TClarke

Annual Report and Financial Statements 2017

Focused on the future

Who we are and what we do

TClarke designs, installs, integrates and maintains the full range of mechanical and electrical services and the digital infrastructure to create a 21st-century building.

Across the country, our directly employed teams lead the industry for quality and safety. Our focus is on being the partner of choice in every market sector in which we work.

Contents

Financial highlights

Revenue[1]

Percentage change 2016>2017

+12%

2017	£311.2m
2016	£278.6m

Underlying profit before tax[1]

Percentage change 2016>2017

+5%

2017	£6.5m
2016	£6.2m

Profit before tax[1]

Percentage change 2016>2017

+92%

2017	£7.1m
2016	£3.7m

Underlying operating margin[1]

Percentage change 2016>2017

-8%

2017	2.3%
2016	2.5%

Net cash

Percentage change 2016>2017

+26%

2017	£11.7m
2016	£9.3m

Forward order book

Percentage change 2016>2017

+2%

2017	£337m
2016	£330m

Basic earnings per share

Change 2016>2017

+7.99p

2017	13.44p
2016	5.45p

Dividend per share

Percentage change 2016>2017

+9%

2017	3.5p
2016	3.2p

1 From continuing operations.

For further information see Group financial review on pages 38 to 41.

Investment case

1 Cash

> The Group's cash generation remains robust with the year end net cash improving by 26% to £11.7 million, the strongest closing balance recorded since 2009.

2 Management Discipline & Strong Risk Control Environment

> Targeted approach to contract tendering process and assessment and strength of potential customers.

> Prudent profit recognition.

3 Financial Strength

> Substantial and growing cash balances.

> Planned investment for future growth funded entirely from internal resources.

> Commitment to progressive dividend policy.

4 Forward Revenue Visibility

> 66% of forecast 2018 revenues booked as at 31st December 2017.

> £100 million of revenues booked for 2019 and beyond.

5 Balanced Business

> Increasing exposure to long-term infrastructure work.

> Investing in new technologies and secular growth markets.

> Five Target Markets – M&E Contracting, Residential & Accommodation, Technologies, FM & Frameworks and Infrastructure.

6 Improving Margin Profile & Profitability

> Focus on growing profits ahead of revenues.

> Differentiated service offering commands higher margins.

> Medium-term target to increase the underlying operating margin to 3%.

At a glance

TClarke is a market-leading, nationwide building services contractor with a complete and complementary set of services

Our five target markets

Infrastructure
> Rail
> Airports
> Hospitals
> Education
> Prisons
> Healthcare
> Defence

Residential & Accommodation
> New build
> Refurbishment
> Hotels
> Student Accommodation

Facilities Management & Frameworks
> Planned and Reactive Maintenance
> On Site Facilities Management
> Long Term Frameworks
> Term Contracts

Technologies
> Data Centres
> IT Infrastructure and Networks
> Audio Visual
> Fire and Security
> Smart Buildings
> Manufacturing and Prefabrication

M&E Contracting
> Commercial Offices
> Retail
> Leisure and Stadiums
> Museums and Galleries
> Design and Build

Our clients and end users

TClarke has deep, long-term partnerships both with major principal contractors and with property owners and developers. Below is a selection of top clients based on 2017 revenue spend.

Lend Lease Construction	Multiplex
Stanhope Plc	Overbury Plc
Canary Wharf Contractors	Bowmer & Kirkland
Structuretone	Sir Robert McAlpine
Westfield Europe	BAE Systems
Kier	St George
Vinci Construction	John Lewis Partnership
Willmott Dixon	Dragados

What we do

Through the full building lifecycle

Design
Design systems and value engineer them.

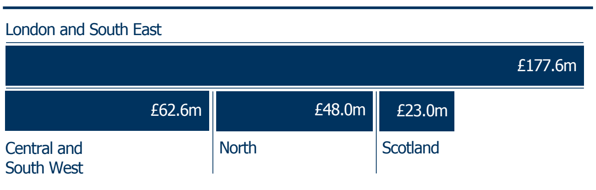
Procure
Add value and increase buildability through expert procurement.

Install
In-house teams to install the building services on projects of every scale across the UK.

Maintain
In-house teams to provide maintenance services across the UK.

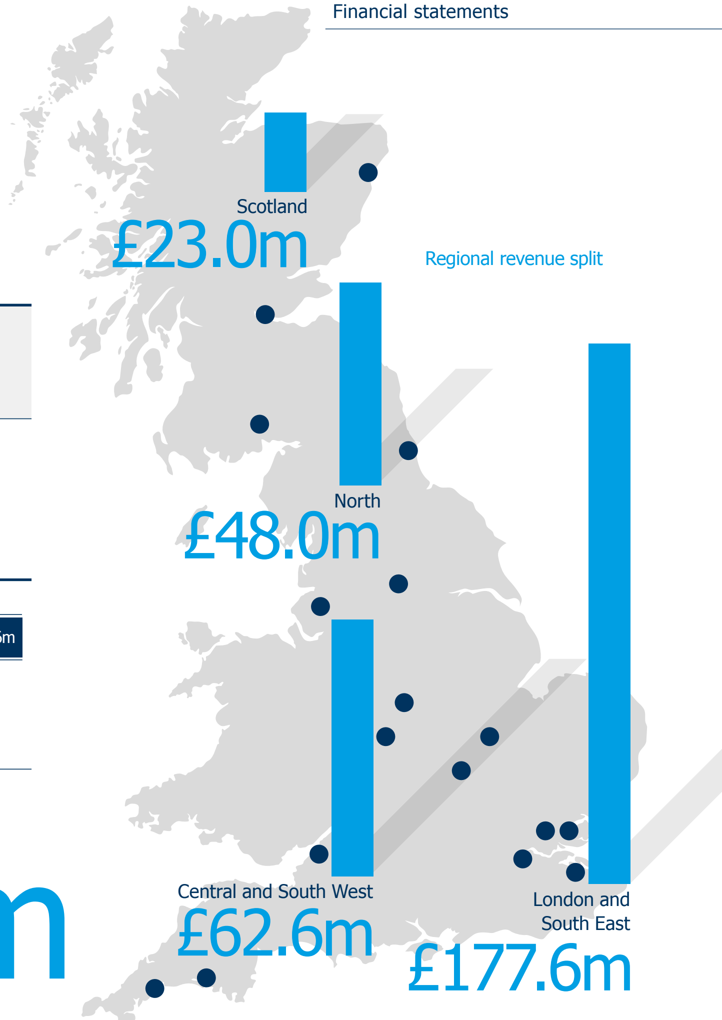
Our organisation

We provide complete UK coverage, matching the needs of our client base with 17 offices organised in four regions.



Total revenue

£311.2m



New standard of building intelligence

Access services and my data
My computer, my data, my locker, my services.

Find my team location
Identify my team's location and my place, too.

Security access
Manage my security access.

Facial/retina recognition
Recognise me.

Bringing the building to life

Power
Distributed and controlled.

Services
Heating, lighting, ventilation, water, waste and their networks and controls.

Data
Highly resilient and secure data networks.

Alarm and security
Alarm, security and safety systems integrated and controlled.

