



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2017 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 982 374 383
Organisasjonsform: Aksjeselskap
Foretaksnavn: HOGG ROBINSON NORDIC HOLDINGS AS
Forretningsadresse: Tordenskiolds Gate 8-10
0130 OSLO

Regnskapsår

Årsregnskapets periode: 01.04.2016 - 31.03.2017

Konsern

Mørselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: -

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Kenneth Mikael Christer Nordlund
Dato for fastsettelse av årsregnskapet: 28.09.2017

Grunnlag for avgivelse

År 2017: Årsregnskapet er elektronisk innlevert
År 2016: Tall er hentet fra elektronisk innlevert årsregnskap fra 2017

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 30.04.2021



Resultatregnskap

Beløp i: NOK	Note	2017	2016
RESULTATREGNSKAP			
Driftsresultat			
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap		6 581 925	6 285 795
Sum finansinntekter		6 581 925	6 285 795
Nedskrivning av finansielle eiendeler		40 200 000	-112 135 400
Rentekostnad til foretak i samme konsern		577 212	1 068 169
Annen rentekostnad		2 039	
Sum finanskostnader		40 779 251	-111 067 231
Netto finans		-34 197 326	117 353 026
Ordinært resultat før skattekostnad		-34 197 326	117 353 026
Skattekostnad på ordinært resultat	5	1 441 131	1 304 407
Ordinært resultat etter skattekostnad		-35 638 457	116 048 619
Årsresultat		-35 638 457	116 048 619
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-35 638 457	116 048 619
Sum overføringer og disponeringer		-35 638 457	116 048 619



Balanse

Beløp i: NOK	Note	2017	2016
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	2	130 240 655	170 440 655
Sum finansielle anleggsmidler		130 240 655	170 440 655
Sum anleggsmidler		130 240 655	170 440 655
Omløpsmidler			
Varer			
Sum omløpsmidler		0	0
SUM EIENDELER		130 240 655	170 440 655
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	4	170 348 000	170 348 000
Overkurs		30 000	30 000
Sum innskutt egenkapital		170 378 000	170 378 000
Opptjent egenkapital			
Annen egenkapital		-58 155 069	-22 516 612
Sum opptjent egenkapital		-58 155 069	-22 516 612
Sum egenkapital		112 222 931	147 861 388
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld	3	15 537 406	20 701 986



Balanse

Beløp i: NOK	Note	2017	2016
Sum annen langsiktig gjeld		15 537 406	20 701 986
Sum langsiktig gjeld		15 537 406	20 701 986
Kortsiktig gjeld			
Betalbar skatt	5	2 480 317	1 877 281
Sum kortsiktig gjeld		2 480 317	1 877 281
Sum gjeld		18 017 723	22 579 267
SUM EGENKAPITAL OG GJELD		130 240 654	170 440 655



Hogg Robinson Nordic Holdings AS

Årsberetning 2017

Regnskapsåret 2017 dekker perioden 1. april 2016 - 31. mars 2017.

Selskapet driver ingen annen virksomhet enn å eie aksjene i Hogg Robinson Nordic AS.

Selskapet har ingen ansatte og dermed ikke noe sykefravær. Selskapets virksomhet forurenser ikke det ytre miljø. Selskapets hovedkontor er lokalisert i Oslo.

Samtlige aksjer i selskapet eies av HRG Holdings B.V., Nederland.

Selskapet er en del av konsernet Hogg Robinson Group plc i England.

Risiko- og usikkerhetsfaktorene er i all vesentlighet knyttet opp mot virksomheten i Hogg Robinson Nordic AS, se selskapets egen årsberetning for ytterligere informasjon. Risiko- og usikkerhetsfaktorer i konsernet er diskutert i årsberetningen til Hogg Robinson Group plc i England, (konsernspiss).

Årets resultat før skatt viser et underskudd på kr.35 638 456. Dette inkluderer mottatt konsernbidrag fra Hogg Robinson Nordic AS på kr. 6 581 925 og en nedskrivning av investeringen i Hogg Robinson Nordic AS på kr. 40 200 000.

Styret vurderer selskapets utsikter som gode, og selskapet er i en god likviditet.

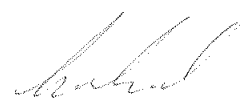
Styret foreslår at årsresultatet på kr. 35 638 456 overføres fra annen egenkapital.

Det er ikke betalt godtgjørelse til styrets medlemmer for 2017.

Styret kjenner ikke til forhold etter regnskapsårets slutt som har betydning for årsregnskapet.

Oslo, 28 Sept 2017


Kevin A. Ruffles
Styreformann


Christer Nordlund
Daglig leder / Styremedlem


Mattias Andersson
Styremedlem



Hogg Robinson Nordic Holdings AS

RESULTATREGNSKAP

	Note	2016-2017 01.04 - 31.03	2015-2016 01.04 - 31.03
Driftsinntekter		0	0
Sum driftsinntekt		<u>0</u>	<u>0</u>
Annen driftskostnad		0	0
Sum driftskostnad		<u>0</u>	<u>0</u>
Driftsresultat	6	0	0
Inntekt fra investering i datterselskap		6,581,925	6,285,795
Annen renteinntekt		0	0
Nedskrivning av finansielle anleggsmidler		40,200,000	-112,135,400
Rentekostnad til foretak i samme konsern		577,212	1,068,169
Annen rentekostnad		2,039	0
Annen finanskostnad		0	0
Netto finansinntekter		<u>-34,197,325</u>	<u>117,353,027</u>
Ordinært resultat før skattekostnad		<u>-34,197,325</u>	<u>117,353,027</u>
Skattekostnad på ordinært resultat	5	1,441,131	1,304,407
Årsresultat		<u><u>-35,638,456</u></u>	<u><u>116,048,620</u></u>
Opplysninger om:			
Overført annen egenkapital		35,638,456	116,048,620
Totalt overført		<u>35,638,456</u>	<u>116,048,620</u>



Hogg Robinson Nordic Holdings AS

BALANSE pr 31.03

EIENDELER	Note	2017	2016
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	5	0	0
Sum immaterielle eiendeler		0	0
Finansielle anleggsmidler			
Investeringer i datterselskap	2	130,240,655	170,440,655
Sum finansielle anleggsmidler		130,240,654	170,440,654
Sum anleggsmidler		130,240,654	170,440,654
Sum eiendeler		130,240,654	170,440,654
EGENKAPITAL OG GJELD			
EGENKAPITAL			
Innskutt egenkapital	1		
Aksjekapital (100 A-aksjer à kr. 1.000)	4	100,000	100,000
Aksjekapital (170.248 B-aksjer à kr. 1.000)	4	170,248,000	170,248,000
Overkursfond		30,000	30,000
Sum innskutt egenkapital		170,378,000	170,378,000
Opptjent egenkapital			
Annen egenkapital		-58,155,069	-22,516,612
Sum opptjent egenkapital		-58,155,069	-22,516,612
Sum egenkapital		112,222,931	147,861,388
GJELD			
Langsiktig gjeld			
Gjeld til konsernselskaper	3	15,537,406	20,701,986
Sum annen langsiktig gjeld		15,537,406	20,701,986
Kortsiktig gjeld			
Betalbar skatt	5	2,480,317	1,877,281
Sum kortsiktig gjeld		2,480,317	1,877,281
Sum gjeld		18,017,723	22,579,267
Sum egenkapital og gjeld		130,240,655	170,440,655

Oslo, 28 Sept 2017

Mattias Andersson
StyremedlemKevin A. Ruffles
Styrets formannChrister Nordlund
Daglig leder / Styremedlem



Hogg Robinson Nordic Holdings AS

Noter til regnskapet 2016/ 2017

Regnskapsprinsipper

Årsregnskapet er satt opp i samsvar med regnskapsloven 1998 og god regnskapskikk.

Det er ikke utarbeidet konsernregnskap ihht regnskapsloven § 3-7 med forskrift av 16. desember 1998. Selskapet inngår i Hogg Robinson Group Plc's (UK) konsernregnskap jfr. regnskapsloven § 7-15 3.ledd. Morselskapets forretningsadresse er Global House, Victoria Street, Basingstoke, Hampshire RG21 3BT.

Datterselskap

Datterselskapet er vurdert etter kostmetoden i selskapsregnskapet. investeringen er vurdert til anskaffelseskost for aksjene med mindre nedskrivning har vært nødvendig.

Konsernbidrag er inntektsført samme år som det er avsatt i det tilknyttede selskapet, dersom det er sannsynlig at beløpet vil mottas. Ved utbytte som overstiger andel av tilbakeholdt resultat etter kjøpet representerer den overskytende del tilbakebetaling av investert kapital, og er fratrukket investeringens verdi i balansen.

Klassifisering og vurdering av balanseposter

Omløpsmidler og kortsiktig gjeld omfatter poster som knytter seg til varekretsløpet. For andre poster enn kundefordringer omfattes poster som forfaller til betaling innen ett år etter transaksjonsdagen. Anleggsmidler er eiendeler bestemt til varig eie og bruk. Langsiktig gjeld er gjeld som forfaller senere enn ett år etter transaksjonsdagen.

Omløpsmidler vurderes til laveste av anskaffelseskost og virkelig verdi. Kortsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet.

Valuta

Pengeposter i utenlandsk valuta er vurdert etter kursen ved regnskapsårets slutt.

Skatt

Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endring i utsatt skatt. Utsatt skatt er beregnet med 24% på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt ligningsmessig underskudd til fremføring ved utgangen av regnskapsåret. Skatteøkende og skattereduserende midlertidige forskjeller som reverserer eller kan reversere i samme periode er utlignet og skattevirkningen er beregnet på netto grunnlaget.

www.brønnoysundregistrene.no



Hogg Robinson Nordic Holdings AS

Noter til regnskapet 2016/ 2017

Note 1 Egenkapital

	Aksjekapital	Over- kursfond	Annen egenkapital	Sum
Egenkapital pr 01.04.2016	170,348,000	30,000	-22,516,612	147,861,388
Årets resultat			-35,638,456	-35,638,456
Egenkapital pr 31.03 2017	170,348,000	30,000	-58,155,069	112,222,931

Note 2 Datterselskaper

Investeringene i datterselskaper regnskapsføres etter kostmetoden.

Den fremtidige lønnsomheten i Hogg Robinson Nordic AS har nylig blitt revurdert, og medført en nedskrivningen på 40 200 000.

Selskap	Aksje kapital	Antall aksjer	Vårt antall aksjer	Egenkapital siste år	Resultat siste år	Bokført verdi
Hogg Robinson Nordic AS (Oslo)	13,248,000	132,480	132,480	22,419,199	5,313,253	130,240,655
Verdi i selskapsregnskapet						130,240,655

Note 3 Fordringer og gjeld

Transaksjoner inneværende år med datterselskap, Hogg Robinson Nordic AS, relaterer seg til renter på lån. Det ble mottatt i år et konsernbidrag fra Hogg Robinson Nordic AS.

	2017	2016
Langtidslån fra Hogg Robinson Nordic AS	-15,537,406	-20,701,986

Note 4 Aksjekapital og aksjonærinformasjon

Aksjekapitalen i Hogg Robinson Nordic Holdings AS består av 100 A-aksjer og 170.248 B-aksjer. Alle aksjer har lik stemmerett. Alle aksjer eies av Hogg Robinson Holdings B.V. Aksjeeier har gjennom avtale rett til å kreve B-aksjene innløst mot nedsettelse av aksjekapitalen.



Hogg Robinson Nordic Holdings AS

Noter til regnskapet 2016/ 2017

Note 5 Skatt

Selskapet har ingen midlertidige forskjeller.

Beregning av årets skattegrunnlag:	2017	2016
Resultat før skattekostnad	-34,197,325	117,353,027
Permanente forskjeller	40,202,039	-112,135,400
Årets skattegrunnlag	6,004,713	5,217,626

Endring i skattemessig fremførbart underskudd	0	0
Skattepliktig inntekt (grunnlag for betalbar skatt)	6,004,713	5,217,626

Årets skattekostnad fordeler seg på:

Betalbar skatt	1,441,131	1,304,407
Endring i utsatt skatt	0	0
Sum skattekostnad	1,441,131	1,304,407

Forklaring til årets betalbare skatt:

25% skatt av resultat før skatt	-8,207,358	29,338,257
Permanente forskjeller (25%)	9,648,489	-28,033,850
Beregnet skattekostnad	1,441,131	1,304,407

Betalbar skatt i balansen:

25% skatt av resultat før skatt	1,441,131	1,304,407
Rest ikke ilignet skatt tidligere regnskapsår	1,039,186	572,874
Betalbar skatt i balansen	2,480,317	1,877,281

Note 6 Lønnskostnader, antall ansatte, godtgjørelser, lån til ansatte mm.

Selskapet har ingen ansatte. Det er ikke gitt lån/sikkerhetsstillelser til nærstående parter.

Revisor

Selskapsregnskapet er ikke blitt belastet for revisjonshonorar.



Hogg Robinson Nordic Holdings AS

Noter til regnskapet 2016/ 2017

Kontantstrømoppstilling - Den indirekte modell

Kontantstrømmer fra operasjonelle aktiviteter	2017	2016
Resultat før skattekostnad	-34,197,325	117,353,027
Periodens betalte skatt	-838,095	0
Nedskrivning aksjer i datterselskap	40,200,000	-112,135,400
Endring i konsernfordring	-5,164,579	-5,217,626
Netto kontantstrøm fra operasjonelle aktiviteter	0	0
Netto endring i kontanter og kontantekvivalenter	0	0
Beholdning av kontanter og kontantekvivalenter ved periodens begynnelse	0	0
Beholdning av kontanter og kontantekvivalenter periodens slutt	0	0



Til generalforsamlingen i Hogg Robinson Nordic Holdings AS

Uavhengig revisors beretning

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert Hogg Robinson Nordic Holdings AS' årsregnskap som viser et underskudd på kr 35 638 456. Årsregnskapet består av balanse per 31. mars 2017, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening er det medfølgende årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettviseende bilde av selskapets finansielle stilling per 31. mars 2017, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon består av årsberetningen, men inkluderer ikke årsregnskapet og revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Styrets og daglig leders ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

PricewaterhouseCoopers AS, Postboks 748 Sentrum, NO-0106 Oslo

T: 02316, org.no.: 987 009 713 MVA, www.pwc.no

Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Uavhengig revisors beretning - Hogg Robinson Nordic Holdings AS

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av intern kontroll.
- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om årsregnskapet og årsberetningen. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke fortsetter driften.
- evaluerer vi den samlede presentasjonen, strukturen og innholdet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet representerer de underliggende transaksjonene og hendelsene på en måte som gir et rettviseende bilde.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

(2)



Uavhengig revisors beretning - Hogg Robinson Nordic Holdings AS

Uttalelse om øvrige lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til dekning av tap er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Oslo 28. september 2017
PricewaterhouseCoopers AS

Herman Skibrek
Statsautorisert revisor



ANNUAL REPORT 2017

Focused on the future

HOGG ROBINSON
GROUP PLC



Hogg Robinson Group is a leading global B2B services company specialising in travel, payments and expense management.

We help companies, governments and financial institutions manage and control their expenditure.

We combine high-quality service delivered by experienced staff with the very latest digital solutions based on our own technology.

Our aim is to provide superior service and technology solutions that add real value to our clients and meet their unique requirements.



Our Annual Report 2017 is available in both printed form and on the Investors section of the Hogg Robinson Group website at www.hoggrobinson.com. Effective communication with our shareholders is vital to our well-being and we would welcome feedback on either or both versions of the Annual Report.

www.hoggrobinson.com

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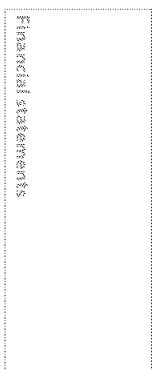
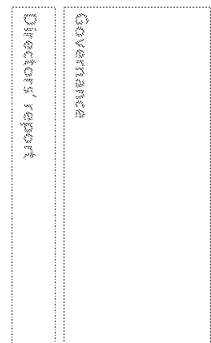
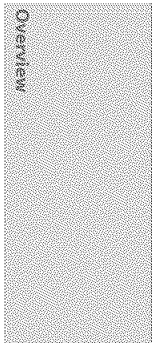
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OVERVIEW



HIGHLIGHTS OF THE YEAR

SUMMARY OF RESULTS

	Years ended 31 March			
	2017	2016	Change (actual exchange rates)	Change (constant exchange rates) ⁽¹⁾
Revenue	£335.1m	£318.3m	+5%	(4%)
Reported earnings				
– Operating profit	£45.5m	£39.3m	+16%	+7%
– Operating profit margin	13.6%	12.3%	+1.3pp	
– Profit before tax	£33.1m	£26.7m	+24%	+12%
– Earnings per share	6.9p	5.8p	+19%	
Underlying earnings ⁽²⁾				
– Operating profit	£49.4m	£44.8m	+10%	+2%
– Operating profit margin	14.7%	14.1%	+0.6pp	
– Profit before tax	£37.0m	£32.2m	+15%	+4%
– Earnings per share	7.8p	7.2p	+8%	
Dividend per share	2.64p	2.51p	+5%	
Free cash inflow ⁽³⁾	£18.6m	£28.9m	(£10.3m)	
Net debt ⁽⁴⁾	(£21.0m)	(£33.6m)	+£12.6m	
Online adoption ⁽⁵⁾	51%	50%	+1pp	

OPERATIONAL HIGHLIGHTS

- Re-focused our strategy with a clear pathway to generate and accelerate growth across the Group
- Achieved further operational efficiencies with annualised savings of £17m after two years of the 3-year restructuring programme
- Rolled out new technology which is providing increased efficiency and an enhanced client experience

FINANCIAL HIGHLIGHTS

- Encouraging earnings growth with underlying profit before tax up 15%, up 4% at constant currency, driven by improved profitability with underlying operating profit margin up from 14.1% to 14.7%
- Underlying basic EPS up 8% from 7.2p to 7.8p, with reported basic EPS up 19% from 5.8p to 6.9p
- HRG delivered a robust performance, with a 5% reduction in constant currency revenues largely offset by an improvement in operating margin with underlying operating profit broadly flat year-on-year at constant currency
- Fraedom performed strongly with revenue up 29% and underlying operating profit up 39%, or up 13% and 22% respectively at constant currency
- Net debt further reduced to £21.0m, representing 0.3x EBITDA, creating a platform to support strategic intent with ongoing cash generation available to invest in the business
- The Group's pension deficit increased by £6.9m to £265.2m. An increase of £96.7m in liabilities resulting from a decrease in the discount rate from 3.5% to 2.7% in the period was largely offset as a result of a collaborative exercise with the Trustees which refined the underlying demographic assumptions for the members of the UK Defined Benefit Pension Scheme (the UK Scheme) and contributed to a reduction in the UK Scheme's liabilities of £68.4m
- Final dividend up 5% to 1.925p per share; full-year dividend up 5% to 2.64p with underlying dividend cover of 3.0 times (2016: 2.9 times)

KEY MESSAGES GOING FORWARD

- We have undertaken a comprehensive review of our business and today announce our strategic plans which we are confident will see significant growth in both HRG and Fraedom
- Both businesses will receive targeted incremental investment over the next three financial years as we invest a total of circa £25m (excluding depreciation and amortisation) in operating expenditure and circa £13m in additional capital expenditure
- The Board believes the benefits will be significant, resulting in a 3-year Group revenue CAGR of more than 4% with underlying operating profit margin targeted to exceed 16% in the medium term
- FY18 will be a year of transition as we make our initial incremental investments. Excluding these investments, we anticipate FY18 would show modest growth in Group revenue and earnings year-on-year

CURRENT TRADING AND OUTLOOK

- Hogg Robinson Group has performed in line with management's expectations since the year-end
- The Board is excited about the re-focused strategy and is confident in the investments that the Company is making and that Hogg Robinson Group will make further good progress through the rest of the year in line with its strategic plan and growth targets.

 Visit Hogg Robinson Group's online investor centre

 Download the preliminary results presentation

Notes:

- (1) Local currency results for March 2017 have been translated at March 2016 exchange rates.
- (2) Before amortisation of acquired intangibles and exceptional items.
- (3) Free cash flow is the change in net debt before acquisitions and disposals, Employee Benefit Trust purchases, dividends and the impact of foreign exchange movements.
- (4) A calculation of net debt is shown in Note 17 of the Financial Statements.
- (5) Online adoption is the proportion of total transactions booked by clients via proprietary or third-party online booking tools.
- (6) Our financial statements disclose financial measures which are required under IFRS. We also report additional financial measures that we believe enhance the relevance and usefulness of the financial statements. These are important for understanding underlying business performance.

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CHAIRMAN'S STATEMENT

Revenue (£m)	
2013	343.2
2014	340.8
2015	330.1
2016	318.3
2017	335.1

Underlying operating profit margin ⁽²⁾ (%)	
2013	14.2
2014	14.5
2015	12.9
2016	14.1
2017	14.7

Underlying profit before tax ⁽²⁾ (£m)	
2013	34.9
2014	35.8
2015	30.5
2016	32.2
2017	37.0

Underlying earnings per share ⁽²⁾ (p)	
2013	7.8
2014	7.8
2015	6.6
2016	7.2
2017	7.8

Note:

- (1) Local currency results for March 2017 have been translated at March 2016 exchange rates.
 (2) Before amortisation of acquired intangibles and exceptional items.

I am delighted to report to you during a momentous period for Hogg Robinson Group, one which has seen the appointment of new Board members, including myself, continuing operational progress, as well as a step-change in the Company's strategy as we aim to generate and accelerate our growth.

We are seeing substantial changes taking place in our markets. Client and end-customer needs are shifting rapidly towards better quality information for decision making, speed of delivery, increased flexibility and ease of use. Hogg Robinson Group has a deserved reputation for the quality of its service and is viewed as an industry innovator. The past year has been one of substantial change within the Group, and I am both encouraged and excited by the new and significant opportunities we have identified, and the progress being achieved.

Hogg Robinson Group delivered a good financial performance during the past year in line with market expectations. Helped by favourable exchange rates, the Company saw revenue grow by 5% and operating profit by 16% on a reported basis, whilst underlying earnings and operating margin increased at constant currency. Strong free cash generation resulted in a 38% reduction in net debt to £21m at the financial year-end. This was underpinned by a strong operational performance and significant strategic progress. A more comprehensive analysis of business performance is provided by David Radcliffe, Chief Executive, in his statement later in this report.

It would be wrong of me not to mention that we continue to operate in very challenging times. The macroeconomic and geopolitical backdrop is uncertain and variable. Global confidence has been shaken and trading conditions in our markets are typically fragile. Given this, clients are understandably asking more of us. Core to Hogg Robinson Group's business model as a B2B services company is the delivery of superior, innovative services that solve clients' commercial needs and deliver outstanding end-customer experience. We achieve this by

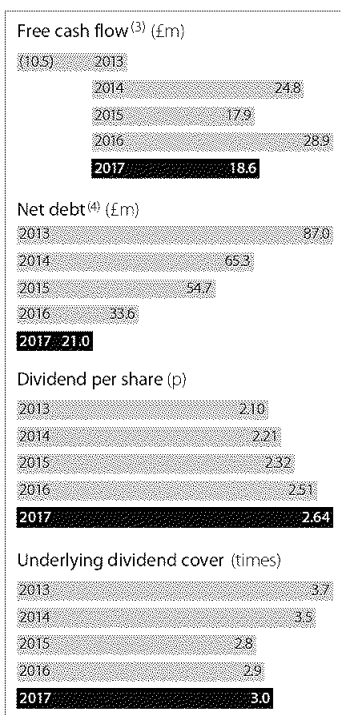
combining high-quality service delivered by experienced staff with cutting-edge digital solutions based on our technology. The Company's track record of consistent year-on-year earnings growth is testament to the robustness of the business model and its focus on delivering real value to our clients.

In recent years, the Company has focused on restructuring the business, driving efficiency and reducing net debt. Two years into the 3-year restructuring programme, annualised savings of £17m have been achieved. Year-end net debt has now reduced by more than 75% since 2013. These are very significant achievements, positioning the business favourably and providing the platform for growth. During the past year, an in-depth review of both HRG, our travel management business, and Fraedom, our FinTech business, was undertaken. The results are very encouraging and confirmed our belief that market opportunities exist to grow both businesses significantly. Our strategy to achieve this is clear and details on the strategic initiatives to grow HRG and accelerate the growth of Fraedom are provided later in this report.

Achieving this growth will require investment and in parallel with the Company's strategy review, the Board also considered the appropriate capital structure for the business during the next phase of its development. The Board places great emphasis on maintaining the flexibility to deliver on its strategy and undertake the investment needed to achieve these growth plans. Accordingly, the Board has determined to target year-end net debt / EBITDA of less than 1.0 times, whilst being prepared to see leverage rise to 2.0 times in the context of acquisition opportunities to deliver



OVERVIEW



Notes:

- (3) Free cash flow is the change in net debt before acquisitions and disposals, Employee Benefit Trust purchases, dividends and the impact of foreign exchange movements.
- (4) A calculation of net debt is shown in Note 17 of the Financial Statements.

growth. In addition, the Board will look to continue to grow dividends. Based on the performance of the Company during the year and our confidence in the strategy, we propose an increase in the total dividend of 5% for the year ended 31 March 2017.

Ensuring that the Company demonstrates and adheres to the principles of good corporate governance is one of my main responsibilities as Chairman. This is certainly a theme on which the Board devotes a considerable amount of time and energy. Proper delivery of corporate governance starts at Board level and, in my opinion, having breadth of experience amongst the Board's members is fundamental to successful execution. To that end, we welcomed two new members to the Board during the financial year. John Kruminis joined as a Non-Executive Director on 1 April 2016 and Ashley Hubka was appointed Non-Executive Director with effect from 1 August 2016, both of whom bring extensive and valuable experience. John and Ashley are both members of the Company's Audit, Remuneration and Nominations Committees.

Hogg Robinson Group attaches the highest importance to corporate governance matters and continues to comply with the provisions and apply the principles of the UK Corporate Governance Code. The Board last conducted a formal review of its effectiveness during the financial year ending 31 March 2014. A further review of its operational effectiveness was deferred pending the change of Chairmanship and additional Non-Executive appointments to the Board which were completed in August 2016. With these changes now complete, the Board will conclude a formal review of its effectiveness and I look forward to reporting on that in due course.

Finally, I would like to extend my thanks on behalf of the Board to the senior management and staff who have contributed to the Company's performance this year. We are at an exciting stage in the growth and development of the business and I look forward to the many positive challenges that lie ahead as we continue to deliver value for clients, employees and shareholders.

Nigel Northridge
Chairman

24 May 2017

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STRATEGIC REPORT



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MEASURING OUR PROGRESS

We measure the Group's strategic progress through a balanced set of Key Performance Indicators (KPIs) that are both financial and non-financial in nature.

PRIMARY KEY PERFORMANCE INDICATORS

Revenue (£m)	
2013	343.2
2014	340.8
2015	330.1
2016	318.3
2017	335.1

Free cash flow ⁽³⁾ (£m)		
(10.5)	2013	
	2014	24.8
	2015	17.9
	2016	28.9
	2017	18.6

Underlying earnings per share ⁽¹⁾ (p)	
2013	7.8
2014	7.8
2015	6.6
2016	7.2
2017	7.8

Underlying operating profit margin (%)	
2013	14.2
2014	14.5
2015	12.9
2016	14.1
2017	14.7

EBITDA ⁽²⁾ (£m)	
2013	60.1
2014	60.2
2015	53.4
2016	55.5
2017	60.7

Net debt/EBITDA (times)	
2013	1.4
2014	1.1
2015	1.0
2016	0.6
2017	0.3

SECONDARY KEY PERFORMANCE INDICATORS

A number of secondary KPIs are used to monitor client travel spend and activity, and to gauge the efficiency of the Group's operations. Secondary KPIs include: client travel activity, client travel spend, cash conversion and return on capital employed.

Additional measures relating to, for example, client service and satisfaction are also employed throughout the Group. Individual client requirements demand that these measures be implemented at contract level according to the nature of the operation.

GROUP STRATEGY

Our KPIs are closely aligned to the Group's strategy, which is summarised on pages 6 and 7. More detail on our KPIs can be found in the Highlights and Strategy in action sections of this report.

(1) Underlying earnings per share for 2013 is restated on adoption of the revised International Accounting Standard 19, Employee Benefits

(2) Earnings Before Interest, Taxation, Depreciation, Amortisation and Exceptional Items

(3) Free cash flow is the change in net debt before acquisitions and disposals, dividends and the impact of foreign exchange movements; the active working capital programme was implemented in 2009 and withdrawn in 2013



OUR REPORT IN BRIEF

OUR BUSINESS MODEL

We help companies, governments and financial institutions manage and control their expenditure.

OUR STRATEGIC OBJECTIVES

To maintain an attractive, long-term value enhancing return for shareholders by being the world's best provider of travel, expense and data management services to multinational corporations and large national organisations.

THE RISKS INVOLVED

The principal risks involved in delivering our strategy are actively managed and monitored against our risk policies.



Hogg Robinson Group is a leading B2B services company specialising in travel, payments and expense management

1 Deliver sustained growth

Approximately 80% of our revenue is generated from fee-based services provided to clients. The remainder is comprised principally of revenue and commission income received from suppliers including airlines, hotels and train companies.

We embrace a flexible and client-focused culture to deliver value for money for our clients.

We act as agent when purchasing on behalf of our clients and generally do not act as principal.

1 Deliver sustained growth

To deliver sustainable growth whilst remaining focused on maintaining a cost base that is appropriate to the market backdrop, ensuring that our usual high standard of client service is not compromised. Our focus is on delivering good value to our clients through excellent service which meets their specific requirements.

1 Deliver sustained growth

Main risks are failing to satisfy stakeholders through operational, financial and reputational performance. We mitigate against these risks by focusing on our service to clients, driving our financial performance against clear KPIs and engaging with opinion formers to influence and shape our constantly changing industry.



HRG is our global travel management business

2 Grow our managed travel business

We have a diversified client portfolio. Managed travel accounts for 83% of our revenue.

- Multi-year contracts.
- Supplier income based on services (including data provision, promotional support and distribution methods) and volume.

2 Grow our managed travel business

To grow our managed travel business by increasing our business from existing clients with new service offerings, entering new markets and winning new business by leveraging our technology and service delivery.

2 Grow our managed travel business

The main risks relate to the loss of major clients or suppliers. We mitigate against these risks by having close relationships with our clients and key suppliers in all markets. Our business model allows operating costs to be adjusted quickly and we maintain a diverse network of suppliers.



Fraedom is our FinTech business

3 Develop a technology business

We provide cloud-based software to help clients manage their payments and expense management needs.

3 Develop a technology business

To develop a technology business specialising in providing cloud-based solutions for payments and expense to existing and new clients, either directly or through third-party travel and payment providers.

3 Develop a technology business

To reduce the risks associated with our principal markets and to help clients reduce the cost of making expense and payment solutions, Fraedom is developing a cloud-based business providing expense and payment solutions to existing and new clients, either directly or through third-party travel and payment providers.

Read more on pages 22 to 23.



STRATEGIC REPORT



OUR STRATEGY IN ACTION

This was an exciting year for Hogg Robinson Group. Listening to our clients and end customers, it's clear that the changes we have been making in recent years to the delivery of our service and deployment of our technology are providing real benefits. We have a proud reputation as a market leader and have worked hard during the past year to develop a strategy to deliver medium and long-term growth. Our culture is one of innovation: we seek to disrupt the norm. Our success continues to be driven by our ability to both drive and respond to change. Given the rapid transformations taking place in our markets and the opportunities that we see, we have moved from a phase where we focused on managing returns to deliver growth in profits to one where we believe we can generate and accelerate both revenue and earnings growth over the coming years. Read more about our re-focused strategy on page 8 to 12.

1 Deliver sustained growth

As we shifted our focus from operational effectiveness to delivering long-term growth, we undertook a detailed review of the Group's businesses and the markets in which they operate, to ensure we continue to deliver real value to our clients and end customers, while identifying the opportunities available to the Group. The results of this review are very encouraging and reaffirm our belief that we can significantly grow the Group's revenue over the medium and long term without diluting profitability. Furthermore, we see this being delivered through clear opportunities to grow HRG, and at the same time accelerate the growth of Fraedom.

2 Grow our managed travel business

HRG showed a steady performance during the year growing underlying operating profit margin by 0.3 percentage points to 13.6%. Market conditions during the first half of the financial year remained broadly similar to the prior year, although the second half saw some deterioration as the lack of clarity around the effect of Britain's exit from the European Union made some UK and Continental European companies act more cautiously. As predicted, aggressive competitor pricing continued and together with the effect of the ongoing trend of clients moving to online booking, we experienced continued downward pressure on our revenue. We also saw the effect of client churn from clients lost during the second half of last year as well as clients lost last year as well as in the current year, particularly in the second half. Against this backdrop, it was therefore encouraging to see the results of management's actions to restructure operations and align operating costs such that, whilst HRG's revenue was down 5% overall at constant currency, underlying operating profit remained broadly unchanged.

3 Develop a technology business

In line with our expectations, Fraedom continued to perform well. Compared to prior year, revenue rose by 13% and underlying operating profit by 22%, both at constant currency. Fraedom now accounts for 10% of Group revenue and 17% of underlying operating profit (2016: 8% and 13%, respectively), which is testament to its growing importance within the Group. We invested in new staff and office space during the first half of the financial year to support the continued pace of growth and to accommodate some new banking partners that began to generate incremental revenue during the second half. During the year, we welcomed several new banking partners including ING Bank, TD Bank and UMB Financial Corporation, and extended our global contract with long time strategic partner, Visa.

HOW WE MEASURE OUR PROGRESS

Our progress is measured through a clear set of KPIs monitoring achievement against our strategic objectives.

1 Deliver sustained growth

Encouraging earnings growth with underlying profit before tax up 15%, up 4% at constant currency, driven by improved profitability with underlying operating profit margin up from 14.1% to 14.7%.

Underlying basic EPS up 8% from 7.2p to 7.8p, with reported basic EPS up 19% from 5.8p to 6.9p.

Reported revenue up 5%, down 4% on a constant currency basis, with most of the decline driven by Europe.

Cash generation remained strong and we achieved an excellent level of free cash generation in the period. As a result of ongoing tight cash management, the Company generated £18.6m in free cash inflow and reduced net debt by £12.6m, or 38%, to £21.0m, representing 0.3x EBITDA, creating a platform to support strategic intent with ongoing cash generation available to invest in the business.

Cost reduction actions in FY17 yielded annualised savings of £9m.

The Group's pension deficit increased by £6.9m to £265.2m. An increase of £96.7m in liabilities resulting from a decrease in the discount rate from 3.5% to 2.7% in the period was largely offset as a result of a collaborative exercise with the Trustees which refined the underlying demographic assumptions for the members of the UK Defined Benefit Pension Scheme ('the UK Scheme') and contributed to a reduction in the UK Scheme's liabilities of £68.4m.

Final dividend up 5% to 1.925p per share; full-year dividend up 5% to 2.64p with underlying dividend cover of 3.0 times (2016: 2.9 times).

2 Grow our managed travel business

HRG delivered a robust performance, with a 5% reduction in constant currency revenues largely offset by an improvement in operating margin with underlying operating profit broadly flat year-on-year at constant currency.

3 Develop a technology business

Fraedom performed strongly with revenue up 29% and underlying operating profit up 39%, or up 13% and 22% respectively at constant currency.

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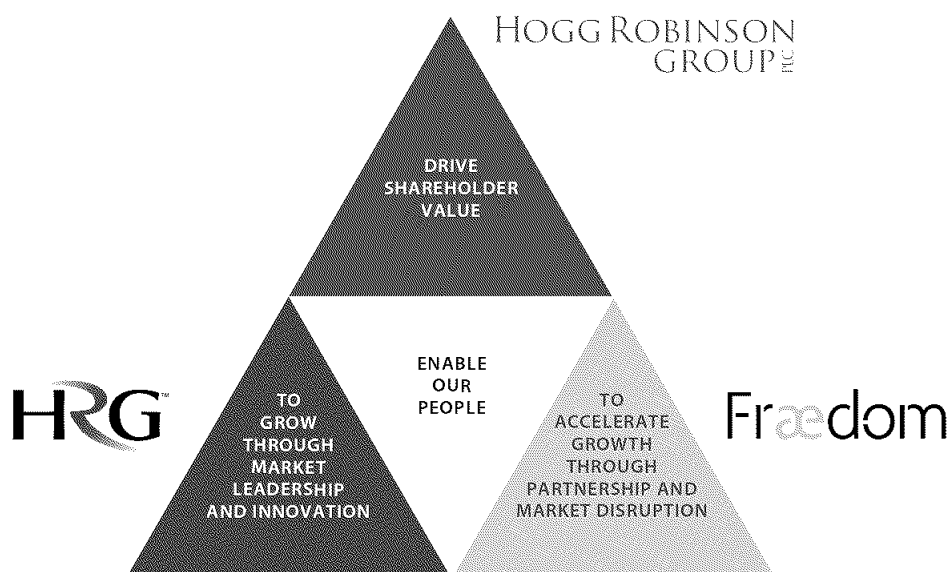
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OUR STRATEGY GOING FORWARD

We use our global reach, local expertise and proprietary technology to deliver first-class products and services to our clients across the globe.



DRIVE SHAREHOLDER VALUE

Our overall strategic objective is to grow HRG through market leadership and innovation, and to accelerate the growth of Fraedom through partnership and market disruption, while driving shareholder value.

To deliver on our strategy, we will employ our people and technology to deliver superior, innovative services that solve our clients' commercial needs and deliver outstanding end-customer experience.

TO LEAD, TO INNOVATE AND TO GROW OUR TRAVEL MANAGEMENT BUSINESS

Our strategic objectives for growing HRG are:

- Build on technology innovations that increase service efficiency and thereby lower operating cost, while enhancing our service to offer better quality data and actionable insight to our clients and improve the end-customer experience
- Align sales force scale and capabilities with new market opportunities
- Grow supplier revenue and margin, working more closely with our key supplier partners using our technology
- Implement new operational and productivity initiatives that drive greater efficiency and lower operational costs

TO DISRUPT, TO PARTNER AND TO ACCELERATE THE GROWTH OF OUR FINTECH BUSINESS

Our strategic objectives for growing Fraedom are:

- Work with our chosen partners to define and build market-leading capabilities
- Add new partners to accelerate market penetration
- Build scale advantage in the Payments space through investment in sales and support resources to grow revenue, and in technology to improve the efficiency of client on-boarding and to create unique value for our clients
- Invest further in Fraedom's platform to ensure a mobile-first approach to all technology development
- Enable a 'touchless transaction' experience for Fraedom's expense management user base



CHIEF EXECUTIVE'S STATEMENT

This has been a successful year for Hogg Robinson Group. We re-focused our growth strategy while also delivering a good financial and operating performance in line with our expectations. We are now seeing real gains in terms of improved efficiency, lower operating costs and an enhanced service to our clients and end customers. Against a backdrop of continuing macroeconomic and geopolitical uncertainty, combined with previously flagged strong competitor pricing activity, we have this year continued to expand underlying operating profit margin and deliver earnings growth.

