



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2016 - 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: 01.04.2015 - 31.03.2016

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: 21.09.2016

Grunnlag for avgivelse

År 2016: Årsregnskapet er elektronisk innlevert
År 2015: Tall er hentet fra elektronisk innlevert årsregnskap fra 2016

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	2016	2015
RESULTATREGNSKAP			
Driftsresultat			
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap		6 285 795	3 934 797
Annen renteinntekt		0	13 042
Sum finansinntekter		6 285 795	3 947 839
Nedskrivning av finansielle eiendeler		-112 135 400	171 618 955
Rentekostnad til foretak i samme konsern		1 068 169	1 119 845
Sum finanskostnader		-111 067 231	172 738 800
Netto finans		117 353 026	-168 790 961
Ordinært resultat før skattekostnad		117 353 026	-168 790 961
Skattekostnad på ordinært resultat	5	1 304 407	760 037
Ordinært resultat etter skattekostnad		116 048 619	-169 550 998
Årsresultat		116 048 619	-169 550 998
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		116 048 619	-169 550 998
Sum overføringer og disponeringer		116 048 619	-169 550 998



Balanse

Beløp i: NOK	Note	2016	2015
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	2	170 440 655	58 305 255
Sum finansielle anleggsmidler		170 440 655	58 305 255
Sum anleggsmidler		170 440 655	58 305 255
Omløpsmidler			
Varer			
Sum omløpsmidler		0	0
SUM EIENDELER		170 440 655	58 305 255
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	4	170 348 000	170 348 000
Overkurs	4	30 000	30 000
Sum innskutt egenkapital		170 378 000	170 378 000
Opptjent egenkapital			
Annen egenkapital		-22 516 612	-138 565 232
Sum opptjent egenkapital		-22 516 612	-138 565 232
Sum egenkapital		147 861 388	31 812 768
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld	3	20 701 986	25 919 612



Balanse

Beløp i: NOK	Note	2016	2015
Sum annen langsiktig gjeld		20 701 986	25 919 612
Sum langsiktig gjeld		20 701 986	25 919 612
Kortsiktig gjeld			
Betalbar skatt	5	1 877 281	572 874
Sum kortsiktig gjeld		1 877 281	572 874
Sum gjeld		22 579 267	26 492 486
SUM EGENKAPITAL OG GJELD		170 440 655	58 305 254



Til generalforsamlingen i Hogg Robinson Nordic Holdings AS

Revisors beretning

Uttalelse om årsregnskapet

Vi har revidert årsregnskapet for Hogg Robinson Nordic Holdings AS, som viser et overskudd på kr 116 048 620. Årsregnskapet består av balanse per 31. mars 2016, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen, og en beskrivelse av vesentlige anvendte regnskapsprinsipper og andre noteopplysninger.

Styret og daglig leders ansvar for årsregnskapet

Styret og daglig leder er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge, og for slik intern kontroll som styret og daglig leder finner nødvendig for å muliggjøre utarbeidelsen av et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

Revisors oppgaver og plikter

Vår oppgave er å gi uttrykk for en mening om dette årsregnskapet på bakgrunn av vår revisjon. Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder International Standards on Auditing. Revisjonsstandardene krever at vi etterlever etiske krav og planlegger og gjennomfører revisjonen for å oppnå betryggende sikkerhet for at årsregnskapet ikke inneholder vesentlig feilinformasjon.

En revisjon innebærer utførelse av handlinger for å innhente revisjonsbevis for beløpene og opplysningene i årsregnskapet. De valgte handlingene avhenger av revisors skjønn, herunder vurderingen av risikoene for at årsregnskapet inneholder vesentlig feilinformasjon, enten det skyldes misligheter eller feil. Ved en slik risikovurdering tar revisor hensyn til den interne kontrollen som er relevant for selskapets utarbeidelse av et årsregnskap som gir et rettviseende bilde. Formålet er å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll. En revisjon omfatter også en vurdering av om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene utarbeidet av ledelsen er rimelige, samt en vurdering av den samlede presentasjonen av årsregnskapet.

Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Konklusjon

Etter vår mening er årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettviseende bilde av den finansielle stillingen til Hogg Robinson Nordic Holdings AS per 31. mars 2016, og av resultater og kontantstrømmer for regnskapsåret som ble avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

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



Revisors beretning - 2016 - Hogg Robinson Nordic Holdings AS, side 2

Uttalelse om øvrige forhold

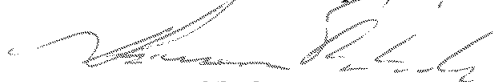
Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til anvendelse av overskuddet er konsistente med årsregnskapet og er 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 oversikkelig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Oslo, 22. september 2016
PricewaterhouseCoopers AS



Herman Skibrek
Statsautorisert revisor



Hogg Robinson Nordic Holdings AS

Årsberetning 2016

Regnskapsåret 2016 dekker perioden 1. april 2015 - 31. mars 2016.

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, (konsernsjiss).

Årets resultat før skatt på kr. 117 353 027. Dette inkluderer mottatt konsernbidrag fra Hogg Robinson Nordic AS på kr. 6 285 795 og en reversering av tidligere nedskrivning av investering i Hogg Robinson Nordic AS på NOK 112 135 400. Bakgrunnen for reverseringen er en nylig revurdering av den fremtidige lønnsomheten i Hogg Robinson Nordic AS.

Styret vurderer selskapets utsikter til å bli god, og selskapet er i en god likviditet.

Styret foreslår at årsresultatet på kr 116 048 620 underføres annen egenkapital.

Det er ikke betalt godtgjørelse til styrets medlemmer for 2016.

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

Oslo, 21 Sept 2016


Kevin A. Ruffles
Styreformann


Christer Nordlund


Mattias Andersson



Hogg Robinson Nordic Holdings AS

RESULTATREGNSKAP

	Note	2015-2016 01.04 - 31.03	2014/2015 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		6,285,795	3,934,797
Annen renteinntekt		0	13,042
Nedskrivning av finansielle anleggsmidler		-112,135,400	171,618,955
Rentekostnad til foretak i samme konsern		1,068,169	1,119,845
Annen rentekostnad		0	0
Annen finanskostnad		0	0
Netto finansinntekter		<u>117,353,027</u>	<u>-168,790,962</u>
Ordinært resultat før skattekostnad		<u>117,353,027</u>	<u>-168,790,962</u>
Skattekostnad på ordinært resultat	5	1,304,407	760,037
Årsresultat		<u>116,048,620</u>	<u>-169,550,999</u>
Opplysninger om:			
Overført til annen egenkapital		-116,048,620	0
Overføres fra annen egenkapital		0	169,550,999
Total allocations		<u>-116,048,620</u>	<u>-169,550,999</u>



Hogg Robinson Nordic Holdings AS

BALANSE pr 31.03

EIENDELER	Note	2016	2016
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	5	0	0
Sum immaterielle eiendeler		0	0
Finansielle anleggsmidler			
Investeringer i datterselskap	2	170,440,655	58,305,255
Sum finansielle anleggsmidler		170,440,654	58,305,254
Sum anleggsmidler		170,440,654	58,305,254
Sum eiendeler		170,440,654	58,305,254
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		-22,516,612	-138,565,232
Sum opptjent egenkapital		-22,516,612	-138,565,232
Sum egenkapital		147,861,388	31,812,768
GJELD			
Langsiktig gjeld			
Gjeld til konsernselskaper	3	20,701,986	25,919,612
Sum annen langsiktig gjeld		20,701,986	25,919,612
Kortsiktig gjeld			
Betalbar skatt	5	1,877,281	572,874
Sum kortsiktig gjeld		1,877,281	572,874
Sum gjeld		22,579,267	26,492,486
Sum egenkapital og gjeld		170,440,655	58,305,254

Mallias Andersson
Styremedlem

Oslo, 21 Sept 2016

Kevin A. Ruffles
Styrels formannChrister Nordlund
Styremedlem



Hogg Robinson Nordic Holdings AS

Noter til regnskapet 2015/2016

Regnskapsprinsipper

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

Det er ikke utarbeidet konsernregnskap iht 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 forettningsadresse 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 innlektstør 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 eller 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 etableringsstidspunktet.

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 25% 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.



Hogg Robinson Nordic Holdings AS

Noter til regnskapet 2015/ 2016

Note 1 Egenkapital

	Aksjekapital	Overkursfond	Annen egenkapital	Sum
Egenkapital pr 01.04.2015	170,348,000	30,000	-138,565,232	31,812,768
Årets resultat			116,048,620	116,048,620
Egenkapital pr 31.03.2016	170,348,000	30,000	-22,516,612	147,861,388

Note 2 Datterselskaper

Investeringene i datterselskaper regnskapsføres etter kostmetoden.

Den fremtidige lønnsomheten i Hogg Robinson Nordic AS har nylig blitt revurdert, og ført til reversering av tidligere nedskrivninger.

Selskap	Aksje kapital	Antall aksjer	Vårt antall aksjer	Egenkapital siste år	Resultat siste år	Bokført verdi
Hogg Robinson Nordic AS	13,248,000	132,480	132,480	22,515,848	6,451,876	170,440,655
Verdi i selskapsregnskapet						170,440,655

Note 3 Fordringer og gjeld

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

	2016	2015
Fordring til HRG Nordic AS	-20,701,986	-25,919,612

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 2015/ 2016

Note 5 Skatt

Selskapet har ingen midlertidige forskjeller.

Beregning av årets skattegrunnlag:	2016	2015
Resultat før skattekostnad	117,353,027	-168,790,962
Permanente forskjeller	-112,135,400	171,605,913
Årets skattegrunnlag	5,217,626	2,814,952

Endring i skattemessig fremførbart underskudd	-	-693,195
Skattepliktig inntekt (grunnlag for betalbar skatt)	5,217,626	2,121,757

Årets skattekostnad fordeler seg på:

Betalbar skatt	1,304,407	572,874
Endring i utsatt skatt	-	187,163
Sum skattekostnad	1,304,407	760,037

Forklaring til årets betalbare skatt:

25% skatt av resultat før skatt	29,338,257	-45,573,560
Permanente forskjeller (25%)	-28,033,850	46,333,597
Beregnet skattekostnad	1,304,407	760,037

Betalbar skatt i balansen:

25% skatt av resultat før skatt	1,304,407	572,874
Rest ikke ilignet skatt tidligere regnskapsår	572,874	0
Betalbar skatt i balansen	1,877,281	572,874

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 2015/ 2016

Kontantstrømoppstilling - Den indirekte modell

	2016	2015
Kontantstrømmer fra operasjonelle aktiviteter		
Resultat før skattekosnad	117,353,027	-160,790,962
Periodens betalte skatt	-	-1,687,314
Nedskrivning aksjer i datterselskap	-112,135,400	171,618,955
Endring i konsernfordring	-5,217,626	-1,140,680
Netto kontantstrøm fra operasjonelle aktiviteter	-0	0
Netto endring i kontanter og kontantekvivalenter	-	-
Beholdning av kontanter og kontantekvivalenter ved periodens begynnelse	0	-0
Beholdning av kontanter og kontantekvivalenter periodens slutt	0	-



ANNUAL REPORT 2016

Managing transition

HOGG ROBINSON
GROUP PLC



Hogg Robinson Group is an international corporate services company specialising in travel, expense, payments and data management underpinned by proprietary technology.

Employing approximately 5,000 people worldwide, we use our global reach, local expertise and business travel experience to deliver first-class products and services to our clients across the globe.



Our Annual Report 2016 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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OVERVIEW



HIGHLIGHTS OF THE YEAR



SUMMARY OF RESULTS

	Years ended 31 March		
	2016	2015	Change
Revenue	£318.3m	£330.1m	(4%)
Reported earnings			
– Operating profit	£39.3m	£35.2m	+12%
– Profit before tax	£26.7m	£23.2m	+15%
– Earnings per share	5.8p	4.6p	+26%
Underlying earnings ⁽¹⁾			
– Operating profit	£44.8m	£42.5m	+5%
– Operating profit margin	14.1%	12.9%	+1.2pp
– Profit before tax	£32.2m	£30.5m	+6%
– Earnings per share	7.2p	6.6p	+9%
Dividend per share	2.51p	2.32p	+8%
Net debt ⁽²⁾	(£33.6m)	(£54.7m)	+£21.1m
Free cash inflow ⁽³⁾	£28.9m	£17.9m	+£11.0m

HIGHLIGHTS

- Reported profit before tax up 15%, driven mainly by revenue growth in Fraedom⁽⁴⁾ and cost restructuring actions in Travel Management; underlying profit before tax up 6% and underlying operating profit up 5% with margin increased to 14.1%
- Revenue down 2% on a constant currency basis, down 4% as reported, with most of the decline driven by Europe and Asia Pacific
- Fraedom revenue up 13% and underlying operating profit ahead 75%, both at constant currency
- In line with strategy, net debt has further reduced by 39% to £33.6m, equivalent to 0.6 times last 12 months EBITDA⁽⁵⁾ (2015: 1.0 times)
- Cost restructuring actions in FY16 yielded £4m cost saving during the financial year (annualised savings of £8m from FY17)
- Final dividend up 8% to 1.83p per share; full-year dividend up 8% to 2.51p per share with underlying dividend cover of 2.9 times (2015: 2.8 times)

OUTLOOK

- Similar conditions to last year in the UK and North American travel markets during FY17; variable conditions in Continental Europe with continuing softness in Asia Pacific
- Anticipate revenue in our Travel Management division will remain under pressure as aggressive competitor pricing continues alongside the ongoing move by our clients to online booking
- Further revenue and earnings growth from Fraedom
- Net debt to EBITDA below target range creates increased financial flexibility
- Board has confidence for the year ahead with the Company focused on making further earnings progress

Notes:

- (1) Before amortisation of acquired intangibles and exceptional items
- (2) Debt reduction benefited from net cash inflow in the period of £12m, as well as from a one-off net receipt due to the settlement of a claim in respect of the UK pension scheme
- (3) Free cash flow is the change in net debt before Employee Benefit Trust share purchases, dividends and the impact of foreign exchange movements
- (4) All references to Fraedom in this results statement only relate to the payments and expense operations of the business, previously known as Spendivision
- (5) Earnings before interest, tax, depreciation and amortisation (EBITDA)
- (6) References to client travel activity and client travel spend throughout this document are unaudited

 Visit Hogg Robinson Group's online investor centre

 Download the preliminary results presentation

Overview

Strategic report

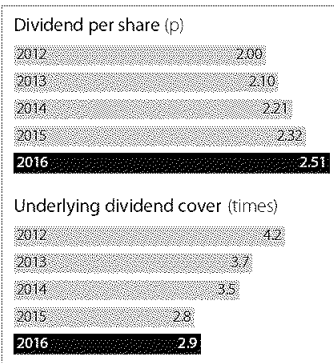
Governance

Financial statements



CHAIRMAN'S STATEMENT

It is a pleasure for me to be making my first statement to you as Chairman of Hogg Robinson Group. I was pleased to accept the role and have enjoyed my first few months with the Company.



Hogg Robinson Group can trace its roots back to 1845. Since that time, the Company has evolved successfully and, in recent years, developed into an international B2B service company focused on offering travel, expense, payments and data management to its clients around the world.

Having joined the Board of Hogg Robinson Group in January and assumed the Chairman role in April, I have devoted much of the last few months to further my understanding of the Company's business. I have been encouraged by the considerable knowledge and depth of experience of employees across the Group as well as being impressed by their energy and enthusiasm. It is clear from my conversations with those outside Hogg Robinson Group that the Company is well known and respected in its markets, and has a well-deserved reputation for delivering value for money, quality service and technology solutions.

Hogg Robinson Group's financial track record speaks for itself. I have been impressed by the Company's resilient financial performance during recent years against a challenging macroeconomic backdrop that has almost become the accepted norm. This is a sound and stable business that has delivered underlying operating margin growth in all but one of the past seven years, a record many other companies would be proud to have. In FY16, the Company reported profit before tax up by 15% to £27m, free cash generation of £29m and a 39% decrease in net debt to £34m. As a result of these good cash flows, we have reduced our leverage from 1.0 times net debt/EBITDA to 0.6 times at the financial year end. A very credible performance, in my opinion. Based on our performance for the year, and confidence in our proven strategy and business model, we propose an increase in the total dividend per share of 8%, which maintains our commitment to a progressive dividend policy.

Hogg Robinson Group's core travel management business operates in an industry that is becoming increasingly commoditised and technology dependent. I am reassured by the fact that most of the Group's applications and solutions are proprietary, and excited by the growth prospects of Freedom, Hogg Robinson Group's technology business. As the Company faces the structural changes

taking place in the industry, Hogg Robinson Group is well placed to embrace those developments which we expect will continue to generate attractive returns for our shareholders.

In addition to the operational qualities of the business, I am also reassured by the Company's corporate governance and controls. The Board of Directors lies at the heart of corporate governance while offering direction and guidance in matters of finance, risk management and internal controls. At Hogg Robinson Group, we have a good range of experience and skill across the various executive and non-executive members of the Board. Particular thanks to my predecessor, John Coombe, who served as Hogg Robinson Group's Chairman for ten years. A number of other Board changes took place during the year. Michele Maher, who joined the Company in June 2015 following the departure of Philip Harrison. Bill Brindle, our Chief Information Officer, who joined in 1998, became an executive director at the start of 2016. I would also like to welcome John Kruminis who has joined us as a non-executive director very recently. The depth and experience of all the executive and non-executive members of your Board is reassuring and I am sure each person will continue to play an active role in guiding the Company in the future.

Finally, let me on behalf of the Board thank the senior management and staff at every level for the passion and hard work they have delivered during the year, which manifests in the provision of the very best in client service and Company performance. The ongoing success of Hogg Robinson Group is founded on their experience, innovation and commitment. I am confident that together we can continue to build value for clients, employees and shareholders.

Nigel Northridge
Chairman

24 May 2016



STRATEGIC REPORT



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OUR REPORT IN BRIEF

Hogg Robinson Group is an international corporate services company specialising in travel, expense, payments and data management underpinned by proprietary technology

OUR BUSINESS MODEL

Employing approximately 5,000 people worldwide, we use our global reach, local expertise and business travel experience to deliver first-class products and services to our clients across the globe.

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.

GROW OUR MANAGED TRAVEL BUSINESS

We have a diversified client portfolio.

Managed travel accounts for 85% of our revenue.

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

DEVELOP A TECHNOLOGY BUSINESS

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

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.

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.

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.

DEVELOP A TECHNOLOGY BUSINESS

To develop a technology business specialising in providing Software as a Service (SaaS) solutions for payments, expense and travel to existing and new clients, either direct or through third party travel and payment providers.



STRATEGIC REPORT



OUR STRATEGY IN ACTION

We delivered a good financial performance in the financial year ended 31 March 2016. While the financial year was not without its challenges, not least those driven by generally fragile macroeconomic conditions, we delivered increased profits in line with expectations. These are exciting times for our Company, albeit we continued to feel downward pressure on the Company's top line from continued aggressive competitive pricing and the predicted and expected trend towards online booking in the travel industry. We won good quality new business and maintained our high client retention rate record. We also made steady progress with our plans to reshape and restructure the business, and will continue to work to lower the Group's cost base and drive operational efficiency initiatives throughout our operations. Free cash generation remained strong and this contributed to a 39% reduction in net debt.

DELIVER SUSTAINED GROWTH

Going forward, we will continue to focus on providing innovative solutions to our clients backed by high quality service. Our strategy for growing our core managed travel business continues to focus on developing relationships with new and existing clients where we are able to demonstrate our expertise and experience in the arrangement and cost-effective management of complex travel, and in helping to optimise the value of their travel while reducing overall expenditure. We will continue to provide cost-saving, technology-led travel solutions via Fraedom, while accelerating the growth of this business and responding to the considerable market appetite for disruptive technology in the areas of payments, expense and travel.

GROW OUR MANAGED TRAVEL BUSINESS

Amongst many new clients that we welcomed during the year were AmerisourceBergen, Arriva, the International Committee of the Red Cross, International Union for Conservation of Nature and Natural Resources (IUCN), Intuit, Norges Bank Investment Management, responsible for the management of the Government Pension Fund of Norway, RBS and Swedbank. We also secured expanded contracts with existing clients such as ABB, Agilent, Allianz, the Government of Canada and Kentz (SNC-Lavalin). Notable amongst clients renewing their contracts with the Group during the year were 21st Century Fox, ABB, Deutsche Bank, the UK's Ministry of Defence, Nordea and Unilever.

DEVELOP A TECHNOLOGY BUSINESS

Revenue growth was largely driven by business from new banking clients and the number of end users increased by 13% compared to last year. In the last 12 months, the Fraedom partnership team has made considerable progress extending contracts with and, in many cases, adding additional services to, a number of banking clients including Visa, SunTrust Bank, NAB, Lloyds and ANZ. We also won a number of exciting new direct clients during the year including the Bank of England and Old Mutual Wealth in Europe, the Public Health Accreditation Board and the Independent Electricity System Operator in North America and IAG Insurance Group and OBE Management Services in Asia.

Read more on pages 7 to 18.

THE RISKS INVOLVED

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

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.

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.

DEVELOP A TECHNOLOGY BUSINESS

To reduce the risks associated with our principal markets and to help clients reduce the cost of making travel expense and payment solutions, Hogg Robinson is developing a SaaS business providing travel, expense and payment solutions to existing and new clients, either direct or through third party travel and payment providers.

Read more on pages 20 to 21.

HOW WE MEASURE OUR PROGRESS

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

DELIVER SUSTAINED GROWTH

Reported profit before tax, up 15%, driven mainly by revenue growth in Fraedom and cost restructuring actions in Travel Management.

Underlying profit before tax up 6% and underlying operating profit up 5% with margin increased to 14.1%.

Revenue down 2% on a constant currency basis, down 4% reported, with most of the decline driven Europe and by Asia Pacific.

In line with strategy, net debt has further reduced by 39% to £33.6m, equivalent to 0.6 times last 12 months EBITDA (2015: 1.0 times).

Cost reduction actions in FY16 yielded £4m cost saving during the financial year (annualised savings of £8m from FY17).

Final dividend up 8% to 1.83p per share; full-year dividend up 8% to 2.51p per share with underlying dividend cover of 2.9 times (2015: 2.8 times).

