2018 Annual Report and Accounts

5 June 2018

Chairman's Statement

GBG has delivered another strong year with good progress in executing our strategy. Overall growth for the year was very solid, which demonstrates the Group's continued ability to move quickly and capitalise on opportunities in evolving markets.

Performance
GBG's financial performance in the year was ahead of market expectations. Revenues increased by 37% to £119.7 million (2017: £87.5 million), of which almost half (17%) was organic growth. Adjusted operating profit[ᵻ] saw a 55% increase to £26.3 million (2017: £17.0 million) contributing to an increase in adjusted earnings per share of 17% to 15.3 pence (2017: 13.1 pence). Deferred revenue in the balance sheet (in respect of amounts already invoiced under annual or multi-year contracts, but which will be recognised in future periods) increased by £9.3 million to £28.3 million, providing us with clear revenue visibility for the first quarter and beyond.

GBG continues to be cash generative and cash balances at 31 March 2018 were £22.8 million (2017: £17.6 million). Net cash balances were £13.5 million (2017: £5.2 million).

Dividend
We remain committed to delivering increasing returns to shareholders. Accordingly, the Board is recommending a final dividend of 2.65 pence per share, which we will propose to shareholders for approval at the Annual General Meeting in July. If approved, this will represent a tenth year of growth in dividends and the dividend will be paid on 24 August 2018.

Achievements and Strategic Outlook
There have been a number of highlights this year. We developed our existing products with the addition of Visualise, a capability within GBG Connexus, alongside improvements in other products. We further expanded our global data coverage and we have made good progress throughout the year implementing GDPR (General Data Protection Regulation). We have also seen a number of key international wins and have successfully integrated PCA Predict into the Group.

Looking forward there are good opportunities to continue our growth in all of our core markets. We expect to develop our business with existing customers, increase our share of existing markets and continue to expand internationally. We are investing in innovation and customer experience, as well as in sales and marketing capabilities. Our people are vital to our success and we will continue to build upon our special company culture with its high levels of staff engagement.

The year overall
2018 has been another successful year. It is testament to our team that we have once again delivered such a strong performance. On behalf of the Board, I would like to thank all of our people for being so passionate in their efforts in helping turn GBG's vision into action. I would also like to thank Chris Clark and his Executive Team for a good first year and to mention the seamless handover of the Audit Committee chair from Dick Linford to Liz Catchpole.

David A Rasche
Chairman

[ᵻ] *Adjusted operating profit means profit before amortisation of acquired intangibles, share-based payment charges, exceptional items, net finance costs and tax.*

Chief Executive's Statement

I'm really pleased to share our annual results with our shareholders.

Looking back it's been a year of building relationships. If I start with our customers, I've spent time meeting them all around the world and getting to understand the challenges they face. In particular, I've been learning about how they balance the need to manage risk with delivering a great experience for their own customers.

I've been encouraged by what I've seen. It makes me proud to see that we can support them with this challenge through new, compliant technology solutions that help reduce the risk of fraud, while making sure that their own customers have a smooth onboarding experience. The pace of change in the world is ever increasing and with this security, privacy and fraud are front of mind. The breadth of our data sources and strength of our tools provide increasingly valuable safeguards and mean we are well positioned in this dynamic environment.

Turning to our team, I've really enjoyed working with and getting to know the business, its people, products and operations. We have a solid track record of delivering for both customers and shareholders and I'm encouraged to see those standards maintained with such a positive set of results this year.

Overview
This has been another year of healthy financial performance. Last year I expressed confidence that we could capitalise on market opportunities through our clear strategy, strong leadership, good customer relationships, new acquisitions, new products, and investment in our people. We've made good progress delivering sustained growth in our core business, with acquisitions from recent years playing a significant part. International growth has continued, with international revenues increasing from 31% to 34% of our total business.

Technology remains the key driver of change. We've increased our focus on how we can exploit technology-driven innovation through a range of 'build and buy' models. We're investing in our own platforms, to make us more agile and efficient, with cloud, microservices and InfoSec as key priorities. We've also been broadening the data sets we use, while enhancing our capabilities in product innovation.

In line with our strategy, we continue to explore potential acquisitions to expand our capabilities, datasets and geographic presence. One example is adding Verifeyed to the Group: while small, it's an example of how we're strengthening our capability to detect digital image-tampering. We've also successfully integrated two businesses we'd previously acquired – IDscan and PCA Predict – and it is pleasing to note that PCA Predict is growing even faster this year than it did before the acquisition.

Changes in regulation continue to provide opportunities and challenges. Our programme to implement GDPR has gone well leaving us well-positioned from a compliance perspective. It has also given us the chance to review and improve our data-supply relationships.

We've made progress with our identity assurance service. We are a certified provider on the UK Government's GOV.UK Verify platform, both indirectly as a technology partner of Royal Mail Group and directly with our own CitizenSafe® brand. We've taken action to improve the service and the GOV.UK Verify project is certainly helping us to learn more about developing digital identity models, with wider opportunities emerging.

We've managed risks effectively and as we refine our strategy and plans for the year ahead we will continue to ensure that changes to the market and international political uncertainties remain at the front of our minds.

Growth: New Business and International Expansion
We have a healthy renewal stream from our existing customer base – and we are continuing to attract new, high-quality customers to our portfolio. In November, we announced that LEGO was using our location intelligence services and KBC Ireland was using our IDscan technology. Nordstrom, in the USA, is using our address verification services to improve their customers' online experience during the checkout process.

Our fraud and risk management business continues to make progress in the EMEA and APAC regions. New customers using our fraud solutions include a major Indonesian bank, Bank Mega and Bank of Shanghai.

Customer Experience
Over the past year we've focussed even more on customer experience across our business. The feedback our customers have given demonstrates the strong and loyal customer relationships we have, but we recognise that there's always more we can do. With that in mind Customer Experience is now a leadership role on our Executive team for the first time. This makes it clear to everybody in the business how important this is to us and will help to speed up improvements to our customer facing programmes.

Specifically, in February we launched our first 'service status portal' for customers providing them with real time performance statistics of our eIDV service. We've also put in place measures to make sure customers get a consistent experience of GBG, regardless of how they contact us.

Looking to the future we'll be making improvements to our product experience, account management and helpdesks. Our aim is to make it easier and simpler for people to use our services.

We have also brought together our strategy, marketing and product teams under a single Executive Team role, focused on Customer Insight & Innovation. This will make sure that the needs of our customers directly inform the direction of the business and our investment in developing new products.

Chief Executive's Statement

Products & Data
We have continued to broaden our global data portfolio. We have:

- New and improved identity data for China, Australia, France and Spain;
- Better location data for Malaysia, Singapore, Norway, Sweden, Denmark, Austria, Italy, Luxembourg and the Netherlands; and
- A refreshed supply of mobile data in the UK.

As well as providing more data, we want to make it easier for our customers to use our products. We've worked with our suppliers to simplify the customer experience, reducing customer effort and improving reliability by migrating to higher performing platforms and contracts. We have also launched our advanced data visualisation tool, Visualise by GBG Connexus. This lets businesses interrogate and identify patterns, trends and correlations between people, properties, and places. Until now, these would all have been hidden. Visualise delivers simple, intuitive links between more than a billion records and presents the data clearly and concisely.

People
We now have more than 800 people in our team, working in 18 countries. We believe that if that team is happy and engaged they'll deliver great service and products for our customers and other stakeholders. Our employee engagement scores show that our people are proud of GBG and feel it is a great place to work.

However, we're not standing still; there's still more that we can improve, and we're investing and working hard to make GBG an even better place to work. This year, in learning and development, we've launched our program for people managers, accredited by the Institute of Leadership & Management. We've also simplified the processes for hiring and resourcing and we've refreshed our workplaces, including a new office in Melbourne.

Current Trading & Outlook
The new financial year is trading in line with the Board's expectations. For the future, we have clear plans for organic growth and a healthy focus on opportunities for acquisitions. I'm excited about the prospects we have to develop our business further.

Chris Clark
Chief Executive

Finance Review

Principal Activities and Business Review

The principal activity of GB Group plc ('GBG') and its subsidiaries (together 'the Group') is the provision of identity data intelligence services. GBG helps organisations recognise and verify all elements of an individual's identity at key interactions in their business processes. Through the application of our proprietary technology, our vision is to inform business decisions between people and organisations globally.

In order to reflect how the Group presents its lines of business to its stakeholders, the naming and structure of the operating segments was amended with effect from 1 April 2017. 'Identity Proofing' became known as 'Fraud, Risk & Compliance' and 'Identity Solutions' became known as 'Customer & Location Intelligence'. Furthermore, the 'ID Trace & Investigate' line of business transferred into 'Fraud, Risk & Compliance'.

The performance of the Group is reported by segment, reflecting how we run the business and the economic characteristics of each segment. The Group's two operating segments were as follows:

- **Fraud, Risk & Compliance** – which provides ID verification, ID Compliance and Fraud Solutions, ID trace & investigate and employment screening.
- **Customer & Location Intelligence** – which provides ID Location Intelligence and ID engage solutions.

Postcode Anywhere (Holdings) Limited ('PCA'), which was acquired during the period, is reported within the Customer & Location Intelligence division.

Between them, the segments have six complementary lines of business:

- **ID Verification**, which provides the ability to verify consumers' identities remotely, without the physical presentation of documentation, in order to combat ID fraud, money laundering and restrict access to under-age content, purchases and gambling.
- **ID Employ & Comply**, which provides background checks through online verification and authentication of individuals, enabling organisations to safeguard, recruit and engage with confidence.
- **ID Compliance and Fraud Solutions**, which provides fraud detection, risk management and consumer on-boarding solutions.
- **ID Location Intelligence**, which includes software and services for quick and accurate consumer registration and validation of records.
- **ID Engage**, which provides database services so our customers can better understand, target and retain their consumers and offers accurate and up-to-date identity information for their contact strategies.
- **ID Trace & Investigate**, which provides the largest and most accurate picture of the UK's population and properties in order to locate and contact the right individual, first time.

The Group results are set out in the Consolidated Statement of Comprehensive Income and are explained in this Finance Review. A review of the Group's business and future development is contained in the Chairman's Statement, Chief Executive's Statement and Finance Review.

Group Vision and Strategy

The Group's vision is to be the leader in identity data intelligence, informing business decisions between people and organisations globally.

The Group's strategy is to create and maintain unique online products and services which provide additional value for customers and are of sufficient strength to enable the Group to create new markets and consistently win new business against its competition. The Group achieves this through its investment in people, business and product development opportunities and the application of innovation, quality and excellence in everything it does.

Review of the Business

The Group uses adjusted figures as key performance measures in addition to those reported under adopted IFRS as they better reflect the underlying performance of the business. Adjusted figures exclude certain non-operational or exceptional items, which is consistent with prior year treatments. Adjusted measures are marked as such when used.

Finance Review continued

The following description of the Group's performance is complemented by the segmental analysis in note 4 to the accounts which shows the contributions from the Fraud, Risk & Compliance and Customer & Location Intelligence segments. The overall impact of our acquisitions in the year will not be fully evident in our segments until 2019.

	2018	2017	Change	Change
	£'000	£'000	£'000	%
Revenue	119,702	87,486	32,216	37%
Adjusted operating profit	26,311	17,006	9,305	55%
Share-based payments	(2,375)	(994)	(1,381)	(139)%
Amortisation of acquired intangibles	(7,885)	(4,022)	(3,863)	(96)%
Operating profit before exceptional items	16,051	11,990	4,061	34%
Exceptional items	(2,143)	(1,410)	(733)	(52)%
Net finance costs	(508)	(498)	(10)	(2)%
Group profit before tax	13,400	10,082	3,318	33%
Total tax (charge)/credit	(2,746)	668	(3,414)	(511)%
Group profit for the year attributable to shareholders	10,654	10,750	(96)	(1)%
Adjusted earnings[1]	23,057	17,176	5,881	34%
Basic weighted average number of shares ('000)	150,553	131,609	18,944	14%
Adjusted basic earnings per share (pence) [1]	15.3	13.1	2.2	17%

[1] *Adjusted earnings and adjusted earnings per share ('EPS') are both non-GAAP measures determined with reference to the adjusted operating profit less net finance costs and tax.*

The Group's overall profile has changed through acquisitions concluded during both this year and in the previous year. These businesses have delivered strong performances in the 12 month period ended 31 March 2018 while being underpinned by solid organic revenue growth of 17 per cent.

Adjusted operating profit for the year increased by 55 per cent to £26.3 million, reflecting:

- Revenue growth of 37 per cent to £119.7 million. This increase included organic growth of 17 per cent.
- The adjusted operating profit margin increased from 19 per cent to 22 per cent, notwithstanding significant continued investment for growth made over the course of the year.

Group profit before taxation increased by 33 per cent in the year to £13.4 million. The total tax charge of £2.7 million compares to a tax credit of £0.7 million in the previous year and as a consequence of this tax change the Group profit for the year attributable to shareholders reduced by 1% to £10.7 million.

Adjusted basic earnings per share improved by 17 per cent to 15.3 pence (2017: 13.1 pence). Basic earnings per share decreased by 13 per cent to 7.1 pence (2017: 8.2 pence). Group cash conversion was strong with net cash generated from operating activities of £28.4 million (2017: £14.1 million) compared to operating profit before depreciation, amortisation, share-based payments and exceptional items (Adjusted EBITDA) of £28.7 million (2017: £18.7 million).

The Group's balance sheet and financing ability remain strong.

Adjusted EBITDA
Adjusted EBITDA was £28.7 million (2017: £18.7 million), consisting of adjusted operating profit of £26.3 million (2017: £17.0 million), depreciation of £1.4 million (2017: £1.0 million) and amortisation of purchased software and internally developed software of £1.0 million (2017: £0.7 million).

Exceptional Items
Exceptional costs of £2.1 million (2017: £1.4 million) were incurred by the Group in the year and have been detailed in note 7 to the accounts.

Net Finance Costs
The Group has incurred net finance costs for the year of £0.5 million (2017: £0.5 million).

Acquired Intangibles Amortisation
The charge for the year of £7.9 million (2017: £4.0 million) represents the non-cash cost of amortising separately identifiable intangible assets including technology-based assets and customer relationships that were acquired through business combinations. The increased charge in the year is due to the impact of the acquisition of Postcode Anywhere (Holdings) Limited during the current year.

Taxation
The Group tax charge of £2.7 million (2017: £0.7 million credit) includes £4.4 million of current tax payable on the Group's profits in the year (2017: £1.7 million).

Dividend
The Board of Directors will propose a final ordinary dividend of 2.65 pence per share (2017: 2.35 pence per share), amounting to £4.0 million (2017: £3.6 million). The final ordinary dividend with respect to the year ended 31 March 2018, if approved, will be paid on 24 August 2018 to ordinary shareholders whose names were on the register on 20 July 2018. The Group continues to operate a Dividend Reinvestment Plan, allowing eligible shareholders to reinvest their dividends into GBG shares.

Earnings per Share

The earnings per share analysis in this report and in note 13 cover four measures: adjusted basic earnings per share (adjusted operating profit less net finance costs and tax); adjusted diluted earnings per share (adjusted operating profit less net finance costs and tax adjusting for the dilutive effect of share options); basic earnings per share (profit attributable to equity holders); and diluted earnings per share (adjusting for the dilutive effect of share options). Adjusted earnings (adjusted operating profit less net finance costs and tax) was £23.0 million (2017: £17.2 million) resulting in a 17 per cent increase in adjusted basic earnings per share from 13.1 pence to 15.3 pence. Basic earnings per share decreased by 13 per cent from 8.2 pence to 7.1 pence reflecting the higher adjusted operating profit being offset by the increase in the amortisation in intangible assets, the costs of deferred consideration, the costs of acquisitions, higher taxes and a higher number of shares in issue. The weighted average number of shares at 31 March 2018 increased to 150.6 million (2017: 131.6 million).

Cash Flows

Group operating activities before tax payments generated £31.6 million of cash and cash equivalents (2017: £16.3 million) representing an increase of 94 per cent and an adjusted EBITDA to cash conversion ratio of 110 per cent (2017: 87 per cent). Operating cash flows continue to be healthy and the Group continually monitors its measures of cash generation and collection. Net cash generated by operating activities before working capital movements increased by 52 per cent to £23.7 million (2017: £15.6 million). Group investing activities resulted in net outflows of £72.3 million (2017: £39.0 million) including £70.3 million (2017: £36.8 million) in respect of acquisitions/investments, £2.1 million (2017: £2.2 million) on plant and equipment and software purchases and £nil on product development (2017: £21,000). Financing activities generated £49.7 million (2017: £29.6 million) of net cash in the year and included £3.6 million of dividends paid (2017: £2.8 million). The Group's overall cash and cash equivalents increased by £5.1 million (2017: £5.2 million increase) in the year. Further detailed analysis of this movement is included in the Consolidated Cash Flow Statement.

Acquisitions

During the year the Group acquired Postcode Anywhere (Holdings) Limited, an unlisted company based in the UK. The total cash consideration paid, net of cash acquired, was £62.9 million. This acquisition was part-funded by the issue of 17.1 million shares as part of a placing that raised £56.3 million. In addition, a total of £7.5 million of contingent consideration was paid out in the year relating to IDscan Biometrics Limited. Further information on these acquisitions and the contingent consideration can be found in notes 30 and 31 to the accounts.

Deferred Income

Deferred income balances at the end of the year increased by 49 per cent to £28.3 million (2017: £19.0 million). This balance principally consists of contracted licence revenues and profits that are payable up front but recognised over time as the Group's revenue recognition criteria are met. The increase has been driven by continued strong contracted sales growth which will deliver their revenues and profits in future years.

The deferred income balance does not represent the total contract value of any future unbilled annual or multi-year, non-cancellable agreements as the Group more typically invoices customers in annual or quarterly instalments. Deferred income is influenced by several factors, including seasonality, the compounding effects of renewals, invoice duration, invoice timing and new business linearity within a reporting period.

Net Assets

Group net assets at the end of 2018 were £157.8 million, an increase of £63.6 million on the 2017 level of £94.2 million. This growth is driven by the increase in equity capital of £56.7 million combined with the total comprehensive income for the year of £7.4 million, less dividends paid of £3.6 million and after adjusting for share-based payments and tax on share options of £2.4 million and £0.7 million, respectively.

Relationships

Other than our shareholders, the Group's performance and value are influenced by other stakeholders, principally our customers, suppliers, employees and our strategic partners. Relationships are managed both on an individual basis and via representative groups. The Group participates in industry groups which give genuine access to customers, suppliers and decision makers in government and other regulatory bodies.

Treasury Policy and Financial Risk

The Group's treasury operation is managed within formally defined policies and reviewed by the Board. The Group finances its activities principally with cash, short-term deposits and borrowings but has the ability to draw down up to £50 million of further funding from a revolving credit facility that is in place. Other financial assets and liabilities, such as trade receivables and trade payables, arise directly from the Group's operating activities. Surplus funds of the Group are invested through the use of short-term deposits, with the objective of reasonable interest rate returns while still providing the flexibility to fund ongoing operations when required. It is not the Group's policy to engage in speculative activity or to use complex financial instruments.

The Group is exposed to a variety of financial risks including: market risk (including foreign currency risk and cash flow interest rate risk), credit risk and liquidity risk which are described in note 24 to the accounts.

Finance Review continued

Use of non-GAAP Measures in the Group Financial Statements

The Group has identified certain measures that it believes will assist in understanding the performance of the business. The measures are not defined under IFRS and therefore may not be directly comparable with other companies' adjusted measures. The non-GAAP measures are not intended to be a substitute for, or superior to, any IFRS measures of performance, however management considers them to be important comparatives and key measures used within the business for assessing performance. Further information can be found in note 32.

The following are the key non-GAAP measures identified by the Group and used in the Strategic Review and Financial Statements:

Organic Growth
Organic growth is defined by the Group as year-on-year continuing revenue growth, excluding acquisitions, until the date of their anniversary.

Adjusted Operating Profit
Adjusted operating profit means profits before amortisation of acquired intangibles, share-based payment charges, exceptional items, net finance costs and tax.

Adjusted EBITDA
Adjusted EBITDA means operating profit before depreciation, amortisation, share-based payment charges, exceptional items, net finance costs and tax.

Adjusted Earnings
Adjusted earnings represents adjusted operating profit less net finance costs and tax.

Adjusted Earnings Per Share ('Adjusted EPS')
Adjusted EPS represents adjusted earnings divided by a weighted average number of shares in issue, and is disclosed to indicate the underlying profitability of the Group.

Approved by the Board on 5 June 2018.

D J Wilson
CFO & COO

Key Performance Indicators

The Board monitors the Group's progress against its strategic objectives and the financial performance of the Group's operations on a regular basis. Performance is assessed against the strategy and budgets using financial and non-financial measures.

The following details the principal Key Performance Indicators ('KPI's) used by the Group, giving the basis of calculation and the source of the underlying data. A summary of performance against these KPIs is given below.

The Group uses the following primary measures to assess the performance of the Group and its propositions.

Financial

- **Revenue**
  Revenue and revenue growth are used for internal performance analysis to assess the execution of our strategies. Organic growth is also measured, although the term 'organic' is not a defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies. Organic growth is defined by the Group as year-on-year continuing revenue growth, excluding acquisitions, until the date of their anniversary and will be reported at each reporting interval.

- **Adjusted Operating Profit**
  This is used throughout the Group by management for internal performance analysis and to assess the execution of our strategies. Management believe that this adjusted measure is a more appropriate metric to understand the underlying performance of the Group.

- **Adjusted EBITDA**
  This is used by the Group for internal performance analysis to assess the execution of our strategies. Management believe that this adjusted measure is a more appropriate metric to understand the underlying performance of the Group.

- **Earnings per Share**
  Earnings per share is calculated as basic earnings per share from continuing operations on both an adjusted and unadjusted basis.

- **Cash**
  Cash and cash equivalent balances are used by the Group for internal performance analysis and by investors to assess progress against outlook statements.

- **Deferred Income**
  Deferred income, which is included in our Consolidated Balance Sheet, is the amount of invoiced business in excess of the amount recognised as revenue. This is an important internal measure for the business and represents the amount that we will record as revenue in our Consolidated Statement of Comprehensive Income in future periods. Trends may vary as business conditions change.

- **International Revenue as a percentage of Total Revenue**
  This is an important internal measure for the Group to assess progress towards expanding our international operations.

Non-Financial

- **Employee Engagement**
  Employee engagement is a key focus area for the business in order to retain and grow what we believe is some of the best talent in our industry.

- **Number of Countries with an Active Customer Presence**
  This is an important internal measure for the Group to assess progress towards expanding our international operations.

Key Performance Indicators continued

Performance against KPIs

A summary of the Group's progress in achieving its objectives, as measured against KPIs, is set out below.

	Year ended 31 March	
	2018	2017
Revenue growth	**37%**	19%
Organic revenue growth	**17%**	10%
Fraud, Risk & Compliance revenue growth	**27%**	29%
Customer & Location Intelligence revenue growth	**53%**	5%
Adjusted operating profit (£'000)	**26,311**	17,006
Adjusted operating profit %	**22%**	19%
Adjusted EBITDA (£'000)	**28,688**	18,734
Adjusted EBITDA %	**24%**	21%
Earnings per share – basic	**7.1p**	8.2p
Earnings per share – adjusted basic	**15.3p**	13.1p
Cash (£'000)	**22,753**	17,618
Deferred income (£'000)	**28,347**	18,997
International revenue as a percentage of total revenue	**34%**	31%
Employee engagement	**>80%**	>80%
Number of Countries with an active customer presence	**79**	71

Principal Risks and Uncertainties

Risk Management

We consider risk assessment and control to be fundamental in achieving our strategic objectives and have established an ongoing process for identifying, evaluating and managing the significant risks that we face and the effectiveness of the related controls. This process is reviewed every six months by the Audit & Risk Committee, who report their findings to the Board.

The Board/Audit & Risk Committee

Our Board has overall responsibility for the risk management framework. The framework is not designed to eliminate risk but define and manage the type of risk and level of exposure we are prepared to take in pursuit of our strategic objectives to ensure decisions taken align with the Group's risk appetite. They review the recommendations made to them by the Audit & Risk Committee

The Executive Team

Our Executive Team are each responsible for the management of the specific risks within their own business unit. They also report into the Internal Controls Team where they collectively review and monitor specific risks, agree mitigation actions and update risk scores.

Key Elements of the Control Framework

1. **Internal Controls** – our internal controls system facilitates the management of risks that could impact upon our ability to meet our objectives. We acknowledge that the system is simply a means to manage, rather than eliminate risk. The Internal Controls Team meets at least once every six months to carry out an in depth risk review. In this review, executives from across the business are required to collectively identify and assess risks specific to the business and review and monitor controls. The team scores risks based on qualitative and quantitative information including an assessment of impact. The meetings are chaired by an Internal Controls Co-ordinator who collates the results and manages the risk register, which holds all of the risk scores.

2. **Risk Management** – the Internal Controls Coordinator presents the results of the Group's risk reviews and the risk register to the Audit & Risk Committee. It is responsible for regularly monitoring and assessing our risk management functions and reports directly to the CEO on all matters of internal control and risk assessment. Our Audit & Risk Committee monitors, through the reports provided by the Internal Controls Team, the controls which are in force and any perceived gaps in the control environment. The Audit & Risk Committee also considers and determines relevant action in respect of any control issues raised by the Internal Controls Co-ordinator or the external auditor.

3. **Financial Reporting Process** – management and specialists within the finance department are responsible for ensuring the appropriate maintenance of financial records and processes to ensure that all information is relevant, reliable, compliant with the applicable laws and regulations, and distributed both internally and externally in a timely manner. The financial statements are reviewed by our management team to ensure that our results and financial position of the Group is appropriately reflected. Our Audit & Risk Committee review and approve the release of all financial information published.