OVERVIEW

This was an exciting year for Hogg Robinson Group. Listening to our clients and end customers, it's clear that the changes we have been making in recent years to the delivery of our service and deployment of our technology are providing real benefits. We have a proud reputation as a market leader and have worked hard during the past year to develop a strategy to deliver medium and long-term growth. Our culture is one of innovation: we seek to disrupt the norm. Our success continues to be driven by our ability to both drive and respond to change. Given the rapid transformations taking place in our markets and the opportunities that we see, we have moved from a phase where we focused on managing margins to deliver growth in profits to one where we believe we can generate and accelerate both revenue and earnings growth over the coming years. I provide more detail on this later in my report.

I am delighted with the foundations we have built during the past year. We are now two thirds of the way through our 3-year restructuring programme and we have already achieved £17m of the targeted £20m of annualised savings, with cumulative net underlying exceptional costs of £7.5m. These savings have been made as a result of numerous initiatives centred on a review of our operational and overhead cost base, consolidating our service delivery through hub locations as we reduce our property footprint, as well as deploying technology to improve efficiency. The estimated total cost over the 3-year programme is approximately £11m. As part of those foundations, this year we commenced a major transformation programme aimed at modernising our core mid and back-office systems and processes, while harmonising our technology platforms across our European operations. When complete, we anticipate significant benefits in terms of speed of processing, quality of data and information delivered and, importantly, further cost reduction.

I am also very pleased to report on a year of good financial performance for the Group, in line with our expectations. The financial year ended 31 March 2017 was challenging. The macroeconomic and geopolitical conditions continued to have

a de-stabilising effect on many of the markets in which the Group operates. However, under such conditions we found many opportunities to work alongside our clients to offer real value through innovative service solutions often delivered in conjunction with our technology. Once again, the Group's business model proved resilient, and we delivered earnings growth and margin gain compared to prior year. These achievements were made despite the predicted and continuing downward pressure on revenue caused by ongoing aggressive competitor pricing, lost clients and the further migration of our clients to online booking.

STRATEGY UPDATE

Hogg Robinson Group is a leading global B2B services company specialising in travel, payments and expense management. We help companies, governments and financial institutions manage and control their expenditure. We combine high-quality service delivered by experienced staff with the very latest digital solutions based on our own technology. Our aim is to provide superior service and technology solutions that add real value to our clients and meet their unique requirements. During the past three years, our strategy included two core elements: to grow our managed travel business by increasing our business from existing clients with new service offerings, entering new markets and winning new business by leveraging our technology and service delivery; and to develop a SaaS business focused on providing travel, expense and payment solutions to existing and new clients, either direct or through third party travel and payment providers.

This strategy has proved to be the right one and, combined with our proven business model, has enabled us to grow earnings notwithstanding the challenging market conditions that have prevailed through this period. However, our markets are continually changing. Client needs have moved on with greater emphasis now on added value, and improved data and information to aid decision-making. Better service is required for the traveller/end-customer in the digital space and the use of mobile technology is increasingly important. With changes we see opportunities and we are determined to take advantage of these developments. Our aim is to innovate

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CHIEF EXECUTIVE'S STATEMENT

Continued

As outlined at the half year, we have completed our review of the strategy for the Group. This has reaffirmed our confidence in the growth opportunities for HRG, our travel management business, and Fraedom, our FinTech business. We have a clear strategy and a defined route to accelerate and improve performance, underpinned by our technology. We have already started and will continue to invest in both businesses as we deliver our strategic objectives for growth. Concurrent with our results statement and consistent with our growth strategy, we have today announced the acquisition of travel innovator eWings.com and we look forward to welcoming our new colleagues to the Group.

and disrupt, to lead in our chosen markets, and to ensure that we benefit from the changes taking place.

Our response to the changing market in recent years has been focused on evolving the operational model and creating a more agile business, driving greater efficiency and reducing net debt. We have been very successful in this, continuing to deliver underlying earnings growth through improved profitability and reducing net debt by more than 75%. Our goal has been to consolidate our operating platform in order to create efficiency and drive the opportunity for future growth. We have worked hard to reduce our operating costs, and our three-year restructuring programme, combined with our technology, has been at the core of this initiative and our consistent record of underlying operating profit growth. Through tight cash management and ongoing free cash generation, we have successfully deleveraged the business and thereby created future investment capacity. In short, we believe our business is now in good shape and we have the platform for growth.

As we shifted our focus from operational effectiveness to delivering long-term growth, we undertook a detailed review of the Group's businesses and the markets in which they operate, to ensure we continue to deliver real value to our clients and end customers, while identifying the opportunities available to the Group. The results of this review are very encouraging and reaffirm our belief that we can significantly grow the Group's revenue over the medium and long term without diluting profitability. Furthermore, we see this being delivered through clear opportunities to grow HRG and at the same time accelerate the growth of Fraedom.

The travel management industry continues to grow. Recent data published by the World Travel & Tourism Council forecasts a 38% increase in business travel expenditure over the next ten years. As the industry changes in response to evolving client and end-customer needs, we believe HRG's reputation for providing superior service to its clients based on the knowledge and experience of its staff combined with its technology provides it with the necessary differentiation needed

to take advantage of these changes and the growth in the industry. Our ambition is to create a seamless end-customer experience, superior travel content and data functionality. In addition, a lower cost to serve and our standardised operational model will deliver exceptional service to our clients. We are already providing new, innovative ways to add further value in our service to clients, and taking a leading position in the travel management industry through our work with suppliers to develop new distribution models.

The FinTech industry has seen explosive growth in recent years both in terms of investment and areas of specialisation. There is now great diversity in the industry and because of this, scale is likely to be a pre-requisite for success along with focus on a particular discipline. Fraedom is focused on the Payments segment, providing technology solutions designed to maximise corporate card spend for issuers such as Visa and SunTrust. According to independent research, amongst the global population of roughly 25,000 banks, there are approximately 500 corporate card issuers. This is exactly the space Fraedom is targeting. Beyond the corporate issuer opportunities, there is further opportunity for Fraedom to partner with retail banks serving SME customers to provide white-label services including payment, expense and travel management. Lloyds Banking Group is an example of a Fraedom client in this category.

With our ambition for growth, we have therefore taken the opportunity to update and develop the Company's strategy which can now be summarised as:

- To grow HRG through market leadership and innovation and to accelerate the growth of Fraedom through partnership and market disruption, while driving shareholder value.

To deliver on our strategy, we will employ our people and technology to deliver superior, innovative services that solve our clients' commercial needs and deliver outstanding end-customer experience.

Going forward, our clear focus is on significantly growing our two businesses.



To achieve this, we have identified a number of strategic initiatives for each business as follows:

HRG

- Build on technology innovations that increase service efficiency and thereby lower operating cost, while enhancing our service capability
- Offer better quality data and actionable insight to our clients and improve the end-customer experience
- Align sales force scale and capabilities with new market opportunities
- Grow supplier revenue and margin, working more closely with our key supplier partners using our technology
- Implement new operational and productivity initiatives that drive greater efficiency and lower operational costs

Fraedom

- Work with our chosen partners to define and build market-leading capabilities
- Add new partners to accelerate market penetration
- Build scale advantage in the Payments space through investment in sales and support resources to grow revenue, and in technology to improve the efficiency of client on-boarding and to create unique value for our clients
- Invest further in Fraedom’s platform to ensure a mobile-first approach to all technology development
- Enable a ‘touchless transaction’ experience for Fraedom’s expense management user base

In order to deliver these strategic initiatives, we will make a series of incremental investments across the two businesses over the next three years, with the phasing weighted towards years two and three. A significant proportion of these investments will support the recruitment of additional sales and support resources, as well as investments in the development and roll-out of our technology. Across the 3-year period, we anticipate incremental operating expenditure totalling circa £25m (excluding depreciation and amortisation) and circa £13m in additional capital expenditure. The Board believes the financial benefits of this investment will

be significant, increasing overall 3-year Group revenue CAGR to more than 4% with the underlying operating profit margin targeted to exceed 16% in the medium term. This reflects:

- In HRG, a 3-year revenue CAGR of more than 2% per annum and medium-term underlying operating profit margin in excess of 15%; and
- In Fraedom, revenue CAGR of circa 20% with underlying operating profit margin maintained 22% over the medium term.

FY18 will be a year of transition as we absorb the roll-over effect of FY17 losses and the slowdown in sales as well as build our initial incremental investments to drive our growth strategy. Excluding these investments, if we were not following our revised strategy, we anticipate FY18 would show modest growth in Group revenue and earnings year-on-year, but this would have relied on HRG being more reliant on cost savings which would have made a subsequent strategy for significant growth more difficult to pursue in the medium term.

Consistent with the investment profile, the Board expects the realisation of these returns to accelerate over the 3-year strategy period as initiatives are delivered and once the initial costs have been absorbed.

In addition to these potential organic improvements, the Board believes that growth could be further enhanced through selective acquisitions. We see scope to acquire businesses capable of bringing complementary capability and market reach to each of HRG and Fraedom, and the Group’s strong financial position provides us with the flexibility to pursue these opportunities as they arise.

Consistent with this philosophy is our acquisition announced today of travel innovator eWings.com, a next-generation travel management company offering a fast, easy online solution to digital business travel, with a simple-to-start process and low cost service model especially well suited to small businesses. Fitting well with our technology platform, eWings.com provides HRG with a developed solution as well as exciting new technology which is highly complementary to our own technology.

PERFORMANCE IN FY17

On a reported basis, Group revenue rose by 5%. Underlying operating profit was up 10% and underlying profit before tax rose by 15% compared to prior year. We delivered further growth in underlying operating profit margin, up 0.6 percentage points to 14.7%, driven by an increasing contribution from Fraedom as well as improved profitability in the travel management business as a result of the restructuring programme. Reported revenue and earnings benefited from the effect of favourable foreign exchange rate movements in the period as a proportion of our business is transacted in non-sterling currencies. At constant exchange rates, revenue was 4% lower than in prior year, while underlying operating profit and profit before tax were 2% and 4% higher respectively.

Cash generation remained strong and we achieved an excellent level of free cash generation in the period. As a result of ongoing tight cash management, the Company generated £18.6m in free cash inflow and reduced net debt by £12.6m, or 38%, to £21.0m.

We took proactive measures in the year to improve the estimate of the Group’s pension liabilities. During the second half, in collaboration with the Trustees of the UK Scheme, we commissioned a Medically Underwritten Mortality Study (MUMS) to improve the quality of demographic assumptions relating to the UK Scheme’s members. This valuable exercise contributed to a £68.4m benefit to the year-end accounting deficit, which largely offset a £96.7m increase in the UK Scheme liabilities as a result of a reduced discount rate. As a result of this, as well as an increase in the value of plan assets, the overall Group pension deficit increased by £6.9m.

HRG showed a steady performance during the year growing underlying operating profit margin by 0.3 percentage points to 13.6%. Market conditions during the first half of the financial year remained broadly similar to the prior year, although the second half saw some deterioration as the lack of clarity around the effect of Britain’s exit from the European Union made some UK and Continental European companies act more cautiously. As predicted,

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CHIEF EXECUTIVE'S STATEMENT

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aggressive competitor pricing continued and together with the effect of the ongoing trend of clients moving to online booking, we experienced continued downward pressure on our revenue. We also saw the effect of client churn from clients lost last year as well as clients lost in the current year, particularly in the second half. Against this backdrop, it was therefore encouraging to see the results of management's actions to restructure operations and align operating costs such that, whilst HRG's revenue was down 5% overall at constant currency, underlying operating profit remained broadly unchanged.

We are very pleased to welcome a number of new HRG clients that joined us during the year, including BearingPoint, Elekta, Estee Lauder, Sidel, Tata Communications and WSP Parsons Brinkerhoff. We also secured expanded contracts, in terms of service and geography, with existing clients such as ABB, Tetra Laval, Politiet and VW Group. Notable amongst clients renewing their contracts with HRG were AIG, Bechtel, Centrica / Direct Energy, Deutsche Bank, Lloyds Banking Group and Wells Fargo. Once again, these successes are evidence of the huge diversity of HRG's client base across both industries and geographies, which is one of the Group's key strengths.

In line with our expectations, Fraedom continued to perform well. Compared to prior year, revenue rose by 13% and underlying operating profit by 22%, both at constant currency. Fraedom now accounts for 10% of Group revenue and 17% of underlying operating profit (2016: 8% and 13%, respectively), which is testament to its growing importance within the Group. We invested in new staff and office space during the first half of the financial year to support the continued pace of growth and to accommodate some new banking partners that began to generate incremental revenue during the second half. During the year, we welcomed several new banking partners including ING Bank, TD Bank and UMB Financial Corporation, and extended our global contract with long time strategic partner, Visa.

Towards the end of FY15, we launched the Fraedom brand to take advantage of marketing all our Software as a Service (SaaS) and non-travel related technology operations under one trade name. Fraedom has grown rapidly and with

that success we have since aligned the Group's operations into two divisions: HRG, covering our travel management operations, and Fraedom, our FinTech business. HRG is operating in an industry where market forces are continuing to drive change. We believe that travel management companies like HRG that have their own proprietary technology are likely to be the most successful. Fraedom's technology development resources are now focused on its core payments and expense management offerings, while continuing to offer plug-in applications, including travel.

CAPITAL STRUCTURE UPDATE

One of our priorities in recent years has been to reduce net debt and this remained a priority in the current year. Through strong free cash generation and ongoing tight cash control, I am pleased to report that we reduced year-end net debt by £12.6m (38%) to £21.0m, equivalent to 0.3 times EBITDA for the last 12 months (2016: 0.6 times). During the year, we undertook a review to consider the appropriate capital structure of the Company in the context of our foreseeable plans for the business. The Board places great emphasis on maintaining the flexibility to deliver on its strategy and will undertake investment to increase growth in HRG and accelerate growth in Fraedom. Accordingly, the Board has determined to target year-end net debt / EBITDA of less than 1.0 times, whilst being prepared to see leverage rise to 2.0 times in the context of acquisition opportunities. The Board will look to continue to grow dividends.

SUMMARY AND OUTLOOK

This has been a very busy and exciting year for Hogg Robinson Group, during which we undertook a detailed review of the industries and markets in which our two businesses, HRG and Fraedom, operate, and identified a wealth of opportunities for growth for both. Consequently, we re-focused our strategy during the period as we moved from an emphasis on operational efficiency to manage margins, to one centred on growing HRG and accelerating the growth of Fraedom. We plan to invest in both our businesses as we implement our strategic objectives.

We also made good operational and financial progress during the year,

delivering further savings from our restructuring programme, while increasing underlying operating profit and free cash generation. However, as previously predicted, we saw continued migration by clients to online booking as well as ongoing competitive pricing pressure during the year. With our focus on only engaging in contracts which will be profitable for HRG or which offer strategic benefit to the Group, these factors resulted in some client losses in the period. Going forward, we anticipate that the rollover effect of these losses and our absorption of the initial costs of our strategic investments will mean that FY18 will be a year of transition. Excluding these investments, we anticipate FY18 would show modest growth in Group revenue and earnings year-on-year. Thereafter, the Board expects the returns on these investments to accelerate and deliver both revenue and earnings growth in the medium term.

We are very excited about the prospects for the Group. We expect macroeconomic and geopolitical uncertainties to continue to influence our markets but we have confidence in our business model and in our ability to make adjustments to mitigate any resulting adverse effects or take advantage of emerging favourable trends.

Since the year-end, Hogg Robinson Group has performed in line with management's expectations. The Board is confident in the investments that the Company is making and that Hogg Robinson Group will make further good progress through the rest of the year in line with its strategic plan and growth targets.

In closing, these results would not have been possible without the commitment and professionalism of all my colleagues in Hogg Robinson, to whom I would like to say a sincere thank you.

David Radcliffe
Chief Executive

24 May 2017



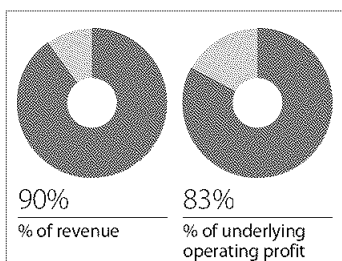
OPERATIONAL REVIEW

HRG – Travel Management (TM)

Years ended 31 March	2017	2016	Change (actual) exchange rates	Change (constant) exchange rates
Revenue	£302.0m	£292.7m	+3.2%	(5.4%)
Share of Group revenue	90.1%	92.0%	(1.9pp)	
Operating profit	£37.4m	£33.9m	+10.3%	+3.5%
Underlying operating profit ⁽¹⁾	£41.2m	£38.9m	+5.9%	(0.5%)
Share of Group underlying operating profit	83.4%	86.8%	(3.4pp)	
Underlying margin ⁽¹⁾	13.6%	13.3%	+0.3pp	
Online adoption	51%	50%	+1pp	

⁽¹⁾ Before amortisation of acquired intangibles and exceptional items

- Revenue declined by only 5.4% at constant currency in spite of a 7% year-on-year decline in client transaction activity
- Underlying operating profit margin up from 13.3% to 13.6%



Client travel activity (measured against 2013) (unaudited)

2013	100.0
2014	107.7
2015	114.3
2016	113.8
2017	105.8

Client travel spend (measured against 2013 and at actual exchange rates) (unaudited)

2013	100.0
2014	104.0
2015	102.5
2016	95.5
2017	95.3

Client travel transaction activity declined by 7% year-on-year, while client travel spend at constant currency fell by 10%. Air travel bookings accounted for 46% of all bookings, rail 17% and hotel 28%, all broadly in line with last year. For the 12-month period, air bookings declined by 6%, while rail and hotel were down by 9% and 7% year-on-year respectively.

HRG clients continue to focus on cost control and maximising value for money from travel budgets. This is increasingly coupled with introducing digital services to enhance the experience for travellers.

Our clients implement ever more sophisticated savings strategies to maximise the efficiency of travel and accommodation expenditure in line with their corporate objectives. Leveraging consolidated volumes to secure discounts is complemented by changing traveller behaviour to take advantage of spot buying in order to benefit from 'lowest on the day' fares or rates. HRG continues to build capability and demonstrate added value in this area, particularly through stakeholder engagement and communication to highlight the potential opportunity for savings through proprietary reporting and analytics.

New savings strategies that are being implemented include alternatives to travel (e.g. video conferencing, travelling less frequently), and control of wider travel related expenses as they relate to the total cost of each trip.

Such programme optimisation, as well as a growing demand for outsourcing travel management solutions, provides additional revenue opportunities for the Group, helping to offset the effect on our revenue of clients moving online and increasingly competitive pricing pressure. This also results in encouraging the development of more strategic and higher margin relationships.

Self booking is growing more modestly, with organisations taking a specific interest in broader content sources that complement the traditional corporate travel market. This has created a growing overlap between the corporate and leisure market. Online adoption reached 51% from the previous 50% in FY16. Whilst revenue to HRG may reduce in the short term as a result of this shift, once the cost associated has been re-directed or taken out, we have seen our margins increase.

Traveller experience solutions are increasingly central to many procurement decisions. This can be described as the service provided to the traveller before, during and after travel, and in addition to simply making a booking or reservation. This requirement is being fulfilled by interactive and contextual mobile solutions, supported by offline service support when and where appropriate.

Our continued focus on delivering added value management solutions has resulted in a number of successful client retentions. Like any global business, we lost some clients as our model is mainly focused on profitability through client fees rather than supplier volume. However, it is pleasing to report that during this financial year, HRG retained and/or expanded its relationship with many clients including ABB, AIG, Bechtel, BMW, Centrica, Deutsche Bank, Lloyds Banking Group, Politiet, Tetra Laval and Wells Fargo.

HRG TECHNOLOGY

During the year we consolidated all of our travel technology resources within HRG and created a new team called hrgetec. This team is focused solely on HRG and the transformation of our digital end-customer experience.

Due to the rapidly changing market place in business travel, with product consumerisation and the need to evolve our offering, the development focus of our team is on a 'mobile first' strategy, reflecting the change away from classic desktop-based enterprise systems.

Our travel technology developments during the year include: our new HRG travel app, delivering a range of itinerary-based information and support for the enabled traveller; a refresh of our global i-Suite travel portal; and a new look and feel for our booking tool, HRG Online. All of these travel technology tools are device agnostic and screen contextual, which means our products can be viewed on any device screen of any size including mobile, tablet and desktop. We have also commenced work on our enhanced 'Direct Connect Platform' which will enable HRG to remain the market leader as we enter the next phase of travel distribution. Within our global branch network we have continued to deploy our 'smart' booking app agent desktop and our unified communications strategy. This paves the way for further enhancements as we create an omni-channel digital end-customer platform to enable us to communicate in multiple ways.

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Data remained a critical focus during the year with a new back end data structure and capture process being developed along with a new more dynamic user interface being in its first trials. All of these technology developments underpin our strategy for growth, and enhanced service delivery to our clients and end customers.

Fraedom – FinTech

Years ended 31 March	2017	2016	Change (actual exchange rates)	Change (constant exchange rates)
Revenue	£33.1m	£25.6m	+29.3%	+12.9%
Share of Group revenue	9.9%	8.0%	+1.9pp	
Operating profit	£8.1m	£5.4m	+50.0%	+31.5%
Underlying operating profit ⁽¹⁾	£8.2m	£5.9m	+39.0%	+22.0%
Share of Group underlying operating profit	16.6%	13.2%	+3.4pp	
Underlying margin ⁽¹⁾	24.8%	23.0%	+1.8pp	

⁽¹⁾ Before amortisation of acquired intangibles and exceptional items

- Strong revenue and earnings growth
- Expansion in underlying profit margin
- Release of new native apps



Fraedom has two channels or routes to market: (1) Partners – typically banking partners, which use Fraedom's technology to build and brand Payment and Expense products for their own business customers, and (2) Direct – clients which buy Fraedom's technology to use within their own business to help them implement Expense solutions for their company.

Revenue increased by 13% on the prior year with underlying operating profit up

22%, both at constant currency. Revenue from Partners accounted for 79%, with 21% coming from Direct clients, unchanged from prior year. Usage and hosting fees accounted for 74% of revenue and development/implementation 26% (2016: 73% and 27%, respectively). The geographic distribution of revenue in the period was Americas 66%, AsPac 27% and Europe 7% (2016: 68%, 25% and 7%, respectively).

New and existing banking clients continued to drive revenue growth with a number of new banking partners signed over the course of the year, including ING Bank, UMB Financial Corporation and TD Bank, while at the same time strategic partner Visa extended its global contract with Fraedom for an additional five years.

In our Direct business, we continued to focus sales efforts on the Asia Pacific region, successfully signing a number of new client contracts including George Weston Foods and Iluka Resources.

Across the entire client base, the Fraedom platform managed over 192m transactions in FY17, an increase of 16.6% on the prior year. During the course of the financial year, the Fraedom platform managed transactions totalling £33.6bn, up 34% at constant currency.

As the commercial payments arena becomes increasingly consumerised, the desire for value-adding technology among banks and their commercial clients has never been greater. As demand for digital self-service tools along with more advanced payment and expense capabilities continues to grow, Fraedom is well positioned to capitalise on the B2B payments opportunity and will continue to invest in these key areas as part of its strategy moving forward. Specifically, trends in the areas of big data, artificial intelligence and machine learning offer strong future potential for the payments industry, while regulation looks set to drive a future of more 'open banking', making APIs and technology 'plug-ins' an area of strategic focus for the Fraedom business.

Fraedom continues to invest in R&D and platform support with a total of £10.3m for the year, up 47% from £7.0m last year, principally due to investment by the business in new development teams to progress the development of card management, ePayables and expense management functionality. The team commenced rollout of the new UX (User Experience) across the platform, as well as the development and release of a mobile app to support both

the direct Expense module and Fraedom's white-labelled partner offerings.

In addition, new visual reporting solutions have been developed and launched providing graphical insights into transactional spend. These new product offerings were further supported by significant investments into Fraedom's infrastructure and architectural technologies.

This investment has been underpinned by a dual strategy to provide native mobile apps alongside a responsive desktop website. This approach has ensured that all new product offerings to the market adhere to industry best practice and mobile-first design principles. Notable milestones for the year include the concurrent release of native apps to the market on both iOS and Android. These mobile apps have subsequently been white labelled and delivered to Fraedom's partners, with further work under way expanding this offering to include other Fraedom product verticals such as ePayables.

HRG – Regional activity

We should be mindful that all our regions exist to serve our global capability and do not operate for the sake of separate regional profitability. Below we provide trading detail on our material travel management businesses.

EUROPE

Years ended 31 March	2017	2016	Change (actual exchange rates)	Change (constant exchange rates)
Revenue	£204.9m	£201.9m	+1.5%	(5.3%)
Share of TM revenue	67.8%	69.0%	(1.2pp)	
Operating profit	£25.9m	£26.3m	(1.5%)	(6.5%)
Underlying operating profit ⁽¹⁾	£28.5m	£30.3m	(5.9%)	(10.6%)
Share of TM underlying operating profit	69.2%	77.9%	(8.7pp)	
Underlying margin ⁽¹⁾	13.9%	15.0%	(1.1pp)	
Online adoption	48%	46%	+2pp	

⁽¹⁾ Before amortisation of acquired intangibles and exceptional items

- Constant currency revenue lower due to price competition, lost clients, ongoing adoption of online and lower trading
- Overall performance impacted by re-tender restrictions with the UK Government and some client losses
- Underlying operating profit reduced largely in line with fall in travel booking activity



Client travel activity (measured against 2013) (unaudited)	
2013	100.0
2014	106.7
2015	110.8
2016	112.6
2017	106.1

Client travel spend (measured against 2013 and at actual exchange rates) (unaudited)	
2013	100.0
2014	103.6
2015	95.4
2016	90.2
2017	90.2

Revenue (£m)	
2013	233.3
2014	232.0
2015	211.5
2016	201.9
2017	204.9

Underlying operating profit margin (%)	
2013	15.3
2014	15.0
2015	14.4
2016	15.0
2017	13.9

Revenue was down by 5.3% while underlying operating profit declined by 10.6%, both at constant currency. Client travel spend decreased by 8% year-on-year in real terms and travel activity was 6% lower. Client adoption of online self-booking grew moderately during the period, accounting for 48% of all bookings made in the region, up from 46% last year.

UK

As noted at the half year, we were restricted from being able to retain all of the UK Government business that we had historically serviced. The resulting loss of several UK Government departments along with a number of corporate losses and continued downtrading in the Energy & Marine sector, this has meant that client travel spend and booking activity in the UK declined versus prior year by 9% and 11% respectively. However, during the second half of the year we did see some growth in a number of existing clients. Online adoption has remained relatively stable compared to prior year at around 60%.

Our success rate for new business in FY17 was not at the levels we normally experience and we have taken steps to further develop our proposition, as well as invest in additional sales resource that will be in place for the start of FY18. This has been a challenging year for client contract renewals, which is reflected in some lost business but we are pleased to have secured, renewed or extended contracts with a number of key clients, including ABB, Centrica, Lloyds Banking Group and TSB. We have also seen year-on-year travel activity and revenue growth in the UK Government business that we retained last year and were also pleased to win WSP Parsons Brinkerhoff as a new client, which will commence trading early FY18. The challenging trading environment has meant that our three-year cost restructuring programme has remained a key priority. During the final quarter, we commenced a project to consolidate our Leicester business travel operations into Manchester, which will be completed by the summer. The global standardisation of our agent booking platform has continued during the year with completion expected by the end of 2017. The centralisation of operational support tasks from the UK and other European markets into Poland has been successful and plans to expand this further during FY18 have commenced.

Nordics

Our Nordic business saw positive year-on-year growth in client travel activity during the financial year, driven by Sweden, Finland and Denmark, with Norway continuing to see a modest decline due to ongoing weakness in the Energy & Marine market. However, we did see signs of a recovery in Norway during H2 with booking activity showing positive year-on-year growth. Overall client booking activity across the region was 6% higher, while client spend was broadly unchanged at constant currency. The Nordics have had a successful year in winning new business with SSAB and Scania starting trading in Q4 and we have extended contracts with Politiet (including additional business) and Tetra Laval. Online adoption levels continue to increase in the region from 55% last year to 60% this year. Our Nordics Meeting, Groups & Events (MGE) business continues to grow, driven by Sweden and Norway. The SME market continues to be challenging with volume and revenue declines across all markets, although this decline is now slowing. Given the growing online adoption levels and pressure on margins, we remained focused on reducing our cost base across the Nordic markets. Staffing

levels have decreased versus last year and we have downsized our offices in Oslo, Stockholm and Helsinki in order to drive operational efficiencies.

Germany

While German economic growth remains stable largely driven by strong exports, we have seen automotive clients display a more cautious and cost conscious approach compared to prior years. In our German operations, client travel activity declined by 1% year-on-year while client spend was 3% lower at constant currency. This decline reflected the loss of KPMG and Novartis which ceased trading during the second half of the year, whilst new client ABB started trading. We were also pleased to be notified of a major new client, BearingPoint, which will commence trading with us in Q2 FY18. Our Sports business has enjoyed a successful year delivering strong revenue and earnings growth, as we benefited from work related to the European Football Championships and Olympic games last summer, as well as qualification matches for the 2018 World Cup. As noted at the half year, we agreed to sell our shareholding in our joint venture with Borussia Dortmund, which generated a positive earnings benefit. Our German MGE business has also delivered double-digit year-on-year revenue growth, on the back of new client wins including Merck, Amgen and Samsung. Online adoption is still relatively low in Germany but continues to increase, up from 23% last year to 28% this year. This reflects new business with higher than company average online adoption levels, plus demand from existing clients to drive online bookings. During the financial year as part of a wider European initiative, we transitioned 24 hour services from Frankfurt to a new centralised team based in Barcelona, as well as closing our Bonn office and consolidating its operations into Cologne. We have already successfully implemented airline direct connect solutions for a large German client and see further demand for these solutions going forward.

Switzerland

The loss of key client Novartis during the first half of the financial year along with the continuation of the general downward trend in trading has meant that Switzerland has seen a significant year-on-year decline in both client spend, lower by 25% at constant currency and client booking activity, lower by 18%. The resulting decline in revenue has meant that the Swiss

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business has again had to respond quickly to reduce its cost base. As well as reacting quickly to reduce operational headcount, we have closed our offices in both Lausanne and Winterthur, downsized office space in Zurich and Basel whilst also continuing to increase home working opportunities for employees. During the final quarter we also transitioned operational support services to Poland as part of the European centralisation programme. The SME sector remains an important part of the Swiss market. We have focused on this segment during the year and been successful in winning new clients in this competitive area. Despite the loss of revenue associated with the lost business, earnings in the period have been broadly maintained versus prior year and we have taken steps to invest in new sales resource in this market. The online adoption rate remains low compared to other markets. However, it has increased from 18% last year to 21% this year.

NORTH AMERICA

Years ended 31 March	2017	2016	Change (actual exchange rates)	Change (constant exchange rates)
Revenue	£80.0m	£74.0m	+8.1%	(4.6%)
Share of TM revenue	26.5%	25.3%	+1.2pp	
Operating profit	£12.1m	£10.3m	+17.5%	+5.8%
Underlying operating profit ⁽¹⁾	£12.5m	£10.9m	+14.7%	+3.7%
Share of TM underlying operating profit	30.3%	28.0%	+2.3pp	
Underlying margin ⁽¹⁾	15.6%	14.7%	+0.9pp	
Online adoption	61%	59%	+2pp	

⁽¹⁾ Before amortisation of acquired intangibles and exceptional items

- Revenue down only 4.6% at constant currency in spite of an 8% year-on-year reduction in client transaction activity
- Earnings growth with underlying operating profit up 3.7% at constant currency
- Excellent margin increase with underlying operating margin up from 14.7% to 15.6%

Client travel activity (measured against 2013) (unaudited)

2013	100.0
2014	112.4
2015	129.1
2016	128.4
2017	118.4

Client travel spend (measured against 2013 and at actual exchange rates) (unaudited)

2013	100.0
2014	109.4
2015	124.1
2016	117.0
2017	118.4

Revenue (£m)

2013	64.6
2014	65.2
2015	74.9
2016	74.0
2017	80.0

Underlying operating profit margin (%)

2013	15.6
2014	16.0
2015	13.5
2016	14.7
2017	15.6

Client spend was down 12% at constant currency and activity levels were lower by 8%. Adoption of online self-booking by clients is well advanced in this market and accounted for 61% of all transactions compared to 59% last year.

Although revenue was down by 4.6%, underlying operating profit rose by 3.7%, both at constant currency. This increase in underlying operating profit together with the expansion to underlying margin of 0.9pp was underpinned by continued cost-saving measures and efficiencies. During FY17, we downsized our Corporate Head

Office space in New York and continued to streamline overhead costs and operational processes through the introduction of technology to further optimise the booking process.

The business travel market in North America was generally stable. However, we did experience a higher than usual impact from client losses during FY17. Corporate client booking activity was lower than in prior year, mainly due to business lost in H1, which included Novartis, Yahoo, Discovery and DirectTV. We also lost Disney in the final quarter of the financial year. Clients in the Energy & Marine and Finance & Banking sectors have traded down slightly this year, however with recent positive movements in both interest rates and oil prices we have seen some modest recovery in the volumes traded within these sectors.

North America remains a key area of growth opportunity for HRG. We have strengthened our sales team accordingly during the financial year and will continue to invest going forward in what continues to be a key market. We won and implemented new business from ALG TravelGuard and Duracell during the year and have recently been advised of new business from WSP Parsons Brinkerhoff and Sandvik that will commence trading in FY18. It was a busy year for contract renewals during FY17 and we were pleased to secure contract extensions with several important clients, including Wells Fargo, Deutsche Bank, VW and BMW.

Our loyalty business saw year-on-year growth in activity levels during the financial year as we successfully secured some important existing clients. This included the renewal and expansion of our contract with Scotiabank during the year and also the extension of our contract with another key client, Expedia, whilst we finalise a new three-year agreement. The new business pipeline continues to be



STRATEGIC REPORT – STRATEGY IN ACTION



strong particularly within the Tier 1 banking sector. We won new business from Points.com and ASA Nippon Airways during the year and are currently working on a number of exciting opportunities to expand this business segment further in North America.

ASIA PACIFIC

Years ended 31 March	2017	2016	Change (actual: constant exchange rates)	Change (constant exchange rates)
Revenue	£17.1m	£16.8m	+1.8%	(-1.3%)
Share of TM revenue	5.7%	5.7%	-	-
Operating loss	(£0.6m)	(£2.7m)	+£2.1m	+£2.3m
Underlying operating profit/(loss) ⁽¹⁾	£0.2m	(£2.3m)	+£2.5m	+£2.6m
Share of TM underlying operating profit	0.5%	(5.9%)	+6.4pp	+6.4pp
Underlying margin ⁽¹⁾	1.2%	(13.7%)	+14.9pp	+14.9pp
Online adoption	41%	45%	(4pp)	(4pp)

⁽¹⁾ Before amortisation of acquired intangibles and exceptional items

- Complete restructuring of our Australian operations
- Significant improvement in operating profit resulting from cost reduction actions

Client travel activity

(measured against 2013) (unaudited)

2013	100.0
2014	101.4
2015	97.6
2016	75.8
2017	59.6

Client travel spend

(measured against 2013 and at actual exchange rates) (unaudited)

2013	100.0
2014	91.5
2015	91.5
2016	72.2
2017	66.1

Revenue (£m)

2013	26.8
2014	23.9
2015	21.3
2016	16.8
2017	17.1

Underlying operating profit margin (%)

(11)	2013
4.2	2014
(5.8)	2015
(13.7)	2016
17.1	2017

Revenue was down by 11% at constant currency in spite of client travel spend falling by 21% year-on-year in real terms and travel activity 21% lower. Underlying operating profit improved from a loss of £2.3m last year to a profit of £0.2m this period including a £0.1m adverse currency effect. Online self-booking of travel in the Asia Pacific region accounts for 41% of all bookings, down from 45% in prior year.

Australia

We continued to restructure our Australian business throughout the financial year, in response to continuing weak economic conditions in the domestic economy as well as a number of client losses. Travel booking activity declined by 32% year-on-year with travel spend reducing by 36% in real terms, and we have aligned the cost base to this downturn in trading delivering a reduction in FTEs of 45% compared to last year. The benefits from our cost reduction actions were apparent with operating profit improving significantly year-on-year and the business is now well placed to capitalise on a recovering Australian economy. We have put in place new management and have invested in additional sales resource in order to grow the business going forward. We were also pleased to extend a number of contracts

with key clients including MMG, ABB, Air Services Australia and National Broadband Network. Online adoption in this mature online market remains at over 65%. The MGE sector has performed strongly and we continue to see opportunities to develop our MGE business on the back of some successful projects for key clients. During the year we took the opportunity to downsize our Sydney property and consolidate two offices into a new location in Melbourne.

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FINANCIAL REVIEW

OVERVIEW

Revenue of £335.1m was up 5.3% as reported but down 4.0% at constant exchange rates. Underlying operating profit, which is before amortisation of acquired intangibles of £0.2m (2016: £0.7m) and exceptionals of £3.7m (2016: £4.8m), increased by £4.6m resulting in the margin increasing from 14.1% to 14.7%. The 10.3% rise in underlying operating profit included a 7.8% benefit from currency movements. Underlying profit before tax was up by 14.9% to £37.0m while underlying EPS was up by 8.3% from 7.2p to 7.8p.

Reported operating profit increased by 15.8% to £45.5m (2016: £39.3m). Reported profit before tax increased 24.0% from £26.7m to £33.1m and EPS was up by 19.0% from 5.8p to 6.9p.

We continue to demonstrate strong cash flow generation with net debt reducing by £12.6m. Year-end net debt of £21.0m represented 0.3 times EBITDA for the last 12 months (2016: 0.6 times). This translates into a gearing of 9.6% (2016: 17.0%). We continue to operate well within our banking covenants.

On an accounting basis, the Group-wide pre-tax pension deficits have increased by £6.9m to £265.2m. The UK Defined Benefit Scheme ('the UK Scheme') deficit increased by £9.7m to £247.3m due to an increase in liabilities of £28.6m offset by an increase in the fair value of plan assets of £18.9m. The rise in liabilities was primarily due to the impact of a lower discount rate (£96.7m) and higher inflation rate (£17.9m) partly offset by the application of the latest publicly available mortality rate tables (£19.0m) and a refinement to the demographic assumptions on the UK Scheme (£68.4m). On a post-tax basis, the Group pension deficits at the year-end was £223.1m.

The next triennial valuation, based on actuarial values at 31 March 2017, is currently underway after which the Company will be discussing with the Trustees the appropriateness of the existing recovery plan. It is expected that the funding valuation performed by the UK Scheme's actuary will factor in the latest demographic assumptions. We will provide an update on the triennial valuation at the time of the interim results announcement in November 2017.

The Board has declared a final dividend of 1.925p, up 5% on the final payment a year ago. The dividend will be paid on 1 August 2017 to shareholders on the register at the close of business on 30 June 2017.

REVENUE

Reported revenue increased by 5.3% to £335.1m, comprised of a decrease of 4.0% at constant exchange rates more than offset by 9.3% favourable currency movements.

OPERATING EXPENSES

Reported operating expenses increased by 3.8% to £289.6m.

Underlying operating expenses, which are before amortisation of acquired intangibles and exceptional items, increased by 4.5% to £285.7m. This represented a 5.0% decrease at constant exchange rates, comprised of a 3.4% decrease in staff costs and 8.3% decrease in other expenses.

UNDERLYING OPERATING PROFIT

Underlying operating profit, which is before amortisation of acquired intangibles and exceptional items, increased by 10.3% from £44.8m to £49.4m, or by 2.5% at constant exchange rates. Underlying operating profit margin increased from 14.1% to 14.7%.