GROW OUR MANAGED TRAVEL BUSINESS

Underlying operating profit in Travel Management was down 1% at constant currency, with growth in North America, in particular, and Europe more than offset by a poor result in Asia Pacific, where the effect of client losses during the second half of the year and the current year was felt. Travel Management revenue fell by 3% at constant currency.

DEVELOP A TECHNOLOGY BUSINESS

Fraedom revenue up 13% and underlying operating profit ahead 75%, both at constant currency.

Read more on page 6.

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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)	
2012	374.2
2013	343.2
2014	340.8
2015	330.1
2016	318.3

Free cash flow ⁽³⁾ (£m)	
2012	19.6
(10.5)	2013
2014	24.8
2015	17.9
2016	28.9

Underlying earnings per share ⁽¹⁾ (p)	
2012	8.3
2013	7.8
2014	7.8
2015	6.6
2016	7.2

Underlying operating profit margin (%)	
2012	12.6
2013	14.2
2014	14.5
2015	12.9
2016	14.1

EBITDA ⁽²⁾ (£m)	
2012	57.9
2013	60.1
2014	60.2
2015	53.4
2016	55.5

Net debt/EBITDA (times)	
2012	1.1
2013	1.4
2014	1.1
2015	1.0
2016	0.6

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 4 and 5. 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 and Amortisation

(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



CHIEF EXECUTIVE'S STATEMENT

Hogg Robinson Group made good progress during the year. Our Travel Management business, HRG, which helps clients optimise their travel spend, continues to leverage its technology and service delivery platform to offer clients a better travel experience whilst also maintaining our profitability. At the same time, Fraedom, our exciting technology business, is growing strongly, capturing the demand for disruptive technology in the SaaS areas of payments, expense and travel management.

OVERVIEW AND STRATEGY

I am pleased to report on a year of good financial performance. A year ago, I described FY15 as being one of the most challenging periods for the Company in recent years. While the financial year ended 31 March 2016 was not without its own challenges, not least those driven by generally fragile macroeconomic conditions, we delivered increased profits in line with expectations. These are exciting times for our Company, albeit as previously predicted, we continued to experience downward pressure on our revenue as aggressive competitive pricing continued alongside the ongoing move by our clients to online booking. We won good quality new business and maintained our high client retention rate record. We also made steady progress with our plans to reshape and restructure the business, and will continue to work to lower the Group's cost base and drive operational efficiency initiatives throughout our operations. Free cash generation remained strong and this contributed to a 39% reduction in net debt. Our technology business, Fraedom, had a strong year, reporting a 13% increase in revenue and a 75% rise in underlying operating profit, both at constant currency. Underlying operating profit was up 5% for the Company as a whole, despite revenue down 2%, both at constant currency.

Going forward, we will continue to focus on providing innovative solutions to our clients backed by high quality service. Our strategy for growing our core managed travel business continues to focus on developing relationships with new and existing clients where we are able to demonstrate our expertise and experience in the arrangement and cost-effective management of complex travel, and in helping to optimise the value of their travel while reducing overall expenditure. We will continue to provide cost-saving, technology-led travel solutions via Fraedom, while accelerating the growth of this business and responding to the considerable market appetite for disruptive technology in the areas of payments, expense and travel.

Work on restructuring the Group's operations continued during the year as we sought to 'get ahead of the curve' through greater efficiency and lower operating costs. Over the past several years, we have steadily consolidated the Group's network and moved to a structure whereby clients are increasingly serviced by HRG staff located in hub locations or by those working from home. These changes,

together with many other initiatives including optimising call centre and online services, are all designed to improve the Group's competitiveness as we shape our business to match the evolving needs of our clients and the rapidly changing dynamics of our industry.

During the year, we started the process of sizing a significant transformation programme for our mid-back office systems and processes. This long-term investment programme seeks to modernise our core mid-back office application set and harmonise technology platforms across the Group, simplifying and standardising processes across markets and improving data quality. A common mid-back office environment, which facilitates process and technology convergence for our operations, would enable further optimisation of the HRG operating model, both from a shared-service perspective and IT support model. We anticipate this programme will cost in the region of £9m to £11m over five years and deliver savings by year four. When completed, this project has been designed to bring European systems and processes together giving us greater efficiencies across international boundaries.

Across our Travel Management operations, market conditions remained broadly similar to the prior year. We should be mindful that all of our regions exist to serve our global capability and do not operate for the sake of separate regional profitability. In particular, this is true of our business in Asia Pacific. We saw growth in travel booking activity in Europe as a whole, driven by the UK and France. The Nordics also contributed positively, with the exception of Norway which remains relatively weak due to the lower oil price environment. Market conditions in North America were stable, showing little year-on-year change. Asia Pacific remained weak, particularly in Australia, our largest market in the region. Overall, and as predicted, strong competitor pricing continued, and together with the effect of further growth in online booking on client fee income, resulted in continued downward pressure on the top line. Overall, Travel Management revenue fell by 3% at constant currency. Underlying operating profit in Travel Management was down 1% at constant currency, with growth in North America, in particular, and Europe more than offset by a poor result in Asia Pacific, where the effect of client losses during the second half of last year and the current year was felt.

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CHIEF EXECUTIVE'S STATEMENT

Continued

FY16 proved to be another active year in terms of new business. Our key focus areas for top-line growth in managed travel are Energy & Marine, Meetings, Groups & Events (MGE) and Government, where travel itineraries are often complex and clients rely on our expertise and experience. Notable amongst new and additional business wins during the year were ABB, Agilent, Allianz, AmerisourceBergen, the Government of Canada, Intuit, Kentz (SNC-Lavalin) and RBS. We are also delighted to have retained the Ministry of Defence as a client in the UK. Sadly, like any global business, we lost some clients during the period including Ericsson, Engie (formerly GDF Suez), Lenovo and Novartis. However, we are pleased to have maintained our consistently high client retention rate through our offering of value added solutions, linked to quality customer service.

Fraedom continued to perform well and in line with our expectations. Revenue and earnings were comfortably ahead of prior year and we are particularly pleased to see growing evidence of large corporations and governments being attracted to the innovative and 'disruptive' technology solutions available through Fraedom as they seek to improve their payments and transaction processing procedures and systems. We are currently evaluating the effect of past marketing investment with a view to considering what further investment might generate for our growth story.

The core of Hogg Robinson Group continues to be the provision of business travel services, delivered via HRG, the Group's Travel Management division, where the focus is on delivering good value to clients through superior service designed to meet their unique requirements. HRG operates in an industry that is changing rapidly. There is an ever-increasing demand from clients for data and analysis to help influence decisions on the control and reduction of travel expenditure, and for technology to improve the traveller experience.

At the same time, a majority of our clients are also seeking to reduce the cost of travel management services. As expected, cost-saving technology is playing an important role with online, self-booking tools, including our own HRG Online™, now used by many of our clients as a cost-effective way to make travel bookings, particularly on simpler itineraries. Although the rate of growth slowed compared to last year, client adoption of this booking method rose during the period. Approximately 50% of

all client travel bookings were self-booked online, up from about 47% last year.

Our strategic priorities are as follows:

- **HRG – Travel Management**
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
- **Fraedom – Technology**
To develop a technology business specialising in providing SaaS solutions for payments, expense and travel to existing and new clients, either direct or through third party travel and payment providers

The breadth of the Group's services has broadened in recent years to include travel, expense, payments and data management underpinned by proprietary technology. Our ability to combine excellent managed travel services with superior technology solutions provides the Group with a good balance of resilience and growth. Last year, we brought our payments, expense and travel technology under one umbrella, Fraedom. Much progress was made in the current year to consolidate the business and I commend Fraedom's management and staff for the successful outcomes that this move is already delivering. In addition to the revenue and earnings growth I referred to earlier, Fraedom achieved an underlying operating margin during the financial year of 23%.

In FY16, we incurred exceptional costs relating to restructuring of £3.8m as we closed offices in Germany, Sweden, and Switzerland while also downsizing in other areas. These actions, together with the reorganisation of several finance and administrative functions, saved £4m in the year and will realise annual cost savings of £8m in FY17 and beyond. FY16 is year one of our three-year restructuring programme and we expect to yield savings across the programme of circa £20m with exceptional costs of about £8m. The programme initiatives include operational and overhead restructuring as well as reductions in our property footprint.

One of our financial priorities in recent years has been to reduce net debt and we have stated a medium-term target range of 0.7-1.0 times net debt / EBITDA. Cash generation continued to be good in the period and we also received a one-off benefit due to the settlement of a claim in respect of the UK pension scheme. Together with tight cost control, this resulted in the Group's year end

net debt reducing by 39% from £54.7m to £33.6m. Our net debt is now equivalent to 0.6 times EBITDA for the last 12 months (2015: 1.0 times). This position provides the Company with a welcome degree of financial flexibility. Having achieved our deleveraging target, as we continue to generate free cash flow, the Board will assess the appropriate capital structure for the Company and the investment required in our business over the next three years. The review will also assess whether there is any potential to enhance returns to shareholders.

SUMMARY AND OUTLOOK

Given the current macroeconomic environment, we are pleased with the Company's financial performance during the year, which was in line with expectations. Ongoing restructuring work progressed well and this will help improve the Group's long-term competitiveness. We won some exciting new business during the period, some of which has yet to trade, and we warmly welcome these new clients and thank existing ones for their ongoing support.

Since the year end, the Group has continued to trade in line with our expectations, albeit economic and political uncertainties continue to exist in several of our key travel markets. We expect trading conditions to remain much the same in the UK and North American travel markets during FY17, and to continue to vary across Continental Europe with continuing softness in Asia Pacific. We anticipate revenue in our Travel Management division will remain under pressure as aggressive competitor pricing continues alongside the ongoing move by our clients to online booking. However, we have confidence in our proven strategy and business model, which are core to driving earnings growth. This position, coupled with our increased financial flexibility, a healthy pipeline of new business, and the prospect of further revenue and earnings growth in Fraedom, give the Board confidence for the year ahead with the Company focused on making further earnings progress.

The Strategic Report on pages 4 to 21 has been approved by the Board of Directors and signed on its behalf by:

David Radcliffe
Chief Executive

24 May 2016



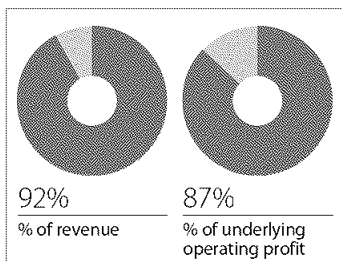
OPERATIONAL REVIEW

HRG – Travel Management (TM)

Years ended 31 March	2016	2015	Change
Revenue	£292.7m	£307.7m	(4.9%)
Share of Group revenue	92.0%	93.2%	(1.2pp)
Operating profit	£33.9m	£32.8m	+3.4%
Underlying operating profit ⁽¹⁾	£38.9m	£39.3m	(1.0%)
Share of Group underlying operating profit	86.8%	92.5%	(5.7pp)
Underlying margin ⁽¹⁾	13.3%	12.8%	+0.5pp

⁽¹⁾ Before amortisation of acquired intangibles and exceptional items

- Revenue lower due to price competition and ongoing adoption of online
- Proportion of online self-booked travel up from 47% to 50%
- New business wins in strategic focus areas
- Margin increased



Client travel activity (measured against 2012) (unaudited)

2012	100.0
2013	94.7
2014	102.1
2015	108.3
2016	107.8

Client travel spend (measured against 2012) (unaudited)

2012	100.0
2013	92.3
2014	96.0
2015	94.6
2016	88.2

CLIENT ACTIVITY

Client travel transaction activity was broadly unchanged year-on-year, while client travel spend declined by 4% at constant currency. In terms of mix of travel bookings, air accounted for 46% of all transactions, marginally down on prior year, while hotel and rail bookings showed small increases to 28% and 18%, respectively.

Cost control is a continuing area of focus for all clients as macroeconomic trends impact earnings. Clients target savings and efficiencies from travel budgets in two areas: the cost of travel management services and the control and reduction of travel expenditure.

Travel and related expenditure is often the greatest area of opportunity for companies to reduce their costs. Compliance and control of travel policies are fundamental to ensuring the most cost effective use of travel budgets and clients focus on influencing travellers to make the appropriate choices in a market place with increasing complexity. Understanding how to control and manage this complexity is a challenge for many companies and HRG excels in providing a growing number of value added services and solutions. This ranges from comprehensive management information, analytics, actionable reporting and security tracking through to web-based policy management solutions.

There is also a growing focus on improving the traveller experience. As travel content via the internet becomes ubiquitous, travellers familiar with managing their personal travel seek and expect the same experience when booking corporate travel. Supporting this trend is often central to an organisation's travel management strategy in order to engage the user and maximise compliance to the programme. This is best achieved by introducing more traveller-facing technology into the corporate travel process. Currently the fastest growing component of this is the use of mobile solutions (Apps) for the provision of itinerary information to keep travellers informed during travel. The appetite for further service enhancements available through mobile devices, including booking travel and accommodation, is also gathering momentum.

The cost of travel services is influenced by service fees and the adoption of self-service technology. HRG continues to

support clients through the introduction of online booking tools. In the long term, as costs are adjusted, this generally means lower revenues but also higher margins. The rate of growth in online adoption has slowed compared to the prior year, showing an increase from 47% to 50% of transactions for the full year.

Programme management and technology solutions provide additional revenue opportunities for the Red Group, helping to offset the effect on our revenue of clients moving online and competitive pricing pressure, while encouraging the development of more strategic and higher margin relationships with many of our clients.

Our focus on delivering bespoke travel management solutions, which lies at the heart of our business model, has resulted in another successful year of client retention and new business. Like any global business, we lost some clients during the year including Ericsson, Engie (formerly GDF Suez), Lenovo and Novartis. Nevertheless, due to our offering of value-added solutions, linked to quality client service, we have maintained our consistently high client retention rate.

Amongst many new clients that we welcomed during the year were AmerisourceBergen, Arriva, the International Committee of the Red Cross, International Union for Conservation of Nature and Natural Resources (IUCN), Intuit, Norges Bank Investment Management, responsible for the management of the Government Pension Fund of Norway, RBS and Swedbank. We also secured expanded contracts with existing clients such as ABB, Agilent, Allianz, the Government of Canada and Kentz (SNC-Lavalin). Notable amongst clients renewing their contracts with the Group during the year were 21st Century Fox, ABB, Deutsche Bank, the UK's Ministry of Defence, Nordea and Unilever. Our client portfolio remains well diversified thereby ensuring that the Group is not overly exposed to any individual client or sector. No single client accounts for more than 4% of client revenue.

HRG REGIONAL STRATEGY

As mentioned in the Chief Executive's summary, we should be mindful that all of our regions exist to serve our global capability and do not operate for the sake of separate regional profitability. In particular, this is true of our business in Asia Pacific.

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OPERATIONAL REVIEW

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Europe

Years ended 31 March	2016	2015	Change
Revenue	£201.9m	£211.5m	(4.5%)
Share of TM revenue	69.0%	68.7%	+0.3pp
Operating profit	£26.3m	£24.9m	+5.6%
Underlying operating profit ⁽¹⁾	£30.3m	£30.4m	(0.3%)
Share of TM underlying operating profit	77.9%	77.4%	+0.5pp
Underlying margin ⁽¹⁾	15.0%	14.4%	+0.6pp

⁽¹⁾ Before amortisation of acquired intangibles and exceptional items

- Further rationalisation of service network to core hub locations
- Online self-booking of travel up from 43% to 46%
- Margin increased

Client travel activity

(measured against 2012) (unaudited)

2012	1000
2013	98.9
2014	105.5
2015	109.6
2016	111.3

Client travel spend

(measured against 2012) (unaudited)

2012	1000
2013	94.1
2014	97.5
2015	89.8
2016	85.0

Revenue (£m)

2012	250.7
2013	233.3
2014	232.0
2015	211.5
2016	201.9

Underlying operating profit margin (%)

2012	12.8
2013	15.3
2014	15.0
2015	14.4
2016	15.0

Revenue in Europe declined by 2% at constant currency. Underlying operating profit was up by 1% at constant currency. Client travel spend was 2% lower year-on-year at constant currency and travel activity was up 2%.

The UK corporate travel market continued to show good momentum during the year. Travel booking activity amongst our clients rose year-on-year by 2% while spend was down by 3% at constant currency, primarily due to the different business mix between new and lost business. Amongst a number of exciting business wins, we are pleased to welcome new clients Arriva and RBS. The accelerated growth in rail, compared to air and hotel tickets booked, that was evident in prior years, stabilised with the proportions of air, hotel and rail transactions broadly unchanged year-on-year. Corporate and government clients continued to be attracted to the lower transaction fees associated with online, self-booking of travel: 60% of all client travel bookings in the UK are now self-booked, up from 55% last year, although online adoption levels remained static during the second half of the year. Our strategy of focusing on driving MGE business is bearing fruit. We benefited from both increased expenditure and activity from a number of existing clients. As in other territories, we continued to reduce operating costs and drive efficiency actions in many areas of our UK operations. Specific restructuring initiatives included the introduction of flexible working contracts, home working, property reviews and the re-alignment of sales and client management operations. A number of these remain ongoing.

Managed client travel activity levels showed steady year-on-year improvement in Sweden, Finland and Denmark driven by growth in underlying business, but were offset by a decline in Norway resulting from down trading by Energy & Marine clients affected by the lower oil price environment. We will continue to monitor this closely to ensure that our operating costs remain appropriate. Across our Nordic operations as a whole, client travel booking activity was unchanged year-on-year while spend fell 2% at constant exchange rates. MGE revenue was up on prior year as a consequence of our increased focus on this market, resulting in more projects and an increased order book at the year end. As part of our Government initiative, we were pleased to welcome Norges Bank Investment Management, responsible for the management of the Government Pension Fund of Norway, as a new client during the period. The Nordic SME market remained weak, with lower volumes in all markets leading to a corresponding decline in associated revenue. We reduced headcount in our Malmö and Gothenburg offices during the year as part of our ongoing efficiency and productivity

measures, and will continue to monitor staffing levels to match anticipated levels of travel activity and business mix.

Although the German economy showed signs of recovery and stabilisation during the year, the benefit to HRG of higher travel activity shown by many of our clients was unfortunately more than offset by the rollover effect of some client losses during the second half of last financial year. We did benefit, however, from additional business awarded by Allianz early in this year. We extended our remit with ABB and this will benefit trading in FY17. Overall, across our German operations, client travel booking activity (down 2%) and spend (down 3%) were slightly down year-on-year, as was our revenue. In MGE, we won new business from clients including Amgen, Merck and Samsung and contract extensions from Agilent, Daiichi and TKK amongst others. One of the larger MGE projects during the year involved handling the travel logistics and hotel accommodation for more than 9,000 people as part of an existing client's 125-year anniversary celebrations. Online adoption continues to grow with online rates associated with new business wins significantly higher compared to lost business. We closed a number of branch locations during the year as part of our ongoing aim to further consolidate our service network and reduce headcount. We are beginning to see a positive impact from these and other restructuring actions, some of which are ongoing.

Rollover client losses from the prior year, competitive pricing pressure and the de-stabilising effect on Swiss businesses of the lifting of the Swiss franc-euro cap early in 2015 made Switzerland a challenging market for HRG this year. Client travel activity (down 2%) and spend (down 8%) fell compared to the prior year as many clients traded down. A number of clients introduced travel restrictions on their staff towards the end of our financial year and our financial performance in this country was adversely affected as a result. On the new business front, we welcomed the International Committee of the Red Cross (ICRC) and the International Union for Conservation of Nature and Natural Resources (IUCN) as new clients to our Government area of business. MGE revenue grew strongly year-on-year. As part of our ongoing cost efficiency programme, we have restructured how we do business in parts of Switzerland. Specifically, we introduced home working and closed our offices in Lausanne and Winterthur.



We are confident that the actions we are taking will benefit this business in the future.

Client adoption of online self-booking in Europe continued to grow during the year, accounting for 46% of all bookings made in the region, up from 43% last year.

North America

Years ended 31 March	2016	2015	Change
Revenue	£74.0m	£74.9m	(1.2%)
Share of TM revenue	25.3%	24.3%	+1.0pp
Operating profit	£10.3m	£9.4m	+9.6%
Underlying operating profit ⁽¹⁾	£10.9m	£10.1m	+7.9%
Share of TM underlying operating profit	28.0%	25.7%	+2.3pp
Underlying margin ⁽¹⁾	14.7%	13.5%	+1.2pp

⁽¹⁾ Before amortisation of acquired intangibles and exceptional items

- Good earnings growth
- Online self-booking of travel up from 58% to 59%

Client travel activity

(measured against 2012) (unaudited)

2012	100.0
2013	87.4
2014	98.2
2015	112.8
2016	112.2

Client travel spend

(measured against 2012) (unaudited)

2012	100.0
2013	88.8
2014	97.2
2015	110.3
2016	104.0

Revenue (£m)

2012	78.0
2013	64.6
2014	65.2
2015	74.9
2016	74.0

Underlying operating profit margin (%)

2012	15.1
2013	15.6
2014	16.0
2015	13.5
2016	14.7

Revenue in North America was down by 1% at constant currency. Underlying operating profit rose by 8% at constant currency. Client spend dropped 4% at constant currency and travel transaction activity was slightly lower by 1%.

For FY16, the business travel market in North America remained stable compared to the prior year. There were variations by industry: financial sector clients have generally shown a modest increase in travel booking activity while clients impacted by the lower oil prices reduced their travel expenditure. New client activity includes the wins of AmerisourceBergen, a drug wholesale company, and Intuit, a financial software company, and additional business awarded by the Government of Canada and Kentz (SNC-Lavalin), one of the world's leading engineering and construction companies.

In our loyalty business, client stability and retention remains good. We renewed our contract with Orbitz and expanded our business with Loyalty Edge. The new business pipeline continues to look positive and we are currently exploring ways to develop our already-strong value proposition to offer true market differentiation in this attractive business area.

We completed the closure of our Stamford office during the year and reduced our office space in Charlotte. There are several ongoing restructuring initiatives aimed at reducing costs while driving operating efficiencies, including standardising workflows and data processes, to ensure that our cost base remains appropriate for the scale of our business.

Online self-booking of travel by clients accounted for 59% of all bookings compared to 58% last year.