4. **Strategic and Financial Planning** – we have established an annual budgeting and strategic planning process, whereby we assesses our competitive position and goals, taking account of the strategic risks faced. This strategy is translated into a financial plan with clear milestones and performance indicators.

5. **Performance Management** – our performance against the plan is closely monitored by a formal monthly reporting process and by the attendance of the relevant Executive Directors at monthly Executive Team meetings and, when required, at bi-monthly Board meetings.

6. **Capital Investment** – we have in place a clear process for the approval of capital expenditure, which includes a detailed appraisal of the benefits of the proposed investment and any associated key risks. Material capital expenditure requires approval from the Board.

7. **Health and Safety** – we have established health and safety standards and benchmarks, our performance meeting these standards is closely monitored.

Principal Risks

We identify and assess the impact of risks to the business under four key headings – financial, strategic, operational and knowledge. For each risk, the likelihood is identified and the impact is assessed using quantitative and qualitative information.

The significant risks and uncertainties we face are set out below together with a summary of the control measures and mitigations employed. Notwithstanding these actions, due to the pace and nature at which risks evolve, we remain vigilant in addressing these areas of concern and developing our control measures.

Risk: Regulatory risk

Description

- Within the markets we operate, legislation changes on a regular basis and the interpretation of existing laws can also change, creating ever-tightening standards. This will often require additional human and financial resources and the provision of new assets and systems.
- We are committed to responding positively to new regulation and legislation; changes could affect the pricing for, or adversely affect the revenue from, the services the Group offers.
- The General Data Protection Regulation (GDPR) became effective in May 2018 and its effects will remain under review due to the impact it will have on data handling.

Mitigation

- We have a dedicated Legal, Governance, Health and Safety, Privacy and Information Security Teams who are collectively responsible for monitoring changes to legislation and ensuring compliance in each area.
- We have access to external legal advisors, globally.
- We have taken a proactive approach to GDPR and are continuing to progress with our headline plan. The necessary tasks have been completed which included contacting all of our Data Partners and Customers in order to update all data-related contracts prior to May 2018 to enable continued use of our services.

Principal Risks and Uncertainties continued

- Following the successful launch of a global intranet, we are able to provide a forum to promote and monitor our staff's understanding of our policies; which, in turn will ensure ongoing compliance with regulatory obligations including those required by data protection laws.

Risk: Competitive Position

Description

- We operate within competitive markets and intensified competition could lead to pricing pressures.
- A reduction in the rate at which we add new customers may decrease the size of our market share if clients choose to receive services from other providers.

Mitigation

- Our business development functions review the activities of our competitors and report to senior management on issues and developments.
- We strive to differentiate ourselves from the competition and can only do so effectively by understanding the activities and offerings of our competitors.
- We continue to enhance our product portfolio both by internal development and through acquisition.
- Our acquisition strategy has opened up new markets and territories enabling cross sale.

Risk: Non-supply by Major Supplier

Description

- Some of our data and infrastructure is sourced from third party suppliers and partners. The removal from the market by one or more of these third party suppliers or interruption in supply could quickly and adversely affect our operations and result in the loss of revenue or additional expenditure.

Mitigation

- Our Product, Data and Technology Teams work strategically to prevent over reliance on any one key supplier, having multiple suppliers where required.
- Suppliers are carefully selected to minimise risk of supplier failure or insolvency.
- We ensures our staff are aware of supplier requirements or restrictions to minimise the risk of loss of a supplier due to a breach of contractual obligations.

Risk: Disaster Recovery, Business Continuity and Cyber Risk

Description

- We have an understandable reliance on our office locations, IT systems and people. In the event of an incident affecting business continuity, we would initiate our business continuity plans; however, the loss of key components as a result of the incident could affect the Group's operations and result in additional expenditure.
- Given the nature of our business the threat of unauthorised or malicious attacks on our IT systems is an ongoing risk. The risk of a cyber attack such as denial of service attacks, phishing and disruptive software campaigns is constantly evolving and becoming increasingly sophisticated.

Mitigation

- Our global business continuity programme covers policies and procedures for the key components of each of the businesses' operating units.
- We have cyber insurance in place and have established policies to protect the Group against a cyber-attack and any security breaches, which is headed up by our Information Security Officer.
- Disaster recovery requirements and network security are regularly reviewed and back-ups are maintained in databases and data centres. These policies and programmes are subject to annual review and audit.
- We will be introducing an InfoSec awareness programme to raise the knowledge of cyber risk and information security.
- We engage and undertake due diligence with our data partners and suppliers to ensure vulnerabilities are identified and mitigated against.
- Risk analysis and mitigation processes relating to products and services that we either provide or consume. These are fed into a risk matrix where we track treatment plans against each risk.
- Penetration testing is conducted via an approved third party specialist.
- Incident response plan for cyber threats is being defined for the business.
- Technical security measures for GDPR have been reviewed with requirements currently being defined.

Risk: New product development

Description

- In order to maintain a competitive advantage, we invest significant amounts of resource into our product development.
- The development of all new technologies and products involves risk, including the product being more expensive, or taking longer to develop than originally planned; the market for the product being smaller than originally envisaged or that the product fails to reach the production stage.

Mitigation

- We carry out extensive research and market analysis around the viability of a product before the development phase is initiated.

Risk: Intellectual Property Risk

Description

- We generally protect our proprietary application software products and services by licensing rights to use the applications rather than selling or licensing the computer source code.
- We rely on trademark, copyright, patent and other intellectual property laws to establish and protect our proprietary rights in these products and services. However, there is a risk that our proprietary rights could be challenged, limited, invalidated or circumvented.

Mitigation

- All of our contracts include provisions to protect the proprietary rights of the Group.
- We register trademarks globally and work closely with external advisors to ensure that the businesses' rights are safeguarded in all territories in which we operate.

Principal Risks and Uncertainties continued

Viability Statement

Our business model and strategic priorities are key to the Board's assessment of the Group's prospects. We continuously review these alongside forecasts and budgets in order to have a clear view, so far as is possible, on the viability of the Group over the medium term. The Board's assessment of viability is influenced by the businesses' current and projected performance against financial and non-financial KPIs and an analysis of principal risks within the Group's risk assessment framework. We are of the view that, on the basis of these considerations and realistic forecasts, three years is an appropriate period over which to consider the Group's continuing viability.

In assessing the viability the Board considers the following:

- Group's strategy
- Group's position and prospects
- Qualitative and quantitative analysis of the Group's principal risks and uncertainties
- Result of impact assessment which is carried out on a quantitative basis
- Results of scenario planning

Having considered all of the above factors, we each have a reasonable expectation that the Group will continue in operation and meet our liabilities as they fall due over the next three year period.

The strategic outlook reflects the Board's best estimate of the future prospects of the business, however, as part of the Group's internal controls, scenario testing is conducted to assess the potential financial impact on the Group of its principal risks occurring (as detailed on pages 11 & 12).

We acknowledge that this assessment is subject to uncertainties outside of our control and, accordingly, the viability of the Group cannot be guaranteed.

Corporate Social Responsibility

Information not subject to audit

Introduction

At GBG the Board has overall responsibility for corporate social responsibility, with developments and initiatives being led by myself with the support of the Executive Team. Overall employee experience is really important at GBG across all areas, from traditional HR and talent management practices to business ethics and the environment, through to internal communications and the Group's physical office spaces.

Business Ethics and Integrity

We promote a culture of honesty, integrity, trust and respect and all members of the GBG team are expected to operate in an ethical manner in all of their dealings, whether internal or external. We do not tolerate behaviour which goes against this or which could result in reputational damage to the business.

Conduct	**Anti-bribery and corruption**	**Whistleblowing**	**Anti-slavery**
We are committed to achieving and maintaining high standards with regard to behaviour at work and in all our working practices. All GBG team members are expected to conduct themselves with integrity, impartiality and honesty. We seek to develop a culture where inappropriate behaviour at all levels is challenged. To achieve this the Group encourages the reporting of genuine concerns about malpractice, illegal acts or failures to comply with recognised standards of work without fear of reprisal or victimisation.	It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery.	We operate a policy which encourages team members to raise concerns and provide clear reporting lines for instances of fraud, bribery, bullying, unfair or unethical treatment and unsafe working practices. GBG has in place an external whistleblowing hotline provider, which allows all GBG team members to raise concerns in complete confidence, wherever in the world they are located.	We are committed to improving our practices to ensure that slavery and human trafficking are not taking place in any part of our business or supply chain. We expect the same commitment from our suppliers, contractors and business partners. We have adopted a policy on Modern Slavery setting out the standards we expect from our stakeholders. A copy of our Modern Slavery Statement is available at www.gbgplc.com/legal

People and Engagement

Our vision is to have '*the best and most engaged people'* because we understand the link between high employee engagement and results. GBG has clear strategies for how it achieves this objective and the initiatives which contribute towards this are detailed below.

Employee Feedback

In order that all team members have a voice within the Group and that the business is able to respond to any issues which might impact engagement, the business undertakes twice yearly engagement surveys (the 'Q12' survey). On the back of the Q12 results, all senior managers and Executive Team members are required to champion action plans within each of their areas to drive improvements, should they need to be made.

This year, our overall score was 81 per cent showing consistency over the past 2 years, despite lots of change across the Group. The two highest scoring questions were 'I know what is expected of me at work' which scored 91 per cent and 'My manager or someone at work seems to care about me as a person' which scored 89 percent.

Communications

We communicate with our team members on a regular basis keeping them informed of business performance. This is achieved through regular CEO live webinars and bi-annual workshop style events at all of our locations.

Senior members of our team are encouraged to visit GBG's international sites regularly. We also provide team members with the means to provide regular feedback through the Global Engagement Ambassador Programme.

In 2017 we launched our new global Intranet platform "be/connected". Providing all team members with access to the platform has vastly improved our collaboration and communication channels across the entire business. The platform allows team members to share news stories, access learning resources and general company information.

Training and Development

We aim to provide team members with an engaging and stimulating environment where they are encouraged to learn and develop. Last year we introduced 'be/developed'. This platform gives our team members access to over 300 courses. This year alone there has been approximately 20,000 hours spent learning and an average of 3 working days per person.

Recognition

This year, to further the focus on the Group Vision Objectives and Strategies ('VOS') we have continued to promote the VOS Awards. The Awards not only link to the Group values of Quality, Innovation, Excellence, Trust and Respect but are also attributed to the five key segments of the Group's VOS –

Information not subject to audit

People, Products, Customer, Process and Brand. The VOS Awards encourage individuals within the business to nominate their fellow team members should they feel they deserve recognition, with the winners announced every quarter. This year we received 460 VOS nominations.

In addition to the VOS Awards, we operate an annual sales incentive trip to recognise members of our sales teams who have performed exceptionally throughout the financial year, along with a number of other members of our team who have supported the sales teams along the way. Last year those recognised as top performers headed to South Africa, and this year's top performers will be heading to Mauritius. GBG's 'Exceptional Technologist Award' encourages team members from GBG's Technology Team to nominate a technologist they admire the most in the Group. This year we received a total of 42 nominations, four runners up were awarded with a cash prize and the winner was awarded a financial contribution towards a holiday of a lifetime.

Working Environment

We continue to invest in improving the working environment for our teams, creating innovative spaces which inspire our people to collaborate more readily and increase personal efficiency. We listen to our people and the Group has a flexible working policy which accommodates flexible working to support those with families and other needs or commitments outside of work, we also encourage working from home where possible.

As part of our plan to create 'vibrant workspaces that enable our team members to deliver', this year we carried out a refresh of our Chester and Mersin offices. In addition to this our employees in Melbourne moved in to a new office space which was much better suited to their needs.

Incentives

Everyone at GBG is given the opportunity to share in the Group's performance through its Save-As-You-Earn (SAYE) Share Option Scheme. A summary of the Scheme is set out on pages 77 to 78. The Scheme offers team members the option to apply to save up to £250 (or foreign currency equivalent) per month for a period of 3 or 5 years and to purchase shares at a discounted rate (except in territories where offering shares at discount is prohibited) at the end of the Scheme. We had a fantastic response to the Scheme that was launched in 2017 with the following levels of participation achieved:

Country	Number of Participants	Eligible employees	Percentage Take Up
UK	327	528	62%
Australia	26	47	57%
Germany	1	2	50%
Malaysia	9	29	32%
Spain	2	6	33%
USA	24	29	83%
Netherlands	1	1	100%
South Africa	1	2	50%
Turkey	1	64	2%
Grand Total	**392**	**724**	**54%**

Equal Opportunity

The employment policies and procedures of the Group for recruitment, training and career development promote equality of opportunity regardless of gender, sexual orientation, age, marital status, disability, race, religion or other beliefs and ethnic or national origin. The aim is to encourage a culture in which all employees have the opportunity to develop as fully as possible in accordance with their individual abilities and the needs of the Group.

We ensure that every consideration is given to applications for employment from disabled persons. Should a member of our team become disabled every effort would be taken to offer suitable alternative employment within the Group and to assist with retraining.

In line with the Government requirement, this year we published our Gender Pay Report in March 2018 (available on the GBG website (www.gbgplc.com/about-us/gender-pay-report). We have started our journey towards our aspirations: to reduce the gender pay gap identified and to continue to build a diverse team. We recognise that, to meet our ambitions, change of this scale requires planning and time before true impact is noted. Over the past year, we have been delighted to see a number of our vacancies filled by successful senior women leaders both in the UK and internationally. These external appointments are in addition to a number of internal promotions for some of our women team members. As a number of the roles are located outside of the UK, they do not feature in our UK reporting; however, as a global employer we believe that this supports our ambitions to attract talent and, where relevant, this will lead to improved diversity amongst our team.

Community and Charity

During the year we continued with a global approach to our charity of choice, together we decided on the global 'umbrella' cause of Mental Health. Throughout the year, numerous events have been arranged at all GBG locations in support of our chosen charity.

In addition to supporting our chosen charity, we also support National events like Breast Cancer Awareness Day and Mental Health Awareness Day.

Our biggest fundraising event globally is known as the GBG Challenge and this year we had four challenges that took place in Barcelona, Kuala Lumpur, Melbourne and the UK. The event encourages all GBG team members to work together towards a common goal, whether it is being involved physically or in a very valuable supporting role. The GBG Challenge events are always very popular and a great opportunity to get out doors and socialise outside of the office environment whilst also raising money for charity.

This year, we raised £30,000 for local Mental Health Charities.

Corporate Social Responsibility continued

Information not subject to audit

Environmental/Emissions

We comply with all relevant environmental legislation, establish and review environmental objectives (based on our Environmental policy), reduce our waste production wherever feasible, reduce consumption of energy within our office environments and minimise the use of natural resources where possible. We make sure that we actively promote the recycling of ink cartridges, cardboard, paper and plastic by providing recycling points in each of our office locations. In addition video conferencing is promoted and used frequently across the Group to reduce business travel.

Health and Safety and Accidents

We aim to provide and maintain safe and healthy working conditions for all our employees, and to provide such information, training and supervision as they need for this purpose. We also accept our responsibility for the health and safety of other people who may be affected by our activities.

Our Health and Safety Committee frequently share best practice initiatives and make plans for improvements where needed. All accidents and near misses, whether they result in absence from work or not, are reported with remedial action identified and implemented to prevent reoccurrences. There have been no reportable accidents within the last year, only minor incidents.

Ellis Whittam, the Health and Safety consultant provide GBG with annual audits at all of our UK offices and guide us on all Health and Safety matters.

Directors and Officers

David Rasche – Chairman (Aged 68)
Appointed to the Board in September 2010. David was the founder of SSP Holdings Limited, one of the largest specialist insurance software houses in the world. David has over 45 years' IT industry experience with over 35 years at Board level in the software and services sectors. David has chaired and advised businesses in both the public and private markets and has overseen numerous acquisitions and disposals over the last 30 years.

(Chair of the Nomination Committee and a member of the Audit & Risk and Remuneration Committee)

Chris Clark – Chief Executive (Aged 49)
Appointed to the Board in April 2017 as Chief Executive. Before joining GBG Chris was Managing Director at Experian for 5 years where he was responsible for accelerating growth across the UK & EMEA. Chris previously worked at BT for 20 years, running several large and small technology businesses across the globe. Chris has lived and worked in the USA, Europe and Asia, as well as the UK, and has significant international experience.

(Member of the Nomination Committee)

Dave Wilson – Chief Financial Officer & Chief Operating Officer (Aged 56)
Appointed to the Board in October 2009 having joined GBG as Finance Director, Dave has a strong background in managing business growth. He has worked in technology, media and telecoms for over 30 years, previously holding international and operational board level positions with companies including Eazyfone (brand Envirofone.com), Codemasters, Fujitsu and Technology plc. Dave was named Finance Director of the Year at the 2013 Grant Thornton Quoted Company Awards and Finance Director of the Year at the 2015 FD Awards.

(Member of the Nomination Committee)

Nick Brown – Group Managing Director (Aged 57)
Appointed to the Board in April 2017, Nick has been a member of GBG's Executive Team since joining the business in 2007. Nick is currently responsible for managing the operating businesses in GBG on a global basis. Prior to joining GBG Nick held senior management positions at Sage plc, Microsoft UK and Fujitsu Services in the UK.

(Member of the Nomination Committee)

Charmaine Eggberry – Non-Executive Director (Aged 47)
Appointed to the Board in January 2014, Charmaine is also a Non-Executive Director of Avanti plc and software robot specialists, Blue Prism plc as well as Chairperson of Buzzmove. She previously held international senior executive roles with Research in Motion (Managing Director and Chief Marketing Officer from 2002–2008) and Nokia (Global Senior Vice President from 2010–2012.) She led Wayra UK, one of the world's largest digital business accelerators and was a non-executive director of Wayra UnLtd, a joint venture between the UK Government and Telefónica. Charmaine is also a board member and trustee of The Marketing Academy.

(Chair of the Remuneration Committee and a member of the Audit & Risk and Nomination Committee)

Liz Catchpole – Non-Executive Director (Aged 53)
Appointed to the Board in September 2017, Liz is currently an Independent Non-Executive Director and Chairman of the Audit & Risk Committee at Investec Wealth & Investment, Independent Non-Executive Chairman of the architectural and design practice TP Bennett, and an Independent Non-Executive Director of Be Living Holdings (formerly Willmott Residential). Liz has over 20 years of executive Board level experience gained primarily in the insurance, business services and property sectors. Liz has also held Non-Executive positions at FTSE listed bwin.party, Bournemouth Water and The University of Law. Her career started in insurance with a subsidiary of GE Capital where she worked for almost 17 years. Liz is a chartered certified accountant and also holds an MBA from Cranfield University.

(Chair of the Audit & Risk Committee and a member of the Nomination and Remuneration Committee)

John-Henri Constantin FCIS – Company Secretary & General Counsel (Aged 52)
John joined GBG in 1994 as Assistant Company Secretary, becoming Deputy Company Secretary, and in 2002 was appointed Group Company Secretary & General Counsel. With over 20 years' experience of working within a listed company environment he leads the Group's legal, administration, corporate governance and compliance operations. John has been a Fellow of the Institute of Chartered Secretaries and Administrators (FCIS) since 2007.

(Secretary to all Committees)

Corporate Governance

On behalf of the Board I am pleased to present to you GBG's Corporate Governance Report for the year ended 31 March 2018.

As a Board, we believe that practicing good Corporate Governance is essential for building a successful and sustainable business in the long-term interests of all GBG stakeholders. GBG's shares are listed on the Alternative Investment Market ('AIM') of the London Stock Exchange. GBG is subject to the AIM Admission Rules of the London Stock Exchange and consequently is not required to comply with the corporate governance provisions contained within the UK Corporate Governance Code (the 'Code'). While we acknowledge that we do not fully comply with the Code, the Board does fully support the Code and its principles of good corporate governance and we do apply its principles as far as is practicable and appropriate for an AIM listed company. The following pages outline the structures, processes and procedures by which the Board ensures that high standards of corporate governance are maintained throughout the Group.

New Board Members

During the financial year there have been some changes to the Board. Chris Clark was appointed as Chief Executive Officer with effect from 1 April 2017, Nick Brown was appointed to the Board as Managing Director with effect from 3 April 2017 and Liz Catchpole was appointed to the Board as Non-Executive Director with effect from 1 September 2017, replacing Richard Linford. More information on their appointments is covered in the Nomination Committee Report on page 25.

Relations with Shareholders

Communications with shareholders are given a high priority and we aim to have a dialogue with shareholders based on the mutual understanding of objectives. As Chair of the Board, it is my responsibility to communicate with shareholders and ensure that the Board are made aware of any shareholder concerns.

The primary means of shareholder communication are through our Annual Report and Accounts and Half Yearly Reports, specifically the Strategic Review including the Chairman's Statement, the Chief Executive's Review and the Finance Review which seek to give investors a detailed review of the business.

We value the views of shareholders and recognise their interests in the Group's strategy and performance. Regular meetings are held with institutional investors and analysts including presentations after the Group's Annual Results announcement and the Interim Results Announcement at the half-year, to ensure that the investing community receives a balanced and consistent view of the Group's performance and to discuss governance and strategy with large investors. Shareholder views are communicated to the Board in advance of their release and feedback and views from the Group's major shareholders are formally communicated to the Non-Executive Directors. We communicate with private investors through the Annual General Meeting ('AGM') but also through our investor email investor.relations@gbgplc.com. We consider this means of communication to be the most practical and efficient.

I take steps to ensure that the members of the Board, and in particular the Non-Executive Directors, develop an understanding of the views of major shareholders about the Group. We have an active investor relations programme, regularly meeting with shareholders at our investor roadshows to discuss market opportunity, growth strategy and potential risks the Group may face in the future. Non-Executive Directors are offered the opportunity to attend scheduled meetings with major shareholders and should expect to attend meetings if requested by major shareholders.

I, as the Chair of the Group's Nomination Committee, Liz Catchpole as the Chair of the Audit & Risk Committee and Charmaine Eggberry as Chair of the Remuneration Committee, will all attend the AGM to answer any shareholder questions regarding the work of our Committees. Details of resolutions to be proposed at the forthcoming AGM can be found in the Notice of the Meeting. I would like to encourage all shareholders to participate in the AGM. The Board will typically make themselves available before and after the AGM for discussion with shareholders which is followed by a presentation of the Group's products and services.

David Rasche
Chairman
5 June 2018

Corporate Governance Statement

Board Composition and Roles

The role of the Board is to establish the vision and corporate strategy for GBG in order to promote and deliver long-term sustainable shareholder value.

The Board comprises the Non-Executive Chair, the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer, Group Managing Director and the two Non-Executive Directors and is responsible to shareholders for the proper management of the Group. The Board is satisfied that it currently has an appropriate balance of experience, skills, independence and expertise appropriate to the business. The biographies of all the Directors appear on page 17 along with details of their Committee memberships.

Appointments

Vacancies on the Board are filled following rigorous evaluation of suitable candidates possessing an appropriate balance of skills, knowledge and experience. The use of recruitment consultants is considered on a case-by-case basis. New Directors receive formal guidance about the workings of the Board and its Committees. In addition, shortly after their appointment, they meet with the senior management of the Group and receive detailed information and presentations on Group strategy, products and services.

All Directors are subject to re-election by shareholders at least once every three years as required by the Code, except those who have served for over nine years who are subject to annual re-election.

The service agreements for each of the Directors are available for inspection at the GBG registered office in Chester.

Directors & Officers Insurance

The Group hold the appropriate insurance to cover Directors and Officers against the costs of defending themselves in civil proceedings taken against them in their capacity as a Director or Officer of the Company.

Conflicts of Interest

Directors and Officers are encouraged to make the relevant disclosures at each Board meeting on any conflicts of interest they may have with the Group. During the period ended 31 March 2018, no Director or Officer had a material interest in any contract with the Group other than their Service Contract.

Director Independence and Training

The Chair of the Board and his fellow Non-Executive Directors bring a range of experience and judgement to bear on issues of strategy, performance, resources and standards of conduct, which are vital to the success of the Group. It is the Board's opinion that all Non-Executive Directors are independent in character and judgement and comply with provision B.1.1. of the Code.

To enable the Board to discharge its duties, all Directors have full and timely access to all relevant information. They also have access to management and to the advice of the Company Secretary. Furthermore, all Directors are entitled to seek independent professional advice concerning the affairs of the Group at its expense, although no such advice was sought during the year. The Board members have many years of relevant experience and each is responsible for ensuring their continuing professional development to maintain their effective skills and knowledge.

To enable the Board to discharge its responsibilities effectively, all Directors are able to allocate sufficient time to the Group. The Committees of the Board have terms of reference for the conduct of their respective responsibilities.

A summary of the terms of reference are detailed further in this report in addition to being noted on GBG's website. Copies of the terms of reference are also available upon request.

The Board considers that there is a strong, independent non-executive element on the Board and, although not required to nominate a single senior independent member as stipulated in the Code, it has appointed Liz Catchpole to this position.

	Years Tenure			
DIRECTOR	**1 – 3**	**3 – 5**	**5 – 7**	**7+**
David Rasche			x	
Chris Clark	x			
Dave Wilson				x
Nick Brown	x			
Liz Catchpole	x			
Charmaine Eggberry		x		
Richard Linford*				x

*No longer a member of the Board with effect from 30 November 2017.

Frequency of Meetings

The Board has a formal schedule of matters reserved for its decision and meets regularly to review trading performance, ensure adequate funding, set and monitor strategy, examine major business opportunities and report to shareholders. The full schedule of matters reserved for the Board can be viewed on GBG's website.