EXCEPTIONAL ITEMS

The cost of exceptional items was £3.7m (2016: £4.8m). These related to £4.1m (2016: £3.8m) restructuring costs including redundancy and property exit costs within HRG and Fraedom as part of our planned cost restructuring programme, partly offset by a pension curtailment gain of £0.4m (2016: £nil). Prior year exceptional items also included a pension rectification charge of £1.0m reflecting a £10.5m past service cost and £2.3m legal fees offset by settlement monies received.

NET FINANCE COSTS

Net finance costs decreased by £0.3m to £13.3m, reflecting a reduction in interest on bank overdrafts and loans partly offset by an increase in the finance costs relating to retirement benefit obligations.

TAXATION

The tax charge of £9.5m (2016: £7.4m) for the year represents an overall effective tax rate (ETR) of 29% of the reported profit before tax (2016: 28%). The underlying ETR was 28%. We anticipate an underlying ETR of circa 28% in future years.

EPS

Underlying EPS rose by 8% from 7.2p to 7.8p. Basic EPS rose by 19% from 5.8p to 6.9p.



RETURN ON CAPITAL EMPLOYED

Return on capital employed is calculated by dividing underlying operating profit plus net share of the results of associates and joint ventures by average net assets. Average net assets are based on each of the 12 month ends for the financial year and exclude net debt, pension deficits and tax provisions. Average net assets amounted to £227.2m (2016: £213.5m) compared with £223.5m at the year-end (2016: £193.4m). The return for the year was 22.1% (2016: 21.5%).

CASH FLOW

Free cash inflow, which is the change in net debt before acquisitions and disposals, Employee Benefit Trust share purchases, dividends and the impact of foreign exchange movements on net debt balances, was £18.6m (2016: £28.9m).

Cash outflow in respect of working capital was £5.4m (2016: £5.7m). The net cash outflow related to interest was £4.2m (2016: £4.9m). Dividends received from equity accounted investments were £0.7m (2016: £0.7m). Tax paid in cash was £8.9m (2016: £5.4m), partly reflecting the increase in tax payable on the pension rectification receipt. Capital expenditure, which is primarily internal software development and office equipment, was £11.0m (2016: £8.3m). Cash costs for pension deficit reduction were £7.3m (2016: £7.3m). Of the £5.3m cash outflow in respect of exceptional items, £3.2m was paid relating to current year charges and £2.1m related to prior year exceptional charges. Of the prior year £4.7m cash inflow in respect of exceptional items, £4.4m related to cash outflow from exceptional items and the balance related to cash inflow from the pension rectification.

In addition to free cash flow, other cash flow items are related to proceeds received on the disposal of interests in associates in Germany of £0.5m, share purchases of £1.4m made by the Employee Benefit Trust (2016: £1.3m), £8.2m of dividends paid to shareholders during the year (2016: £7.7m) and £3.1m of favourable foreign exchange related movements (2016: £1.2m).

FUNDING AND NET DEBT

The principal banking facility is a £150m multi-currency revolving credit facility (RCF)

that is committed until May 2018. The RCF is used for loans, letters of credit and guarantees, with interest based on the inter-bank lending rate for the appropriate currency plus a margin. At the year-end, £35.6m of the facility has been utilised. In addition the Group has a £20m fixed rate loan, repayable by 2018, and additional uncommitted facilities amounting to around £16m at the year-end.

We have a robust medium to long-term finance structure in place with liquidity available for our growth strategy.

Net external interest costs of £4.2m were covered 14.5 times by underlying EBITDA (2016: 11.3 times).

Net debt decreased from 31 March 2016 by £12.6m to £21.0m and was equivalent to 0.3 times EBITDA for the last 12 months (2016: 0.6 times).

We continue to operate well within our banking covenants. The principal covenants continue to be measured semi-annually, at the end of March and the end of September, against EBITDA. The covenants require that net interest is covered at least 4.0 times by EBITDA and net debt is less than 3.0 times EBITDA, both on a rolling 12-month basis. The definition of EBITDA for covenant purposes is not materially different from the definition used in these financial statements.

PENSIONS

The Group-wide pension deficits under IAS 19 have increased by £6.9m to £265.2m before tax.

The UK Scheme deficit increased by £9.7m to £247.3m due to an increase in liabilities of £28.6m offset by an increase in the fair value of plan assets of £18.9m.

In the second half of the year, the Company commissioned a Medically Underwritten Mortality Study (MUMS) in collaboration with the UK Scheme's Trustees, an exercise that uses actual health data provided by a sample of the UK Scheme members to improve the quality of demographic assumptions. As a consequence, the MUMS results contributed to a reduction in the accounting liabilities/deficit at the year-end of £68.4m. The positive financial impact of

the MUMS study is included within the £28.6m increase in the UK Scheme's liabilities. Excluding this reduction, the UK Scheme liabilities have increased by £97.0m, primarily driven by a 0.8% decrease in the discount rate and a higher inflation rate assumption partly offset by the adoption of the latest mortality rates. The Company contributed a further £3.7m to the Scheme in the second half of the year in line with the existing deficit recovery plan. For several years, the UK Scheme has been closed to new entrants and has capped increases in pensionable salary. The UK defined benefit section was closed to future accrual on 30 June 2013 and replaced with a defined contribution section.

The overseas schemes are primarily in Germany and Switzerland, where the deficit decreased by £2.8m to £17.9m. The overseas scheme's deficit decrease of £2.8m includes an increase of £1.7m relating to foreign exchange. Excluding foreign exchange, the overseas schemes' deficit decreased by £4.5m, driven by a decrease in the scheme's liabilities of £3.8m, including the effect of a £1.0m curtailment gain in Switzerland and an increase in scheme's assets of £0.7m. The net deficit of the overseas schemes primarily relates to the German scheme £16.3m (2016: £14.8m).

At the year-end, there was a deferred tax asset of £42.0m (2016: £42.8m) relating to the UK deficit and an asset of £0.1m (2016: £1.1m) relating to the overseas schemes.

RELATED PARTIES

Related party disclosures are provided in note 27 to the financial statements.

SHARE PRICE

The closing mid-market price at the year-end was 69.5p (2016: 62p). During the year, the price ranged from 62p to 77p per share.

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FINANCIAL REVIEW

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	Years ended 31 March	
	2017 £m	2016 £m
SUMMARY INCOME STATEMENT		
Revenue	335.1	318.3
EBITDA before exceptional items	60.7	55.5
Depreciation and amortisation ⁽¹⁾	(11.3)	(10.7)
Underlying operating profit	49.4	44.8
Amortisation of acquired intangibles	(0.2)	(0.7)
Exceptional items	(3.7)	(4.8)
Operating profit	45.5	39.3
Share of associates and joint ventures	0.9	1.0
Net finance costs	(13.3)	(13.6)
Profit before tax	33.1	26.7
Taxation	(9.5)	(7.4)
Profit for the period	23.6	19.3

	As at 31 March	
	2017 £m	2016 £m
SUMMARY BALANCE SHEET		
Goodwill and other intangible assets	256.9	242.1
Property, plant, equipment and investments	12.5	12.5
Working capital	(43.0)	(46.8)
Current tax liabilities (net)	(5.2)	(6.1)
Deferred tax assets (net)	41.6	44.7
Net debt	(21.0)	(33.6)
Pension liabilities (pre-tax)	(265.2)	(258.3)
Provisions and other items	(2.9)	(4.4)
Net liabilities	(26.3)	(49.9)

	Years ended 31 March	
	2017 £m	2016 £m
SUMMARY CASH FLOW STATEMENT		
EBITDA before exceptional items	60.7	55.5
Cash (outflow)/inflow from exceptional items	(5.3)	4.7
Working capital movements (excluding exceptional items)	(5.4)	(5.7)
Net interest paid	(4.2)	(4.9)
Dividends received from equity accounted investments	0.7	0.7
Tax paid	(8.9)	(5.4)
Net capital expenditure	(11.0)	(8.3)
Pension funding in excess of EBITDA charge	(7.3)	(7.3)
Other movements	(0.7)	(0.4)
Free cash inflow	18.6	28.9
Acquisitions and disposals	0.5	-
Employee Benefit Trust share purchases	(1.4)	(1.3)
Dividends paid to external shareholders	(8.2)	(7.7)
Currency translation and other	3.1	1.2
Reduction in net debt	12.6	21.1

(1) Excluding amortisation of acquired intangibles



CORPORATE RESPONSIBILITY

HOW WE DO BUSINESS

We recognise that our shareholders have invested in our business and the success of our business will directly influence the value of their investment. We work cooperatively with our suppliers and business partners, choosing those who share our values and strive for mutual trust and benefit. We recognise the importance of managing environmental, social and governance risks through our business practices and work hard to maintain our reputation for honesty, integrity and respect for people.

HOW WE TREAT OUR EMPLOYEES

We respect our employees' individuality and diversity, require them to live up to our values and provide the encouragement and opportunity to develop their careers. We recruit and promote on the basis of suitability and merit and recognise the vital role our people play in providing excellent client service. We are committed to attracting, motivating and retaining the best talent and will maintain our reputation as a company of choice.

Hogg Robinson Group supports the principle of equal opportunities and diversity in employment and opposes all forms of unlawful or unfair discrimination on the grounds of race, colour, nationality, ethnic or national origin, religion or belief, disability, age, sex, sexual orientation, gender reassignment, marital or civil partnership status, part time or fixed-term status or membership of a trade union. We have a policy of zero tolerance to slavery and human trafficking in our own operations, and we expect the same high standards from all of our contractors, suppliers and other business partners.

A copy of the Company's statement on modern slavery and human trafficking is available from the Investor Relations page of our website www.hoggrobinson.com.

Employee profile as at 31 March 2017

Role	Male	Female
Board of Directors	7	2
Senior Management	70	21
Other Employees	1,273	3,148
	1,350	3,171

Senior Management include those employees responsible for the planning, directing or controlling activities of the Group and also individuals who are statutory directors of the corporate entities whose financial information is included in the Group's 2017 consolidated accounts in this annual report.

HOW WE TREAT OUR CLIENTS

We constantly look to offer our clients superior products and services that provide good value. We aim to give them the highest quality service and strive to offer them the best economic and environmental choices.

HOW WE BEHAVE IN OUR COMMUNITIES

We strive to behave as responsible corporate citizens globally and as good, supportive neighbours in our local communities.

HOW WE DEAL WITH THE ENVIRONMENT

The Group's trading activities have only a marginal direct impact on the environment and contribute minimally to pollution.

The Group is committed to conducting its business in a manner that shows responsibility towards the environment and ensuring high standards of health and safety for its employees. The Group complies with statutory and mandatory requirements and, where practicable, aims to exceed regulations applicable to its areas of business. Working practices are routinely monitored as improved techniques and technologies become available.

We have calculated our Scope 1 and 2 greenhouse gas emissions in accordance with the methodology of ISO 14064-1 (specification with guidance at the organisation level for quantification and reporting greenhouse gas emissions and removals) and emission factors from UK Government Conversion Factors for Company 2013.

Greenhouse Gas Emissions by Scope

	Unit	2017 Quantity	2016 Quantity
Scope 1			
Gas consumption	Tonnes CO ₂ e	1,079	994
Fuel consumption in vehicles owned or leased by Hogg Robinson Group			
Scope 2			
Electricity consumption	Tonnes CO ₂ e	2,229	2,685
Imported power, head or stream			
Total emissions		3,308	3,679
Relative emissions, by revenue	Tonnes CO ₂ e/£m revenue	9.9	11.6

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RISK MANAGEMENT

MANAGING RISK IN OUR BUSINESS

Effective risk management is critical to achieving the Group's strategic objectives. Hogg Robinson Group has a comprehensive system of controls in place to manage risks. We conduct regular reviews of the major risks which may affect our business and its financial performance. Risks are identified, evaluated and mitigated through a combination of a 'top-down' (driven by the Board) and 'bottom-up' (originating from the operations) approach.

Our Group internal audit function undertakes regular reviews across the Group's operations to assess the controls that are in place to mitigate these risks.

ASSIGNED RESPONSIBILITY

The Board of Hogg Robinson Group has ultimate responsibility for the management of all major risks affecting the Group. Further information concerning Board responsibilities is described in the Corporate Governance section on pages 27 to 30.

PERFORMANCE REPORTING PROCESSES

Hogg Robinson Group undertakes a detailed annual business planning and budgeting process. This includes annual objectives and targets for both financial and non-financial metrics, which are set at a geographic and business unit level. Actual performance is reported monthly, with narrative explaining key variances, and there are regular re-forecasts which take account of any emerging risks.

APPROPRIATE POLICIES AND PROCEDURES

Detailed policies and procedures support risk management across Hogg Robinson Group and the application and consistency of these procedures is regularly reviewed by the Group's internal audit function. Further details of this are included in the Corporate Governance section on pages 27 to 30.

RISK ANALYSIS

Hogg Robinson Group's principal risks can be categorised as either operational and external or financial risks as shown.

GOING CONCERN

Hogg Robinson Group's business activities, together with factors likely to affect its future development and performance are described in the strategic report on pages 5 to 23. Principal risks and uncertainties are

OPERATIONAL AND EXTERNAL RISKS	MITIGATION	STRATEGIC OBJECTIVE LINKAGE*
Change in industry business model and development and delivery of new business and new products Risk change →	Review of the strategy of the Group. Effective prioritisation. Rigid timescales. Client pipeline metrics. Flexible pricing models. Revised proposition of simplified online model.	1,2,3
Competitive environment Risk change →	Ongoing training and development of staff. Ongoing investment in technology. A focus on high service levels at competitive prices.	1,2,3
Corruption or reputation risk Risk change →	Formal policies for business conduct, and contract and procurement procedures. Continuous review of business processes and systems to ensure integrity of operations. Appropriate communication and diligence with clients, suppliers, partners and other stakeholders. Whistle-blowing process.	1,2,3
Cyber Risk change ↑	Effective firewalls. Effective user security. Effective network and data centre provider controls. Critical business systems outsourced through data centres.	1,2,3
Loss of a major client Risk change ↑	A diversified client portfolio, both geographically and by industry sector. Close relationships with our clients to determine and adapt ourselves to their current needs. Dedicated account management team for major clients.	1,2
Loss of a supplier Risk change →	A diverse network of suppliers. Close working relationship with key suppliers in all markets.	1,2
Retention of key staff Risk change →	Remuneration policies set with the help of independent advice. Formal staff appraisals and succession planning process. Development programmes for identified individuals. Experienced Remuneration Committee and Nomination Committee membership (further information can be found in the Corporate Governance section on pages 27 to 30).	1
Significant economic or other crisis Risk change →	Formal client contracts covering changes in activity levels. A diversified client portfolio, both geographically and by industry sector. A business model that allows operating costs to be adjusted quickly. Diversified supplier relationships.	1,2

* Refer to pages 6 and 7 for details of our Strategic Objectives.

described on pages 22 and 23. Note 2 to the financial statements sets out the Group's policies and objectives for managing financial risks.

The Group holds cash and cash equivalents of £35.1m as at 31 March 2017. Total debt at 31 March 2017 amounts to £56.1m, of which £20.0m



STRATEGIC REPORT – STRATEGY IN ACTION



OPERATIONAL AND EXTERNAL RISKS	MITIGATION	STRATEGIC OBJECTIVE LINKAGE*
Technology or systems failure Risk change →	Diversification through the use of bespoke technology and third party systems. Strong central support for technology in the most significant parts of the business. Regular review of the performance of technology suppliers. Rigorous user testing of new technology products. Ongoing development and communication of business continuity and disaster recovery plans across the Group.	1,2,3
Volatility of client activity or transactions risk Risk change →	Formal client contracts covering changes in activity levels. A business model that allows operating costs to be adjusted quickly. Policies and procedures in place for all significant business processes.	1,2
FINANCIAL RISKS	MITIGATION	STRATEGIC OBJECTIVE LINKAGE*
Access to funding at affordable rates Risk change →	Strong relationships with a number of banks and other finance providers. The principal bank facility is committed until May 2018. A fixed rate loan has been secured with maturity in 2018. Interest rate swap to fix rates at low levels. Maintenance of additional uncommitted facilities. Reduction in net debt. Strong control by the Central Treasury team.	1
Changes to industry payment structures Risk change →	Client contracts reflecting linkage between debtor and creditor periods. Continue migration to credit card, avoiding industry payment structures. Maintain relationship with industry members.	1,2,3
Cost and capital control Risk change →	A comprehensive annual budgeting process. Major expenditure is approved by the Board. Monthly reporting including budget and prior-year variances. Monthly re-forecasting with sensitivity analysis. Capital allocation policy.	1
Increased pension funding Risk change ↑	The principal UK defined benefit scheme is closed to future accrual. Professional independent advice is taken. Funding for the principal UK scheme is reviewed and agreed every three years. The next review of the scheme will be effective April 2017. Implementation of Long Term Funding Target and Strategy.	1

* Refer to pages 6 and 7 for details of our Strategic Objectives.

relates to a fixed rate loan, repayable by 2018 and £35.6m is a variable rate loan drawdown from a £150.0m multi-currency revolving credit facility that is committed

until May 2018. Including the impact of guarantees, the Group has undrawn facilities of £110.0m at 31 March 2017 which expire in over one year.

Net current liabilities at 31 March 2017 amounted to £23.2m.

Having assessed the principal risks and other matters discussed in connection with the viability statement, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

VIABILITY STATEMENT

In accordance with provision C.2.2 of the UK Corporate Governance Code 2014, the Directors have assessed the viability of the Group over a three year period, taking into account the Group's current position and potential impact of the principal risks set out in this section. Based on this assessment, the Board confirms that it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2020.

Whilst the Board has no reason to believe the Group will not be viable over a longer period, the Board has determined that a three year period to 31 March 2020 is an appropriate period over which to provide its viability statement. This is the period reviewed by the Board in its strategic planning, provides a realistic visibility of the future in the context of our business environment and is also aligned to our typical contract length (three to five years).

In making this statement, the Board has considered the resilience of the Group, taking account of the principal risks facing the business in severe but reasonable scenarios and the effectiveness of any mitigating actions. This assessment has considered the potential impact on the business model, future performance, solvency and liquidity over the period.

The Group's strategy and associated principal risks, which the Board reviews annually, are the basis of the Group's strategic plan and scenario testing. The plan makes certain assumptions about the ability to refinance debt as it falls due and the acceptable performance of the core revenue streams. The plan is stress tested using sensitivity analysis, primarily through reducing revenues and cash flows.

In making their assessment, the Board has taken account of its ability to raise new finance in most market conditions and other mitigating actions such as cost reduction programmes and restricting dividend payments.

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BOARD OF DIRECTORS

NIGEL NORTHRIDGE

Chairman, age 61

Nigel Northridge assumed the Chairmanship of the Board on 1 April 2016 following John Coombe's retirement from the Board on 31 March. He is the Senior Independent Director at Inchcape plc and is also a Non-Executive Director, and the Vice Chairman of Scandinavian Tobacco Group A/S. He spent 32 years with Gallaher Group plc, including seven years as chief executive between 2000 and 2007. Nigel was the Chairman of Debenhams plc (until April 2016) and Paddy Power plc (until May 2015), and has also been a non-executive director of Aggreko plc, Thomas Cook Group plc and Aer Lingus Group plc.

DAVID RADCLIFFE

Chief Executive, age 64

David Radcliffe joined the Group in 1978, was appointed to the Board in 1989 and became Chief Executive in 1997. Since then he has re-positioned the Group as a focused corporate services organisation. David is a Non-Executive Director of Wincanton plc and is a member of its Audit, Nominations and Remuneration Committees. He is a Fellow of the Institute of Sales and Marketing Management and a Companion of the Institute of Management.

MICHELE MAHER

Chief Financial Officer, age 50

Michele Maher joined Hogg Robinson Group in 1995 and has held a series of senior operational and central financial positions with the Group. She was appointed as Finance Director Worldwide Operations of HRG in 2013 and was appointed to her current role in June 2015. Michele's early career was with KPMG and Dell Computers. She is qualified as a FCA and also has an MBA from Cranfield University.

KEVIN RUFFLES

Chief Operating Officer, age 64

Since joining the Group in 1972, Kevin Ruffles has held a number of senior operational roles, and was a Director of Hogg Robinson plc until May 2000. He was appointed Regional President for Asia Pacific in 2006, assumed additional responsibility for Europe in 2007 and North America in 2010. His leadership roles have included: UK e-ticket launch with British Airways; ISO quality accreditation and implementation throughout the UK; and the integration of the business travel interests of Kuoni Holdings. He was appointed to the Board as Chief Operating Officer in October 2010 and focuses on key strategic projects.

WILLIAM BRINDLE

Chief Information Officer, age 55

Having joined the Company in 1998, Bill has been instrumental in driving change within the business focusing on the design, development, delivery and support of innovative business systems and architecture. Bill is responsible for all aspects of the Group's technology, and also for Freedom, Hogg Robinson Group's growing Technology business.

MARK WHITELING

Senior Independent Director, age 53

Mark Whiting was the Deputy CEO and former CFO of Premier Farnell plc (until June 2016), and has considerable senior international operational and finance experience with a number of diverse organisations including Autobar Group Limited, Communis plc, Tibbett & Britten Group plc and Enodis plc. He was a Non-Executive Director of Future plc until December 2014 and was also Chairman of its Audit Committee. Mark chairs the Company's Audit Committee and is also a member of the Nominations and Remuneration Committees.

PAUL WILLIAMS

Non-Executive Director, age 71

Paul Williams has more than 30 years' senior executive experience, with specific responsibility for human resource issues at NCR, Heinz, Glaxo, Rolls-Royce and Smith & Nephew. He is a member of the Aston University Business School Advisory Board, and is also Independent Chairman of the Port of Tyne Defined Benefit Pension Schemes Trustees. He was appointed to the Board of Hogg Robinson Group in April 2011 and is the Chairman of the Remuneration Committee. He is also a member of both the Audit and Nominations Committees.

JOHN KRUMINS

Non-Executive Director, age 53

John Krumins is Chairman of Wavex Technology Limited, a panel member of the Competition and Markets Authority, and had previously worked within the investment banking sector for over 20 years, having held senior corporate finance and M&A positions at Morgan Stanley, Deutsche Bank and Société Générale. John has an MBA from Harvard Business School and is a member of the Company's Audit, Remuneration and Nominations Committees.

ASHLEY HUBKA (Appointed 1 August 2016)

Non-Executive Director, age 43

Ashley Hubka was Executive Vice President and Chief Strategy Officer of Cimpres N.V. until May 2017. Prior to joining Cimpres in 2011, Ashley was a partner at Oliver Wyman. She previously held consulting roles at Mercer Management Consulting and The World Bank, and was a director of the U.S.-India Business Council. She has a B.A. in Philosophy from Harvard University and an M.A. in International Relations from Johns Hopkins University. Ashley is a member of the Company's Audit, Remuneration and Nominations Committees.



EXECUTIVE MANAGEMENT TEAM

In addition to the Executive Directors of the Company, the Executive Management Team also includes the following Executives:

KEITH BURGESS

General Counsel & Central Services Director, age 62

Keith is a barrister and a Fellow of the Institute of Chartered Secretaries. In addition to the Group's legal function, Keith is closely involved in Hogg Robinson Group's international expansion, acquisition and divestment programme. He also has responsibility for a number of key central functions including the global insurance programme, human resources and relationships with HRG's worldwide partner network.

KYLE FERGUSON

CEO, Fraedom, age 43

Kyle joined the Hogg Robinson Group as Regional Head for Spendvision's Asia Pacific region in 2012 and, prior to his current appointment, was Fraedom's Chief Commercial Officer. Kyle has many years of experience in the world of spend management, and is predominantly focused on Fraedom's strategic business planning and growth.

JOHN HARVEY

Group Marketing Director, age 55

John originally joined Hogg Robinson in 1979 and has extensive experience in sales, marketing, research and account development across the corporate travel, business consulting and technology sectors, including a period during which he ran his own consultancy practice. John re-joined the Group in 2009, and has been leading the Group's marketing strategy and activity since 2013.

MATTHEW PANCALDI

HRG Global Sales and Client Relations Director, age 47

Matthew has overall responsibility for ensuring that HRG satisfies and exceeds the needs of its customers worldwide. A graduate in Social Geography, Matthew joined HRG in 1999 with an established track-record in corporate sales. He has spent most of his career in increasingly senior client-facing roles and has extensive international experience at a global level. Prior to his current role, he was Director of UK Sales for HRG and, in 2010, assumed the additional responsibility for Sales in Europe and Asia Pacific, and was appointed to his current role with effect 15 May 2017.

JAMES STEVENSON

Global Sales Director, age 50

James joined Hogg Robinson in 1986 as a graduate trainee and has extensive experience of the Group's worldwide organisation including 4 years in Shanghai establishing HRG Jin Jiang China, and subsequently led HRG's Asia Pacific sales team based in Singapore. James returned to the UK in 2009 and was appointed Global Sales Director in 2011. A graduate in Business Studies and Finance, James is responsible for leading all aspects of our global new business sales strategy and performance.

IAN WINDSOR

Global Travel Services Director, age 57

Ian started his career with Hogg Robinson Travel in 1976 and is widely recognised as one of the most experienced operational leaders in the corporate travel industry, having worked from junior business travel consultant through to his current appointment as Global Travel Services Director with effect from 1 March 2017. Ian has extensive knowledge and understanding of large-scale multinational client servicing, and is responsible for leading the development of our client service strategy and the global configuration of HRG's operational network.



CORPORATE GOVERNANCE

STATEMENT OF COMPLIANCE

The Board has at all times been guided by the UK Corporate Governance Code ('the Code', which is available on the website of the Financial Reporting Council (FRC)) in seeking to achieve the highest standards of business integrity, ethics, and professionalism across all of the Company's activities. This report sets out the manner in which the main and supporting principles of the Code have been applied. Hogg Robinson Group has complied with the Code throughout the year, and is committed to maintaining such compliance in the future.

BOARD OF DIRECTORS

The Board currently has nine members: the Chairman, four further Non-Executive Directors and four Executive Directors. The biographies of the Directors appear on page 25. The effectiveness of the Board is underpinned by a balance between Executive and Non-Executive Directors and the Board believes that this brings together the appropriate skills and experience necessary to provide effective leadership and control of the Company.

Director	Time served on Board of Hogg Robinson Group
Nigel Northridge	1 year 5 months
David Radcliffe	28 years
Michele Maher	1 year 11 months
Kevin Ruffles	6 years 7 months
William Brindle	1 year 5 months
Ashley Hubka	10 months
John Krumins	1 year 2 months
Mark Whiting	2 years 6 months
Paul Williams	6 years 1 month

Nigel Northridge was appointed as Chairman of the Company on 1 April 2016. The former Chairman, John Coombe, was not involved in the selection or appointment of Nigel Northridge.

Ashley Hubka was appointed as an independent Non-Executive Director on 1 August 2016. The 2017 AGM is the first AGM following her appointment and she will accordingly submit herself for election at that meeting.

Mark Whiting and Paul Williams will be the directors retiring by rotation, and will submit themselves for re-election at the AGM which is to be held on 27 July 2017.

BOARD RESPONSIBILITIES, BALANCE AND EFFECTIVENESS

Collectively, the Board is responsible to shareholders for setting the direction of the business and monitoring the Group's performance. It is also responsible for ensuring that an effective internal control environment exists, and that the risks associated with the business are appropriately managed. It defines and sets the strategic objectives of the Group, ensuring that sufficient financial and human resources are in place to meet those objectives. The Board exercises control of the Group by meeting regularly throughout the year. In addition to a schedule of regular meetings, the Board also meets on an unscheduled basis as the need arises.

The executive element of the Board is balanced by independent Non-Executive Directors, so that no individual or group of individuals can dominate the Board's decision making.

The Group's Non-Executive Directors are regarded as independent and free from any business or other relationship that could materially interfere with their judgement.

In accordance with paragraph B.1.2 of the Code, the Chairman of the Board is not counted as independent for the purposes of that provision of the Code. The Company has been below the FTSE 350 throughout the year and, in accordance with paragraph B.1.2 of the Code, the Company has at all times had at least two non-executive directors who are counted as independent. Prior to August 2016, the Board included four Executive Directors and only three Non-Executive Directors who are counted as Independent for the purpose of the Code, and the Board accordingly maintained voting procedures during that period which provided that the Executive Directors could not outvote the combined votes of the independent Non-Executive Directors. The Senior Independent Director has a casting vote in the event of equality of votes on any resolutions.

The provisions of the Companies Act 2006 relating to Directors' conflicts are incorporated into the Company's Articles of Association. No conflicts of interest have been noted or authorised by the Board during the year.

DIRECTORS' INDEMNITY ARRANGEMENTS

The Company has purchased and maintained Directors' and Officers' liability insurance throughout the year in respect of itself and its Directors, whether in their capacity as directors of the company or associated companies. The Directors also have the benefit of indemnity provisions in the Company's Articles of Association. These provisions are qualifying third party indemnity provisions as defined by the Companies Act 2006.

THE CONDUCT OF BUSINESS

The Company has established business values and standards for the Group, which provide a framework for the corporate social responsibility which the Board expects the Company to observe in balancing the interests of all its stakeholders in the conduct of business. These values and standards are available on the Company's website (www.hoggrobinson.com). The Company has a written anti-corruption and bribery policy, and has adopted procedures which follow the guidelines published by the Ministry of Justice in relation to the Bribery Act 2010.

There is a clear written statement of the division of responsibilities between the Chairman and Chief Executive. The Chairman has overall responsibility for the leadership and effectiveness of the Board, and there is a formal schedule of matters specifically reserved to the Board for decision which includes the Group's business strategy, annual budget, annual and half-yearly financial results, trading statements, dividends, and major corporate activities, such as the making of investments, acquisitions and disposals. The Board considers regular reports from the Chief Executive, Chief Financial Officer, Chief Operating Officer, and Chief Information Officer, as well as operating reports from individual divisions or functions. Complete, timely and relevant information is provided to the Board to ensure that informed judgements are made in pursuit of the Group's objectives.

The Board also reviews the performance of management in meeting business objectives, determines appropriate remuneration levels through the Remuneration Committee and plans the succession of key executives.

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NON-EXECUTIVE DIRECTORS AND THEIR FUNCTION

The Non-Executive Directors provide an independent and constructive challenge to the strategy and business development plans that are proposed by executive management. Through their membership of the Board's committees, the Non-Executive Directors also have responsibility for:

- overseeing that the systems of internal control and risk management are appropriate and effective;
- managing the relationship with the external auditors;
- evaluating the performance of the management teams in meeting targets and objectives;
- setting the remuneration of Executive Directors and approving the Chief Executive's recommendations as to the remuneration of the Executive Management Team; and
- planning senior management succession.

The Senior Independent Non-Executive Director is Mark Whiteling. In this role, he acts as an additional contact point for shareholders should they feel that their concerns are not being addressed through normal channels.

BOARD DEVELOPMENT AND TRAINING

Newly appointed Directors receive a comprehensive induction programme and training is provided as necessary for Directors on their roles and legal obligations to ensure that they are fully conversant with their responsibilities as Directors.

Directors are also kept informed of changes to relevant regulatory regimes, and new institutional investor guidelines. All Directors have access to the advice and services of the Company Secretary and also to external independent advice should they so wish.

The Chairman regularly reviews and agrees with each director their training and development needs.

PERFORMANCE OF THE BOARD

Overall, the Board remains satisfied that the current Board systems, structures and procedures are appropriate to the needs of the business.

The Board last conducted a formal review of its effectiveness during the financial year ending 31 March 2014. A further review of its operational effectiveness was deferred pending the change of Chairmanship and additional Non-Executive appointments to the Board which were completed in August 2016. With these changes now complete, the Board has begun a formal review of its effectiveness which will be completed during 2017.

During the year, the Non-Executive Directors conducted a performance evaluation of the Chairman of the Company without the Chairman present, taking into account the views of the Executive Directors. The Chairman also met the other Non-Executive Directors without the Executive Directors being present in order to review the operation of the Board. In addition, the Chairman held meetings with the other Non-Executive Directors to review their contribution to the Board.

BOARD MEMBERSHIP

In accordance with the Code and the Company's Articles of Association, all Directors submit themselves for re-election on a rotational basis every three years and newly appointed Directors are subject to election by the shareholders at the first AGM after their appointment.

BOARD COMMITTEES

The Board has established Audit, Remuneration and Nominations Committees. No person other than a committee member is entitled to attend the meetings of those Committees, except at the invitation of the Committee. The terms of reference of all these Committees are available on the Company's website (www.hoggrobinson.com).

Audit Committee

The Audit Committee comprises Mark Whiteling, Paul Williams, Ashley Hubka and John Krumins, all of whom are Independent Non-Executive Directors. The Committee is chaired by Mark Whiteling, who has significant and recent relevant financial experience. In addition to the members of the Committee, regular attendees at Audit Committee meetings at the invitation of the Committee have included the Chairman and/or Executive Directors, representatives of the external auditors, the head of internal audit and financial reporting and the Company Secretary.

Details of the activities of the Audit Committee are given in the Audit Committee report on page 31.

Remuneration Committee

The Remuneration Committee comprises Nigel Northridge, and the four independent Non-Executive Directors, Ashley Hubka, John Krumins, Mark Whiteling and Paul Williams, who is Chairman of the Committee.

The Remuneration Committee sets the policy framework and objectives for the remuneration of the Executive Directors and other senior executives of the Group, and monitors their performance against these targets.

Details of the activities of the Remuneration Committee are given in the Remuneration Report commencing on page 33.

Nominations Committee

The Nominations Committee is responsible for matters of Board structure, management succession and the identification and appointment of Directors. The Committee comprises the Chairman of the Board, who also chairs this Committee, and the Independent Non-Executive Directors.

In considering any new appointments to the Board, the Committee exercises its judgement based on the merit and suitability of any candidate but, in doing so, also bears in mind the principles of balance and equal opportunity which are set out in the Company's Statement on Corporate Responsibility on page 21.

The appointment of Ashley Hubka followed an external process conducted through MWM Consultants, who have no connection with, and are independent of, the Company.



GOVERNANCE



TABLE 1: DIRECTORS' ATTENDANCE

The following table sets out the number of Board meetings during the year and the activity of its Committees, together with the attendance record of the relevant Directors.

	Board	Audit Committee	Remuneration Committee	Nominations Committee
Meetings during the year	7	3	4	1
Current Directors				
Nigel Northridge	100%	n/a	100%	100%
David Radcliffe	100%	n/a	n/a	n/a
Michele Maher	100%	n/a	n/a	n/a
Kevin Ruffles ¹	71%	n/a	n/a	n/a
William Brindle	100%	n/a	n/a	n/a
Ashley Hubka ²	100%	100%	100%	n/a
John Krumins	100%	100%	100%	100%
Mark Whiteling	100%	100%	100%	100%
Paul Williams	100%	100%	100%	100%

Note 1: Kevin Ruffles was unable to attend two meetings of the Board during the year due to his absence from the UK.

Note 2: Ashley Hubka was appointed as a Director on 1 August 2016 and has attended all Board Meetings held since that date.

EXECUTIVE MANAGEMENT COMMITTEE

The Board has delegated the day-to-day operational management of the Group to the Chief Executive who manages this through a Committee (the Executive Management Board) which comprises the Executive Directors of the Board and the other members of the Executive Management Team (see page 26). This is the key management committee for the Group.

The Executive Management Board meets regularly and, in addition to the day-to-day management of the Group, is responsible for developing the Group's strategy and capital expenditure and investment budgets, and reporting on these areas to the Board for approval.

COMMUNICATION WITH SHAREHOLDERS

The Board attaches importance to the effectiveness of its communications with shareholders. The Board has initiated dialogue with institutional shareholders and the financial community. This has included presentations of the preliminary and half-year results, and also includes regular meetings with major shareholders and industry analysts. All shareholders and potential shareholders can gain access to the Annual Report and other significant information about Hogg Robinson Group on the Company's website (www.hoggrobinson.com).

Shareholders are encouraged to attend the Company's AGM which is to be held on 27 July 2017, where they will have the opportunity to receive information on the Group's business activities and to question senior management about business issues and prospects.

The Chairmen of the Audit, Remuneration, and Nominations Committees will be available at the AGM to answer any questions on the work of the Committees. All shareholders will be entitled to vote on the resolutions put to the AGM. All proxy votes will be counted, and the level of proxy votes lodged for each resolution will be reported at the AGM, on the Company's website (www.hoggrobinson.com), and a formal announcement which will be released to the RNS immediately after the conclusion of the AGM.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness in safeguarding shareholders' interests and the Group's assets. Such a system is designed to manage rather than eliminate the risks associated with the achievement of business objectives, and can only provide reasonable, not absolute, assurance against material misstatement or loss.

Within the Group, managers are responsible for the identification and evaluation of significant risks applicable to their areas of operation together with the design and operation of appropriate mitigation. In particular, with regard to regular financial reporting and preparing Consolidated Financial Statements, Group Finance participates in the control, self-assessment and policy compliance elements of risk management. Group Finance also contains a consolidation team that reviews external technical developments and detailed reporting and accounting policy issues.

In addition, Group Finance maintains an up-to-date Group Accounting Policies Manual and sets formal requirements with business unit finance functions specifying the reports and approvals needed.

Risk management software is used at all major sites and for key central functions, and is readily accessible by management.

The Group maintains an Executive Management Board risk register. The Executive Management Board regularly reviews the risk management and control process and considers:

- the authority, resources and coordination of those involved in the identification, assessment and management of significant risks faced by the Group;
- the response to the significant risks which have been identified by management and others; and
- the maintenance of a control environment directed towards the proper management of risk.

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A process of self-certification is used within the Group to provide a documented and auditable trail of accountability for the operation of the system of internal control. This is complemented by the activities of the internal audit function, which provides a degree of assurance as to the system of internal control that takes account of the major risks identified by the Executive Management Board.

The Board has reviewed the effectiveness of the system of internal control that has been in operation during the year ended 31 March 2017. The Executive Management Board has reviewed and updated its evaluation of significant risks affecting the business and the manner in which they are managed. The results of this exercise have been reviewed and endorsed by the Audit Committee and the Board, and are commented on in more detail in the Risk Management section on pages 22 and 23. In accordance with provision C.2.1 of the UK Corporate Governance Code 2014, the Board confirm that they have carried out a robust assessment of the principal risks facing the Group.



AUDIT COMMITTEE REPORT

ROLES AND RESPONSIBILITIES

- Advising the Board on whether the Committee believes the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides shareholders with the information necessary to assess the Group's performance, business model and strategy
- Reviewing significant financial reporting issues and judgements
- Monitoring the integrity of the annual and interim financial statements
- Keeping the relationship with the auditors under review, including their reappointment, terms of engagement, fees, effectiveness and independence
- Overseeing the internal audit function and approving their terms of reference and audit plan
- Reviewing and monitoring the effectiveness of the Group's internal audit and risk management systems
- Review any allegations made via the Group's whistle blowing procedures.

ACTIVITIES OF THE COMMITTEE

The Audit Committee reviewed a wide range of financial reporting and related matters at its meetings during the year, including the Company's results prior to their submission to the Board. The Committee focused in particular on critical accounting policies and practices adopted by the Group and any significant areas of judgement that may materially impact reported results. It also monitored the internal controls that are operated by management to ensure the integrity of information reported to shareholders.