Asia Pacific

Years ended 31 March	2016	2015	Change
Revenue	£16.8m	£21.3m	(21.1%)
Share of TM revenue	5.7%	6.9%	(1.2pp)
Operating loss	(£2.7m)	(£1.5m)	(£1.2m)
Underlying operating loss ⁽¹⁾	(£2.3m)	(£1.2m)	(£1.1m)
Share of TM underlying operating (loss)/profit	(5.9%)	(3.1%)	(2.8pp)
Underlying margin ⁽¹⁾	(13.7%)	(5.6%)	(8.1pp)

⁽¹⁾ Before amortisation of acquired intangibles and exceptional items

- Poor performance in Australia due to weak economy and lost clients

Client travel activity

(measured against 2012) (unaudited)

2012	100.0
2013	84.5
2014	86.2
2015	82.5
2016	64.0

Client travel spend

(measured against 2012) (unaudited)

2012	100.0
2013	89.9
2014	82.3
2015	82.3
2016	65.0

Revenue (£m)

2012	30.3
2013	26.8
2014	23.9
2015	21.3
2016	16.8

Underlying operating profit margin (%)

2012	3.0
(11) 2013	
2014	4.2
(5.6) 2015	
(13.7) 2016	

At constant currency, revenue in Asia Pacific was lower by 18%. Underlying operating loss increased by £1.1m after a £0.3m currency benefit. Client spend declined 18% at constant currency and travel transaction activity fell sharply by 22%.

Australia is the Group's largest market in the Asia Pacific region. Trading conditions throughout the financial year were challenging and generally weak, and broadly similar to last year, as the Australian economy continued to struggle. Travel booking activity decreased by 28% compared to prior year and travel spend was lower by 19% at constant currency. We felt the effect of clients lost during the second half of last year but we were also impacted by current year lost clients. As noted previously, we have been disappointed with the financial performance of our Australian business. During the past year, we made changes to the management and service offering. Through HRG, we continue to provide our classic quality travel management

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OPERATIONAL REVIEW

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services, particularly to our multinational clients. However, Fraedom will play a more prominent role in providing simpler, technology-based travel solutions, which are well suited to the sizeable SME market where point-to-point domestic travel is the norm. Australia has one of the most mature online markets in the HRG network at 67%, up from 65% last year, as well as an appetite for travel technologies, integrated expense products and innovative payment solutions. The changes we are making to our operations in this country are designed to take advantage of these developments and we expect to see our financial performance improve in the future because of these changes. Early signs of our new approach in this country are encouraging.

Travel booking activity amongst HRG's clients in Singapore fell 4% compared to last year while travel spend decreased by 8% at constant currency. Amidst an ongoing sluggish economic backdrop, most clients continued to seek incremental cost savings and we helped many implement travel policy changes designed to steer staff travellers towards lowest fare carriers and restrictive fares. Several cost-saving initiatives were introduced during the period across our Singapore operations, including greater use of technology, and we are beginning to see the benefits in terms of increased staff productivity and lower operating costs.

Client travel activity (down 17%) and spend (down 29%) in Hong Kong fell sharply compared to prior year, with many clients trading down. The decline was compounded by some client losses. We saw a similar picture in our joint venture in mainland China where market conditions were generally poor amidst concerns about the growth prospects of the Chinese economy. In both Hong Kong and mainland China, we experienced strong competitor pricing pressure. Our MGE business in both territories continues to perform steadily.

Online self-booking of travel in the Asia Pacific region accounts for 45% (2015: 47%) of all bookings.

Fraedom – Technology

Years ended 31 March	2016	2015	Change
Revenue	£25.6m	£22.4m	+14.3%
Share of Group revenue	8.0%	6.8%	+1.2pp
Operating profit	£5.4m	£2.4m	+125.0%
Underlying operating profit ⁽¹⁾	£5.9m	£3.2m	+84.4%
Share of Group underlying operating profit	13.2%	7.5%	+5.7pp
Underlying margin ⁽¹⁾	23.0%	14.3%	+8.7pp

⁽¹⁾ Before amortisation of acquired intangibles and exceptional items

– Strong revenue and earnings growth



Revenue in the period for Fraedom was up 13% at constant currency. Underlying operating profit rose by 75% at constant currency, the growth driven by the increase in revenue.

Revenue growth was largely driven by business from banking clients and the number of end users increased by 13% compared to last year. During the course of the financial year, the Fraedom platform managed transactions totalling £25.1bn in value (2015: £21.2bn).

Fraedom is positioning itself as the leader in 'mobile first' transaction management technology, designed to help customers reduce the costs associated with paying suppliers, managing travel and expenses, and providing robust reporting across all

spend types. In 2016, Fraedom joined forces with a US-based company specialising in Optical Character Recognition technology to deliver an automated receipt-scanning service to complement the Payments, Expense and Travel strategy. Fraedom invested £6.1m in R&D, an increase of 11% on last year in its aim to deliver a 'touchless transaction' experience across its entire user base. FraedomGo, a software application which enables users to upload expense receipts using a mobile device while travelling, thereby saving administration time back in the office, was launched during the financial year and we also refreshed the user interface on our Payment and Expense technology platform.

We won a number of exciting new direct clients during the year including the Bank of England and Old Mutual Wealth in Europe, the Public Health Accreditation Board and the Independent Electricity System Operator in North America, and IAG Insurance Group and QBE Management Services in Asia.

In the last 12 months, the Fraedom partnership team has made considerable progress extending contracts with and, in many cases, adding additional services to, a number of banking clients including Visa, SunTrust Bank, NAB, Lloyds and ANZ. All these clients are working with Fraedom teams to embrace the new user interface and mobile first approach.

The Fraedom brand, which was launched in FY15, now reflects the new brand strategy and the focus on payments, expense and travel management technology. During the year, we extended our office space in Auckland to allow for expansion as we accelerate development in virtual card technology.



HOGG ROBINSON GROUP IN ACTION HRG – TRAVEL MANAGEMENT – CASE STUDIES

Some success stories from a selection of clients:

SUCCESS STORY 1	NO COMPROMISE DATA SECURITY
Client	UK Government
Issue	UK Central Government Travel Management Services (CGTMS) Accreditation requirement
Solution	<p>HRG achieved pan-government accreditation against the UK Government Classification Scheme in March 2016 for the travel services it provides to HM Government (HMG). This provides assurance that information is kept secure.</p> <p>Mike Holmes, HRG's Worldwide Government Services Director comments: "At HRG there is absolutely no compromise when it comes to ensuring all client data is fully protected and secure. For Government clients, the need to meet the public sectors' specific requirements is paramount and requires robust protection in place to protect the security of HMG data. The latest CESG guidance has been applied to manage the risk to HMG data and ensure the integrity and availability of our service. Being awarded the CGTMS Accreditation is not only proof of HRG's commitment to delivering a secure service but also demonstrates that we have the necessary controls in place to protect HMG Official Data now and in the future."</p> <p>The path to CGTMS Accreditation is rigorous and thorough and the service has been tested by an independent certified, respected, and approved security partner.</p>
SUCCESS STORY 2	SPECIALIST SERVICE CENTRE OF EXCELLENCE
Client	Energy & Marine Sector
Issue	Expansion to meet new business demand
Solution	<p>In FY15 the HRG business strategy included a refreshed focus on the Energy & Marine sector and since then we have won several new clients. It soon became clear that we needed to expand quickly, adding to our existing base of specialist travel consultants with the unique travel knowledge, fare sourcing, and itinerary planning skills required of this sector. Staff need specific experience and understanding of ship/vessel/rig crew changes, an excellent rapport with client crew bookers, and a high level of energy and organisational skills to handle the time-critical and volume of bookings, which can include flight reservations for up to 100 crew changes in a day for clients operating heavy load carrier vessels.</p> <p>In the UK, HRG already has Energy & Marine teams in Aberdeen and London handling an established set of clients. Many of our newer clients are making increasing use of the ports in East Anglia, so HRG has opened a new Energy & Marine Service Centre of Excellence in Great Yarmouth. This location combines a very cost-effective tenancy with a locally available pool of qualified staff. With a 20-strong team, HRG Great Yarmouth is now one of our largest service teams dedicated to the Energy & Marine sector.</p>
SUCCESS STORY 3	NEW WAYS OF INFLUENCING TRAVEL PROGRAMME EXPENDITURE
Client	Financial Services
Issue	Changing buying behaviour
Solution	<p>A development from the HRG Business Intelligence service is a new style of dashboard reporting in infographic style. They are change management tools, aimed at making travel KPIs and other metrics easier to understand at a glance.</p> <p>This client is helping beta-test a new Traveller Dashboard, which we distribute to their top travellers to provide information and influence behaviour. It includes data such as how much the traveller has spent on travel, and compared to the previous year. It then provides a summary of indicators that drive travel expenditure, like the number of trips where a face-to-face meeting was critical, how many trips included an overnight stay, the number of days in advance that trips were booked, comparison of average cost to peer group, etc. The narrative then provides recommendations on how the traveller can change their own behaviour to bring down their average trip cost.</p> <p>The reports are personal, easy to read and interpret, and written in a consultative way to influence and support rather than dictate change.</p>

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HOGG ROBINSON GROUP IN ACTION HRG – TRAVEL MANAGEMENT – CASE STUDIES

Continued

Some success stories from a selection of clients:

SUCCESS STORY 4	CUSTOMER SERVICE TRAINING PROGRAMME
Client	Financial Services
Issue	300 training events needed at unique UK venues
Solution	<p>We support the delivery of this client's customer service training programme, which consists of small (< 50 delegates) and medium (200+ delegates) events. We booked 300 such events at locations around the UK in a six-month period in 2015.</p> <p>The client expressed a preference for venues that were a change from traditional hotel conference suites, but remained within a budget limit.</p> <p>In response, the HRG Meetings, Groups and Events team secured a couple of unique venues: Bramall Lane, the home of Sheffield United Football Club, and Edgbaston Cricket Ground near Birmingham.</p> <p>Despite short lead times, we secured these and other venues for the two- or three-week blocks required by the client. We also arranged site visits, managed requirements for the client's creative agency, and tested onsite equipment (LCD screens, microphones, lighting, etc.) prior to each event.</p> <p>Occasionally things didn't go according to plan: one venue withdrew the lunch and breakout rooms from the contracted booking because of a delay in their refurbishment programme, but we were able to negotiate alternative space and a significant rate reduction for the client without interruption to the training programme.</p>
SUCCESS STORY 5	SUCCESSFUL MEETING PLANNER ENGAGEMENT
Client	Telecommunications
Issue	Meeting planner reluctance to outsource
Solution	<p>Meetings and events are often organised by clients' own in-house staff and they can be reluctant to hand over venue-sourcing in an outsourced contract like that offered by HRG, despite the recognised financial and risk management benefits.</p> <p>The HRG Meetings, Groups and Events team are very aware of the emotional attachment often shown by in-house meeting planners, and have been managing the task very carefully in conjunction with clients.</p> <p>Our methods have proven very effective with this particular client, where we have taken over venue bookings that were initiated in-house and then handed to HRG to handle rate negotiations and contract signing. 25% of all this client's meetings were handled in-house at the beginning of 2015, but by the end of the year HRG had managed this down to 14%. This is the result of an intensive planner engagement initiative by HRG, which involved a series of face-to-face meetings, reviews and feedback sessions with lead planners during which we explained the benefits of engaging HRG from the outset. We also used the sessions to encourage planners to book further in advance, which increased savings, e.g. from 2% to 15% in Germany and from 0% to 16% in Spain.</p>



HOGG ROBINSON GROUP IN ACTION FRAEDOM – TECHNOLOGY – CASE STUDIES

Some success stories from a selection of clients:

SUCCESS STORY 1	PAYMENT TECHNOLOGY
Client	Corporate banking
Issue	A large US bank was struggling with significant demand amongst its business customers, who increasingly expected it to provide technology that allowed tighter control of card-based spend. With competitor banks offering increasingly sophisticated value-added technology, they urgently needed to keep pace.
Solution	Fraedom addressed the requirement for greater control by delivering a single-use virtual card solution. This offered the bank's business customers a highly controlled, secure way to make payments, reducing exposure and ensuring appropriate spend. The introduction of single-use cards resulted in a significant uptake in spend by business customers and the long term outlook is extremely positive for the bank.
SUCCESS STORY 2	EXPENSE MANAGEMENT TECHNOLOGY
Client	Health and Leisure
Issue	A global health and leisure brand was experiencing rapid expansion, and their Finance team were struggling to cope with thousands of staff expense claims each month. Receipts were often lost and many expenses were being coded to the wrong cost centre. Corporate card spend was difficult to monitor, with no formal approvals or triggers in place to help identify out-of-policy spending.
Solution	Starting with coaching and workshops to agree and standardise spend management processes, Fraedom introduced an automated expense management system for all employees. Fraedom's solution captured all corporate card spend automatically, allowing cash-based claims to be efficiently created and submitted online. Staff could also take a picture of their receipts to match with their spend. Cost centres were pre-populated within the system, allowing efficient selection of the correct cost code. Our client's finance team can now easily monitor and control spending levels, identify out of policy spend, and reconcile transactions far more efficiently.
SUCCESS STORY 3	TRAVEL TECHNOLOGY
Client	Financial Services
Issue	A leading global financial services provider knew it was missing huge opportunities to save on travel spending. This was largely down to the manual, offline processes used to manage its corporate travel programme. Staff had no easy way to manage what or how travel was booked, and lacked the visibility needed to determine what cost these bookings had to their business.
Solution	Fraedom and HRG delivered an automated technology solution to manage the client's exacting travel requirements. Following launch, uptake was exceptional, with the service and technology proving very popular amongst employees. Within one week, approximately 9,500 bookings were made, including 6,500 through the new online booking tool. Simple automated triggers, such as email alerts to approvers if a cheaper flight option was available now ensure users make the most cost-effective booking choices, delivering significant cost savings.

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FINANCIAL REVIEW

OVERVIEW

Revenue of £318.3m was down 3.6% as reported, comprised of a decrease of 1.7% at constant exchange rates and a 1.9% reduction through adverse currency movements. Underlying operating profit, which is before amortisation of acquired intangibles and exceptional items, increased by 5.4% from £42.5m to £44.8m, or by 4.7% at constant exchange rates, and represented a margin increase from 12.9% to 14.1%. Underlying profit before tax was up by 5.6% to £32.2m and underlying EPS up by 9.1% from 6.6p to 7.2p.

Reported operating profit increased by 11.6% to £39.3m. Reported profit before tax was up by 15% from £23.2m to £26.7m and EPS by 26% from 4.6p to 5.8p.

Year end net debt reduced by 39% or £21.1m to £33.6m, equivalent to 0.6 times EBITDA for the last 12 months (2015: 1.0 times). This translates into a gearing of 17.0% (2015: 28.5%). We continue to operate well within our banking covenants.

The reduction in net debt benefited from a one-off net receipt by the Group in respect of a claim in connection with the UK pension scheme (see note 4). During the year, 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. As a result of the High Court confirming the correct basis for the 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 together with associated legal costs of £2.3m has been incurred. This amount is materially offset by the net monies received as a result of the settlement of a claim in respect of this mistake. The net charge to the income statement is £1.0m and this is included within exceptional items. Excluding the net monies received in relation to the pension rectification during the year, net debt reduced by £12.0m.

We have noted in the past that inflation and discount rates are volatile and together with the interest rate environment will significantly impact the accounting valuation of pension liabilities. On an accounting basis, the Group-wide pre-tax pension deficits have decreased by £0.3m to £258.3m (of which £237.6m relates to the UK scheme) due to an increase in the discount rate partially offset by the pension rectification past service cost and a reduction in the fair value of plan assets. On a post-tax basis, our Group pension deficits at the year end were £214.4m. In line with our latest UK triennial valuation and agreed ten-year recovery plan with the Trustees, the annual deficit reduction payment for the current financial year was £7.3m.

The Group has a progressive dividend policy and the Board is recommending an 8% increase in the final dividend to 1.83p per share, resulting in a full-year dividend of 2.51p per share, an increase of 8% on the prior year. Our dividend is covered 2.9 times (2015: 2.8 times) by underlying EPS. The final dividend will be paid on 29 July 2016 to shareholders on the register at the close of business on 1 July 2016.

OPERATING EXPENSES

Reported operating expenses reduced by 5.4% to £279.0m.

Underlying operating expenses, which are before amortisation of acquired intangibles and exceptional items, reduced by 4.9% to £273.5m. At constant exchange rates, this represented a decrease of 2.7%.

Staff cost savings of £3.7m have arisen as a result of the planned FY16 restructuring actions across the Group.

UNDERLYING OPERATING PROFIT

Underlying operating profit, which is before amortisation of acquired intangibles and exceptional items, increased by 5.4% from £42.5m to £44.8m, or by 4.7% at constant exchange rates. Underlying operating profit margin increased from 12.9% to 14.1%.

EXCEPTIONAL ITEMS

Total exceptional costs of £4.8m have been incurred in the year, representing £3.8m of restructuring costs and £1.0m relating to pension rectification. The restructuring costs of £3.8m (2015: £6.3m) were incurred in relation to redundancy and property exit costs within Travel Management and Freedom as part of our planned cost restructuring programme. The pension rectification charge of £1.0m reflects a £10.5m past service cost and £2.3m legal fees offset by settlement monies received.

NET FINANCE COSTS

Net finance costs increased by £0.5m to £13.6m, reflecting an increase in the finance costs relating to retirement benefit obligations.

TAXATION

The tax charge for the year represents an overall effective tax rate (ETR) of 28% of the reported profit before tax (2015: 32%). The underlying ETR was 26%. We anticipate an underlying ETR of around 28% in future years.

EPS

Underlying EPS rose by 9% from 6.6p to 7.2p. Basic EPS rose by 26% from 4.6p to 5.8p.

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 £213.5m (2015: £211.5m) compared with £193.4m at the year end (2015: £192.8m). The return for the year was 21.5% (2015: 20.6%).

CASH FLOW

Free cash inflow, which is the change in net debt before Employee Benefit Trust share purchases, dividends and the impact of foreign exchange movements on net debt balances, was £28.9m (2015: £17.9m).

Cash outflow in respect of working capital excluding exceptional items was £5.7m (2015: £1.2m). The net cash outflow related to interest was £4.9m (2015: £5.0m). Dividends received from equity accounted investments were £0.7m (2015: £0.7m). Tax paid in cash was £5.4m (2015: £4.0m) and capital expenditure, which is primarily internal software development and office equipment, was £8.3m (2015: £11.3m). Cash costs for pension deficit reduction were £7.3m (2015: £4.5m). Of the £4.7m cash inflow in respect of exceptional items (2015: £8.3m outflow), £4.4m related to cash outflow from exceptional items and the balance related to cash inflow from the pension rectification settlement.

In addition to free cash flow, other cash flow items are related to share purchases of £1.3m made by the Employee Benefit Trust (2015: £nil), £7.7m of dividends paid to shareholders during the year (2015: £7.1m) and £1.2m of favourable foreign exchange related movements (2015: £0.2m adverse).

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, £46.5m of the facility has been utilised and the Group has fixed interest on £20m of this until February 2017. In addition, the Group has a £30m fixed rate loan, repayable by 2018, and additional uncommitted facilities amounting to around £17m at the year end.

Net external interest costs of £4.9m were covered 11.3 times by EBITDA (2015: 10.7 times).

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 debt

is less than 3.0 times EBITDA and net external interest is covered at least 4.0 times by 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 decreased by £0.3m to £258.3m before tax.

The UK scheme deficit decreased by £2.4m to £237.6m, primarily driven by a 0.2 percentage point increase in the discount rate to 3.5% reducing the liability by £22.5m partially offset by an exceptional £10.5m past service cost arising from the rectification of the 1999 deed of amendment relating to the UK pension scheme referred to above, and a reduction of £6.3m in the fair value of plan assets. For several years, the UK defined benefit scheme has been closed to new entrants and has capped increases in pensionable salary. Following a consultation process with active members, the UK defined benefit section was closed to future accrual on 13 June 2013 and replaced with a defined contribution section.

The overseas schemes are primarily in Germany and Switzerland, where the deficit increased by £2.1m to £20.7m.

At the year end, there was a deferred tax asset of £42.8m (2015: £48.0m) relating to the UK deficit and an asset of £1.1m (2015: £0.8m) relating to the overseas schemes.

SHARE PRICE

The closing mid-market price at the year end was 62p (2015: 47p). During the year, the price ranged from 44.5p to 76.0p per share.

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	Years ended 31 March	
	2016 £m	2015 £m
SUMMARY INCOME STATEMENT		
Revenue	318.3	330.1
EBITDA before exceptional items	55.5	53.4
Depreciation and amortisation (1)	(10.7)	(10.9)
Underlying operating profit	44.8	42.5
Amortisation of acquired intangibles	(0.7)	(1.0)
Exceptional items	(4.8)	(6.3)
Operating profit	39.3	35.2
Share of associates and joint ventures	1.0	1.1
Net finance costs	(13.6)	(13.1)
Profit before tax	26.7	23.2
Taxation	(7.4)	(7.5)
Profit for the period	19.3	15.7

	As at 31 March	
	2016 £m	2015 £m
SUMMARY BALANCE SHEET		
Goodwill and other intangible assets	242.1	236.8
Property, plant, equipment and investments	12.5	13.1
Working capital	(46.8)	(52.4)
Current tax liabilities (net)	(6.1)	(6.2)
Deferred tax assets (net)	44.7	53.9
Net debt	(33.6)	(54.7)
Pension liabilities (pre-tax)	(258.3)	(258.6)
Provisions and other items	(4.4)	(4.7)
Net liabilities	(49.9)	(72.8)

	Years ended 31 March	
	2016 £m	2015 £m
SUMMARY CASH FLOW STATEMENT		
EBITDA before exceptional items	55.5	53.4
Cash inflow/(outflow) from exceptional items	4.7	(8.3)
Working capital movements (excluding exceptional items)	(5.7)	(1.2)
Net interest paid	(4.9)	(5.0)
Dividends received from equity accounted investments	0.7	0.7
Tax paid	(5.4)	(4.0)
Net capital expenditure	(8.3)	(11.3)
Pension funding in excess of EBITDA charge	(7.3)	(4.5)
Other movements	(0.4)	(1.9)
Free cash inflow	28.9	17.9
Employee Benefit Trust share purchases	(1.3)	-
Dividends paid to external shareholders	(7.7)	(7.1)
Currency translation and other	1.2	(0.2)
Reduction in net debt	21.1	10.6

(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 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 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 2016

Role	Male	Female
Board of Directors	6	1
Senior Management	68	17
Employees	1,245	3,486
	1,319	3,504

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 2016 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 mandatory reporting requirements set out in the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. We have followed 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 Reporting 2013.