The Board meets regularly for scheduled Board meetings. The Board also meets as required on an ad-hoc basis to deal with urgent business. The Non-Executive Directors have met during the year without the Executive Directors and Chairman being present.

Corporate Governance continued

In the year to 31 March 2018, the Board met on ten occasions, the Audit & Risk Committee met twice, the Remuneration Committee met on nine occasions, and the Nomination Committee met on two occasions. The attendance at the Board and Committee meetings was as follows:

Number of Meetings and percentage attendance

	Percentage attendance			
Name	***Board (10 meetings)***	***Audit (2 meetings)***	***Remuneration (9 meetings)***	***Nomination (2 meetings)***
David Rasche	*100%*	*100%*	*100%*	*100%*
Chris Clark	*100%*	-	-	*100%*
Dave Wilson	*100%*	-	-	*100%*
Nick Brown	*90%*	-	-	-
*Dick Linford**	*100%*	*100%*	*100%*	*100%*
Charmaine Eggberry	*100%*	*50%*	*90%*	*100%*
*Liz Catchpole***	*100%*	*100%*	*100%*	-

* Dick Linford retired from the Board with effect from 30 November 2017 and his attendance is calculated against the number of meetings (prior to his retirement) that he was eligible to attend.

** Liz Catchpole joined GBG in September 2017 and her attendance is calculated against the number of meetings held in the year (since her start date) that she was eligible to attend.

Evaluations

The Code states that the Board should undertake a formal and rigorous annual evaluation of its own performance, its Committees and the individual Directors. The following section provides details of how we carry out evaluations at GBG.

Board Evaluation

Every year each Board member is requested to complete an online questionnaire to personally evaluate the Board, it provides an opportunity to comment and make suggestions for improvements. The responses to the surveys are provided to the Chairman in a detailed report and actions are shared with the Board. Every three years the evaluation of the Board is externally facilitated. In November 2015 the Group appointed Springboard Associates Limited (who has no other connection with the Company) to evaluate and assess the work of both our Board and Committees to ensure that the Board was fully equipped to support our growing needs. The evaluation was carried out through detailed questionnaires, interviews and observing the Board in action. Areas of focus were identified and resulted in an action plan for the Board. In line with good practice it is the intention that the evaluation of the Board will be externally facilitated in 2018.

Progress against the areas of focus since the 2015 evaluation are summarised as follows:

Area of Focus	**Progress 2016/17**	**Progress 2017/18**
Succession Planning	The focus has improved with the outcome being that Chris Clark was identified as the new CEO and on boarded with no adverse impact on Group operations. Also a reduction in the number of Managing Directors was effected during the year and the reorganisation and reallocation of duties took place, again with no adverse impact on operations.	GBG's succession programme has continued with the appointment of Liz Catchpole as Audit & Risk Committee Chair and Senior Independent Director. Following a formal, rigorous and transparent process the Board decided that Liz was the ideal fit. Dick's handover with Liz included a three month overlap in tenure, before his retirement in November, which ensured a smooth transition.
Induction of all new Board members	Onboarding of new directors is now a formalized process involving the People Team and the Board. A formal timetable of events, meeting and briefings is planned and tailored for each new director. This was followed in respect of Chris Clark who joined in April 2017.	The formalised process has continued throughout the year. Liz Catchpole was given a comprehensive induction shortly after taking up her position as Non-Executive Director in September 2017.

Revised Terms of Reference for the Leadership Team.	Terms of reference for the Executive Team were designed and adopted in March 2016 and have been followed during the year and updated to accommodate changes in the structure of the team and developments in best practice.	The terms of reference are periodically reviewed and amended where necessary to cater for any changes in the company activity structure and industry best practice.
Update of the Terms of Reference for the Board Committees.	In line with recent changes to industry best practice the terms of reference for the Board Committees were adopted in March 2016. These have been followed during the year and adapted for changes in best practice in that time.	The Group continue to monitor against best practice guidelines i.e. Institute of Chartered Secretaries & Administrators ("ICSA") and The Financial Reporting Council ("The FRC"). During the year the Nomination Committee terms of reference were modified to reflect the balance of Non-Executive directors to Executive directors on the Committee.

Committee Evaluation

The evaluation of the Committees has always been carried out by way of an internal questionnaire. This continues to be the most effective method for evaluation of the Committees.

Director Evaluations

Performance evaluations of each of the Directors is carried out through a series of peer group meetings whereby performance of the Non-Executive Directors is monitored, evaluated and appraised by the Executive Directors and the performance of the Executive Directors is monitored, evaluated and appraised by the Non-Executive Directors. The appraisal process allows the Board to assess whether a Director continues to contribute effectively and whether they demonstrate commitment to the role. If issues over performance arise, these will be taken up with the individual Director concerned by either the Chair of the Board or Chief Executive Officer, at the appropriate time and the Chair will assess any training and development needs.

Audit & Risk Committee Report

Audit & Risk Committee

Role and Responsibilities
The primary role & responsibilities of the Committee are to:

- maintain the integrity of the financial statements and other formal announcements relating to the Group's financial performance, reviewing significant financial reporting judgements contained in them;
- review the controls that are in force to maintain the integrity of the financial information reported to shareholders;
- review the effectiveness of the Group's systems of internal control and risk management systems in place including, but not limited to, the financial reporting process;
- to develop, implement and monitor policy on the engagement of the Group's external auditor to supply non-audit services;
- maintain an appropriate relationship with the Group's external auditor;
- review the effectiveness, scope and objectivity of the audit process;
- to report to the Board on any matters for which it considers that action or improvement is needed and make recommendations as to the steps to be taken; and
- to report to the Board on how it has discharged its responsibilities.

Dear Shareholder

On behalf of your Board I am pleased to present my first Audit & Risk Committee Report for the year ended 31 March 2018.

Composition
The Audit & Risk Committee comprises myself and my Non-Executive colleagues David and Charmaine. We meet at least twice a year and these meetings are attended by the Group's external auditor and, through invitation, the Executive Directors.

The Committee oversees GBG's financial reporting process on behalf of the Board. GBG's management has the primary responsibility for the financial statements and for maintaining effective internal control over financial reporting. In fulfilling its oversight responsibilities, the Committee reviewed and discussed the audited consolidated financial statements in the Annual Report with the external auditor and management, including a discussion of the quality, not just the acceptability, of the accounting principles; the reasonableness of significant judgments; the clarity of disclosures in the financial statements; and for assessing the effectiveness of internal control over financial reporting.

The Board is confident that there is sufficient recent and relevant financial experience on the Committee and that as a whole, we have competence relevant to the sector in which the company operates. We have access to the financial expertise of the Group and its auditor and can seek professional advice at the Company's expense if required.

In addition, we also make rigorous enquiry and challenge of the executive management and auditor as to: internal control and risk management systems; the processes followed for the implementation and enactment of policies and best practice; providing additional detail and explanation to the Committee of each area of the audit report; and about how developments in audit practice and international accounting standards could potentially impact GBG and the effectiveness of the planning processes for such developments.

Fair Balanced and Understandable Accounts
In fulfilling our responsibility of monitoring the integrity of financial reports to shareholders, we consider and review the accounting principles, policies and practices adopted in the preparation of public financial information and examine documentation relating to the Annual Report, Interim Report, preliminary announcements and other related reports. We have given due consideration as to whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy and can confirm that this is the case.

External Audit
We approve the external auditor's terms of engagement, scope of work, the process for the interim review and the annual audit. We also meet with the auditor to review the written reports submitted and the findings of their work. We have primary responsibility for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor.

Outside of the formal Committee meetings, I also meet with the external auditor and with individual members of the Group's executive management, principally to discuss the risks and challenges faced by the business and, most importantly, how these are being addressed. The Committee, at least annually assesses the independence, tenure and quality of the external auditor.

Internal Audit
The Board as a whole have considered whether the Group's internal controls processes would be significantly enhanced by an internal audit function and has previously taken the view that given the size of the Group, the internal controls in place and significant executive involvement in the Group's day-to-day business, that an internal audit function was not required. However, the Committee and the Board has acknowledged that with the increasing complexity of the Group and the developing markets and regulatory environments that it operates in, an internal audit function would be beneficial. The Committee and the Board will review and assess the scope, structure and implementation of such a function.

Whistleblowing
The Group has grown rapidly through acquisition over the years and as a result there has been a large increase in UK and international employees. We saw an opportunity to improve the current whistleblowing procedure and policy, to suit not just our UK employees, but also our international employees. GBG now has in place an external whistleblowing hotline service provider which allows all GBG employees to raise concerns in total confidence about possible improprieties in any operational and/or financial matter. The policy provides for the escalation of matters through the Company Secretary to myself as the Committee Chair. We receive monthly reports from our external whistleblowing hotline service provider and can confirm that no concerns have been raised during the year.

Report on the Work of the Committee

We review the independence and objectivity of the external auditor prior to the proposal of a resolution to shareholders at the Annual General Meeting concerning the appointment and remuneration of the auditor. This process includes the review of audit fee proposals, investigation and approval for non-audit services fees, tenure and audit partner rotation (based on best practice and professional standards within the United Kingdom). The Group's auditor, Ernst & Young LLP, similarly consider whether there are any relationships between themselves and the Group that could have a bearing upon their independence and have confirmed their independence to us. Each year we obtain written confirmation from the auditor that it is independent. Following careful review we reached a recommendation to reappoint Ernst & Young LLP as auditor following an assessment of the quality of service provided, the expertise and resources made available to the Group and the effectiveness of the audit process.

During the year the auditor undertook certain specific pieces of non-audit work (including work in relation to tax matters and our banking covenants). Ernst & Young LLP were selected to undertake these tasks due to their alignment with work carried out under the audit. In order to maintain Ernst & Young LLP's independence and objectivity, they undertook their standard independence procedures in relation to those engagements. Further details of the non-audit fees are included in Note 6 to the financial statements on page 60.

We will continue to assess the effectiveness and independence of the external auditor. In doing so, we will consider a formal tender process when it is viewed as appropriate and/or necessary to do so.

In addition, in accordance with its terms of reference, the Committee has reported to the Board as to how it has discharged its responsibilities throughout the year.

Internal Controls and Risk Management

The Group's corporate objective is to maximise long-term shareholder value. In doing so, the Directors recognise that creating value is the reward for taking business risks. The Board's policy on risk management encompasses all significant business risks to the Group, including financial, operational and compliance risks, which could undermine the achievement of business objectives. Regular monitoring of risk and control processes, across headline risk areas and other business-specific risk areas, provides the basis for regular and exception reporting to management and the Board.

The risk assessment and reporting criteria is designed to provide the Board with a consistent, group-wide perspective of the key risks. The reports to the Board, which are submitted at least every six months, include an assessment of the likelihood and impact of risks materialising, as well as risk mitigation initiatives and their effectiveness.

The Board has overall responsibility for the Group's approach to assessing risk and systems of internal control, and for monitoring their effectiveness. Due to of the limitations that are inherent in any system of internal control, such a system is designed to manage rather than eliminate the risks of failure to achieve business objectives, and provides only reasonable and not absolute assurance against material misstatement or loss.

The Board considers risk assessment and control to be fundamental to achieving its corporate objectives within an acceptable risk/reward profile, and confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and the effectiveness of related controls. As stated, we review the process at least every six months and then report our findings to the Board in accordance with the Financial Reporting Council's Revised Guidance for Directors (the 'Revised Guidance') on internal control. The key elements of this process, which have been in place throughout the year under review and up to the date of this report, are:

- the Group's internal controls team meets at least twice in the year to assess current risks, review and monitor the controls that mitigate those risks and identify potential new risks to the Group;

- the Internal Controls Co-ordinator (the Company Secretary) whose function is to chair the internal control meetings and to collate and present the results of the risk reviews to the Committee. He also monitors and assesses the Group's risk management functions on a regular basis. The Internal Controls Co-ordinator reports directly to the Chief Executive Officer on matters of internal control and risk assessment; and

- the Committee monitors, through reports to it by the Internal Controls Co-ordinator, the controls which are in force and any perceived gaps in the control environment. The Committee also considers and determines relevant action in respect of any control issues raised by the Internal Controls Co-ordinator or the external auditor.

Having made enquiry of the Group's Internal Controls Co-ordinator, executive management and external auditor, the Board is satisfied that there is an ongoing process, which has been operational during the year, and up to the date of approval of the Annual Report, for identifying, evaluating and managing the significant risks faced by the Group in accordance with the Turnbull guidelines, Revised Guidance and any subsequent updates issued by the Financial Reporting Council.

Board-level reporting on Risk Management and Internal control

During the year we review regular reports from the external auditor and executive management on matters relating to internal control, financial reporting and risk management. We provide the Board with an independent assessment of the Group's financial position, accounting affairs and internal control systems.

The Group evaluates its internal control environment and key risks, and the results are reviewed at management level, passed to the committee for our consideration before being presented to the Board. This process is reviewed on a quarterly basis to ensure the validity and relevance of the key risks included in bi-annual reports. The review covers strategic, financial, compliance and risk management controls.

These procedures are mandated and designed to manage the risk in order to ensure that the Group achieves its business objectives.

Terms of Reference
The terms of reference of the Audit & Risk Committee, including its role and the authority delegated to it by the Board are available on the Group's website www.gbgplc.com/investors.

Liz Catchpole
Audit & Risk Committee Chair

Nomination Committee Report

Nomination Committee

Dear Shareholder

On behalf of your board I am pleased to present the Nomination Committee Report for the year ended 31 March 2018.

Composition
The membership of the Nomination Committee is drawn from the Board as and when required. During the year, the Committee comprised of myself, Dick Linford and Charmaine Eggberry from the Non-Executive Directors and Chris Clark and Dave Wilson from the Executive Directors.

Role and Responsibilities
The Committee's role is to:

- ensure that appropriate procedures are in place for the nomination and selection of candidates for appointment to the Board, having regard to the balance of skills, experience, independence and knowledge of the Board; and
- make recommendations to the Board regarding new appointments, the re-election of Directors, succession planning and Board composition having due regard for the benefits of diversity on the Board, including gender.

When required, the Nomination Committee is able to make use of third party advisors to assist in identifying a range of suitable candidates for review by the Nomination Committee.

Appointments to the Board this Year
Last year we reported that the Nomination Committee had recommended Chris Clark to the Board as Chief Executive Officer and Nick Brown to the Board as Managing Director.

In addition to those appointments, Liz Catchpole was appointed as Non-Executive Director and Senior Independent Director in September 2017. External agency, Odgers Berndston was used in the search and recruitment for Liz and we can confirm that the agency have no other connection with the Group. Liz's appointment was to replace Richard Linford, who retired from his Non-Executive Director role in November 2017 after 11 years with the Group.

The Company's Articles of Association state that any new director appointed during the year will only hold office until the next AGM, at which point he or she must be put forward for election. Accordingly Liz Catchpole will be put forward for election at this year's AGM.

Diversity
Diversity is an important consideration whenever a new appointment is undertaken to ensure that the Board comprises individuals with a broad range of skills, backgrounds and experience reflecting both the type of industry and the geographical location in which we operate.

The Board believes in the importance of diversity and the benefits that it can bring to the operation of an effective business and is committed to increasing the participation of women across all levels of the organisation and particularly within senior management. Over the past year, we have been delighted to see a number of our vacancies filled by successful senior women leaders both in the UK and internationally. We have welcomed an additional woman to the Board in appointing Liz and we have had great women leaders join our senior executive team, such as an Asia Pacific Managing Director and global Customer Experience Director to name but two.

We are committed to equal opportunities in all areas of our business, with people gaining promotion on merit. We recruit, train, promote and retain skilled and motivated people irrespective of gender, age, marital status, disability, sexual orientation, race and religion, ethnic or national origin. In line with this commitment we also promote a culture of openness and responsibility within our business.

Terms of Reference
The terms of reference of the Nomination Committee, including its role and the authority delegated to it by the Board are available on the Group's website www.gbgplc.com/investors.

David Rasche
Nomination Committee Chair

Directors' Report

The Directors present their report, together with the audited accounts in relation to the Group activities for the year ended 31 March 2018.

In accordance with s414c of the Companies Act 2006, certain matters that would otherwise be required in the Directors Report is included in the Strategic Review or elsewhere in this document as indicated in the table below and is incorporated into this Report by reference.

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Dividends

The Directors have recommend a final ordinary dividend of 2.65 pence per share (2017: 2.35 pence per share) amounting to £4.0 million (2017: £3.6 million). If approved, the final dividend will be paid on 24 August 2018 to ordinary shareholders whose names were on the Register of Members on 20 July 2018. A Dividend Reinvestment Plan (DRIP) will be offered, allowing eligible shareholders to reinvest their dividends into GBG shares. Further information regarding the DRIP is set out on page 85.

Substantial Shareholders

In accordance with the Disclosure and Transparency Rules, we have been notified of the following interests in the ordinary share capital, representing 3 per cent or more of our issued share capital. Details of substantial shareholders is regularly published and updated on our website, the position as at 31 March is detailed below:

Substantial Shareholder	**No. of Shares Owned at 31 March 2018**	**Percentage of Shares Owned at 31 March 2018**
Octopus Investments	16,126,094	10.56%
Aberdeen Standard Investments (Standard Life)	14,454,051	9.47%
Hargreave Hale	11,994,810	7.86%
Kames Capital	9,798,708	6.42%
BlackRock Investment Mgt (UK)	6,172,470	4.04%
Herald Investment Mgt	5,857,904	3.84%

Since 31 March 2018 to the date of release of this Annual Report and Accounts we have not received any notifications from our shareholders in accordance with the Disclosure and Transparency Rules.

Directors' Report continued

Additional Information for Shareholders

The following provides the additional information required for shareholders as a result of the implementation of the Takeovers Directive into UK law.

Share Capital Structure

At 31 March 2018, the Group's issued share capital comprised:

	No.	£'000	% of Total Share Capital
Ordinary shares of 2.5p each	152,668,698	3,817	100%

Restrictions on Transfers

We are not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and for voting rights.

Ordinary Shares

On a show of hands at a General Meeting of the Group, every holder of ordinary shares present in person and entitled to vote shall have one vote and on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The notice of the General Meeting specifies deadlines for exercising voting rights either by proxy notice or present in person or by proxy in relation to resolutions to be passed at the General Meeting. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the Annual General Meeting and the results are released as an announcement after the meeting.

There are no restrictions on the transfer of ordinary shares in the Company other than:

- certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws and market requirements relating to close periods); and
- pursuant to the internal policies of the Company whereby certain employees of the Company require the approval of the Company to deal in the Company's securities.

Articles of Association

The Group's Articles of Association may only be amended by a special resolution at a General Meeting of the shareholders.

Directors and Their Interests

The names and brief biographical details of each Director as at the date of this report are set out on page 17.

The Directors who have served during the year ended 31 March 2018 and details of their interests in the share capital and share options are set out in the Report on Directors' Remuneration on pages 29 to 36.

Directors are re-appointed by ordinary resolution at a General Meeting of the shareholders The Board can appoint a director but anyone so appointed must be re-appointed by an ordinary resolution at the next General Meeting. Directors who have held office for more than three years since their last appointment are eligible for re-election by rotation at the next AGM.

In accordance with the Articles of Association, Liz Catchpole, having been appointed to the Board on 1st September 2017, will, being eligible, stand for election at the next AGM. In addition, a third of the Board are required to stand for election, therefore, Dave Wilson will be retiring by rotation and seeking re-appointment by the Group's shareholders.

The Directors confirm that, having conducted the board performance evaluation process, David Rasche, Charmaine Eggberry and Liz Catchpole continue to contribute effectively and demonstrate commitment to their roles. Details of their notice period and service agreements are detailed in the Report on Directors' Remuneration on pages 29 to 36.

Directors' Liabilities

The Directors have been indemnified against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provisions remain in force at the date of approving this Directors' Report.

Workforce Policies and Employment Engagement

We are committed to the investment of our staff at all levels to ensure a culture of continuous improvement. In order to attract and retain a high calibre of employees we provide various employee benefit packages including a Share Option Scheme in order to align employee interests with the long term strategic objectives of the Group. We are committed to our equality and diversity polices and seek regularly feedback and engagement from our work force. Further information regarding our work policies and engagement can be found on page 14. Information regarding the diversity policy is contained within the Nomination Committee report on page 25.

Change of Control

Within the Group's revolving credit facility, the lender has the right to demand immediate payment of any outstanding balances upon a change of control of the Group following a takeover bid.

The Group does have an agreement with a data supplier which, if the Group were acquired by a competitor of that data supplier, would allow it to terminate its agreement with the Group. The data supplier would, however, continue to be bound to service arrangements with the Group's clients existing on the date of termination.

Upon a change of control, share options may be exercised within six months of the time when the change of control takes effect and any subsequent conditions at the offer process have been satisfied.

There are no agreements between the Group and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

Proposed Resolutions for the Annual General Meeting

Details of business to be conducted at this year's AGM to be held on 26 July 2018, are contained in the Notice of the Annual General Meeting which will be communicated to shareholders separately. It is the opinion of the Directors that the passing of these resolutions are in the best interest of the shareholders.

Financial

The Group's financial risk management objectives and policies are discussed in the Finance Review on pages 5 to 8 and within note 24.

Research and Development

Research and development activities continues to be a high priority with the development of new products and maintaining the technological excellence of existing products. During the year ended 31 March 2018, approximately 31 per cent (2017: 31 per cent) of our staff were employed in research and development activities.

Auditor

A resolution proposing the re-appointment of Ernst & Young LLP as auditor to the Group will be put to the shareholders at the AGM.

Directors' Statement as to Disclosure of Information to Auditor

The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 17. Having made enquiries of fellow Directors and of the Group's auditor, each Director confirms that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of their report of which the Group's auditor are unaware; and
- they have taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditor are aware of that information.

Going Concern

The Group's business activities, together with the factors likely to affect our future development, performance and position are set out in the Chief Executive's Review on pages 3 to 4. The financial position of the Group, its cash flows and liquidity position are described in the Finance Review in pages 5 to 8. In addition, note 24 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposures to credit risk and liquidity risk.

After reviewing the budget, financial forecasts and other relevant information, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

By Order of the Board
John Constantin FCIS
Company Secretary & General Counsel
5 June 2018

Report on Directors' Remuneration

Information not subject to audit

This report is for the year to 31 March 2018. It sets out the remuneration policy and the remuneration details for the Executive and Non-Executive Directors of the Company. As an AIM-quoted company, the information provided is disclosed to fulfil the requirements of AIM Rule 19. GB Group plc is not required to comply with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008; however, the Company is committed to achieving both high governance standards and a simple and effective remuneration structure. The information is unaudited except where stated.

Annual Statement from the Chair of the Remuneration Committee

Dear Shareholder

I am pleased to present my first Director Remuneration Report for the year ended 31 March 2018, following my appointment as Chair of the Remuneration Committee on 24 May 2018. The Report has been separated in to three sections, the Annual Statement, the Directors' Remuneration Policy and the Annual Report on Remuneration which describes how the policy has been implemented throughout the year and looks ahead to 2018-19.

The remuneration of each Director is determined on behalf of the Board by the Remuneration Committee in accordance with the relevant provisions of the Code. Details of the Directors' remuneration can be found on page 33.

An advisory resolution will be put to shareholders at the AGM on 26 July 2018, asking them to consider and approve this Report. A similar resolution was put to the 2017 AGM and was supported by 96.39 percent of votes cast.

Composition
The Committee comprises of all three independent non-executive directors, David Rasche and Liz Catchpole alongside myself.

Activities of the Committee during 2017-18
Financial year 2017-18 has been a busy year for the Committee, in addition to my appointment as Chair of this committee, GBG have appointed two Executive Directors including the CEO and Managing Director as well as a Non-Executive Director to replace Dick Linford as Chair of the Audit & Risk Committee.

During the year, the Committee has discharged its responsibilities by:

- reviewing the Remuneration Committee's role and authority delegated to it by the Board. The Committee's Terms of Reference are available on our website www.gbgplc.com/investors;
- agreeing the performance criteria in relation to Long Term Incentive Plans for Chris Clark;
- preparing for the implementation of additional requirements such as Gender Pay Reporting;
- undertaking pay reviews;
- considering annual bonus forward targets and assessing performance; and
- considering the level of, and targets attached to, share matching awards.

To ensure an effective handover during this transitional period and to prepare for and satisfy the additional reporting requirements, the Committee has met nine times throughout the year. Going forward into the new financial year it is anticipated that the number of meetings required will reduce.

Performance and Decisions on Remuneration taken during 2017-18
2017-2018 has seen another year of strong progress with overall performance in line with the Board's growth expectations.

In light of this strong performance, annual bonuses were paid to the CEO, CFO and the Group Managing Director of 109.9%, 114.9% and 114.9% of salary, respectively.

During the year, share matching awards granted to Executive Directors during the 2014-15 financial year were due to vest. These awards were subject to a demanding three-year EPS annual growth target as detailed later in this report. The maximum target was achieved and the awards vested in full in May and November 2017.

As part of his recruitment package, Chris Clark, CEO, was awarded 1,000,000 share options on joining the Company on 1 April 2017. The exercise price of 293p was set as the closing share price on the day before his appointment and the award is subject to a demanding EPS compound average growth target measured over a period of three to five years detailed later in this report. Chris was also awarded 400,000 options with an exercise cost of 2.5p to compensate him for lost earnings and shares from his previous employer. These vest in two tranches on the first and second anniversaries of grant.

Executive Directors participate in the Company's share matching plans. Following reinvestment of salary and bonus in shares, share matching awards were made to the CFO and CEO Managing Director in February 2018.

Looking Forward to Financial Year 2018 -2019

Financial Year 2018-2019 will see the implementation of a revised Code which will include additional requirements regarding the operations of the Committee. Details of the key proposal, likely impact and how we intend to implement the proposals are set out below.