The significant areas of estimate and judgement considered by the committee and discussed with the external auditors during the year were:

Revenue recognition

The judgement relates to revenue recognition in respect of significant contracts and to the timing of recognition of supplier revenues earned under sales and marketing agreements, incentive arrangements and distribution and system usage agreements. The Committee discussed with management the key judgements made and was satisfied with the assumptions used by management.

Evaluation of retirement benefit obligations

The judgement depends on the actuarial assumptions applied including discount rate, inflation rate increases in pensionable pay, mortality rates, including the impact of the MUMS exercise and increases in pensions in payment. The Committee reviewed the key assumptions recommended by independent pension funding scheme actuaries and was satisfied with the assumptions used by management.

Capitalisation of internally generated intangible assets

The judgement depends on the assumption that it is probable that economic benefits will flow to the Group from the asset being developed, the cost being reliably measured and the technical feasibility being demonstrated. The Committee concurred with management.

Assessment of the impairment of goodwill and client relationships at each balance sheet date

The judgement largely relates to the assumptions underlying the calculation of the value in use of the cash generating units (CGU's) being tested for impairment, primarily the cashflows expected to be generated in the Group's three-year business plan for the CGU's and the macroeconomic assumptions (such as discount rates) underpinning the valuation process. The Committee reviewed the impairment assessment and discussed with management the key judgements and concurred that no impairment was required.

Classification of tax balances

The judgement relates to the recognition of deferred tax liabilities in respect of tax amortisable goodwill and deferred tax assets relating to brought forward losses. The Committee discussed the treatment with management and was satisfied that its disclosure was appropriate.

Exceptional items

The judgement relates to the treatment of items considered as being exceptional and consequent disclosure to assist the reader in understanding the results of the Group, in light of the guidance issued by the Financial Reporting Council in December 2013. The Committee discussed the treatment with management and was satisfied that its disclosure was appropriate.

Internal audit

The Committee reviewed the appropriateness of the annual internal audit plan for the Group, to ensure that the internal audit function is adequately sponsored and resourced. Its terms of reference also provide for it to review the whistle-blowing arrangements for staff.

EXTERNAL AUDITORS

The Committee reviews on a regular basis all fees paid for audit and non-audit services being provided by the Group's external auditors in order to satisfy itself of the reasonableness of fees, value of delivery, and the objectivity and independence of the external auditors. The lead audit partner is rotated every five years and was last changed in 2015.

The Committee provides a forum for reporting by the Group's external auditors. It has advised the Board on the appointment, independence and objectivity of the external auditors, and on their remuneration for both statutory audit and non-audit work. It also discussed the nature, scope and timing of the statutory audit with the external auditors.

Senior management monitors the auditors' performance, behaviour and effectiveness during the exercise of their duties.

The Audit Committee also assesses the effectiveness, independence and objectivity of the external auditors by, amongst other things:

- considering all key external auditor plans and reports;
- having regular engagement with the external auditor during Committee meetings and ad hoc meetings (when required), including meetings without any member of management being present; and
- the Committee Chair having discussions with the Senior Statutory Auditor ahead of each Committee meeting and following the end of the financial year.

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AUDIT COMMITTEE REPORT

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In accordance with the UK Corporate Governance Code's requirement for Public interest entities to put the external audit out to tender at least every ten years, the Committee oversaw a formal audit retender process for the audit of the Group's financial statements for the year ending 31 March 2018. Four audit firms were invited to tender, who engaged in an initial 'fact finding' exercise to gain an understanding of the Group's business followed by meetings with senior management and members of the finance team. Access was also provided to useful material through a data room. Each firm prepared a formal written proposal, following which two firms were selected to present at a dedicated Audit Committee meeting. Following the presentations, a question and answer session was held during which each firms' audit approach, their global and IT capabilities and how they could add value through the audit process, was discussed.

The Committee considered the strengths and weaknesses of the two proposals and how they would meet the primary objective of securing the highest audit standard. The process concluded with the selection of PricewaterhouseCoopers LLP ('PwC'). The Board approved the Committee's preferred firm for recommendation to Shareholders.

PwC has provided specific assurances which have been accepted by the Committee around the safeguards they have in place to maintain its independence and objectivity, including an internal process to pre-approve provision of non-audit services and the use of separate teams when non-audit services are being provided to the Group.

Mark Whiting
Chairman of the Audit Committee

24 May 2017



REMUNERATION REPORT

Annual Remuneration Committee Chairman's Statement

On behalf of the Board I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2017.

At the 2016 AGM shareholders approved a revised Remuneration Policy by a substantial majority. The new Policy replaced the Policy approved by shareholders at the 2014 AGM and included some important changes to take due note of trends in good governance and shareholder input. Remuneration plans and decisions during FY17 have been fully consistent with approved Policy.

Attention is drawn to the following FY17 headlines:

- John Kruminis and Ashley Hubka (appointed as Non- Executive Directors on 1 April 2016 and 1 August 2016 respectively) have joined the Remuneration Committee – which comprises all five Non-Executive Directors. In the last two years the average age of Members of the Committee has reduced by ten years to 56.
- In my report last year I indicated that base pay increases for the CEO, COO, and CIO were being proposed at 2% consistent with the salary increase budget for the UK organisation and in line with competitive practice. These increases were to be effective from a deferred annual review date of 1 July 2016. The Board subsequently took a prudent decision in the light of broader economic uncertainties and did not proceed with these Board level increases. Salary increases throughout the organisation were also restricted. Similar action had been taken in 2013 and 2014, and the Board is fully aware of the need to carefully monitor the impact of such decisions on morale and motivation. For example, the Committee received a comprehensive Report in February 2017 from the HR Director which provided the opportunity to review the degree of consistency of pay and reward policy across the wider population of the Company.
- The exception to this Board level pay freeze concerned the CFO, Michele Maher, who was promoted from within the company in June 2015 at which time a staged approach to increase her salary from £230k pa to £270k pa was agreed over a period of two years subject to her performance. This staged award approach is consistent with the approved Remuneration Policy for internal promotions and external appointments to the Board. The Committee was very satisfied that Michele had performed strongly in her role and approved a new salary of £255k effective 1 July 2016. This was detailed in my 2016 Report.
- The proposal for FY18 for the CEO, COO, and CIO is to resume awarding base pay increases with effect from 1 April 2017 at a level of 2% in line with their performance and competitive practice consistent with the salary increase budget for the UK organisation. With respect to future salary increases throughout the organisation the company is investigating a policy of greater emphasis on performance related pay. With regard to the CFO the final tranche of the staged salary increase progression will take effect from 1 July 2017 with a further increase, as detailed in my 2016 Report, to £270k. Her performance in the role has continued to be highly commendable and the new salary will bring her closer to competitive practice.

- EBIT and FCF performance in this fiscal year will, subject to final audit, will broadly deliver "target" bonus awards to Executive Directors against the financial metrics of their Bonus Plan. The LTIP awards which mature in May 2017 will not vest for performance against the Company's challenging EPS targets. Notwithstanding the estimated performance measurement shown on page 44 (which was tested at 31 March 2017) the latest performance data confirms that these awards are also now unlikely to vest against the Company's TSR performance over the past three years.
- The Committee continues to monitor market practice in respect of Executive Director pay, and will be introducing a 2 year post-vesting holding period in respect of any shares arising from future LTIP awards made to Executive Directors, commencing in FY18.

The Remuneration Committee is satisfied that it continues to take a prudent and responsible approach to Executive Director pay, and that the senior management team appropriately reflects this pay philosophy and these principles in the policies and practices cascaded throughout the Company as a whole, whilst at the same time ensuring that Hogg Robinson Group continues to trade in line with expectations and invest in future success.

Paul Williams
Chairman of the Remuneration Committee

24 May 2017

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REMUNERATION REPORT

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Directors' Remuneration Policy Report

There is a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual Directors. A significant proportion of each Executive Director's potential remuneration is variable and linked to performance. Performance related pay comprises annual bonus and long-term incentives. Fixed pay includes salary, a flexible benefits package and contributions towards pension arrangements.

The Remuneration Committee reviews the remuneration policy regularly to ensure that it remains aligned with changes in business needs and provides a level of total remuneration that is appropriately positioned relative to the market.

When deciding appropriate levels of salary and other elements of remuneration, the Committee takes into account:

- The annual and continuing performance of the Company and each Executive Director within their sphere of operation
- The requirement to ensure that executive remuneration is aligned with the interests of shareholders, including the level at which shareholding requirements are set
- The Company's need to provide sufficiently attractive remuneration packages for the recruitment, motivation and retention of executive directors able to provide the direction and drive needed in order to deliver the Company's objectives
- Pay and conditions across the Company as a whole; and
- Appropriate market rates. Overall remuneration levels, as well as the competitiveness of each component of the package, are benchmarked periodically with reference to the market median.

BALANCING SHORT AND LONG-TERM REMUNERATION

The remuneration policy set out in this report was approved by shareholders at the 2016 AGM. Fixed annual elements – including salary, pension and benefits – are provided to ensure current and future market competitiveness. The short and long term incentives are to motivate and reward Executive Directors for making Hogg Robinson Group successful on a sustainable basis.



EXECUTIVE DIRECTOR REMUNERATION POLICY TABLE

HOW THE ELEMENT OF REMUNERATION SUPPORTS HOGG ROBINSON GROUP'S STRATEGIC OBJECTIVES	OPERATION OF THE ELEMENT	OPPORTUNITY	PERFORMANCE METRICS
BASE SALARY			
To attract and retain Executive Directors, and to recognise their responsibilities for the delivery of the business objectives and strategy	<p>Base Salary is paid in 12 equal monthly instalments during the year.</p> <p>Subject to individual and corporate performance salaries are reviewed (but not necessarily increased) annually.</p>	<p>There are no formal salary ranges for Executive Directors and therefore no formal minima/maxima. Individual salary increases will take account of market practice, any changes in role or responsibilities, overall Company performance and the context of pay levels across the group.</p> <p>The annual base salary for each Executive Director in the year under review and the coming year is set out in the Annual Report on Remuneration.</p>	Individual performance is measured against objectives and the contribution of the Executive team when setting and reviewing salaries.
PENSION			
To ensure broad competitiveness with market practice and to encourage Executive Director retention	<p>Executive Directors receive a cash allowance based on a fixed percentage of salary.</p> <p>Salary is the only element of remuneration that is pensionable.</p>	Actual pension contributions for each Executive Director are set out in the Annual Report on Remuneration.	Not applicable.
OTHER BENEFITS			
To ensure broad competitiveness with market practice and to encourage Executive Director retention	<p>The Company operates a flexible benefits policy in the UK which enables employees, including Executive Directors, to choose from a range of benefits to suit their individual circumstances. To the extent that the value of the benefits taken differs from their personal allowance, their take home pay is adjusted so that the aggregate value of salary plus flexible benefits remains unchanged, irrespective of the Executive Director's choice.</p> <p>The range of benefits available to Executive Directors includes (but is not limited to):</p> <ul style="list-style-type: none"> - Cash equivalent to the annual cost of a fully expensed car; - Life assurance (4 times base salary), private health insurance, personal accident insurance and permanent disability insurance <p>In addition, where Executive Directors are required to relocate, reasonable relocation expenses will be paid, subject to Committee approval.</p>	<p>None of the Executive Directors received total benefits exceeding 10% of salary in any one of the last three years. Other than in exceptional circumstances (e.g. a market increase in insurance costs), it is not anticipated that benefits provided will exceed this level over the next three years.</p>	Not applicable.

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REMUNERATION REPORT

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Directors' Remuneration Policy Report (continued)

HOW THE ELEMENT OF REMUNERATION SUPPORTS HOGG ROBINSON GROUP'S STRATEGIC OBJECTIVES	OPERATION OF THE ELEMENT	OPPORTUNITY	PERFORMANCE METRICS
ANNUAL BONUS			
Incentivises annual operational, financial and personal performance	<p>Annual Bonus payments are determined based upon performance against targets set by the Committee at the start of each financial year.</p> <p>Annual Bonuses are paid (to the extent warranted by performance) in the month immediately after the announcement of the annual results of the financial year end to which they relate.</p> <p>Annual Bonuses are paid in cash. To the extent that an Executive Director does not already meet their shareholding requirement, they are required to invest the net after-tax value of any bonus earned in excess of 80% of salary in Company shares and hold them until the shareholding requirement is achieved.</p>	<p>Maximum bonus potential of 100% of salary for all Executive Directors.</p> <p>For threshold and target level performance, bonus earned is up to 25% and 50% of maximum for each element respectively.</p>	<p>At least 80% of the maximum bonus payable is based on financial performance measures (principally Group EBIT) which may be supplemented by strategic performance measures to ensure that the bonus aligns with business priorities.</p> <p>The remainder (up to 20% of the maximum bonus payable) is based on the achievement of personal objectives.</p> <p>In the event that the Group EBIT threshold level of performance (as set for each annual bonus cycle) is not met, the Remuneration Committee may, at its discretion, adjust downwards (to zero if deemed appropriate) the payout under the personal element of the bonus.</p> <p>Details of the performance measures attached to the annual bonus will be reported in the relevant Annual Report on Remuneration. Numeric targets will be disclosed retrospectively 2 years after the relevant bonus period.</p>
LONG-TERM INCENTIVE PLAN			
To support shareholder alignment by providing Executive Directors with an incentive to focus on the long-term performance of the Company, encourage a share ownership mentality and to encourage Executive Director retention	PERFORMANCE SHARE PLAN (PSP)		
	<p>Annual grants of conditional share awards made to Executive Directors following the announcement of the Company's annual results.</p> <p>Vesting is dependent on continued employment and performance conditions (see column, right).</p> <p>The Committee may amend the performance metrics in exceptional circumstances, but will consult with the Company's major shareholders before doing so.</p> <p>The PSP performance and vesting period is at least 3 years. The Remuneration Committee may, at its discretion, introduce a post-vesting holding period to future awards. The Committee will continue to monitor market practice and shareholder preferences and incorporate a post-vesting holding period when it believes that this is appropriate.</p> <p>To the extent that an Executive Director does not already meet their shareholding requirement, they are required to retain 50% of the net after tax value of any vested PSP award, until the shareholding requirement is met.</p>	<p>The PSP rules include a maximum award limit of 150% of salary. However, for the term of this Policy, annual PSP award opportunities will normally be capped at 120% of salary and within a range of 100%-120% of salary. The Remuneration Committee will determine the size of the award within this range for each award cycle based on its judgment of competitive practice for eligible Executive Directors and on Company performance. In exceptional circumstances, awards may be made up to a maximum of 150% of salary.</p> <p>Threshold performance will result in vesting of 25% of an award.</p> <p>Details of awards granted in the year under review are disclosed in the Annual Report on Remuneration.</p>	<p>In addition to the requirement for continued employment over the 3-year vesting period, 50% of the award is subject to TSR performance conditions and the remaining 50% of the award is subject to EPS performance conditions. Subject to consultation with major shareholders before implementation, the Committee may, for future cycles, vary these weightings and include other financial or strategic measures.</p> <p>Awards subject to TSR targets will vest based on the Company's 3-year TSR performance relative to a market benchmark such as the FTSE 350 Support Services Index.</p> <p>Awards subject to EPS targets are measured on cumulative underlying EPS the upper and lower thresholds for which are determined by the Committee in order to provide realistic but stretching targets.</p> <p>Performance-based awards will vest on a straight-line sliding scale between Threshold and Maximum.</p> <p>Details of the targets attached to awards made in the year will be disclosed in the Annual Report on Remuneration.</p>



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HOW THE ELEMENT OF REMUNERATION SUPPORTS HOGG ROBINSON GROUP'S STRATEGIC OBJECTIVES	OPERATION OF THE ELEMENT	OPPORTUNITY	PERFORMANCE METRICS
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LONG-TERM INCENTIVE PLAN *continued*

	COMPANY SHARE OPTION SCHEME (CSOP)		
To support shareholder alignment by providing Executive Directors with an incentive to focus on the long-term performance of the Company, encourage a share ownership mentality and to encourage Executive Director retention	<p>The PSP will normally be used as the Company's only long-term incentive plan.</p> <p>At its discretion, the Committee may determine to re-introduce the CSOP scheme and if appropriate adjust the PSP award but will consult shareholders prior to making this decision.</p>	<p>CSOP awards will be used only for HMRC tax-approved awards and any PSP awards which would otherwise have been made in that year would be reduced to reflect the tax-approved CSOP awards.</p>	<p>If awarded, performance metrics would reflect the policy in respect of PSP awards.</p>

COMPANY SHARES/SAVE SCHEMES

To encourage share ownership in Hogg Robinson Group	<p>An HMRC approved scheme under which UK employees are invited to make regular monthly contributions over three or five years to purchase shares through options which are granted at up to a maximum 20% discount to the mid-market closing price on the day prior to the date of grant.</p> <p>An International Sharesave Scheme has also been established to enable employees outside of the UK to subscribe for options on similar terms.</p>	<p>Maximum participation limits for the UK Scheme are those set by the UK tax authorities from time to time.</p> <p>Maximum participation limits in the International Sharesave Scheme are no greater than the UK Scheme but reflect local tax considerations where appropriate.</p>	Not applicable.
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SHAREHOLDING REQUIREMENT

To strengthen alignment between the interests of Executive Directors and those of shareholders	<p>Executive Directors must build a holding in the Company's shares, equal to the value of their annual base salary.</p>	<p>To the extent that they do not already meet this requirement, individuals are required to invest any net after tax bonus earned in excess of 80% of salary into shares and retain 50% of the value of any vested LTI award (net of tax and any applicable exercise costs), until the shareholding requirement is met.</p>	Not applicable.
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NOTES TO THE POLICY TABLE

Malus and Clawback

Malus and Clawback will apply on the annual bonus and LTIP in cases of misconduct or material misstatement of the published results of the Group or where, as a result of an appropriate review of accountability, a participant has been deemed to have caused in full or in part a material loss for the Group as a result of reckless, negligent or wilful actions or inappropriate values or behaviour. Cash bonuses will be subject to Malus over the performance period and Clawback over a 2 year period from payout. LTIP awards will be subject to Malus over the vesting period and Clawback from the vesting date to the fifth anniversary of grant.

Payments resulting from prior commitments

The Company will honour prior commitments entered into, and Directors will be eligible to receive payment from any award granted, prior to the approval and implementation of the remuneration policy detailed in this report (i.e. before 22 July 2016), even if these commitments and/or awards fall outside this policy. The Company will also honour any commitment entered into at a time prior to an individual becoming a Director if, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. Details of any such awards will be disclosed in the Annual Report on Remuneration.

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REMUNERATION REPORT

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Directors' Remuneration Policy Report (continued)

NOTES TO THE POLICY TABLE (CONTINUED)

Performance measures and targets

The Remuneration Committee selects the performance conditions for the Annual Bonus and PSP because these are central to the Company's overall strategy and are the key metrics used by the Executives to oversee the operations of the business. The performance targets are determined annually by the Committee, based on a number of internal and external reference points. Annual bonus targets are aligned with the annual budget agreed by the Board. PSP targets reflect industry context, expectations of what will constitute appropriately challenging performance levels, and factors specific to the Company.

Policy on satisfying awards under the LTI Plan

Awards made under the PSP are satisfied by market purchase shares to the extent that such awards vest in due course. Awards which vest under the CSOP may be satisfied by market purchase shares or are structured to be satisfied by equity-settled share appreciation rights. Funding of awards through new issue shares is subject to an overall dilution limit of 10% of issued share capital in any ten-year period. Of this, 5% may be used in connection with the Group's discretionary share schemes (being the PSP and CSOP).

Summary of remuneration policy for all employees

All UK-based permanent employees are entitled to a base salary, a choice of flexible benefits, and contributions to a defined contribution pension scheme. A discretionary bonus may be paid to employees below Key Management based on the Company's financial performance, the seniority of the individual and the responsibility of their role.

Only senior executives and directors are eligible to participate in the Company's long-term incentive plans. The Company Sharesave scheme is offered to all permanent employees, including Executive Directors, on identical terms.

Statement of consideration of employment conditions elsewhere in the company

The Committee invites the Group HR Director to present annually on proposals for salary increases and benefits below the Board for the employee population generally and on any other changes to remuneration policy within the Company.

The Committee approves the overall annual bonus cost to the Company each year and has oversight over awards made under the long-term incentive plans to any employee.

The Committee is mindful of the increases applying across the rest of the business in relevant markets when considering salary increases for the Executive Directors.

Whilst the Company does not have a formal consultation process with employees regarding salary increases, the CEO regularly conducts Town Hall meetings across the whole Company to engage the workforce on a variety of issues including the Company's policy on pay and benefits.

Approach to recruitment remuneration

External appointment

The Committee's approach to recruitment remuneration is to pay what is required to attract appropriate candidates to the role, taking into account internal relativities.

In cases of hiring or appointing a new Executive Director from outside the Company, the new Executive Director's package would include the same elements as those of the existing Executive Directors, as summarised in the table set out on pages 35 to 37 above, albeit subject to the following variations:

- Salary will be determined with reference to market pay data and will take into account the new appointee's duties and responsibilities, as well as internal relativities. Where a new appointee's salary is initially set below market, any shortfall may be managed with phased increases, subject to the executive's development in the role.
- Annual bonus opportunities will normally be pro-rated in the year of joining to reflect the proportion of that year employed. Under certain circumstances, the Committee may agree to guarantee an element of the annual bonus in that first year or part-year.
- Long-term incentive awards on recruitment may be up to 120% of salary under the Performance Share Plan (PSP).
- In certain circumstances it may be necessary to buy out an incentive arrangement forfeited on leaving a previous employer, over and above the approach and award limits outlined in the table above. Any buy-out of incentives forfeited on leaving the previous employer will be structured on a comparable basis, taking into account any performance conditions attached, time to vesting and share price at the time of buy-out. The Committee may also consider it appropriate to grant an award under a structure not included in the Policy, exercising the discretion available under the relevant Listing Rule. Details of any such buy-out will be fully disclosed in the relevant Annual Report on Remuneration.

Internal promotion to the Board

In cases of appointing a new Executive Director by way of internal promotion, the policy will be consistent with that for external appointees detailed above. In cases of internal promotions to the Board, where an individual has contractual commitments made prior to their promotion to Executive Director level, the Company will honour these arrangements. Incentive opportunities for below Board employees are no higher than for Executive Directors.

Service contracts for Executive Directors and policy on payment for loss of office

Notice Periods

For the CEO the notice period is 12 months from the Company and 12 months from the individual. For the other Executive Directors the notice from the Company is 12 months and the notice from the individuals is 6 months. The table below sets out the standard provisions of Executive Directors' contracts, as well as the treatment in normal circumstances of outstanding incentives, in the event of loss of office.



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STANDARD PROVISION	POLICY	DETAILS	OTHER PROVISIONS IN SERVICE CONTRACTS
Compensation for loss of office in service contracts	No more than 12 months' salary and benefits.	Executive Directors would be paid in lieu of their notice, other than where termination is for cause.	
Treatment of annual bonus on termination	No bonus is payable, unless certain "good leaver" circumstances apply. In such cases, Executive Directors may be eligible to receive a bonus for the period of the year worked. Malus and Clawback provisions will continue to apply in line with the normal policy.	"Good" leaver events include retirement from the Company, death, where the contract is terminated by the Company (other than for gross misconduct or disciplinary reasons) and redundancy. Bonuses for "good" leavers will typically be pro-rated for the period of service during the year.	In the event of loss of office due to a Change of Control (see note below), Executive Directors would receive a bonus payout at the "on target" level.
Treatment of invested long term incentives on termination	Awards lapse, unless certain "good leaver" circumstances apply. In such cases, Executive Directors may continue to be eligible for vesting. Malus and Clawback provisions will continue to apply in line with the normal policy.	"Good" leaver events include retirement from the Company, death, where the contract is terminated by the Company (other than for gross misconduct or disciplinary reasons) and redundancy. In the above circumstances, and unless the Remuneration Committee determines otherwise, shares awarded under the PSP are pro-rated for time but remain subject to the original performance conditions (unless in the event of death, where performance conditions are waived). Options awarded under the CSOP are not pro-rated for time and remain subject to the original performance conditions (unless in the event of death, where performance conditions are waived). On a change of control, PSP awards will normally vest at that time, pro-rated for time and performance over the curtailed performance period. CSOP awards will be exercisable for a period of 6 months from that date. In the event of a reorganisation, awards may not vest but instead be rolled over into equivalent awards in the new holding company. The Remuneration Committee retains discretion to vary these provisions in exceptional circumstances.	
Non-Executive Directors (NEDs)	No compensation is payable if a Non-Executive Director is required to stand down.		

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REMUNERATION REPORT

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Directors' Remuneration Policy Report (continued)

David Radcliffe, Kevin Ruffles and William Brindle have a "liquidated damages" clause in their service contracts which was approved by the Remuneration Committee in 2009 in return for them at the time relinquishing contracts which previously entitled them to either 18 months or two years' notice from the Company. The clause would be triggered only in the event of a Change of Control and where either (i) the Company terminates the service contract within 12 months of the Change of Control or (ii) when the Executive gives notice of resignation from his employment within 6 months of a Change of Control if the Change of Control has resulted in the cessation of his appointment as an officer of a public limited company or where the Executive Director is entitled to regard himself as having been constructively dismissed. If triggered, this limited liquidated damages clause provides that the Executive Directors would be entitled to receive their full pay and benefits for 12 months and an "on target" bonus payout. Michele Maher's service contract does not contain similar provisions.

Policy on outside appointments

Executive Directors may accept one Board appointment in another listed Company provided that the additional role does not interfere with their primary role and does not present a conflict of interest. The Chairman's approval must be sought before an Executive Director accepts an appointment, the fees for which may be retained by the Director.

Copies of directors' service contracts and letters of appointment are available for inspection at the Company's registered office.

Dates of Executive Director service contracts/ Non-Executive Director letters of appointment

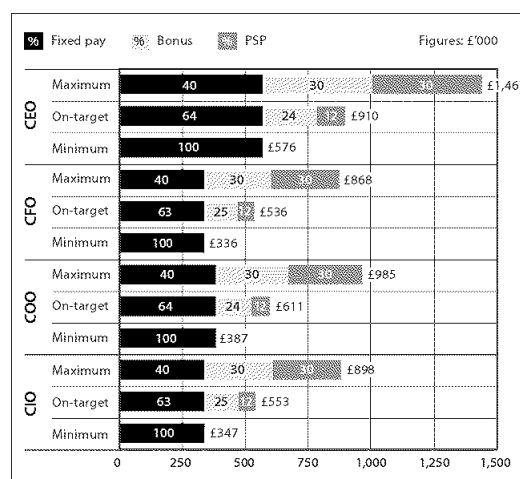
Name	Date of Service Contract/ Letter of appointment
David Radcliffe	4 June 2009
Kevin Ruffles	29 July 2009
Michele Maher	19 June 2015
William Brindle	29 July 2009
Nigel Northridge	1 January 2016
Paul Williams	1 April 2017
Mark Whiting	1 December 2014
John Krumins	1 April 2016
Ashley Hubka	8 July 2016

NEDs' letters of appointment contain no notice period.

The Chairman's appointment is subject to one months' notice on either side.

Total remuneration opportunity

Based on the policy set out on pages 35 to 37 above, the following chart summarises the potential value of Executive Directors' total remuneration under three different scenarios for the financial year ending 31 March 2018:



For the annual bonus, the amounts illustrated are those potentially receivable in respect of performance for FY18. Note the values of the PSP exclude the impact of any share price movements.

The 'Minimum' scenario shows fixed remuneration only (base salary, benefits and pension contributions).

The 'On-Target' scenario shows fixed remuneration as above, plus a target bonus payout (50% of salary) and threshold vesting of 25% of PSP awards (equivalent to 25% of salary).

The 'Maximum' scenario reflects fixed remuneration, plus a maximum payout under the annual bonus (100% of salary) and 100% vesting of PSP awards (equivalent to 100% of salary).



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Non-Executive Director fee policy

Non-Executive Directors (NEDs) are appointed for an initial term of three years, and may serve a maximum of three terms. The table below summarises the Company's policy on NED fees:

HOW THE ELEMENT SUPPORTS OUR STRATEGIC OBJECTIVES	OPERATION OF ELEMENT	MAXIMUM POTENTIAL VALUE	PERFORMANCE METRICS
To attract NEDs who have a broad range of experience and skills to support, challenge and oversee the implementation of our business objectives and strategy	<p>NEDs' fees are set by the Board as a whole; the Chairman's fees are set by the Committee.</p> <p>Annual fees are paid in 12 equal instalments during the year.</p> <p>NEDs are not eligible to participate in the Company's flexible benefits scheme, nor are they eligible to participate in the annual bonus, LTI or pension plans.</p>	Current fee levels are shown in the Annual Report on Remuneration.	Not applicable.

Statement of consideration of shareholders views

The Committee considers shareholder views received during the year and at the Annual General Meeting each year, as well as guidance from shareholder representative bodies more broadly, in shaping remuneration policy. In the event that the Committee believes it is appropriate for any material change to be made to the policy on Executive Director remuneration, the Committee consults with the Company's larger shareholders prior to implementing any such change.

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REMUNERATION REPORT

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Annual Report on Remuneration

The following section provides details of how Hogg Robinson's remuneration policy was implemented during the financial year ended 31 March 2017 and will be implemented during the financial year ending 31 March 2018.

REMUNERATION COMMITTEE MEMBERSHIP

During the year ended 31 March 2017, the Remuneration Committee comprised the independent Non Executive Directors, Paul Williams (Chairman of the Committee), John Krumins, Mark Whiteling and the Chairman of the Company, Nigel Northridge. Ashley Hubka joined the Committee from her appointment on 1 August 2016.

The Committee sets the policy framework and objectives for the remuneration of the Executive Directors and other members of Key Management and monitors the performance of Key Management against those objectives.

The Committee's full terms of reference are set out on the Company's website. The Committee met four times during the year, and details of members' attendance at meetings are provided in the Corporate Governance section on page 29.

The Chief Executive, the Group HR Director and the Company Secretary (who also acts as the Secretary to the Committee) are invited to attend meetings, except when their own remuneration is being discussed. No Director is involved in deciding his or her own remuneration.

SUMMARY OF SHAREHOLDER VOTING AT THE 2016 AGM

The votes at the 2016 AGM in respect of the binding vote on the Remuneration Policy, the advisory vote on the Annual Report on Remuneration (ARR), and the binding vote on the renewal of the Company's share schemes are summarised in the following table:

Resolution	Votes in favour		Votes against		Total votes cast	Abstentions
	Number	% of total votes cast	Number	% of total votes cast		
Binding vote on 2017-2020 Remuneration Policy	177,610,763	95.81%	7,773,635	4.19%	185,384,398	20,000
Advisory vote to approve the Annual Report on Remuneration	181,292,990	97.83%	4,022,806	2.17%	185,315,796	88,602
Binding vote on renewal of Company's share schemes	178,626,340	96.35%	6,763,058	3.65%	185,389,398	15,000

(Abstentions are not votes in law and are therefore excluded from the calculation of total votes cast)

ADVISERS

During the year the Committee received independent advice on remuneration strategy, incentive design and market data from Kepler, a brand of Mercer. Kepler was appointed by the Committee in 2006 and reports directly to the Chairman of the Remuneration Committee. Kepler provides no other services to the Group, and although Mercer (Kepler's parent company) provided support to the Company in relation to benefits provision, Kepler is regarded as independent by the Committee. Kepler is a member of the Remuneration Consultants Group and is a signatory to and abides by the Code of Conduct for Remuneration Consultants of UK-listed companies, details of which can be found at www.remunerationconsultantsgroup.com.

Kepler's total fees for the provision of remuneration services to the Committee in 2017 were £78,594 (2016: £44,064).

SINGLE TOTAL FIGURE OF REMUNERATION FOR EXECUTIVE DIRECTORS (AUDITED INFORMATION)

The table below sets out a single figure for the total remuneration received by each Executive Director:

	David Radcliffe		Michele Maher ¹		William Brindle ¹		Kevin Ruffles	
	2017	2016	2017	2016	2017	2016	2017	2016
Basic salary	437	435	249	180	270	68	293	292
Taxable benefits ²	35	36	20	16	27	7	21	23
Pension ³	96	96	44	32	47	12	65	64
Annual bonus	217	253	131	100	136	39	141	170
Long-term incentives ⁴	50	163	23	66	13	86	33	109
Total	835	983	467	394	493	212	553	658

1. Michele Maher and William Brindle were appointed as Directors on 19 June 2015 and 1 January 2016 respectively. The 2016 figures included in this table reflect their emoluments since their respective dates of appointment.

2. Taxable benefits comprise a car allowance, life insurance, private health insurance, personal accident insurance, and permanent disability insurance.

3. Pension: During the year (or their term of appointment, as appropriate) the Executive Directors received the following percentages of salary as pension contributions.

	David Radcliffe	Michele Maher	William Brindle	Kevin Ruffles
	22.0%	17.5%	17.5%	22.0%



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4. Long-term incentives: includes PSP awards based on the vest-date value
- For the year ending 31 March 2017, the figure represents the anticipated vesting outcome of the LTI awards granted on 24 May 2014 based on (i) EPS, the performance period for which ended on 31 March 2017, and (ii) an estimate, based on performance to 31 March 2017, of the outcome under the TSR performance condition, the performance period for which will end on 23 May 2017. Awards are valued using the average share price over the 3 months to 31 March 2017 of 69.95p. The valuation of these awards will be updated in next year's Annual Report on Remuneration to reflect the ultimate vesting outcome of the TSR element and the actual share price on 24 May 2017.
 - For the year ending 31 March 2016, the figure has been trued up from that disclosed in last year's Annual Report on Remuneration, to reflect the actual vesting outcome of LTI awards granted on 24 May 2013 valued at the share price on the vesting date (60p on 24 May 2016), and actual TSR performance over the full 3 year performance period (warranting the vesting of 61.25% of the TSR element that, together with nil vesting under the EPS element, resulted in 30.625% of the total award vesting). For William Brindle, this figure has been restated to include £74,585, being the face value of a restricted share award made to him in May 2015 not in relation to becoming a Director. This sum has been pro-rated to reflect the proportion of the 2-year vesting period for which William was a Board director, in line with the approach disclosed last year for the PSP award made to him in that same year. Please also note that the restricted share award captured in the 2016 single figure for Michele Maher (made to Michele in May 2015 not in relation to becoming a Director) vests subject to continued employment over a 2-year vesting period, not in three equal tranches over three years as disclosed last year. The value of this award captured in the above table is unchanged.

SINGLE TOTAL FIGURE OF REMUNERATION FOR NON-EXECUTIVE DIRECTORS (AUDITED INFORMATION)

The table below sets out a single figure for the total remuneration received by each Non-Executive Director who held office during the year:

	Base fee		Additional fees		Total	
	2017	2016	2017	2016	2017	2016
Nigel Northridge ¹	£135,000	£33,750	–	–	£135,000	£33,750
Paul Williams ²	£35,000	£35,000	£5,000	£5,000	£40,000	£40,000
Mark Whiting ³	£35,000	£35,000	£10,000	£6,859	£45,000	£41,859
John Krumins	£35,000	–	–	–	£35,000	–
Ashley Hubka ⁴	£23,333	–	–	–	£23,333	–

1. Nigel Northridge was appointed to the Board an annual fee of £135,000. He receives no other additional fees.

2. Paul Williams' additional fees relate to his role as the Chairman of the Remuneration Committee.

3. Mark Whiting's additional fees relate to the roles he assumed on 24 July 2015 as the Senior Independent Director and Chairman of the Audit Committee.

4. Ashley Hubka was appointed to the Board on 1 August 2016.

INCENTIVE OUTCOMES FOR THE YEAR ENDED 31 MARCH 2017

Performance-related annual bonus in respect of 2017 performance

For the year under review, the Executive Directors were eligible to participate in an annual bonus plan. The maximum opportunity was 100% of salary, with 50% of salary payable for on-target achievement. 60% of the bonus was based on the achievement of Group EBIT targets, 20% was based on the achievement of Group Free Cashflow targets, with the balance based on the achievement of personal objectives. In determining whether bonuses are payable in respect of any year, the Committee also has regard to the quality of the Company's earnings.

Summary of financial performance under the annual bonus

Measure	Weighting	Performance in the year					Bonus payout
		Below threshold	At threshold	Between threshold and target	At target	Between target and stretch	
Group EBIT	60%			✓			
Group Free Cash Flow	20%					✓	
Personal objectives	20%						
– David Radcliffe						✓	£217,260
– Michele Maher						✓	£130,688
– William Brindle						✓	£135,615
– Kevin Ruffles						✓	£140,766

The Committee believes that disclosing financial performance targets in respect of the annual bonus scheme would put Hogg Robinson at a competitive disadvantage to its international and privately held competitors, which are not subject to similar disclosure requirements. Given the close link between performance financial targets and Hogg Robinson's longer term strategy, FY17 EBIT and Free Cash Flow targets are not disclosed in this report but will be disclosed retrospectively 2 years after the relevant bonus period. In keeping with this policy, below we set out the EBIT targets for the annual bonus for the financial year ended 31 March 2015:

Measure	Weighting	Threshold	Target	Stretch	Actual	% payout of element
Group EBIT	80%	£47.6m	£48.3m	£49.2m	<£47.6m	0%
Personal objectives	20%	–	–	–	–	10%

The personal element of the bonus for the financial year ended 31 March 2015 would have paid out in respect of individual directors in a range up to the maximum of 20%, but was restricted by the Committee to an award of 10% to each director, reflecting the policy in place at the time for the payout of this element to be capped in any event at 50% of maximum in the event that the threshold performance level for EBIT was not met.

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Annual Report on Remuneration (continued)

VESTING OF 2015 PSP AWARDS (AUDITED INFORMATION)

On 24 May 2014, David Radcliffe, Kevin Ruffles and William Brindle received awards under the PSP. Vesting of awards is dependent 50% on three-year total shareholder return (TSR) performance relative to the companies in the FTSE350 Support Services Index, and 50% on three-year cumulative underlying earnings per share (EPS) performance. There is no retesting. Further details, including vesting schedules and performance against targets, are provided in the table below.

Performance measure	Weighting	Performance targets	Actual performance	Vesting outcome (% of maximum)
TSR vs. FTSE350 Support Services Index	50%	<ul style="list-style-type: none"> – 0% vesting if TSR is below the median-performing company of the index; – 12.5% vesting if TSR equals the median-performing company; – 50% vesting if TSR exceeds the performance of 80% of the companies; – Straight line vesting between these points 	median	25%
Three-year cumulative underlying EPS	50%	<ul style="list-style-type: none"> – 0% vesting for EPS of less than 23.40p; – 12.5% vesting for EPS of 23.40p; – 50% vesting for EPS of 28.25p or more; – Straight line vesting between these points 	<23.40p	0%
Total PSP vesting				12.5%

The three-year period over which EPS performance was measured ended on 31 March 2017. TSR performance will be measured over the three-year period commencing on the date of grant, i.e. to 23 May 2017. The awards will vest on 24 May 2017. These awards and the expected level of vesting are detailed in the table below:

Award	Executive Director	Interest held	Vesting %	Interest vesting	Date vesting	Exercise price	Vest-date value	Estimated value £
FY15 PSP	David Radcliffe	567,417	12.5%	70,927	24 May 2017		69.95p	£49,613
	Kevin Ruffles	380,812	12.5%	47,601	24 May 2017	Nil	69.95p	£33,297
	William Brindle	309,515	12.5%	38,689	24 May 2017		69.95p	£27,063

As the vesting outcome of the TSR element is not known at the time of reporting, the vesting % is based on the performance tested at 31 March 2017. The vest-date value is estimated using an average closing share price from 1 January to 31 March 2017 of 69.95p. The vest-date values will be true-up for the actual vesting % of the TSR element and actual spot share price on vest in the 2018 Annual Report on Remuneration.

