold any ordinary shares in the capital of the Company in treasury.

Resolution 12 – disapplication of statutory pre-emption rights

Resolution 12 will empower the Directors to allot ordinary shares in the capital of the Company for cash on a non-pre-emptive basis:

- in connection with a rights issue or other pro-rata offer to existing shareholders; and
- (otherwise than in connection with a rights issue or other pro-rata offer to existing shareholders) up to a maximum nominal value of £312,244.34, representing approximately 5 per cent of the issued ordinary share capital of the Company as at 16 March 2020 (the latest practicable date before publication of this document).

Resolution 13 – disapplication of statutory pre-emption rights to finance an acquisition or other capital investment

In addition to the powers granted by Resolution 12, Resolution 13 will empower the Directors to allot ordinary shares in the capital of the Company for cash on a non-pre-emptive basis:

- up to a maximum nominal value of £312,244.34, representing approximately 5 per cent of the issued ordinary share capital of the Company as at 16 March 2020 (the latest practicable date before publication of this document); and
- used only for the purposes of financing (or refinancing, if such financing occurs within six months of the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles of Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice.

The rights of pre-emption disapplication sought pursuant to Resolutions 12 and 13 represent, in aggregate, approximately 10% of the issued ordinary share capital of the Company as at 16 March 2020. This aggregate percentage is the same authority as sought at the last annual general meeting of the Company held on 21 May 2019.

Resolution 14 – authority to make market purchases of own shares

Resolution 14 gives the Company authority to buy back its own ordinary shares in the market as permitted by the Companies Act 2006. The authority limits the number of shares that could be purchased to a maximum of 12,489,773 (representing approximately 10 per cent. of the Company's issued ordinary share capital as at 16 March 2020 (the latest practicable date before publication of this document)), and sets minimum and maximum prices. This authority will expire at the conclusion of the next annual general meeting or, if earlier, 15 months after the resolution is passed.

The Directors have no present intention of exercising the authority to purchase the Company's ordinary shares but will keep the matter under review, taking into account the financial resources of the Company, the Company's share price and future funding opportunities. The authority will be exercised only if the Directors believe that to do so would be in the best interest of shareholders generally.

Companies purchasing their own shares are allowed to hold them in treasury as an alternative to cancelling them. No dividends are paid on shares whilst held in treasury and no voting rights attach to treasury shares.

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		Using consistent accounting policies				
Trading Record **Year ended 31 December**	**2019** **£'m**	**2019** **£'m**	**2018** **£'m**	**2017** **£'m**	**2016** **£'m**	**2015** **£'m**
Revenue	215.6	215.6	195.5	172.0	129.4	91.9
Adjusted profit before taxation*	35.6	42.4	37.5	31.3	23.0	16.3
Adjusted earnings per share*	23.2p	27.6p	25.2p	22.4p	17.9p	15.6p
Net debt	88.5	88.5	111.3	78.2	72.3	60.6
Net Assets	218.5	230.0	216.0	155.9	152.1	104.7

*Before discontinued operations, exceptional items (including exceptional finance costs), amortisation and impairment of intangible assets and share-based payments charge.

Financial calendar

Annual General Meeting	Held in May
Half year results	July
Financial year end	31 December
Full year results	March

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