New Provision	Comments	Compliance
The role and remit of the Remuneration Committee is to be expanded to include oversight of Company remuneration and work force policies, such as flexible working and gender pay.	The Remuneration Committee works closely with the People Team who are responsible for the work force polices. Regular updates are provided to the Remuneration Committee.	Compliant
The chair must have twelve months experience on a remuneration committee.	This matter will be dealt with as part of succession planning.	No immediate impact
All shares granted to executive directors should have a five year minimum vesting and post vesting holding period.	Current share schemes rules require Directors to hold shares awarded for a minimum of three years. We are cognisant of this change and will be reviewing our Share Scheme rules in order meet the new requirements so far as is possible whilst ensuring we attract, retain and incentivise a high calibre of directors.	Undertake review of share scheme rules
The Remuneration Committee should have discretion to override remuneration outcomes where appropriate.	The Remuneration Committee has ability to exercise its discretion and override outcomes where appropriate whilst remaining mindful of the impact on the Company and stakeholders.	Compliant
Remuneration packages should include clawback provisions triggering events.	Remuneration packages, Share Scheme Rules and bonuses paid to Executive Directors include clawback provisions.	Compliant

Details on salary changes for the year 2018-19, how the annual bonus will operate and expected Long Term Incentive Plan awards are set out in Remuneration Report on page 33 to 34.

We recognise the need to foster good relations with our shareholders. I will be available at the AGM on 26 July 2018 and welcome any feedback.

Charmaine Eggberry
Remuneration Committee Chair

Remuneration Policy
Our remuneration policy is formulated to attract and retain high-calibre executives and motivate them to develop and implement our business strategy in order to optimise long-term shareholder value. It is the intention that this policy should conform to best practice standards and that it will continue to apply for 2018 and subsequent years, subject to ongoing review as appropriate. The policy is framed around the following key principles:

- total rewards will be set at levels that are sufficiently competitive to enable the recruitment and retention of high-calibre executives;
- total incentive-based rewards will be earned through the achievement of demanding performance conditions consistent with shareholder interests;
- incentive plans, performance measures and targets will be structured to operate soundly throughout the business cycle;
- the design of long-term incentives will be prudent and will not expose shareholders to unreasonable financial risk;
- in considering the market positioning of reward elements, account will be taken of the performance of the Group and of each individual Executive Director; and
- reward practice will conform to best practice standards as far as reasonably practicable.

When formulating the scale and structure of remuneration levels, the Remuneration Committee considers market rates drawn from external market data of the level of remuneration offered to Directors of similar type and seniority in other companies whose activities are similar. In addition, we also considers the pay and employment conditions of our employees when determining Directors' remuneration. We may also seek advice from external consultants where appropriate and the services of PwC and h2glenfern Limited were retained during the year. No Director was involved in deciding the level and composition of their own remuneration.

Each Executive Director's remuneration package consists of basic salary, bonus, share options, health and car benefits, prolonged disability insurance and pension contributions. An appropriate balance is maintained between the fixed and performance related remuneration elements. The details of individual components of the remuneration packages and service contracts are outlined below.

Basic Salary and Benefits
In accordance with the remuneration policy outlined above, the salaries of the Executive Directors are reviewed annually with any changes normally effective 1 June. Consideration is also taken of an Executive Director's experience, responsibilities and performance. Performance is assessed both from an individual and business perspective. Benefits in kind comprises private medical insurance for Chris Clark, fuel benefit and private medical insurance for Dave Wilson and fuel benefit, private medical and dental insurance Nick Brown. Cash in lieu of benefits comprises of a car allowance for all three Executive Directors plus payments in lieu of pension for Chris Clark.

Pensions
We do not provide a contributory pension scheme. For Dave Wilson and Nick Brown pension payments are paid directly into their personal pension plan. Chris Clark having reached the maximum level permitted for a personal pension plan now receives a direct payment in lieu of his pension entitlement.

Fees
The fees of the Non-Executive Directors are determined by the Executive Directors within the limits stipulated in the Articles of Association.

Performance Related Bonus
This is calculated based on a fixed formula which is determined at the beginning of each financial year by the Remuneration Committee. The formula measures the Group's performance to specified targets principally relating to Adjusted EPS. The amount of bonus is dependent on the level of performance achieved. Payments under the bonus scheme are capped at 125 percent of salary.

Share Option Schemes
Executive Directors hold awards under a number of share option schemes including the Section A HMRC Approved Scheme, the Section B Unapproved Scheme, the 2003 Section C Scheme, the 2010 Section D Scheme and the 2011 Share Matching Plan.

Under the Section A, C and D Schemes, Executive Directors, managers and staff of the Group were granted options over shares in the Company at prevailing market prices at the date of grant. Awards were subject to performance conditions including either or both of growth in earnings per share and comparative total shareholder return.

Options under the Section A scheme vest on the third anniversary of the grant and are subject to earnings per share growth exceeding the growth of the Retail Prices Index ('RPI') over the three year period prior to the exercise vesting date. Subject to the performance criteria, options are exercisable between third and tenth anniversary of the grant date.

Options may be awarded under Section B of the Scheme but are Unapproved under Schedule 4 of the Income Tax (Earnings and Pensions) Act 2003 ("ITEPA"). The Section B scheme options vest on the third anniversary of the grant and are subject to earnings per share growth exceeding the growth of the RPI over the three year period prior to the exercise vesting date. Subject to the performance criteria, options are exercisable between the third and tenth anniversary of the grant date.

Options under the Section C scheme are subject to two measures of performance. The options will vest on the third anniversary of the grant subject to earnings per share growth exceeding the growth of the RPI. In addition and having regard to the Company's Total Shareholder Return ('TSR') performance compared to FTSE Computer Services Sub-Sector over a three-year period, where the Company's TSR is less than the median the options will not vest. Options will vest on a sliding from 50 percent to 100 percent between the median and top quartile TSR. Subject to the performance criteria, options are exercisable between third and tenth anniversary of the grant date.

Section D options become exercisable to the extent that they have vested at the date of exercise. The options will vest subject to the achievement of normalised EPS growth at an annual compound rate of 20 per cent over the performance period. The performance period is the three financial years following the financial year of the Company ended immediately prior to the date of grant of the award of options. Subject to the performance criteria, options are exercisable between third and tenth anniversary of the grant date.

All awards under the Section C and D schemes have now vested in full.

At a General Meeting of the Company held on 29 July 2010, shareholder approval was given to increase the overall limit on the number of shares that can be awarded as options an aggregate dilution limit of 15 per cent in our issued share capital over a rolling ten year period.

Under the Share Matching Plan adopted in November 2011 participants may purchase shares ('Investment Shares') from the market up to a maximum aggregate value of: 80 per cent of the gross amount of their bonus, net of the employee's national insurance and income tax paid; and/or 20 per cent of their gross annual salary, net of the employee's national insurance and income tax paid. In consideration of acquiring such Investment Shares, the Company undertakes to grant an option to allot a number of matching shares in proportion to the Investment Shares acquired. Such matching shares are capped at three times the number of Investment Shares purchased by the participant.

Share matching awards are subject to an adjusted EPS growth condition measured over three financial years. The range of lower level growth targets for options currently in issue is between 10 per cent and 15 per cent and the range of upper level growth targets for options in issue is between 22.5 per cent and 25 per cent. Between the lower and upper Adjusted EPS growth target levels the amount of shares that will vest will increase on a straight line basis from nil to 100 per cent.

Chris Clark was awarded 1,000,000 incentive share options on 1 April 2017 (the 'Grant Date') with an exercise price of 293p. Vesting of the incentive options is subject to performance targets based on the growth of the Group's EPS over a three year performance period. Chris was also awarded 400,000 compensatory options with an exercise price of 2.5p, which vest in two tranches on the first and second anniversary of the grant. Further details in relation to the options, exercise date and performance measures can be found on page 34..

In addition, the Company also operates a savings related share option scheme, which is open to all employees.

Information on the options issued to the Executive Directors is detailed within this report.

Service Contracts
The service contracts and letters of appointment of the Directors include the following terms:

Executive Directors	***Date of Contract***	***Unexpired Term (months) or Rolling Contract***	***Notice Period (months)***
Chris Clark	1 April 2017	Rolling Contract	6
Dave Wilson	1 October 2010	Rolling Contract	6
Nick Brown	3 April 2017	Rolling Contract	6
Non-Executive Directors			
Charmaine Eggberry	8 January 2014	9	1
David Rasche	1 September 2016	5	1
Liz Catchpole	1 September 2017	29*	1

*Liz Catchpole has a 3 year fixed term contract which commenced on 1 September 2017. Notwithstanding and in accordance with GBG's Articles of Association, Liz's appointment and any subsequent re-appointment is subject to shareholder approval at each Annual General Meeting where shareholder approval is required.

There are no special provisions for compensation in the event of loss of office. The Remuneration Committee considers the circumstances of individual cases of early termination and determines compensation payments accordingly.

Non-Executive Directors
The Chairman and the other Non-Executive Directors' remuneration comprise only fees. The Chairman's fee is approved by the Board on the recommendation of the Remuneration Committee. The other Non-Executives' fees are approved by the Board on the recommendation of the Chairman and CEO. The Non-Executive Directors are not involved in any decisions about their own remuneration.

Introduction

This Annual Report on Remuneration sets out information about the remuneration of the Directors of the Company, for the period ended 31 March 2018.

Information subject to audit

Directors' Remuneration

	Salaries / Fees	Cash in lieu of benefits in kind	Benefits in kind	Bonuses	2018 Total	2017 Total
	£'000	£'000	£'000	£'000	£'000	£'000
David Rasche	128	-	-	-	128	150
Chris Clark*	480	96	2	527	1,105	-
Dave Wilson*	260	14	3	352	629	480
Nick Brown*	265	12	2	352	631	-
Charmaine Eggberry	49	-	-	-	49	45
Liz Catchpole†	31	-	-	-	31	-
Dick Linford‡	27	-	-	-	27	40
	1,240	**122**	**7**	**1,231**	**2,600**	**715**

* denotes Executive Director
†Appointed 1 September 2017
‡ Retired from the Board on 30 November 2017

Details of cash in lieu of benefits in kind and benefits in kind are disclosed above. Effective from 1 June 2017, both Dave and Nick received a 5% pay increase.

Directors' Pension Arrangements (defined contribution)
The following contribution were paid to defined contribution schemes in respect of the following Directors:

				2018 Total £'000		2017 Total £'000
Dave Wilson				**33**		24
Nick Brown				**33**		-

Note: Chris Clark having reached the maximum level permitted for a personal pension receives a direct payment in lieu of his pension entitlement, which was £84,000 (2017: £70,000 that relates to the previous Chief Executive). This figure is included in the column entitled 'Cash in lieu of benefits in kind' in the Director's Remuneration table above.

Annual Bonuses
The details of the Executive Bonus Scheme 2017-18 are set out below and includes details of the annual bonus targets, threshold and maximum levels, and bonuses paid to each Executive Director. Bonuses were awarded based on achievement of EPS growth targets as well non-financial KPIs; which are aligned to our strategic objectives and include improvements in employee engagement and Net Promotor Scores as well as achieving a predetermined level or organic growth. For both the CFO and Managing Director, the maximum pay out for the EPS growth target was increased from 105% to 110% of base salary, resulting in a potential maximum bonus of 130% when combined with the 20% awarded on achievement of non-financial objectives. For the CEO, the maximum payout for the EPS growth target remained at 105% with maximum potential bonus of 125% of his salary. In addition, both Dave and Nick were each awarded a £50,000 bonus in recognition of the responsibilities during the transition of the CEO position.

	EPS Growth				Bonus awarded		Additional Bonus
	Budget 15.43	Max 17.58	Achievement of KPIs	Total max bonus	%	£'000	£'000
Chris Clark	40	105	20	125	109.9	527	-
Dave Wilson	40	110	20	130	114.9	302	50
Nick Brown	40	110	20	130	114.9	302	50

Long Term Incentive Awards

During the year, the 159,177 share match options that were awarded to Dave Wilson in May and November 2014 and the 190,595 share match options that were awarded to Nick Brown in May 2014 fully vested, following EPS growth reaching the 22.5% target over 3 years.

As part of his recruitment package, Chris Clark, was awarded 1,000,000 options on his joining the Group on 1 April 2017. The exercise price of 2.93 pence was set as the closing share price on the day before his appointment. The award will vest in three equal tranches three, four and five years from grant subject to an adjusted EPS compound annual growth rate with vesting commencing from zero at 16.25% and increasing on a straight line basis to full vesting at 26.25%.

Following the investment of the executive directors in acquiring shares in the Group in 2017-18, share matching awards of 113,208 and 119,917 were made to Dave Wilson and Nick Brown on 5 February 2018. The amount of their investment was grossed up for income taxes and matches 2 times base salary. The share matching awards are subject to a three year adjusted EPS compound annual growth performance condition. Vesting will commence from zero at a compound average growth rate of 10% on straight line basis up to full vesting at 22.5%.

Directors' Interest in the Group's Share Option Schemes

	At 31 March 2017	Share option scheme	Granted during financial year	Exercised during financial year	Lapsed during financial year	At 31 March 2018	Option exercise price (p)	Date Exercisable
Chris Clark	-	A	10,238	-	-	10,238	29.3	2020-27
	-	B	989,762	-	-	989,762	29.3	2020-27
	-	Comp	400,000	-	-	400,000	2.50	2018-20
	-		1,400,000	-	-	1,400,000		
Dave Wilson	100,434	A	-	(100,434)	-	-	23.00	2012-19
	50,000	C	-	(50,000)	-	-	19.75	2012-19
	311,164	D	-	(100,000)	-	211,164	25.75	2013-20
	159,177	SM	-	-	-	159,177	2.50	2017-25
	156,603	SM	-	-	-	156,603	2.50	2018-26
	130,764	SM	-	-	-	130,764	2.50	2019-20
	-	SM	113,208	-	-	113,208	2.50	2020-21
	908,142		113,208	(250,434)	-	770,916		
Nick Brown	155,089	SM	-	-	-	155,089	2.50	2017-18
	-	SM	119,917	-	-	119,917	2.50	2020-22
	155,089		119,917	-	-	275,006		

Nick Brown's share options as at 31 March 2017 were awarded during his time as Group Managing Director before his appointment to the Board in April 2017.

Note: Share Option Scheme Details are provided in relation to the Directors' Interests in each Share Option Schemes offered:

A	Section A
B	Section B
C	Section C
D	Section D
SM	Share Matching
Comp	Compensatory

Further information about the general terms of the share option schemes we offer can be found on pages 31 to 32 of this Remuneration Report.

Report on Directors' Remuneration continued

Savings Related Share Scheme

	At 31 March 2017	Granted during financial year	Exercised during financial year	Lapsed during financial year	At 31 March 2018	Option exercise price (p)	Date exercisable
Dave Wilson	6,640	-	-	-	6,640	76.80	2018
Nick Brown	6,640	-	-	-	6,640	76.80	2018

The aggregate gains made on the exercise of options during the year was £954,000 (2017: £1,212,000).

At 31 March 2018, our quoted share price on the London Stock Exchange was 403.50p and the lowest and highest prices during the year ended 31 March 2018 were 455.00p on 2 November and 277.50p on April 7, respectively.

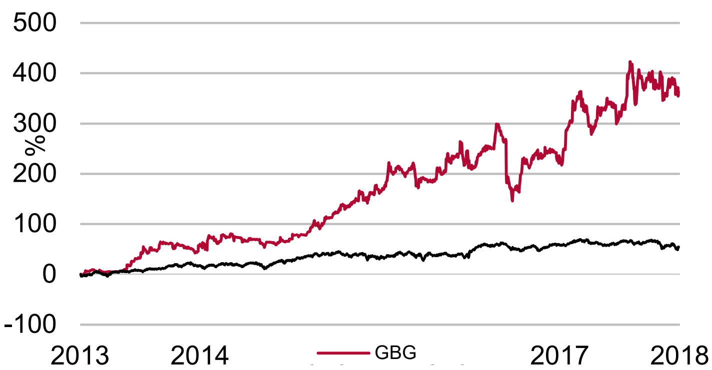
Directors' Interests
Set out below are the beneficial interests of the Directors and their families in the share capital of The Group at the beginning and end of the year.

Ordinary shares of 2.5p	***31 March 2018***	***1 April 2017***
David Rasche	855,473	840,778
Chris Clark	-	-
Dave Wilson	239,725	245,592
Nick Brown	877,585	-
Charmaine Eggberry	18,182	18,182
Liz Catchpole	-	-

There have been no other changes to Directors' interests in the shares of The Group from the end of the year to 1 June 2018. Full details of the Directors' interests in the shares and options of The Group are contained in the Register of Directors' Interests, which is open to inspection.

Shareholder Return Graph
The graph below shows the percentage change in total shareholder return for each of the last five financial years compared to the FTSE Techmark (All Share) index.

The FTSE Techmark (All Share) was selected as it represents a broad equity index in which the Group can be compared against.



Remuneration in 2018-19

Salary	The Remuneration Committee will continue to monitor the remuneration of Executive Directors of other companies in the IT sector and other listed companies with similar market capitalisation to ensure that the Executive Directors remain sufficiently rewarded to promote long term success. In line with the directors' remuneration policy, the annual salaries of the Executive Directors for the year commencing 1 April 2018 are as follows: CEO: £492,000 CFO/COO: £287,000 Group Managing Director: £287,000
Benefits	There will be no change to the benefits for the executive directors in the year commencing 1 April 2018.
Annual bonus	Annual bonus for the year commencing 1 April 2018 will be operated within the policy disclosed in this report. The principles of bonus criteria which will be applied to each Executive Director during the year ending 31 March 2019 will be similar to those applied during the year ended 31 March 2018. The targets for the annual bonus for 2018-19 are not being disclosed in this report as that information is deemed commercially sensitive and may be interpreted to be a forecast. That information will be disclosed in the 2019 Annual Report. For 2018-19, normal annual bonus amounts are capped at 130 per cent of salary for the CEO, CFO and Managing Director.
Long term incentives	The Remuneration Committee intends to make further share matching awards in 2018-19. These will be made in line with the remuneration policy. The Remuneration Committee will determine the levels, performance conditions, weighting and growth targets to be applied at the time of award and disclose them in the 2019 Annual Report.
Non-Executive Director Remuneration	The Non-Executive Director fees for the year commencing 1 April 2018 will be reviewed in the first quarter having regard to recommendations from our remuneration advisors and best practice benchmarking.

Statement of Responsibilities

Directors' Responsibility Statement
The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards ('IFRS's) as adopted by the European Union.

The Directors are required to prepare Group and Company financial statements for each financial year which present fairly the financial position of the Group and Company and the financial performance and cash flows of the Group and Company for that period. In preparing the financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's and the Company's financial position and financial performance; and
- state that the Group and Company have complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Responsibility Statement by Management
We confirm that to the best of our knowledge:

a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of The Group and the undertakings included in the consolidation taken as a whole; and

b) the Annual Report includes a fair review of the development, performance and position of The Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

C G Clark
Director

D J Wilson
Director

Auditor's Report

Independent Auditor's Report to the Members of GB Group Plc

Opinion

In our opinion:

- GB Group plc's group financial statements and parent company financial statements (the 'financial statements') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of GB Group plc which comprise:

Group	Parent company
Consolidated Statement of Comprehensive Income	Company Statement of Changes in Equity
Consolidated Statement of Changes in Equity	Company Balance Sheet
Consolidated Balance Sheet	Company Cash Flow Statement
Consolidated Cash Flow Statement	Related notes 1 to 32 to the financial statements, including a summary of significant accounting policies
Related notes 1 to 32 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards to the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Overview of our audit approach

Key audit matters	• Revenue recognition • Accounting for business combinations
Audit scope	• We performed an audit of the complete financial information of five components and audit procedures on specific balances for a further two components. • The components where we performed full or specific audit procedures accounted for 100% of Pre-tax income adjusted for exceptional costs, 100% of Revenue and 100% of Total assets.
Materiality	• Overall group materiality of £777,000 which represents 5% of pre-tax income adjusted for exceptional costs.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue recognition **(Revenue 2018: £119.7m, 2017: £87.5m)** *Refer to Accounting policies (page 53), and Note 3 of the Consolidated Financial Statements (page 58).* The number and nature of the revenue streams increases the risk of inappropriate revenue recognition. As the business expands by acquisition, there is a risk that revenue recognition policies no longer reflect all of the Group’s revenue streams. Specifically there is a risk that revenue is recorded incorrectly around the year end date. This cut off risk manifests itself differently across the two revenue streams as follows: *Licence based* • Revenue recognised is not in line with contractual arrangements (price, duration, classification) *Usage based* • Inaccurate usage data/costs are used as a basis to recognise revenue	Our audit procedures included: • Identification and walkthrough of key controls over revenue process for licence based and usage based revenue streams • We assessed the revenue recognition policy for Postcode Anywhere (Holdings) Limited in accordance with IAS 18 and consistency of application for the financial year *Licence based* • For all individual sales above £57,000 recognised in March and April 2018 we recalculated the revenue recognised by inspecting the licence price, duration and classification as per the signed customer contracts. *Usage based* • For all individual sales above £57,000 recognised in March and April 2018 we agreed sales prices to signed customer contracts, vouched usage data to usage reports. We assessed the completeness and accuracy of the usage reports by vouching a sample to supplier invoices. • For all individual credit notes above £57,000 raised in March and April 2018 across both revenue streams we assessed their impact on the value of revenue recognised. • We performed audit procedures designed to address the risk of management override of controls including journal entry testing to confirm whether the processing and timing of journals to record revenue around the year-end are appropriate.	We have audited the timing of revenue recognition and assessed the risk of management override. Based upon the audit procedures performed, we conclude that revenue has been recognised on an appropriate basis in the year.

Key audit matters continued

Accounting for business combinations *Refer to Accounting policies (page 51), and Note 30 of the Consolidated Financial Statements (page 80).* Accounting for acquisitions under IFRS 3 (Revised) is considered complex and involves estimation on the part of management; in particular in the area of intangible asset valuations and contingent consideration payable. The acquisition of Postcode Anywhere (Holdings) Limited is the Group's largest acquisition to date in terms of consideration value. As a result the assumptions applied in terms of discount rates, tax rates, growth rates and attrition levels are judgemental and therefore require further audit consideration. There is a risk that the assumptions underpinning the acquisition model lead to a material error in the acquisition accounting and specifically the purchase price allocation.	Our audit procedures included: • We inspected the sale and purchase agreement for Postcode Anywhere (Holdings) Limited and corroborated consideration to external support and agreed key details into the accounting applied. • We considered the appropriateness of prospective financial information by reference to external sources such as the financial due diligence report and consistency with internal forecasts and prior year financial statements. • We engaged EY valuation experts to review the acquisition accounting model including commenting on the methodology selected for valuing intangible assets, calculating an internal rate of return for the transaction as a corroboration for the discount rate used by management, assessing the appropriateness of the discount rate (risk adjusted weighted average cost of capital, 'WACC') determined by management and assessing the appropriateness of discounting of intangible assets at the same discount rate as the WACC. • We considered whether accounting policies align with the policies of GB Group plc, and we performed a technical review of acquisition disclosures.	We have audited the acquisition accounting of Postcode Anywhere (Holdings) Limited overall we are satisfied that the purchase price allocation is reasonable and that the disclosures are complete and fairly stated. .

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and changes in the business environment when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected all seven reportable components within the Group.

Of the seven components identified, we performed an audit of the complete financial information of five components ('full scope components') which were selected based on their size or risk characteristics. For two components ('specific scope components'), we performed audit procedures on specific accounts within those components that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 100% (2017: 91%) of the Group's Pre-tax income adjusted for exceptional costs, 100% (2017: 93%) of the Group's Revenue and 100% (2017: 97%) of the Group's Total assets. For the current year, the full scope components contributed 85% (2017: 78%) of the Group's Pre-tax income adjusted for exceptional costs, 93% (2017: 86%) of the Group's Revenue and 97% (2017: 93%) of the Group's Total assets. The specific scope components contributed 15% (2017: 13%) of the Pre-tax income adjusted for exceptional costs, 7% (2017: 7%) of the Group's Revenue and 3% (2017: 4%) of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant tested for the Group.

Changes from the prior year

We identified the following scope changes in the current year audit:

- Loqate was scoped as specified procedures in the prior year. In the current year we assigned the entity as specific scope given the risk over revenue and the growth experienced by the entity.
- IDscan was scoped as specific scope in the prior year but has been scoped as full scope in the current year due to the significant proportion of Group profit that is derived from this entity.
- Postcode Anywhere, the new acquisitions in 2018, has been assigned full scope.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the five full scope components, audit procedures were performed on two of these directly by the primary audit and three by component teams. For the two specific scope components the work was performed on one component by the primary audit team and the remaining by a component team.

During the current year audit cycle, visits were undertaken to the component teams in the UK. The primary team interacted regularly with all component teams where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

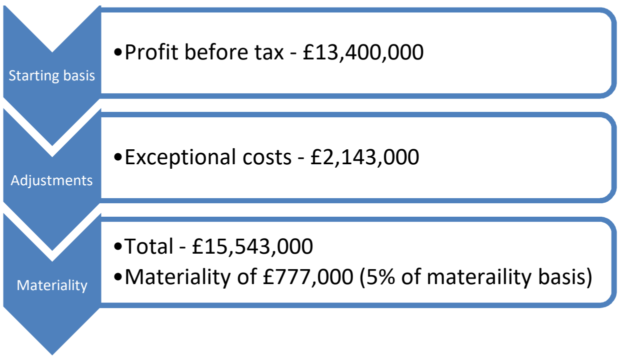
Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £777,000 (2017: £575,000), which is 5% (2017: 5%) of Pre-tax income adjusted for exceptional costs (2017: Pre-tax income adjusted for exceptional costs). We believe that Pre-tax income adjusted for exceptional costs provides us with a key performance measure of management and is what the users of the financial statements are most interested in.



Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2017: 75%) of our planning materiality, namely £582,000 (2017: £431,000). We set performance materiality at this level due to our past experience on the audit indicates a lower risk of misstatements, both corrected and uncorrected.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £5,000 to £407,000 (2017: £107,000 to £409,000).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £38,000 (2017: £29,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information
The other information comprises the information included in the annual report, set out on pages 2 - 37, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic review and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic review and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic review or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Victoria Venning (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester
5 June 2018

Consolidated Statement of Comprehensive Income

Year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Revenue	3	**119,702**	87,486
Cost of sales		**(27,092)**	(20,320)
Gross profit		**92,610**	67,166
Operating expenses before amortisation of acquired intangibles, share-based payments and exceptional items		**(66,299)**	(50,178)
Other operating income		**-**	18
Operating profit before amortisation of acquired intangibles, share-based payments and exceptional items (adjusted operating profit)		**26,311**	17,006
Amortisation of acquired intangibles	15	**(7,885)**	(4,022)
Share-based payments charge	26	**(2,375)**	(994)
Exceptional items	7	**(2,143)**	(1,410)
Group operating profit		**13,908**	10,580
Finance revenue	9	**37**	19
Finance costs	10	**(545)**	(517)
Profit before tax		**13,400**	10,082
Income tax (charge)/credit	11	**(2,746)**	668
Profit for the year attributable to equity holders of the parent		**10,654**	10,750
Other comprehensive income:			
Exchange differences on retranslation of foreign operations (net of tax)[1]		**(3,206)**	3,685
Total comprehensive income for the year attributable to equity holders of the parent		**7,448**	14,435
Earnings per share	13		
- adjusted basic earnings per share for the year		**15.3p**	13.1p
- adjusted diluted earnings per share for the year		**15.0p**	12.8p
- basic earnings per share for the year		**7.1p**	8.2p
- diluted earnings per share for the year		**7.0p**	8.0p

[1] *Upon a disposal of a foreign operation, this would be recycled to the Income Statement*

Consolidated Statement of Changes in Equity

Year ended 31 March 2018

	Note	Equity share capital £'000	Merger reserve £'000	Capital redemption reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2016		**27,208**	**6,575**	**3**	**412**	**22,203**	**56,401**
Profit for the period		-	-	-	-	10,750	**10,750**
Other comprehensive income		-	-	-	3,685	-	**3,685**
Total comprehensive income for the period		**-**	**-**	**-**	**3,685**	**10,750**	**14,435**
Issue of share capital	20	25,505	-	-	-	-	**25,505**
Share issue costs	20	(750)	-	-	-	-	**(750)**
Share-based payments charge	26	-	-	-	-	994	**994**
Tax on share options		-	-	-	-	373	**373**
Equity dividend	12	-	-	-	-	(2,775)	**(2,775)**
Balance at 31 March 2017		**51,963**	**6,575**	**3**	**4,097**	**31,545**	**94,183**
Profit for the period		-	-	-	-	10,654	**10,654**
Other comprehensive income		-	-	-	(3,206)	-	**(3,206)**
Total comprehensive income for the period		**-**	**-**	**-**	**(3,206)**	**10,654**	**7,448**
Issue of share capital	20	58,408	-	-	-	-	**58,408**
Share issue costs	20	(1,740)	-	-	-	-	**(1,740)**
Share-based payments charge	26	-	-	-	-	2,375	**2,375**
Tax on share options		-	-	-	-	660	**660**
Equity dividend	12	-	-	-	-	(3,582)	**(3,582)**
Balance at 31 March 2018		**108,631**	**6,575**	**3**	**891**	**41,652**	**157,752**

Company Statement of Changes in Equity

Year ended 31 March 2018

	Note	Equity share capital £'000	Merger reserve £'000	Capital redemption reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2016		**27,208**	**6,575**	**3**	**-**	**25,889**	**59,675**
Profit for the period		-	-	-	-	10,717	**10,717**
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**10,717**	**10,717**
Issue of share capital	20	25,505	-	-	-	-	**25,505**
Share issue costs	20	(750)	-	-	-	-	**(750)**
Share-based payments charge	26	-	-	-	-	994	**994**
Tax on share options		-	-	-	-	373	**373**
Equity dividend	12	-	-	-	-	(2,775)	**(2,775)**
Balance at 31 March 2017		**51,963**	**6,575**	**3**	**-**	**35,198**	**93,739**
Profit for the period		-	-	-	-	5,153	**5,153**
Total comprehensive income for the period		-	-	-	-	5,153	**5,153**
Issue of share capital	20	58,408	-	-	-	-	**58,408**
Share issue costs	20	(1,740)	-	-	-	-	**(1,740)**
Resulting from hive-up transactions	30	-	-	-	4,543	-	**4,543**
Share-based payments charge	26	-	-	-	-	2,375	**2,375**
Tax on share options		-	-	-	-	651	**651**
Equity dividend	12	-	-	-	-	(3,582)	**(3,582)**
Balance at 31 March 2018		**108,631**	**6,575**	**3**	**4,543**	**39,795**	**159,547**

Consolidated Balance Sheet

As at 31 March 2018

	Note	2018 £'000	2017 £'000
Assets			
Non-current assets			
Property, plant and equipment	14	**4,700**	2,856
Intangible assets	15	**161,372**	98,753
Deferred tax asset	11	**4,212**	4,044
		170,284	105,653
Current assets			
Inventories		**399**	233
Trade and other receivables	18	**37,969**	30,569
Current tax		**-**	494
Cash and short-term deposits	19	**22,753**	17,618
		61,121	48,914
Total assets		**231,405**	154,567
Equity and liabilities			
Capital and reserves			
Equity share capital	20	**108,631**	51,963
Merger reserve		**6,575**	6,575
Capital redemption reserve		**3**	3
Foreign currency translation reserve		**891**	4,097
Retained earnings		**41,652**	31,545
Total equity attributable to equity holders of the parent		**157,752**	94,183
Non-current liabilities			
Loans	21	**8,451**	11,499
Deferred tax liability	11	**8,260**	4,441
		16,711	15,940
Current liabilities			
Loans	21	**797**	886
Trade and other payables	22	**55,897**	36,401
Contingent consideration	31	**45**	7,122
Provisions	23	**25**	35
Current tax		**178**	-
		56,942	44,444
Total liabilities		**73,653**	60,384
Total equity and liabilities		**231,405**	154,567

Approved by the Board on 5 June 2018

C G Clark - Director
D J Wilson - Director

Registered in England number 2415211

Company Balance Sheet

As at 31 March 2018

	Note	2018 £'000	2017 £'000
Assets			
Non-current assets			
Property, plant and equipment	14	**3,714**	1,975
Intangible assets	15	**113,174**	1,701
Investments	17	**76,310**	104,096
Deferred tax asset	11	**3,163**	2,996
		196,361	110,768
Current assets			
Inventories		**399**	-
Trade and other receivables	18	**31,351**	21,846
Current tax		-	614
Cash and short-term deposits	19	**14,778**	11,011
		46,528	33,471
Total assets		**242,889**	144,239
Equity and liabilities			
Capital and reserves			
Equity share capital	20	**108,631**	51,963
Merger reserve		**6,575**	6,575
Capital redemption reserve		**3**	3
Other reserves		**4,543**	-
Retained earnings		**39,795**	35,198
Total equity attributable to equity holders of the parent		**159,547**	93,739
Non-current liabilities			
Deferred tax	11	**6,319**	-
Loans	21	**7,000**	9,000
		13,319	9,000
Current liabilities			
Trade and other payables	22	**69,541**	34,343
Contingent consideration	31	**45**	7,122
Provisions	23	**25**	35
Current tax		**412**	-
		70,023	41,500
Total liabilities		**83,342**	50,500
Total equity and liabilities		**242,889**	144,239

During the year the Company made a profit £5,153,000 (2017: £10,717,000).

Approved by the Board on 5 June 2018
C G Clark - Director
D J Wilson - Director

Registered in England number 2415211

Consolidated Cash Flow Statement

Year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Group profit before tax		**13,400**	10,082
Adjustments to reconcile Group profit before tax to net cash flows			
Finance revenue	9	**(37)**	(19)
Finance costs	10	**545**	517
Depreciation of plant and equipment	14	**1,430**	1,031
Amortisation of intangible assets	15	**8,832**	4,719
Loss on disposal of plant and equipment		**38**	2
Fair value adjustment on contingent consideration	31	**383**	471
Share-based payments	26	**2,375**	994
(Decrease)/increase in provisions	23	**(10)**	4
Increase in inventories		**(166)**	(78)
Increase in trade and other receivables		**(5,390)**	(3,690)
Increase in trade and other payables		**10,220**	2,272
Cash generated from operations		**31,620**	16,305
Income tax paid		**(3,247)**	(2,193)
Net cash generated from operating activities		**28,373**	14,112
Cash flows from/(used in) investing activities			
Acquisition of subsidiaries, net of cash acquired	30	**(70,363)**	(36,840)
Purchase of plant and equipment	14	**(1,902)**	(1,437)
Purchase of software	15	**(212)**	(774)
Proceeds from disposal of plant and equipment		**96**	5
Expenditure on product development	15	**-**	(21)
Interest received	9	**37**	19
Net cash flows used in investing activities		**(72,344)**	(39,048)
Cash flows from/(used in) financing activities			
Finance costs paid	10	**(545)**	(517)
Proceeds from issue of shares	20	**58,408**	25,505
Share issue costs	20	**(1,740)**	(750)
Proceeds from new borrowings	21	**10,000**	12,000
Repayment of borrowings	21	**(12,839)**	(3,838)
Dividends paid to equity shareholders	12	**(3,582)**	(2,775)
Net cash flows from financing activities		**49,702**	29,625
Net increase in cash and cash equivalents		**5,731**	4,689
Effect of exchange rates on cash and cash equivalents		**(596)**	514
Cash and cash equivalents at the beginning of the period		**17,618**	12,415
Cash and cash equivalents at the end of the period	19	**22,753**	17,618

Company Cash Flow Statement

Year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Company profit before tax		**6,303**	10,831
Adjustments to reconcile Company profit before tax to net cash flows			
Finance revenue		**(16)**	(12)
Finance costs		**439**	365
Depreciation of plant and equipment	14	**856**	784
Amortisation of intangible assets	15	**1,851**	689
Loss on disposal of plant and equipment		**-**	1
Fair value adjustment on contingent consideration	31	**383**	454
Share-based payments	26	**2,375**	994
Increase in inventories		**(399)**	-
(Decrease)/increase in provisions	23	**(10)**	4
Increase in trade and other receivables		**(9,505)**	(3,010)
Increase/(decrease) in trade and other payables		**33,268**	(1,160)
Cash generated from operations		**35,545**	9,940
Income tax paid		**(399)**	(676)
Net cash generated from operating activities		**35,146**	9,264
Cash flows from/(used in) investing activities			
Acquisition of subsidiary undertakings	30	**(81,312)**	(37,000)
Purchase of plant and equipment	14	**(585)**	(748)
Purchase of software	15	**(145)**	(774)
Expenditure on product development	15	**-**	(21)
Interest received		**16**	12
Net cash flows used in investing activities		**(82,026)**	(38,531)
Cash flows from/(used in) financing activities			
Finance costs paid		**(439)**	(365)
Proceeds from issue of shares	20	**58,408**	25,505
Share issue costs	20	**(1,740)**	(750)
Proceeds from new borrowings	21	**10,000**	12,000
Repayment of borrowings	21	**(12,000)**	(3,000)
Dividends paid to equity shareholders	12	**(3,582)**	(2,775)
Net cash flows from financing activities		**50,647**	30,615
Net increase in cash and cash equivalents		**3,767**	1,348
Cash and cash equivalents at the beginning of the period		**11,011**	9,663
Cash and cash equivalents at the end of the period	19	**14,778**	11,011

Notes to the Accounts

1. Corporate Information

GB Group plc ('the Company'), its subsidiaries and associates (together 'the Group') provide identity data intelligence products and services helping organisations recognise and verify all elements of an individual's identity at key interactions in their business processes. The nature of the Group's operations and its principal activities are set out in the Finance Review on pages 5 to 8.

The Company is a public company limited by shares incorporated in the United Kingdom and is listed on the London Stock Exchange with its ordinary shares traded on the Alternative Investment Market. The company registration number is 2415211. The address of its registered office is The Foundation, Herons Way, Chester Business Park, Chester, CH4 9GB. A list of the investments in subsidiaries, including the name, country of incorporation, registered office address and proportion of ownership interest is given in note 17.

These consolidated financial statements have been approved for issue by the Board of Directors on 5 June 2018.

The Company's financial statements are included in the consolidated financial statements of GB Group plc. As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented.

2. Accounting Policies

Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS's) as adopted by the European Union and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, modified in respect of the revaluation of financial assets and liabilities at fair value. A summary of the significant accounting policies is set out below.

The accounting policies that follow set out those policies that apply in preparing the financial statements for the year ended 31 March 2018 and the Group and Company have applied the same policies throughout the year.

The Group and Company financial statements are presented in pounds Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March each year.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income ('OCI') are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2. Accounting Policies continued

Business Combinations

The Group uses the acquisition method of accounting to account for business combinations of entities not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 'Financial Instruments: Recognition and Measurement', is measured at fair value with the changes in fair value recognised in the statement of profit or loss. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

The Group applies IFRS 3 'Business Combinations' and as a consequence of the acquisition of the remaining 73.3% of shares in Loqate, the area of the standard applicable to business combinations achieved in stages became relevant to the Group. If the business combination is achieved in stages, the acquisition date fair value of the Group's previously held investment in the acquiree is remeasured to fair value at the acquisition date with any resultant gain or loss recognised through profit or loss.

Foreign Currencies

The Group's consolidated financial statements are presented in pounds Sterling, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Group Companies

On consolidation, the assets and liabilities of foreign operations are translated into pounds Sterling at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates for the period. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated to write off cost less estimated residual value based on prices prevailing at the balance sheet date on a straight-line basis over the estimated useful life of each asset as follows:

Plant and equipment	- over 3 to 10 years
Freehold buildings	- over 50 years

Freehold land is not depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Comprehensive Income in the year the item is derecognised.

Residual values and estimated remaining lives are reviewed annually.

2. Accounting Policies continued

Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ('CGU's) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only on assets other than goodwill if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Intangible Assets

Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill already carried in the balance sheet at 1 April 2004 or relating to acquisitions after that date is not amortised. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to the CGU expected to benefit from the synergies. Impairment is determined by assessing the recoverable amount of the CGU, including the related goodwill. Where the recoverable amount of the CGU is less than the carrying amount, including goodwill, an impairment loss is recognised in the Statement of Comprehensive Income. The carrying amount of goodwill allocated to a CGU is taken into account when determining the gain or loss on disposal of the unit, or an operation within it. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the CGU retained.

Research and Development Costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the availability to measure reliably the expenditure during the development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure capitalised is amortised on a straight-line basis over 2 to 4 years.

Acquired Intangibles

Separately identifiable intangible assets such as patent fees, licence fees, trademarks and customer lists and relationships are capitalised on the balance sheet only when the value can be measured reliably, or the intangible asset is purchased as part of the acquisition of a business. Such intangible assets are amortised over their useful economic lives on a straight-line basis.

Separately identified intangible assets acquired in a business combination are initially recognised at their fair value. Intangible assets are subsequently stated at fair value or cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised in the Consolidated Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the asset. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Estimated useful lives typically applied are as follows:

Technology based assets	- over 2 to 4 years
Brands and trademarks	- over 2 to 3 years
Customer relationships	- over 10 years

Acquired Computer Software Licences

Acquired computer software licences comprise computer software licences purchased from third parties, and also the cost of internally developed software. Acquired computer software licences are initially capitalised at cost, which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software.

Costs associated with maintaining the computer software are recognised as an expense when incurred. Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 to 5 years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2. Accounting Policies continued

The Company's Investments in Subsidiaries
In its separate financial statements the Company recognises its investments in subsidiaries at cost less any provision for impairment.

Interests in Associates
Associates are undertakings that are not subsidiaries or joint ventures over which the Group has significant influence and can participate in financial and operating policy decisions. Investments in associated undertakings are accounted for using the equity method. The Consolidated Statement of Comprehensive Income includes the Group's share of the profit or loss after tax of the associated undertakings. Investments in associates include goodwill identified on acquisition and are carried in the Consolidated Balance Sheet at cost plus post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in value.

Inventories
Inventories are valued at the lower of cost or net realisable value (net selling price less further costs to completion), after making due allowance for obsolete and slow moving items. Cost is determined by the first in first out ('FIFO') cost method.

Trade and Other Receivables
Trade receivables, which generally have 14 to 60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. A provision is made against a trade receivable only when there is objective evidence that the Group may not be able to recover the entire amount due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of a provision for doubtful debts account. Impaired debts are derecognised when they are assessed as uncollectable.

Cash and Short-Term Deposits
Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity date of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

Borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ('EIR') method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Trade and Other Payables
Trade and other payables are initially recognised at their fair value and subsequently recorded using the effective interest method.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Pensions
The Group does not have a contributory pension scheme. Payments are made to individual private defined contribution pension arrangements. Contributions are charged in the Statement of Comprehensive Income as they become payable.

Revenue Recognition
Revenue is measured at the fair value of the consideration received from the sale of software and rendering of services, net of value-added tax, rebates and discounts and after the elimination of inter-company transactions within the Group. Revenue is recognised as follows:

(a) Sale of Software Licences
Revenue in respect of software licences where the Group has no further obligations and the contract is non-cancellable is recognised at the time of sale. Revenue in respect of software licences where there are further contractual obligations, in the form of additional services provided by the Group, such as software delivered online, is recognised over the duration of the licence in line with when the costs are incurred and delivery obligations fulfilled.

(b) Rendering of Services
Revenue from the rendering of services is recognised by reference to the stage of completion. Stage of completion of the specific transaction is assessed on the basis of the actual services provided as a proportion of the total services to be provided. Where the Group is acting as an agent in a transaction and is not the primary obligor then revenue is reported net of amounts payable to the supplier.

(c) Interest Income
Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

2. Accounting Policies continued

(d) Rental Income

Net rental income arising from the sub-let of properties under operating leases is reported as other operating income in the Statement of Comprehensive Income.

Exceptional Items

The Group presents as exceptional items on the face of the Statement of Comprehensive Income those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Share-based Payment Transactions

Employees (including Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

Equity-settled Transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuation specialist using a binomial model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of GB Group plc ('market conditions') and non-vesting conditions, if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Statement of Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting conditions were satisfied, provided that all other vesting conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised over the remainder of the new vesting period for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it was granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected in the computation of earnings per share (note 13).

Leases

Assets funded through finance leases and similar hire purchase contracts are capitalised as property, plant and equipment, where the Group assumes substantially all of the risks and rewards of ownership. Upon initial recognition, the leased asset is measured at the lower of its fair value and the present value of the minimum lease payments. Future instalments under such leases, net of financing costs, are included within interest-bearing loans and borrowings. Rental payments are apportioned between the finance element, which is included in finance costs, and the capital element which reduces the outstanding obligation for future instalments so as to give a constant charge on the outstanding obligation.

All other leases are accounted for as operating leases and the rental charges are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the life of the lease.

Lease incentives are primarily rent-free periods. Lease incentives are amortised over the lease term against the relevant rental expense.

Taxes

Current Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

2. Accounting Policies continued

Deferred Income Tax

Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities included in the financial statements and the amounts used for tax purposes that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- No provision is made where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination that at the time of the transaction affect neither accounting nor taxable profit.
- No provision is made for deferred tax that would arise on all taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.
- Deferred tax assets are recognised only to the extent that the Directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences and unused tax losses and credits can be deducted.
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Finance Costs

Finance costs consist of interest and other costs that are incurred in connection with the borrowing of funds. Finance costs are expensed in the period in which they are incurred.

New Accounting Standards and Interpretations Applied

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the financial statements for the year ended 31 March 2017.

New Accounting Standards and Interpretations not Applied

During the year, the IASB and IFRIC have issued the following Standards and Interpretations with an effective and adoption date after the date of these financial statements:

International Accounting Standards (IAS/IFRS)		***Effective date***
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 2	Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2	1 January 2018
IAS 40	Transfers of Investment Property (Amendments to IAS 40)	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Various	Annual Improvements to IFRS – 2014-2016 Cycle	1 January 2018
IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
IFRS 9	Prepayment Features with Negative Compensation – Amendments to IFRS 9	1 January 2019
IAS 28	Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28	1 January 2019

IFRS 15 'Revenue from Contracts with Customers' replaces IAS 18 'Revenue', IAS 11 'Construction Contracts' and related interpretations. For the Group, transition to IFRS 15 will take place on 1 April 2018. Half yearly and annual results in the 2018/19 financial year will be IFRS 15 compliant. The standard requires entities to apportion revenue earned from contracts to individual promises, or performance obligations, on a relative standalone selling price basis, based upon a five-step revenue recognition model where revenue is recognised at the point that control of goods or services is transferred to the customer.

The Group has determined its planned revenue and cost accounting policies under IFRS 15. The Group has been engaged in determining accounting policies under the new standard, specifically in consideration of the application of the five steps to the individual business units, quantifying the transitional adjustments, considering suitable systems solutions, reviewing the impact on forecasting and the additional disclosure requirements required by IFRS 15. New processes and controls are being designed and implemented to complement the adoption of the accounting policies.

Whilst some further work is required to determine the impact on reported revenue across all the lines of business, based on the initial findings of this process, management do not currently anticipate that there will be a material change to the quantum and timing of profitability. The new standard also introduces expanded disclosure requirements and these are expected to change the nature and extent of the group's disclosures about its revenue recognition in future reports, when the new standard is adopted.

When IFRS 15 is adopted, it can be applied either on a fully retrospective basis, requiring the restatement of the comparative periods presented in the financial statements, or with the cumulative retrospective impact of IFRS 15 applied as an adjustment to equity on the date of adoption. When the latter approach is applied it is necessary to disclose the impact of IFRS 15 on each line item in the financial statements in the reporting period. The Group is planning to reflect the cumulative impact of IFRS 15 in equity on the date of adoption. This decision depends on a number of factors considering the time, effort and cost involved in doing so when compared to the benefits to users of the financial statements.

The main areas of interest to the Group were:

Contracts with multiple year and multiple deliverables

IFRS 15 will require the Group to identify deliverables in contracts with customers that qualify as separate 'performance obligations'. The performance obligations identified will depend on the nature of individual customer contracts, but might typically be identified for customer set up fees, data disks, other equipment provided to customers and for services provided to customers such as professional services or post contract support ('PCS') obligations. The

2. Accounting Policies continued

transaction price receivable from customers must be allocated between the Group's performance obligations under the contracts on a relative stand-alone selling price basis, including the appropriate allocation of any implicit or explicit contractual discounts. Revenue will then be recognised either at a point in time or over time when the respective performance obligations in a contract are delivered to the customer. Stand-alone selling prices will be based on observable sales prices; however, where stand-alone selling prices are not directly observable, estimates of stand-alone selling prices will be required which will maximise the use of observable inputs.

The review undertaken by management across the lines of business indicates that the Group allocates revenue to the identifiable deliverables and allocates revenue on a relative stand-alone selling price basis in a manner that is consistent with IFRS 15. As a result, it is not currently anticipated that the adoption of IFRS 15 will materially change either the timing or value of revenue recognised. Alongside the adoption of IFRS 15, the group has instigated a review to confirm that the standalone selling price allocated to PCS continues to be appropriate.

Contracts with significant set up and customisation
Contracts that involve significant customisation and implementation work over a period of time are at risk of delayed revenue recognition if they do not meet the criteria set out in IFRS 15. Significant customisation work is currently recognised on the percentage of completion method under IAS18. Under IFRS 15, if the indicators for recognition over time are not present, particularly if there is an absence of contractual rights or proof of 'no alternative use', this may lead to a delay in revenue recognition for development/customisation work. The customisation work undertaken by the Group is considered to be highly specific supported by contractual rights to payment, and there is considered to be no material impact as a result of moving to IFRS 15.

Commissions and incremental costs incurred
Under IFRS 15, certain incremental costs incurred in acquiring a contract with a customer will be deferred on the consolidated statement of financial position and amortised as revenue is recognised under the related contract; this will generally lead to the later recognition of charges for some commissions payable to third party dealers and employees. Certain costs incurred in fulfilling customer contracts will be deferred on the consolidated statement of financial position under IFRS 15 and recognised as related revenue is recognised under the contract. Such deferred costs are likely to relate to the provision of deliverables to customers that do not qualify as performance obligations and for which revenue is not recognised; currently such costs are generally expensed as incurred. The review undertaken by management across the lines of business confirmed that the majority of commissions are paid in relation to annual contracts. IFRS 15 includes a practical expedient that allows an entity to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity would have recognised is one year or less. Where commission has been paid in advance on a multi-year deal, the element of the commission that is payable in relation to subsequent years is recognised at the start of each year. The review undertaken by management indicates this treatment is allowable under IFRS 15.

Software Licences
Revenue recognition of software licences delivered by the Group are assessed under IFRS 15 to determine whether they are either a right to use the software as it exists when the software license is granted, or a right to access the software as it exists throughout the licence period, and expectation that the Group will provide significant updates to the software over the contract term.

The Group considers for each contract that includes a separate software licence performance obligation all the facts and circumstances in determining whether the licence revenue is recognised over time or at a point in time from the date of the licence. The review undertaken by management across the lines of business indicates that the Group generally recognises software licence revenue in a manner that is consistent with the principles of IFRS 15. As a result, it is not currently anticipated that the adoption of IFRS 15 will materially change either the timing or value of software licence revenue recognised.