The long-term incentives value captured in the single figure table for William Brindle in 2017 captures a pro-rated amount of the estimated value of his FY15 PSP award to reflect the proportion of the vesting period for which he was a Board director.

As disclosed in last year's Annual Report on Remuneration, Michele Maher was, prior to her appointment to the Board and in relation to her previous role, made awards under the PSP vesting up to one-third based on EPS performance in the financial year of grant, up to one-third based on EPS performance in the financial year following grant and up to one-third based on EPS performance in the second financial year following grant. There is no retesting on any tranche of this award. The table below sets out the estimated value of tranches of the awards granted in May 2014 and May 2015 that vest subject to EPS performance over the financial year ended 31 March 2017:

	Date of grant	Interest held	Vesting %	Interest vesting	Date vesting	Exercise price	Vest-date value	Estimated value £
FY15 PSP – tranche 3	24 May 2014	19,604	100%	19,604	24 May 2017	Nil	69.95p	£13,713
FY16 PSP – tranche 2	21 May 2015	21,809	100%	21,809	21 May 2017	Nil	69.95p	£15,255

Targets in relation to Michele Maher's FY15 and FY16 incentives (which were made in connection with her previous role and prior to her appointment to the Board) are not disclosed as these are considered commercially sensitive. Targets attached to each tranche will be disclosed in the third Annual Report following the end of the relevant performance year, at the latest.

The long-term incentives value captured in the single figure table for Michele Maher in 2017 captures a pro-rated amount of the total estimated value set out above to reflect the proportion of the vesting period for each award for which Michele was a director.



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PSP AWARDS MADE IN THE FINANCIAL YEAR ENDING 31 MARCH 2017 (AUDITED INFORMATION)

The Committee made the following PSP awards during the year with a face value of 100% of salary.

Executive Director	Date of grant	Awards made during the year	Market price at date of award	Face value at date of award
David Radcliffe	25 May 2016	633,287	69p	£436,968
Michele Maher	25 May 2016	333,333	69p	£230,000
William Brindle	25 May 2016	391,304	69p	£270,000
Kevin Ruffles	25 May 2016	425,019	69p	£293,263

The awards are eligible to vest in full on the third anniversary of the date of grant subject to the achievement of performance conditions.

As with all prior LTI awards, the performance conditions which the Committee has applied to the PSP awards comprise two measures, relative TSR and cumulative underlying EPS. The three-year period over which TSR performance will be measured began on the date of grant and will end on the third anniversary of the date of grant. The period over which EPS performance will be measured began on 1 April 2016 and will end on 31 March 2019.

The performance targets and vesting schedules are set out in the table below:

Performance measure	Weighting	Performance targets
TSR vs. FTSE350 Support Services Index	50%	<ul style="list-style-type: none"> – 0% vesting for TSR below the median-performing company of the index; – 12.5% vesting for TSR equal to the median-performing company; – 50% vesting for TSR exceeding the performance of 80% of the companies; – Straight line vesting between these points
Cumulative underlying EPS	50%	<ul style="list-style-type: none"> – 0% vesting for EPS of less than 22.9p; – 12.5% vesting for EPS of 22.9p; – 50% vesting for EPS of 27.1p or more; – Straight line vesting between these points

TOTAL PENSION ENTITLEMENTS (AUDITED INFORMATION)

The following Directors received entitlement to defined benefit pension benefits from the Hogg Robinson (1987) Pension Scheme during the year:

	Age	Transfer value at the start of the period £'000	Accrued benefits earned in the period £'000	Accrued entitlement at the end of the period £'000	Transfer value at the end of the period £'000	Increase in transfer value less Director's contributions £'000	Accrued benefits net of inflation £'000	Transfer value of increase in accrued benefits less Director's contributions £'000
D J C Radcliffe	64	3,028	–	133	3,350	322	–	–
M N Maher	50	814	–	49	1,009	195	–	–
K A Ruffles	64	1,230	–	55	1,358	128	–	–
W F Brindle	55	722	–	45	874	152	–	–
		5,794	–	282	6,591	797	–	–

Notes:

- On 8 April 2008 David Radcliffe withdrew from the UK scheme taking a pension of £108,793p.a. and a cash lump sum of £883,509, reflecting the fact that he had exceeded the maximum capped entitlement under pensions legislation. Thereafter, David Radcliffe's pension entitlement has been replaced with a direct contribution arrangement under which a non-pensionable payment is made equal to 22% of his base salary. His pension from the UK scheme has subsequently increased to £133,215 p.a.
- On 31 March 2014, Michele Maher withdrew from the UK Scheme, reflecting the fact that she would otherwise exceed the maximum capped entitlement under pensions legislation. Thereafter, her pension entitlement was replaced with a direct contribution arrangement under which a non-pensionable payment is made equal to 17.5% of her salary.
- On 5 April 2006 Kevin Ruffles withdrew from the UK scheme, reflecting the fact that he had exceeded the maximum capped entitlement under pensions legislation. Thereafter, Kevin Ruffles' pension entitlement was replaced with a direct contribution arrangement under which a non-pensionable payment is made equal to 22% of his base salary. He retired from the scheme on 31 May 2009 taking a pension of £45,062p.a. and a cash lump sum of £347,351. His pension has subsequently increased to £55,187 p.a.
- On 30 June 2013, Bill Brindle ceased to be an active member under the defined benefit section of the Scheme. Thereafter, his pension entitlement was replaced by membership of the DC section of the Scheme under which he received a non-pensionable payment equal to 17.5% of his salary.

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REMUNERATION REPORT

Continued

Annual Report on Remuneration (continued)

OUTSIDE APPOINTMENTS IN THE YEAR

David Radcliffe is currently a Non-Executive Director at Wincanton plc, and is permitted to retain the fees payable in respect of this appointment.

EXIT PAYMENTS MADE IN THE YEAR (AUDITED INFORMATION)

No exit payments were made to Directors in the year.

PAYMENTS TO PAST DIRECTORS (AUDITED INFORMATION)

No payments were made to past Directors in the year.

PERCENTAGE CHANGE IN CEO REMUNERATION

The table below shows the percentage change in CEO remuneration from the prior year compared to the average percentage change in remuneration for all other UK based employees.

	CEO			Other UK based employees
	2017 (£000s)	2016 (£000s)	% change	% change
Salary ¹	437	435	0.5%	2.5%
Taxable benefits	35	36	(2.8%)	4.5%
Annual bonus	217	253	(14.2%)	0.3%

¹) 2016 salaries reflect only the partial year effect of a salary increase awarded on 1 July 2015.

The UK employee workforce was chosen as a suitable comparator group as David Radcliffe is based in the UK (albeit with a global role and responsibilities) and pay changes across the Group vary widely depending on local market changes.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below shows the percentage change in total employee pay expenditure and shareholder distributions (i.e. dividends and share buybacks) from the prior year.

	2017 £m	2016 £m	% change
Distribution to shareholders ¹	8.2	7.7	6.5%
Employee remuneration ²	198.8	198.7	0.1%

¹) The Directors are proposing a final dividend for the year ended 31 March 2017 of 1.925p per share (2016: 1.83p).

²) Represents an average monthly number of staff employed during the year of 4,622 (2016: 4,939).

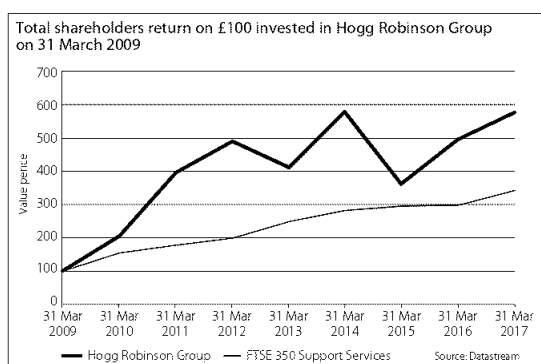


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PAY FOR PERFORMANCE

The graph below shows the TSR of the Company over the eight-year period to 31 March 2017. The FTSE 350 Support Services Index has been chosen as a suitable comparator against which to measure the Company's return to shareholders on the basis of it comprising companies in broadly similar business activities to the Company.



The table below details the CEO's single figure remuneration and actual variable pay outcomes over the same period.

David Radcliffe	2010	2011	2012	2013	2014	2015	2016	2017
CEO single figure of remuneration (£000)	677	1,188	1,838	1,625	1,053	600	983	835
Annual bonus outcome (% of maximum)	40%	81%	99%	0%	30%	10%	58%	50%
LTI vesting outcome (% of maximum)	0%	67%	100%	98%	68%	0%	31%	13%

IMPLEMENTATION OF REMUNERATION POLICY FOR THE FINANCIAL YEAR ENDING 31 MARCH 2018

Basic salary

The Remuneration Committee has approved a 2% salary increase in respect of David Radcliffe, Kevin Ruffles and William Brindle effective 1 April 2017 in line with the broader employee population. Michele Maher was appointed to the Board on 19 June 2015 on an initial salary of £230,000 per annum with a commitment that it would be increased in stages to £270,000 over the course of two years subject to Michele's performance in the role. The Remuneration Committee is satisfied that Michele has continued to perform strongly in the role, and has therefore agreed to increase her salary to £270,000 effective 1 July 2017, as disclosed in last year's Annual Report on Remuneration.

Executive Director	Basic salary At 1 April 2017	Basic salary At 1 July 2016 ¹	Percentage increase
David Radcliffe	£445,707	£436,968	2%
Michele Maher	£270,000 ²	£255,000	5.9%
William Brindle	£275,400	£270,000	2%
Kevin Ruffles	£299,128	£293,263	2%

Note 1: The salary increases reported in last year's Remuneration Report did not become effective and the background to this is explained in the Annual Statement of the Chairman of the Remuneration Committee on page 33.

Note 2: Effective 1 July 2017.

Pension

The Executive Directors will continue to have the following direct pension contributions, defined as a percentage of salary:

	David Radcliffe	Michele Maher	William Brindle	Kevin Ruffles
	22.0%	17.5%	17.5%	22.0%

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REMUNERATION REPORT

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Annual Report on Remuneration (continued)

Annual bonus

The maximum annual bonus opportunity for Executive Directors in the financial year ending 31 March 2018 will remain unchanged from the opportunity in 2017, and will be 100% of salary. Bonuses for the financial year ending 31 March 2018 will continue to be based 80% on financial measures, and 20% on personal performance. The financial element will again be based 60% (of maximum bonus) on Group EBIT and 20% on Free Cash Flow. Malus provisions will apply over the performance period in respect of which the bonus is measured, and clawback to apply over a two year period from payout.

Long-term incentives

PSP awards made in FY18 will have a face value equivalent to 100% of base salary, unchanged from FY17. Awards will vest based 50% on three-year relative TSR and 50% of three-year cumulative EPS. The TSR performance condition will be as described in the 2016 Remuneration Policy. The EPS performance conditions applicable to such awards will be disclosed in next year's Annual Report on Remuneration. A 2-year post-vesting holding period will also apply to awards made to Executive Directors in FY18. Any awards made in 2017 that subsequently vest on achievement of the performance conditions will be required to be held for a further 2 years. Malus and clawback provisions will apply.

Chairman and Non-Executive Director fees

There will be no changes to the Chairman and Non-Executive Director fees for FY18.

DIRECTORS' INTERESTS (AUDITED INFORMATION)

The interests of the Directors and their families in the ordinary shares of the Company as at 31 March 2017 were as follows:

	Ordinary shares at 31 March 2017 Number	Ordinary shares at 31 March 2016 Number
David Radcliffe	3,253,807	3,134,020
Nigel Northridge	100,000	100,000
Michele Maher	24,784	–
Kevin Ruffles	771,711	687,888
William Brindle	416,848	416,848
John Krumins	20,000	n/a
Paul Williams	160,000	135,000
Mark Whiting	75,000	75,000
Ashley Hubka	50,000	n/a

There have been no changes to Directors' shareholdings since 31 March 2017.

OTHER INTERESTS

None of the Directors had an interest in the shares of any subsidiary undertaking of the Company or in any significant contracts of the Group.

DIRECTORS' SHAREHOLDINGS (AUDITED INFORMATION)

The table below shows the shareholding of each Director against their respective shareholding requirement as at 31 March 2017:

	Shares held			Options held		Shareholding requirement (% salary)	Current shareholding (% of salary/fee)	Req. met?
	Owned outright or vested	Vested but subject to holding period	Unvested and subject to performance conditions	Vested but not exercised	Unvested and subject to performance conditions			
David Radcliffe	3,253,807	–	–	189,277	1,995,878	100%	518%	YES
Michele Maher	24,874	–	–	–	803,224	100%	7%	NO
William Brindle	416,848	–	–	81,420	1,334,571	100%	107%	YES
Kevin Ruffles	771,711	–	–	115,201	1,339,497	100%	183%	YES
Nigel Northridge	100,000	–	–	–	–	–	51%	–
John Krumins	20,000	–	–	–	–	–	40%	–
Paul Williams	160,000	–	–	–	–	–	278%	–
Mark Whiting	75,000	–	–	–	–	–	116%	–
Ashley Hubka	50,000	–	–	–	–	–	99%	–



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DIRECTORS' INTERESTS IN THE PSP AND CSOP (AUDITED INFORMATION)

Details of Directors' interests in shares and options under Hogg Robinson Group long-term incentives are set out in the following tables:

Scheme	Date of grant	Vesting date	Expiration date	Exercise price	Number at 1 April 2016 (or date of appointment if later)	Granted in 2017	Exercised in 2017	Lapsed in 2017	Number at 31 March 2017 (or date of appointment if later)	Number at 31 March 2016
David Radcliffe										
FY12 CSOP	27.05.11	27.05.14	27.05.21	57.5p	189,277	-	-	-	189,277	189,277
FY14 PSP	24.05.13	24.05.16	24.11.16	-	771,891	-	236,391	535,500	-	771,891
FY15 PSP	24.05.14	24.05.17	24.11.17	-	567,417	-	-	-	567,417	567,417
FY16 PSP	21.05.15	21.05.18	21.11.18	-	795,174	-	-	-	795,174	795,174
FY17 PSP	25.05.16	25.05.19	25.11.19	-	-	633,287	-	-	633,287	-
Total					2,323,759	633,287	236,391	535,500	2,185,155	2,323,759
Michele Maher										
FY14 PSP	24.05.13	24.05.16	24.11.16	-	14,375	-	14,375	-	-	14,375
FY14 PSP	24.05.13	24.05.16	24.11.16	-	12,322	-	7,461	4,861	-	12,322
FY15 PSP	24.05.14	24.05.17	24.11.17	-	39,206	-	11,869	7,733	19,604	39,206
FY16 PSP	21.05.15	21.05.18	21.11.18	-	65,429	-	13,205	8,604	43,620	65,429
FY16 PSP	21.05.15	21.05.17	21.11.17	-	100,000	-	-	-	100,000	100,000
FY16 PSP	26.11.15	26.11.18	26.05.19	-	306,667	-	-	-	306,667	306,667
FY17 PSP	25.05.16	25.05.19	25.11.19	-	-	333,333	-	-	333,333	-
Total					537,999	333,333	46,910	21,198	803,224	537,999
William Brindle										
FY12 CSOP	27.05.11	27.05.14	27.05.21	57.5p	81,420	-	-	-	81,420	81,420
FY14 PSP	24.05.13	24.05.16	24.11.16	-	421,052	-	128,947	292,105	-	421,052
FY15 PSP	24.05.14	25.05.17	24.11.17	-	309,515	-	-	-	309,515	309,515
FY15 PSP	21.05.14	21.05.17	21.11.17	-	200,000	-	-	-	200,000	200,000
FY16 PSP	21.05.15	21.05.18	21.11.18	-	433,752	-	-	-	433,752	433,752
FY17 PSP	25.05.16	25.05.19	25.11.19	-	-	391,304	-	-	391,304	-
Total					1,445,739	391,304	128,947	292,105	1,415,991	1,445,739
Kevin Ruffles										
FY12 CSOP	27.05.11	27.05.14	27.05.21	57.5p	115,201	-	-	-	115,201	115,201
FY14 PSP	24.05.13	24.05.16	24.11.16	-	518,040	-	158,650	359,390	-	518,040
FY15 PSP	24.05.14	25.05.17	24.11.17	-	380,812	-	-	-	380,812	380,812
FY16 PSP	21.05.15	21.05.18	21.11.18	-	533,666	-	-	-	533,666	533,666
FY17 PSP	25.05.16	25.05.19	25.11.19	-	-	425,019	-	-	425,019	-
Total					1,547,719	425,019	158,650	359,390	1,454,698	1,547,719

On 24 May 2013, executives were granted awards under the PSP which vested during the year under review. Vesting of these awards was dependent 50% on Hogg Robinson Group's 3-year cumulative EPS performance and 50% on Hogg Robinson Group's 3 year TSR performance relative to the constituents of the FTSE350 Support Services Index. Under the EPS element, 25% vests for 25.0p over 3 years and 100% vests for 30.5p.

Hogg Robinson Group's 3-year cumulative EPS to FY16 was 21.6p so the awards under this element lapsed. Under the TSR element, 25% vests for achieving median vs. the comparators and 100% vests for achieving 80th centile. Hogg Robinson Group's 3-year TSR percentile rank to 23 May 2016 was 64.5%, warranting the vesting of 61.25% of this element. Overall, vesting was 30.625% of maximum.

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REMUNERATION REPORT

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Annual Report on Remuneration (continued)

All unvested PSP awards vest subject 50% on Hogg Robinson Group's 3-year cumulative EPS performance and 50% on Hogg Robinson Group's 3 year TSR performance relative to the constituents of the FTSE350 Support Services Index. The performance conditions attached to outstanding awards are summarised in the table below:

Scheme	Element	Performance period	Performance level*	
			Threshold	Maximum
FY15 PSP	TSR	24/05/14 – 23/05/17	Median	80th centile
	EPS	01/04/14 – 31/03/17	23.40p	28.25p
FY16 PSP	TSR	21/05/15 – 20/05/18	Median	80th centile
	EPS	01/04/15 – 31/03/18	22.0p	26.0p
FY17 PSP	TSR	26/05/16 – 25/05/19	Median	80th centile
	EPS	01/04/16 – 31/03/19	22.9p	27.1p

* straight-line vesting between Threshold and Maximum performance levels



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RESULTS AND DIVIDENDS

The Group recorded a profit before tax for the year of £33.1m (2016: £26.7m) on revenue of £335.1m (2016: £318.3m).

Full details of the financial performance of the Group during the year are contained in the Strategic Report on pages 5 to 23 and an indication of likely future developments in the business.

The Directors declared an interim dividend of 0.715p per Ordinary Share for the year ended 31 March 2017 (2016: 0.68p) which was paid on 9 January 2017. The Directors believe that the Company remains well positioned for the future and are accordingly pleased to recommend the payment of an increased final dividend for the year ended 31 March 2017 of 1.925p (2016: 1.83p) per Ordinary Share payable on 1 August 2017 to shareholders on the register on 30 June 2017. The Board remains committed to a growing dividend policy. No scrip dividend alternative is being offered on this occasion.

FORWARD-LOOKING INFORMATION

Discussions regarding financial information contained in this Annual Report may contain forward-looking statements with respect to certain of the plans, current goals and expectations relating to the future financial condition, business performance and results of Hogg Robinson Group. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of the Company. Readers are cautioned that, as a result, the actual future financial condition, business performance and results of the Group may differ materially from the plans, goals and expectations expressed or implied in such forward-looking statements.

GOING CONCERN

The Board believe that the Group has adequate resources to continue to operate for the foreseeable future and has continued to prepare the Consolidated and Parent Company Financial Statements on a going concern basis (see also page 22).

VIABILITY STATEMENT

This statement is set out on page 23. In accordance with provision C.2.2 of the 2014, revised code, the Board has assessed the viability of the Group over the three year period to 31 March 2020, taking into account the Group's current position and the potential impact of the principal risks set out in the strategic report. Based on this assessment, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2020.

DIRECTORS AND THEIR INTERESTS

The Directors of the Company who were in office during the year and up to the date of signing were as follows:

Present directors

N H Northridge ⁽¹⁾	Chairman
D J C Radcliffe	Chief Executive
M N Maher	Chief Financial Officer
K A Ruffles	Chief Operating Officer
W F Brindle	Chief Information Officer
A E Hubka ⁽¹⁾	(Appointed 1 August 2016)
J J Krumins ⁽¹⁾	
M A Whiting ^{(1) (2)}	
P M Williams ⁽¹⁾	

(1) Non-Executive Directors
(2) Senior Independent Director

The beneficial interests of the Directors in the shares of the Company are shown in the Remuneration Report on pages 33 to 50. Other than contracts for service there were no significant contracts between the Directors and any member company of the Group during or at the end of the year.

SUBSTANTIAL SHAREHOLDINGS

The Company has no controlling shareholder. As at 31 March 2017, the Company had been notified or is aware of the following interests by shareholders who held more than 3% of the issued share capital of the Company. The Company has not received any substantial interest notifications in accordance with DTR 5 during the period between 31 March 2017 and 24 May 2017, being the latest practicable date prior to publication of the Annual Report.

	Shares	%
Boron Investments	79,071,684	24.29
dnata	71,261,277	21.89
Aberforth Partners	61,355,062	18.85
Teleios Capital Partners	21,806,869	6.70
Hargreave Hale	19,223,707	5.90

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SHARE CAPITAL

A total of 209,493 (2016: 1,018,608) shares were allotted during the year as a result of options exercised under the Company Sharesave Scheme or in respect of vested Company Share Options which were exercised during the period.

No other shares have been issued during the year. The Company's authorised, issued, called up and fully paid share capital as at 31 March 2017 is as set out in the table below. There are no treasury shares.

Authorised Number	Amount	Nominal Value
513,808,171	£5,138,081.71	£0.01 each

Issued, called up and fully paid Number	Amount
325,563,002	£3,255,630.02

At the Annual General Meeting of the Company in 2016, authority was given for the Company to purchase, in the market, up to 32,535,351 Ordinary Shares of 1p each.

The Company did not use this authority to make any purchases of its own shares during the year. Shareholders will be asked to give a similar authority at this year's Annual General Meeting, details of which are contained in the accompanying circular to shareholders. Details of the Company's interests in its own shares are set out in note 22 to the Consolidated Financial Statements on page 98.

POST BALANCE SHEET EVENTS

On 24 May 2017, the Group announced that it had entered into an agreement to acquire the digital travel management company, eWings.com operating in Germany. The acquisition is expected to be completed within 15 working days.

There have been no other post balance sheet events.

EMPLOYEES

Employees are informed of the performance of the Group and of any factors affecting their employment. Annual Reports are made available to all staff and there is a comprehensive internal communications programme through which management communicate with employees. Employees are encouraged to assist in the Group's development.

Fair and full consideration is given to applications for employment from disabled persons having regard to their particular aptitudes and abilities. Efforts are made to continue the employment of those who become disabled. Training, career development and promotion opportunities are, as far as practicable, identical for all employees. The Group consistently seeks to recruit, develop and employ suitably qualified, capable and experienced people in an environment of equal opportunity.

The Group aims to maintain a high standard of safe and healthy working conditions comparable with the best practices in the particular sector in which it operates.

FINANCIAL INSTRUMENTS

A statement of the Group's policies in relation to financial instruments is set out in note 1 to the consolidated financial statements.

POLITICAL DONATIONS AND EXPENDITURE

No contributions were made to political organisations during the current or prior year.

GREENHOUSE GAS EMISSIONS

A statement of the Group's greenhouse gas emissions is set out in the Strategic Report on page 21.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each Director of the Company confirms that (a) so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and (b) that 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 Company's auditors are aware of that information.

INDEPENDENT AUDITORS

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the Annual General Meeting.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 27 July 2017.

The resolutions to be proposed at the AGM together with explanatory notes are contained within the Notice of Meeting which has been despatched to shareholders with this Annual Report.

COMPLIANCE WITH LISTING RULE 9.8.4 R

The table below gives certain additional information required to be included in the Annual Report and Accounts.

LISTING RULE	INFORMATION REQUIRED	RESPONSE
LR 9.8.4(1)	The Amount of interest capitalised and amount and treatment of tax relief.	Not applicable: no interest capitalised.
LR 9.8.4(2)	Information required by Listing Rule 9.2.18 regarding the prior publication of unaudited financial information.	Not applicable.
LR 9.8.4(3)	Rule deleted.	Not applicable.
LR 9.8.4(4)	Long-term incentive schemes where the only participant is a director or prospective director of the company and the arrangement is established specifically to facilitate the recruitment or retention of the director.	None.
LR 9.8.4(5)	Arrangements under which a director has waived or agreed to waive emoluments from the company or any undertaking.	None.
LR 9.8.4(6)	Agreements with a director to waive future emoluments.	None.
LR 9.8.4(7)	Details of shares allotted during the period under review which have been allotted to existing shareholders in proportion to their shareholdings and which have not been specifically authorised by the company's shareholders.	None.



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LISTING RULE	INFORMATION REQUIRED	RESPONSE
LR 9.8.4(8)	Shares allotted in major subsidiary undertakings during the period under review which have not been allotted to existing shareholders in proportion to their shareholdings.	None.
LR 9.8.4(9)	Details of any parent undertaking's participation in any Placing during the period under review.	Not applicable.
LR 9.8.4(10)	Details of any contract of significance (as defined by the Listing Rules) which exists between the Company or any of its Subsidiaries, in which either a director is materially interested or one of the parties is a controlling shareholder of the company.	None.
LR 9.8.4(11)	Details of any contract for the provision of services to the Company, or any of its subsidiaries, by a controlling shareholder.	Not applicable. The Company does not have a controlling shareholder.
LR 9.8.4(12)	Details of any arrangement under which a shareholder has waived or agreed to waive any dividends.	The trustees of the Hogg Robinson Employee Benefit Trust have elected to waive dividends.
LR 9.8.4(13)	Details of any arrangement under which a shareholder has agreed to waive future dividends.	The trustees of the Hogg Robinson Employee Benefit Trust have elected to waive future dividends.
LR 9.8.4(14)	Agreements with any controlling shareholder.	Not applicable. The Company does not have a controlling shareholder.

The Strategic Report on pages 5 to 23, together with the Directors' Report on pages 25 to 53, have been approved by the Board of Directors and signed on its behalf by:

Keith Burgess
Company Secretary

24 May 2017

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Consolidated Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the Parent Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the Consolidated and Parent Company Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing these 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 United Kingdom Accounting Standards, comprising FRS 101, 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;
- prepare the Consolidated and Parent Company Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Consolidated and Parent Company Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group Consolidated Financial Statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Parent Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Having taken advice from the Audit Committee, the Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Each of the Directors, whose names and functions are listed on page 25 confirms that, to the best of their knowledge:

- the Parent Company Financial Statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law), give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- the Group Consolidated Financial Statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Strategic Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces;
- there is no relevant audit information of which the Company's auditors are unaware; and
- that 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 Company's auditors are aware of that information.

By order of the Board

Keith Burgess
Company Secretary

24 May 2017

Notes:

- The maintenance and integrity of the Hogg Robinson Group plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Consolidated Financial Statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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INDEPENDENT AUDITORS' REPORT

to the members of Hogg Robinson Group plc

Report on the Group financial statements

OUR OPINION

In our opinion, Hogg Robinson Group plc's group financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's affairs as at 31 March 2017 and of its profit and 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
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

- the Consolidated Cash Flow Statement for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

WHAT WE HAVE AUDITED

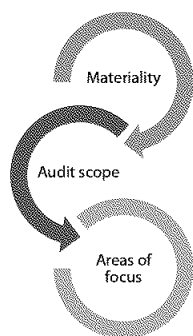
The financial statements, included within the Annual Report, comprise:

- the Consolidated Balance Sheet as at 31 March 2017;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the year then ended;

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

OUR AUDIT APPROACH

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- Overall Group materiality: £1.8 million which represents 5% of underlying profit before tax.

- We conducted audit testing over 8 components in 4 countries.
- We visited component auditors in 3 countries, covering all in scope reporting units.
- We obtained coverage of 71% of revenue and 73% of absolute underlying profit before tax.

- Risk of fraud in revenue recognition focused on the accuracy and occurrence of revenue from both clients and suppliers.
- Post-retirement benefit scheme obligations.
- Capitalisation of internally generated computer software development costs.
- Goodwill impairment assessment.
- Recognition and measurement of deferred tax assets.
- Classification of items as exceptional.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing 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.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.



AREA OF FOCUS	HOW OUR AUDIT ADDRESSED THE AREA OF FOCUS
<p>Risk of fraud in revenue recognition focused on the accuracy and occurrence of revenue from both clients and suppliers <i>Refer to page 31 in the Audit Committee report and to note 1 to the financial statements for the Directors' disclosures of the related accounting policies, judgements and estimates for further information.</i></p> <p>The Group's provision of travel services to its clients drives a number of revenue streams including service fees earned from clients, revenue and commissions from suppliers and sale of software licences.</p> <p>The Group's provision of technology services drives revenue from fees earned from clients in respect of development and implementation work undertaken and usage and hosting fees.</p> <p>The recognition of revenue from these sources is largely dependent on the terms of the underlying contracts with the customer, the supplier or both.</p> <p>The accuracy and occurrence of revenue recognised under these contracts is considered to be a risk. The contracts can be complex and relatively bespoke both in terms of their fee structures and the range and mix of services provided. Agreements with suppliers also require estimation of the likelihood of various targets, including transaction volumes, travel mix and market share, being achieved under sales and marketing agreements, incentive arrangements and distribution and system usage agreements.</p>	<p>We assessed the consistency of the application of the revenue recognition policy across all operating locations in scope for the Group audit by performing the procedures below.</p> <p>We performed detailed testing of revenue transactions at all in scope locations, with the exception of HRG Debtco Limited which does not generate revenue. This includes review of significant contracts, both client and supplier, recalculation of revenue recognised based on transactional data and contractual terms, agreement to cash receipt or external confirmation where available, and testing contractual milestones to determine whether specific criteria for recognition have been met.</p> <p>We evaluated the relevant IT systems and also tested the internal controls over the occurrence and accuracy of revenue recognised in the financial statements.</p> <p>Judgement is required in determining revenue to be accrued at the year end, in particular for supplier incentive income where bonus or payment thresholds are set based on contract periods which are not coterminous with the financial year end. We have focused on those judgements, including assessing the reasonableness of data used in calculating the accrual, considering the level of prior period true ups in the year, and comparing to external information such as airline data where available. We also obtained confirmations from certain suppliers used by three in-scope reporting units of the terms of their incentive agreements. We found no material misstatements from our testing.</p>
<p>Post-retirement benefit scheme obligations <i>Refer to page 31 in the Audit Committee report, Note 1 to the financial statements for the Directors' disclosures of the related accounting policies, judgements and estimates, and Note 21.</i></p> <p>The Group has a defined benefit pension deficit of £265.2m.</p> <p>Valuation of the gross liabilities of £585.2m requires significant levels of judgement and technical expertise in choosing the appropriate assumptions to measure it. Changes in key assumptions (including discount rate, mortality, inflation and pensions increases) can have a material impact on the calculation of the liabilities either individually or in combination. Management use independent actuaries to prepare the year end valuation under International Accounting Standard 19, 'Employee benefits' ("IAS 19"). We involve specialists in assessing the reasonableness of the assumptions used.</p> <p>We focused on the reasonableness of the assumptions used in the calculations of the defined benefit liability. We also focused on the impact of the Medically Underwritten Mortality Study ('MUMS') conducted on the mortality assumption used in the year end UK pension scheme valuation.</p>	<p>We assessed the reasonableness of actuarial assumptions and the overall pension liability calculations by comparing the key assumptions, including the discount rate and inflation rate, mortality and pensions increases, to benchmark ranges, performing sensitivity analysis, checking whether methods have been consistently applied and assessing the impact of the assumptions in combination with one another.</p> <p>We involved our specialists in our assessment of the UK scheme mortality assumptions which had been prepared for the company by its external experts. We used our specialist knowledge and experience to challenge management on their rationale for these assumptions, which they evidenced through the results of the scheme-specific mortality study they had commissioned by external experts. We agreed that the judgements taken by management were reasonable.</p> <p>We obtained external confirmations to test the existence of pension assets.</p>

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INDEPENDENT AUDITORS' REPORT

to the members of Hogg Robinson Group plc – continued

AREA OF FOCUS	HOW OUR AUDIT ADDRESSED THE AREA OF FOCUS
<p>Capitalisation of internally generated computer software development costs <i>Refer to page 31 in the Audit Committee report, Note 1 to the financial statements for the Directors' disclosures of the related accounting policies, judgements and estimates, and Note 10.</i></p> <p>The Group spends material amounts on developing technology solutions, some in support of its core business products and services, and some for specific customer contracts. This expenditure is capitalised when the development projects meet the criteria of International Accounting Standard 38, 'Intangible Assets' (IAS 38). In the period, £6.9m was capitalised in respect of internally generated computer software.</p> <p>As per IAS 38, for an asset to be recognised, the following criteria, inter alia, must be met:</p> <ul style="list-style-type: none">– It must be probable that economic benefits will flow to the Group from the asset being developed;– The cost of the asset must be reliably measured; and– The technical feasibility of the asset must be appropriately demonstrated. <p>The risks are that expenditure may be capitalised inappropriately, for example when there is insufficient evidence of the above criteria and that the intangible assets recognised may be impaired.</p>	<p>We focused on the Group's compliance with IAS 38 for amounts capitalised to assess whether amounts had been appropriately capitalised or expensed, and also evaluated management's impairment assessment.</p> <p>We obtained an understanding of the software under development and checked a sample of the amounts capitalised to timesheet records or other supporting documents. We found no material exceptions.</p> <p>We evaluated the recoverability of internally generated software, and also obtained evidence regarding the continuing expected benefit of previously capitalised expenditure, by assessing management's projections of the future economic benefits to be generated by those assets in comparison with underlying accounting records and business performance. No indications of potential impairment were identified.</p>
<p>Goodwill impairment assessment <i>Refer to page 31 in the Audit Committee report, Note 1 to the financial statements for the Directors' disclosures of the related accounting policies, judgements and estimates, and Note 10.</i></p> <p>The goodwill balance of £235.9m is subjected to an annual impairment review. No impairment charge has been recorded by management against the goodwill balance in the current financial year. The risk that we focussed on in the audit is that the goodwill balance may have been impaired in value and this has not been recognised.</p> <p>The HRG business is undergoing a challenging period, and we have noted significant contract losses in, for example, the UK and North American businesses, with limited wins. Further, management continue to forecast profitable growth into perpetuity in Australia, despite further client losses and the entity continuing to be loss making in FY17. Cash flow forecasts have therefore been an area of particular focus.</p>	<p>We checked the profit forecasts used by management in the assessment of goodwill impairment were consistent with the Board approved three year plan. We also evaluated the historical accuracy of management's forecasts for the last three years, including a comparison of the current year actual results with the FY17 figures included in the prior year forecast, to consider whether any forecasts included assumptions that, with hindsight, had been optimistic. We found that the forecasts had been completed on a basis consistent with prior years and had been reviewed and approved by the Board and were an appropriate basis upon which management could base their conclusions.</p> <p>For all CGUs we tested management's assumptions in the forecasts for:</p> <ul style="list-style-type: none">– long term growth rates, by comparing them to historical results, and economic and industry forecasts; and– the discount rate, by assessing the cost of capital for the company and comparable organisations. <p>We found the assumptions to be consistent and in line with our expectations based on industry benchmarks.</p> <p>We obtained and understood management's sensitivity calculations over all their identified CGUs. We determined that the calculations were most sensitive to assumptions for growth rates and discount rates. For all CGUs, we calculated the degree to which these assumptions would need to move before an impairment was triggered. We discussed the likelihood of such a movement with management and agreed with their conclusion that there was no reasonable possibility.</p>
<p>Recognition and measurement of deferred tax assets <i>Refer to page 31 in the Audit Committee report, Note 1 to the financial statements for the Directors' disclosures of the related accounting policies, judgements and estimates, and Note 20.</i></p> <p>The Group has deferred tax assets of £45.2m in the balance sheet at 31 March 2017, including £42.1m relating to the defined benefit pension liability. There is judgement involved in the recognition of tax losses around the Group and in the assessment of whether deferred tax assets will be utilised in future periods.</p> <p>We focused on this area because it is dependent on management's assessment of the probability that there will be sufficient appropriate taxable profits in relevant jurisdictions available in future against which to realise the deferred tax assets.</p>	<p>We understood the nature of the different deferred tax assets recognised and obtained evidence to support the rationale on which the deferred tax assets have been recognised.</p> <p>We tested and challenged management's supporting calculations for the level of deferred tax assets held. We found no material misstatements from our testing.</p> <p>Where the recoverability of deferred tax assets is dependent on future profits, we checked that the profit forecasts used were consistent with the Board approved three-year plan that we subjected to scrutiny as part of the goodwill impairment review. We found that the recognition of deferred tax assets was supported by management's assessments of future profitability in key locations around the Group.</p>



CONSOLIDATED FINANCIAL STATEMENTS



AREA OF FOCUS	HOW OUR AUDIT ADDRESSED THE AREA OF FOCUS
<p>Classification of items as exceptional Refer to page 31 in the Audit Committee report, Note 1 to the financial statements for the Directors' disclosures of the related accounting policies, judgements and estimates, and Note 4.</p> <p>The Group has classified costs of £4.1m and a credit of £0.4m, resulting in a net charge of £3.7m, as "exceptional" in the Income Statement, as part of an ongoing three-year restructuring programme which commenced in FY16. Costs classified as exceptional include redundancy costs and onerous lease provisions, partly offset by a pension curtailment gain.</p> <p>The classification of costs as exceptional remains an area of focus, and we considered whether items classified as such are genuinely non-recurring items which are material in nature.</p>	<p>We considered the classification of these items, in light of FRC guidance to companies, and concurred with their treatment as 'above the line' exceptionals.</p> <p>We selected a sample of costs classified as exceptional and obtained evidence to support the amounts recognised and that they were incurred directly as a result of the Group's three-year restructuring programme. In the case of redundancy costs, we confirmed that notification was made to the impacted employees within the period to 31 March 2017. No material exceptions were noted from our procedures performed.</p> <p>We reviewed narrative disclosures around the net exceptional costs incurred and progress against the Group's stated objectives for the three-year restructuring programme, and were satisfied with the nature and extent of the commentary provided.</p>

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 geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group comprises three geographical corporate travel segments (Europe, North America and Asia Pacific), each of which comprise a number of trading subsidiaries, and Fraedom. The Group financial statements are a consolidation of 46 reporting units, comprising the Group's operating locations within these segments and centralised functions.

We conducted audit work over 8 components. Of these, we performed an audit of the complete financial information of 6 components, being the principal HRG components in UK, USA, Canada and Germany, as well as on the entities Hogg Robinson plc and Farnborough Limited. The UK is the only financially significant component. A further two reporting units were in scope for specific audit procedures, being HRG Debtco Limited and Fraedom. These components were selected based on the contribution of each to specific financial statement line items, including external debt and interest expense, and revenue and intangible assets, respectively.