Systems and internet
Integration of management systems and IP addressable components and the delivery of data and control within advanced graphic user interfaces.

Chairman's statement

Iain McCusker
Chairman

Another year of improved profitability and operating performance for TClarke

Whilst 2017 has been challenging for our sector, I am pleased to report that it has been another year of improved profitability and operating performance for TClarke. The cash position continues to strengthen (26% increase year on year after major strategic investment) and the Group is debt free on a net basis.

Our current and forward order book – in terms of both value and project quality – is evidence of the continuing confidence of our clients, and the market, in general in our performance, strength, strategic positioning, quality of service and ability to deliver.

The Group continues to focus on its strategic development to ensure that it retains its market-leading position and continues to meet, and enjoy the benefits of meeting, the growing and changing demands and expectations of our clients. At the same time, TClarke retains its focus on operational performance and profitable growth.

Our 'You See, You Say' safety programme is recognised as an industry leader. This is a matter of pride, since it stems directly from the safety mindset shown by our people and the hard work of our dedicated safety team, day by day across the UK, with significant ongoing improvement in our outstanding safety record. We will never be complacent as far as health and safety is concerned and will always look to drive forward the boundaries in health and safety achievement.

Strong headline performance

I am pleased to report another year of strong performance by the Group, meeting market expectations.

We continue to be seen as the supplier of choice to major, business critical projects for multi-national companies. During the year, our forward order book hit record levels and at the end of the year stood at £337 million.

Turnover in the year increased by 12% to £311 million and underlying profit before tax grew by 5% to £6.5 million. Underlying EPS increased to 12.37p (2016: 11.6p).

Dividend per share

3.5p

2016: 3.2p

Percentage change: 2016 > 2017

+9%

Peter Maskell, former Managing Director of Philips UK, joined as a Non-Executive Director. He has significant experience in the successful digital transformation of the Phlips' brand and business model

Continued focus on cost discipline and cash management

Our performance and results have benefited from our ongoing focus on cost discipline and cash management. This reflects our ever strengthening disciplines in the internal management and delivery of projects, together with our focused client and partner management approach, and is a result of our project management and delivery skills across the Group in all regions.

Average cash balances throughout the year continued to improve. The net cash balance at the end of 2017 was £11.7 million. This has been achieved after the initial cash consideration of £1.5 million in the acquisition of Eton Associates and £1.0 million in our enhanced manufacturing capabilities, based in our new facility at Stansted.

Dividend

The Board is committed to a progressive dividend policy, improving returns to shareholders and delivering a sustainable increase in dividend over the longer term.

The Board is therefore pleased to recommend a final dividend for the year ended 31st December 2017 of 2.9 pence per share, making a total of 3.5 pence for the year (a 9% increase on 2016), reflecting the Group's performance and our confidence in the business going forward, whilst balancing the rewards to shareholders with the interests of other stakeholders.

Strategic focus and direction

The programme of strategic initiatives we have implemented to reshape and refocus the business to align with value creation, delivery and growth are bringing financial returns. We recognise, however, that we cannot stand still. Our world and markets are constantly changing. Technology, client demands and the requirements of the digital world are constantly evolving and this presents significant opportunity for us.

As we continue to grow and develop our core markets and offerings, we are at the same time looking to further develop our specialisms and integrated offerings to ensure we can deliver value-creating solutions to our clients and partners. Our acquisition of Eton Associates during the year was an important and visible step in this strategic programme and further details of this are found on page 16.

Board changes

I was pleased to welcome Peter Maskell to the Board in January 2018 as a Non-Executive Director. Peter's experience in the digital transformation of Philips will be particularly helpful to us as we continue our strategic development.

In February 2018, Martin Walton, Finance Director, left the business and Trevor Mitchell was appointed Finance Director, effective 1st February 2018, for an interim term of one year. The Board would like to thank Martin for his substantial contribution to the Group since he joined the business in 2007 and wish him well for the future.

Outlook

2017 was another very good year for TClarke. Our current and forward order book is fully replenished with high-quality projects, many of which are business critical for our clients.

The strength of our order book is evidence of our significant market share and we are maintaining our discipline and focus to deliver sustained margin improvement across all our regions. The Board is confident that the Group is well placed to meet profit expectations for the year ahead and our commitment to sustained performance growth is such that the Board has set a medium-term target to increase the underlying operating margin to 3%.

I would like to conclude by expressing my thanks to all of our stakeholders for their continued support and to all TClarke staff across the UK for their work and commitment, which has allowed us to deliver for our clients and further build our business and brand.

Iain McCusker
Chairman
27th March 2018

Chief Executive's report

Mark Lawrence
Group Chief Executive Officer

In 2017, we also made major steps forward with our partners by working on and winning landmark projects which drive innovation, sharpen the skills of our people and build expertise and commercial advantage

A focus on the future is the recurring theme evident across our business in 2017; investments in people, in new skills and expertise, in new operations and geographic locations and in enhancing our core skills and specialisms.

These are all aspects of our clearly stated business strategy in action. In 2017, we have continued to build our Company to ensure that we are 100% fit to retain our market-leading position as we move into a future which is full of opportunity.

Enhancing our core business

In 2017, the construction industry reaffirmed the value it places on our core proposition of M&E contracting services, by awarding us contracts to fill a record order book. In 2017, we also made major steps forward with our partners by working on and winning landmark projects which drive innovation, sharpen the skills of our people and build expertise and commercial advantage.

When I was appointed Chief Executive Officer in 2010, TClarke's core business centred on electrical contracting for major projects in London. In the following years we have expanded our core skillset to include mechanical contracting, and in 2017 the order book evidenced this successful progression. In 2017, our core skillset has expanded further still. Our highly successful TClarke Intelligent Buildings team has been complemented by the additional scale and capability of Eton Associates. This allows us to provide a comprehensive digital, data and controls operation, alongside mechanical and electrical services.

This core expansion has been market driven and the market itself is driven by macro-economic trends, including 'big data' and digital, which are transforming end user demand in many ways. We are acknowledged across our peer group as a leader in the engineering skills that enable the vision, design, the planning and the theoretical engineering to develop strong, safe, resilient, environmentally positive cities, buildings and infrastructure. By contributing in this way, TClarke will continue to have a significant role to play in building Britain's future. A recent example was in December when our South West team was awarded the first M&E Package for Dyson's prestigious new global technology campus in Wiltshire.

Building our specialisms and sectors

In 2017, we have had considerable success across our markets. Our Transport team's selection by Manchester Airport Group brings us a major airport contract, our Design and Build team continues its excellent performance and growth trajectory, our Mission Critical team's work on data centres and the complex Selfridges project has been highly valued and our TClarke Intelligent Buildings team has won major data, fire and alarm projects. Manufacturing has had its most successful year ever, with the opening of our multi-skilled, purpose-designed operation at Stansted, and Healthcare continues with its world-class partnerships, winning projects under the NHS's new P22 framework agreements. Our Residential business again won a series of awards and expanded its footprint and our successful in-house specialist FM business has also won new partnerships.

It is also important to note that we have been extremely successful in winning and delivering research and laboratory projects across every region of our business. Once again, this shows how our business can adapt as demand and opportunity shifts in the marketplace.