Greenhouse Gas Emissions by Scope

	Unit	2016 Quantity	2015 Quantity
Scope 1			
Gas consumption	Tonnes CO ₂ e	994	1,048
Fuel consumption in vehicles owned or leased by Hogg Robinson Group			
Scope 2			
Electricity consumption	Tonnes CO ₂ e	2,685	3,012
Imported power, head or stream			
Total emissions		3,679	4,060
Relative emissions, by revenue	Tonnes CO ₂ e/£m revenue	11.6	12.3

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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 25 to 28.

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 25 to 28.

RISK ANALYSIS

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

OPERATIONAL RISKS	MITIGATION	STRATEGIC OBJECTIVE LINKAGE*
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
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
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 25 to 28).	1
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
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
Cyber Risk change →	Effective firewalls. Effective user security. Effective network and data centre provider controls. Critical business systems outsourced through data centres.	1
Development and delivery of new business and new products Risk change →	Effective prioritisation. Rigid timescales. Client pipeline metrics.	1,2,3
Change in industry business model Risk change →	Flexible pricing models. Revised proposition of simplified online model.	1,2

* Refer to pages 4 and 5 for details of our Strategic Objectives.



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
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.	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, most recently with effect from April 2014. Implementation of Long Term Funding Target and Strategy.	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
EXTERNAL RISKS	MITIGATION	STRATEGIC OBJECTIVE LINKAGE*
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
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

* Refer to pages 4 and 5 for details of our Strategic Objectives.

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 4 to 21. Principal risks and uncertainties are described on pages 20 and 21. 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 £43.8m as at 31 March 2016. Total debt at 31 March 2016 amounts to £77.4m, of which £30.0m relates to a fixed rate loan, repayable by 2018 and £46.5m 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 £99.7m at 31 March 2016 which expire in over one year.

Net current liabilities at 31 March 2016 amounted to £20.5m.

After making enquiries, the Board has a reasonable expectation that the Company and Group will be able to operate within the level of acceptable facilities for the foreseeable future. Accordingly the Board continues to adopt the going concern basis in preparing the accounts.

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 2019.

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 2019 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 (Appointed 1 January 2016)
Chairman, age 60

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 63

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 is a Companion of the Institute of Management.

MICHELE MAHER (Appointed 19 June 2015)
Chief Financial Officer, age 49

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 following a process conducted through independent external search consultants. Michele's early career was with KPMG and Dell Computers. She is qualified as an FCA and also has an MBA from Cranfield University.

KEVIN RUFFLES
Chief Operating Officer, age 63

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.

WILLIAM BRINDLE (Appointed 1 January 2016)
Chief Information Officer, age 54

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. His appointment as an Executive Director on 1 January 2016 reflects both the importance of technology to the Company and his leadership of Freedom, Hogg Robinson Group's growing Technology business.

MARK WHITELING
Senior Independent Director, age 52

Mark Whiting is the Deputy CEO and former CFO of Premier Farnell plc, 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 70

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 (Appointed 1 April 2016)
Non-Executive Director, age 52

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.



EXECUTIVE MANAGEMENT TEAM

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

KEITH BURGESS

General Counsel & Central Services Director, age 61

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 and relationships with HRG's worldwide partner network.

KYLE FERGUSON

CEO, Fraedom, age 42

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 54

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

Global Client Management Director, age 46

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.

JAMES STEVENSON

Global Sales Director, age 49

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

Managing Director, HRG Europe, age 56

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 Managing Director of our European operations. Ian has extensive knowledge and understanding of large-scale multinational client servicing. He is responsible for leading the development of our client service strategy and operational network configuration globally.



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 eight members: the Chairman, three further Non-Executive Directors and four Executive Directors. The biographies of the Directors appear on page 23. 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	5 months
David Radcliffe	27 years
Michele Maher	11 months
Kevin Ruffles	5 years 7 months
William Brindle	5 months
John Krumins	2 months
Mark Whiting	1 year 6 months
Paul Williams	5 years 1 month

The Company had originally announced that John Coombe would retire at the conclusion of the 2015 AGM, to be replaced by Tony Isaac, the Company's then Senior Independent Director. Tony Isaac subsequently informed the Company that due to personal reasons he would no longer be able to take up his proposed appointment as Chairman of the Company, and John Coombe accordingly agreed to remain as Chairman of the Company pending the completion of a process to appoint a new Chairman. The continuation of John Coombe's appointment was approved at the 2015 AGM.

Nigel Northridge was appointed as an independent Non-Executive Director of the Company with effect from 1 January 2016, and assumed the Chairmanship of the Board on 1 April, following John Coombe's retirement from the Board on 31 March.

In addition to the appointment of John Krumins as an independent Non-Executive Director on 1 April 2016, the Board also intends to appoint a further Independent Non-Executive Director during the coming year.

David Radcliffe and Michele Maher will be submitting themselves for re-election at the AGM which is to be held on 22 July 2016. The 2016 AGM is also the first AGM following Nigel Northridge, William Brindle and John Krumins were appointed to the Board and they will accordingly also submit themselves for election at that meeting.

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 and, in addition to a schedule of regular meetings, 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. In view of the fact that the Board includes four Executive Directors and only three Non-Executive Directors who are counted as independent for the purpose of the Code, the Board maintains voting procedures which provide that the Executive Directors cannot 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

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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.

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 Whiting. 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. With these changes now substantially complete, the Board intends to conduct a formal review of its effectiveness during the coming year.

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 a meeting 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 Whiting, Paul Williams and John Krumins, all of whom are Independent Non-Executive Directors. The Committee is chaired by Mark Whiting, 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, the head of financial reporting and the Company Secretary.

Details of the activities of the Audit Committee are given in the Audit Committee report on page 29.

Remuneration Committee

The Remuneration Committee comprises Nigel Northridge, and the three independent Non-Executive Directors, John Krumins, Mark Whiting 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 31.

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 19.



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The appointment of Nigel Northridge and John Krumins followed external processes conducted through MWM Consultants, who have no connection with, and are independent of, the Company. The appointment of Michele Maher as CFO, also followed an independent external search by MWM Consultants.

No external search was conducted in relation to the appointment of William Brindle as an Executive Director. The Committee believed that this was unnecessary given his considerable experience with the Group. His appointment reflects both the importance of technology to the Company and William Brindle's leadership of Fraedom, the Group's growing Technology business.

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	7	5
Current Directors				
Nigel Northridge ¹	100%	n/a	n/a	n/a
David Radcliffe	100%	n/a	n/a	n/a
Michele Maher ²	100%	n/a	n/a	n/a
Kevin Ruffles	100%	n/a	n/a	n/a
William Brindle ²	100%	n/a	n/a	n/a
John Krumins ³	n/a	n/a	n/a	n/a
Mark Whiting ⁴	86%	100%	86%	100%
Paul Williams	100%	100%	100%	100%
Past Directors				
John Coombe	100%	100%	100%	100%
Tony Isaac ⁵	50%	100%	100%	100%
Philip Harrison ²	100%	n/a	n/a	n/a

Note 1: Nigel Northridge was appointed as a Director on 1 January 2016 and has attended all Board Meetings held since that date.

Note 2: Michele Maher and William Brindle were appointed as Executive Directors of the Company on 19 June 2015 and 1 January 2016, respectively. Both of them have attended all of the Board meetings held since the date of their respective appointments. Philip Harrison resigned as a Director of the Company on 27 May 2015 but attended all Board meetings prior to his resignation.

Note 3: John Krumins was appointed as a Non-Executive Director with effect from 1 April 2016.

Note 4: Mark Whiting was unable to attend one Board meeting and one meeting of the Remuneration Committee because of a medical indisposition.

Note 5: Tony Isaac retired from the Board on 24 July 2015, but was unable to attend a Board Meeting which was held on 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 24). 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 22 July 2016, 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.

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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.

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 2016. 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 20 and 21. 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.

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:

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.

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.

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.

Evaluation of retirement benefit obligations

The judgement depends on the actuarial assumptions applied including discount rate, inflation rate increases in pensionable pay 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.

Revenue recognition

The judgement relates to revenue recognition in respect of significant contracts entered into during the year 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.

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.



AUDIT COMMITTEE REPORT

Continued

PricewaterhouseCoopers LLP ("PwC") have been the Company's external auditors for a number of years. In January 2014 the Committee reviewed the external audit mandate and confirmed the continuing appointment of PwC. This was on the basis that the Committee was comfortable that the PwC audit team remained objective and independent on the basis of the regular rotation of the audit partner and specific assurance provided by PwC to the Committee on the arrangements it has in place to maintain its independence.

The Committee has been fully briefed on the implications of the new EU legislation covering re-tendering and rotation of external audits and related matters. This legislation has not yet been implemented in the UK. The Company continues to consider the appointment of the auditors on an annual basis.

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 2016



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 2016.

The current Remuneration Policy was approved by shareholders at the 2014 AGM and would not normally be due for reconsideration by shareholders prior to the 2017 AGM. However, the Company's original share plan rules formally expire in October 2016 and proposals to renew these are to be put to the 2016 AGM. Taking this into account and, having also taken due note of trends in good governance and shareholder comment on current Policy, the Remuneration Committee is proposing to make some important changes to its Remuneration Policy for approval by shareholders one year early at the 2016 AGM. The Committee has consulted with major shareholders prior to finalising the updated Remuneration Policy (the 2016 Remuneration Policy) and the Policy set out on pages 32 to 39 reflect the results of that consultation.

These changes include;

- the incorporation of Malus and Clawback provisions into bonus and PSP plans
- A commitment to disclose bonus targets retrospectively 2 years after the relevant bonus period. Targets and outcome for FY14 are accordingly disclosed on page 41
- Provision to introduce a post-vesting holding period for future PSP awards

Additionally the Board has also provided for additional strategic metrics to be included in future bonus and PSP plans – subject to appropriate shareholder consultation at the time.

For the FY17 bonus plan, the Committee has included Free Cash Flow in the bonus metrics in addition to the current EBIT and Personal metrics. It has also provided for bonus outcomes to be revised downwards to zero if Group EBIT targets are not met and, in the opinion of the Remuneration Committee, overall personal performance justifies this. This last proposal replaces the current formulaic underpin which specifies that the personal element (20%) will be capped at (10%) if the Group EBIT threshold target is not met.

The proposed base pay increase for the CEO, COO, and CIO is 2% which is consistent with the salary increase budget for the UK organisation and in line with competitive practice. The deferred annual review date (1 July as opposed to 1 April) has again been retained.

The CFO, Michele Maher, was promoted to the Board from within the Company on 19 June 2015. At the time of her appointment the Remuneration Committee agreed an initial salary of £230k per annum to be increased to £270k per annum over the course of two years, subject to her performance. The Committee is very satisfied that the CFO has performed strongly in her role since appointment and has approved a salary of £255k effective 1 July 2016 with a further increase to £270k in 2017 subject again to her continuing strong performance. This staged approach is consistent with the statement to that effect in the current approved Remuneration Policy for internal promotions to the Board and external appointments to the Board.

Paul Williams
Chairman of the Remuneration Committee

24 May 2016

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REMUNERATION REPORT

Continued

Directors' Remuneration Policy Report

A summary of the principal differences from the existing Remuneration Policy are set out in the following table.

ELEMENT	PROPOSED 2016 POLICY	2014 POLICY
Annual bonus	<p>Numeric targets will be disclosed retrospectively 2 years after the relevant bonus period.</p> <p>Malus and Clawback incorporated into Policy.</p> <p>In the event that the Group EBIT threshold is not met, the Remuneration Committee may, at its discretion, adjust the payout under the personal element downwards (to zero if deemed appropriate).</p>	<p>No commitment to numeric disclosure of numeric targets.</p> <p>Not subject to Malus and Clawback.</p> <p>In the event that the financial performance threshold level is not met, the bonus for personal performance is restricted to 50% of the maximum payable for this element.</p>
PSP	<p>Malus and Clawback incorporated into Scheme rules.</p> <p>Provision for future introduction of post-vesting of awards incorporated into Scheme rules.</p> <p>Maximum award limit of 150% of base salary incorporated into Scheme rules.</p> <p>Subject to appropriate shareholder consultation, the Committee may vary the weighting of performance metrics at the start of each cycle, and include other financial or strategic measures.</p>	<p>Not subject to Malus and Clawback.</p> <p>No provision for post-vesting in Scheme rules.</p> <p>No maximum award limit in Scheme rules.</p> <p>50% of the award is subject to TSR performance conditions and the remaining 50% of the award is subject to EPS performance conditions.</p>
CSOP	<p>Scheme will only be used for HMRC tax-approved awards.</p> <p>Malus, Clawback and provision for future introduction of post-vesting incorporated into Scheme rules.</p>	<p>Not limited to purely HMRC tax-approved awards.</p> <p>Malus, Clawback and post-vesting not incorporated into Scheme rules.</p>

The Committee consulted with major shareholders prior to finalising the 2016 Remuneration Policy set out on pages 33 to 39, which reflects the result of that consultation.

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

Based on a view of current market practice, the Committee has established the remuneration policy set out in this report which will be proposed at the 2016 AGM for approval by shareholders. 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			
<p>Incentivises annual operational, financial and personal performance</p>	<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			
<p>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>	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*

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

COMPANY SHARE OPTION SCHEME (CSOP)

The PSP will normally be used as the Company's only long-term incentive plan.

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.

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.

If awarded, performance metrics would reflect the policy in respect of PSP awards.

COMPANY SHARES/SAVE SCHEMES

To encourage share ownership in Hogg Robinson Group

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.

An International Sharesave Scheme has also been established to enable employees outside of the UK to subscribe for options on similar terms.

Maximum participation limits for the UK Scheme are those set by the UK tax authorities from time to time.

Maximum participation limits in the International Sharesave Scheme are no greater than the UK Scheme but reflect local tax considerations where appropriate.

Not applicable.

SHAREHOLDING REQUIREMENT

To strengthen alignment between the interests of Executive Directors and those of shareholders

Executive Directors must build a holding in the Company's shares, equal to the value of their annual base salary.

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.

Not applicable.

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 33 to 35 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

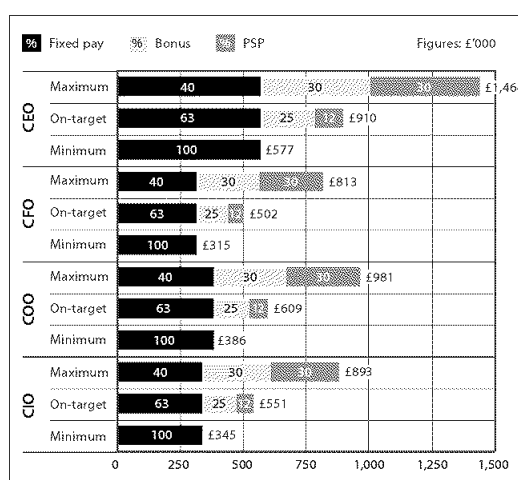
Name	Date of Service Contract/ Letter of appointment
David Radcliffe	4 June 2009
Kevin Ruffles	29 July 2009
Michele Maher	19 June 2015
William Brindle	29 July 2009
Nigel Northridge	1 January 2016
Paul Williams	1 April 2014
Mark Whiting	1 December 2014
John Krumins	1 April 2016

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 33 to 35 above, the following chart summarises the potential value of Executive Directors' total remuneration under three different scenarios for the financial year ending 31 March 2017:



For the annual bonus, the amounts illustrated are those potentially receivable in respect of performance for FY17. 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 2016 and will be implemented during the financial year ended 31 March 2017.

REMUNERATION COMMITTEE MEMBERSHIP

During the year ended 31 March 2016, the Remuneration Committee comprised the independent Non-Executive Directors, Paul Williams (Chairman of the Committee), John Coombe, Nigel Northridge (from his appointment on 1 January 2016) and Mark Whiting. John Kruminis joined the Committee from his appointment on 1 April 2016, and John Coombe ceased to be a member with effect from that date. 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 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 own remuneration.

The Committee's full terms of reference are set out on the Company's website. The Committee met seven times during the year, and details of members' attendance at meetings are provided in the Corporate Governance section on page 27.

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 provided support to the Company in relation to benefits provision, Kepler is accordingly 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 2016 were £44,064 (2015: £51,352).

SUMMARY OF SHAREHOLDER VOTING AT THE 2015 AGM

The previous Directors' Remuneration Policy was approved by shareholders with a 96.6% vote for at the 2014 AGM, and no mandatory vote was required on the policy in 2015 as it remained unchanged. The votes at the 2015 AGM in respect of the advisory vote on the Annual Report on Remuneration (ARR) are summarised in the following table:

	Total number of votes	% of votes cast
Votes in favour	180,091,292	100%
Votes against	0	–
Total votes cast (excluding withheld votes)	180,091,292	100%
Votes abstaining	15,300	–

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		Kevin Ruffles		William Brindle ¹		Philip Harrison ²	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Basic salary	435	428	180	–	292	288	68	–	45	286
Taxable benefits ³	36	35	16	–	23	23	7	–	3	21
Pension ⁴	96	94	32	–	64	63	12	–	11	69
Annual bonus	253	43	100	–	170	29	39	–	–	29
Long-term incentives ⁵	178	–	65	–	119	–	13	–	–	–
Total	998	600	393	–	668	403	139	–	59	405

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

2. Philip Harrison left the Company on 27 May 2015. The figures included in this table reflect his emoluments up to that date.

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

4. 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 ¹	Kevin Ruffles	William Brindle ¹	Philip Harrison ²
	22.0%	17.5%	22.0%	17.5%	24.0%

5. Long-term incentives: includes PSP and CSOP awards based on the gain at vesting, calculated as the number of shares/options vesting based on performance measures substantially completed during the year.

– For the year ending 31 March 2016, the figure represents the anticipated vesting outcome of the LTI awards granted on 24 May 2013 based on (i) EPS, the performance period for which ended on 31 March 2016, and (ii) an estimate, based on performance to 31 March 2016, of the outcome under the TSR performance condition, the performance period for which will end on 24 May 2016.

Awards are valued using the average share price over the 3 months to 31 March 2016 of 66.45p. 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 2016.

– For the year ending 31 March 2015, the figure has been traced up from that disclosed in last year's Annual Report on Remuneration, to reflect the actual vesting outcome of LTI awards granted on 25 May 2012 (taking into account TSR performance over the full 3-year performance period) valued at the share price on the vesting date (57p on 25 May 2015).



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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	
	2016	2015	2016	2015	2016	2015
John Coombe	£135,000	£135,000	–	–	£135,000	£135,000
Tony Isaac ¹	£8,750	£35,000	£10,000	£10,000	£18,750	£45,000
Nigel Northridge ²	£33,750	–	–	–	£33,750	–
Paul Williams ³	£35,000	£35,000	£5,000	£5,000	£40,000	£40,000
Mark Whiting ⁴	£35,000	£11,667	£6,859	–	£41,859	£11,667

1. Tony Isaac's additional fees related to his roles as the Chairman of the Audit Committee and Senior Independent Director.

2. Nigel Northridge was appointed to the Board as a Non-Executive Director and Chairman elect on an annual fee of £135,000. He receives no other additional fees.

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

4. 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.

INCENTIVE OUTCOMES FOR THE YEAR ENDED 31 MARCH 2016

Performance-related annual bonus in respect of 2016 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. 80% of the bonus was based on the achievement of Group EBIT 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	80%			✓			
Personal objectives	20%						
– David Radcliffe						✓	£253,069
– Michele Maher						✓	£100,395
– Kevin Ruffles						✓	£169,842
– William Brindle						✓	£39,285

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, FY16 EBIT 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 2014:

Measure	Weighting	Threshold	Target	Stretch	Actual	% payout of element
Group EBIT	80%	£46.9m	£48.2m	£49.0m	£46.9m	25%

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Annual Report on Remuneration (continued)

VESTING OF 2014 PSP/CSOP AWARDS (AUDITED INFORMATION)

On 24 May 2013, David Radcliffe, Kevin Ruffles and Bill 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 	67.7%	69%
Three-year cumulative underlying EPS	50%	<ul style="list-style-type: none"> – 0% vesting for EPS of less than 25p; – 12.5% vesting for EPS of 25p; – 50% vesting for EPS of 30.5p or more; – Straight line vesting between these points 	21.6p	0%
Total LTIP vesting				

The three-year period over which EPS performance was measured ended on 31 March 2016. TSR performance will be measured over the three-year period commencing on the date of grant, i.e. to 23 May 2016. The awards will vest on 24 May 2016. 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 £
FY14 PSP	David Radcliffe	771,891	34.6%	267,267	24 May 2016			£177,599
	Kevin Ruffles	518,040	34.6%	179,371	24 May 2016	Nil	66.45p	£119,192
	William Brindle	421,052	34.6%	145,789	24 May 2016			£96,877

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 2016. The vest-date value is estimated using an average closing share price from 1 January to 31 March 2016 of 66.45p. The vest-date values will be trued-up for actual vesting % of the TSR element and actual spot share price on vest in the 2017 Annual Report on Remuneration.

The long-term incentives value captured in the single figure table for Bill Brindle in 2016 captures a pro-rated amount of the estimated value of his FY14 PSP award to reflect the proportion of the vesting period for which Bill was a Board director.

Prior to her appointment to the Board and in relation to her previous role, Michele Maher received 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 2013, May 2014 and May 2015 that vest subject to EPS performance over the financial year ended 31 March 2016:

	Date of grant	Interest held	Vesting %	Interest vesting	Date vesting	Exercise price	Vest-date value	Estimated value £
FY14 PSP – tranche 3	24 May 2013	12,322	60.55%	7,461	24 May 2016	Nil	66.45p	£4,958
FY15 PSP – tranche 2	24 May 2014	19,602	60.55%	11,869	24 May 2016	Nil	66.45p	£7,877
FY16 PSP – tranche 1	21 May 2015	21,809	60.55%	13,205	21 May 2016	Nil	66.45p	£8,775

Targets in relation to Michele Maher's incentives (which were made prior to her appointment to the Board in connection with her previous role) 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 2016 captures a pro-rated amount of the total estimated value set out above (£13,278, i.e. to reflect the proportion of the vesting period for each award for which Michele was a Board director). In line with the Regulations, this figure does not include the value of an award of restricted shares (granted on 24 May 2013 under the PSP) that vested on 24 May 2016.