The Group consolidation, financial statement disclosures and a number of complex items, including pensions, taxation and goodwill impairment assessment were audited at the head office.

The Group engagement team visits the most significant components on a rotational basis. In the current year, the Group team visited component teams in Germany and North America. These visits involved discussing the audit approach and any issues arising from our work, as well as meeting local management. In addition to this, the Group team attended all audit clearance meetings for all reporting units in scope for the Group audit.

Taken together, the reporting units and group function where we performed audit work account for 71% of Group revenues and 73% of underlying profit before tax was obtained.

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 on the financial statements as a whole.

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

Overall group materiality	£1.8 million (2016: £1.6 million).
How we determined it	5% of underlying profit before tax.
Rationale for benchmark applied	Underlying PBT is defined as earnings before tax, exceptionals and the amortisation of acquired intangibles. We consider this adjusted profit figure to be the most appropriate benchmark, as it is the profit measure which is given most emphasis and significance in this annual report.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.1 million (2016: £0.1 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the directors' statement, set out on page 51, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Group has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have

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to the members of Hogg Robinson Group plc – continued

concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's ability to continue as a going concern.

Other required reporting

Consistency of other information and compliance with applicable requirements

Companies Act 2006 reporting

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

- | | |
|--|---|
| <ul style="list-style-type: none"> – information in the Annual Report is: <ul style="list-style-type: none"> – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or – otherwise misleading. – the statement given by the directors on page 55, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit. – the section of the Annual Report on pages 31 to 32, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee. | <p>We have no exceptions to report.</p> <p>We have no exceptions to report.</p> <p>We have no exceptions to report.</p> |
|--|---|

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

- | | |
|---|---|
| <ul style="list-style-type: none"> – the directors' confirmation on page 30 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. – the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated. – the directors' explanation on page 23 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions. | <p>We have nothing material to add or to draw attention to.</p> <p>We have nothing material to add or to draw attention to.</p> <p>We have nothing material to add or to draw attention to.</p> |
|---|---|

Under the Listing Rules we are required to review the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the directors' statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.



Adequacy of information and explanations received

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. We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 55, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent 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.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Other matter

We have reported separately on the parent company financial statements of Hogg Robinson Group plc for the year ended 31 March 2017 and on the information in the Directors' Remuneration Report that is described as having been audited.

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

24 May 2017

- The maintenance and integrity of the Hogg Robinson Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
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CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2017

	Notes	Years ended 31 March	
		2017 £m	2016 £m
Revenue	3	335.1	318.3
Operating expenses	4	(289.6)	(279.0)
Operating profit		45.5	39.3
Analysed as:			
Underlying operating profit		49.4	44.8
Amortisation of acquired intangibles	10	(0.2)	(0.7)
Exceptional Items	4	(3.7)	(4.8)
Operating profit		45.5	39.3
Share of results of associates and joint ventures	12	0.9	1.0
Finance income	6	–	0.1
Finance costs	6	(13.3)	(13.7)
Profit before tax		33.1	26.7
Income tax expense	7	(9.5)	(7.4)
Profit for the financial year		23.6	19.3
Profit attributable to:			
Owners of the Company		22.3	18.7
Non-controlling interests	24	1.3	0.6
		23.6	19.3

		Years ended 31 March	
		2017 pence	2016 pence
Earnings per share			
Basic	8	6.9	5.8
Diluted	8	6.7	5.6

The notes on pages 67 to 106 are an integral part of these Consolidated Financial Statements.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Year ended 31 March			Year ended 31 March		
	Other reserves £m	Retained deficit £m	2017 £m	Other reserves £m	Retained deficit £m	2016 £m
Profit for the financial year	–	23.6	23.6	–	19.3	19.3
Other comprehensive income/(expense)						
Items that will not be subsequently reclassified to profit or loss						
Remeasurements on defined benefit pension schemes	–	(5.0)	(5.0)	–	13.1	13.1
Deferred tax movement on pension liability	–	0.6	0.6	–	(2.5)	(2.5)
Deferred tax movement on pension liability attributable to impact of UK rate change	–	(2.3)	(2.3)	–	(4.6)	(4.6)
Items that may be subsequently reclassified to profit or loss						
Currency translation differences	14.3	0.5	14.8	6.0	–	6.0
Amounts charged to hedging reserve	0.2	–	0.2	0.2	–	0.2
Other comprehensive income/(expense) for the year, net of tax	14.5	(6.2)	8.3	6.2	6.0	12.2
Total comprehensive income for the year	14.5	17.4	31.9	6.2	25.3	31.5
Total comprehensive income attributable to:						
Owners of the Company	14.5	16.1	30.6	6.1	24.7	30.8
Non-controlling interests	–	1.3	1.3	0.1	0.6	0.7
	14.5	17.4	31.9	6.2	25.3	31.5

The notes on pages 67 to 106 are an integral part of these Consolidated Financial Statements.

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CONSOLIDATED FINANCIAL STATEMENTS



CONSOLIDATED BALANCE SHEET

As at 31 March 2017

	Notes	As at 31 March	
		2017 £m	2016 £m
Non-current assets			
Goodwill and other intangible assets	10	256.9	242.1
Property, plant and equipment	11	8.4	8.8
Investments accounted for using the equity method	12	4.1	3.7
Trade and other receivables	14	0.3	–
Deferred tax assets	20	45.2	50.8
		314.9	305.4
Current assets			
Trade and other receivables	14	106.5	93.3
Financial assets – derivative financial instruments	15	0.3	0.2
Current tax assets		0.7	1.7
Cash and cash equivalent assets	16	35.1	43.8
		142.6	139.0
Total assets	3	457.5	444.4
Non-current liabilities			
Financial liabilities – borrowings	17	(45.6)	(66.4)
Deferred tax liabilities	20	(3.6)	(6.1)
Trade and other payables	18	(1.5)	(1.5)
Retirement benefit obligations	21	(265.2)	(258.3)
Provisions	19	(2.1)	(2.5)
		(318.0)	(334.8)
Current liabilities			
Financial liabilities – borrowings	17	(10.1)	(10.0)
Financial liabilities – derivative financial instruments	15	(0.3)	(0.8)
Current tax liabilities		(5.9)	(7.8)
Trade and other payables	18	(148.3)	(138.6)
Provisions	19	(1.2)	(2.3)
		(165.8)	(159.5)
Total liabilities		(483.8)	(494.3)
Net liabilities		(26.3)	(49.9)
Equity			
Share capital	22	3.3	3.3
Share premium	22	179.4	179.3
Other reserves	23	24.7	10.2
Retained deficit	23	(234.8)	(243.3)
Attributable to owners of Hogg Robinson Group plc		(27.4)	(50.5)
Attributable to non-controlling interests	24	1.1	0.6
Total equity		(26.3)	(49.9)

The notes on pages 67 to 106 are an integral part of these Consolidated Financial Statements.

The Consolidated Financial Statements on pages 62 to 106 were approved by the Board of Directors on 24 May 2017 and signed on its behalf by:

David Radcliffe, Director

Registered number: 3946303

Michele Maher, Director



CONSOLIDATED FINANCIAL STATEMENTS



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Attributable to equity holders of the Company					Non-controlling interests £m	Total equity £m
	Share capital £m	Share premium £m	Other reserves £m	Retained deficit £m	Total £m		
Balance at 1 April 2016	3.3	179.3	10.2	(243.3)	(50.5)	0.6	(49.9)
Retained profit for the year	-	-	-	22.3	22.3	1.3	23.6
Total other comprehensive income/(expense)	-	-	14.5	(6.2)	8.3	-	8.3
Transactions with owners:							
- Dividends	-	-	-	(8.2)	(8.2)	(0.8)	(9.0)
- Shares purchased by Employee Benefit Trust	-	-	-	(1.4)	(1.4)	-	(1.4)
- Share-based incentives – charge for year	-	-	-	1.8	1.8	-	1.8
- Deferred tax movements on cumulative share-based incentive costs	-	-	-	0.2	0.2	-	0.2
- New shares issued to satisfy share-based incentives	-	0.1	-	-	0.1	-	0.1
Total transactions with owners	-	0.1	-	(7.6)	(7.5)	(0.8)	(8.3)
Balance at 31 March 2017	3.3	179.4	24.7	(234.8)	(27.4)	1.1	(26.3)
	Attributable to equity holders of the Company					Non-controlling interests £m	Total equity £m
	Share capital £m	Share premium £m	Other reserves £m	Retained deficit £m	Total £m		
Balance at 1 April 2015	3.2	179.3	4.1	(260.3)	(73.7)	0.9	(72.8)
Retained profit for the year	-	-	-	18.7	18.7	0.6	19.3
Total other comprehensive income	-	-	6.1	6.0	12.1	0.1	12.2
Transactions with owners:							
- Dividends	-	-	-	(7.7)	(7.7)	(1.0)	(8.7)
- Shares purchased by Employee Benefit Trust	-	-	-	(1.3)	(1.3)	-	(1.3)
- Share-based incentives – charge for year	-	-	-	1.3	1.3	-	1.3
- New shares issued to satisfy share-based incentives	0.1	-	-	-	0.1	-	0.1
Total transactions with owners	0.1	-	-	(7.7)	(7.6)	(1.0)	(8.6)
Balance at 31 March 2016	3.3	179.3	10.2	(243.3)	(50.5)	0.6	(49.9)

The notes on pages 67 to 106 are an integral part of these Consolidated Financial Statements.

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CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2017

	Notes	Years ended 31 March	
		2017 £m	2016 £m
Cash flows from operating activities			
Cash generated from operations	28	42.9	48.1
Interest paid		(4.2)	(5.0)
Tax paid		(8.9)	(5.4)
Cash flows generated from operating activities – net		29.8	37.7
Cash flows from investing activities			
Purchase of property, plant and equipment		(3.3)	(2.1)
Purchase and internal development of intangible assets	10	(7.7)	(6.3)
Proceeds from sale of property, plant and equipment		–	0.1
Interest received		–	0.1
Dividends received from associates and joint ventures	12	0.7	0.7
Disposals of associates, joint ventures and other investments	12	0.5	–
Cash flows used in investing activities – net		(9.8)	(7.5)
Cash flows from financing activities			
Repayment of borrowings		(22.0)	(25.0)
New borrowings		–	9.0
Cash effect of currency swaps		0.6	(0.5)
Proceeds from issue of share capital		0.1	–
Purchase of own shares by the Employee Benefit Trust	23	(1.4)	(1.3)
Dividends paid to external shareholders	9	(8.2)	(7.7)
Dividends paid to non-controlling interests	24	(0.8)	(1.0)
Cash flows used in financing activities – net		(31.7)	(26.5)
Net (decrease)/increase in cash and cash equivalents		(11.7)	3.7
Cash and cash equivalents at beginning of the year		43.7	38.4
Exchange rate effects		3.0	1.6
Cash and cash equivalents at end of the year		35.0	43.7
Cash and cash equivalent assets	16	35.1	43.8
Overdrafts	17	(0.1)	(0.1)
Cash and cash equivalents at end of the year		35.0	43.7

The notes on pages 67 to 106 are an integral part of these Consolidated Financial Statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

1 General information and summary of principal accounting policies

BASIS OF PREPARATION: INTERNATIONAL FINANCIAL REPORTING STANDARDS

Hogg Robinson Group plc is a public limited company, limited by shares, domiciled in the United Kingdom and incorporated in England and Wales. It is the holding company for the Group and its registered office is:

Global House
Victoria Street
Basingstoke
Hampshire
RG21 3BT
United Kingdom

Registered Number: 3946303

Hogg Robinson Group plc is listed on the London Stock Exchange.

The Consolidated Financial Statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as endorsed and adopted for use by the European Union, IFRS Interpretations Committee (IFRS IC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of the IFRS financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates, as noted in the critical accounting estimates and key management judgements on page 72.

BASIS OF ACCOUNTING

Having assessed the principal risks and the other matters discussed in connection and conjunction with the viability statement, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

The Consolidated Financial Statements have been prepared on the historical cost basis of accounting except for the revaluation of certain derivative financial instruments and retirement benefit obligations.

The principal accounting policies adopted are set out below. These policies have been consistently applied to all years presented. No changes have been made to the accounting policies by comparison with those applied in the Consolidated Financial Statements for the year ended 31 March 2016.

New and amended standards adopted by the Group

There are no standards or interpretations that are effective for the first time for the financial year beginning 1 April 2016 that would be expected to have a material impact on the Group.

Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

– IFRS 15, 'Revenue from Contracts with Customers', issued in May 2014, EU endorsed in September 2016 and effective from 1 January 2018. The Standard provides a single principles based

five step model to be applied to all sales contracts based on the transfer of control of goods and services to customers and identification of performance obligations on a contract by contract basis.

Management has performed an initial review of the impact on the Group of the new Standard, effective for the Group from 1 April 2018, and it is expected to revise the timing of certain revenues in the Freedom business. At the current time it is not possible to quantify the impact of this on the Group's total future revenues and profits. Current accounting treatment of contracts in the HRG business are believed to be in line with the new standard.

Management has an on-going project to continue assessing the impact to its financial statements to ensure compliance with IFRS 15 on adoption.

- IFRS 9, 'Financial Instruments', issued in July 2014, EU endorsed in November 2016 and effective from 1 January 2018. The Standard covers the classification, measurement and derecognition of financial assets and financial liabilities, impairment of financial assets and provides a new hedge accounting model. It is not expected to have a material impact on the Group.
- IFRS 16, 'Leases', issued in January 2016, is not yet EU endorsed but is likely to be endorsed before the effective date of 1 January 2019. The Standard requires lease liabilities and right of use assets to be recognised on the balance sheet with the exception of short-term and immaterial leases. Management is in the process of assessing the impact that this will have on the Group and at the current time it is not possible to quantify the impact of this on the financial statements.

There are no other EU endorsed IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material effect on the Group.

BASIS OF CONSOLIDATION

The Financial Statements of the Group consolidate the results of Hogg Robinson Group plc (the Company), and its subsidiary entities, and include its share of its associates and joint ventures' results accounted for under the equity method, all of which are prepared to 31 March.

All intra – group balances and transactions, and any unrealised profits and losses arising from intra – group transactions, have been eliminated on consolidation.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The results of subsidiaries are included in the income statement from the date of acquisition. The Consolidated Financial Statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating intra-group transactions as noted above.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017 – continued

1 General information and summary of principal accounting policies continued

For partly owned subsidiaries, the allocation of net assets and net earnings to outside shareholders is shown in the line 'Attributable to non-controlling interests' on the face of the Consolidated Income Statement and Consolidated Balance Sheet.

Associates and joint arrangements

An associate is an entity that is neither a subsidiary nor a joint venture, over whose operating and financial policies the Group exercises significant influence but not control. Significant influence is presumed to exist where the Group has between 20 per cent and 50 per cent of the voting rights, but can also arise where the Group holds less than 20 per cent if it has the power to be actively involved and influential in policy decisions affecting the entity.

The Group has applied IFRS 11 to all joint arrangements as of 1 April 2014. Under IFRS 11 investments in joint arrangements are classed as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. An entity is regarded as a joint venture if the Group has joint control over its operating and financial policies. In some situations, joint control exists even though the Group has an ownership interest of more than 50 per cent because of the veto rights held by joint venture partners.

Associates and joint ventures are accounted for under the equity method, where the Consolidated Income Statement and Consolidated Balance Sheet includes the Group's share of their profits and losses, and net assets. This involves recording the investment initially at cost to the Group, which therefore includes any goodwill on acquisition, and then, in subsequent periods, adjusting the carrying amount of the investment to reflect the Group's share of the associates' post-acquisition profits or losses, which is recognised in the Consolidated Income Statement. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

The carrying amount of associates and joint ventures is tested for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

Acquisitions

On the acquisition of a subsidiary, the acquisition method of accounting is used whereby the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) of the subsidiary on the basis of fair value at the date of acquisition. Provisional fair values allocated at a reporting date are finalised within 12 months of the acquisition date.

Consideration transferred for the acquisition of a subsidiary includes the fair value of assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, equity interests issued by the Group, contingent consideration, and share-based payment awards of the acquiree that are replaced through the acquisition. Costs related to the acquisition of a subsidiary are expensed as incurred. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Where the Group has a previously held non-controlling interest in the acquiree, this is remeasured to fair value at acquisition with any gain or loss being recognised in the Consolidated Income Statement.

The results of businesses or share of associates and joint ventures acquired during the year are brought into the Consolidated Financial Statements from the date on which control, joint control or significant influence commences.

Acquisitions of non-controlling interests in a subsidiary are accounted for as transactions with equity holders in their capacity as equity holders. Any difference between the fair value of the consideration paid and the carrying amount of the interest in the net assets acquired at the date of the transaction is recognised directly in equity. Prior to 1 April 2010 this difference was recognised as goodwill.

Disposals

Disposal groups held for sale comprise assets and liabilities where the carrying amount is expected to be recovered through a sale transaction rather than continuing use. They are stated at the lower of carrying amount and fair value less costs to sell.

The Group accounts for transactions with non-controlling interests as transactions with equity owners of the Group, hence gains or losses on disposals to non-controlling interests are recorded in equity.

The results of businesses or share of associates and joint ventures are taken out of the Consolidated Financial Statements from the date on which control, joint control or significant influence ceases. At this point any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in the Consolidated Income Statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the appropriate share of the related assets or liabilities. This may mean that amounts previously recognised in other Consolidated Statement of Comprehensive Income are reclassified to the Consolidated Income Statement.

REVENUE

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts and rebates, value added tax and other sales related taxes. Revenue does not include transactions entered into by Group clients for which the Group acts as agent.

HRG

Revenue represents service fees earned from clients, revenue and commissions from suppliers and sales of software licenses.

Client service fees, including from Government, Energy & Marine, Finance & Business, Loyalty and SME clients, are earned by charging a transaction or management fee for airline or other travel service transactions, based on contractual agreements with travel clients or from organising Meetings, Group & Events (MGE) and sports related travel. Transaction revenue is recognised at the time of ticketing of the travel arrangement with the exception of hotel related income, which is recognised at the time travel plans are confirmed. Management fees are recognised over the period of time that the service is provided to the client. Revenue from certain MGE and sports activities are accounted for on a percentage completion basis.



1 General information and summary of principal accounting policies continued

Supplier revenues are earned under sales and marketing agreements, incentive arrangements and distribution and system usage agreements. In certain cases, revenue is measured at each balance sheet date as total anticipated income multiplied by the percentage stage of completion of the contract.

Revenue from sales of software licences is recognised upon persuasive evidence of an arrangement, delivery of the software and determination that collection of a fixed or determinable fee is reasonably assured. When the fees for software upgrades, enhancements and maintenance are bundled with the licence fee, they are unbundled using objective evidence of the fair value of the elements. If evidence of fair value exists for all undelivered elements and there is no such evidence of fair value established for delivered elements, revenue is first allocated to the elements where fair value has been established and the residual amount is allocated to the delivered elements. If evidence of fair value for any undelivered element of the arrangement does not exist, all revenue from the arrangement is deferred until such time that evidence of fair value exists or undelivered elements of the arrangement are delivered.

Fraedom

Revenue represents fees earned from clients in respect of development and implementation work undertaken and usage and hosting fees.

Development and implementation revenues are primarily earned in respect of our work with banking partners and are recognised on the achievement of milestones, client acceptance of work performed to date and in accordance with contractual agreement.

Usage fees are reorganised from both direct clients and partners at the time the service is provided. Hosting fees are recognised over the period of time that the service is provided to the client.

EMPLOYEE BENEFITS

Pension obligations

Payments to defined contribution retirement benefit schemes or amounts paid directly to the personal pension plans of employees are charged as an expense as they fall due.

The assets of the defined benefit pension schemes are measured at their fair value at the balance sheet date and compared to the liabilities of those schemes at the same date, measured on an actuarial basis using the projected unit credit method. The discount rate used is the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities.

Costs of defined benefit pension schemes arising from employee service in the current period are charged to operating expenses. Past service costs, representing the increase in the present value of pension scheme liabilities relating to employee service in prior periods, but arising in the current period as a result of benefit improvements, are charged to the income statement immediately to the extent that the benefits have already vested. Actuarial gains and losses are recognised in the Consolidated Statement of Comprehensive Income.

Net interest cost is charged to the Consolidated Income Statement and is calculated by applying discount rate to the net balance of the defined benefit obligation and fair value of plan assets at the start of the reporting period. Contribution and benefit payments made during the period are also factored into the calculation.

Termination benefits

Termination benefits may be payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. Bonuses are recognised in the Consolidated Income Statement in the period a contractual or constructive obligation arises.

Share-based incentives

The Group operates several equity-settled share-based incentive schemes for employees. The fair value of the awards is calculated at grant date and is recognised as an expense over the vesting period. For awards with vesting conditions based on market conditions (particularly, those based on total shareholder return compared with external benchmarks), the likelihood of vesting is assessed at the date of grant and is not subsequently amended in arriving at the expense for each year in the vesting period. All other awards are re-assessed at each balance sheet date, with the expense recognised in the Consolidated Income Statement, including the impact of changes of previous estimates of the likelihood of vesting. The total expense for the year gives rise to a corresponding credit to equity.

EXCEPTIONAL ITEMS

Exceptional items are disclosed and described separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material non-recurring items of income or expense that have been shown separately due to the significance of their nature or amount and do not form part of the underlying business of the Group.

GOODWILL

Goodwill represents the surplus of the purchase consideration over the Group's share of the fair value of the separable net assets of the subsidiary or interest in the associate or joint venture acquired. Goodwill on acquisitions of subsidiaries is included in intangible assets. Separately recognised goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in operating expenses in the Consolidated Income Statement and is not subsequently reversed.

The review of impairment includes examination of anticipated cash flows from the cash generating units to which goodwill relates. With the exception of the Fraedom business, cash generating units are determined by geography. Goodwill is written down to its estimated recoverable amount, being the higher of:

- the amount obtainable from sale of the cash generating units on an arm's length basis, less the costs of disposal; and
- the value in use, the net present value of future cash flows expected to be generated from the business.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017 – continued

1 General information and summary of principal accounting policies continued

When a business is disposed of the carrying amount of goodwill applicable is taken into account in determining the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS, 1 April 2003, has been retained at the previous UK GAAP amounts subject to being tested for impairment since that date.

OTHER INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets without physical substance. They are stated at cost less accumulated amortisation and impairment. Cost includes third party purchases, the directly attributable costs of internally generated assets and the fair value of identifiable intangible assets arising on acquisitions since the date of transition to IFRS, 1 April 2003. Amortisation is provided on the cost of all intangible assets, less the estimated residual value, using the straight-line basis over the estimated useful lives as follows:

Computer software – internally generated	3-7 years
– externally generated	2-10 years
Client relationships in acquired businesses	10 years

Amortisation is charged to operating expenses in the Consolidated Income Statement.

Expenditure on research into areas such as potential new technologies is recognised as an expense as incurred.

Internally generated computer software relates to the design, programming and testing of new and enhanced features of our product suite and the support and issue resolution of features already in the product suite.

Internally generated computer software relating to new and enhanced features is capitalised as an intangible asset so long as it is probable that the development will provide economic benefits, considering its commercial and technological feasibility, and resources are expected to be available for the development to complete.

Internally generated computer software relating to the support and issue resolution of features already in the product suite is recognised as an expense as incurred.

A rolling programme of releases, form part of a continued process of enhancements of the product suite with the result that there are not always defined end dates for elements of the product suite. It is therefore often impracticable to determine when individual components are complete or first used because of the continual development programme. Therefore, amortisation is applied from the time of development and it is estimated that this complexity in defining timelines, does not have a material impact on the carrying value of internally generated computer software.

The Group assesses at each reporting date whether an asset may be impaired. If any such indicator exists, impairment is tested by estimating the recoverable amount. If the recoverable amount is less than the carrying value of an asset an impairment charge is made.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Cost is defined as expenditure that is directly attributable to the acquisition of the items. Depreciation is provided on the cost of all property, plant and equipment, less the estimated residual value, which is re-assessed annually, using the straight-line basis over the estimated useful lives as follows:

Property:

Long-term leaseholds	50 years
Short-term leaseholds and structural leasehold improvements	shorter of useful economic life or the lease term

Plant and equipment:

IT and office equipment	2-7 years
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The Group assesses at each reporting date whether an asset may be impaired. If any such indicator exists, impairment is tested by estimating the recoverable amount. If the recoverable amount is less than the carrying value of an asset an impairment charge is made.

FINANCIAL INSTRUMENTS

Financial instruments are recorded initially at fair value net of issue costs incurred. Subsequent measurement depends on the designation of the instrument as follows:

Financial assets

The Group classifies its financial assets as either at fair value through profit or loss or loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

At fair value through profit or loss – Financial instruments at fair value through profit or loss are financial instruments held for trading. A financial instrument is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Financial instruments in this category are classified as current assets or liabilities.

Loans and receivables – Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except where expected maturity is greater than 12 months after the balance sheet date which are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalent assets in the Consolidated Balance Sheet.

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the Consolidated Income Statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group



1 General information and summary of principal accounting policies continued

has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the Consolidated Income Statement in the period in which they arise.

Trade receivables are recognised initially at fair value with subsequent provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the Consolidated Income Statement. When a trade receivable is not collectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the Consolidated Income Statement.

Financial liabilities

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings are held at amortised cost and are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Currency swaps are stated at fair value on the Consolidated Balance Sheet. Exchange movements on long-term foreign currency borrowings are taken to reserves to the extent that the borrowing is in the functional currency of the obligor and to the Consolidated Income Statement to the extent it is not. Changes in the fair value of currency swaps are taken to the Consolidated Income Statement when they are acquired principally for the purpose of selling in the short-term. Net finance costs are recognised as an expense in the year in which they are incurred. Debt issue costs are amortised proportionally over the anticipated life of the relevant debt facility using the effective interest method.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. A financial liability is a contractual obligation to deliver cash or another financial asset to a third party.

Financial instruments are stated at fair value with differences on valuation taken to reserves if hedge accounting has been established for the particular instrument. Otherwise, the differences on valuation are taken to the Consolidated Income Statement. These include interest rate caps and amounts receivable or payable in foreign currency together with the forward foreign currency exchange contracts used to fix their value. Fair values are derived from published financial data.

FOREIGN CURRENCY TRANSLATION

Functional and presentational currency

Items included in the Consolidated Financial Statements of each of the Group's subsidiaries and interests in joint ventures and associates are measured using the currency of the primary economic environment in which each entity operates (the functional currency). The Consolidated Financial Statements are presented in sterling which is the Company's functional and presentational currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency of the relevant entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Income Statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Assets and liabilities of subsidiaries and interests in joint ventures and associates in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. The results of foreign subsidiaries, joint ventures and associates are translated at the average rate of exchange for the year.

Exchange differences arising on the consolidation at closing rates of net investments in subsidiaries, joint ventures and associates, together with those on foreign currency loans which finance them, are taken to reserves and reported in the Consolidated Statement of Comprehensive Income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The Group has elected to treat goodwill arising on acquisitions before the date of transition to IFRS (1 April 2003) as a sterling denominated asset.

LEASING

A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership to the lessee. Other leases are classified as operating leases.

Assets held under finance leases and hire purchase agreements are included in property, plant and equipment and are depreciated over the shorter of the lease term or their useful economic life. Lease obligations are stated net of finance charges attributable to future periods. Finance costs are allocated over the period of the lease to give a constant rate of charge.

Operating lease rentals, net of any incentives received from the lessor, are charged to the Consolidated Income Statement over the life of the lease on a straight line basis.

TAXATION

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates the positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017 – continued

1 General information and summary of principal accounting policies continued

where appropriate on the basis of amounts expected or at risk to be paid to the tax authorities.

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

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

DIVIDEND DISTRIBUTIONS

Interim dividends are recognised in the Consolidated Financial Statements in the period in which they are paid.

Final dividends to the Company's shareholders are recognised in the Group's Consolidated Financial Statements in the period in which the dividends are approved by the Company's shareholders.

PROVISIONS

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be necessary to settle the obligation and the amount can be reliably estimated. Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to affected parties. Provisions are discounted where the impact is material.

CASH AND CASH EQUIVALENTS

For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents includes bank balances and deposits with original maturities of three months or less. It also includes bank overdrafts which form an integral part of the Group's cash management and are likely to fluctuate from overdrawn to positive balances. Bank overdrafts, where there is no right of set-off, are shown as borrowings within current liabilities.

SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

The premium received on the issue of shares in excess of the nominal value of shares is credited to the share premium account and included within shareholders' equity.

EMPLOYEE BENEFIT TRUST

Transactions, assets and liabilities of the Group sponsored Employee Benefit Trust are included in the Consolidated Financial Statements. In particular, the Trust's purchases of shares in the Company remain deducted from shareholders' funds until they vest unconditionally with employees.

RELATED PARTY TRANSACTIONS

In line with IAS 24, Related Party Disclosures, transactions and balances between Group entities that have been eliminated on consolidation are not disclosed.

CRITICAL ACCOUNTING ESTIMATES AND KEY MANAGEMENT JUDGEMENTS

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

The principal management judgements made in the preparation of these Consolidated Financial Statements are:

- the assessment of the impairment of goodwill at each balance sheet date (see note 10). This process depends on the preparation of estimates of future cash flows expected to be generated by each business in the Group;
- the capitalisation of internally generated intangible assets. This process depends on it being probable that economic benefits will flow to the Group from the asset being developed, the cost of the asset being reliably measured and the technical feasibility being demonstrated;
- the evaluation of the recoverability of deferred tax assets (see note 20), which depends on the assessment of the probability that there will be sufficient appropriate taxable profits available in future against which to realise them;
- the evaluation of retirement benefit obligations. This depends on the actuarial assumptions set out in note 21, including estimates of future returns on scheme assets;
- within revenue there are key judgements made by management in terms of revenue recognition. Where applicable, the Group uses a percentage of completion method and stepped threshold to measure certain supplier revenues earned under sales and marketing agreements, incentive arrangements, and distribution and usage agreements; were the proportion of services which have been calculated using an estimate were to differ by 10% from management's estimates, the amount of revenue recognised in the year would increase by £0.8m if over performed or decrease by £0.8m if under performed;
- the evaluation of contingencies which require management to assess the facts and circumstances of the matter and determine whether any disclosure should be given or asset or liability recognised;
- the treatment of items considered as being exceptional and consequent disclosure; and
- the assessment of accounting treatment and determination of any provisioning of significant long length contracts.



2 Financial risk management

RISK MANAGEMENT POLICY

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. Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies and evaluates financial risks and uses derivative financial instruments to hedge certain risk exposures. The Group's treasury policy does not allow transactions of a speculative nature.

The Group arranges central borrowing facilities and maintains local banking relationships to enable it to meet payment obligations as they fall due, taking into account information from its cash forecasts and business plans. The amounts of unused borrowing facilities are set out in note 17.

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern while providing adequate returns for shareholders and benefits for other stakeholders and to maintain a capital structure to optimise the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. It may also increase debt provided that the funded venture provides adequate returns so that the overall capital structure remains supportable.

The Group uses gearing ratio to manage net debt⁽¹⁾ to ensure that covenants within banking arrangements are complied with. Using a ratio of EBITDA⁽²⁾ before exceptional items to net debt, at 31 March 2017 the gearing ratio was 0.3 times (2016: 0.6 times). The definition of EBITDA for covenant purposes is not materially different from the definition used in these Consolidated Financial Statements. There have been no breaches of the terms of the Group's banking arrangements and there have been no defaults in the current or prior year.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed within General information and accounting policies (see note 1).

(1) Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the Consolidated Balance Sheet but excluding unamortised loan issue costs) less cash and cash equivalent assets.

(2) Earnings before net finance costs, income taxes, depreciation, amortisation and impairment.

FOREIGN CURRENCY RISK

The translation of non-Sterling earnings, assets and liabilities of the Group is affected by changes in exchange rates.

The Group uses short-term currency swaps linked to intercompany lending as well as direct borrowing in non-Sterling currencies to manage the currency profile of external borrowings.

The Group's foreign currency exposure on non-Sterling net debt is limited. Included within non-Sterling net debt is £29.8m of cash and cash equivalents, £4.1m of borrowings and £8.6m of currency swaps.

The Group's transaction exposure is limited, with the majority of its transactions denominated in the currency of the country of operation. In the few instances where there is exposure, short-term hedges are taken once the exposure can be accurately identified.

The following principal exchange rates have been used in the Consolidated Financial Statements:

Years ended 31 March	Income statement			Balance sheet		
	2017	2016	Change	2017	2016	Change
Euro	1.19	1.36	+13%	1.17	1.26	+7%
Swiss Franc	1.29	1.47	+12%	1.25	1.38	+9%
US Dollar	1.31	1.50	+13%	1.25	1.44	+13%
Canadian Dollar	1.71	1.97	+13%	1.67	1.86	+10%

Foreign currency sensitivity analysis

For the year ended 31 March 2017, if the average value of Sterling had been 5% higher or lower relative to other currencies than actual, the profit before tax of the Group would have been reduced or increased by £1.3m compared to the actual result (2016: £1.0m).

The impact on equity would be a movement of £7.0m (2016: £4.8m) mainly arising on foreign currency exchange gains or losses on translation of net investment in foreign subsidiaries, associates and joint ventures.

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2 Financial risk management continued

INTEREST RATE RISK

The Group is exposed to interest rate risk on any borrowing at floating interest rates. The interest rate on the Revolving Credit Facility (RCF) is not currently fixed, although the Group keeps this situation under review.

Interest rate sensitivity analysis

For the year ended 31 March 2017, if interest rates in all currencies in which the Group has borrowings had been higher or lower by 1%, interest cost would have been increased or reduced by £0.1m (2016: £0.2m).

CREDIT RISK

The risk associated with deposits in commercial banks is managed by diversifying with a number of well known financial institutions together with a periodic review of ratings attributed by major credit rating institutions.

The risk associated with clients and suppliers is not material based on the current client and supplier concentration and based on the large number of countries where the Group trades. The Group makes widespread use of credit checks in respect of clients and maintains a close working relationship with its key suppliers.

LIQUIDITY RISK

The Group's principal banking facility is a £150m multi-currency Revolving Credit Facility (RCF) that is committed until May 2018. The RCF is used for loans, letters of credit and guarantees. The fixed rate sterling private placement of debt was committed in full until November 2016 when equal annual repayments started and continue until November 2018. In addition, the Group has uncommitted facilities that are used for local flexibility. Working capital requirements fluctuate significantly during the year, with March and September typically being the lowest levels.

LIQUIDITY AND INTEREST RISK TABLES

The table below analyses the Group's financial liabilities including future expected interest payable and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
At 31 March 2017				
Borrowings	(12.8)	(47.7)	--	--
Derivative financial instruments	(0.3)	--	--	--
Trade and other payables	(148.3)	(0.7)	(0.8)	--
At 31 March 2016				
Borrowings	(14.2)	(13.6)	(59.3)	--
Derivative financial instruments	(0.8)	--	--	--
Trade and other payables	(138.6)	(0.6)	(0.8)	(0.1)

3 Segment information

The Chief Operating Decision Maker has been identified as the Executive Management Team (refer to page 26), which reviews the Group's internal reporting in order to assess performance and allocate resources. The Executive Management Team has determined the operating segments based on these reports.

The Executive Management Team considers the business from the perspective of two core activities, travel management (HRG), which is analysed into three distinct geographic segments and includes hrgtec, and FinTech (Fraedom) which includes the Fraedom Payments and Expense operations. The Group's internal reporting processes do not distinguish between the numerous sources of income that comprise revenue for HRG. The performance of the operating segments is assessed based on a measure of operating profit excluding items of an exceptional nature. Interest income and expenditure and income tax expense are not included in the result for each operating segment that is reviewed by the Executive Management Team. Except as noted below, other information provided to the Executive Management Team is measured in a manner consistent with that in the financial statements.

Total segment assets exclude cash and cash equivalent assets, current tax assets, financial assets and deferred tax assets which are managed on a central basis. These are included as part of the reconciliation to total Consolidated Balance Sheet assets.



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3 Segment information continued

	HRG			Fraedom		Total £m
	Europe £m	North America £m	Asia Pacific £m	Total £m	£m	
Year ended 31 March 2017						
Revenue from external customers	204.9	80.0	17.1	302.0	33.1	335.1
Underlying operating profit	28.5	12.5	0.2	41.2	8.2	49.4
Amortisation of acquired intangibles	--	(0.2)	--	(0.2)	--	(0.2)
Operating profit before exceptional items	28.5	12.3	0.2	41.0	8.2	49.2
Exceptional items	(2.6)	(0.2)	(0.8)	(3.6)	(0.1)	(3.7)
Operating profit/(loss)	25.9	12.1	(0.6)	37.4	8.1	45.5
Underlying operating margin	13.9%	15.6%	1.2%	13.6%	24.8%	14.7%
Year ended 31 March 2016						
Revenue from external customers	201.9	74.0	16.8	292.7	25.6	318.3
Underlying operating profit/(loss)	30.3	10.9	(2.3)	38.9	5.9	44.8
Amortisation of acquired intangibles	(0.1)	(0.3)	--	(0.4)	(0.3)	(0.7)
Operating profit/(loss) before exceptional items	30.2	10.6	(2.3)	38.5	5.6	44.1
Exceptional items	(3.9)	(0.3)	(0.4)	(4.6)	(0.2)	(4.8)
Operating profit/(loss)	26.3	10.3	(2.7)	33.9	5.4	39.3
Underlying operating margin	15.0%	14.7%	-13.7%	13.3%	23.0%	14.1%

There is no material inter-segment revenue.

External revenue from clients by origin (where the Group's operations are located) is not materially different from external revenue from clients by geographical area (where the client is located) disclosed above.

A reconciliation of operating profit to total profit before income tax expense is provided in the Consolidated Income Statement.

	HRG			Fraedom		Total £m
	Europe £m	North America £m	Asia Pacific £m	Total £m	£m	
Total segment assets						
31 March 2017	261.3	86.5	11.6	359.4	16.8	376.2
31 March 2016	244.8	81.1	9.7	335.6	12.3	347.9

Reported segments' assets are reconciled to total assets as follows:

	Years ended 31 March	
	2017 £m	2016 £m
Total segment assets	376.2	347.9
Cash and cash equivalent assets	35.1	43.8
Current tax assets	0.7	1.7
Financial assets – derivative financial instruments	0.3	0.2
Deferred tax assets	45.2	50.8
	457.5	444.4

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3 Segment information continued

Capital expenditure by geographical location:

	HRG			Fraedom		Total £m
	Europe £m	North America £m	Asia Pacific £m	Total £m	£m	
Capital expenditure						
31 March 2017	5.3	0.5	0.3	6.1	5.0	11.1
31 March 2016	4.9	0.2	0.2	5.3	3.7	9.0

4 Operating expenses

	Years ended 31 March	
	2017 £m	2016 £m
Underlying operating expenses		
Staff costs (note 5)	196.1	184.5
Amortisation of intangible assets other than acquired intangible assets	7.0	6.8
Depreciation of property, plant and equipment	4.3	3.9
Auditors' remuneration for audit services	1.1	1.0
Operating lease rentals – buildings	11.4	10.8
Operating lease rentals – other assets	0.5	0.5
Currency translation differences	0.1	0.3
Other expenses	65.2	65.7
	285.7	273.5
Amortisation of acquired intangibles:		
Amortisation of client relationships	0.2	0.4
Amortisation of other acquired intangible assets	–	0.3
	0.2	0.7
Exceptional items:		
Restructuring costs:		
– Staff costs (note 5)	2.7	3.7
– Other expenses	1.0	0.1
	3.7	3.8
Pension rectification:		
– Past service cost (note 21)	–	10.5
– Legal fees	–	2.3
– Settlement	–	(11.8)
	–	1.0
	3.7	4.8
Total operating expenses	289.6	279.0

Included within underlying operating expenses above is £2.4m relating to research (2016: £1.5m).