Going forward, we are reorganising our go-to market strategy with five new market offerings: Infrastructure, M&E Contracting, Residential & Accommodation, Technologies and FM & Frameworks. This will give us an improved focus on growth and a better prospect of valuable metrics going forward – both for the business and our shareholders to see and measure progress.

Deepening our partnerships

TClarke is not unusual in talking about partnership as being key to success, but 2017 shone a light on the range and variety of those relationships and their value to us. Michael Bloomberg in London followed the actions of the local teams at David Wilson Homes in Glasgow, Rolls-Royce's team in the North East and the engineering team at the Royal Cornwall Hospital – they all took the time to commend our people and their work.

These testimonials and commendations are of direct value to our shareholders because they signal the continued and growing preference for our brand. Brand reputation and the expressed demand and encouragement from our clients in 2017 has led us to open new offices in Portishead, Birmingham and Dumfries, and immediately won major new projects in geographic areas that were new to us.

TClarke's mechanical and electrical package wins for the two towers at Southbank Place includes our largest mechanical package yet

Chief Executive's report continued

Regional highlights

Major projects and progress across our four regions

Scotland

Mitsubishi Air Con Systems Europe

2017 was TClarke Scotland's most successful year to date, with revenue, profit and operating margins all at a record high. Our Residential team achieved further growth, delivering 2,325 units and winning six Seal of Excellence and 12 Pride in the Job commendations at the NHBC Awards. This growth was largely driven by the nationwide commitment to address the ongoing housing shortage.

Our Engineering team delivered numerous projects, including the fabrication of bespoke alignment and fixing templates for 20km of electricity pylons for Morgan Sindall. Our Intelligent Buildings Team was active on landmark installations, including 22 Bishopsgate and it also began collaboration with the Group's new Eton Associates team, at Canary Wharf Estates' One Bank Street development. Scotland's M&E team had a strong year, delivering projects for Mitsubishi and Heart of Midlothian FC. The M&E Team also had success with major projects in the education and renewable energy sectors.

The Scotland team recruited 16 new apprentices in 2017, and as well as marking the continued progress of previous and current Apprentice of the Year finalists within the business, we also saw the introduction of an Apprentices' Steering Committee in Scotland to strengthen the voice of the next generation within our operation.

North

Rolls-Royce Fleet Support Facility

The 2017 results for the Northern region were in line with expectations and previous forecasts. Revenue was slightly reduced, but the operating profit was maintained.

During 2017 a number of prestigious projects were completed across the Northern region. Newcastle delivered their third project for the University of Sunderland, a new teaching facility for nursing, and also delivered a new facility for Rolls-Royce in Washington. Leeds continued the relationships with Bowmer & Kirkland on the ETA framework for schools and also with ISG on various projects including prisons and schools. A new three-year framework agreement with BAE was secured by the North West office, a significant success for the team alongside being appointed to the MAG framework as part of the Group submission.

FM remains an integral part of the business in the North, with Leeds at the forefront. The model has been proven and is currently being rolled out at the Newcastle office, with the expectation that the North West will follow once Newcastle is fully established.

Central and South West

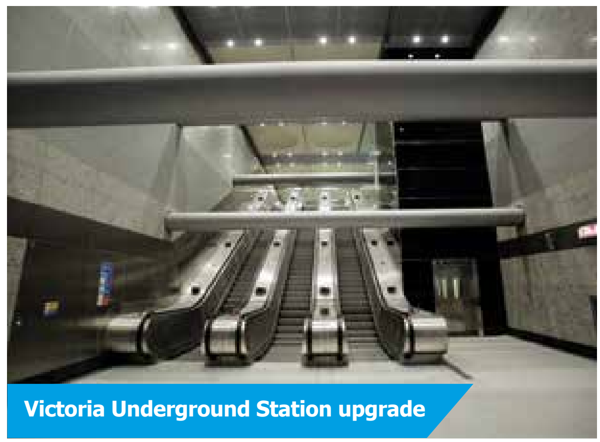
The Box, Plymouth

We identified challenges in the South West region early in 2017 and steps were taken to target better quality projects and in particular, projects that will run to completion beyond feasibility stages. By December 2017 the effect of this work was that the South West had secured all of its targeted revenue for 2018, with it's strongest ever order book. We now expect the South West to perform in line with the rest of the Group.

Elsewhere in the region our Derby team showed continued strength, particularly in residential and accommodation projects while our Peterborough office showed strength in Medical, Retail and the Lab and Research market of Cambridge.

We also opened our new office in Birmingham – initially to support our growing FM client portfolio, but subsequently with the strategy to target further opportunities across our chosen sectors.

London and South East



Victoria Underground Station upgrade

2017 was another strong year for London and the South East, with revenue showing continued strength, both in the current year and looking ahead. 2017 saw continued high levels of good quality tender opportunities, and we were able to expand our core client base and entered into direct negotiation on a number of key projects, rather than being exposed to a competitive tender.

Revenues were driven by the ongoing success of our core M&E operation. Successful delivery of major M&E projects, such as Bloomberg Place and Rathbone Square, were matched by the smooth transition of project teams onto new landmark projects such as 22 Bishopsgate and Building S9 at IQL Stratford.

The ongoing establishment of our mechanical offer on a par with our electrical offer continued successfully and was marked by the award of projects, including our largest ever mechanical package at Southbank Place.

During 2017, the London and South East business welcomed Eton Associates into the Group and also successfully opened the new Stansted manufacturing facility, capping a highly successful year of significant investment in our future.

Chief Executive's report continued

Accident rate

-17%

percentage change 2016>2017

The ongoing success of targeted tendering

2017's order book was a record one for scale – but more importantly for quality. We can define quality broadly as meaning the kind of projects where clients value our services appropriately and where our people want to be engaged upon because they are professionally rewarding. Targeted tendering continued to prove successful for TClarke in 2017 as we have consciously matched our skills and resource to quality opportunities, with the purpose of delivering value.

Sustaining our key advantage – our people

As I have travelled around our business and projects this year, my strongest single impression has been of a pride in our people – many of whom have built their whole careers with us and some of whom are just starting out. The relative scale and quality of our new apprentice intake massively exceeds the best industry targets.

In 2017, our Training Academy was launched. It is focused on developing the best career paths for our people and has senior level commitment within TClarke and will be a key feature of our business going forward. In 2017, we saw TClarke people achieving degrees and professional qualifications, winning awards and moving into new disciplines within our business.

We saw previous winners and finalists of our Apprentice of the Year award growing into leadership roles. All of these achievements have given me a considerable sense of pride and satisfaction in what we are building at TClarke.

A record year for safety

In concluding, I want to spotlight our safety record in 2017. We have an absolute accident reporting regime, in which every accident, however small, was recorded, we also achieved an 17% reduction in the annual accident rate, against the backdrop of a record order book. This didn't happen by accident! It has been the result of constant vigilance and focus across our business and the work of our dedicated nationwide safety operation. This work sits at the heart of the TClarke Way.