Philip Harrison's PSP award (granted on 24 May 2013) lapsed in full on his resignation from the Company.



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LTI AWARDS MADE IN THE FINANCIAL YEAR ENDING 31 MARCH 2016 (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	21 May 2015	795,174	53.875p	£428,400
Kevin Ruffles	21 May 2015	533,666	53.875p	£287,513
William Brindle	21 May 2015	433,752	53.875p	£233,684
Michele Maher	26 November 2015	306,667	75p	£230,000

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 2015 and will end on 31 March 2018. 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 22p; – 12.5% vesting for EPS of 22p; – 50% vesting for EPS of 26p or more; – Straight line vesting between these points

AWARDS MADE IN THE FINANCIAL YEAR ENDING 31 MARCH 2016 TO MICHELE MAHER IN CONNECTION WITH HER PREVIOUS ROLE

Prior to Michele Maher's appointment to the Board (and relating to her previous role), Michele Maher participated in the long-term incentive arrangements established for below-Board executives. Details of the performance share award and restricted share award made to Michele on 21 May 2015 are set out in the table below:

Award	Date of grant	Performance period	Awards made during the year	Market price at date of award	Face value of awards	Date vesting
FY16	Tranche 1	1 April 2015 - 31 March 2016	21,809		£11,750	21 May 2016
PSP	Tranche 2	1 April 2016 - 31 March 2017	21,809	53.875p	£11,750	21 May 2017
	Tranche 3	1 April 2017 - 31 March 2018	21,811		£11,750	21 May 2018
FY16	Tranche 1	n/a	33,333		£17,958	21 May 2016
Restricted shares	Tranche 2	n/a	33,333	53.875p	£17,958	21 May 2017
	Tranche 3	n/a	33,334		£17,959	21 May 2018

The performance share award vests up to one-third based on EPS performance in the year to 31 March 2016, up to one-third based on EPS performance in the year to 31 March 2017 and up to one-third based on EPS performance in the year to 31 March 2018. There is no retesting on any tranche of this award. Targets in relation to Michele Maher's incentives (which were made prior to her appointment to the Board in connection with her previous role) 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 restricted share award vests one-third on each of the first, second and third anniversaries of grant subject to continued employment only. In line with the Reporting Regulations, the long-term incentives value in the 2016 single figure for Michele Maher includes the face value of the FY16 restricted share award (£53,875, pro rated to reflect the proportion of the vesting period for which Michele was a Board director, as for the PSP).

Following her appointment to the Board, Michele Maher was made an award under the PSP on 21 November 2015 with a face value of 100% of her salary. This award is in line with our shareholder-approved Remuneration Policy for Executive Directors, and fully aligns her interests with those of the other Executive Directors. Details of this award are set out in the table above.

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Annual Report on Remuneration (continued)

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 start of 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 Directors' contributions £'000	Accrued benefits net of inflation £'000	Transfer value of increase in accrued benefits less Directors' contributions £'000
D J C Radcliffe	63	2,975	–	–	3,028	53	–	–
M N Maher	49	699	–	–	814	115	–	47
K A Ruffles	63	1,209	–	–	1,230	21	–	–
W F Brindle	54	637	–	–	722	85	–	(10)
		5,520	–	–	5,794	274	–	37

Notes:

- (i) 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 £130,602p.a.
- (ii) 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.
- (iii) 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 £54,105p.a.
- (iv) 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.

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)

Philip Harrison resigned from the Company and left on 27 May 2015. All payments to Philip Harrison in connection with his leaving the Company have been disclosed in full in the single figure remuneration for 2016. Outstanding PSP and CSOP awards lapsed on the date of cessation of employment. Philip Harrison did not receive an annual bonus in relation to the financial year ended 31 March 2016, and did not receive any other payments in connection with his leaving the Company.

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
	2016 (£000s)	2015 (£000s)	% change	
Salary	435	428	1.6%	3.7%
Taxable benefits	36	35	2.9%	2.7%
Annual bonus	253	43	488.4%	205.2%

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.

	2016 £m	2015 £m	% change
Distribution to shareholders ¹	7.7	7.1	8.5%
Employee remuneration ²	198.7	199.0	(0.2%)

1. The Directors are proposing a final dividend for the year ended 31 March 2016 of 1.83p per share (2015: 1.69p).

2. Represents an average monthly number of staff employed during the year of 4,939 (2015: 5,148).

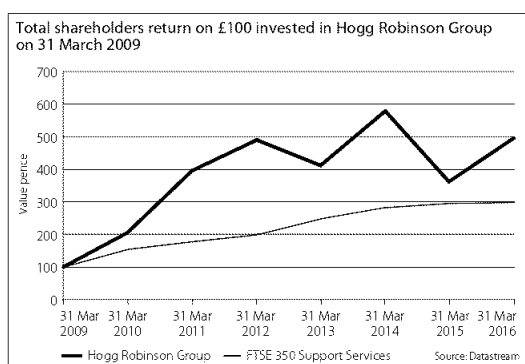


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PAY FOR PERFORMANCE

The graph below shows the TSR of the Company over the seven-year period to 31 March 2016. 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
CEO single figure of remuneration (£000)	677	1,188	1,838	1,625	1,053	600	998
Annual bonus outcome (% of maximum)	40%	81%	99%	0%	30%	10%	58%
LTI vesting outcome (% of maximum)	0%	67%	100%	98%	68%	0%	35%

IMPLEMENTATION OF REMUNERATION POLICY FOR THE FINANCIAL YEAR ENDING 31 MARCH 2017

Basic salary

The Remuneration Committee has approved a 2% salary increase in respect of David Radcliffe, Kevin Ruffles and Bill Brindle effective 1 July 2016 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 performed strongly in the role since her appointment and has therefore approved an increase in her salary to £255,000 per annum effective 1 July 2016 (representing an increase of 10.9%), with a further increase to £270,000 in 2017 subject to her continued strong performance.

Executive Director	Basic salary At 1 July 2016	Basic salary At 1 July 2015 (or date of appointment if later)	Percentage increase
David Radcliffe	£445,707	£436,968	2%
Michele Maher	£255,000	£230,000	10.9%
Kevin Ruffles	£299,128	£293,263	2%
William Brindle	£275,400	£270,000	2%

Pension

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

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

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Annual bonus

The maximum annual bonus opportunity for Executive Directors in the financial year ending 31 March 2017 will remain unchanged from the opportunity in 2016, and will be 100% of salary. Subject to approval of the updated Directors' Remuneration Policy at the 2016 AGM, bonuses for the financial year ended 31 March 2017 will continue to be based 80% on financial measures, and 20% on personal performance. The financial element will be based 60% (of maximum bonus) on Group EBIT and 20% on a new measure, Free Cash Flow. The Committee believes that introducing Free Cash Flow to the annual bonus will reinforce a key performance indicator for the Company (as set out earlier in our Annual Report) and improve the alignment of executive incentive payouts with the delivery of our short-term strategic priorities. The Chairman of the Remuneration Committee has consulted with the Company's major shareholders and investment bodies in advance of the publication of this Annual Report, and the proposals in respect of bonuses for the year ended 31 March 2017 have been finalised after taking into account the views which were received during that consultation. Consistent with the proposed 2016 Remuneration Policy, for the FY17 annual bonus opportunity, the Committee has introduced malus provisions to 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

The PSP was originally approved by the shareholders in 2006, and will expire in October 2016. The renewal of the PSP is being tabled as a separate resolution at the 2016 AGM, and the PSP will henceforth incorporate malus provisions (to apply over the vesting period of the award) and clawback (to apply from the vesting date to the fifth anniversary of the grant). Consistent with the future incorporation of malus and clawback in the PSP and the proposed 2016 Remuneration Policy, the Remuneration Committee has determined that malus and clawback will apply to all future awards made to Executive Directors under the PSP, including those to be made under the 2016 cycle prior to the 2016 AGM. Awards made in 2016 will have a face value equivalent to 100% of base salary, unchanged from 2015. Such 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.

Chairman and Non-Executive Director fees

There will be no changes to the Chairman and Non-Executive Director fees for 2017.

DIRECTORS' INTERESTS (AUDITED INFORMATION)

The interests of the Directors and their families in the ordinary shares of the Company as at 31 March 2016 were as follows:

	Ordinary shares at 31 March 2016 Number	Ordinary shares at 31 March 2015 (or date of appointment if later) Number
David Radcliffe	3,134,020	3,104,020
John Coombe	719,583	719,583
Philip Harrison ¹	n/a	–
Nigel Northridge	100,000	–
Michele Maher	–	–
Kevin Ruffles	687,888	687,888
William Brindle	416,848	416,848
John Krumins	n/a	n/a
Paul Williams	135,000	100,000
Mark Whiting	75,000	75,000

1. Philip Harrison left the Company on 27 May 2015.

There have been no changes to Directors' shareholdings since 31 March 2016.

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.



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DIRECTORS' SHAREHOLDINGS (AUDITED INFORMATION)

The table below shows the shareholding of each Director against their respective shareholding requirement as at 31 March 2016:

	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	3,134,020	–	–	189,277	2,134,482	100%	445%	YES
Michele Maher	–	–	–	–	537,999	100%	–	NO
Kevin Ruffles	687,888	–	–	115,201	1,432,518	100%	145%	YES
William Brindle	416,848	–	–	81,420	1,364,139	100%	96%	NO
Nigel Northridge	100,000	–	–	–	–	–	46%	–
John Coombe	719,583	–	–	–	–	–	330%	–
John Krumins	–	–	–	–	–	–	n/a	–
Paul Williams	135,000	–	–	–	–	–	209%	–
Mark Whiting	75,000	–	–	–	–	–	103%	–

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 2015 (or date of appointment if later)	Granted in 2016	Exercised in 2016	Lapsed in 2016	Number at 31 March 2016 (or date of appointment if later)	Number at 31 March 2015
David Radcliffe										
FY11 CSOP	21.06.10	21.06.13	21.06.20	29.25p	1,114,896	–	1,114,896	–	–	1,114,896
FY12 CSOP	27.05.11	27.05.14	27.05.21	57.5p	189,277	–	–	–	189,277	189,277
FY13 PSP	25.05.12	25.05.15	25.11.15	–	518,225	–	–	518,225	–	518,225
FY13 CSOP	25.05.12	25.05.15	25.05.22	62p	331,664	–	–	331,664	–	331,664
FY14 PSP	24.05.13	24.05.16	24.11.16	–	771,891	–	–	–	771,891	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	21.05.18	–	–	795,174	–	–	795,174	–
Total					3,493,370	795,174	1,114,896	849,889	2,323,759	3,493,370
Michele Maher										
FY13 PSP	25.05.12	25.05.13-25.05.15	25.11.13-25.11.15	–	10,969	–	10,969	–	–	10,969
FY14 PSP	24.05.13	24.05.14-24.05.16	24.11.14-24.11.16	–	53,393	–	17,455	9,241	26,697	53,393
FY15 PSP	24.05.14	24.05.15-24.05.17	24.11.15-24.11.17	–	58,808	–	4,901	14,701	39,206	58,808
FY16 PSP	21.05.15	21.05.16-21.05.18	21.11.18	–	–	65,429	–	–	65,429	–
FY16 PSP	21.05.15	21.05.17	21.11.17	–	–	100,000	–	–	100,000	–
FY16 PSP	26.11.15	21.05.18	21.11.18	–	–	306,667	–	–	306,667	–
Total					123,170	472,096	33,325	23,942	537,999	123,170
Kevin Ruffles										
FY12 CSOP	27.05.11	27.05.14	27.05.21	57.5p	115,201	–	–	–	115,201	115,201
FY13 PSP	25.05.12	25.05.15	25.11.15	–	347,797	–	–	347,797	–	347,797
FY13 CSOP	25.05.12	25.05.15	25.05.22	62p	278,238	–	–	278,238	–	278,238
FY14 PSP	24.05.13	24.05.16	24.11.16	–	518,040	–	–	–	518,040	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	21.05.18	–	–	533,666	–	–	533,666	–
Total					1,640,088	533,666	–	626,035	1,547,719	1,640,088

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REMUNERATION REPORT

Continued

Annual Report on Remuneration (continued)

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

Scheme	Date of grant	Vesting date	Expiration date	Exercise price	Number at 1 April 2015 (or date of appointment if later)	Granted in 2016	Exercised in 2016	Lapsed in 2016	Number at 31 March 2016 (or date of appointment if later)	Number at 31 March 2015
William Brindle										
FY12 CSOP	27.05.11	27.05.14	27.05.21	57.5p	81,240	–	–	–	81,240	81,240
FY13 PSP	25.05.12	25.05.15	25.11.15	–	245,811	–	–	245,811	–	245,811
FY13 CSOP	25.05.12	25.05.15	25.05.22	62p	157,319	–	–	157,319	–	157,319
FY14 PSP	24.05.13	24.05.16	24.11.16	–	421,052	–	–	–	421,052	421,052
FY15 PSP	24.05.14	25.05.17	24.11.17	–	309,515	–	–	–	309,515	309,515
FY16 PSP	21.05.15	21.05.17	21.11.17	–	–	200,000	–	–	200,000	–
FY16 PSP	21.05.15	21.05.18	21.11.18	–	–	433,752	–	–	433,752	–
Total					1,214,937	633,752	–	403,130	1,445,559	1,214,937
Philip Harrison										
FY13 PSP	11.06.12	11.06.15	11.12.15	–	357,500	–	–	357,500	–	357,500
FY13 CSOP	11.06.12	11.06.15	11.06.22	60p	286,000	–	–	286,000	–	286,000
FY14 PSP	24.05.13	24.05.16	24.11.16	–	515,315	–	–	515,315	–	515,315
FY15 PSP	24.05.14	24.05.17	24.11.17	–	378,808	–	–	378,808	–	378,808
Total					1,537,623	–	–	1,537,623	–	1,537,623

On 25 May 2012, executives were granted awards under the PSP and CSOP 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 22.5p over 3 years and 100% vests for 27.5p.

Hogg Robinson Group's 3-year cumulative EPS to FY15 was 22.2p 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 to 24 May 2015 was below median so no awards vested under this element. Overall, vesting was 0%.

All unvested PSP and CSOP 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
FY14 PSP	TSR	24/05/13 – 23/05/16	Median	80th centile
	EPS	01/04/13 – 31/03/16	25.0p	30.5p
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

* straight-line vesting between Threshold and Maximum performance levels



OTHER STATUTORY INFORMATION

RESULTS AND DIVIDENDS

The Group recorded a profit before tax for the year of £26.7m (2015: £23.23m) on revenue of £318.3m (2015: £330.1m).

Full details of the financial performance of the Group during the year are contained in the Strategic Report on pages 3 to 21 and an indication of likely future developments in the business.

The Directors declared an interim dividend of 0.68p per Ordinary Share for the year ended 31 March 2016 (2015: 0.63p) which was paid on 2 January 2016. 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 2016 of 1.83p (2015: 1.69p) per Ordinary Share payable on 29 July 2016 to shareholders on the register on 1 July 2016. The Board remains committed to a progressive 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.

ELECTION TO APPLY FRS101 – REDUCED DISCLOSURE FRAMEWORK

The Parent Company continues to apply UK GAAP in the preparation of its individual financial statements and these are contained on pages 103 to 111. On 31 March 2016 we notified shareholders that in 2016, the Parent Company would be electing to apply FRS101 – Reduced Disclosure Framework in current and future periods in response to a change in financial reporting standards in the United Kingdom. FRS101 applies 'IFRS as adopted by the European Union' with certain disclosure exemptions. No objections were received from shareholders and the Company has proceeded with FRS101.

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 21).

VIABILITY STATEMENT

This statement is set out on page 21. 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 2019, 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 2019.

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 (from 1 April 2016)
D J C Radcliffe	Chief Executive
M N Maher	Chief Financial Officer (from 19 June 2015)
K A Ruffles	Chief Operating Officer
W F Brindle	Chief Information Officer (from 1 January 2016)
J Krumins ⁽¹⁾	(from 1 April 2016)
M A Whiteling ^{(1) (2)}	
P M Williams ⁽¹⁾	

Past directors

J D Coombe ⁽¹⁾	Chairman (retired 31 March 2016)
P J Harrison	Group Finance Director (resigned 27 May 2015)
A E Isaac ⁽¹⁾	(retired 24 July 2015)

(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 31 to 48. 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 18 May 2016, being the latest practicable date prior to publication of the Annual Report, 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.

	Shares	%
Boron Investments	81,030,000	24.91
dnata	71,261,277	21.90
Aberforth Partners	70,835,222	21.77
Hargreave Hale	23,131,000	7.11
Teleios Capital Partners	10,096,604	3.10

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SHARE CAPITAL

A total of 1,018,608 (2015: 61,850) 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 2016 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
325,353,509	£3,253,525.09

At the Annual General Meeting of the Company in 2015, authority was given for the Company to purchase, in the market, up to 32,433,490 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 94.

POST BALANCE SHEET EVENTS

There have been no 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 19.

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 22 July 2016. 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.



GOVERNANCE



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 share-holdings.	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.

By order of the Board

Keith Burgess
Company Secretary

24 May 2016

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CONSOLIDATED FINANCIAL STATEMENTS



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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 Financial Reporting Standard 101 (FRS 101), Reduced Disclosure Framework. The Company transitioned from previous United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) to FRS 101 for all periods presented. 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 Consolidated and Parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Consolidated and Parent Company Financial Statements respectively;
- 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 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 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 performance, business model and strategy.

Each of the Directors, whose names and functions are listed on page 23 confirms that, to the best of their knowledge:

- 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; and
- 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.

By order of the Board

Keith Burgess
Company Secretary

24 May 2016

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 2016 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

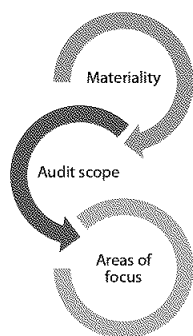
The financial statements, included within the Annual Report, comprise:

- the Consolidated Balance Sheet as at 31 March 2016;
- 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: £1.6 million which represents 5% of underlying profit before tax.

- We conducted audit work on 8 reporting units across 6 locations.
- The Group engagement team visited 3 locations representing 5 of the reporting units.
- Taken together, the territories and reporting units where we performed our work accounted for 70% of Group revenues. Those territories and functions account for 74% of absolute operating profit.

- Risk of fraud in revenue recognition focused on the accuracy and occurrence of revenue from both clients and suppliers.
- Capitalisation of internally generated computer software development costs.
- Post-retirement benefit scheme liabilities.
- Goodwill impairment assessment.
- Classification of deferred taxation adjustment.

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.



CONSOLIDATED FINANCIAL STATEMENTS



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 29 ('Revenue recognition') within 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 client service fees, management fees and revenue from sales and marketing agreements, incentive arrangements and distribution and system usage agreements with suppliers.</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. We evaluated the relevant IT systems and also tested the internal controls over the occurrence and accuracy of revenue recognised in the financial statements. Our procedures included, in some locations, the use of Computer Assisted Audit Techniques ("CAATs") to test the occurrence of recorded revenue transactions, and to test journal entries posted to revenue and other general ledger accounts. These did not identify any unsupported, unusual or irregular items.</p> <p>We performed detailed testing of revenue transactions at all locations in scope for the Group audit, except for one location which has no externally generated revenue. We read relevant extracts from a sample of customer and supplier agreements. Our testing of revenue included testing reconciliation controls between external booking systems and internal accounting systems, and tracing revenue recognised to customer and supplier agreements. We also tested contractual milestones to determine the specific criteria for revenue recognition had been met and understood and tested the processes in place for obtaining periodic customer agreement of their account. We found no material misstatements as a result of these procedures.</p> <p>We evaluated management's estimates and judgements in determining revenue recognised from supplier agreements in the year, with a particular focus on judgements made at year end with regards to incentive income accruals. We assessed the reasonableness of data used by management in these estimations, including transaction volumes, travel mix and market share, by comparing it against audited transaction records and available industry information. In doing so we considered management's historical record of accuracy of estimation. We also obtained confirmations from certain suppliers used by three in-scope reporting units of the terms of their incentive arrangements with the Group. We found no material misstatements from our testing.</p> <p>We also tested accounts receivable through procedures such as agreeing to post year end cash receipts with no material exceptions arising.</p>
<p>Capitalisation of internally generated computer software development costs <i>Refer to page 29 ('Capitalisation of internally generated intangible assets') within 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, £5.8m 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>

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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>Post-retirement benefit scheme liabilities <i>Refer to page 29 ('Evaluation of retirement benefit obligations') within 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 £258.3m.</p> <p>Valuation of the gross liabilities of £554.9m requires significant levels of judgement and technical expertise in choosing the appropriate assumptions to measure it. Changes in key assumptions (including inflation, discount rate, pension increase and mortality) 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 involved specialists in assessing the reasonableness of the assumptions used.</p> <p>The High Court granted rectification of a deed of amendment dated 8 September 1999 in respect of the UK pension scheme. As a result of the High Court confirming the correct basis for the rate of increase for any period of deferment for the pensionable service between 8 September 1999 and 28 September 2006, an additional pension liability arises, which has been factored into the year end deficit. The additional pension liability that crystallised as a result of the court ruling in January 2016 falls under the scope of a plan amendment in IAS19, and requires the liability to be valued at that date. The risk is that management's assumptions regarding the quantification of the additional liability are inappropriate at the date the ruling was received with the effect of materially misstating the year end defined benefit pension liability.</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 pension deed rectification settlement and the reasonableness of management's judgements in light of the High Court judgement received.</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, to benchmark ranges, performing sensitivity analysis, checking whether methods had been consistently applied and assessing the impact of the assumptions in combination with one another. We also discussed the actuarial assumptions and the methodology behind their calculation with the scheme actuary. We obtained external confirmations to test the existence of pension assets. We compared the membership census data used in the actuarial models to the payroll data held by the Group and found no material exceptions.</p> <p>We separately considered the legal outcome of the rectification of the deed of amendment which was granted by the High Court in January 2016 and the impact on the pension liability. As part of our overall year end testing strategy, we assessed the reasonableness of actuarial assumptions applied in the calculation of the additional pension liability with reference to the date of the court judgement. We compared the census data for members impacted by the court ruling to historic records held by the Group. We found no material exceptions from any of the procedures performed.</p>
<p>Goodwill impairment assessment <i>Refer to page 29 ('Assessment of the impairment of goodwill and client relationships at each balance sheet date') within 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 £223.0m is subjected to an annual impairment review.</p> <p>No impairment charge has been recorded by management against the goodwill balance in the current financial year.</p> <p>During the financial year both profits and the Group's share price have risen, and whilst market capitalisation remains lower than the carrying value of net assets and goodwill, the gap has narrowed.</p> <p>The risk that we focused on in the audit is that the goodwill balance may have been impaired in value and this has not been recognised.</p> <p>The most significant element of the goodwill balance is that recognised by the Europe cash-generating unit (CGU), totalling £167.9m. Although, based on forecasts, management believe there is significant headroom between the value in use of the CGU and its carrying value, this was an area of focus for us as a result of the size of the related goodwill balance and the Group's recent performance and market capitalisation.</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 FY16 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 revenue 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>