IFRS 9 'Financial Instruments' replaces IAS 39. The standard is effective for the year ending 31 March 2019 and will impact the classification and measurement of financial instruments and will require certain additional disclosures. The Group is largely unaffected by IFRS 9 given the nature of its activities. However, management has reviewed the impact of IFRS 9 and the main areas of interest are:

Credit losses
IFRS 9 replaces the existing incurred loss model with a forward looking expected credit loss model. This may result in the earlier recognition of credit losses as it will no longer be appropriate for entities to wait for an incurred loss to have occurred before credit losses are recognised. For the Group, management currently expects the impact will be immaterial to the financial statements. Due to the exemption in IFRS 9 it will not restate comparative periods in the year of initial application and as a consequence, any adjustments to the carrying amounts of financial assets or liabilities are to be recognised at 1 April 2018.

Modifications to financial liabilities
Under both IAS 39 and IFRS 9, when the terms of a financial liability are modified, for example, where the maturity date is extended, an entity must consider whether that modification is substantial or non-substantial. Under IAS 39, the Group did not recognise any gain or loss at the time of a non-substantial modification. However, under IFRS 9 it is a requirement to recognise a gain or loss at the time of the modification. On transition to IFRS 9, this change in policy will need to be applied retrospectively to all financial liabilities that are still recognised at the date of the initial application and an assessment of the impact of this change is ongoing.

Whilst an assessment of the new standard is ongoing, the changes to recognition and measurement of financial instruments and changes to hedge accounting rules are not currently considered likely to have any major impact on the Group's current accounting treatment or hedging activities.

2. Accounting Policies continued

IFRS 16 'Leases' was issued in January 2016 to replace IAS 17 'Leases'. The standard is effective for accounting periods beginning on or after 1 January 2019 and will be adopted by the Group on 1 April 2019. IFRS 16 will primarily change lease accounting for lessees; lease agreements will give rise to the recognition of an asset representing the right to use the leased item and a loan obligation for future lease payables. Lease costs will be recognised in the form of depreciation of the right to use asset and interest on the lease liability. Lessee accounting under IFRS 16 will be similar in many respects to existing IAS 17 accounting for finance leases, but will be substantively different to existing accounting for operating leases where rental charges are currently recognised on a straight-line basis and no lease asset or lease loan obligation is recognised.

Lessor accounting under IFRS 16 is similar to existing IAS 17 accounting and is not expected to have a material impact for the Group.

The Group is assessing the impact of the accounting changes that will arise under IFRS 16. However, the following changes to lessee accounting will have an impact as follows:

- There is expected to be an increase in assets, specifically right-of-use assets will be recorded for assets that are leased by the Group; currently no lease assets are included on the Group's consolidated statement of financial position for operating leases.
- There is expected to be an increase in debt as liabilities will be recorded for future lease payments in the Group's consolidated statement of financial position for the 'reasonably certain' period of the lease, which may include future lease periods for which the Group has extension options. Currently liabilities are generally not recorded for future operating lease payments, which are disclosed as commitments. The amount of lease liabilities will not equal the lease commitments reported in note 25 on 31 March 2019, but may not be dissimilar.
- Operating lease expenditure will be reclassified and split between depreciation and finance costs, resulting in an increase in EBITDA. Lease expenses will be for depreciation of right-of-use assets and interest on lease liabilities; interest will typically be higher in the early stages of a lease and reduce over the term. Currently operating lease rentals are expensed on a straight-line basis over the lease term within operating expenses.
- Operating lease cash flows are currently included within operating cash flows in the consolidated statement of cash flows; under IFRS 16 these will be recorded as cash flows from financing activities reflecting the repayment of lease liabilities (borrowings) and related interest.

When IFRS 16 is adopted, it can be applied either on a fully retrospective basis, requiring the restatement of the comparative periods presented in the financial statements, or with the cumulative retrospective impact of IFRS 16 applied as an adjustment to equity on the date of adoption; when the latter approach is applied it is necessary to disclose the impact of IFRS 16 on each line item in the financial statements in the reporting period. Depending on the adoption method that is utilised, certain practical expedients may be applied on adoption. The Group has not yet determined which adoption method will be adopted or which expedients will be applied on adoption.

Judgements and Key Sources of Estimation Uncertainty
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

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

Impairment of Goodwill
The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy on page 52. Determining whether goodwill is impaired requires an estimation of the value in use and/or the estimated recoverable amount of the asset derived from the business, or part of the business, CGU, to which the goodwill has been allocated. The value in use calculation requires an estimate of the present value of future cash flows expected to arise from the CGU, by applying an appropriate discount rate to the timing and amount of future cash flows.

Management are required to make judgements regarding the timing and amount of future cash flows applicable to the CGU, based on current budgets and forecasts, and extrapolated for an appropriate period taking into account growth rates and expected changes to sales and operating costs. Management estimate the appropriate discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the business or the individual CGU.

An analysis of the Group's goodwill and the assumptions used to test for impairment are set out in note 16.

2. Accounting Policies continued

Deferred Tax Assets
The amount of the deferred tax asset included in the balance sheet of the Group is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. A deferred tax asset is recognised when it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Recognition, therefore, involves management judgement regarding the prudent forecasting of future taxable profits of the business including considering appropriate levels of risk. At the balance sheet date, management has forecast that the Group would generate future taxable profits against which certain decelerated tax losses, tax losses and other temporary differences could be relieved. Within that forecast, management considered the total amount of tax losses available across the Group and the relative restrictions in place for loss streaming and made a judgement not to recognise deferred tax assets on losses of £16,367,000. The total amount of deferred tax assets that management had forecast as available at the year-end based on these forecasts and estimates was higher than the previous year and as a result the Group has increased the total value of the deferred tax asset being recognised. The carrying value of the recognised deferred tax asset at 31 March 2018 was £4,212,000 (2017: £4,044,000) and the unrecognised deferred tax asset at 31 March 2018 was £3,356,000 (2017: £3,217,000). Further details are contained in note 11.

Share-based Payments
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for a grant of equity instruments, depending on the terms and conditions of the grant. Management are also required to use judgement in determining the most appropriate inputs to the valuation model including expected life of the option, volatility and dividend yield. The assumptions and models used are disclosed in note 26.

Valuation and Asset Lives of Separately Identifiable Intangible Assets
In determining the fair value of intangible assets arising on acquisition, management are required to make judgements regarding the timing and amount of future cash flows applicable to the businesses being acquired, discounted using an appropriate discount rate.

Such judgements are based on current budgets and forecasts, extrapolated for an appropriate period taking into account growth rates and expected changes to selling prices and operating costs. During the year, the Company acquired Postcode Anywhere (Holdings) Limited and in valuing the separately identifiable intangible assets made specific judgements as to the life of those assets. The most significant of those were the estimated useful lives of the customer relationship and technology IP assets of 10 and 5 years, respectively. Judgements were made on these lives with reference to both historical indicators within the acquired business such as customer or technology lifecycles along with estimates of the impact on such lives that convergence of technology and relationships would have over time.

3. Revenue

Revenue disclosed in the Consolidated Statement of Comprehensive Income is analysed as follows:

	2018	2017
	£'000	£'000
Sale of goods	**50,964**	42,132
Rendering of services	**68,738**	45,354
Revenue	**119,702**	87,486
Finance revenue	**37**	19
Total revenue	**119,739**	87,505

4. Segmental Information

The Group's operating segments are internally reported to the Group's Chief Executive Officer as two operating segments: Fraud, Risk & Compliance – which provides ID Verification, ID Employ & Comply and ID Fraud & Risk Management services and Customer & Location Intelligence – which provides ID Registration, ID Engage and ID Trace & Investigate services. The measure of performance of those segments that is reported to the Group's Chief Executive Officer is adjusted operating profit, being profits before amortisation of acquired intangibles, share-based payment charges, exceptional items, net finance costs and tax, as shown below.

Segment results include items directly attributable to either Fraud, Risk & Compliance or Customer & Location Intelligence. Unallocated items for 2018 represent Group head office costs £1,196,000, exceptional costs £2,143,000, Group finance income £37,000, Group finance costs £545,000, Group income tax charge £2,746,000 and share-based payments charge £2,375,000. Unallocated items for 2017 represent Group head office costs £675,000, exceptional costs £1,410,000, Group finance income £19,000, Group finance costs £517,000, Group income tax credit £668,000 and share-based payments charge £994,000.

As previously reported in the Annual Report and Accounts, in order to reflect how the Group is presenting its lines of business to its stakeholders going forward, the naming and structure of the operating segments were amended with effect from 1 April 2017. Going forward 'Identity Proofing' is now known as 'Fraud, Risk & Compliance' and 'Identity Solutions' is known as 'Customer & Location Intelligence'. Furthermore, the 'ID Trace & Investigate' line of business has transferred into Fraud, Risk & Compliance.

Notes to the Accounts continued

4. Segmental Information continued

Information on segment assets and liabilities is not regularly provided to the Group's Chief Executive Officer and is therefore not disclosed below.

Year ended 31 March 2018	Fraud, Risk & Compliance £'000	Customer & Location Intelligence £'000	Unallocated £'000	2018 £'000
Total revenue	69,767	49,935	-	119,702
Adjusted operating profit	16,049	11,458	(1,196)	26,311
Amortisation of acquired intangibles	(2,940)	(4,945)	-	(7,885)
Share-based payments charge	-	-	(2,375)	(2,375)
Exceptional items	-	-	(2,143)	(2,143)
Operating profit	13,109	6,513	(5,714)	13,908
Finance revenue				37
Finance costs				(545)
Income tax charge				(2,746)
Profit for the year				10,654

Postcode Anywhere (Holdings) Limited ('PCA'), which was acquired during the period, is reported within the Customer & Location Intelligence division.

Year ended 31 March 2017	Fraud, Risk & Compliance £'000	Customer & Location Intelligence £'000	Unallocated £'000	2017 £'000
Total revenue	54,814	32,672	-	87,486
Adjusted operating profit	12,923	4,758	(675)	17,006
Amortisation of acquired intangibles	(2,507)	(1,515)	-	(4,022)
Share-based payments charge	-	-	(994)	(994)
Exceptional items	-	-	(1,410)	(1,410)
Operating profit	10,416	3,243	(3,079)	10,580
Finance revenue			19	19
Finance costs			(517)	(517)
Income tax credit			668	668
Profit for the year				10,750

ID Scan Biometrics Limited, which was acquired during the period, is reported within the Fraud, Risk & Compliance operating segment.

Geographical Information

	Revenues from external customers		Non-current assets	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000
United Kingdom	**78,471**	60,306	**147,778**	80,713
United States of America	**11,836**	7,468	**163**	123
Australia	**2,559**	1,489	**17,797**	20,308
Others	**26,836**	18,223	**334**	465
Total	**119,702**	87,486	**166,072**	101,609

The geographical revenue information above is based on the location of the customer.

Non-current assets for this purpose consist of plant and equipment and intangible assets and excludes the deferred tax asset.

5. Operating Profit

This is stated after charging/(crediting):

	2018 £'000	2017 £'000
Research and development costs recognised as an expense	**11,367**	7,849
Depreciation of plant and equipment	**1,430**	1,031
Amortisation/impairment of intangible assets	**8,832**	4,719
Foreign exchange loss/(gain)	**177**	(180)
Operating lease payments - land and buildings	**1,596**	1,274
- other	**18**	16

6. Auditor's Remuneration

	2018 £'000	2017 £'000
Audit of the financial statements [1]	**166**	127
Other fees to auditor - other assurance services	**24**	23
- tax compliance services	**25**	54
- tax advisory services	**13**	19
	228	223

[1] £133,000 (2017: £77,000) of this relates to the Company.

7. Exceptional Items

	2018 £'000	2017 £'000
Fair value adjustments to contingent consideration (note 31)	**885**	471
Acquisition related costs (note 30)	**750**	574
Costs associated with staff reorganisations	**508**	365
	2,143	1,410

Fair value adjustments to contingent consideration in the year to 31 March 2018 relate to the acquisition of IDscan and include £421,000 relating to a contingent purchase price adjustment along with a £457,000 charge relating to the partial unwinding of the discounting relating to the contingent consideration (note 31). This charge arises because contingent consideration due to be paid at a future date is discounted for the time value of money at the point of initial recognition and over the passage of time, this discount unwinds within the Consolidated Statement of Comprehensive Income. These are non-cash items.

Fair value adjustments to contingent consideration in the year to 31 March 2017 include a £92,000 adjustment relating to the contingent purchase price of IDscan (note 31) along with a £546,000 charge relating to the partial unwinding of the discounting relating to the contingent consideration of the acquisition of IDscan (note 31) and £17,000 relating to the unwind of the remaining discounted amount in relation to the contingent consideration that arose on the acquisition of DecTech Solutions Pty Ltd. This charge arises because contingent consideration due to be paid at a future date is discounted for the time value of money at the point of initial recognition and over the passage of time, this discount unwinds within the Consolidated Statement of Comprehensive Income. These are non-cash items.

Transaction costs of £735,000 relate to the acquisition of PCA (note 30). In prior periods, transaction costs of £513,000 were incurred in relation to the acquisition of IDscan (note 30). Such costs include those directly attributable to the transaction and exclude operating or integration costs relating to an acquired business, and due to the size and nature of these costs, management consider that they would distort the Group's underlying business performance.

As part of the Group's strategy to grow through acquisition it is essential that acquired businesses are restructured to integrate them fully into the Group's operations and deliver anticipated returns. Costs associated with staff reorganisations in both years relate primarily to exit costs of personnel leaving the business on an involuntary basis during the integration and restructuring period in order to implement more suitable post completion staff structures. In order to give a suitable representation of underlying earnings it is appropriate to show these costs as exceptional along with any other items which are exceptional in nature. The tax impact of the exceptional costs was £116,000 (2017: £73,000).

8. Staff Costs and Directors' Emoluments

a) Staff Costs	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Wages and salaries	**41,162**	31,385	**27,033**	23,051
Social security costs	**4,904**	3,852	**3,504**	3,007
Other pension costs	**1,668**	1,359	**1,080**	1,040
	47,734	36,596	**31,617**	27,098

Included in wages and salaries is a total charge of share-based payments of £2,375,000 (2017: £994,000) which arises from transactions accounted for as equity-settled share-based payment transactions.

The average monthly number of employees during the year within each category was as follows:

	Group 2018 No.	Group 2017 No.	Company 2018 No.	Company 2017 No.
Research and development	**241**	207	**117**	117
Production	**117**	99	**44**	44
Selling and administration	**416**	354	**311**	298
	774	660	**472**	459

b) Directors' Emoluments	2018 £'000	2017 £'000
Wages and salaries	**1,369**	915
Pension	**66**	31
Bonuses	**1,231**	499
	2,666	1,445
Aggregate gains made by Directors on the exercise of options	**954**	1,212

The remuneration for the highest paid Director was as follows:

	2018 £'000	2017 £'000
Wages and salaries	**492**	411
Bonus	**527**	288
	1,019	699

The highest paid Director has reached the maximum level permitted for a personal pension plan and receives a direct payment in lieu of his pension entitlement, which was £84,000 (2017: £70,000 that relates to the previous Chief Executive). The number of share options granted during the year for the highest paid Director was 1,400,000 (2017: nil) and the number of share options exercised during the year was nil (2017: 243,458). Details of the remuneration, pension entitlements and share options of each Director are included in the Report on Directors' Remuneration on pages 29 to 36.

9. Finance Revenue

	2018 £'000	2017 £'000
Bank interest receivable	**37**	19
	37	19

10. Finance Costs

	2018 £'000	2017 £'000
Bank loan fees and interest	**545**	517
	545	517

11. Taxation

a) Tax on Profit

The tax charge/(credit) in the Consolidated Statement of Comprehensive Income for the year is as follows:

	2018 £'000	2017 £'000
Current income tax		
UK corporation tax on profit for the year	**2,926**	1,325
Amounts underprovided/(overprovided) in previous years	**67**	(231)
Foreign tax	**1,403**	638
	4,396	1,732
Deferred tax		
Origination and reversal of temporary differences	**(1,540)**	(2,492)
Impact of change in tax rates	**(110)**	92
	(1,650)	(2,400)
Tax charge/(credit) in the Statement of Comprehensive Income	**2,746**	(668)

b) Reconciliation of the Total Tax Charge/(Credit)

The profit before tax multiplied by the standard rate of corporation tax in the UK would result in a tax charge (2017: credit) as explained below:

	2018 £'000	2017 £'000
Consolidated profit before tax	**13,400**	10,082
Consolidated profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017: 20%)	**2,546**	2,016
Effect of:		
Permanent differences	**560**	343
Rate changes	**(179)**	92
Utilisation of losses	**(59)**	(123)
Prior year items	**63**	(319)
Research and development tax relief	**(353)**	(477)
Patent Box relief	**(382)**	(334)
Recognition of unrecognised deferred tax assets	**(104)**	(1,498)
Effect of higher taxes on overseas earnings	**654**	(368)
Total tax charge/(credit) reported in the Statement of Comprehensive Income	**2,746**	(668)

The Group is entitled to current year tax relief of £954,000 (2017: £939,000), calculated at a tax rate of 19% (2017: 20%), in relation to the statutory deduction available on share options exercised in the year.

c) Tax Losses

The Group has carried forward trading losses at 31 March 2018 of £17,329,000 (2017: £17,871,000). To the extent that these losses are available for offset against future trading profits of the Group, it is expected that the future effective tax rate would be below the standard rate. There were also capital losses carried forward at 31 March 2018 of £2,257,000 (2017: £2,257,000), which should be available for offset against future capital gains of the Group to the extent that they arise.

11. Taxation continued

d) Deferred Tax – Group

Deferred Tax Asset

The recognised and unrecognised potential deferred tax asset of the Group is as follows:

	Recognised		Unrecognised	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Decelerated capital allowances	**1,633**	1,996	**-**	-
Share options	**1,479**	1,019	**-**	-
Other temporary differences	**831**	385	**-**	50
Capital losses	**-**	-	**573**	384
Trading losses	**269**	644	**2,783**	2,783
	4,212	4,044	**3,356**	3,217

The movement on the deferred tax asset of the Group is as follows:

	2018	2017
	£'000	£'000
Opening balance	**4,044**	3,017
Acquired on acquisition	**440**	-
Foreign currency adjustments	**11**	61
Origination and reversal of temporary differences	**(415)**	1,058
Impact of change in tax rates	**132**	(92)
	4,212	4,044

The deferred tax asset has been recognised to the extent it is anticipated to be recoverable out of future taxable profits based on profit forecasts for the foreseeable future. The utilisation of the unrecognised deferred tax asset in future periods will reduce the future tax rate below the standard rate.

The Group has unrecognised deductible temporary differences of £16,367,000 (2017: £18,139,000) and unrecognised capital losses of £3,372,000 (2017: £2,257,000).

Deferred Tax Liability

The deferred tax liability of the Group is as follows:

	2018	2017
	£'000	£'000
Intangible assets	**8,260**	4,441
	8,260	4,441

The movement on the deferred tax liability of the Group is as follows:

	2018	2017
	£'000	£'000
Opening balance	**4,441**	3,433
Acquisition of intangibles in subsidiaries	**5,676**	1,818
Foreign currency adjustments	**(67)**	149
Origination and reversal of temporary differences	**(1,548)**	(832)
Impact of change in tax rates	**(242)**	(127)
	8,260	4,441

11. Taxation continued

e) Deferred Tax – Company

Deferred Tax Asset

The recognised and unrecognised potential deferred tax asset of the Company is as follows:

	Recognised		Unrecognised	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Decelerated capital allowances	**1,633**	1,977	**-**	-
Share options	**1,479**	1,019	**-**	-
Other temporary differences	**51**	-	**-**	50
Capital losses	**-**	-	**384**	384
Trading losses	**-**	-	**2,783**	2,783
	3,163	2,996	**3,167**	3,217

The movement on the deferred tax asset of the Company is as follows:

	2018	2017
	£'000	£'000
Opening balance	**2,996**	2,588
Acquired on acquisition	**6**	-
Origination and reversal of temporary differences	**161**	500
Impact of change in tax rates	**-**	(92)
	3,163	2,996

The deferred tax asset has been recognised to the extent it is anticipated to be recoverable out of future taxable profits based on profit forecasts for the foreseeable future. The utilisation of the unrecognised deferred tax asset in future periods will reduce the future tax rate below the standard rate.

The Company has unrecognised deductible temporary differences of £16,635,000 (2017: £16,635,000) and unrecognised capital losses of £2,257,000 (2017: £2,257,000).

Deferred Tax Liability

The deferred tax liability of the Company is as follows:

	2018	2017
	£'000	£'000
Intangible assets	**6,319**	-
	6,319	-

The movement on the deferred tax liability of the Company is as follows:

	2018	2017
	£'000	£'000
Opening balance	**-**	-
Acquired on acquisition	**6,378**	-
Origination and reversal of temporary differences	**(59)**	-
	6,319	-

f) Change in corporation tax rate

As legislated in Finance (No. 2) Act 2015, which was substantively enacted on 26 October 2015, the UK corporation tax rate reduced from 20% to 19% from 1 April 2017. A further reduction to 17% with effect from 1 April 2020 was enacted in the Finance Act 2016. The reductions in future rates to 17% have been used in the calculation of the UK's deferred tax assets and liabilities as at 31 March 2018.

The recently enacted US Tax Cuts and Jobs Act which came into effect on 1 January 2018 reduced the headline US federal corporate tax rate from 35% to 21%, effective from 1 January 2018 and has been used in the calculation of US current and deferred taxes with effect from that date.

12. Dividends Paid and Proposed

	2018 £'000	2017 £'000
Declared and paid during the year		
Final dividend for 2017: 2.35p (2016: 2.08p)	**3,582**	2,775
Proposed for approval at AGM (not recognised as a liability at 31 March)		
Final dividend for 2018: 2.65p (2017: 2.35p)	**4,047**	3,566

13. Earnings Per Ordinary Share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the basic weighted average number of ordinary shares in issue during the year.

	2018 pence per share	2018 £'000	2017 pence per share	2017 £'000
Profit attributable to equity holders of the Company	**7.1**	**10,654**	8.2	10,750

Diluted

Diluted earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2018 No.	2017 No.
Basic weighted average number of shares in issue	**150,552,605**	131,608,788
Dilutive effect of share options	**2,704,644**	2,435,799
Diluted weighted average number of shares in issue	**153,257,249**	134,044,587

	2018 pence per share	2018 £'000	2017 pence per share	2017 £'000
Profit attributable to equity holders of the Company	**7.0**	**10,654**	8.0	10,750

Adjusted

Adjusted earnings per share is defined as adjusted operating profit less net finance costs and tax divided by the basic weighted average number of ordinary shares of the Company.

	Basic 2018 pence per share	Diluted 2018 pence per share	2018 £'000	Basic 2017 pence per share	Diluted 2017 pence per share	2017 £'000
Adjusted operating profit	**17.5**	**17.2**	**26,311**	12.9	12.7	17,006
Less net finance costs	**(0.3)**	**(0.3)**	**(508)**	(0.3)	(0.4)	(498)
(Less)/add tax	**(1.9)**	**(1.9)**	**(2,746)**	0.5	0.5	668
Adjusted earnings	**15.3**	**15.0**	**23,057**	13.1	12.8	17,176

14. Property, Plant and Equipment

Group

	Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 April 2016	-	5,785	**5,785**
Acquired on acquisition	-	222	**222**
Additions	-	1,437	**1,437**
Disposals	-	(2,460)	**(2,460)**
Reclassification	-	(23)	**(23)**
Foreign currency adjustment	-	80	**80**
At 31 March 2017	-	5,041	**5,041**
Acquired on acquisition	1,251	341	**1,592**
Additions	-	1,902	**1,902**
Disposals	-	(189)	**(189)**
Foreign currency adjustment	-	(152)	**(152)**
At 31 March 2018	1,251	6,943	**8,194**
Depreciation and impairment			
At 1 April 2016	-	3,551	**3,551**
Provided during the year	-	1,031	**1,031**
Disposals	-	(2,453)	**(2,453)**
Foreign currency adjustment	-	56	**56**
At 31 March 2017	-	2,185	**2,185**
Provided during the year	20	1,410	**1,430**
Disposals	-	(55)	**(55)**
Foreign currency adjustment	-	(66)	**(66)**
At 31 March 2018	20	3,474	**3,494**
Net book value			
At 31 March 2018	1,231	3,469	**4,700**
At 31 March 2017	-	2,856	**2,856**
At 1 April 2016	-	2,234	**2,234**

During the period £nil (2017: £23,000) of purchased software assets (at net book value) were reclassified as intangible assets.

The net book value in respect of assets held under finance leases and hire purchase agreements is £nil (2017: £nil).

14. Property, Plant and Equipment continued

Company

	Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 April 2016	-	5,254	**5,254**
Additions	-	748	**748**
Disposals	-	(2,437)	**(2,437)**
At 31 March 2017	-	3,565	**3,565**
Acquired on acquisition[1, 2]	1,233	777	**2,010**
Additions	-	585	**585**
At 31 March 2018	1,233	4,927	**6,160**
Depreciation and impairment			
At 1 April 2016	-	3,242	**3,242**
Provided during the year	-	784	**784**
Disposals	-	(2,436)	**(2,436)**
At 31 March 2017	-	1,590	**1,590**
Provided during the year	2	854	**856**
At 31 March 2018	2	2,444	**2,446**
Net book value			
At 31 March 2018	1,231	2,483	**3,714**
At 31 March 2017	-	1,975	**1,975**
At 1 April 2016	-	2,012	**2,012**

[1]On 28 February 2018, the trade, assets and liabilities of Postcode Anywhere (Holdings) Limited and Postcode Anywhere (Europe) Limited were transferred to the Company.
[2]On 31 March 2018, the trade assets and liabilities of ID Scan Biometrics Limited were transferred to the Company.