Mark Lawrence
Group Chief Executive Officer
27th March 2018

We have an absolute accident reporting regime, in which every accident, however small, was recorded, we also achieved an 17% reduction in the annual accident rate, against the backdrop of a record order book

Our strategic priorities

Objective	How it will be achieved	What we did in 2017
Enhance our core business	> Continue to deliver high profile, challenging projects to retain reputation as market leader > Continue steady expansion of historical 'electrical' contracting leadership into mechanical and ICT areas > Target and win appropriate new projects to build order book quality	> Successfully delivered a series of landmark projects in London > Successfully delivered and won an increasing number of major mechanical and electrical projects in London > Successfully and substantially expanded our in-house ICT capabilities in London and began its integration
Sustain our 'people' advantage	> Further develop our skills base to anticipate market need > Enhance our market leadership in apprenticeship and career path training > Develop strong succession planning for leadership roles at every level	> Successfully introduced the TClarke Training Academy to develop career paths > Successfully launched the five-year leadership programme to develop young leaders nationwide > Continued to lead the market in apprenticeships and training
Advance our partnerships	> Understand and anticipate market need for collaborative contracting > Mirror major principal contractors nationwide and deepen key relationships > Deliver quality experience throughout our service	> Won a series of client recommendations, awards and testimonials nationwide for partnership approach > Won further projects with existing key partners > Established a series of new key partnership relationships in new sectors and in new geographies
Enhance our capabilities to exploit specialist markets	> Maximise our operational agility so we can exploit opportunities quickly > Enter specialist markets with a proposition that is of appropriate quality for our brand > Deliver high quality experience and service in each market in which we operate	> Achieved significant expansion of capabilities in Intelligent Buildings and Manufacture > Secured breakthrough aviation project for Transport division > Delivered significant value across all specialisms
Adopt targeted tendering approach	> Maximise the value of our in-house resources through effective organisation > Increase effectiveness in identifying and winning appropriate tenders > Retain discipline in adhering to targeted tendering approach	> All regions effective and disciplined in adhering strictly to targeted tendering approach > Significant combination of resources and cross selling across regions

Our marketplace

Buoyant demand and growing digital transformation driving opportunity despite Brexit uncertainties

Market confidence

Markets for TClarke services in 2017 were buoyant. Despite uncertainties around Brexit and reported uncertainties across construction, major end users and developers chose to make fresh and substantial investments in major projects and the demand for TClarke's teams and services remained high. In 2017, many of our major project teams moved on seamlessly and directly from one successful completion to a new major project, often with the same long-term partner. This fact underlined the ongoing market confidence in TClarke.

The effects of underlying and long-term macro trends were felt with increasing strength in 2017 as 'digital' landed in our sector. Advances in all kinds of digital technology and design capability, allied to the exponential increase in power and decrease in cost of those technologies, are presenting designers and developers with opportunities to transform all aspects of a building's efficiency, performance and responsiveness to end user needs as they change.

Market demand for TClarke's expertise and integrated suite of core services has reflected this steadily increased complexity.

Brexit has created uncertainties, but the macro effects of globalisation, particularly the gravitation of organisations and business ecosystems to the most attractive hub cities in the world, is also having a powerful effect

Market opportunities

TClarke expanded its core offer in 2017 as we have continued to build our reputation and track record of delivering large-scale mechanical, electrical and ICT projects. This has substantially increased the range and scope of opportunities available to us.

Brexit has created uncertainties, but the macro effects of globalisation, particularly the gravitation of organisations and business ecosystems to the most attractive hub cities in the world, is also having a powerful effect. This has clearly had a beneficial effect for TClarke in London, but it has also helped us to build significant market share in places such as Cambridge, where our track record of laboratory, research and education projects is outstanding.

Partnership is a key feature of our business approach nationwide. In 2017, with the support of long-term clients and partners, we opened offices in new geographic locations (Dumfries, Portishead and Birmingham) and were immediately rewarded with significant contracts.

TClarke's response is agile – as reflected by these openings in 2017. Our brand reputation is built on high quality delivery from our in-house teams. This is something we safeguard at all times. When TClarke enters a new geographic market, it offers the full TClarke experience and brand promise.

Sectors and specialisms

2017 saw ongoing opportunity across our current sectors and specialisms.

In addition, we have seen continued opportunity for our business in the design and construction of laboratory and research facilities as well as in schools and education. Like all of our other specialisms and sectors, these are areas in which additional value is placed on the quality, depth of technical expertise and capability to deliver which TClarke offers.

Bloomberg London, another world-class project in the City of London, working with Sir Robert McAlpine

Business model

Focused on maximising our agility in targeting high-quality services at the right market opportunities to deliver value for stakeholders and further build our brand reputation

Our competitive advantage

People
We employ highly qualified and experienced professional engineering staff and operatives and run an extensive, industry-leading apprenticeship scheme, which provides a source of high-quality new recruits.

Partnerships
We focus on building long-term partnerships nationwide with principal contractors and clients, enabling us to collaborate on key projects.

Nationwide coverage
We cover the whole of mainland UK with 17 offices organised in four regional operations that mirror our clients' organisation and serve their needs effectively.

Technology
We are a high-technology business and leaders in the delivery of complex installations and new technologies. We are investing to ensure we remain at the forefront of technological advances.

Reputation
As a market leader, we have built a reputation for delivery and quality.

What we do

Design

We design and value engineer systems, drawing on our innovative approach and technological expertise to provide intelligent building solutions.

Procure

We add value through expert procurement of the necessary materials, services and expertise across the life of a project.

How we do it

The **TClarke Way**

1 **Safety**
Safety is our number one daily priority

2 **Quality**
High-quality work that's right first time

3 **Innovation**
Expert in buildability and integrated thinking

Install

We employ highly qualified and experienced in-house engineering teams of professionals and operatives to install and deliver our solutions and services.

Maintain

Our in-house teams provide a suite of specialist mechanical, electrical and ICT maintenance services to support the ongoing functioning of a building throughout its lifecycle, across the UK.

Delivers value for all our stakeholders

4 **Value**
Delivering against innovative end-user focused contracts

5 **People**
Directly employed, high-quality building services personnel

6 **Relationships**
Taking responsibility at every level for collaboration

The value we create for our stakeholders

For shareholders
The ability to identify and take opportunities to grow the business and deliver progressive returns.

For customers
Total reliability in project delivery, quality and safety alongside high technical skills.

For employees
Industry-leading career paths within a world-class organisation and project work to take pride in.

For partners
A collaborative and open approach to work which maximises value, efficiency and productivity.

For society
The high-quality built environment, high-quality engineering jobs and highly responsible approaches we all want.

Strategy in action

Enhancing our core business

TClarke's core offer expanded in 2017

The long-term strategy of expanding our core so that our brand is known for electrical, mechanical and digital services, increases the scale and range of work packages we can bid for. 2017's project wins consisted of a significantly wider range of electrical, mechanical, M&E and digital packages than any year to date.