CONSOLIDATED FINANCIAL STATEMENTS



AREA OF FOCUS	HOW OUR AUDIT ADDRESSED THE AREA OF FOCUS						
<p>Classification of deferred taxation adjustment <i>Refer to Note 7 for the tax expense note, and Note 20.</i></p> <p>An adjustment in respect of prior years, to reflect a temporary timing difference arising from tax amortisable goodwill generated from historic US acquisitions made by the Group, has been recognised resulting in a deferred tax liability of £8.2m. An adjustment to recognise an offsetting deferred tax asset on brought forward losses of £4.5m has also been recorded. The net impact on the tax charge in respect of prior periods is £3.7m.</p> <p>There is judgement involved in the classification of the adjustment as either a current or prior period matter based on the assessment of its qualitative and quantitative materiality and the impact on the financial statements of those periods.</p> <p>We focused on this area because of the magnitude of the adjustment and the judgement involved in management's assessment of the impact on current and prior years.</p>	<p>We understood the nature of the deferred tax asset and liability arising, and obtained evidence to support the rationale on which both have been recognised.</p> <p>We tested and challenged management's supporting calculations for the level of deferred tax assets held and found no material misstatements from our testing.</p> <p>We considered the qualitative and quantitative materiality of the adjustment on deferred tax assets and liabilities and on the tax expense in both current and prior years. We noted the key financial KPIs measured by the Group and referenced in the Annual Report are not impacted by the adjustment and there are no cash tax implications arising from the adjustment. We concurred with management's assessment that the adjustment is not qualitatively material.</p> <p>We tested and challenged management's supporting calculations for the impact of the adjustment if posted as a prior period item or if adjusted in full through the current year. We agreed with management's conclusion that the adjustment is correctly classified as a current year item.</p>						
<p>How we tailored the audit scope</p> <p>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.</p> <p>The Group comprises three geographical corporate travel segments (Europe, North America and Asia Pacific), each of which comprise a number of trading subsidiaries, and Freedom. The Group financial statements are a consolidation of 46 reporting units, comprising the Group's operating locations within these segments and centralised functions.</p> <p>We performed an audit of the complete financial information of 6 reporting units, being the principal Travel Management components in UK, USA, Canada and Germany as well as on the entities Hogg Robinson plc and Farnborough Limited. The UK reporting unit is financially significant, with the remaining components being selected based on contribution to Group revenue.</p> <p>A further two reporting units were in scope for specific audit procedures, being Freedom and HRG Debtco Limited. These components were selected based on the contribution of each to specific financial statement line items (including revenue, intangible assets and debt).</p> <p>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.</p> <p>The Group engagement team visits the most significant components on a rotational basis. In the current year, the Group team visited component teams in the UK 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 clearance meetings for reporting units in scope for the Group audit.</p>	<p>Taken together, the reporting units and group functions where we performed audit work account for 70% of Group revenues and 74% of the Group's absolute operating profit.</p> <p>Materiality</p> <p>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.</p> <p>Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:</p> <table border="1" data-bbox="831 1489 1359 1653"> <tr> <td>Overall group materiality</td> <td>£1.6 million (2015: £1.5 million).</td> </tr> <tr> <td>How we determined it</td> <td>5% of underlying profit before tax.</td> </tr> <tr> <td>Rationale for benchmark applied</td> <td>Consistent with last year, we applied this benchmark because, in our view, this is the most relevant measure of underlying performance.</td> </tr> </table> <p>We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.1 million (2015: £0.1 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.</p> <p>Going concern</p> <p>Under the Listing Rules we are required to review the directors' statement, set out on page 49, in relation to going concern. We have nothing to report having performed our review.</p>	Overall group materiality	£1.6 million (2015: £1.5 million).	How we determined it	5% of underlying profit before tax.	Rationale for benchmark applied	Consistent with last year, we applied this benchmark because, in our view, this is the most relevant measure of underlying performance.
Overall group materiality	£1.6 million (2015: £1.5 million).						
How we determined it	5% of underlying profit before tax.						
Rationale for benchmark applied	Consistent with last year, we applied this benchmark because, in our view, this is the most relevant measure of underlying performance.						

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INDEPENDENT AUDITORS' REPORT

to the members of Hogg Robinson Group plc – continued

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 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

Companies Act 2006 opinion

In our opinion, 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.

ISAs (UK & Ireland) reporting

Under 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 Group acquired in the course of performing our audit; or
 - otherwise misleading.
 We have no exceptions to report.
- the statement given by the directors on 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.
 We have no exceptions to report.
- the section of the Annual Report on pages 29 to 30, 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.
 We have no exceptions to report.

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:

- the directors' confirmation on page 28 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.
 We have nothing material to add or to draw attention to.
- the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
 We have nothing material to add or to draw attention to.
- the directors' explanation on page 21 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.
 We have nothing material to add or to draw attention to.

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 Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and 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.

Other matter

We have reported separately on the Parent Company financial statements of Hogg Robinson Group plc for the year ended 31 March 2016 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 2016

- (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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CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2016

	Notes	Years ended 31 March	
		2016 £m	2015 £m
Revenue	3	318.3	330.1
Operating expenses	4	(279.0)	(294.9)
Operating profit		39.3	35.2
Analysed as:			
Underlying operating profit		44.8	42.5
Amortisation of acquired intangibles	10	(0.7)	(1.0)
Exceptional Items	4	(4.8)	(6.3)
Operating profit		39.3	35.2
Share of results of associates and joint ventures	12	1.0	1.1
Finance income	6	0.1	0.1
Finance costs	6	(13.7)	(13.2)
Profit before tax		26.7	23.2
Income tax expense	7	(7.4)	(7.5)
Profit for the financial year		19.3	15.7
Profit attributable to:			
Owners of the Company		18.7	14.7
Non-controlling interests	24	0.6	1.0
		19.3	15.7

		Years ended 31 March	
		2016 pence	2015 pence
Earnings per share			
Basic	8	5.8	4.6
Diluted	8	5.6	4.5

The notes on pages 65 to 102 are an integral part of these Consolidated Financial Statements.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Year ended 31 March			Year ended 31 March		
	Other reserves £m	Retained deficit £m	2016 £m	Other reserves £m	Retained deficit £m	2015 £m
Profit for the financial year	-	19.3	19.3	-	15.7	15.7
Other comprehensive income/(expense)						
Items that will not be subsequently reclassified to profit and loss						
Remeasurements on defined benefit pension schemes	-	13.1	13.1	-	(77.8)	(77.8)
Deferred tax movement on pension liability	-	(2.5)	(2.5)	-	15.6	15.6
Deferred tax movement on pension liability attributable to impact of UK rate change	-	(4.6)	(4.6)	-	-	-
Items that may be subsequently reclassified to profit or loss						
Currency translation differences	6.0	-	6.0	1.8	-	1.8
Amounts charged to hedging reserve	0.2	-	0.2	0.2	-	0.2
Recycling of cash flow hedge	-	-	-	(0.4)	-	(0.4)
Other comprehensive income/(expense) for the year, net of tax	6.2	6.0	12.2	1.6	(62.2)	(60.6)
Total comprehensive income/(expense) for the year	6.2	25.3	31.5	1.6	(46.5)	(44.9)
Total comprehensive income/(expense) attributable to:						
Owners of the Company	6.1	24.7	30.8	1.8	(47.5)	(45.7)
Non-controlling interests	0.1	0.6	0.7	(0.2)	1.0	0.8
	6.2	25.3	31.5	1.6	(46.5)	(44.9)

The notes on pages 65 to 102 are an integral part of these Consolidated Financial Statements.

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CONSOLIDATED FINANCIAL STATEMENTS



CONSOLIDATED BALANCE SHEET

As at 31 March 2016

	Notes	As at 31 March	
		2016 £m	2015 £m
Non-current assets			
Goodwill and other intangible assets	10	242.1	236.8
Property, plant and equipment	11	8.8	9.8
Investments accounted for using the equity method	12	3.7	3.3
Deferred tax assets	20	50.8	54.6
		305.4	304.5
Current assets			
Trade and other receivables	14	93.3	105.5
Financial assets – derivative financial instruments	15	0.2	–
Current tax assets		1.7	1.9
Cash and cash equivalent assets	16	43.8	38.4
		139.0	145.8
Total assets	3	444.4	450.3
Non-current liabilities			
Financial liabilities – borrowings	17	(66.4)	(91.5)
Financial liabilities – derivative financial instruments	15	–	(0.4)
Deferred tax liabilities	20	(6.1)	(0.7)
Trade and other payables	18	(1.5)	(1.5)
Retirement benefit obligations	21	(258.3)	(258.6)
Provisions	19	(2.5)	(2.7)
		(334.8)	(355.4)
Current liabilities			
Financial liabilities – borrowings	17	(10.0)	(0.1)
Financial liabilities – derivative financial instruments	15	(0.8)	(0.4)
Current tax liabilities		(7.8)	(8.1)
Trade and other payables	18	(138.6)	(156.4)
Provisions	19	(2.3)	(2.7)
		(159.5)	(167.7)
Total liabilities		(494.3)	(523.1)
Net liabilities		(49.9)	(72.8)
Equity			
Share capital	22	3.3	3.2
Share premium	22	179.3	179.3
Other reserves	23	10.2	4.1
Retained deficit	23	(243.3)	(260.3)
Attributable to owners of Hogg Robinson Group plc		(50.5)	(73.7)
Attributable to non-controlling interests	24	0.6	0.9
Total equity		(49.9)	(72.8)

The notes on pages 65 to 102 are an integral part of these Consolidated Financial Statements.

The Consolidated Financial Statements on pages 60 to 102 were approved by the Board of Directors on 24 May 2016 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 2016

	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 issues 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)

	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 2014	3.2	179.3	2.3	(206.5)	(21.7)	0.8	(20.9)
Retained profit for the year	-	-	-	14.7	14.7	1.0	15.7
Total other comprehensive income	-	-	1.8	(62.2)	(60.4)	(0.2)	(60.6)
Transactions with owners:							
- Dividends	-	-	-	(7.1)	(7.1)	(0.7)	(7.8)
- Share-based incentives – charge for year	-	-	-	0.8	0.8	-	0.8
Total transactions with owners	-	-	-	(6.3)	(6.3)	(0.7)	(7.0)
Balance at 31 March 2015	3.2	179.3	4.1	(260.3)	(73.7)	0.9	(72.8)

The notes on pages 65 to 102 are an integral part of these Consolidated Financial Statements.

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CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2016

	Notes	Years ended 31 March	
		2016 £m	2015 £m
Cash flows from operating activities			
Cash generated from operations	29	48.1	39.9
Interest paid		(5.0)	(5.1)
Tax paid		(5.4)	(4.0)
Cash flows generated from operating activities – net		37.7	30.8
Cash flows from investing activities			
Purchase of property, plant and equipment		(2.1)	(3.0)
Purchase and internal development of intangible assets	10	(6.3)	(8.4)
Proceeds from sale of property, plant and equipment		0.1	0.1
Interest received		0.1	0.1
Dividends received from associates and joint ventures	12	0.7	0.7
Cash flows used in investing activities – net		(7.5)	(10.5)
Cash flows from financing activities			
Repayment of borrowings		(25.0)	(38.7)
New borrowings		9.0	22.0
Cash effect of currency swaps		(0.5)	2.9
Purchase of own shares by the Employee Benefit Trust	23	(1.3)	–
Dividends paid to external shareholders	9	(7.7)	(7.1)
Dividends paid to non-controlling interests	24	(1.0)	(0.7)
Dividends paid to former related parties	25	–	(0.4)
Cash flows used in financing activities – net		(26.5)	(22.0)
Net increase/(decrease) in cash and cash equivalents		3.7	(1.7)
Cash and cash equivalents at beginning of the year		38.4	42.3
Exchange rate effects		1.6	(2.2)
Cash and cash equivalents at end of the year		43.7	38.4
Cash and cash equivalent assets	16	43.8	38.4
Overdrafts	17	(0.1)	–
Cash and cash equivalents at end of the year		43.7	38.4

The notes on pages 65 to 102 are an integral part of these Consolidated Financial Statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

1 General information and summary of principal accounting policies

BASIS OF PREPARATION: INTERNATIONAL FINANCIAL REPORTING STANDARDS

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 key management judgements policy on page 70.

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 2015.

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 2015 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, is not yet EU endorsed. It is expected to have a material impact on the Group.
- IFRS 9, 'Financial Instruments', issued in July 2014, is not yet EU endorsed. It is not expected to have a material impact on the Group.
- IFRS 16, 'Leases', issued in January 2016, is not yet EU endorsed. Management is in the process of assessing the impact that this will have on the Group.
- Amendment to IAS 12, 'Recognition of Deferred Tax Assets', issued in January 2016, is not yet EU endorsed. It is not expected to have a material impact on the Group.
- Amendment to IAS 7, 'Statement of Cash Flows', issued in January 2016, is not yet EU endorsed. The amendment covers disclosure of changes in liabilities arising from financing activities.

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 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.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016 – continued

1 General information and summary of principal accounting policies continued

Group's share of the associates' post-acquisition profits or losses, which is recognised in the Consolidated Income Statement, and its share of post-acquisition comprehensive income, which is recognised within the line item 'share of other comprehensive income of equity accounted units' in the Consolidated Statement of Comprehensive Income. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

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 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 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.

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

Client service fees are earned by charging a transaction or management fee for airline or other transactions, based on contractual agreements with travel clients. 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 Meetings, Groups and Events is accounted for on a percentage completion basis.

Supplier revenues are earned under sales and marketing agreements, incentive arrangements and distribution and system usage agreements. In such 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.

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



1 General information and summary of principal accounting policies continued

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, or otherwise recognised on a straight-line basis over the vesting period. The expected return on the schemes' assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the Consolidated Statement of Comprehensive Income.

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 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. Goodwill on acquisitions of interests in associates and joint ventures is included in 'investments accounted for using the equity method' and is tested for impairment as part of the Group's total goodwill. 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 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.

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	3-10 years
– externally generated	2-10 years
Client relationships in acquired businesses	10 years

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

Computer software includes the cost of internally generated software which is capitalised when it is probable that economic benefits will flow to the Group from the asset being developed, and the cost of the asset can be reliably measured and technical feasibility can be demonstrated. Capitalisation ceases when the asset being developed is ready for use. Research expenditure incurred is charged to the Consolidated Income Statement.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016 – continued

1 General information and summary of principal accounting policies continued

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	the lease term
Plant and equipment:	
IT and office equipment	2-7 years

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 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.



1 General information and summary of principal accounting policies continued

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 presentation 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.

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 where appropriate on the basis of amounts expected 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.

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016 – continued

1 General information and summary of principal accounting policies continued

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

The Group has taken advantage of the exemption under IAS 24, Related Party Disclosures, not to disclose transactions and balances between Group entities that have been eliminated on consolidation.

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. The Group uses a percentage of completion method and stepped threshold to measure supplier revenues earned under sales and marketing agreements, incentive arrangements, and distribution and usage agreements, and also from revenue from Meetings, Groups and Events;
- 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, 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 2016 the gearing ratio was 0.6 times (2015: 1.0). 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.

Net debt at 31 March 2016 included £20.3m of non-Sterling net debt (2015: £13.5m) with changes in exchange rates, including the effect of currency swaps, increasing the balance by £1.2m (2015: decrease £0.2m).

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		
	2016	2015	Change	2016	2015	Change
Euro	1.36	1.29	-5%	1.26	1.38	+9%
Swiss Franc	1.47	1.50	+2%	1.38	1.44	+4%
US Dollar	1.50	1.61	+7%	1.44	1.48	+3%
Canadian Dollar	1.97	1.84	-7%	1.86	1.88	+1%

Foreign currency sensitivity analysis

For the year ended 31 March 2016, 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 £1.0m compared to the actual result (2015: £0.2m). The impact on equity would be a movement of £4.8m (2015: £3.5m) 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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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016 – continued

2 Financial risk management continued

INTEREST RATE RISK

The Group is exposed to interest rate risk on any borrowing at floating interest rates, except that it has fixed the interest rate on £20m until February 2017. The interest rate on the Revolving Credit Facility (RCF) is not otherwise currently fixed, although the Group keeps this situation under review. The fixed rate loan has an interest rate of 7.239%.

Interest rate sensitivity analysis

For the year ended 31 March 2016, 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 £0.2m (2015: £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 is committed in full until November 2016 when equal annual repayments begin 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 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)
	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
At 31 March 2015				
Borrowings	(4.6)	(14.1)	(85.5)	--
Derivative financial instruments	(0.4)	(0.4)	--	--
Trade and other payables	(156.4)	(0.6)	(0.8)	(0.1)

3 Segment information

The Chief Operating Decision Maker has been identified as the Executive Management Team (refer to pages 23 to 24), 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, which is analysed into three distinct geographic segments and includes Fraedom Travel, and Technology, which includes the Fraedom Payments and Expense operations, previously known as Spendvision. The Group's internal reporting processes do not distinguish between the numerous sources of income that comprise revenue for Travel Management. 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. Other information provided, except as noted below, 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 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

	Travel Management			Technology		Total £m
	Europe £m	North America £m	Asia Pacific £m	Total £m	Fraedom £m	
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 margin	15.0%	14.7%	-13.7%	13.3%	23.0%	14.1%
Year ended 31 March 2015						
Revenue from external customers	211.5	74.9	21.3	307.7	22.4	330.1
Underlying operating profit/(loss)	30.4	10.1	(1.2)	39.3	3.2	42.5
Amortisation of acquired intangibles	–	(0.7)	–	(0.7)	(0.3)	(1.0)
Operating profit/(loss) before exceptional items	30.4	9.4	(1.2)	38.6	2.9	41.5
Exceptional items	(5.5)	–	(0.3)	(5.8)	(0.5)	(6.3)
Operating profit/(loss)	24.9	9.4	(1.5)	32.8	2.4	35.2
Underlying margin	14.4%	13.5%	-5.6%	12.8%	14.3%	12.9%

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.

	Travel Management			Technology		Total £m
	Europe £m	North America £m	Asia Pacific £m	Total £m	Fraedom £m	
Total segment assets						
31 March 2016	245.0	81.1	9.7	335.8	12.3	348.1
31 March 2015	249.2	84.0	11.9	345.1	10.3	355.4

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

	Years ended 31 March	
	2016 £m	2015 £m
Total segment assets	348.1	355.4
Cash and cash equivalent assets	43.8	38.4
Current tax assets	1.7	1.9
Deferred tax assets	50.8	54.6
	444.4	450.3

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3 Segment information continued

Capital expenditure by geographical location:

	Travel Management			Technology		Total £m
	Europe £m	North America £m	Asia Pacific £m	Total £m	Fraedon £m	
Capital expenditure						
31 March 2016	4.9	0.2	0.2	5.3	3.7	9.0
31 March 2015	4.5	3.1	0.3	7.9	3.8	11.7

4 Operating expenses

	Years ended 31 March	
	2016 £m	2015 £m
Underlying operating expenses		
Staff costs (note 5)	184.5	193.1
Amortisation of intangible assets other than acquired intangible assets	6.8	7.0
Depreciation of property, plant and equipment	3.9	3.9
Auditors' remuneration for audit services	1.0	1.0
Operating lease rentals – buildings	10.8	12.1
Operating lease rentals – other assets	0.5	1.1
Currency translation differences	0.3	0.1
Other expenses	65.7	69.3
	273.5	287.6
Amortisation of acquired intangibles:		
Amortisation of client relationships	0.4	0.7
Amortisation of other acquired intangible assets	0.3	0.3
	0.7	1.0
Exceptional items:		
Restructuring costs:		
– Staff costs (note 5)	3.7	5.9
– Other expenses	0.1	0.4
	3.8	6.3
Pension rectification:		
– Past service cost (note 21)	10.5	–
– Legal fees	2.3	–
– Settlement	(11.8)	–
	1.0	–
	4.8	6.3
Total operating expenses	279.0	294.9

EXCEPTIONAL ITEMS

Total exceptional costs of £4.8m have been incurred in the year, representing £3.8m of restructuring costs and £1.0m relating to the pension rectification. The restructuring costs of £3.8m (2015: £6.3m) were incurred in relation to redundancy and property exit costs within Travel Management and Fraedon as part of planned cost reduction programmes.

During the year, 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 has been incurred. This amount is 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	
	2016 £m	2015 £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	0.7	0.7
Auditors' remuneration for audit services	1.0	1.0
Audit related assurance service	0.1	0.1
Tax compliance services	0.1	0.1
	1.2	1.2

In addition to the above services, the Company's auditors acted as auditors to the Hogg Robinson (1987) Pension Scheme. The appointment of auditors to the Group's pension scheme and the fees paid in respect of that audit are agreed by the trustees of the scheme, who act independently from the management of the Group. The aggregate fees paid to the Group's auditors for audit services to the pension scheme during the year were less than £0.1m (2015: less than £0.1m).