The net book value in respect of assets held under finance leases and hire purchase agreements is £nil (2017: £nil).

15. Intangible Assets

Group	Customer relationships £'000	Other acquisition intangibles £'000	**Total acquisition intangibles £'000**	Goodwill £'000	Purchased software £'000	Internally developed software £'000	**Total £'000**
Cost							
At 1 April 2016	16,981	4,698	**21,679**	37,765	2,379	1,747	**63,570**
Foreign currency adjustment	878	358	**1,236**	2,934	-	3	**4,173**
Additions – business combinations	3,917	5,872	**9,789**	34,899	7	-	**44,695**
Additions – product development	-	-	**-**	-	-	21	**21**
Additions – purchased software	-	-	**-**	-	774	-	**774**
Disposals	-	-	**-**	-	(1,275)	-	**(1,275)**
Reclassification	-	-	**-**	-	23	-	**23**
At 31 March 2017	21,776	10,928	**32,704**	75,598	1,908	1,771	**111,981**
Foreign currency adjustment	(715)	(291)	**(1,006)**	(2,230)	(2)	-	**(3,238)**
Additions – business combinations	24,865	6,102	**30,967**	43,097	-	-	**74,064**
Additions – purchased software	-	-	**-**	-	212	-	**212**
At 31 March 2018	45,926	16,739	**62,665**	116,465	2,118	1,771	**183,019**
Amortisation and impairment							
At 1 April 2016	4,449	2,469	**6,918**	-	1,700	839	**9,457**
Foreign currency adjustment	173	153	**326**	-	-	1	**327**
Amortisation during the year	2,046	1,976	**4,022**	-	330	367	**4,719**
Disposals	-	-	**-**	-	(1,275)	-	**(1,275)**
At 31 March 2017	6,668	4,598	**11,266**	-	755	1,207	**13,228**
Foreign currency adjustment	(218)	(193)	**(411)**	-	(2)	-	**(413)**
Amortisation during the year	4,419	3,466	**7,885**	-	442	505	**8,832**
At 31 March 2018	10,869	7,871	**18,740**	-	1,195	1,712	**21,647**
Net book value							
At 31 March 2018	35,057	8,868	**43,925**	116,465	923	59	**161,372**
At 31 March 2017	15,108	6,330	**21,438**	75,598	1,153	564	**98,753**
At 1 April 2016	12,532	2,229	**14,761**	37,765	679	908	**54,113**

The customer relationships intangible asset acquired through the acquisition of Capscan Parent Limited has a carrying value of £1,689,000 and a remaining amortisation period of 3.6 years. The customer relationships intangible asset acquired through the acquisition of TMG.tv Limited has a carrying value of £490,000 and a remaining amortisation period of 4.6 years. The customer relationships intangible asset acquired through the acquisition of CRD (UK) Limited has a carrying value of £461,000 and a remaining amortisation period of 5.25 years. The customer relationships intangible asset acquired through the acquisition of DecTech Solutions Pty Ltd has a carrying value of £2,590,000 and a remaining amortisation period of 6.1 years. The customer relationships intangible asset acquired through the acquisition of CDMS Limited has a carrying value of £2,379,000 and a remaining amortisation period of 6.6 years. The customer relationships intangible asset acquired through the acquisition of Loqate Inc. has a carrying value of £1,443,000 and a remaining amortisation period of 7.1 years. The customer relationships intangible asset acquired through the acquisition of ID Scan Biometrics Limited has a carrying value of £3,231,000 and a remaining amortisation period of 8.25 years. The customer relationships intangible asset acquired through the acquisition of Postcode Anywhere (Holdings) Limited has a carrying value of £22,586,000 and a remaining amortisation period of 9.1 years. Intangible assets categorised as 'other acquisition intangibles' include assets such as non-compete clauses and software technology.

Goodwill arose on the acquisition of GB Mailing Systems Limited, e-Ware Interactive Limited, Data Discoveries Holdings Limited, Advanced Checking Services Limited ('ACS'), Capscan Parent Limited, TMG.tv Limited, CRD (UK) Limited, DecTech Solutions Pty Ltd, CDMS Limited, Loqate Inc., ID Scan Biometrics Limited and Postcode Anywhere (Holdings) Limited. Under IFRS, goodwill is not amortised and is tested annually for impairment (note 16).

During the period £nil (2017: £23,000) of purchased software assets (at net book value) were reclassified as intangible assets (previously classified as tangible assets).

15. Intangible Assets continued

Company	Customer relationships £'000	Other acquisition intangibles £'000	**Total acquisition intangibles £'000**	Goodwill £'000	Purchased software £'000	Internally developed software £'000	**Total £'000**
Cost							
At 1 April 2016	-	-	**-**	-	2,402	1,716	**4,118**
Additions – product development	-	-	**-**	-	-	21	**21**
Additions – purchased software	-	-	**-**	-	774	-	**774**
Disposals	-	-	**-**	-	(1,275)	-	**(1,275)**
At 31 March 2017	-	-	**-**	-	1,901	1,737	**3,638**
Acquired on acquisition[1, 2]	26,078	8,279	**34,357**	78,154	52	616	**113,179**
Additions – purchased software	-	-	**-**	-	145	-	**145**
At 31 March 2018	26,078	8,279	**34,357**	78,154	2,098	2,353	**116,962**
Amortisation and impairment							
At 1 April 2016	-	-	**-**	-	1,700	823	**2,523**
Amortisation during the year	-	-	**-**	-	327	362	**689**
Disposals	-	-	**-**	-	(1,275)	-	**(1,275)**
At 31 March 2017	-	-	**-**	-	752	1,185	**1,937**
Amortisation during the year	207	106	**313**	-	418	1,120	**1,851**
At 31 March 2018	207	106	**313**	-	1,170	2,305	**3,788**
Net book value							
At 31 March 2018	25,871	8,173	**34,044**	78,154	928	48	**113,174**
At 31 March 2017	-	-	**-**	-	1,149	552	**1,701**
At 1 April 2016	-	-	**-**	-	702	893	**1,595**

[1]On 28 February 2018, the trade, assets and liabilities of Postcode Anywhere (Holdings) Limited and Postcode Anywhere (Europe) Limited were transferred to the Company.
[2]On 31 March 2018, the trade assets and liabilities of ID Scan Biometrics Limited were transferred to the Company. This included internally generated software assets, valued within IDscan's financial statements at £616,000, that were immediately written down to £nil within the Company, the assets having previously been valued at £nil within the Group accounts.

The customer relationships intangible asset acquired through the acquisition of ID Scan Biometrics Limited has a carrying value of £3,231,000 and a remaining amortisation period of 8.25 years. The customer relationships intangible asset acquired through the acquisition of Postcode Anywhere (Holdings) Limited has a carrying value of £22,586,000 and a remaining amortisation period of 9.1 years. Intangible assets categorised as 'other acquisition intangibles' include assets such as non-compete clauses and software technology.

Goodwill arose on the acquisition of ID Scan Biometrics Limited and Postcode Anywhere (Holdings) Limited. Under IFRS, goodwill is not amortised and is tested annually for impairment (note 16).

16. Impairment Testing of Goodwill

Goodwill acquired through business combinations has been allocated for impairment testing purposes to five CGUs as follows:

- Customer & Location Intelligence Unit (represented by the Customer & Location Intelligence operating segment excluding e-Ware and Loqate)
- Fraud, Risk & Compliance Unit (represented by the Fraud, Risk & Compliance operating segment excluding DecTech)
- e-Ware Interactive Unit (part of the Customer & Location Intelligence operating segment)
- DecTech Unit (part of the Fraud, Risk & Intelligence operating segment)
- Loqate Unit (part of the Customer & Location Intelligence operating segment)

This represents the lowest level within the Group at which goodwill is monitored for internal management purposes. In previous years other entities were identified as separate CGU's but following the transfer of the trade, assets and liabilities to the Company and the consequential integration of revenue streams these are now included within the appropriate group of CGU's.

During the year, the transfer of trade, assets and liabilities resulted in the IDscan CGU being included in the Fraud, Risk & Compliance group of CGU's and the PCA CGU being included in the Customer & Location Intelligence group of CGU's.

Where there are no indicators of impairment on the goodwill arising through business combinations made during the year they are tested for impairment no later than at the end of the year.

Carrying Amount of Goodwill Allocated to CGUs	**2018**	2017
	£'000	£'000
Customer & Location Intelligence Unit	**54,494**	11,672
Fraud, Risk & Compliance Unit	**40,626**	5,293
e-Ware Interactive Unit	**79**	79
IDscan Unit	**-**	34,899
DecTech Unit	**14,367**	15,972
Loqate Unit	**6,899**	7,683
	116,465	75,598

Key Assumptions Used in Value in Use Calculations

The Group prepares cash flow forecasts using budgets and forecasts approved by the Directors which cover a three year period and an appropriate extrapolation of cash flows beyond this using a long-term average growth rate not greater than the average long-term retail growth rate in the territory where the CGU is based.

The key assumptions for value in use calculations are those regarding the forecast cash flows, discount rates and growth rates. The Directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the individual CGU. Growth rates reflect long-term growth rate prospects for the economy in which the CGU operates.

	2018		2017	
	Pre-tax WACC %	**Growth rate (in perpetuity) %**	Pre-tax WACC %	Growth rate (in perpetuity) %
Customer & Location Intelligence Unit	**9.0%**	**1.8%**	6.5%	2.0%
Fraud, Risk & Compliance Unit	**9.0%**	**1.8%**	6.5%	2.0%
e-Ware Interactive Unit	**9.0%**	**-**	6.5%	-
IDscan Unit	**-**	**-**	6.5%	2.0%
DecTech Unit	**16.2%**	**2.8%**	16.2%	2.7%
Loqate Unit	**12.5%**	**2.0%**	12.7%	2.3%

In the case of the enlarged Customer & Location Intelligence CGU, the annual impairment review as at 31 March 2018 indicated that the recoverable amount exceeded the carrying value of the CGU by £81,745,000 and that any decline in estimated value-in-use in excess of that amount would be liable to result in an impairment. The sensitivities, which result in the recoverable amount equalling the carrying value, can be summarised as follows:

- an absolute increase of 7% in the pre-tax weighted average cost of capital from 9% to 16%; or
- a reduction of 52% in the forecast profit margins.

In the case of the enlarged Fraud, Risk & Compliance CGU, the annual impairment review as at 31 March 2018 indicated that the recoverable amount exceeded the carrying value of the CGU by £167,000,000 and that any decline in estimated value-in-use in excess of that amount would be liable to result in an impairment. The sensitivities, which result in the recoverable amount equalling the carrying value, can be summarised as follows:

- an absolute increase of 26% in the pre-tax weighted average cost of capital from 9% to 35%; or
- a reduction of 79% in the forecast profit margins.

In the case of the e-Ware Interactive CGU, the annual impairment review as at 31 March 2018 indicated that the recoverable amount exceeded the carrying value by £138,000 (2017: £150,000) after assuming an annual cash flow attrition of 20%. In assessing the future recoverable amounts, cash flow attrition is assumed on the basis that the recoverable amount is associated with only single remaining customer attributable to that acquisition. Any decline in estimated value-in-use in excess of that amount would be liable to result in an impairment. Since the value in use of the e-Ware Interactive CGU is based on a single client, its loss or a significant reduction in its cash flow would cause the carrying value of the unit to exceed its recoverable amount.

16. Impairment Testing of Goodwill continued

In the case of the DecTech CGU, the annual impairment review as at 31 March 2018 indicated that the recoverable amount exceeded the carrying value of by £8,100,000 (2017: £11,200,000) and that any decline in estimated value-in-use in excess of that amount would be liable to result in an impairment. The sensitivities, which result in the recoverable amount equalling the carrying value, can be summarised as follows:

- an absolute increase of 4% in the pre-tax weighted average cost of capital from 16% to 20%; or
- a reduction of 24% in the forecast profit margins.

In the case of the Loqate CGU, the annual impairment review as at 31 March 2018 indicated that the recoverable amount exceeded the carrying value of by £25,300,000 (2017: £11,500,000) and that any decline in estimated value-in-use in excess of that amount would be liable to result in an impairment. The sensitivities, which result in the recoverable amount equalling the carrying value, can be summarised as follows:

- an absolute increase of 20% in the pre-tax weighted average cost of capital from 12.5% to 32%; or
- a reduction of 24% in the forecast profit margins.

17. Investments

Company

	£'000
Cost	
At 1 April 2017	**104,096**
Acquisition of subsidiary undertakings	**73,877**
Transfer to goodwill and intangibles (note 30)	**(101,663)**
At 31 March 2018	**76,310**
Amounts written off	
At 1 April 2017 and 31 March 2018	-
Net book value	
At 31 March 2018	**76,310**
At 31 March 2017	104,096

The Company accounts for its investments in subsidiaries using the cost model. The Company holds 100% of the ordinary share capital of all investments as follows:

Name of company	Proportion of voting rights and shares held	Country of incorporation	Registered office address
Capscan Parent Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Capscan Limited [1]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Data Discoveries Holdings Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Data Discoveries Limited [1]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Managed Analytics Limited [1]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Fastrac Limited [1]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
e-Ware Interactive Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
GB Information Management Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
GB Datacare Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
GB Mailing Systems Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Citizensafe Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
TelMe.com Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Farebase Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
TMG.tv Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
CRD (UK) Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Postcode Anywhere (Holdings) Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Postcode Anywhere (Europe) Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Postcode Anywhere (North America) Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
PCA Predict Inc.	100%	United States	National Registered Agents Inc., 106 Greentree Drive, Suite 101, Dover DE 19904
GBG (Australia) Holding Pty Ltd	100%	Australia	Co Sec Consulting Pty Ltd, 59 Gipps Street, Collingwood, VIC 3066
GBG (Australia) Pty Ltd [1]	100%	Australia	Co Sec Consulting Pty Ltd, 59 Gipps Street, Collingwood, VIC 3066
GBG (Malaysia) Sdn Bhd[1]	100%	Malaysia	Level 7 Menara Millenium, Jalan Damanlela Pusat Bandar, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan
GBG DecTech Solutions S.L[1]	100%	Spain	08002-Barcelona, Edifici The Triangle, 4th Floor, Placa de Catalunya, Barcelona, Spain
迪安科[1]	100%	China	Room 1714, Building 4, China Investment Center, No.9 Guangan Road, Fengtai District, Beijing, China

17. Investments continued

Name of company	Proportion of voting rights and shares held	Country of incorporation	Registered office address
Loqate Inc.	100%	United States	805 Veterans Blvd Ste 305, Redwood City CA 94063
Loqate Limited [1]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
ID Scan Biometrics Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
IDscan Research Bilisim Teknolojileri Sanayi Ve Ticaret Limited Sirketi	100%	Turkey	Mersin Universitesi Çiftlikköy Kampüsü, Teknopark İdari Bina No: 106 Yenişehir – Mersin
IDScan Research (Pty) Ltd	100%	South Africa	145, 5th Avenue, Franklin Roosevelt Park, Johannesburg, Gauteng, 2195 South Africa
UAB IDscan Biometrics R&D	100%	Lithuania	Kauno m. Kauno m. I. Kanto g. 18-4B Lithuania
Safer Clubbing At Night Network (Scan Net) Ltd	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Transactis Limited [1]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Inkfish Limited[1]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB

[1] held indirectly.

18. Trade and Other Receivables

Trade receivables are non-interest bearing and are generally on 14 to 60 day terms. At 31 March 2018, the value of trade receivables outstanding in excess of the standard expected credit term but not impaired was £11,178,000 (2017: £7,468,000).

The credit quality of trade receivables that are neither past due nor impaired is assessed using a combination of historical information relating to counterparty default rates and external credit ratings where available.

	Group		Company	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Trade receivables	**33,503**	26,160	**27,965**	18,897
Amounts owed from subsidiary undertakings	**-**	-	**7**	251
Prepayments and accrued income	**4,466**	4,409	**3,379**	2,698
	37,969	30,569	**31,351**	21,846

Trade receivables are shown net of an allowance for unrecoverable amounts, movements on which are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Balance at 1 April	**681**	855	**367**	673
Acquired on acquisition	**-**	8	**604**	-
Additional provisions	**951**	261	**380**	137
Write-offs	**(244)**	(470)	**(186)**	(443)
Foreign exchange	**(44)**	27	**-**	-
Balance at 31 March	**1,344**	681	**1,165**	367

As at 31 March, the analysis of Group trade receivables that were past due but not impaired is as follows:

			Past due but not impaired		
	Total	**Neither past due nor impaired**	**< 30 days**	**30 – 60 days**	**> 60 days**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
2018	**33,503**	**22,325**	**7,816**	**1,235**	**2,127**
2017	26,160	18,692	3,355	945	3,168

19. Cash

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Cash at bank and in hand	**22,753**	17,618	**14,778**	11,011
	22,753	17,618	**14,778**	11,011

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

20. Equity Share Capital

	2018 £'000	2017 £'000
Authorised		
147,663,704 (2017: 147,663,704) ordinary shares of 2.5p each	**3,692**	3,692
Issued		
Allotted, called up and fully paid	**3,817**	3,368
Share premium	**104,814**	48,595
	108,631	51,963

	2018 No.	2017 No.
Number of shares in issue at 1 April	**134,702,937**	123,886,390
Issued on placing	**17,058,824**	9,090,910
Issued on exercise of share options	**906,937**	1,725,637
Number of shares in issue at 31 March	**152,668,698**	134,702,937

During the year 17,965,761 (2017: 10,816,547) ordinary shares with a nominal value of 2.5p were issued for an aggregate cash consideration of £58,408,000 (2017: £25,505,000). The cost associated with the issue of shares in the year was £1,740,000 (2017: £750,000).

21. Loans

In April 2014, the Group secured an Australian Dollar three year term loan of AUS$10,000,000. The debt bears an interest rate of +1.90% above the Australian Dollar bank bill interest swap rate ('BBSW'). This term loan was extended during the year from its original maturity of April 2017 to November 2019. Security on the debt is provided by way of an all asset debenture.

The Group has a three year revolving credit facility agreement expiring in November 2019 which is subject to a limit of £50,000,000. The facility bears an initial interest rate of LIBOR +1.50%. This interest rate is subject to an increase of 0.25% should the business exceed certain leverage conditions.

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Opening bank loan	**12,385**	3,742	**9,000**	-
New borrowings	**10,000**	12,000	**10,000**	12,000
Repayment of borrowings	**(12,839)**	(3,838)	**(12,000)**	(3,000)
Foreign currency translation adjustment	**(298)**	481	-	-
Closing bank loan	**9,248**	12,385	**7,000**	9,000
Analysed as:				
Amounts falling due within 12 months	**797**	886	-	-
Amounts falling due after one year	**8,451**	11,499	**7,000**	9,000
	9,248	12,385	**7,000**	9,000

22. Trade and Other Payables

	Group		Company	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Trade payables	**4,307**	2,748	**3,363**	2,363
Amounts owed to subsidiary undertakings	**-**	-	**23,361**	8,044
Other taxes and social security costs	**4,236**	3,014	**4,202**	2,578
Accruals	**19,007**	11,642	**14,829**	9,412
Deferred income	**28,347**	18,997	**23,786**	11,946
	55,897	36,401	**69,541**	34,343

23. Provisions

	Group		Company	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Opening balance	**35**	31	**35**	31
Provided for dilapidation obligations in less than 1 year	**-**	10	**-**	10
Utilised	**(10)**	(6)	**(10)**	(6)
Closing balance	**25**	35	**25**	35

Provisions associated with the costs of dilapidation obligations on certain leasehold properties within the Group are £25,000 (2017: £29,000). The cash flows associated with these provisions are expected to occur in less than one year.

24. Financial Instruments and Risk Management

The Group's activities expose it to a variety of financial risks including: market risk (including foreign currency risk and cash flow interest rate risk), credit risk, liquidity risk and capital management. The Group's overall risk management programme considers the unpredictability of financial markets and seeks to reduce potential adverse effects on the Group's financial performance. The Group does not currently use derivative financial instruments to hedge foreign exchange exposures.

Credit Risk

Credit risk is managed on a Group basis except for credit risk relating to accounts receivable balances which each entity is responsible for managing. Credit risk arises from cash and cash equivalents, as well as credit exposures from outstanding customer receivables. Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. For those sales considered higher risk, the Group operates a policy of cash in advance of delivery. The Group regularly monitors its exposure to bad debts in order to minimise exposure. Credit risk from cash and cash equivalents is managed via banking with well-established banks with a strong credit rating.

Foreign Currency Risk

The Group's foreign currency exposure arises from:

- Transactions (sales/purchases) denominated in foreign currencies;
- Monetary items (mainly cash receivables and borrowings) denominated in foreign currencies; and
- Investments in foreign operations, whose net assets are exposed to foreign currency translation.

The Group has currency exposure on its investment in a foreign operation in Australia and partially offsets its exposure to fluctuations on the translation into Sterling by holding net borrowings in Australian Dollars. In terms of sensitivities, the effect on equity of a 10% increase in the Australian Dollar and Sterling exchange rate would be an increase of £318,000 (2017: £88,000 increase). The effect on equity of a 10% decrease in the Australian Dollar and Sterling exchange rate net of the effect of the net investment hedge in the foreign operation would be a decrease of £260,000 (2017: £107,000 decrease).

The Group has currency exposure on its investment in a foreign operation in the United States of America. In terms of sensitivities, the effect on equity of a 10% increase in the US Dollar and Sterling exchange rate would be an increase of £247,000 (2017: £109,000 increase). The effect on equity of a 10% decrease in the US Dollar and Sterling exchange rate would be a decrease of £202,000 (2017: £133,000 decrease).

The exposure to transactional foreign exchange risk within each company is monitored and managed at both an entity and a Group level.

Cash Flow Interest Rate Risk

The Group has financial assets and liabilities which are exposed to changes in market interest rates. Changes in interest rates impact primarily on deposits and loans by changing their future cash flows (variable rate). Management does not currently have a formal policy of determining how much of the Group's exposure should be at fixed or variable rates and the Group does not use hedging instruments to minimise its exposure. However, at the time of taking new loans or borrowings, management uses its judgement to determine whether it believes that a fixed or variable rate would be more favourable for the Group over the expected period until maturity. In terms of sensitivities, the effect on profit before taxation of an increase/decrease in the basis points on floating rate borrowings of 25 basis points would be £82,000 (2017: £84,000).

24. Financial Instruments and Risk Management continued

Liquidity Risk

Cash flow forecasting is performed on a Group basis by the monitoring of rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs and surplus funds are placed on deposit and available at very short notice. The maturity date of the Group's loan is disclosed in note 21.

Capital Management

The Group manages its capital structure in order to safeguard the going concern of the Group and maximise shareholder value. The capital structure of the Group consists of debt, which includes loans disclosed in note 21, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings.

The Group may maintain or adjust its capital structure by adjusting the amount of dividend paid to shareholders, returning capital to shareholders, issuing new shares or selling assets to reduce debt.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any borrowings in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 2017.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments and includes contractual interest payments:

Year ended 31 March 2018	**On demand £'000**	**Less than 12 months £'000**	**1 to 5 years £'000**	**Total £'000**
Loans	-	1,148	8,661	9,809
Contingent consideration (note 31)	-	45	-	45
Trade and other payables	4,307	23,243	-	27,550
	4,307	**24,436**	**8,661**	**37,404**

Year ended 31 March 2017	**On demand £'000**	**Less than 12 months £'000**	**1 to 5 years £'000**	**Total £'000**
Loans	-	1,295	12,294	13,589
Contingent consideration (note 31)	-	7,575	-	7,575
Trade and other payables	2,748	14,656	-	17,404
	2,748	**23,526**	**12,294**	**38,568**

A summary of the Group's use of financial instruments is set out in the Finance Review on pages 5 to 8.

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group at 31 March:

	2018		2017	
	Loans and receivables £'000	**Fair value profit or loss £'000**	Loans and receivables £'000	Fair value profit or loss £'000
Financial assets:				
Trade and other receivables	33,503	-	26,160	-
Total current	**33,503**	**-**	**26,160**	-
Total	**33,503**	**-**	**26,160**	**-**
Financial liabilities:				
Loans	8,451	-	11,499	-
Total non-current	**8,451**	**-**	**11,499**	-
Trade and other payables	27,550	-	17,404	-
Loans	797	-	886	-
Contingent consideration (note 31)	-	45	-	7,122
Total current	**28,347**	**45**	**18,290**	**7,122**
Total	**36,798**	**45**	**29,789**	**7,122**

24. Financial Instruments and Risk Management continued

Trade and other receivables exclude the value of any prepayments or accrued income. Trade and other payables exclude the value of deferred income. All financial assets and liabilities have a carrying value that approximates to fair value. For trade and other receivables, allowances are made within the book value for credit risk.

The Group does not have any derivative financial instruments.

Use of Financial Instruments

Contingent Consideration

The fair value of contingent consideration is the present value of expected future cash flows based on the latest forecasts of future performance.

	31 March 2018 £'000	31 March 2017 £'000
Fair value within current liabilities:		
Contingent consideration (note 31)	**45**	7,122
Fair value within non-current liabilities:		
Contingent consideration	**-**	-

Liabilities for contingent consideration are Level 3 financial instruments under IFRS 13. The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of inputs used in making measurements of fair value. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For financial instruments that are recognised at the fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Liabilities

The Group has an Australian Dollar three year term loan of AUS$10,000,000 maturing in November 2019. The debt bears an interest rate of +1.90% above the Australian Dollar bank bill interest swap rate ('BBSW').