10 Fenchurch Avenue

An industry leader in ICT

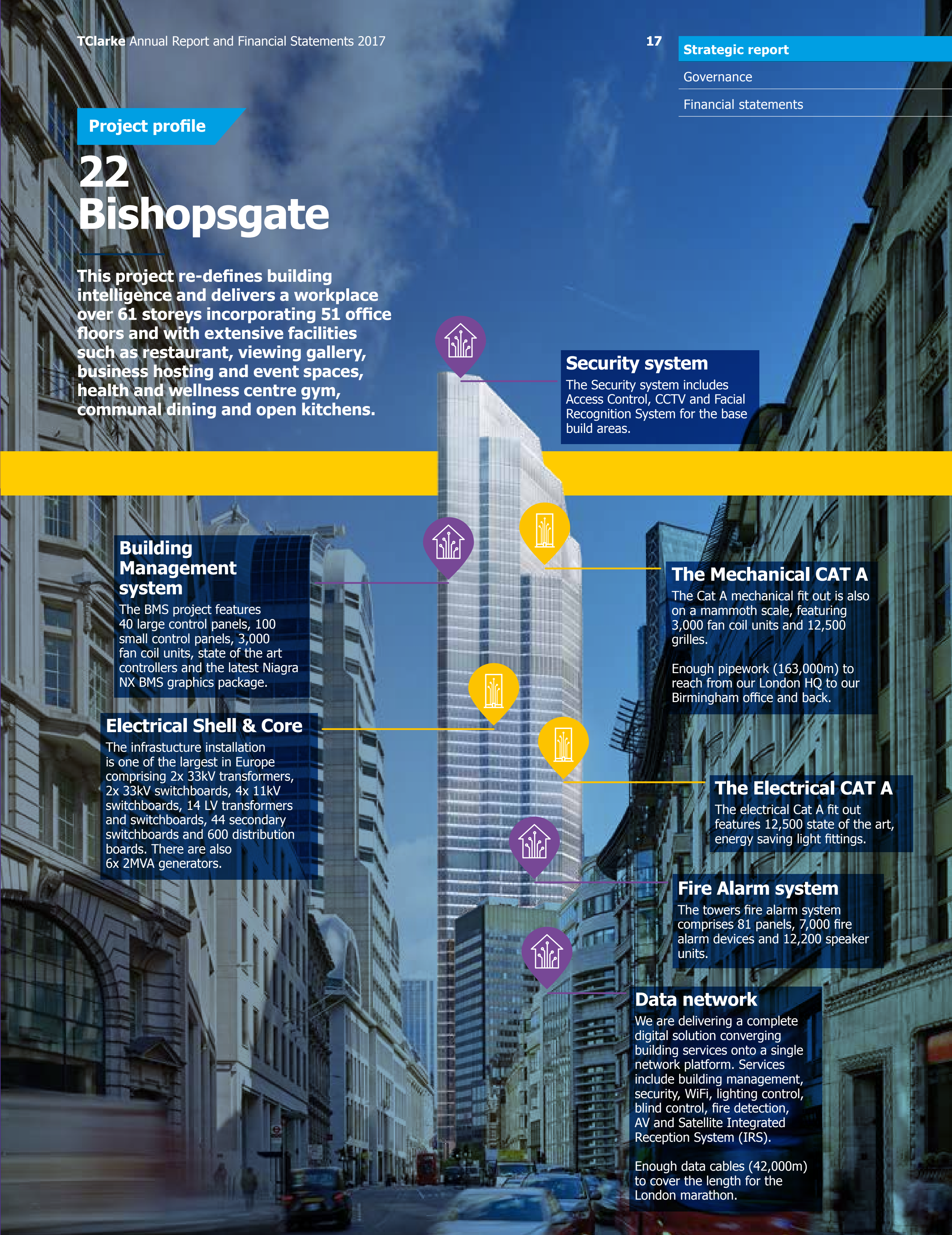
The acquisition of Eton fits this strategy of core expansion. Eton integrates, installs and manufactures building controls systems; they also maintain them through their lifecycle. Eton is well regarded in the construction industry in London and the South East, for major projects including 1 Canada Square, Bloomberg London, 20 Fenchurch Street (the 'Walkie Talkie') and HM Treasury. 60% of the Canary Wharf Estate uses Eton controls and the business has 85 employees who in 2017 relocated to join their TClarke colleagues at our London Head Office and Stansted manufacturing centre.

In 2017, within months of acquiring Eton, we saw TClarke Intelligent Buildings (TCIB) teams and Eton teams collaborating on 22 Bishopsgate, at the Bank Street development at Canary Wharf and also at the first residential block that is going up there. TCIB are designing the data networks and Eton will be installing them. So, as the long heralded 'intelligent buildings revolution' becomes a reality, TClarke Group has market-leading in-house capability and expertise.

Significant continuity with major partners

A key theme of 2017 has been continuity with major partners. TClarke teams in London have moved seamlessly on with their counterparts to the next major project, having successfully delivered previous projects. This continuity and success is reward for excellence in delivery and key to driving strong utilisation of our resource and value to our stakeholders.

The previously identified potential for managed growth has been realised in 2017, as we have won a further series of landmark projects and a range of electrical, mechanical, M&E and ICT packages at projects including Southbank Place, One Nine Elms and 7-10 Hanover Square. This success, working across an increased range of principal contractor partners, has driven our record order book.



Project profile

22 Bishopsgate

This project re-defines building intelligence and delivers a workplace over 61 storeys incorporating 51 office floors and with extensive facilities such as restaurant, viewing gallery, business hosting and event spaces, health and wellness centre gym, communal dining and open kitchens.

Security system

The Security system includes Access Control, CCTV and Facial Recognition System for the base build areas.

Building Management system

The BMS project features 40 large control panels, 100 small control panels, 3,000 fan coil units, state of the art controllers and the latest Niagra NX BMS graphics package.

The Mechanical CAT A

The Cat A mechanical fit out is also on a mammoth scale, featuring 3,000 fan coil units and 12,500 grilles.

Enough pipework (163,000m) to reach from our London HQ to our Birmingham office and back.

Electrical Shell & Core

The infrastructure installation is one of the largest in Europe comprising 2x 33kV transformers, 2x 33kV switchboards, 4x 11kV switchboards, 14 LV transformers and switchboards, 44 secondary switchboards and 600 distribution boards. There are also 6x 2MVA generators.

The Electrical CAT A

The electrical Cat A fit out features 12,500 state of the art, energy saving light fittings.

Fire Alarm system

The towers fire alarm system comprises 81 panels, 7,000 fire alarm devices and 12,200 speaker units.

Data network

We are delivering a complete digital solution converging building services onto a single network platform. Services include building management, security, WiFi, lighting control, blind control, fire detection, AV and Satellite Integrated Reception System (IRS).

Enough data cables (42,000m) to cover the length for the London marathon.

Strategy in action

Specialist markets

2017 saw success and growth in specialist markets

TClarke is active in identifying and entering those specialist markets and sectors where higher-value skills are required and rewarded. These areas offer us the potential to balance our order book and actively manage our exposure to the risk of cyclical or long-term trends in one or other sector.