5 Staff costs

	Years ended 31 March			
	2016 Before exceptional items £m	2016 Exceptional items £m	2016 £m	2015 £m
Wages and salaries	157.0	–	157.0	164.6
Social security costs	17.3	–	17.3	18.3
Other pension costs	8.7	10.5	19.2	8.3
Redundancy and termination costs	0.2	3.7	3.9	7.0
Share-based incentives	1.3	–	1.3	0.8
	184.5	14.2	198.7	199.0
Other pension costs comprise:				
Defined benefit schemes (note 21):				
– Current service charge and administration expenses	2.1	–	2.1	2.3
– Curtailment gain	–	–	–	(1.0)
– Past service cost	–	10.5	10.5	–
Defined contribution schemes	6.6	–	6.6	7.0
	8.7	10.5	19.2	8.3

	Years ended 31 March	
	2016 number	2015 number
Average monthly number of staff employed by the Group including Key Management	4,939	5,148

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6 Finance income and finance costs

	Years ended 31 March	
	2016 £m	2015 £m
Finance income – bank interest	0.1	0.1
Interest on bank overdrafts and loans	(4.3)	(4.4)
Amortisation of issue costs on bank loans	(0.6)	(0.6)
Net interest expense on retirement obligations	(8.1)	(7.5)
Other finance charges	(0.7)	(0.7)
Foreign exchange loss	–	(0.4)
Recycle of cash flow hedge from hedging reserve	–	0.4
Finance costs	(13.7)	(13.2)
Net finance costs	(13.6)	(13.1)

7 Income tax expense

	Years ended 31 March	
	2016 £m	2015 £m
Current tax:		
Tax on profits of the financial year	7.0	4.4
Adjustments in respect of previous years	(2.3)	(0.1)
Total current tax	4.7	4.3
Deferred tax:		
Origination and reversal of temporary differences	0.3	1.3
Adjustments in respect of previous years	2.2	1.9
Impact of UK rate change	0.2	–
Total deferred tax (note 20)	2.7	3.2
Taxation charge	7.4	7.5

The tax charge is split as follows:

	Years ended 31 March	
	2016 £m	2015 £m
United Kingdom	1.5	2.8
Overseas	5.9	4.7
Taxation charge	7.4	7.5

	Years ended 31 March	
	2016 £m	2015 £m
On underlying business	8.4	8.3
Tax on amortisation of acquired intangibles	(0.2)	(0.4)
Exceptional items	(0.8)	(0.4)
Taxation charge	7.4	7.5



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7 Income tax expense continued

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015: 21%) as explained below:

	Years ended 31 March	
	2016 £m	2015 £m
Profit before tax:		
Continuing operations	26.7	23.2
Profit before tax multiplied by the standard rate of corporation tax in the UK of 20% (2015: 21%)	5.3	4.9
Effects of:		
Impact of UK rate change on net deferred tax assets	0.2	–
Utilisation of unrecognised losses	(1.0)	(2.4)
Non recognition of deferred tax assets – losses	0.3	1.5
Expenses not deductible for tax purposes	0.5	1.0
Overseas tax rate differential	1.8	1.2
Adjustments in respect of previous years	(0.1)	1.8
Other	0.4	(0.5)
Taxation charge	7.4	7.5

A deferred tax liability of £8.2m has been recognised in the year as an adjustment in respect of prior years to reflect a temporary timing difference in respect of tax amortisable goodwill generated from historic US acquisitions made by the Group. As a consequence, an offsetting deferred tax asset has also been recognised on brought forward losses of £4.5m. The net impact on the current year tax charge in respect of prior periods is £3.7m. This temporary difference and the corresponding deferred tax liability will remain until a reversal occurs, either on the goodwill's impairment or if the US business is sold.

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	
	2016 pence	2015 pence
Earnings per share		
Basic	5.8	4.6
Diluted	5.6	4.5

	Years ended 31 March	
	2016 £m	2015 £m
Earnings for the purposes of earnings per share:		
Profit for the financial year	19.3	15.7
Less: amount attributable to non-controlling interests	(0.6)	(1.0)
Total	18.7	14.7

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	
	2016 number m	2015 number m
Weighted average number of Ordinary shares in issue		
Issued (for basic EPS)	324.2	322.7
Effect of dilutive potential Ordinary shares – share-based incentives	7.7	6.4
For diluted EPS	331.9	329.1

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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	
	2016 pence	2015 pence
Underlying earnings per share		
Basic	7.2	6.6
Diluted	7.0	6.4

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	
	2016 £m	2015 £m
Earnings for the purposes of underlying earnings per share:		
Profit before tax from continuing operations	26.7	23.2
Add: amortisation of acquired intangibles	0.7	1.0
Add: exceptional items	4.8	6.3
Underlying profit before tax	32.2	30.5
Underlying income tax expense	(8.4)	(8.3)
Underlying profit for the financial year	23.8	22.2
Less: amounts attributable to non-controlling interests	(0.6)	(1.0)
Total	23.2	21.2

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 2016 were:

	Years ended 31 March	
	2016 £m	2015 £m
Final dividend in respect of year ended 31 March 2015 1.69p per share (31 March 2014: 1.58p per share)	5.5	5.1
Interim dividend in respect of year ended 31 March 2016 0.68p per share (31 March 2015: 0.63p per share)	2.2	2.0
Total dividends to the Company's shareholders (note 23)	7.7	7.1

A final dividend in respect of the year ended 31 March 2016 of 1.83p per Ordinary share, amounting to a final dividend of £5,922,771 is to be proposed at the Annual General Meeting on 22 July 2016. The Employee Benefit Trust has waived its rights to dividends.

10 Goodwill and other intangible assets

	Years ended 31 March	
	2016 £m	2015 £m
Goodwill	223.0	216.5
Other intangible assets	19.1	20.3
	242.1	236.8



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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 2014	244.3	18.7	40.2	36.7	339.9
Additions	-	0.6	7.8	-	8.4
Disposals	-	(0.5)	-	-	(0.5)
Exchange differences	(1.4)	(0.2)	(0.5)	(0.6)	(2.7)
At 31 March 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
Accumulated amortisation and impairment losses					
At 1 April 2014	26.4	15.9	24.1	35.5	101.9
Amortisation charge for the year	-	1.5	5.8	0.7	8.0
Disposals	-	(0.5)	-	-	(0.5)
Exchange differences	-	(0.2)	(0.2)	(0.7)	(1.1)
At 31 March 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
Carrying amount					
At 1 April 2014	217.9	2.8	16.1	1.2	238.0
At 31 March 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

The amortisation charge for the year of £7.5m (2015: £8.0m) is comprised of £0.7m (2015: £1.0m) in respect of intangible assets acquired via business combinations and £6.8m (2015: £7.0m) which relates to amortisation of software purchased and internally generated by existing businesses. There are no assets in the course of construction included within internally generated assets at 31 March 2016 (2015: £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 net realisable value. 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 11% per annum (2015: 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 Travel Management (2015: 2%) and 5% for Technology (2015: 5%).

Goodwill consists of the following amounts related to cash generating units of the Group:

	Years ended 31 March	
	2016 £m	2015 £m
Travel Management		
Europe	167.9	162.5
North America	47.7	46.6
Asia Pacific	1.9	1.9
	217.5	211.0
Technology	5.5	5.5
	223.0	216.5

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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

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 Travel Management and 5% for Technology 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 2014	8.9	39.8	48.7
Additions for the year	0.2	3.1	3.3
Disposals for the year	(0.2)	(0.8)	(1.0)
Exchange differences	0.2	(0.5)	(0.3)
At 31 March 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
Accumulated depreciation			
At 1 April 2014	7.0	31.2	38.2
Depreciation charge for the year	0.5	3.4	3.9
Disposals for the year	(0.2)	(0.7)	(0.9)
Exchange differences	0.2	(0.5)	(0.3)
At 31 March 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
Carrying amount			
At 1 April 2014	1.9	8.6	10.5
At 31 March 2015	1.6	8.2	9.8
At 31 March 2016	1.5	7.3	8.8



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	
	2016 £m	2015 £m
Carrying amount of property, plant and equipment held under finance leases	0.9	1.3

12 Investments accounted for using the equity method

	Years ended 31 March	
	2016 £m	2015 £m
At beginning of year	3.3	2.1
Net share of profit for the year after tax and non-controlling interests	1.0	1.1
Dividends	(0.7)	(0.7)
Exchange differences	0.1	0.8
At end of year	3.7	3.3

The joint ventures and associates held by the Group are:

	Country of incorporation	Proportion held	
		2016	2015
Associates			
Liga Travel GmbH	Germany	49%	49%
BEST Borussia Euro Lloyd Sports Travel GmbH	Germany	49%	49%
W.E.L.T. Reisebüro GmbH	Germany	49%	49%
Bavaria Lloyd Reisebüro GmbH	Germany	49%	49%
Austrian Sportstravel Management GmbH	Austria	50%	50%
Joint ventures			
Hogg Robinson Jinjiang Travel (China) Limited	China	51%	51%
Business Travel International BV	Netherlands	50%	50%
Fraedom Japan KK	Japan	45%	45%

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	
	2016 £m	2015 £m
Total assets	2.4	1.9
Total liabilities	(1.8)	(1.1)
Revenue	2.6	2.8
Profit after tax	0.7	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	
	2016 £m	2015 £m
Current assets	5.8	5.6
Non current assets	0.1	0.2
Current liabilities	(2.9)	(3.1)
Non current liabilities	–	(0.2)
Revenue	2.9	2.9
Profit after tax	0.3	0.4

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 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
Cash and cash equivalent assets	43.8	–	–	43.8
	107.5	0.2	–	107.7

	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	23.9	–	–	23.9
	186.1	0.6	0.2	186.9

	Loans and receivables £m	Assets at fair value through profit or loss £m	Derivatives used for hedging £m	Total £m
At 31 March 2015				
Trade receivables	65.0	–	–	65.0
Due from associates and joint ventures	0.4	–	–	0.4
Other receivables	12.1	–	–	12.1
Cash and cash equivalent assets	38.4	–	–	38.4
	115.9	–	–	115.9



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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 2015				
Derivative financial instruments – liabilities	–	0.4	0.4	0.8
Borrowings	91.6	–	–	91.6
Trade payables	102.1	–	–	102.1
Due to associates and joint ventures	0.6	–	–	0.6
Other payables	28.7	–	–	28.7
	223.0	0.4	0.4	223.8

At 31 March 2016 and 31 March 2015 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	
	2016 £m	2015 £m
Current: due within one year		
Trade receivables, gross	54.5	66.2
Less: provision for impairment	(1.0)	(1.2)
	53.5	65.0
Due from associates and joint ventures	0.5	0.4
Other receivables	9.7	12.1
Prepayments and accrued income	29.6	28.0
	93.3	105.5

The carrying amount of trade and other receivables approximates to their fair value.

As of 31 March 2016, trade receivables of £7.2m (2015: £5.8m) 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	
	2016 £m	2015 £m
Up to 3 months	6.4	4.1
Over 3 months	0.8	1.7
	7.2	5.8

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14 Trade and other receivables continued

As of 31 March 2016, trade receivables of £1.0m (2015: £1.2m) were impaired and provided for. The amount of the provision was £1.0m as at 31 March 2016 (2015: £1.2m). 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	
	2016 £m	2015 £m
Up to 3 months	0.3	0.3
Over 3 months	0.7	0.9
	1.0	1.2

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	Years ended 31 March	
	2016 £m	2015 £m
Sterling	28.8	36.6
Euro	23.4	25.4
Swiss Franc	4.1	4.1
US Dollar	12.8	10.8
Canadian Dollar	3.7	4.8
Australian Dollar	2.2	4.1
Other currencies	18.3	19.7
	93.3	105.5

Movements on the Group provision for impairment of trade receivables are as follows:

	Years ended 31 March	
	2016 £m	2015 £m
At 1 April	(1.2)	(1.3)
New impairment provisions in the year	(0.2)	(0.4)
Impairment written off as uncollectable	0.1	0.1
Unused amounts reversed	0.3	0.4
At 31 March	(1.0)	(1.2)

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.



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15 Financial assets and liabilities – derivative financial instruments

	Years ended 31 March	
	2016 £m	2015 £m
At fair value		
Current assets:		
Forward foreign exchange contracts – held for trading	0.2	–
Current liabilities:		
Forward foreign exchange contracts – held for trading	(0.6)	(0.4)
Interest rate contracts – cash flow hedge	(0.2)	–
	(0.8)	(0.4)
Non-current liabilities:		
Interest rate contracts – cash flow hedge	–	(0.4)

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 loss arising in the income statement on contracts held for trading was £0.6m (2015: £1.0m gain). The net gain arising in the income statement on the fair value of the underlying hedged items was £0.6m (2015: £1.0m loss). There was no ineffectiveness to be recorded from cash flow hedges.

16 Cash and cash equivalent assets

	Years ended 31 March	
	2016 £m	2015 £m
Cash balances without restrictions:		
– Short-term deposits	43.2	20.6
– Cash in hand	–	17.3
Cash balances with restrictions on use	0.6	0.5
	43.8	38.4

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 £2.9m 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	
	2016 £m	2015 £m
Sterling	8.6	8.7
Euro	8.9	8.8
Swiss Franc	2.6	2.1
Other European currencies	6.5	6.4
Canadian Dollar	3.6	2.8
US Dollar	10.5	6.2
Other currencies	3.1	3.4
	43.8	38.4

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17 Financial liabilities – borrowings

	Years ended 31 March	
	2016 £m	2015 £m
Current (due within one year):		
Bank loans	10.0	–
Overdrafts	0.1	–
Unamortised loan issue costs	(0.6)	(0.5)
Finance leases	0.5	0.6
	10.0	0.1
Non-current (due after more than one year):		
Bank loans	66.5	92.0
Unamortised loan issue costs	(0.4)	(1.0)
Finance leases	0.3	0.5
	66.4	91.5
	76.4	91.6
Analysis of borrowings:		
Principal	77.4	93.1
Unamortised issue costs	(1.0)	(1.5)
	76.4	91.6

Of the borrowings of £76.4m, £75.6m are unsecured.

The maturity of debt is as follows:

	Years ended 31 March	
	2016 £m	2015 £m
Within one year	10.0	0.1
Between one and two years	10.0	9.8
Between two and five years	56.4	81.7
	76.4	91.6

ANALYSIS BY CURRENCY

	Years ended 31 March	
	2016 £m	2015 £m
Borrowings by currency:		
Sterling	69.1	78.9
Other European currencies	0.2	0.2
Canadian Dollar	6.5	12.0
US Dollar	0.3	0.5
Other currencies	0.3	–
	76.4	91.6

	Years ended 31 March	
	2016 £m	2015 £m
Effect of currency swaps:		
Sterling	(7.6)	(3.5)
Euro	2.5	1.6
Swiss Franc	0.1	0.1
Other European currencies	0.1	0.4
Canadian Dollar	0.2	(0.2)
US Dollar	4.6	1.5
Other currencies	0.1	0.1
	–	–



17 Financial liabilities – borrowings continued

	Years ended 31 March	
	2016 £m	2015 £m
Borrowings by currency after currency swaps:		
Sterling	61.5	75.4
Euro	2.5	1.6
Swiss Franc	0.1	0.1
Other European currencies	0.3	0.6
Canadian Dollar	6.7	11.8
US Dollar	4.9	2.0
Other currencies	0.4	0.1
	76.4	91.6

UNDRAWN BORROWING FACILITIES

	Years ended 31 March	
	2016 £m	2015 £m
Undrawn facilities expiring over one year from the balance sheet date	99.7	83.7

INTEREST RATE PROFILE AFTER SWAPS

	Years ended 31 March	
	2016 £m	2015 £m
Floating rate	26.0	41.0
Fixed rate	50.4	50.6
	76.4	91.6

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 £30.0m and a fair value of £31.0m at 31 March 2016.

The Group's principal banking facility is a £150m multi-currency revolving credit facility that is committed until May 2018. At the year end, £46.5m of the facility has been utilised and the Group has fixed interest on £20m of this until February 2017.

The majority of bank loans utilised during the year had margins of 1.85% above LIBOR.

In addition, the Group has a £30m fixed rate loan which is repayable in instalments between 2016 and 2018 and has an interest rate of 7.239%.

FINANCE LEASES

	Years ended 31 March	
	2016 £m	2015 £m
Minimum lease payments:		
Within one year	0.5	0.7
In the second to fifth years inclusive	0.3	0.5
	0.8	1.2
Less: future finance charges	--	(0.1)
Present value of lease obligations	0.8	1.1
Amount due for settlement within twelve months	0.5	0.6
Amount due for settlement after twelve months	0.3	0.5
	0.8	1.1

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17 Financial liabilities – borrowings continued

NET DEBT

	Years ended 31 March	
	2016 £m	2015 £m
Total financial liabilities – borrowings	76.4	91.6
Add back: Unamortised loan issue costs	1.0	1.5
Cash and cash equivalent assets	(43.8)	(38.4)
Net debt	33.6	54.7

ANALYSIS BY CURRENCY AFTER CURRENCY SWAPS

	Years ended 31 March	
	2016 £m	2015 £m
Sterling	53.9	68.2
Euro	(6.4)	(7.2)
Swiss Franc	(2.5)	(2.0)
Other European currencies	(6.2)	(5.8)
Canadian Dollar	3.1	9.0
US Dollar	(5.6)	(4.2)
Other currencies	(2.7)	(3.3)
	33.6	54.7

18 Trade and other payables

	Years ended 31 March	
	2016 £m	2015 £m
Current: due within one year		
Trade payables	85.3	102.1
Due to associates and joint ventures	0.5	0.6
Social security and payroll taxes	2.3	2.3
Other payables	23.9	28.7
Accruals and deferred income	26.6	22.7
	138.6	156.4
Non-current: due after more than one year		
Accruals and deferred income	1.5	1.5



19 Provisions

	Restructuring £m	Other £m	Total £m
At 1 April 2014	4.1	2.9	7.0
Additional provisions made in the year charged in the Consolidated Income Statement	7.7	0.1	7.8
Amounts used during the year	(8.5)	(0.3)	(8.8)
Unused provisions reversed	(0.2)	(0.1)	(0.3)
Exchange differences	(0.4)	0.1	(0.3)
At 31 March 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

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 2016, £2.2m (2015: £2.5m) 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 9 years.

A provision for onerous contracts has been recognised for contracts where the expected benefits derived by the Group are lower than the unavoidable costs of meeting the Group's obligations under the contract.

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	
	2016 £m	2015 £m
Deferred tax assets		
Temporary differences on pension accounting	43.9	48.8
Accelerated tax depreciation	1.2	2.4
Tax losses	11.5	2.1
Other temporary differences	0.5	3.9
Set-off against liabilities	(6.3)	(2.6)
	50.8	54.6
Deferred tax liabilities		
Accelerated tax depreciation	(2.1)	(0.7)
Other temporary differences	(10.3)	(2.6)
Set-off against assets	6.3	2.6
	(6.1)	(0.7)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016 – continued

20 Deferred tax continued

	Years ended 31 March	
	2016 £m	2015 £m
Net charge to the Consolidated Income Statement		
Temporary differences on pension accounting	(1.9)	–
Accelerated tax depreciation	(0.1)	1.7
Tax losses	(5.8)	1.4
Other temporary differences	10.5	0.1
	2.7	3.2

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	
	2016 £m	2015 £m
Tax losses	20.7	29.1
Accelerated tax depreciation	0.6	0.6
Temporary difference on pension accounting	4.8	4.2
Other temporary differences	–	4.9
	26.1	38.8

At 31 March 2016, deferred tax assets include £42.5m (2015: £47.5m) 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 2013 reduced the main rate of corporation tax in the UK from 21% to 20% with effect from 1 April 2015. Further reductions to the UK main rate were included in Finance Act 2015, lowering the rate to 19% from 1 April 2017 and 18% from 1 April 2020. Deferred tax balances have therefore been valued at 19% or 18%, depending on the expected date of reversal. A decrease to 17% with effect from 1 April 2020 was also announced in the UK 2016 Budget. This further reduction had not been substantively enacted at the balance sheet date and its effects are therefore not included in these financial statements.

Of the total tax losses at 31 March 2016, £0.2m is scheduled to expire by 31 March 2026.

Deferred income tax liabilities of £0.6m (2015: £0.8m) 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 £114.5m as at 31 March 2016 (2015: £91.4m).

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 scheme is established under trust and the responsibility for its governance lies jointly with the trustees 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 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 during the year.



21 Retirement benefit obligations continued

The following amounts have been included in the Consolidated Income Statement in respect of all defined benefit pension arrangements:

	Years ended 31 March	
	2016 £m	2015 £m
Current service charge	2.1	2.3
Curtailment gain	–	(1.0)
Charge to underlying operating profit	2.1	1.3
Charge to exceptional items – pension rectification (note 4)	10.5	–
Charge to operating profit	12.6	1.3
Interest cost on pension scheme liabilities	17.1	19.0
Interest return on pension scheme assets	(9.0)	(11.5)
Charge to finance costs	8.1	7.5
Total charge to Consolidated Income Statement	20.7	8.8

The 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.

The following amounts have been recognised as movements in equity:

	Years ended 31 March	
	2016 £m	2015 £m
Actual (loss)/return on scheme assets	(3.4)	26.8
Less: amounts included in interest income	(9.0)	(11.5)
	(12.4)	15.3
Experience gains and losses arising on scheme liabilities	1.5	5.3
Changes in assumptions underlying the present value of scheme liabilities:		
– Demographic	2.8	(6.5)
– Financial	21.2	(91.9)
	13.1	(77.8)
Exchange rate movement	(1.6)	1.6
Movement in the year	11.5	(76.2)
Cumulative amount recognised in the Consolidated Statement of Comprehensive Income since the transition date to IFRS, 1 April 2003	(201.4)	(212.9)

The key assumptions used for the UK Scheme were:

	Years ended 31 March		
	2016	2015	2014
Rate of increase in final pensionable salary	2.60%	2.60%	3.50%
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	3.10%	3.10%	3.50%
Discount rate	3.50%	3.30%	4.40%
Inflation – RPI	3.10%	3.10%	3.50%
Inflation – CPI	2.40%	2.40%	2.80%

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 £10.9m and if it was 0.1% higher, they would be expected to decrease by £10.6m. If the inflation assumption was 0.1% lower, the obligations would be expected to decrease by £5.1m and if it was 0.1% higher, they would be expected to increase by £5.2m.



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For the year ended 31 March 2016 – continued

21 Retirement benefit obligations continued

The mortality assumptions for the UK Scheme are based on 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	
	2016	2015
Current pensioners		
Male	24.0	23.9
Female	26.4	26.3
Future retirements		
Male	25.9	25.8
Female	28.4	28.3

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 £20.5m.