The Group has a three year revolving credit facility agreement expiring in November 2020 which is subject to a limit of £50,000,000. The facility bears an initial interest rate of LIBOR +1.50%.

The facilities are secured by way of an all asset debenture.

The Group is subject to a number of covenants in relation to its borrowings which, if breached, would result in loan balances becoming immediately repayable. These covenants specify certain maximum limits in terms of the following:

- Leverage
- Interest cover

At 31 March 2018 and 31 March 2017, the Group was not in breach of any bank covenants.

25. Obligations Under Leases

Payments made under operating leases are recognised in the income statement on a straight-line basis over the expected term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense over the term of the lease.

	Group		**Company**	
Future minimum rentals payable under non-cancellable operating leases are as follows:	**2018 £'000**	2017 £'000	**2018 £'000**	2017 £'000
Not later than one year	**1,339**	836	**720**	486
After one year but not more than five years	**1,342**	1,284	**373**	778
After five years	**-**	-	**-**	-
	2,681	2,120	**1,093**	1,264

The Group leases various administrative offices and equipment under lease agreements which have varying terms and renewal rights.

A Group company sublet surplus space in a property during the prior year and this agreement ended in May 2016.

26. Share-based Payments

Group and Company

The Group operates Executive Share Option Schemes under which Executive Directors, managers and staff of the Company are granted options over shares.

Executive Share Option Scheme

Options are granted to Executive Directors and employees on the basis of their performance. Options are granted at the full market value of the Company's shares at the time of grant and are exercisable between three and ten years from the date of grant. The options vest on the third anniversary of the grant subject to the Company's earnings per share ('EPS') growth being greater than the growth of the Retail Prices Index ('RPI') over a three year period prior to the vesting date. There are no cash settlement alternatives.

Executive Share Option Scheme (Section C Scheme)

Options are granted to Executive Directors and employees on the basis of their performance. Options are granted at the full market value of the Company's shares at the time of grant and are exercisable between three and ten years from the date of grant. The percentage of an option that will vest and be capable of exercise will depend on the performance of the Company. A minimum of 50% of the options will vest when the Total Shareholder Return ('TSR') performance of the Company, as compared to the TSR of the FTSE Computer Services Sub-Sector over a three-year period, matches or exceeds the median company. The percentage of shares subject to an option in respect of which that option becomes capable of exercise will then increase on a sliding scale so that the option will become exercisable in full if top quartile performance is achieved.

Executive Share Option Scheme (Section D Scheme)

Options are granted to Executive Directors and employees on the basis of their performance. Options are granted at the full market value of the Company's shares at the time of grant and are exercisable between three and ten years from the date of grant. The vesting of awards under the Section D Scheme is subject to the achievement of a normalised EPS growth at an annual compound rate of 20% over the performance period. The base year for the purposes of the EPS target will be the financial year of the Company ended immediately prior to the grant of the award. The performance period will be the three financial years following the base year. Section D Scheme options will only become exercisable to the extent they have vested in accordance with the EPS target.

Share Matching Plan

In the year ended 31 March 2012, the Remuneration Committee introduced the Share Matching Plan. Participants who invest a proportion of their annual cash bonus in GBG shares can receive up to a multiple of their original investment in GBG shares, calculated on a pre-tax basis. Any matching is conditional upon achieving pre-determined Adjusted EPS growth targets set by the Remuneration Committee for the following three years. Share Matching Plan options will only become exercisable to the extent they have vested in accordance with the Adjusted EPS target.

Compensatory Options

In the year ended 31 March 2018, the Remuneration Committee granted Compensatory Options to the Chief Executive of the Company, as compensation for lost earnings and shares from his previous employer. The Compensatory Options vest in equal tranches over a period of 12 and 24 months, on each anniversary of the date of grant, provided he still holds the position of CEO of GBG on the respective dates. The Compensatory Options are valid for a period of 12 months from the vesting date.

GBG Sharesave Scheme

The Group has a savings-related share option plan, under which employees save on a monthly basis, over a three or five year period, towards the purchase of shares at a fixed price determined when the option is granted. This price is usually set at a 20% discount to the market price at the time of grant. The option must be exercised within six months of maturity of the savings contract, otherwise it lapses.

The charge recognised from equity-settled share-based payments in respect of employee services received during the year is £2,375,000 (2017: £994,000).

The following table illustrates the number and weighted average exercise prices ('WAEP') of, and movements in, share options during the year.

	2018 No.	**2018 WAEP**	2017 No.	2017 WAEP
Outstanding as at 1 April	**3,341,470**	**54.93p**	5,018,024	46.28p
Granted during the year	**2,616,007**	**233.04p**	522,880	38.98p
Forfeited during the year	**(37,435)**	**200.35p**	(451,004)	32.78p
Cancelled during the year	**(15,275)**	**217.01p**	(22,793)	163.0p
Exercised during the year	**(906,967)**	**44.94p[1]**	(1,725,637)	29.19p[2]
Expired during the year	**-**	**-**	-	-
Outstanding at 31 March	**4,997,800**	**148.39p**	3,341,470	54.93p
Exercisable at 31 March	**2,675,668**	**23.69p**	1,471,685	24.58p

[1] The weighted average share price at the date of exercise for the options exercised is 373.74p

[2] The weighted average share price at the date of exercise for the options exercised is 301.38p

For the shares outstanding as at 31 March 2018, the weighted average remaining contractual life is 4.0 years (2017: 6.5 years).

The weighted average fair value of options granted during the year was 160.73p (2017: 266.35p). The range of exercise prices for options outstanding at the end of the year was 2.50p – 426p (2017: 2.50p – 275p).

26. Share-based Payments continued

The fair value of equity-settled share options granted is estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model for the years ended 31 March 2018 and 31 March 2017.

	2018	2017
Dividend yield (%)	**0.7 – 0.8**	0.7
Expected share price volatility (%)	**30**	30
Risk-free interest rate (%)	**0.2 – 0.8**	0.2 – 0.6
Lapse rate (%)	**5.0 – 10.0**	5.0
Expected exercise behaviour	**See below**	See below
Market-based condition adjustment (%)	**48.00**	48.00
Expected life of option (years)	**2.3 – 4.8**	2.3 – 4.6
Exercise price (p)	**2.50 – 426.0**	2.50 – 275.0
Weighted average share price (p)	**373.74**	301.38

Other than for Matching Scheme options, it is assumed that 50% of options will be exercised by participants as soon as they are 20% or more 'in-the-money' (i.e. 120% of the exercise price) and the remaining 50% of options will be exercised gradually at the rate of 20% per annum for each year they remain at or above 20% 'in-the-money'.

For Matching Scheme options, it is assumed that participants will choose to exercise at the earliest opportunity (i.e. vesting date) since the exercise price is a nominal amount and is therefore not expected to influence the timing of a participant's decision to exercise the options.

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The market-based condition adjustment takes into account the likelihood of achieving market conditions, and allows for the fact that, if a Section C option vests, it does not always vest at 100%.

No other features of options granted were incorporated into the measurement of fair value.

27. Profit Attributable to Members of the Parent Company

The profit dealt with in the financial statements of the Parent Company is £5,153,000 (2017: £10,717,000). There are no OCI items in either financial year.

28. Description of Reserves

Equity Share Capital

The balance classified as share capital includes the total net proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising 2.5p ordinary shares.

Merger Reserve

The balance on the merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued in the acquisition of GB Mailing Systems by the issue of shares.

Capital Redemption Reserve

The balance classified as capital redemption reserve includes the nominal value of own shares purchased back by the Company and subsequently cancelled.

29. Related Party Transactions

During the year, the Group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into and trading balances outstanding at 31 March are as follows:

Group	**Sales to related parties £'000**	**Purchases from related parties £'000**	**Net amounts owed to/(by) related parties £'000**
Directors (see below):			
2018	**-**	**-**	**-**
2017	-	3	-
Other related parties (see below):			
2018	**6**	**-**	**-**
2017	55	-	7

Company	**Sales to related parties £'000**	**Purchases from related parties £'000**	**Net amounts owed to/(by) related parties £'000**
Subsidiaries:			
2018	**3,535**	**2,049**	**23,354**
2017	1,938	853	7,793
Directors (see below):			
2018	**-**	**-**	**-**
2017	-	3	-
Other related parties (see below):			
2018	**6**	**-**	**-**
2017	55	-	7

The Chairman of the Company incurred some expenses via his consultancy business Rasche Consulting Limited.

Richard Law, the Chief Executive of the Company during the year ending 31 March 2017, is a Director of Zuto Limited which is a client of the Group. Transactions with them have been reported under the heading of 'other related parties' in the table above.

In prior periods, a Non-Executive Director of the Company was a Director of Avanti Communications Group Plc which is a client of the Group. A Non-Executive Director of the Company is a Director of Removal Stars Limited which is a client of the Group. Transactions with these companies have been reported under the heading of 'other related parties' in the table above.

Terms and Conditions of Transactions with Related Parties

Sales and balances between related parties are made at normal market prices. Outstanding balances with entities other than subsidiaries are unsecured, interest free and cash settlement is expected within 30 days of invoice. Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on intercompany accounts with no specified credit period. During the year ended 31 March 2018, the Group has not made any provision for doubtful debts relating to amounts owed by related parties (2017: £nil).

Compensation of Key Management Personnel (including Directors)

	Group and Company	
	2018 £'000	2017 £'000
Short-term employee benefits	**2,944**	1,731
Post-employment benefits	**66**	31
Fair value of share options awarded	**2,983**	393
	5,993	2,155

30. Business Combinations

Acquisitions in the Year Ended 31 March 2018

Group

Acquisition of Postcode Anywhere (Holdings) Limited

On 11 May 2017, the Company acquired 100% of the voting shares of Postcode Anywhere (Holdings) Limited ('PCA'), a provider of UK and International address validation and data quality services, for a total consideration of £73,852,423. The combination of the two businesses represents a highly complementary capability alongside GBG's existing ID registration solutions. The Consolidated Statement of Comprehensive Income includes the results of PCA for the eleven month period from the acquisition date.

The fair value of the identifiable assets and liabilities of PCA as at the date of acquisition was:

	Fair value recognised on acquisition £'000
Assets	
Technology intellectual property	5,733
Customer relationships	24,865
Non-compete agreements	369
Land and buildings	1,251
Plant and equipment	341
Deferred tax assets	440
Trade and other receivables	1,763
Cash	10,949
Trade and other payables	(9,280)
Deferred tax liabilities	(5,676)
Total identifiable net assets at fair value	**30,755**
Goodwill arising on acquisition	43,097
Total purchase consideration transferred	**73,852**
Purchase consideration:	
Cash	73,852
Total purchase consideration	**73,852**
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(735)
Net cash acquired with the subsidiary	10,949
Cash paid	(73,852)
Acquisition of subsidiaries, net of cash acquired (included in cash flows from investing activities)	(62,903)
Net cash outflow	**(63,638)**

The fair value of the acquired trade receivables amounts to £1,763,000. The gross amount of trade receivables is £1,763,000. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

The goodwill recognised above is attributed to intangible assets that cannot be individually separated and reliably measured from PCA due to their nature. These items include the capability for synergies from bringing the businesses together, combining propositions and capabilities that will help the business achieve accelerated consolidated growth from both cross-sell and up-sell. None of the goodwill is expected to be deductible for income tax purposes.

The transaction costs of £735,000 associated with this acquisition have been expensed and are included in exceptional items in the Consolidated Statement of Comprehensive Income and are part of operating cash flows in the Cash Flow Statement.

From the date of acquisition, PCA has contributed £15,193,000 of revenue and operating profits of £5,325,000 to the Group. If the combination had taken place at the beginning of the period, the Group revenue and operating profits would have been £121,141,000 and £14,754,000, respectively.

Contingent Consideration – IDscan
As part of the share sale and purchase agreement, a contingent consideration amount of up to £8,000,000 was agreed. This payment was subject to certain future revenue and EBITDA targets between 12 and 18 months from completion date. The obligation has been classed as a liability in accordance with the provisions of IAS 32. During the year, settlement of £7,460,000 was made resulting in a reduction in the contingent consideration liability on the balance sheet. At 31 March 2018, the value of the contingent consideration after partial unwinding of the discounting of £878,000 and a fair value adjustment to the contingent consideration of £495,000, was £45,000.

30. Business Combinations continued

Company

Acquisition of Postcode Anywhere (Holdings) Limited

On 28 February 2018, the Company acquired the trade, assets and liabilities of Postcode Anywhere (Holdings) Limited, and its subsidiary company Postcode Anywhere (Europe) Limited, for consideration set at book value for recognised assets and liabilities. Details of the assets and liabilities that were transferred to the Company were as follows:

	Fair value £'000
Assets	
Property, plant and equipment	1,740
Trade and other receivables	18,676
Cash	1,404
Trade and other payables	(12,002)
Deferred tax liability	(74)
Corporation tax liabilities	(194)
Total purchase consideration transferred	**9,550**

The Directors believe that the fair values of the recognised assets and liabilities were equal to the book values. Consideration for the transfer was equal to the book value of total net assets and was settled through intercompany accounts. In addition to the recognised assets and liabilities in Postcode Anywhere (Holdings) and its subsidiary, on which the consideration for the acquisition was based, the Company has recognised goodwill of £43,097,000 and intangible assets of £27,837,000 reflecting the carrying values recognised in GB Group plc consolidated accounts. This results in a credit to the cost of investment of £64,302,000, intercompany payable of £9,550,000 and other reserves of £1,501,000.

The fair value of the acquired trade receivables amounts to £1,669,000. The gross amount of trade receivables is £1,669,000. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

Acquisition of ID Scan Biometrics Limited

On 31 March 2018, the Company acquired the trade, assets and liabilities of ID Scan Biometrics Limited for consideration set at book value for recognised assets and liabilities. Details of the assets and liabilities that were transferred to the Company were as follows:

	Fair value £'000
Assets	
Plant and equipment	271
Internally developed intangible assets	616
Purchased intangible assets	52
Investments	25
Inventory	399
Deferred tax assets	6
Trade and other receivables	8,352
Cash	1,096
Trade and other payables	(4,394)
Deferred tax liabilities	(117)
Total purchase consideration transferred	**6,306**

The Directors believe that the fair values of the recognised assets and liabilities were equal to the book values. Consideration for the transfer was equal to the book value of total net assets and was settled through intercompany accounts. In addition to the recognised assets and liabilities in IDscan Biometrics Limited, on which the consideration for the acquisition was based, the Company has recognised goodwill of £35,057,000 and intangible assets of £6,520,000 reflecting the carrying values recognised in GB Group plc consolidated accounts. This results in a credit to the cost of investment of £37,361,000, intercompany payable of £6,306,000 and other reserves of £3,042,000.

The fair value of the acquired trade receivables amounts to £3,534,000. The gross amount of trade receivables is £4,138,000. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

30. Business Combinations continued

Acquisitions in the Year Ended 31 March 2017

Group

Acquisition of ID Scan Biometrics Limited

On 1 July 2016, the Company acquired 100% of the voting shares of ID Scan Biometrics Limited ('IDscan'), a provider of software that automates on-boarding of customers and employees by simplifying the identity verification and data capture process. IDscan helps authentication of documents including passports, visas, ID cards, driving licenses, utility bills and work permits while also capturing facial biometrics which provides proof that those documents are not stolen. The combination represents a highly complementary capability set alongside GBG's unique global Know Your Customer, Anti-Money Laundering and fraud detection solutions. The Consolidated Statement of Comprehensive Income for the year ending 31 March 2017 includes the results of IDscan for the nine month period from the acquisition date.

The fair value of the identifiable assets and liabilities of IDscan as at the date of acquisition was:

	Fair value recognised on acquisition £'000
Assets	
Technology intellectual property	5,405
Customer relationships	3,917
Non-compete agreements	467
Plant and equipment	222
Purchased software	7
Inventory	155
Trade and other receivables	2,408
Cash	1,186
Trade and other payables	(2,911)
Corporation tax liabilities	(427)
Deferred tax liabilities	(1,818)
Total identifiable net assets at fair value	**8,611**
Goodwill arising on acquisition	35,057
Total purchase consideration transferred	**43,668**
Purchase consideration:	
Cash	37,000
Contingent consideration adjustment	6,668
Total purchase consideration	**43,668**
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(513)
Net cash acquired with the subsidiary	1,186
Cash paid	(37,000)
Acquisition of subsidiaries, net of cash acquired (included in cash flows from investing activities)	(35,814)
Net cash outflow	**(36,327)**

The fair value of the acquired trade receivables amounts to £2,200,000. The gross amount of trade receivables is £2,211,000. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

The goodwill recognised above is attributed to intangible assets that cannot be individually separated and reliably measured from IDscan due to their nature. These items include the expected value of synergies and an assembled workforce. None of the goodwill is expected to be deductible for income tax purposes.

The transaction costs of £513,000 associated with this acquisition have been expensed and are included in exceptional items in the Consolidated Statement of Comprehensive Income and are part of operating cash flows in the Cash Flow Statement.

From the date of acquisition, for the year ending 31 March 2017, IDscan has contributed £6,076,000 of revenue and operating profits of £1,587,000 to the Group. If the combination had taken place at the beginning of the year, the Group revenue and operating profits would have been £89,514,000 and £10,984,000, respectively.

The fair values reported in the 2017 Annual Report were provisional due to the ongoing determination of the fair value of certain assets. As a consequence of the finalisation of these values, the identifiable net assets at fair value has reduced by £177,000 compared to that previously reported with a corresponding increase in the amount of goodwill.

30. Business Combinations continued

Contingent Consideration – IDscan

As part of the share sale and purchase agreement, a contingent consideration amount of up to £8,000,000 has been agreed. This payment is subject to certain future revenue and EBITDA targets between 12 and 18 months from completion date. The obligation has been classed as a liability in accordance with the provisions of IAS 32.

At the acquisition date the discounted fair value of the contingent consideration was estimated at £6,668,000 having been determined from management's estimates of the range of outcomes and their respective likelihoods. At 31 March 2017, the value of the contingent consideration after partial unwinding of the discounting was £7,122,000. Adjustments to the fair value of the contingent consideration are made in the Consolidated Statement of Comprehensive Income under IFRS 3 (Revised) Business Combinations.

Contingent Consideration - DecTech

During the period ending 31 March 2017, final settlement of AUS$2,000,000 (£1,026,000) was made relating to the second tranche of the contingent consideration from the acquisition of DecTech.

31. Contingent Consideration

Liabilities

Group	**2018 £'000**	2017 £'000
At 1 April	**7,122**	1,050
Recognition on the acquisition of subsidiary undertakings	**-**	6,668
Fair value adjustment to contingent consideration	**421**	(92)
Amount forfeited by seller	**(495)**	-
Settlement of consideration	**(7,460)**	(1,026)
Unwinding of discount	**457**	563
Exchange differences on retranslation	**-**	(41)
At 31 March	**45**	7,122
Analysed as:		
Amounts falling due within 12 months	**45**	7,122
Amounts falling due after one year	**-**	-
At 31 March	**45**	7,122

Both the opening balance at 1 April 2017 and the closing balance at 31 March 2018 represented contingent consideration amounts relating to the acquisition of IDscan. An amount of £495,000 was forfeited by the seller to allow payment to be made to employees of the acquired company. This amount has been accounted for within exceptional items (note 7).

The opening balance at 1 April 2016 represented contingent consideration amounts relating to the acquisition of DecTech. During the year a final payment of AUS$2,000,000 (£1,026,000) was made to settle the outstanding obligation on DecTech. The closing balance at 31 March 2017 relates to provisions for contingent consideration for IDscan. Exchange differences of £41,000 arose from the retranslation of DecTech into pounds Sterling for consolidation purposes and are not part of the fair value movement on the underlying contingent consideration.

Company	**2018 £'000**	2017 £'000
At 1 April	**7,122**	-
Recognition on the acquisition of subsidiary undertakings	**-**	6,668
Fair value adjustment to contingent consideration	**421**	(92)
Amount forfeited by seller	**(495)**	-
Settlement of consideration	**(7,460)**	-
Unwinding of discount	**457**	546
At 31 March	**45**	7,122
Analysed as:		
Amounts falling due within 12 months	**45**	7,122
Amounts falling due after one year	**-**	-
At 31 March	**45**	7,122

The fair value of contingent consideration is estimated having been determined from management's estimates of the range of outcomes to certain future revenue and EBITDA forecasts for periods between 12 and 18 months from completion date and their estimated respective likelihoods. The contractual cash flows are therefore based on future trading activity, which is estimated based on latest forecasts (Level 3 as defined by IFRS 13).

32. Alternative Performance Measures

Management assess the performance of the group using a variety of alternative performance measures. In the discussion of the Group's reported operating results, alternative performance measures are presented to provide readers with additional financial information that is regularly reviewed by management. However, this additional information presented is not uniformly defined by all companies including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, certain information presented is derived from amounts calculated in accordance with IFRS but is not itself an expressly permitted GAAP measure. Such measures are not defined under IFRS and are therefore termed 'non-GAAP' measures and should not be viewed in isolation or as an alternative to the equivalent GAAP measure.

The Group's income statement and segmental analysis separately identify trading results before certain items. The directors believe that presentation of the Group's results in this way is relevant to an understanding of the Group's financial performance, as such items are identified by virtue of their size, nature or incidence. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and assists in providing a meaningful analysis of the trading results of the Group. In determining whether an event or transaction is presented separately, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence. Examples of charges or credits meeting the above definition and which have been presented separately in the current and/or prior years include amortisation of acquired intangibles, share-based payments charges, acquisition related costs and business restructuring programmes. In the event that other items meet the criteria, which are applied consistently from year to year, they are also presented separately.

The following are the key non-GAAP measures used by the Group:

Adjusted Operating Profit

Adjusted operating profit means profits before amortisation of acquired intangibles, share-based payment charges, exceptional items, net finance costs and tax. This is used throughout the Group by management for internal performance analysis and to assess the execution of our strategies. Management believe that it is both useful and necessary to report these measures as they are used for internal performance reporting, these measures are used in setting director and management remuneration and they are useful in connection with discussion with the investment analyst community and debt rating agencies.

Organic Growth

Organic growth is defined by the Group as year-on-year continuing revenue growth, excluding acquisitions, until the date of their anniversary and represents performance on a comparable basis. Whilst organic growth is neither intended to be a substitute for reported growth, nor is it superior to reported growth, the Group believes that these measures provide useful and necessary information to investors and other interested parties. Specifically, it provides additional information on the underlying growth of the business, it is used for internal performance analysis and it facilitates comparability of underlying growth with other companies (although the term 'organic' is not a defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies).

Adjusted Earnings and Adjusted Earnings Per Share

Adjusted earnings represents adjusted operating profit less net finance costs and tax and adjusted EPS represents adjusted earnings divided by the weighted average number of shares in issue, and is disclosed to indicate the underlying profitability of the Group.

Adjusted EBITDA

Adjusted EBITDA means operating profit before depreciation, amortisation, share-based payment charges, exceptional items, net finance costs and tax, and is disclosed to indicate the underlying profitability of the Group.

Useful Information

Shareholder Information

The Investors section of the Company's website, www.gbgplc.com, contains detailed information on news, key financial information, annual reports, share price information, dividends and key contact details. The following is a summary and readers are encouraged to view the website for more detailed information.

Dividend Reinvestment Plan

The Company offers a Dividend Reinvestment Plan that enables shareholders to reinvest cash dividends into additional shares in the Company. Application forms can be obtained from Equiniti. You must arrange for your Dividend Reinvestment Plan application form to be received by Equiniti no later than 3 August 2018 to join the plan for the final dividend for the year ended 31 March 2018.

Share Price Information

The closing middle market price of a share of GB Group plc on 31 March 2018 was 403.5p. During the year, the share price fluctuated between 277.5p and 455.0p. The Company's share price is available on the website, www.gbgplc.com/investors, with a 15 minute delay, and from the London Stock Exchange website.

Share Scams

Shareholders should be aware that fraudsters may try and use high pressure tactics to lure investors into share scams. Information on share scams can be found on the Financial Conduct Authority's website, www.fca.org.uk/scams

Financial Calendar

Ex-dividend date for 2018 final dividend	19 July 2018
Record date for 2018 final dividend	20 July 2018
Annual General Meeting	26 July 2018
2018 final dividend payment date	24 August 2018
Announcement of 2018 half year results	November 2018

Shareholder Enquiries

GBG is aware that there may be times when shareholders may wish to contact the Company when there are changes in their circumstances (such as when they have moved house or have got married and have changed their name). There may also be occasions when a share certificate has been misplaced or lost and a duplicate copy is required. In such instances, GBG's registrar, Equiniti, is able to deal with these enquiries and take the necessary action.

Website: https://equiniti.com/contact/

Address:
Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Phone from UK: 0371 384 2367
Phone from overseas: +44 121 415 7161

Website

In addition to accessing the latest information about the Company and its products and services, the following is also available from the GBG website:

- copies of announcements, press releases and case studies;
- copies of past and present annual and interim reports which can be viewed and downloaded.

Useful Information continued

Registered Office
GB Group plc
The Foundation, Herons Way
Chester Business Park
Chester
CH4 9GB
United Kingdom

(Registered in England, Number 2415211)

Auditor
Ernst & Young LLP
2 St. Peter's Square
Manchester
M2 3EY

Nominated Advisor and Broker
Peel Hunt
Moor House
120 London Wall
London
EC2Y 5ET

Solicitors
Squire Patton Boggs (UK) LLP
1 Spinningfields
1 Hardman Square
Manchester
M3 3EB

Registrars
Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

T: +44 (0)1244 657333
E: enquiries@gbgplc.com
W: www.gbgplc.com