Infrastructure

Residential & Accommodation

Facilities Management & Frameworks

Technologies

M&E Contracting

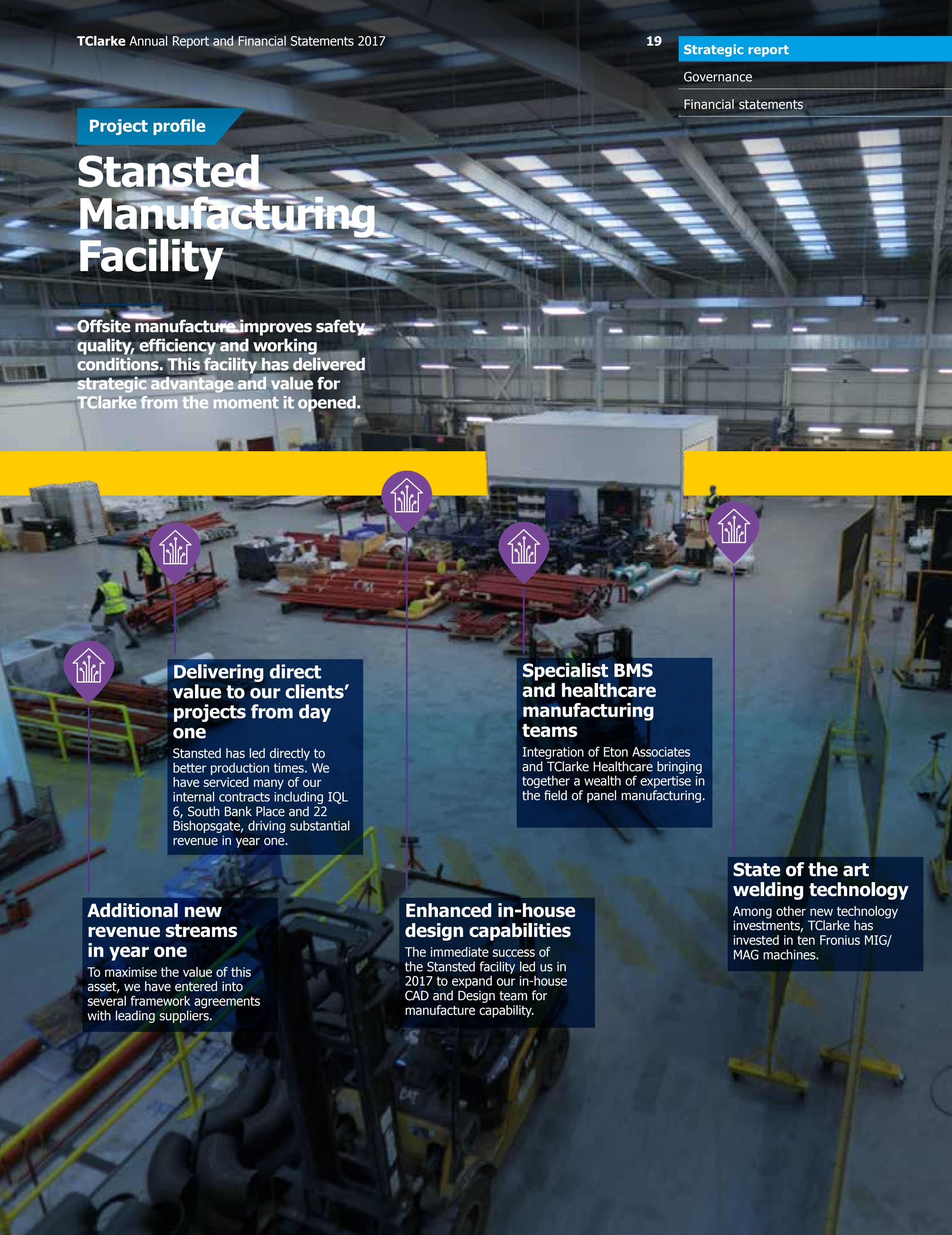
Our approach is active and pragmatic – it delivers reliable returns

There are two principles we adopt when managing our approach to specialist markets. The first is to remain agile and alert to opportunity and changing patterns of market demand. The second is that when we do choose to enter a market, we do it 'the TClarke Way'.

The TClarke Way features our own in-house resources – because that allows us to deliver the quality our clients and our brand demands, it is also steady and practical – so we do not over-reach ourselves or compromise in any way. The TClarke Way means safety, quality and a partnership approach.

2017 was successful for our Healthcare, Design & Build, FM, Transport, Mission Critical and Residential teams. In each of those areas, major projects were delivered successfully and significant new projects and relationships were developed.

Going forward, we have decided to improve our go-to-market offering by moving from nine specialisms to five clear market offerings: Infrastructure, M&E Contracting, Residential & Accommodation, Technologies and FM & Frameworks. This gives us a clearer proposition for our marketplaces and an improved focus on growth. It also offers a better prospect of valuable metrics going forward – both for the business and for our shareholders to see and to measure progress.



Project profile

Stansted Manufacturing Facility

Offsite manufacture improves safety, quality, efficiency and working conditions. This facility has delivered strategic advantage and value for TClarke from the moment it opened.

Delivering direct value to our clients' projects from day one

Stansted has led directly to better production times. We have serviced many of our internal contracts including IQL 6, South Bank Place and 22 Bishopsgate, driving substantial revenue in year one.

Specialist BMS and healthcare manufacturing teams

Integration of Eton Associates and TClarke Healthcare bringing together a wealth of expertise in the field of panel manufacturing.

Additional new revenue streams in year one

To maximise the value of this asset, we have entered into several framework agreements with leading suppliers.

Enhanced in-house design capabilities

The immediate success of the Stansted facility led us in 2017 to expand our in-house CAD and Design team for manufacture capability.

State of the art welding technology

Among other new technology investments, TClarke has invested in ten Fronius MIG/MAG machines.

Strategy in action

Advance our partnerships

Non-confrontational partnership contracting is a way of life for TClarke

Construction projects traditionally have the potential for confrontational and 'contractual' relationships. TClarke has a deep belief in partnership, can-do approaches and collaboration. That belief is tangible onsite in the attitudes of our people and it drives value by growing the reputation of our brand. In 2017, TClarke's performance and success has been defined by partnership in every region.

TClarke Scotland's 'Contractor of the Year' award from Barratt Homes West was one of many such partner awards achieved by our people

Our partnership approach delivered direct value to our clients in 2017
Developers and main contractors prize sustained partnership through the life of a project, because, without it, complex projects can be stopped or delayed whenever conflicts of needs or challenges emerge, with many specialist teams working alongside each other. In 2017, TClarke was commended for our partnership approach by principal contractors across the UK.

Our partnership approach delivered direct value to our shareholders in 2017
In 2017, BAE again chose to select TClarke to provide advanced FM services across its manufacturing operation. Great Portland Estates chose us again following our successful collaboration at Rathbone Place, and John Lewis chose us again for a range of projects including the flagship store at Westfield London. These are just highlights. Our client list in 2017 is loaded with partnerships stretching back five, ten and 20 years, nationwide.

Partnership works at Board and site level
TClarke can talk partnership and mean it because we feature in-house teams. Our people are 'our people'. They care about the brand and take pride in it. We are a 'family' firm in that sense. This personal commitment means that, at every level, our people are motivated to deliver and support our clients. In 2017, our people won numerous awards from clients that recognised this truth.

Project profile

Schools with Bowmer & Kirkland

Since mid 2015, TClarke's Leeds team has delivered 13 schools projects and is currently involved in five more (with more in the pipeline), working with Bowmer & Kirkland. In that time, this has developed into one of our most valued strategic relationships.