The provision included in the Consolidated Balance Sheet arising from obligations in respect of defined benefit schemes is as follows:

	Years ended 31 March	
	2016 £m	2015 £m
Present value of defined benefit obligations		
Unfunded scheme	15.8	15.0
Wholly or partly funded schemes	539.1	548.8
	554.9	563.8
Fair value of scheme assets	(296.6)	(305.2)
	258.3	258.6

The net present value of defined benefit obligations has moved as follows:

	Years ended 31 March	
	2016 £m	2015 £m
At beginning of year	563.8	462.3
Current service cost	2.1	2.3
Curtailment gain	–	(1.0)
Past service cost – pension rectification	10.5	–
Interest cost	17.1	19.0
Contributions by plan participants	0.6	0.7
Actuarial losses	(25.5)	93.1
Foreign currency exchange changes	3.0	(0.9)
Benefits paid	(16.7)	(11.7)
At end of year	554.9	563.8

The fair value of scheme assets has moved as follows:

	Years ended 31 March	
	2016 £m	2015 £m
At beginning of year	305.2	281.9
Interest income	9.0	11.5
Actual return on assets excluding amounts included in interest income	(12.4)	15.3
Foreign currency exchange changes	1.5	0.7
Contributions by the employer	9.4	6.8
Contributions by plan participants	0.6	0.7
Benefits paid	(16.7)	(11.7)
At end of year	296.6	305.2



21 Retirement benefit obligations continued

The assets held in defined benefit schemes were as follows:

	Years ended 31 March	
	2016 £m	2015 £m
Equity instruments	104.0	168.5
Debt instruments	109.6	95.4
Property	35.0	32.8
Other assets	48.0	8.5
	296.6	305.2

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 £253.2m of the Scheme's assets are held in active markets with quoted market prices, the remaining £43.4m is invested in small company shares held in private equity funds and illiquid funds.

For several years, the UK defined benefit 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 £7.2m for the year ending 31 March 2016. The weighted average duration of the defined benefit obligation is 22 years.

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.

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					
	2016 UK £m	2016 Overseas £m	2016 Total £m	2015 UK £m	2015 Overseas £m	2015 Total £m
Defined benefit obligations	(497.4)	(57.5)	(554.9)	(506.1)	(57.7)	(563.8)
Fair value of plan assets	259.8	36.8	296.6	266.1	39.1	305.2
Deficit	(237.6)	(20.7)	(258.3)	(240.0)	(18.6)	(258.6)



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For the year ended 31 March 2016 – continued

21 Retirement benefit obligations continued

FIVE YEAR EXPERIENCE	Years ended 31 March				
	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m
Defined benefit obligations	(554.9)	(563.8)	(462.3)	(423.4)	(381.1)
Fair value of plan assets	296.6	305.2	281.9	264.0	235.3
Deficit	(258.3)	(258.6)	(180.4)	(159.4)	(145.8)
Experience gains/(losses) on plan liabilities	1.5	5.3	(0.1)	(0.2)	(0.7)
on plan assets	(12.4)	15.3	8.0	14.5	(7.0)

Pension funding in excess of the charge to operating profit is shown in the Consolidated Cash Flow Statement as follows:

	Years ended 31 March	
	2016 £m	2015 £m
Contributions less service cost (note 29)	(7.3)	(4.5)

22 Share capital and share premium account

SHARE CAPITAL	Years ended 31 March	
	2016 number	2015 number
Authorised		
Ordinary shares of 1p each	513,808,171	513,808,171
Issued, called up and fully paid		
At 1 April	324,334,901	324,273,051
Shares issued in the year	1,018,608	61,850
At 31 March	325,353,509	324,334,901
Issued, called up and fully paid		
Ordinary shares of 1p each	3.3	3.2

The Company issued 960,180 shares at par value during the year ended 31 March 2016 on the exercise of options under the Company Share Option Plan (CSOP), 2,844 shares at par value on the exercise of options under the Performance Share Plan (PSP) and 55,584 shares for total consideration receivable of £30,129 on the 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 2016 was 1,704,808 (2015: 44,232) with a market value of £1.1m (2015: £20,789). 339,424 shares were used during the year to satisfy vesting of certain share-based incentives (2015: 2,935,732).



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22 Share capital and share premium account continued

SHARE PREMIUM ACCOUNT

	Years ended 31 March	
	2016 £m	2015 £m
At 1 April and 31 March	179.3	179.3

23 Reserves

RETAINED DEFICIT

	Years ended 31 March	
	2016 £m	2015 £m
At 1 April	(260.3)	(206.5)
Retained profit for the financial year	19.3	15.7
Dividends (note 9)	(7.7)	(7.1)
Non-controlling interests	(0.6)	(1.0)
Shares purchased by Employee Benefit Trust	(1.3)	–
Actuarial gain on pension schemes	13.1	(77.8)
Deferred tax movement on pension liability	(7.1)	15.6
Share based payments – charge for the year	1.3	0.8
At 31 March	(243.3)	(260.3)

OTHER RESERVES

	Exchange reserve £m	Hedging reserve £m	Total other reserves £m
Balance at 1 April 2014	2.5	(0.2)	2.3
Other comprehensive income:			
Fair value movement on cash flow hedge	–	0.2	0.2
Recycle to profit and loss	–	(0.4)	(0.4)
Currency translation differences	2.0	–	2.0
Balance at 31 March 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

24 Non-controlling interests

	Years ended 31 March	
	2016 £m	2015 £m
At 1 April	0.9	0.8
Dividends paid	(1.0)	(0.7)
Share of profit after tax	0.6	1.0
Exchange differences	0.1	(0.2)
At 31 March	0.6	0.9

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24 Non-controlling interests continued

Non-controlling interests relate to the following companies, all of which are companies registered in Germany:

	Years ended 31 March	
	2016 Group interest %	2015 Group interest %
Euro Lloyd DFB Reisebüro GmbH, Ffm	51%	51%
FC Bayern Tours GmbH, Munchen	50%	50%

25 Acquisitions

YEAR ENDED 31 MARCH 2015

On 1 July 2014, the Group acquired the 50% interest in Bay Sports – Travel GmbH, Leverkusen which it did not already own for a cash consideration of less than £0.1 m.

A final dividend of £0.8m, of which the Group's share was £0.4m, and which was proposed by Hogg Robinson Westminster (Hong Kong) Ltd in February 2014 prior to the acquisition of shares not already owned by the Group, was paid in February 2015.

26 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.

27 Operating leases

	Years ended 31 March	
	2016 £m	2015 £m
Outstanding commitments for future minimum lease payments:		
Due within one year	10.8	11.8
From second to fifth year inclusive	20.7	22.4
After five years	3.4	2.2
Total commitment	34.9	36.4

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 2016, on average, property leases had 2.9 years to run (2015: 2.8 years).



28 Related party transactions

REMUNERATION OF KEY MANAGEMENT

	Years ended 31 March	
	2016 £m	2015 £m
Short-term employee benefits	4.1	2.4
Share-based incentives	0.7	0.2
	4.8	2.6

The Key Management of the Group are the Executive 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 31 to 48 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 Committee Report on pages 40 to 48.

RECEIVABLES FROM ASSOCIATES AND JOINT VENTURES

	Years ended 31 March	
	2016 £m	2015 £m
Joint ventures		
Hogg Robinson Jinjiang Travel (China) Limited	0.4	0.4

PAYABLE TO ASSOCIATES AND JOINT VENTURES

	Years ended 31 March	
	2016 £m	2015 £m
Associates		
Bavaria Lloyd Reisebüro GmbH	0.3	0.3
Joint ventures		
Hogg Robinson Jinjiang Travel (China) Limited	0.2	0.3

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	
	2016 £m	2015 £m
Recharges by joint ventures		
Hogg Robinson Jinjiang Travel (China) Limited	0.2	–
Recharges to joint ventures		
Hogg Robinson Jinjiang Travel (China) Limited	0.1	0.1

	Years ended 31 March	
	2016 £m	2015 £m
Management charges to joint ventures		
Hogg Robinson Jinjiang Travel (China) Limited	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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For the year ended 31 March 2016 – continued

29 Cash generated from operations

	Years ended 31 March	
	2016 £m	2015 £m
Profit before tax from continuing operations	26.7	23.2
Adjustments for:		
Depreciation and amortisation (note 10 and 11)	11.4	11.9
Net increase in provisions	3.8	7.5
Share of results of associates and joint ventures	(1.0)	(1.1)
Net finance costs (note 6)	13.6	13.1
Pension curtailment credit	–	(1.0)
Pension past service cost	10.5	–
Other timing differences	1.3	0.8
	66.3	54.4
Cash expenditure charged to provisions (note 19)	(4.8)	(8.8)
Change in trade and other receivables	14.9	(4.5)
Change in trade and other payables	(21.0)	3.3
Pension funding in excess of charge to operating profit (note 21)	(7.3)	(4.5)
Cash generated from operations	48.1	39.9

30 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 2014, full vesting takes place in the event that the Company's underlying EPS cumulatively equals or is greater than 30.5p over the performance period, 25% if in the event that the Company's underlying EPS cumulatively equals or is greater than 25p 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 2016.
- 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.

Awards to certain senior executives (other than Key Management) are not subject to three year TSR or EPS performance conditions.



30 Share-based incentives continued

For certain awards made during the years ended 31 March 2014, 31 March 2015 and 31 March 2016, 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 £1.3m (2015: £0.8m) 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 2014	8,674,459	36p	9,819,386	53p	5,101,884
Granted during the year	2,782,038	-	-	58p	2,710,245
Exercised	(1,690,779)	24p	(2,645,629)	45p	(61,850)
Forfeited	-	-	-	55p	(904,299)
Lapsed	(1,427,186)	58p	(869,804)	-	-
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
Exercisable at 31 March 2015	-	32p	4,957,436	54p	1,836,031
Exercisable at 31 March 2016	-	33p	3,231,577	-	-
Granted subject to TSR conditions	3,496,796	-	2,771,024	-	-
Granted subject to EPS conditions	4,528,893	-	3,532,929	-	-
Granted without performance conditions	312,843	-	-	-	6,845,980
At 31 March 2015	8,338,532	-	6,303,953	-	6,845,980
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

The range of exercise of outstanding share-based incentives was nil to 58 pence with a weighted average contractual life of 3.2 years.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016 – continued

30 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)	61
Weighted average fair value of share-based incentives granted (pence)	28
Weighted average exercise price (pence)	20
Weighted average share price during the year (pence)	63

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:	
Expected life (years)	1.25 – 3.25
Vesting period (years)	1 – 3
Expected vesting (%)	0 – 100
Expected and historic volatility (%)	31
Risk free rate of return (%)	1 – 2
Expected dividend yield (%)	3 – 4
Three year correlation of total shareholder return with support sector index (%)	10

	Number of shares	Grant date	Share price at grant date	Fair value	Vesting date
PSP TSR	1,059,690	21/05/2015	57p	21p	22/05/2018
PSP EPS	1,059,691	21/05/2015	57p	50p	22/05/2018
PSP EPS	284,245	22/05/2015	57p	54p	21/05/2016
PSP EPS	284,245	22/05/2015	57p	52p	21/05/2017
PSP EPS	284,269	22/05/2015	57p	50p	21/05/2018
PSP without performance conditions	1,250,000	22/05/2015	57p	52p	21/05/2017
PSP TSR	153,334	26/11/2015	75p	38p	21/05/2018
PSP EPS	153,333	26/11/2015	75p	68p	21/05/2018
PSP without performance conditions	100,000	06/01/2016	73p	68p	06/01/2018
	4,628,807				

In the year ended 31 March 2016, volatility was derived directly from the Group's share price over the period from listing.

31 Details of related undertakings of Hogg Robinson Group plc

Hogg Robinson Group plc is a public limited company 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 Main Market of the London Stock Exchange.



31 Holding company and principal trading subsidiaries continued

In accordance with 'The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015', a full list of subsidiaries, associates and joint ventures 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.

Subsidiaries: Registered in England and Wales, wholly owned	Principal activities	
HRG Debtco Limited	Holding and financing company	
Farnborough Limited	Holding and contracting company	
Hogg Robinson plc	Support services	
Hogg Robinson (Travel) Limited	Travel Management	
Hogg Robinson Money Matters Limited	Holding and financing company	
Farnborough Finance (2007) Limited	General commercial company	
Fraedom Holdings Limited	Holding company	
Fraedom UK Limited	Technology	
Wilson Albany Limited	Holding company	
Eurocentre (Travel) Limited	Holding company	
HT General Agency Limited	Holding company	
Hogg Robinson (Transport and Financial Services) Dormants Limited	Dormant	
Hogg Robinson Corporate Holdings Limited	Dormant	
Worldmark Travel Limited	Dormant	
Powerwaves Limited	Dormant	
Business Travel International Limited	Dormant	
ABZ Finance Limited	Dormant	
Rennie Hogg Ship Agents Limited	Dormant	

Subsidiaries: Incorporated overseas, wholly owned	Principal activities	Country of incorporation
Hogg Robinson Australia Pty Limited	Travel Management	Australia
Hogg Robinson Australia Holdings Pty Limited	Holding company	Australia
Fraedom Pty Limited	Technology	Australia
Hogg Robinson Austria GmbH	Travel Management	Austria
HRG Belgium NV	Travel Management	Belgium
Church Street (Belgium) CVBA	Holding company	Belgium
Compagnie Dens Ocean NV	In liquidation	Belgium
Hogg Robinson Canada Inc	Travel Management	Canada
Hogg Robinson Holdings Canada Inc	Holding company	Canada
BTI Executive Travel Centre Inc	Dormant	Canada
Hogg Robinson s.r.o	Travel Management	Czech Republic
Hogg Robinson Nordic OY	Travel Management	Finland
Hogg Robinson France SA	Travel Management	France
Hogg Robinson Germany GmbH & Co KG	Travel Management	Germany
Hogg Robinson Reisen Betelligungs GmbH	Travel Management	Germany
HRG Mobility Services GmbH	Travel Management	Germany
Euro Lloyd Sports GmbH	Travel Management	Germany
BTI Business Travel International Germany GmbH	Dormant	Germany
Sepals Limited	Dormant	Gibraltar
Hogg Robinson Hong Kong Ltd	Travel Management	Hong Kong
Hogg Robinson Magyarorszag kft	Travel Management	Hungary
Hogg Robinson Italia SpA	Travel Management	Italy
Advanced Reservation Centre Srl	Travel Management	Italy
Hogg Robinson Holdings BV	Holding company	Netherlands
Fraedom Company Limited	Technology	New Zealand
Hogg Robinson Nordic AS	Travel Management	Norway
Hogg Robinson Nordic Holdings AS	Holding company	Norway
Hogg Robinson Polska Sp. z.o.o	Travel Management	Poland
BTI Russia LLC	Travel Management	Russia
Hogg Robinson Russia LLC	Travel Management	Russia
Hogg Robinson Singapore Pte Limited	Travel Management	Singapore

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016 – continued

31 Holding company and principal trading subsidiaries continued

Subsidiaries: Incorporated overseas, wholly owned continued	Principal activities	Country of incorporation	
Hogg Robinson Group Espania S.A.U.	Travel Management	Spain	
Hogg Robinson Nordic Services AB	Travel Management	Sweden	
Hogg Robinson Nordic AB	Travel Management	Sweden	
Hogg Robinson Switzerland Limited	Travel Management	Switzerland	
Hogg Robinson USA LLC	Travel Management	USA	
Executive Travel Associates LLC	Travel Management	USA	
HRG Affiliates LLC	Travel Management	USA	
Fraedom LLC	Technology	USA	
Spendvision Services LLC	Technology	USA	
Hogg Robinson USA Holdings Inc	Holding company	USA	
Sea Gate Charters Inc	Dormant	USA	
Synergistic Force LLC	Dormant	USA	
ATM Phoenix Limited	Dormant	USA	
Hogg Robinson Canada (USA) Inc	Dormant	USA	

Subsidiaries: Incorporated overseas, partly owned	Principal activities	Country of incorporation	% Holding
DFB Reisburo GmbH	Travel Management	Germany	51
FC Bayern Tours GmbH	Travel Management	Germany	50

Associates and Joint Ventures	Principal activities	Country of incorporation	% Holding
Hogg Robinson Jinjiang Travel (China) Limited	Travel Management	China	51
Austrian Sportstravel Management GmbH	Travel Management	Austria	50
Liga Travel GmbH	Travel Management	Germany	49
besttravel dortmund GmbH	Travel Management	Germany	49
W.E.L.T. Reiseburo GmbH	Travel Management	Germany	49
Bavaria Lloyd Reiseburo GmbH	Travel Management	Germany	49
Business Travel International BV	Travel Management	Netherlands	50
Fraedom Japan KK	Technology	Japan	45



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 2016;
- 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 2016; 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

Companies Act 2006 opinion

In our opinion, 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.

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 Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and 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.

Other matter

We have reported separately on the group financial statements of Hogg Robinson Group plc for the year ended 31 March 2016.

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

24 May 2016

- 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.
- 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 FINANCIAL STATEMENTS



PARENT COMPANY BALANCE SHEET

As at 31 March 2016

	Notes	As at 31 March	
		2016 £m	2015 £m
Fixed assts			
Investments	4	132.1	132.1
Current assets			
Trade and other receivables	5	123.1	130.7
Total assets		255.2	262.8
Creditors: amounts falling due within one year			
Trade and other payables	6	(0.3)	(0.3)
Total liabilities		(0.3)	(0.3)
Net assets		254.9	262.5
Equity			
Called up share capital	7	3.3	3.2
Share premium account		179.3	179.3
Profit and loss account		72.3	80.0
Total shareholders' funds		254.9	262.5

The financial statements on pages 106 to 111 were approved by the Board of Directors on 24 May 2016 and were signed on its behalf by:

David Radcliffe
Director

Michele Maher
Director

Registered number: 3946303



PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Attributable to equity holders of the Company			
	Called up share capital £m	Share premium account £m	Retained earnings £m	Total Shareholders' funds £m
Balance at 1 April 2015	3.2	179.3	80.0	262.5
Retained profit 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

	Attributable to equity holders of the Company			
	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 1 April 2014	3.2	179.3	85.7	268.2
Retained profit for the year	-	-	0.6	0.6
Total transactions with owners:				
- Dividends	-	-	(7.1)	(7.1)
- Share-based incentives - charge for year	-	-	0.8	0.8
Total transactions with owners:	-	-	(6.3)	(6.3)
Balance at 31 March 2015	3.2	179.3	80.0	262.5

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NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Year ended 31 March 2016

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,
 - 40A-D requirements for a third statement of financial position,
 - 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 taxes 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.

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.



2 Transition to FRS101

This is the first year that Hogg Robinson Group plc has presented its Company Financial Statements under FRS 101. The last financial statements prepared under UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 101 was 1 April 2003, to be consistent with the Group's transition date in accordance with IFRS 1. There are no transitional adjustments on adoption of FRS101.

3 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. Hogg Robinson Group plc reported a profit for the financial year ended 31 March 2016 of £41k (2015: £0.6m).

Audit fees and non-audit fees for the Company are borne by a subsidiary of this Company, Hogg Robinson plc.

4 Investments

	Subsidiary companies £m
Cost:	
At 1 April 2015 and 31 March 2016	132.1

For details of investments in subsidiaries see Note 31 of the Consolidated Financial Statements.

5 Trade and other receivables

	Years ended 31 March	
	2016 £m	2015 £m
Amount due from subsidiary companies	123.1	130.7

Trade receivables of £68.5m (2015: £79.9m) fall due after more than one year.

Amounts due from subsidiary companies after more than one year are unsecured and interest was charged at LIBOR + 1.85% (2015: LIBOR + 1.85%).

Amounts owed by other group undertakings within one year are unsecured and interest free.

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NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Year ended 31 March 2016 – continued

6 Trade and other payables

	Years ended 31 March	
	2016 £m	2015 £m
Accruals and deferred income	0.3	0.3

Amounts owed from one group undertaking within one year are unsecured and interest was charged at LIBOR + 1.85% (2015: LIBOR + 1.85%).

Amounts owed from other group undertakings within one year are unsecured and interest free.

7 Called up share capital

	Years ended 31 March	
	2016 number	2015 number
Authorised		
Ordinary shares of 1p each	513,808,171	513,808,171

	Years ended 31 March	
	2016 number	2015 number
Issued, called up and fully paid		
At 1 April	324,334,901	324,273,051
Shares issued in year	1,018,608	61,850
At 31 March	325,353,509	324,334,901

	Years ended 31 March	
	2016 £m	2015 £m
Issued, called up and fully paid		
Ordinary shares of 1p each	3.3	3.2

The Company issued 960,180 shares at par value during the year ended 31 March 2016 on the exercise of options under the Company Share Option Plan (CSOP), 2,844 shares at par value on the exercise of options under the Performance Share Plan (PSP) and 55,584 shares for total consideration receivable of £30,129 on the 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 2016 was 1,704,808 (2015: 44,232) with a market value of £1.1m (2015: £20,789). 339,424 shares were used during the year to satisfy vesting of certain share-based incentives (2015: 2,935,732).



8 Dividends per share

The dividends paid to the Company's Shareholders in the year ended 31 March 2016 were:

	Years ended 31 March	
	2016 £m	2015 £m
Final dividend in respect of year ended 31 March 2015 1.69p per share (31 March 2014: 1.58p per share)	5.5	5.1
Interim dividend in respect of year ended 31 March 2016 0.68p per share (31 March 2015: 0.63p per share)	2.2	2.0
Total dividends to the Company's shareholders (note 9)	7.7	7.1

A final dividend in respect of the year ended 31 March 2016 of 1.83p per Ordinary share, amounting to a final dividend of £5,922,771 is to be proposed at the Annual General Meeting on 22 July 2016. The Employee Benefit Trust has waived its rights to dividends.

9 Employees

The Company has no employees.

Disclosure of the Directors' emoluments can be found in the Remuneration Report on pages 31 to 48 of the Annual Report.

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Strategic report

Governance

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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

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

Macfarlanes

20 Cursitor Street

London

EC4A 1LT

FINANCIAL ADVISERS

NM Rothschild & Sons Limited

New Court

St Swithin's Lane

London

EC4N 8AL

COMPANY BROKERS

Canaccord Genuity Limited

88 Wood Street

London

EC2V 7QR

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	22 July 2016
2016 Annual General Meeting	22 July 2016
Payment date for the FY16 final dividend	29 July 2016
Half-Yearly Results announcement for the six months to 30 September 2016	November 2016
Payment date for the FY17 interim dividend	January 2017
Interim Management Statement	February 2017
Preliminary announcement of FY17 results	May 2017
FY17 Annual Report posted to shareholders	June 2017

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.



HOGG ROBINSON
GROUP ^{plc}

HRG | Frædom

Hogg Robinson Group plc

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