EXCEPTIONAL ITEMS

Total exceptional costs of £3.7m have been incurred in the year. These costs relate to planned cost reduction programmes in HRG and Fraedom and are in respect of redundancy costs and onerous lease provisions totalling £4.1m, partly offset by a £0.4m pension curtailment gain that arose as a result of the cost restructuring programme in Switzerland (note 21).

Total exceptional costs of £4.8m were incurred in respect of the year ended 31 March 2016, representing £3.8m of restructuring costs and £1.0m relating to pension rectification.

During the year ended 31 March 2016, the High Court granted rectification of a deed of amendment dated 8 September 1999 in respect of the UK pension scheme due to a mistake that had been made in the original drafting of that deed of amendment. As a result of the High Court confirming the correct rate of increase for any period of deferment for pensionable service between 8 September 1999 and 28 September 2006, a past service cost of £10.5m (note 21) together with associated legal costs of £2.3m was incurred. This amount was materially offset by the settlement of a claim in respect of this mistake.



4 Operating expenses continued

SERVICES PROVIDED BY THE COMPANY'S AUDITORS

The cost of services provided by the Company's auditors, PricewaterhouseCoopers LLP (PwC), and its associates is set out below:

	Years ended 31 March	
	2017 £m	2016 £m
Charged to operating expenses:		
Fees paid to the Company's auditor for the audit of the Parent Company and Consolidated Financial Statements	0.3	0.3
Fees payable to the Company's auditor and its associates for other services: Audit of the Company's subsidiaries pursuant to legislation	0.8	0.7
Auditors' remuneration for audit services	1.1	1.0
Audit related assurance service	0.1	0.1
Tax compliance services	0.2	0.1
	1.4	1.2

In addition to the above services, the Company's auditors acted as auditors to the Hogg Robinson (1987) Pension Scheme (The UK Scheme). The appointment of auditors to the UK Scheme and the fees paid in respect of that audit are agreed by the Trustees of the UK Scheme, who act independently from the management of the Group. The aggregate fees paid to the Group's auditors for audit services to the UK Scheme during the year were less than £0.1m (2016: less than £0.1m).

5 Staff costs

	Years ended 31 March			
	2017 Before exceptional items £m	2017 Exceptional items £m	2017 £m	2016 £m
Wages and salaries	167.5	–	167.5	157.0
Social security costs	18.0	–	18.0	17.3
Other pension costs	8.6	(0.4)	8.2	19.2
Redundancy and termination costs	0.2	3.1	3.3	3.9
Share-based incentives	1.8	–	1.8	1.3
	196.1	2.7	198.8	198.7
Other pension costs comprise:				
Defined benefit schemes (note 21):				
– Current service charge and administration expenses	2.2	–	2.2	2.1
– Curtailment gain	(0.6)	(0.4)	(1.0)	–
– Past service cost	–	–	–	10.5
Defined contribution schemes	7.0	–	7.0	6.6
	8.6	(0.4)	8.2	19.2

	Years ended 31 March	
	2017 number	2016 number
Average monthly number of staff employed by the Group including Key Management		
HRG	4,360	4,704
Fraedom	262	235
	4,622	4,939

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6 Finance income and finance costs

	Years ended 31 March	
	2017 £m	2016 £m
Finance income – bank interest	–	0.1
Interest on bank overdrafts and loans	(3.5)	(4.3)
Amortisation of issue costs on bank loans	(0.6)	(0.6)
Net interest expense on retirement obligations	(8.5)	(8.1)
Other finance charges	(0.7)	(0.7)
Finance costs	(13.3)	(13.7)
Net finance costs	(13.3)	(13.6)

7 Income tax expense

	Years ended 31 March	
	2017 £m	2016 £m
Current tax:		
Tax on profits of the financial year	7.4	7.0
Adjustments in respect of previous years	0.3	(2.3)
Total current tax	7.7	4.7
Deferred tax:		
Origination and reversal of temporary differences	2.5	0.3
Adjustments in respect of previous years	(0.9)	2.2
Impact of UK rate change	0.2	0.2
Total deferred tax (note 20)	1.8	2.7
Taxation charge	9.5	7.4

The tax charge is split as follows:

	Years ended 31 March	
	2017 £m	2016 £m
United Kingdom	1.6	1.5
Overseas	7.9	5.9
Taxation charge	9.5	7.4

	Years ended 31 March	
	2017 £m	2016 £m
On underlying business	10.4	8.4
Tax on amortisation of acquired intangibles	(0.1)	(0.2)
Exceptional items	(0.8)	(0.8)
Taxation charge	9.5	7.4



7 Income tax expense continued

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2016: 20%) as explained below:

	Years ended 31 March	
	2017 £m	2016 £m
Profit before tax:		
Continuing operations	33.1	26.7
Profit before tax multiplied by the standard rate of corporation tax in the UK of 20% (2016: 20%)	6.6	5.3
Effects of:		
Impact of UK rate change on net deferred tax assets	0.2	0.2
Utilisation of unrecognised losses	(0.4)	(1.0)
Non recognition of deferred tax assets – losses	0.5	0.3
Expenses not deductible for tax purposes	0.3	0.5
Overseas tax rate differential	2.9	1.8
Adjustments in respect of previous years	(0.6)	(0.1)
Other	–	0.4
Taxation charge	9.5	7.4

The Group makes maximum use of all brought forward losses and other available reliefs in mitigating current tax payable.

8 Earnings per share

Earnings per share attributable to equity holders of the Company were as follows:

	Years ended 31 March	
	2017 pence	2016 pence
Earnings per share		
Basic	6.9	5.8
Diluted	6.7	5.6

	Years ended 31 March	
	2017 £m	2016 £m
Earnings for the purposes of earnings per share:		
Profit for the financial year	23.6	19.3
Less: amount attributable to non-controlling interests	(1.3)	(0.6)
Total	22.3	18.7

Basic earnings per share (EPS) is calculated by dividing the earnings attributable to equity holders of the Company by the weighted average number of Ordinary shares outstanding during the year, excluding those purchased by the Company's Employee Benefit Trust.

For diluted earnings per share, the weighted average number of Ordinary shares in issue is adjusted to assume conversion of all dilutive potential Ordinary shares.

The following amounts have been used in the calculation of earnings per share:

	Years ended 31 March	
	2017 number m	2016 number m
Weighted average number of Ordinary shares in issue		
Issued (for basic EPS)	323.7	324.2
Effect of dilutive potential Ordinary shares – share-based incentives	7.9	7.7
For diluted EPS	331.6	331.9



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017 – continued

8 Earnings per share continued

Underlying earnings per share

Underlying earnings per share attributable to equity holders of the Company were as follows:

	Years ended 31 March	
	2017 pence	2016 pence
Underlying earnings per share		
Basic	7.8	7.2
Diluted	7.6	7.0

Underlying earnings per share is calculated on the profit attributable to equity holders of the Company before amortisation of acquired intangibles and exceptional items after charging taxation associated with those profits.

	Years ended 31 March	
	2017 £m	2016 £m
Earnings for the purposes of underlying earnings per share:		
Profit before tax from continuing operations	33.1	26.7
Add: amortisation of acquired intangibles	0.2	0.7
Add: exceptional items	3.7	4.8
Underlying profit before tax	37.0	32.2
Underlying income tax expense	(10.4)	(8.4)
Underlying profit for the financial year	26.6	23.8
Less: amounts attributable to non-controlling interests	(1.3)	(0.6)
Total	25.3	23.2

Underlying earnings are earnings before amortisation of acquired intangibles, exceptional items and related income tax expense.

9 Dividends per share

The dividends to the Company's shareholders in the year ended 31 March 2017 were:

	Years ended 31 March	
	2017 £m	2016 £m
Final dividend in respect of year ended 31 March 2016 1.83p per share (31 March 2015: 1.69p per share)	5.9	5.5
Interim dividend in respect of year ended 31 March 2017 0.715p per share (31 March 2016: 0.68p per share)	2.3	2.2
Total dividends to the Company's shareholders	8.2	7.7

A final dividend in respect of the year ended 31 March 2017 of 1.925p per Ordinary share, amounting to a final dividend of £6,216,454 is to be proposed at the Annual General Meeting on 27 July 2017. The Employee Benefit Trust has waived its rights to dividends.

10 Goodwill and other intangible assets

	Years ended 31 March	
	2017 £m	2016 £m
Goodwill	235.9	223.0
Other intangible assets	21.0	19.1
	256.9	242.1



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10 Goodwill and other intangible assets continued

	Goodwill £m	Computer software		Client relationships £m	Total £m
		Externally acquired £m	Internally generated £m		
Cost					
At 1 April 2015	242.9	18.6	47.5	36.1	345.1
Additions	-	0.5	5.8	-	6.3
Disposals	-	(0.3)	-	-	(0.3)
Exchange differences	6.5	0.4	0.2	2.1	9.2
At 31 March 2016	249.4	19.2	53.5	38.2	360.3
Additions	-	0.8	6.9	-	7.7
Disposals	-	(0.3)	(3.2)	-	(3.5)
Exchange differences	12.9	1.6	2.9	3.9	21.3
At 31 March 2017	262.3	21.3	60.1	42.1	385.8
Accumulated amortisation and impairment losses					
At 1 April 2015	26.4	16.7	29.7	35.5	108.3
Amortisation charge for the year	-	1.1	6.0	0.4	7.5
Disposals	-	(0.3)	-	-	(0.3)
Exchange differences	-	0.4	0.2	2.1	2.7
At 31 March 2016	26.4	17.9	35.9	38.0	118.2
Amortisation charge for the year	-	0.7	6.3	0.2	7.2
Disposals	-	(0.3)	(3.2)	-	(3.5)
Exchange differences	-	1.4	1.7	3.9	7.0
At 31 March 2017	26.4	19.7	40.7	42.1	128.9
Carrying amount					
At 1 April 2015	216.5	1.9	17.8	0.6	236.8
At 31 March 2016	223.0	1.3	17.6	0.2	242.1
At 31 March 2017	235.9	1.6	19.4	-	256.9

The amortisation charge for the year of £7.2m (2016: £7.5m) is comprised of £0.2m (2016: £0.7m) in respect of intangible assets acquired via business combinations, £7.0m (2016: £6.8m) which relates to amortisation of software purchased and internally generated by existing businesses. There are £0.9m of assets in the course of construction included within internally generated assets at 31 March 2017 (2016: £nil).

IMPAIRMENT OF GOODWILL

The recoverable amount used in the assessment of goodwill for all cash generating units comprises the higher of value in use and fair value less costs to sell. During the year the Group reviewed its discount rate and long term growth rates and these have been applied in the assessment. The value in use has been calculated by discounting at 14% per annum (2016: 11% per annum) the anticipated pre-tax cash flows. The forecasts are prepared from management information taking into account historical trading performance and anticipated changes in future market conditions. The detailed forecasts cover a period of three years from the balance sheet date; cash flows are projected beyond that period based on market consensus for GDP growth of 2% for HRG (2016: 2%) and 5% for Fraedom (2016: 5%).

Goodwill consists of the following amounts related to cash generating units of the Group:

	Years ended 31 March	
	2017 £m	2016 £m
HRG		
Europe	174.3	167.9
North America	54.1	47.7
Asia Pacific	2.0	1.9
	230.4	217.5
Fraedom	5.5	5.5
	235.9	223.0

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10 Goodwill and other intangible assets continued

The key assumptions used in the impairment testing were as follows:

- Discount rates
- Rates of growth in cash generating units beyond 3 years
- Cash flow forecasts for years 1 to 3

Discount rate

The discount rate reflects management's estimate of the pre-tax cost of capital employed for the Group's cash generating units listed above. The same rate is applied to all cash generating units, and reflects the Group's funding arrangements where all units have equal access to the Group's treasury functions and borrowing lines to fund their operations. None of the Group's cash generating units demonstrate levels of risks that are significantly different from those experienced by the Group generally, and all have similar funding profiles and therefore the discount rate applied is deemed to be justified.

Rates of growth in cash generating units beyond 3 years and cash flow

Management have reviewed corporate travel industry and payment industry forecasts and consider that the market consensus for GDP growth of 2% for HRG and 5% for Freedom is reasonable for the purposes of the assessment of goodwill.

Goodwill impairment

Management believes that no reasonable change in the key assumptions would cause any of the identified cash generating units to become impaired.

11 Property, plant and equipment

	Property £m	Plant and equipment £m	Total £m
Cost			
At 1 April 2015	9.1	41.6	50.7
Additions for the year	0.3	2.4	2.7
Disposals for the year	(0.4)	(1.6)	(2.0)
Exchange differences	0.1	1.6	1.7
At 31 March 2016	9.1	44.0	53.1
Additions for the year	0.3	3.1	3.4
Disposals for the year	(0.6)	(3.5)	(4.1)
Exchange differences	0.7	4.8	5.5
At 31 March 2017	9.5	48.4	57.9
Accumulated depreciation			
At 1 April 2015	7.5	33.4	40.9
Depreciation charge for the year	0.4	3.5	3.9
Disposals for the year	(0.4)	(1.6)	(2.0)
Exchange differences	0.1	1.4	1.5
At 31 March 2016	7.6	36.7	44.3
Depreciation charge for the year	0.5	3.8	4.3
Disposals for the year	(0.6)	(3.4)	(4.0)
Exchange differences	0.6	4.3	4.9
At 31 March 2017	8.1	41.4	49.5
Carrying amount			
At 1 April 2015	1.6	8.2	9.8
At 31 March 2016	1.5	7.3	8.8
At 31 March 2017	1.4	7.0	8.4



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11 Property, plant and equipment continued

Property is comprised of leasehold properties and leasehold improvements. Plant and equipment is comprised of IT and office equipment.

	Years ended 31 March	
	2017 £m	2016 £m
Carrying amount of property, plant and equipment held under finance leases	0.4	0.9

12 Investments accounted for using the equity method

	Years ended 31 March	
	2017 £m	2016 £m
At beginning of year	3.7	3.3
Net share of profit for the year after tax and non-controlling interests	0.9	1.0
Dividends	(0.7)	(0.7)
Exchange differences	0.2	0.1
At end of year	4.1	3.7

The joint ventures and associates held by the Group are:

	Country of incorporation	Proportion held	
		2017	2016
Associates			
Liga Travel GmbH	Germany	49%	49%
besttravel Dortmund GmbH*	Germany	–	49%
WELT Reisebüro GmbH**	Germany	–	49%
Bavaria Lloyd Reisebüro GmbH	Germany	49%	49%
OFB Reisen GmbH (previously Austrian Sportstravel Management GmbH)	Austria	50%	50%
Joint ventures			
Hogg Robinson Jin Jiang Travel (China) Co Ltd	China	51%	51%
Business Travel International BV	Netherlands	50%	50%
Fraedom Japan K.K.	Japan	45%	45%

* On 27 June 2016 the 49% share of besttravel Dortmund GmbH was disposed of for cash consideration of £0.5m

** On 21 December 2016 the 49% share of WELT Reisebüro GmbH was disposed of at its book value of £13k

Since the combined share of profits in respect of the Group's equity accounted investments represents less than 5% of the Group's total profit before tax, they are not, in the opinion of the directors, considered material to the Group and accordingly their results have not been individually disclosed.

Aggregate amounts relating to the Group's share of associates:

	Years ended 31 March	
	2017 £m	2016 £m
Total assets	2.0	2.4
Total liabilities	(1.6)	(1.8)
Revenue	2.6	2.6
Profit after tax	0.5	0.7

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12 Investments accounted for using the equity method continued

Aggregate amounts relating to the Group's joint ventures:

	Years ended 31 March	
	2017 £m	2016 £m
Current assets	6.0	5.8
Non-current assets	0.1	0.1
Current liabilities	(2.4)	(2.9)
Revenue	3.1	2.9
Profit after tax	0.4	0.3

CONTINGENT LIABILITIES

The Group is not aware of any contingent liabilities in respect of its equity accounted investments.

13 Financial instruments by category

	Loans and receivables £m	Assets at fair value through profit or loss £m	Derivatives used for hedging £m	Total £m
At 31 March 2017				
Derivative financial instruments – assets	–	0.3	–	0.3
Trade receivables	61.1	–	–	61.1
Due from associates and joint ventures	0.2	–	–	0.2
Other receivables	9.8	–	–	9.8
Accrued income	28.3	–	–	28.3
Cash and cash equivalent assets	35.1	–	–	35.1
	134.5	0.3	–	134.8

	Liabilities measured at amortised cost £m	Liabilities at fair value through profit or loss £m	Derivatives used for hedging £m	Total £m
At 31 March 2017				
Derivative financial instruments – liabilities	–	0.3	–	0.3
Borrowings	55.7	–	–	55.7
Trade payables	92.9	–	–	92.9
Due to associates and joint ventures	0.6	–	–	0.6
Other payables	16.5	–	–	16.5
Accruals	27.1	–	–	27.1
	192.8	0.3	–	193.1

	Loans and receivables £m	Assets at fair value through profit or loss £m	Derivatives used for hedging £m	Total £m
At 31 March 2016				
Derivative financial instruments – assets	–	0.2	–	0.2
Trade receivables	53.5	–	–	53.5
Due from associates and joint ventures	0.5	–	–	0.5
Other receivables	9.7	–	–	9.7
Accrued income	22.4	–	–	22.4
Cash and cash equivalent assets	43.8	–	–	43.8
	129.9	0.2	–	130.1



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13 Financial instruments by category continued

	Liabilities measured at amortised cost £m	Liabilities at fair value through profit or loss £m	Derivatives used for hedging £m	Total £m
At 31 March 2016				
Derivative financial instruments – liabilities	–	0.6	0.2	0.8
Borrowings	76.4	–	–	76.4
Trade payables	85.3	–	–	85.3
Due to associates and joint ventures	0.5	–	–	0.5
Other payables	17.4	–	–	17.4
Accruals	25.4	–	–	25.4
	205.0	0.6	0.2	205.8

At 31 March 2017 and 31 March 2016 no assets were subject to collateral except for finance lease assets.

The Group uses the following hierarchy for determining the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data.

All derivative financial instruments are shown at fair value in the balance sheet. The fair values have been determined by reference to Level 2 techniques in the hierarchy described above. The fair value of derivative financial instruments represent the maximum credit exposure.

14 Trade and other receivables

	Years ended 31 March	
	2017 £m	2016 £m
Current: due within one year		
Trade receivables, gross	62.1	54.5
Less: provision for impairment	(1.0)	(1.0)
	61.1	53.5
Due from associates and joint ventures	0.2	0.5
Other receivables	9.5	9.7
Prepayments	7.4	7.2
Accrued income	28.3	22.4
	106.5	93.3
Non-current: due after more than one year		
Other receivables	0.3	–

The carrying amount of trade and other receivables approximates to their fair value.

As of 31 March 2017, trade receivables of £7.3m (2016: £7.2m) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing of these trade receivables is as follows:

	Years ended 31 March	
	2017 £m	2016 £m
Up to 3 months	6.2	6.4
Over 3 months	1.1	0.8
	7.3	7.2

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For the year ended 31 March 2017 – continued

14 Trade and other receivables continued

As of 31 March 2017, trade receivables of £1.0m (2016: £1.0m) were impaired and provided for. The amount of the provision was £1.0m as at 31 March 2017 (2016: £1.0m). The creation and release of provision for impaired receivables has been included in other expenses in the Consolidated Income Statement (note 4). The ageing of these trade receivables is as follows:

	Years ended 31 March	
	2017 £m	2016 £m
Up to 3 months	0.3	0.3
Over 3 months	0.7	0.7
	1.0	1.0

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	Years ended 31 March	
	2017 £m	2016 £m
Sterling	29.8	28.8
Euro	25.0	23.4
Swiss Franc	4.0	4.1
US Dollar	13.3	12.8
Canadian Dollar	6.5	3.7
Australian Dollar	2.0	2.2
Other currencies	26.2	18.3
	106.8	93.3

Movements on the Group provision for impairment of trade receivables are as follows:

	Years ended 31 March	
	2017 £m	2016 £m
At 1 April	(1.0)	(1.2)
New impairment provisions in the year	(0.4)	(0.2)
Impairment written off as uncollectable	–	0.1
Unused amounts reversed	0.4	0.3
At 31 March	(1.0)	(1.0)

Amounts provided are generally written off when there is no expectation of recovering additional cash.

The other items within trade and other receivables do not contain impaired assets.



15 Financial assets and liabilities – derivative financial instruments

	Years ended 31 March	
	2017 £m	2016 £m
At fair value		
Current assets:		
Forward foreign exchange contracts – held for trading	0.3	0.2
Current liabilities:		
Forward foreign exchange contracts – held for trading	(0.3)	(0.6)
Interest rate contracts – cash flow hedge	–	(0.2)
	(0.3)	(0.8)

Forward exchange contracts consist of currency swaps together with cover obtained for known major payments and receipts in foreign currencies. The effect of currency swaps on the exchange profile of borrowings is set out in note 17.

The net gain arising in the income statement on contracts held for trading was £0.9m (2016: £0.6m loss). The net loss arising in the income statement on the fair value of the underlying hedged items was £0.9m (2016: £0.6m gain). There was no ineffectiveness to be recorded from cash flow hedges.

16 Cash and cash equivalent assets

	Years ended 31 March	
	2017 £m	2016 £m
Cash balances without restrictions:		
– Short-term deposits	34.5	43.2
– Cash in hand	0.1	–
Cash balances with restrictions on use	0.5	0.6
	35.1	43.8

Cash comprises balances held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

The cash balances with restrictions are held to meet specific liabilities.

The cash balances above attract interest at various rates across different territories.

With the exception of £3.4m held across a number of smaller subsidiaries, the deposits were held at financial institutions with short-term credit ratings of at least A1 (Standard & Poor's) or P1 (Moody's Investors).

ANALYSIS BY CURRENCY

	Years ended 31 March	
	2017 £m	2016 £m
Sterling	5.3	8.6
Euro	9.5	8.9
Swiss Franc	1.8	2.6
Other European currencies	5.1	6.5
Canadian Dollar	3.1	3.6
US Dollar	5.9	10.5
Other currencies	4.4	3.1
	35.1	43.8



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For the year ended 31 March 2017 – continued

17 Financial liabilities – borrowings

	Years ended 31 March	
	2017 £m	2016 £m
Current (due within one year)		
Bank loans	10.0	10.0
Overdrafts	0.1	0.1
Unamortised loan issue costs	(0.3)	(0.6)
Finance leases	0.3	0.5
	10.1	10.0
Non-current (due after more than one year)		
Bank loans	45.6	66.5
Unamortised loan issue costs	(0.1)	(0.4)
Finance leases	0.1	0.3
	45.6	66.4
	55.7	76.4
Analysis of borrowings:		
Principal	56.1	77.4
Unamortised issue costs	(0.4)	(1.0)
	55.7	76.4

Of the borrowings of £55.7m, £55.3m are unsecured.

The maturity of debt is as follows:

	Years ended 31 March	
	2017 £m	2016 £m
Within one year	10.0	10.0
Between one and two years	45.7	10.0
Between two and five years	–	56.4
	55.7	76.4

ANALYSIS BY CURRENCY

	Years ended 31 March	
	2017 £m	2016 £m
Borrowings by currency:		
Sterling	51.6	69.1
Other European currencies	0.2	0.2
Canadian Dollar	3.6	6.5
US Dollar	0.1	0.3
Other currencies	0.2	0.3
	55.7	76.4

	Years ended 31 March	
	2017 £m	2016 £m
Effect of currency swaps:		
Sterling	(8.6)	(7.6)
Euro	1.5	2.5
Swiss Franc	0.1	0.1
Other European currencies	0.9	0.1
Canadian Dollar	0.1	0.2
US Dollar	6.0	4.6
Other currencies	–	0.1
	–	–



17 Financial liabilities – borrowings continued

	Years ended 31 March	
	2017 £m	2016 £m
Borrowings by currency after currency swaps:		
Sterling	43.0	61.5
Euro	1.5	2.5
Swiss Franc	0.1	0.1
Other European currencies	1.1	0.3
Canadian Dollar	3.7	6.7
US Dollar	6.1	4.9
Other currencies	0.2	0.4
	55.7	76.4

UNDRAWN BORROWING FACILITIES

	Years ended 31 March	
	2017 £m	2016 £m
Undrawn facilities expiring over one year from the balance sheet date	110.0	99.7

INTEREST RATE PROFILE AFTER SWAPS

	Years ended 31 March	
	2017 £m	2016 £m
Floating rate	35.6	26.0
Fixed rate	20.1	50.4
	55.7	76.4

The majority of sterling floating rate overdrafts utilised had an interest rate of 1.3% above the lending bank's base rate.

Floating rate debt includes draw downs for fixed periods of up to one month.

The fair value of borrowings approximates to the book values in all cases except for the fixed rate loan which has a book value of £20.0m and a fair value of £20.5m at 31 March 2017.

The Group's principal banking facility is a £150m multi-currency revolving credit facility that is committed until May 2018. At the year end, £35.6m of the facility has been utilised.

The majority of bank loans utilised during the year have margins of 1.70% – 1.85% above LIBOR. The margin fell from 1.85% to 1.70% on 8 June 2016.

In addition, the Group has a £20m fixed rate loan which is repayable in instalments between 2017 and 2018 and has an interest rate of 7.239%.

FINANCE LEASES

	Years ended 31 March	
	2017 £m	2016 £m
Minimum lease payments:		
Within one year	0.3	0.5
In the second to fifth years inclusive	0.1	0.3
	0.4	0.8
Less: future finance charges	–	–
Present value of lease obligations	0.4	0.8
Amount due for settlement within twelve months	0.3	0.5
Amount due for settlement after twelve months	0.1	0.3
	0.4	0.8

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For the year ended 31 March 2017 – continued

17 Financial liabilities – borrowings continued

NET DEBT	Years ended 31 March	
	2017 £m	2016 £m
Total financial liabilities – borrowings	55.7	76.4
Add back: Unamortised loan issue costs	0.4	1.0
Cash and cash equivalent assets	(35.1)	(43.8)
Net debt	21.0	33.6

ANALYSIS BY CURRENCY AFTER CURRENCY SWAPS

	Years ended 31 March	
	2017 £m	2016 £m
Sterling	38.1	53.9
Euro	(8.0)	(6.4)
Swiss Franc	(1.7)	(2.5)
Other European currencies	(4.0)	(6.2)
Canadian Dollar	0.6	3.1
US Dollar	0.2	(5.6)
Other currencies	(4.2)	(2.7)
	21.0	33.6

18 Trade and other payables

	Years ended 31 March	
	2017 £m	Restated* 2016 £m
Current: due within one year		
Trade payables	92.9	85.3
Due to associates and joint ventures	0.6	0.5
Social security and other taxes	2.5	2.3
Other payables	16.5	17.4
Accruals	27.1	25.4
Deferred income	8.7	7.7
	148.3	138.6
Non-current: due after more than one year		
Deferred income	1.5	1.5

* For the year ended 31 March 2017 accruals and deferred income have been separately analysed and comparatives, including other payables, have been restated accordingly.



19 Provisions

	Restructuring £m	Other £m	Total £m
At 1 April 2015	2.7	2.7	5.4
Additional provisions made in the year charged in the Consolidated Income Statement	4.1	0.1	4.2
Additional provisions made in the year in respect of property dilapidations included in property, plant and equipment	–	0.2	0.2
Amounts used during the year	(4.6)	(0.2)	(4.8)
Unused provisions reversed	(0.1)	(0.3)	(0.4)
Exchange differences	0.2	–	0.2
At 31 March 2016	2.3	2.5	4.8
Additional provisions made in the year charged in the Consolidated Income Statement	4.3	0.2	4.5
Amounts used during the year	(5.5)	(0.2)	(5.7)
Unused provisions reversed	–	(0.5)	(0.5)
Exchange differences	0.1	0.1	0.2
At 31 March 2017	1.2	2.1	3.3

Restructuring provisions represent redundancy and office closure costs in a number of Group companies and are disclosed as current liabilities because they are likely to give rise to payment within one year of the balance sheet date. At 31 March 2017, £1.1m (2016: £2.2m) was held against restructuring provisions in respect of exceptional items.

Other includes provisions for onerous contracts, property dilapidations and litigation, which are likely to give rise to payment after more than one year of the balance sheet date, ranging from 2 to 8 years.

Provision has been made for the present value of property lease commitments in respect of properties surplus to operational requirements. Allowance has been made for anticipated sublet rental income, and costs to restore premises to their original condition upon vacating them where such an obligation exists under the lease.

20 Deferred tax

	Years ended 31 March	
	2017 £m	2016 £m
Deferred tax assets		
Temporary differences on pension accounting	42.1	43.9
Accelerated tax depreciation	0.1	1.2
Tax losses	12.8	11.5
Other temporary differences	1.4	0.5
Set-off against liabilities	(11.2)	(6.3)
	45.2	50.8
Deferred tax liabilities		
Accelerated tax depreciation	(0.9)	(2.1)
Other temporary differences	(13.9)	(10.3)
Set-off against assets	11.2	6.3
	(3.6)	(6.1)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017 – continued

20 Deferred tax continued

	Years ended 31 March	
	2017 £m	2016 £m
Net charge to the Consolidated Income Statement		
Temporary differences on pension accounting	0.1	(1.9)
Accelerated tax depreciation	(0.1)	(0.1)
Tax losses	(1.2)	(5.8)
Other temporary differences	3.0	10.5
	1.8	2.7
	Years ended 31 March	
	2017 £m	2016 £m
Net credit through Statement of Changes in Equity		
Other – share based payments	(0.2)	–
	(0.2)	–
	Years ended 31 March	
	2017 £m	2016 £m
Net change through Statement of Comprehensive Income		
Temporary differences on pension accounting	(0.6)	2.5
Effect of the UK rate change	2.3	4.6
Exchange movements	(0.2)	(0.6)
	1.5	6.5

At 31 March 2017, deferred tax assets include £42.7m (2016: £42.5m) arising in the UK. These assets are recognised on the basis that there will be sufficient appropriate taxable profits available in the future against which to realise them.

Finance Act 2015 reduced the main rate of corporation tax in the UK from 20% to 19% with effect from 1 April 2017 and 18% from 1 April 2020. Further reductions to the UK main rate were included in Finance Act 2016 and substantively enacted in the year, lowering the rate to 17% from 1 April 2020. Deferred tax balances have been re-measured where appropriate to 17%.

The following deferred tax assets have not been recognised due to the uncertainty of the generation of future taxable profits in the relevant geographic territory:

	Years ended 31 March	
	2017 £m	2016 £m
Tax losses	22.2	20.7
Accelerated tax depreciation	1.3	0.6
Temporary difference on pension accounting	2.7	4.8
Other temporary differences	0.4	–
	26.6	26.1

Deferred income tax liabilities of £0.7m (2016: £0.6m) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are permanently reinvested. Unremitted earnings totalled £128.2m as at 31 March 2017 (2016: £114.5m).



21 Retirement benefit obligations

DEFINED BENEFIT PENSION ARRANGEMENTS

The Group's principal defined benefit pension arrangement is the Hogg Robinson (1987) Pension Scheme ('the UK Scheme'). The UK Scheme is registered and subject to the statutory scheme-specific funding requirements outlined in UK legislation, including the payment of levies to the Pension Protection Fund as set out in the Pension Act 2004. The UK Scheme is established under trust and the responsibility for its governance lies jointly with the Trustees (Hogg Robinson (1987) Pension Scheme Trustee Limited) and the Group.

The UK Scheme was closed to new members in March 2003, with benefits based on final pensionable salary. The increase in final pensionable salary since 31 March 2003 is predominantly limited to the lower of the increase in inflation and 5% per annum. The latest actuarial valuation of the UK Scheme was carried out as at 31 March 2014 by an independent qualified actuary.

Following a consultation process with active members, the UK defined benefit section was closed to future accrual on 30 June 2013 and replaced with a defined contribution section.

The Group also operates defined benefit schemes in Switzerland, Germany, Italy and France. The defined benefit scheme in Norway was closed in the year to 31 March 2016.

The following amounts have been included in the Consolidated Income Statement in respect of all defined benefit pension arrangements:

	Years ended 31 March	
	2017 £m	2016 £m
Current service charge	2.2	2.1
Curtailment gain	(0.6)	-
Charge to underlying operating profit	1.6	2.1
Charge to exceptional items – pension rectification (note 4)	-	10.5
Charge to exceptional items – curtailment gain (note 4)	(0.4)	-
Charge to operating profit	1.2	12.6
Interest cost on pension scheme liabilities	17.6	17.1
Interest return on pension scheme assets	(9.1)	(9.0)
Charge to finance costs	8.5	8.1
Total charge to Consolidated Income Statement	9.7	20.7

In respect of the year ended 31 March 2016 a past service cost of £10.5m arose in the UK as a result of the correction of a mistake in the drafting of a deed of amendment. Further detail is provided in note 4.

A curtailment gain of £1.0m arose in the year ended 31 March 2017 in respect of leavers of the Switzerland Scheme. £0.4m is included within exceptional items and £0.6m is included in underlying operating profit.

The following amounts have been recognised as movements in equity:

	Years ended 31 March	
	2017 £m	2016 £m
Actual return/(loss) on scheme assets	29.8	(3.4)
Less: amounts included in interest income	(9.1)	(9.0)
	20.7	(12.4)
Experience gains and losses arising on scheme liabilities	0.3	1.5
Changes in assumptions underlying the present value of scheme liabilities:		
– Demographic	86.8	2.8
– Financial	(112.8)	21.2
	(5.0)	13.1
Exchange rate movement	(1.7)	(1.6)
Movement in the year	(6.7)	11.5
Cumulative amount recognised in the Consolidated Statement of Comprehensive Income since the transition date to IFRS, 1 April 2003	(208.1)	(201.4)

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21 Retirement benefit obligations continued

The key assumptions used for the UK Scheme were:

	Years ended 31 March		
	2017	2016	2015
Rate of increase in final pensionable salary	2.90%	2.60%	2.60%
Rate of increase in pensions in payment – accrued before 1999	5.00%	5.00%	5.00%
Rate of increase in pensions in payment – accrued after 1999	3.40%	3.10%	3.10%
Discount rate	2.70%	3.50%	3.30%
Inflation – RPI	3.40%	3.10%	3.10%
Inflation – CPI	2.60%	2.40%	2.40%

The assumptions for the schemes in Switzerland, Germany, Italy and France do not produce materially different results from the assumptions used for the UK Scheme.

The net present value of the defined benefit obligations of the UK Scheme is sensitive to both the actuarial assumptions used and to market conditions. If the discount rate assumption was 0.1% lower, the obligations would be expected to increase by £11.2m and if it was 0.1% higher, they would be expected to decrease by £10.9m. If the inflation assumption was 0.1% lower, the obligations would be expected to decrease by £5.0m and if it was 0.1% higher, they would be expected to increase by £3.1m. The inflation assumption sensitivity factors in the impact of inflation on the rate of increase in final pensionable salary and rate of increase in pensions in payment accrued after 1999 assumptions.

During the year the Group commissioned a review, in collaboration with the UK Scheme's Trustees, of the statistical mortality assumptions underpinning the UK Scheme's liabilities. This review called a Medically Underwritten Mortality Study (MUMS) seeks to better understand the specific health profile of the UK Scheme's membership. A sample of members aged 55 to 80 was selected, representing 13% of the UK Scheme's total membership by headcount and 39% by liability value. These members were asked to complete and return a health questionnaire and follow-up interviews were conducted where clarification was needed. Approximately two thirds of targeted members responded, representing 24% of the UK Scheme's total liabilities. The responses were analysed by mortality underwriting specialists who translated them into mortality assumptions. The results from the sample were then extrapolated using a postcode differential to calculate the UK Scheme's IAS 19 liabilities. The methodology used was compliant with the relevant technical Actuarial Standards in force published by the Financial Reporting Council.

The mortality assumptions for the UK Scheme are based on SAPS/CM1(2016) tables (2016: SAPS/CM1(2013) tables) with 'medium cohort' projections and a 1.25% underpin in the rate of future improvements in mortality. Life expectancy at the age of 65 is assumed to be:

	Years ended 31 March	
	2017	2016
Current pensioners		
Male	21.4	24.0
Female	23.6	26.4
Future retirements		
Male	22.8	25.9
Female	25.1	28.4

The UK liability is based on the assumption that active and deferred members will take 25% of the value of their pension as a lump sum on retirement.

The net present value of the defined benefit obligations of the UK Scheme are sensitive to the life expectancy assumption. If there was an increase of one year to this assumption the obligations would be expected to increase by £25.9m.



21 Retirement benefit obligations continued

The provision included in the Consolidated Balance Sheet arising from obligations in respect of all the Group's defined benefit schemes is as follows:

	Years ended 31 March	
	2017 £m	2016 £m
Present value of defined benefit obligations		
Unfunded scheme	17.5	15.8
Wholly or partly funded schemes	567.7	539.1
	585.2	554.9
Fair value of scheme assets	(320.0)	(296.6)
	265.2	258.3

The net present value of defined benefit obligations has moved as follows:

	Years ended 31 March	
	2017 £m	2016 £m
At beginning of year	554.9	563.8
Current service cost	2.2	2.1
Curtailment gain	(1.0)	-
Past service cost – pension rectification	-	10.5
Interest cost	17.6	17.1
Contributions by plan participants	0.6	0.6
Actuarial losses	25.7	(25.5)
Foreign currency exchange changes	5.5	3.0
Benefits paid	(20.3)	(16.7)
At end of year	585.2	554.9

The fair value of scheme assets has moved as follows:

	Years ended 31 March	
	2017 £m	2016 £m
At beginning of year	296.6	305.2
Interest income	9.1	9.0
Actual return on assets excluding amounts included in interest income	20.7	(12.4)
Foreign currency exchange changes	3.8	1.5
Contributions by the employer	9.5	9.4
Contributions by plan participants	0.6	0.6
Benefits paid	(20.3)	(16.7)
At end of year	320.0	296.6

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21 Retirement benefit obligations continued

The assets held in defined benefit schemes were as follows:

	Years ended 31 March	
	2017 £m	2016 £m
Equity instruments		
<i>UK Scheme</i>		
Developed World Hedge Fund	28.2	24.3
Global Absolute Return Fund	44.9	41.2
Private Equity	10.5	9.6
Broad Opportunities Fund	25.4	24.9
	109.0	100.0
<i>Overseas Schemes</i>	16.1	13.6
	125.1	113.6
Debt instruments		
<i>UK Scheme</i>		
UK Equity Linked Gilts	17.7	14.6
Overseas Equity Linked Gilts	33.6	29.1
Credit Fund	30.4	29.5
Fixed Income Global Opportunities	21.6	20.6
	103.3	93.8
<i>Overseas Schemes</i>	18.5	15.8
	121.8	109.6
Property		
<i>UK Scheme</i>		
Long Lease Property Fund	30.2	28.1
Partners Fund	27.2	25.2
Real Estate Fund	4.4	9.1
	61.8	62.4
<i>Overseas Schemes</i>	6.6	7.0
	68.4	69.4
Cash and cash equivalents		
<i>UK Scheme</i>	4.6	3.6
<i>Overseas Schemes</i>	0.1	0.4
	4.7	4.0
	320.0	296.6

None of the plan assets are represented by financial instruments of the Group. None of the plan assets are occupied or used by the Group. The majority, £278.3m (2016: £253.2m) of the schemes' assets are held in active markets with quoted market prices, the remaining £41.7m (2016: £43.4m) is invested in small company shares held in private equity funds and illiquid funds.