Safety first

Our effectiveness in implementing TClarke's 'You See, You Say', safety reporting process on these projects has also been noted by Bowmer & Kirkland. It is another sign of the commitment to consistent high standards and focus on improvement in this partnership.

Adding value

Although our team is highly experienced, they aim to learn and get better, bringing in new best practices and learning from others' experience. We operate to the ISO 9001 quality standard and have the structure in place to react very quickly at management or site level.

Full design and build M&E services

We provide a full mechanical and electrical design and build service, including M&E design, working to BIM Level 2, pipework services, public health services, ventilation services, Building Management services, thermal insulation services, small power and lighting, data services, lightning protection, fire alarm and access control including CCTV.

Pride and commitment

Perhaps most importantly, our people are committed to doing what's needed to deliver – sometimes operating alongside the needs of a working school. We share Bowmer & Kirkland's commitment to the client.

Strategy in action

Targeted tendering

Our teams show discipline in selecting and winning the right opportunities

Throughout 2017, targeted tendering has been a well-understood and well-executed strategic priority across the Group. This involves a selective approach to new work, bidding only for projects which fit our capabilities and criteria for value return. Being selective, we are also able to focus our in-house resources more effectively and achieve a higher win ratio.

Dyson Global Tech Campus

Our growing success in research and laboratories nationwide in 2017

In 2017, we were winning and delivering major research, educational and laboratory facilities across all four regions. There has been a systemic increase in the long term, and ongoing demand within the UK economy for these facilities, as educational establishments seek to set up facilities in which to incubate start ups and as Britain's biotech, healthcare, life sciences and advanced manufacturing industries all continue to grow.

These projects require higher levels of skill and quality, and in return they offer better returns – so the fit for TClarke is a good one. During 2017, our Scotland team delivered the Roslin Innovation Centre at Edinburgh University's vast Easter Bush campus. Our Central and South West team won the Dyson Global Tech Campus project, delivered a successful project completion at Derriford Research Facility and had several ongoing projects at Cambridge. In the North, we delivered a new Nursing Teaching Facility for the University of Sunderland.

Targeted tendering in the research and laboratory sector has built us a set of skills, relationships and experience which, as with our decades of experience in the Cambridge market, we believe we can build on to create steady growth opportunities nationwide.

Project profile

Illumina and Cambridge science

Over 16,000m² of laboratory and offices and meeting space including 45 separate laboratories.

These state-of-the-art laboratory buildings at Granta Park will serve as the new European headquarters for Illumina, who are world leaders in genomics focused on improving human health. For TClarke, this is the latest in a long line of world-class science facilities in Cambridge.

HV/LV Infrastructure

Complete HV and LV Installation including N+1 Transformer arrangement and multiple LV Generator solution to provide resilient supplies to the Laboratory Essential Supplies associated Data Centres and Emergency systems.

Intelligent Lighting Controls

Fully Intelligent Lighting DALI Lighting control system with Head End Graphics package providing individual control of all Light fittings within the building.

Structured Cabling System

Cat6 Structured Cabling System providing hard wired solution and WiFi Capability to the internal and external areas of the building.

Security Systems

Full Access Control, CCTV and Intruder Alarm Systems interlinked with Illumina's Global Security Systems.

Integrated Fire Protection Systems

Fully addressable Fire Alarm System including Gas Suppression Systems to Data Centres and Aspirating Systems to the Winter Garden Areas with Interlinks to the Dry and Wet Sprinkler Systems.

TClarke and Cambridge science

Back in the 1990's, we worked on The Wellcome Trust Sangar Institute (which houses laboratories for genome research) on the ARM building in Cambridge and on the Centre for Mathematical Sciences (previously working home to Professor Stephen Hawking). In the 2000s, we delivered laboratory spaces including Harston Mill for Scientific Generics and separate projects at Granta Park for Chiroscience/Cell Tech, Vernalis and Pfizer.

The last decade has seen us carry on with R&D laboratories for the Babraham Research Campus, laboratories for AstraZeneca at Cambridge Science Park and laboratories for Cancer Research UK at the Addenbrookes Campus. Last year we created new laboratories at the Mawell Centre in an extension to the existing Physics of Medicine Building.

Strategy in action

People – sustaining our key advantage

TClarke has kept a strong commitment to high-quality, direct employment and industry-leading apprenticeships and training. In 2017, the business sought to deepen our 'people advantage' by launching the new TClarke Training Academy.

How our people strategy delivers value
Sustaining the quality of our human resource is our key strategic imperative. TClarke's operational capability is built on this reservoir of in-house expertise and experience. Our people deliver our market reputation for quality and consistent attention to safety. Their expertise and confidence is what allows us to take on complex challenges and offer a 'can-do' and non-confrontational approach in our daily dealings with our partners and clients. Put very simply, having excellent people is the basis for everything we achieve as a business – including the value we return to our shareholders and the value we deliver to the communities in which we work.

How our people strategy defines an exceptional culture and brand
In 2017, TClarke's safety operation was able to report a strong safety performance for the year. Although this has been primed and driven by our safety team, they would readily acknowledge that our safety record depends on an ingrained culture which takes safety seriously.

Apprentice intake in 2017

49

2016: 47

Average number of directly employed staff

1,348

2016: 1,311

I started here as an apprentice eight years back and I'm expecting to complete my HND in Quantity Surveying this summer and go on to start an honours degree. Next month I'm down in London for a leadership seminar. The Company has supported me and given me opportunities all the way. I've worked on a lot of residential projects so far and I'm hoping to add experience on larger commercial projects.

Scott Cochrane – Trainee Quantity Surveyor

Right now I'm finalising my electrical apprenticeship and in the final months of my Building Services HNC. I'm currently applying to university for a full Building Services B (ENG) Degree. I've been fortunate to have had a lot of experience working with British Aerospace, which is very clearly world class in what it does. Winning Apprentice of the Year this year was a highlight and you can see how all finalists progress in the Company.

Jake Shorrock – Third year Electrical Apprentice

TClarke is in many senses a family; people spend full working lives with the firm. People recommend relatives and friends to join as apprentices. We retain a very high percentage of apprentices and many of them go on to assume roles of leadership in the Company. All of this contributes to making safety something that matters personally.

Our people strategy is also critical in driving a TClarke Way of doing things that takes great pride in the quality of the job, right down to the details of the installation. That's equally true in the installation of 33kV power in a London office tower, in the plumbing for a new home in Scotland or on a bespoke FM project for a BAE manufacturing operation in Lancashire.

The TClarke brand that results is a tangible experience of service and collaboration – and its strength in 2017 has allowed us to enter new geographies and open three new offices – and by offering the promise of TClarke quality, win work immediately, from existing clients and from new ones who know our reputation.

Apprenticeships and training in 2017

This year, TClarke launched its Training Academy. The Academy provides a range of training, mentoring and education opportunities that have been developed specifically for each of the professional areas in which we're involved – from construction engineering, design and QA to admin, estimating and Intelligent Buildings.

The Academy defines clear career paths, showing the skills you need at each stage, in order to progress from junior to senior roles in each area of professional specialism.