For several years, the UK Scheme has been closed to new entrants, has capped increases in pensionable salary and was closed to future accrual from 30 June 2013 following a consultation process with active members. Following the most recent triennial valuation, effective April 2014, the Trustees agreed deficit reduction payments totalling £8.3m for the year ending 31 March 2018, this represents a future economic benefit. The weighted average duration of the defined benefit obligation is 22 years.



21 Retirement benefit obligations continued

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

Asset volatility – the scheme liabilities are calculated using a discount rate set with reference to corporate bond yields, if plan assets underperform this yield this will create a deficit. In mitigation, the schemes hold a significant proportion of equities, which are expected to outperform corporate bonds in the long-term but which may result in volatility and risk in the short-term. To avoid undue concentration of asset volatility risk in any one asset class, certain assets are held in a matching portfolio, consisting of corporate bonds and index-linked gilts, designed to mirror movements in corresponding liabilities.

The Group believes that due to the long-term nature of plan liabilities and strength of the supporting Group, a level of continuing equity investment is an appropriate element of the Group's long-term strategy to manage the plans efficiently.

Interest rate risk – liabilities are sensitive to movements in interest rates, a decrease in corporate bond yields will increase plan liabilities, although this will be partly offset by an increase in the plans' bond holdings.

Inflation risk – liabilities are sensitive to movements in inflation, with higher inflation leading to an increase in the valuation of liabilities (within the limits set by the scheme).

Life expectancy – liabilities are sensitive to life expectancy, with increases in life expectancy leading to an increase in the valuation of liabilities.

The obligations and assets are split as follows:

	Years ended 31 March					
	2017 UK £m	2017 Overseas £m	2017 Total £m	2016 UK £m	2016 Overseas £m	2016 Total £m
Defined benefit obligations	(526.0)	(59.2)	(585.2)	(497.4)	(57.5)	(554.9)
Fair value of plan assets	278.7	41.3	320.0	259.8	36.8	296.6
Deficit	(247.3)	(17.9)	(265.2)	(237.6)	(20.7)	(258.3)

The UK Scheme deficit increased by £9.7m to £247.3m driven by an increase in the UK Scheme liabilities of £28.6m partly offset by an £18.9m increase in the fair value of plan assets. During the year a MUMS was carried out looking into the health of the UK Scheme's members in order to refine the mortality assumptions. The £28.6m increase in the UK Scheme liabilities is net of the positive financial impact of the MUMS on the year-end pension valuation amounting to £68.4m. Excluding this reduction, the UK Scheme liabilities have increased by £97.0m primarily driven by a 0.8% decrease in discount rate, £96.7m, higher inflation rate assumption, £17.9m, partly offset by the application of the latest mortality rates, £19.0m.

The overseas schemes' deficit decreased by £2.8m and includes an increase of £1.7m relating to foreign exchange. Excluding foreign exchange the overseas schemes deficit have decreased by £4.5m, driven by a decrease in the schemes' liabilities of £3.8m, including £1.0m curtailment gain in Switzerland and an increase in schemes' assets of £0.7m. The net deficit of the overseas schemes primarily relates to the German scheme £16.3m (2016: £14.8m).

FIVE YEAR EXPERIENCE

	Years ended 31 March				
	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m
Defined benefit obligations	(585.2)	(554.9)	(563.8)	(462.3)	(423.4)
Fair value of plan assets	320.0	296.6	305.2	281.9	264.0
Deficit	(265.2)	(258.3)	(258.6)	(180.4)	(159.4)
Experience gains/(losses) on plan liabilities	0.3	1.5	5.3	(0.1)	(0.2)
on plan assets	20.7	(12.4)	15.3	8.0	14.5



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017 – continued

21 Retirement benefit obligations continued

Pension funding in excess of the charge to operating profit is shown in the Consolidated Cash Flow Statement as follows:

	Years ended 31 March	
	2017 £m	2016 £m
Contributions less service cost (note 28)	(7.3)	(7.3)

DEFINED CONTRIBUTION ARRANGEMENTS

The Group also operates defined contribution plans which receive fixed contributions from group companies. The Group's legal or constructive obligation for these plans is limited to the contributions. The expense recognised in the current period in relation to these contributions was £7.0m (2016: £6.6m).

22 Share capital and share premium account

SHARE CAPITAL

	Years ended 31 March	
	2017 number	2016 number
Authorised		
Ordinary shares of 1p each	513,808,171	513,808,171

	Years ended 31 March	
	2017 number	2016 number
Issued, called up and fully paid		
At 1 April	325,353,509	324,334,901
Shares issued in the year	209,493	1,018,608
At 31 March	325,563,002	325,353,509

	Years ended 31 March	
	2017 £m	2016 £m
Issued, called up and fully paid		
Ordinary shares of 1p each	3.3	3.3

The Company issued 209,493 (2016: 55,584) shares during the year to 31 March 2017 for consideration of £137,737 (2016: £30,129) on exercise of options under the Company's Sharesave Schemes.

The total number of Ordinary shares in the Company held by the Employee Benefit Trust as at 31 March 2017 was 2,630,326 (2016: 1,704,808) with a market value of £1.8m (2016: £1.1m). 1,074,482 shares were used during the year to satisfy vesting of certain share-based incentives (2016: 339,424).

SHARE PREMIUM ACCOUNT

	Years ended 31 March	
	2017 £m	2016 £m
At 1 April	179.3	179.3
Premium on shares issued in the year	0.1	–
At 31 March	179.4	179.3



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23 Reserves

RETAINED DEFICIT	Years ended 31 March		
	2017	2016	
	£m	£m	
At 1 April	(243.3)	(260.3)	
Retained profit for the financial year	23.6	19.3	
Dividends (note 9)	(8.2)	(7.7)	
Non-controlling interests	(1.3)	(0.6)	
Shares purchased by Employee Benefit Trust	(1.4)	(1.3)	
Actuarial (loss)/gain on pension schemes	(5.0)	13.1	
Deferred tax movement on pension liability	(1.7)	(7.1)	
Share based payments – charge for the year	1.8	1.3	
Deferred tax movements on cumulative share-based incentive costs	0.2	–	
Transfer from exchange reserve	0.5	–	
At 31 March	(234.8)	(243.3)	

OTHER RESERVES	Exchange reserve	Hedging reserve	Total other reserves
	£m	£m	£m
Balance at 1 April 2015	4.5	(0.4)	4.1
Other comprehensive income:			
Fair value movement on cash flow hedge	–	0.2	0.2
Currency translation differences	5.9	–	5.9
Balance at 31 March 2016	10.4	(0.2)	10.2
Other comprehensive income:			
Fair value movement on cash flow hedge	–	0.2	0.2
Currency translation differences	14.3	–	14.3
Balance at 31 March 2017	24.7	–	24.7

24 Non-controlling interests

	Years ended 31 March	
	2017	2016
	£m	£m
At 1 April	0.6	0.9
Dividends paid	(0.8)	(1.0)
Share of profit after tax	1.3	0.6
Exchange differences	–	0.1
At 31 March	1.1	0.6

Non-controlling interests relate to the following companies, all of which are companies registered in Germany:

	Years ended 31 March	
	2017	2016
	Group interest %	Group interest %
DFB Reiseburo GmbH	51%	51%
FC Bayern Tours GmbH	50%	50%

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25 Contingent liabilities

In 1994 Compagnie Dens Ocean NV (CDO), an indirectly owned subsidiary, received a claim from the Belgian Customs authorities resulting in a liquidator being appointed in 1995. Civil litigation is in process with criminal proceedings being considered pending the final outcome of the civil action. The liquidator is defending the civil action vigorously and the Directors continue to believe, on the basis of legal advice received, that any future impact on the net assets of the Group would not be material.

26 Operating leases

	Years ended 31 March	
	2017 £m	2016 £m
Outstanding commitments for future minimum lease payments:		
Due within one year	11.3	10.8
From second to fifth year inclusive	22.1	20.7
After five years	2.1	3.4
Total commitment	35.5	34.9

Operating lease commitments mainly represent arrangements for the occupation of office properties. Property leases are arranged taking into account local market conditions to secure the use of offices with economical rentals. At 31 March 2017, on average, property leases had 2.4 years to run (2016: 2.9 years).

27 Related party transactions

REMUNERATION OF KEY MANAGEMENT

	Years ended 31 March	
	2017 £m	2016 £m
Short-term employee benefits	4.0	3.8
Post-employment benefits	0.4	0.3
Share-based incentives	1.3	0.7
	5.7	4.8

The Key Management of the Group are the Board Directors of Hogg Robinson Group plc and members of the Executive Management Team. Disclosure of the Executive Directors' emoluments can be found in the Remuneration Report on pages 33 to 50 of the Annual Report.

DIRECTORS

Details of directors' remuneration, including pension costs and long-term incentives, are provided in the audited section of the Remuneration Report on pages 42 to 50.



27 Related party transactions continued

RECEIVABLES FROM ASSOCIATES AND JOINT VENTURES

	Years ended 31 March	
	2017 £m	2016 £m
Joint ventures		
HRG Jin Jiang Travel (China) Co Ltd	0.2	0.4

PAYABLE TO ASSOCIATES AND JOINT VENTURES

	Years ended 31 March	
	2017 £m	2016 £m
Associates		
Bavaria Lloyd Reisebüro GmbH	0.3	0.3
Joint ventures		
HRG Jin Jiang Travel (China) Co Ltd	0.3	0.2

No interest was charged on amounts receivable from or payable to joint ventures and associates.

TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES

	Years ended 31 March	
	2017 £m	2016 £m
Recharges by joint ventures		
HRG Jin Jiang Travel (China) Co Ltd	0.1	0.2
Recharges to joint ventures		
HRG Jin Jiang Travel (China) Co Ltd	--	0.1
Recharges to associates		
OFB Reisen GmbH	0.6	--

	Years ended 31 March	
	2017 £m	2016 £m
Management charges to joint ventures		
HRG Jin Jiang Travel (China) Co Ltd	--	0.1

TRANSACTIONS WITH KEY MANAGEMENT

Key Management occasionally use the services of Group companies for their personal travel needs. These transactions are not material to either party and hence do not warrant further disclosure in these Consolidated Financial Statements.

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28 Cash generated from operations

	Years ended 31 March	
	2017 £m	2016 £m
Profit before tax from continuing operations	33.1	26.7
Adjustments for:		
Depreciation and amortisation (note 10 and 11)	11.5	11.4
Net increase in provisions	4.0	3.8
Share of results of associates and joint ventures	(0.9)	(1.0)
Net finance costs (note 6)	13.3	13.6
Pension curtailment gain	(1.0)	–
Pension past service cost	–	10.5
Share-based incentives	1.8	1.3
Other timing differences	(0.5)	–
	61.3	66.3
Cash expenditure charged to provisions (note 19)	(5.7)	(4.8)
Change in trade and other receivables	(7.0)	14.9
Change in trade and other payables	1.6	(21.0)
Pension funding in excess of charge to operating profit (note 21)	(7.3)	(7.3)
Cash generated from operations	42.9	48.1

29 Share-based incentives

The Group operates equity-settled share-based incentive schemes as follows:

PERFORMANCE SHARE PLAN (PSP)

The PSP is applicable to senior executives including Key Management. Shares are awarded which vest for no consideration after a three year period. Award holders are not entitled to receive dividends during the vesting period.

For Key Management, each award has two discrete elements with performance conditions based on total shareholder return (TSR) and on basic underlying earnings per share (EPS).

The extent to which the TSR portion of the scheme will vest is subject to the Company's TSR performance over a three year period relative to the TSR performance of the companies in the FTSE 350 Support Service Index. Full vesting will take place for a top 20% ranking, 25% vesting for a median ranking and no award if TSR falls below the median.

The extent to which the EPS portion of any award will vest is subject to the underlying EPS of the Company increasing over a three year period.

- For awards made during the year ended 31 March 2015, full vesting takes place in the event that the Company's underlying EPS cumulatively equals or is greater than 28.25p over the performance period, 25% if in the event that the Company's underlying EPS cumulatively equals or is greater than 23.4p over the performance period and no award if underlying EPS falls below this. Vesting is calculated on a straight-line basis between these points. The performance period for these awards is the three financial years ending on 31 March 2017.
- For awards made during the year ended 31 March 2016, full vesting takes place in the event that the Company's underlying EPS cumulatively equals or is greater than 26.0p over the performance period, 25% if in the event that the Company's underlying EPS cumulatively equals or is greater than 22.0p over the performance period and no award if underlying EPS falls below this. Vesting is calculated on a straight-line basis between these points. The performance period for these awards is the three financial years ending on 31 March 2018.
- For awards made during the year ended 31 March 2017, full vesting takes place in the event that the Company's underlying EPS cumulatively equals or is greater than 27.1p over the performance period, 25% if in the event that the Company's underlying EPS cumulatively equals or is greater than 22.9p over the performance period and no award if underlying EPS falls below this. Vesting is calculated on a straight-line basis between these points. The performance period for these awards is the three financial years ending on 31 March 2019.

Awards to certain senior executives (other than Key Management) are not subject to three year TSR or EPS performance conditions.



29 Share-based incentives continued

For certain awards made during the years ended 31 March 2015, 31 March 2016 and 31 March 2017, one third of such awards vest on each anniversary of the Deed of Grant and the majority are subject to EPS performance conditions. In addition certain awards were made during the year ended 31 March 2016 which vest after a period of two years.

If performance conditions are met then the relevant awards may be exercised up to six months after the vesting date. Participants who leave as a result of a qualifying reason (generally retirement or involuntary redundancy) will receive a pro-rata entitlement. The awards for other participants who leave prior to vesting will lapse.

COMPANY SHARE OPTION PLAN (CSOP)

In response to feedback from some of the Company's major investors, there were no awards made under the CSOP scheme since June 2012. At its discretion the Remuneration Committee may determine to re-introduce the CSOP scheme and, if appropriate, adjust the PSP award but will consult shareholders prior to making this decision. Under the CSOP scheme share options are awarded which vest after a three year period subject to performance conditions. The exercise price of the options is the market price of shares immediately prior to the award. Each award has two discrete elements with performance conditions based on total shareholder return (TSR) and on earnings per share (EPS). The performance conditions and arrangements for leavers are the same as for the PSP scheme. Options can be exercised for a period of seven years following the end of the vesting period. Option holders are not entitled to receive dividends during the vesting period.

SHARESAVE SCHEMES

Sharesave schemes have been established in most countries in which the Group has operations and are applicable to all employees. Options are issued linked to savings contracts of up to £500 per month (or equivalent amounts overseas) for periods of three or five years (two years in the USA) with a six month exercise period. Options are issued at a discount of up to 20% of the market price immediately preceding the date of invitation to apply.

CHARGE FOR THE YEAR

The Group's charge for equity-settled share-based incentives for the year of £1.8m (2016: £1.3m) has been included in operating expenses in the Consolidated Income Statement.

The following table illustrates the weighted average exercise price (WAEP) of, and movements in, share options during the year:

	PSP	CSOP		Sharesave	
	number of shares	WAEP	number of options	WAEP	number of options
Outstanding as at 31 March 2015	8,338,532	39p	6,303,953	55p	6,845,980
Granted during the year	4,628,807	-	-	-	-
Exercised	(342,268)	30p	(1,725,859)	55p	(39,153)
Forfeited	(1,840,472)	53p	(357,000)	55p	(2,498,906)
Lapsed	(1,939,441)	62p	(989,517)	-	-
Outstanding as at 31 March 2016	8,845,158	33p	3,231,577	55p	4,307,921
Granted during the year	4,381,225	-	-	-	-
Exercised	(1,074,482)	-	-	56p	(147,334)
Forfeited	(6,223)	-	-	55p	(523,863)
Lapsed	(1,698,410)	-	-	-	-
Outstanding as at 31 March 2017	10,447,268	33p	3,231,577	55p	3,636,724
Exercisable at 31 March 2016	-	33p	3,231,577	-	-
Exercisable at 31 March 2017	-	33p	3,231,577	-	-
Granted subject to TSR conditions	2,997,857	-	1,272,224	-	-
Granted subject to EPS conditions	4,454,176	-	1,959,353	-	-
Granted without performance conditions	1,393,125	-	-	-	4,307,921
At 31 March 2016	8,845,158	-	3,231,577	-	4,307,921
Granted subject to TSR conditions	3,667,308	-	1,272,224	-	-
Granted subject to EPS conditions	5,429,960	-	1,959,353	-	-
Granted without performance conditions	1,350,000	-	-	-	3,636,724
At 31 March 2017	10,447,268	-	3,231,577	-	3,636,724

The range of exercise prices of outstanding share-based incentives was nil to 58 pence with a weighted average contractual life of 3.1 years.



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For the year ended 31 March 2017 – continued

29 Share-based incentives continued

The weighted average share price at grant date, fair value of the share-based incentives granted and exercise price of outstanding share-based incentives are:

Weighted average share price at grant date (pence)	60
Weighted average fair value of share-based incentives granted (pence)	35
Weighted average exercise price (pence)	18
Weighted average share price during the year (pence)	69

The fair value of awards granted in the year is estimated as at the date of grant using the following valuation models:

	Valuation model
Grants subject to TSR conditions	Monte Carlo
Grants subject to EPS and service conditions and Sharesave schemes	Black-Scholes

Key assumptions used in valuing share options were:

	TSR	EPS
Expected life (years)	3.25	1.25 – 3.25
Vesting period (years)	3	1 – 3
Expected vesting (%)	44	100
Expected and historic volatility (%)	31	31 – 33
Risk free rate of return (%)	0.6	0.3 – 0.6
Expected dividend yield (%)	3.6	3.6
Three year correlation of total shareholder return with support sector index (%)	15	–

	Number of shares	Grant date	Share price at grant date	Fair value	Vesting date
PSP TSR	1,698,112	25/05/2016	69p	27p	25/05/2019
PSP EPS	1,698,113	25/05/2016	69p	61p	25/05/2019
PSP EPS	328,317	25/05/2016	69p	66p	25/05/2017
PSP EPS	328,317	25/05/2016	69p	64p	25/05/2018
PSP EPS	328,366	25/05/2016	69p	61p	25/05/2019
	4,381,225				

In the year ended 31 March 2017, volatility was derived directly from the Group's share price over the period from listing.

30 Details of related undertakings of Hogg Robinson Group plc

In accordance with SI 2015/980, 'The Companies, Partnerships and Groups (Accounts and Reports) Regulations' of the Companies Act 2006 a full list of subsidiaries, associates and joint arrangements of the Group is detailed below. With the exception of HRG Debtco Limited, which is wholly owned by the Company, none of the shares in the subsidiaries are held directly by the Company. All of the Group's subsidiaries are included in these Consolidated Financial Statements.



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30 Details of related undertakings of Hogg Robinson Group plc continued

Subsidiaries: Registered in England and Wales, wholly owned	Principal activities	
HRG Debtco Limited ⁽¹⁾	Holding and financing company	
Farnborough Limited ⁽¹⁾	Holding and contracting company	
Hogg Robinson plc ⁽¹⁾	Support services	
Hogg Robinson (Travel) Limited ⁽²⁾	HRG	
Hogg Robinson Money Matters Limited ⁽¹⁾	Holding and financing company	
Farnborough Finance (2007) Limited ⁽¹⁾	General commercial company	
Fraedom Holdings Limited ⁽¹⁾	Holding company	
Fraedom UK Limited ⁽¹⁾	Fraedom	
Wilson Albany Limited ⁽¹⁾	Holding company	
Eurocentre (Travel) Limited ⁽¹⁾	Holding company	
HT General Agency Limited ⁽¹⁾	Holding company	
Hogg Robinson (1987) Pension Scheme Trustee Limited ⁽¹⁾	Dormant	
Hogg Robinson (Transport and Financial Services) Dormants Limited ⁽¹⁾	Dormant	
Hogg Robinson Corporate Holdings Limited ⁽¹⁾	Dormant	
Worldmark Travel Limited ⁽¹⁾	Dormant	
Powerwaves Limited ⁽¹⁾	Dormant	
Business Travel International Limited ⁽¹⁾	Dormant	
ABZ Finance Limited ⁽¹⁾	Dormant	
Rennie Hogg Ship Agents Limited ⁽¹⁾	Dormant	

Subsidiaries: Incorporated overseas, wholly owned	Principal activities	Country of incorporation
Hogg Robinson Australia Pty Limited ⁽³⁾	HRG	Australia
Hogg Robinson Australia Holdings Pty Limited ⁽³⁾	Holding company	Australia
Fraedom Pty Limited ⁽³⁾	Fraedom	Australia
Hogg Robinson Austria GmbH ⁽⁴⁾	HRG	Austria
HRG Belgium NV ⁽⁵⁾	HRG	Belgium
Church Street (Belgium) CVBA ⁽⁴⁾	Holding company	Belgium
Compagnie Dens Ocean NV ⁽⁷⁾	In liquidation	Belgium
Hogg Robinson Canada Inc ⁽⁸⁾	HRG	Canada
Hogg Robinson Holdings Canada Inc ⁽⁸⁾	Holding company	Canada
BTI Executive Travel Centre Inc ⁽⁸⁾	Dormant	Canada
Hogg Robinson s.r.o ⁽⁹⁾	HRG	Czech Republic
Hogg Robinson Nordic OY ⁽¹⁰⁾	HRG	Finland
Hogg Robinson France SA ⁽¹¹⁾	HRG	France
Hogg Robinson Germany GmbH & Co KG ⁽¹²⁾	HRG	Germany
Hogg Robinson Reisen Betelligungs GmbH ⁽¹²⁾	HRG	Germany
HRG Mobility Services GmbH ⁽¹²⁾	HRG	Germany
Euro Lloyd Sports GmbH ⁽¹²⁾	HRG	Germany
BTI Business Travel International Germany GmbH ⁽¹²⁾	Dormant	Germany
Sepals Limited ⁽¹³⁾	Dormant	Gibraltar
Hogg Robinson Hong Kong Ltd ⁽¹⁴⁾	HRG	Hong Kong
Hogg Robinson Magyarorszag kft ⁽¹⁵⁾	HRG	Hungary
Hogg Robinson Italia SpA ⁽¹⁶⁾	HRG	Italy
Advanced Reservation Centre Srl ⁽¹⁷⁾	HRG	Italy
Hogg Robinson Holdings BV ⁽¹⁸⁾	Holding company	Netherlands
Fraedom Company Limited ⁽¹⁹⁾	Fraedom	New Zealand
Hogg Robinson Nordic AS ⁽²⁰⁾	HRG	Norway
Hogg Robinson Nordic Holdings AS ⁽²⁰⁾	Holding company	Norway
Hogg Robinson Polska Sp. z.o.o ⁽²¹⁾	HRG	Poland
BTI Russia LLC ⁽²²⁾	HRG	Russia
Hogg Robinson Russia LLC ⁽²²⁾	HRG	Russia
Hogg Robinson Singapore Pte Limited ⁽²³⁾	HRG	Singapore
Hogg Robinson Group Espania S.A.U. ⁽²⁴⁾	HRG	Spain
Hogg Robinson Nordic Services AB ⁽²⁵⁾	HRG	Sweden
Hogg Robinson Nordic AB ⁽²⁵⁾	HRG	Sweden

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30 Details of related undertakings of Hogg Robinson Group plc continued

Subsidiaries: Incorporated overseas, wholly owned continued	Principal activities	Country of incorporation	
Hogg Robinson Switzerland Limited ⁽²⁶⁾	HRG	Switzerland	
Hogg Robinson USA LLC ⁽²⁷⁾	HRG	USA	
Executive Travel Associates LLC ⁽²⁷⁾	HRG	USA	
HRG Affiliates LLC ⁽²⁷⁾	HRG	USA	
Fraedom LLC ⁽²⁸⁾	Fraedom	USA	
Spendvision Services LLC ⁽²⁹⁾	Fraedom	USA	
Hogg Robinson USA Holdings Inc ⁽²⁷⁾	Holding company	USA	
Sea Gate Charters Inc ⁽²⁷⁾	Dormant	USA	
Synergistic Force LLC ⁽²⁷⁾	Dormant	USA	
Hogg Robinson Canada (USA) Inc ⁽²⁷⁾	Dormant	USA	

Subsidiaries: Incorporated overseas, partly owned	Principal activities	Country of incorporation	% Holding
DFB Reisebüro GmbH ⁽³⁰⁾	HRG	Germany	51
FC Bayern Tours GmbH ⁽³¹⁾	HRG	Germany	50

Associates and Joint Arrangements	Principal activities	Country of incorporation	% Holding
HRG Jin Jiang Travel (China) Co Limited ⁽³²⁾	HRG	China	51
OFB Reisen GmbH ⁽³³⁾	HRG	Austria	50
Liga Travel GmbH ⁽³⁴⁾	HRG	Germany	49
Bavaria Lloyd Reisebüro GmbH ⁽³⁵⁾	HRG	Germany	49
Business Travel International BV ⁽³⁶⁾	HRG	Netherlands	50
Fraedom Japan KK ⁽³⁷⁾	Fraedom	Japan	45

Registered office addresses:

- | | |
|--|---|
| (1) Global House, Victoria Street, Basingstoke, Hampshire, RG21 3BT | (22) 107078 Russia, Moscow, Bolshoi Kharitonievsky, Per. 24, bid 11, Russia |
| (2) Spectrum Point, 279 Farnborough Road, Farnborough, Hampshire, GU14 7NJ | (23) 3 Harbour Front Place, 06-02 Harbour Front Tower 2, Singapore 099254 |
| (3) Level 18, 452 Flinders Street, Melbourne, Victoria 3000, Australia | (24) Meridiana 89, 08026 Barcelona, Spain |
| (4) Ungargasse 37, 1030 Wien, Austria | (25) Box 23350, S 104 35, Stockholm, Sweden |
| (5) Quellinstraat 6-12, 2018 Antwerp, Belgium | (26) Altstettenstrasse 124, CH 8048, Zurich, Switzerland |
| (6) Dupont, Koevoets & Co, Posthofbrug, 10 bus 4 B-2600 Antwerp, Belgium | (27) 292 Madison Avenue, 17th Floor, New York, NY 10017, USA |
| (7) President Kennedypark 1 8500 Kortrijk, Belgium | (28) 900 Kearny Street, Suite 333, San Francisco, CA, 94133, USA |
| (8) 370 King Street West, Suite 700, Toronto, Ontario M5V 1J9, Canada | (29) 1751 Lake Cook Road, Suite 400, Deerfield, Illinois 6015, USA |
| (9) U Pruhonu, 1588/11a, Prague 7-Holesovice, 170 00, Czech Republic | (30) Otto Fleck Schneise 6A, 60528 Frankfurt, Germany |
| (10) Kumpuliantie 13 B, 6th Floor, 00520 Helsinki, Finland | (31) Saebener Str. 57, 81547 Munchen, Germany |
| (11) Tour Solad, 5, Rue Chante Coq, CS 80026, 92808 Puteaux Cedex, France | (32) 18th Floor, 1277 Beijing Road West, Shanghai 200040, China |
| (12) Agripppeum 87-93, 50676, Kols, Germany | (33) Meiereistraße 7, Ernst-Happel-Stadion, 1020 Wien, Austria |
| (13) Abacus Financial Services, 5-9 Main Street, Gibraltar | (34) Guiolett Str. 44-46, 60325, Frankfurt, Germany |
| (14) Jardine House, 5th Floor, 1 Connaught Place, Hong Kong | (35) Lauchstaedtes Str. 5, 80788 Munchen, Germany |
| (15) Teve u. 1/a-c, 1139 Budapest, Hungary | (36) Utrechtseweg 67, 3704 HB Zeist, Netherlands |
| (16) Via Giotto, 1-20032, Cormano (MI), Italy | (37) 2-15 1 Konan, Minato-Ku, Tokyo, Japan |
| (17) Via La Malfa 48, 75100 Matera (MT), Italy | |
| (18) Westblaak 89, 3012 KG Rotterdam, PO Box 21153, 3001 AD Rotterdam, Netherlands | |
| (19) Level 7, 8 Mahuhu Crescent, Auckland 1010, New Zealand | |
| (20) Tordenskioldsgate 8-10, 0160 Oslo, Norway | |
| (21) Ul. Cybernetyki 7A, 02-677 Warsaw, Poland | |

31 Post balance sheet event

On 24 May 2017, the Group announced that it had entered into an agreement to acquire the digital travel management company, eWings.com operating in Germany. The acquisition is expected to be completed within 15 working days.



PARENT COMPANY FINANCIAL STATEMENTS



PARENT COMPANY FINANCIAL STATEMENTS...

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INDEPENDENT AUDITORS' REPORT

to the members of Hogg Robinson Group plc

Report on the parent company financial statements

OUR OPINION

In our opinion, Hogg Robinson Group plc's parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the parent company's affairs as at 31 March 2017;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

WHAT WE HAVE AUDITED

The financial statements, included within the Annual Report, comprise:

- the parent company balance sheet as at 31 March 2017;
- the parent company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

Other required reporting

CONSISTENCY OF OTHER INFORMATION AND COMPLIANCE WITH APPLICABLE REQUIREMENTS Companies Act 2006 reporting

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

ISAs (UK & Ireland) reporting

Under International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the parent company acquired in the course of performing our audit; or
- otherwise misleading.

We have no exceptions to report arising from this responsibility.

ADEQUACY OF ACCOUNTING RECORDS AND INFORMATION AND EXPLANATIONS RECEIVED

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

DIRECTORS' REMUNERATION

Directors' remuneration report - Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Statement of Directors' Responsibilities set out on page 55, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.



This report, including the opinions, has been prepared for and only for the parent 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.

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Other matter

We have reported separately on the group financial statements of Hogg Robinson Group plc for the year ended 31 March 2017.

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

24 May 2017

- (a) The maintenance and integrity of the Hogg Robinson Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Attributable to equity holders of the Company			
	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 1 April 2016	3.3	179.3	72.3	254.9
Retained (loss) and total comprehensive (expense) for the year	-	-	(0.5)	(0.5)
Total transactions with owners:				
- Dividends	-	-	(8.2)	(8.2)
- Shares purchased by Employee Benefit Trust	-	-	(1.4)	(1.4)
- Share-based incentives - charge for year	-	-	1.8	1.8
- New shares issued to satisfy share-based incentives	-	0.1	-	0.1
Total transactions with owners:	-	0.1	(7.8)	(7.7)
Balance at 31 March 2017	3.3	179.4	64.0	246.7

	Attributable to equity holders of the Company			
	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 1 April 2015	3.2	179.3	80.0	262.5
Retained profit and total comprehensive income for the year	-	-	-	-
Total transactions with owners:				
- Dividends	-	-	(7.7)	(7.7)
- Shares purchased by Employee Benefit Trust	-	-	(1.3)	(1.3)
- Share-based incentives - charge for year	-	-	1.3	1.3
- New shares issued to satisfy share-based incentives	0.1	-	-	0.1
Total transactions with owners:	0.1	-	(7.7)	(7.6)
Balance at 31 March 2016	3.3	179.3	72.3	254.9

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NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2017

1 Accounting policies

BASIS OF ACCOUNTING

The Parent Company Financial Statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006. The Directors consider that the accounting policies set out below are suitable, have been consistently applied and are supported by reasonable and prudent judgements and estimates.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined),
- IFRS 7, 'Financial Instruments: Disclosures',
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement', disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities,
- IAS 7, 'Statement of cash flows',
- Paragraph 17 of IAS 24, 'Related party disclosures', key management compensation,
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group, and
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), a statement of cash flows for the year,
 - 16, statement of compliance with all IFRS,
 - 38A, requirement for minimum of two primary statements, including cash flow statements,
 - 38B-D, additional comparative information,
 - 111, cash flow statement information, and
 - 134-136, capital management disclosures

INVESTMENTS

Investments in subsidiary companies are stated at cost less accumulated impairment losses.

FINANCIAL INSTRUMENTS

Financial instruments are recorded initially at fair value net of issue costs incurred. Subsequent measurement depends on the designation of the instruments as follows:

Borrowings are held at amortised cost and are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date. Borrowing costs are recognised as an expense in the period in which they are incurred.

Trade receivables are recognised initially at fair value with subsequent provision for impairment.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. A financial liability is a contractual obligation to deliver cash or another financial asset to a third party.

TAXATION AND DEFERRED TAXATION

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

Current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

DIVIDEND DISTRIBUTIONS

Interim dividends are recognised in the Parent Company Financial Statements in the period in which they are paid.

Final dividends to the Company's shareholders are recognised in the Parent Company Financial Statements in the period in which the dividends are approved by the Company's shareholders.

SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

The premium received on the issue of shares in excess of the nominal value of shares is credited to the share premium account and included within shareholders' equity.

SHARE-BASED INCENTIVES

The Company operates several equity-settled share-based incentive schemes for Group employees. The fair value of the awards is calculated at grant date and is recognised as an expense over the vesting period. For awards with vesting conditions based on market conditions (particularly, those based on total shareholder return compared with external benchmarks), the likelihood of vesting is assessed at the date of grant and is not subsequently amended in arriving at the expense for each year in the vesting period. All other awards are re-assessed at each balance sheet date, with the expense charged to the Income Statement including the impact of changes of previous estimates of the likelihood of vesting. The total expense for the year gives rise to a corresponding credit to equity. The expenses are then recharged to the employing entity.



1 Accounting policies continued

EMPLOYEE BENEFIT TRUST

Transactions, assets and liabilities of the Group-sponsored Employee Benefit Trust are included in the Financial Statements. In particular, the Trust's purchases of shares in the Company remain deducted from shareholders' funds until they vest unconditionally with employees.

MANAGEMENT JUDGEMENT

In the process of applying the Company's accounting policies, management has made a number of judgements, none of which are considered to have a significant effect on the amounts recognised in the Parent Company Financial Statements.

PROFIT FOR THE YEAR

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year.

Audit fees and non-audit fees for the Company are borne by a subsidiary of this Company, Hogg Robinson plc.

2 Investments

	Subsidiary companies £m
Cost:	
At 1 April 2016 and 31 March 2017	132.1

For details of investments in subsidiaries see Note 30 of the Consolidated Financial Statements.

3 Trade and other receivables

	Years ended 31 March	
	2017 £m	2016 £m
Current: due within one year		
Amounts due from subsidiary companies	57.7	54.6
Non-current: due after more than one year		
Amounts due from subsidiary companies	57.4	68.5

Amounts due from subsidiary companies within one year are unsecured and interest free.

Amounts due from subsidiary companies after more than one year are unsecured and interest was charged at LIBOR + 1.70% (2016: LIBOR + 1.85%).

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NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2017 – continued

4 Trade and other payables

	Years ended 31 March	
	2017 £m	2016 £m
Accruals and deferred income	0.5	0.3

5 Called up share capital

	Years ended 31 March	
	2017 number	2016 number
Authorised Ordinary shares of 1p each	513,808,171	513,808,171

	Years ended 31 March	
	2017 number	2016 number
Issued, called up and fully paid		
At 1 April	325,353,509	324,334,901
Shares issued in year	209,493	1,018,608
At 31 March	325,563,002	325,353,509

	Years ended 31 March	
	2017 £m	2016 £m
Issued, called up and fully paid Ordinary shares of 1p each	3.3	3.3

The Company issued 209,493 (2016: 55,584) shares during the year to 31 March 2017 for consideration of £137,737 (2016: £30,129) on exercise of options under the Company's Sharesave Schemes.

The total number of Ordinary shares in the Company held by the Employee Benefit Trust as at 31 March 2017 was 2,630,326 (2016: 1,704,808) with a market value of £1.8m (2016: £1.1m). 1,074,482 shares were used during the year to satisfy vesting of certain share-based incentives (2016: 339,424).



6 Dividends per share

The dividends paid to the Company's shareholders in the year ended 31 March 2017 were:

	Years ended 31 March	
	2017 £m	2016 £m
Final dividend in respect of year ended 31 March 2016 1.83p per share (31 March 2015: 1.69p per share)	5.9	5.5
Interim dividend in respect of year ended 31 March 2017 0.715p per share (31 March 2016: 0.68p per share)	2.3	2.2
Total dividends to the Company's shareholders	8.2	7.7

A final dividend in respect of the year ended 31 March 2017 of 1.925p per Ordinary share, amounting to a final dividend of £6,216,454 is to be proposed at the Annual General Meeting on 27 July 2017. The Employee Benefit Trust has waived its rights to dividends.

7 Employees

The Company has no employees.

Disclosure of the Directors' emoluments can be found in the Remuneration Report on pages 33 to 50 of the Annual Report.

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COMPANY INFORMATION

DIRECTORS

N H Northridge

Chairman

(also, Chairman of the Nominations Committee and member of the Remuneration Committee)

D J C Radcliffe

Chief Executive

M N Maher

Chief Financial Officer

K A Ruffles

Chief Operating Officer

W F Brindle

Chief Information Officer

A E Hubka

Non-Executive Director

(also, member of the Remuneration, Audit and Nominations Committees)

J J Krumins

Non-Executive Director

(also, member of the Remuneration, Audit and Nominations Committees)

M A Whiting

Non-Executive Director

(also, Senior Independent Director, Chairman of the Audit Committee and member of the Nominations and Remuneration Committees)

P M Williams

Non-Executive Director

(also, Chairman of the Remuneration Committee and member of the Audit and Nominations Committees)

COMPANY SECRETARY

K J Burgess

REGISTERED OFFICE

Global House
Victoria Street
Basingstoke
Hampshire
RG21 3BT

Registered number: 3946303

Telephone: 01256 312 600

Fax: 01256 346 999

Website: www.hoggrobinson.com

LEGAL ADVISERS

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EC4A 1LT

FINANCIAL ADVISERS

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New Court

St Swithin's Lane

London

EC4N 8AL

JOINT COMPANY BROKERS

Investec Bank plc

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London

EC2V 7QP

Peel Hunt LLP

120 London Wall

London

EC2Y 5ET

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP

1 Embankment Place

London

WC2N 6RH

REGISTRARS

Equiniti

Aspect House

Spencer Road

Lancing

West Sussex

BN99 6DA



SHAREHOLDER INFORMATION

TIMETABLE

The Company's major timetable dates are as follows:

Interim Management Statement	27 July 2017
2017 Annual General Meeting	27 July 2017
Payment date for the FY17 final dividend	1 August 2017
Half-Yearly Results announcement for the six months to 30 September 2017	November 2017
Payment date for the FY18 interim dividend	January 2018
Interim Management Statement	February 2018
Preliminary announcement of FY18 results	May 2018
FY18 Annual Report posted to shareholders	June 2018

REGISTRARS

The address of the Registrars is:

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Website for online viewing about your holding:
www.shareview.co.uk

Equiniti Registrars' telephone line for Hogg Robinson Group shareholders:
0371 384 2850

Text phone for the hard of hearing:
0371 384 2255

INTERNET WEBSITE

The Company's website address is www.hoggrobinson.com. Copies of the Annual and Half-Yearly Reports and other information about the Company are available on this site.



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Designed and produced by **fourthquarter**



HOGG ROBINSON
GROUP plc

HRG | Frædom

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