These routes ahead are mapped out for everybody – whether you take professional qualifications to the highest level, prefer to develop a hands-on career, or would like to switch into a new discipline. The Academy's training is led and designed by senior people within the Company.

I was delighted to be awarded a first in my degree this year – the hard work has paid off. My job now as a mechanical designer involves working closely with professional and construction teams and co-ordinating with statutory authorities and specialists. This has been an excellent environment for me to combine high-quality practical experience with my university studies.

Vicky Mansell – Mechanical Designer

I'm working at 100 Bishopsgate – which is a massive tower project and I'm on high-level containment. Although I am the only female apprentice on site, everyone's great with me and when I get up in the morning I certainly look forward to coming to work! My TClarke mentor is Hayley Phippen – she's now a QS, having served her time as a TClarke apprentice before me. She's a good role model in showing how you can progress in the Company. I used to play football for Gillingham so I understand the relationship between discipline, effort and motivation and a good result.

Emily Lyons – First year Electrical Apprentice

Corporate social responsibility

The Company reinforces its ongoing commitment to conducting business with honesty and integrity in a fair manner

Through high standards of corporate governance and setting the 'tone from the top', the Board is responsible for establishing and monitoring policies which seek to embed high ethical standards of behaviour throughout the Group. The Company has clear and concise policies in place to support the business and enable TClarke to operate in an open and transparent manner, including, but not limited to: anti-bribery and corruption, health and safety, environmental, sustainable development, quality assurance, equal opportunities, equality and diversity, training and development, and other human resources policies.

The Company expects its employees to conduct themselves in a manner which reflects the high calibre of the business, with a personal commitment to compliance with all applicable laws and regulations. The Company has a zero tolerance policy towards any form of bribery or corruption, and has an appropriate procedure in place whereby any concerns in relation to malpractice can be raised in an appropriate forum.

It is our policy to ensure that the highest possible standards are achieved and maintained operationally throughout our full scope of operation. We are proud to operate a business management system in accordance with the requirements of ISO 9001:2015 (Quality Management Systems).

Health & Safety at TClarke

Health & Safety is at the core of our business and is the 'cornerstone' of all our operations. As such, we have continued our ongoing investment in this area.

At the beginning of 2017, we scrutinised our Health & Safety procedures and operations and challenged ourselves to reduce the Group's Accident Statistics wholesale by 3%, and we are pleased to report that we achieved our stated objective. This is even more pleasing given the number of hours being worked across our various demanding projects and our record order book.

Absolute Accident Reporting

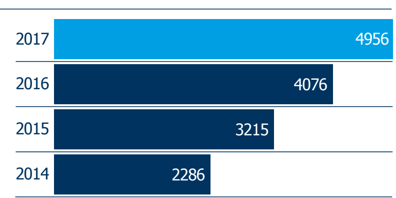
The 'Absolute' Accident Reporting Regime, which ensures each accident is reported despite the level of severity, continues to be used. Therefore, every accident which occurs within the business, no matter how apparently small or insignificant, is dutifully recorded. No accident is accepted lightly, but more importantly none are hidden, therefore no statistic is buried.

The table below highlights the significant reduction in accidents reported across the Group in 2017 against the previous year's figures.

2017 vs 2016
Accident Statistics

-17%
2016>2017

'You See, You Say'
Reports Issued



+21.5%
2016>2017

We challenged ourselves to reduce the Group's Accident Statistics wholesale by 3%, and we are pleased to report that we achieved our stated objective

In 2017 TClarke actively trialled electric vehicles in its fleet

Improved 'You See, You Say' figures

While the number of accidents is decreasing, the number of 'You See, You Say' Near Miss Reports has increased across the Group and has done so for the past four years; see the table on the opposite page.

It should be remembered that each 'You See, You Say' card issued represents a potential incident or accident which has been avoided, addressed and 'closed out'.

One of the most encouraging facts with regard to the statistics is that they serve as testament to an ever-increasing 'buy in' from not only the TClarke teams, but the whole supply chain. All our people and associates have bought into our outstanding Health & Safety culture, and this approach is at the core of all our undertakings.

Knowledge is key

The H&S team continue their ever-increasing quest for knowledge, with the following courses currently being undertaken: NEBOSH Construction Certificate, NEBOSH Diploma in Occupational Health & Safety and Master of Science in Occupational Health & Safety.

Safety initiative update

The latest initiative update has seen a revision of the 'Switched on to Safety' Passport (H&S handbook/training records), which for 2018 enters its 4th Edition.

Environment

TClarke recognises and accepts the known environmental implications of its engineering works and procedures.

As part of our commitment to sustainable development, we undertake regular appraisals as a means of identifying significant impacts for our works, including: health and safety, climate change and air quality, travel and transport, energy consumption, noise vibration, water and drainage, geology and soils and wastage.

TClarke maintains an Environmental Management System accredited to ISO 14001:2015 to provide its clients and other stakeholders with verifiable evidence that environmental performance is integral to business management.

As a registered waste carrier, we ensure that materials are handled and disposed of in a manner that does not damage the environment or cause pollution. Furthermore, the Company aims to recycle so far as practicable.

Energy consumption was measured across the Group by recording data on the combustion of fuel and the use of electricity at its facilities.

Corporate social responsibility continued

Greenhouse gas emissions

As a responsible company we take our environmental responsibilities seriously. This is the fifth year we have been required to report on Greenhouse Gas ('GHG') emissions in accordance with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Energy consumption was measured across the Group by recording data on the combustion of fuel and the use of electricity at its offices and facilities, and we have collated Scope 1 and Scope 2 emissions data for the year ended 31st December 2017 across the Group companies, which are reported in our consolidated financial statements.

Our GHG emissions have been calculated using UK Government guidelines for conversion of fuels and electricity.

2017	Measure	London & South East	Central & South West	North	Scotland	Total
Scope 1 emissions	tCO_2e	142	703	377	394	1,616
Scope 2 emissions	tCO_2e	106	51	32	34	223
Total scope 1 & 2 emissions	tCO_2e	248	754	409	428	1,839
Revenue	£m	177.6	62.6	48.0	23.0	311.2
Emissions/ £1m revenue		1.4	12.0	8.5	18.6	5.9

2016	Measure	London & South East	Central & South West	North	Scotland	Total
Scope 1 emissions	tCO_2e	129	1,005	317	285	1,736
Scope 2 emissions	tCO_2e	113	51	42	37	243
Total scope 1 & 2 emissions	tCO_2e	242	1,056	359	322	1,979
Revenue	£m	142.9	67.9	53.6	21.0	285.4
Emissions/ £1m revenue		1.7	15.6	6.7	15.3	6.9

Definitions:

1. Scope 1 emissions	Combustion of fuel and operation of facilities
2. Scope 2 emissions	Electricity purchased from the national grid
3. tCO_2e	Tonnes carbon dioxide equivalent

Supporting charities and local communities

TClarke is proactive in its corporate responsibility to the local and wider community in which we work. We engage in initiatives with our communities by liaising with local schools, attending career open days, holding skills workshops and offering work placements for young and mature trainees.

In addition to the support we give to providing employment to the local and wider community, TClarke and its people value the contribution we can make through supporting charitable organisations and sponsored events. The Company also sponsors local football and cricket teams throughout the regions.

In 2017, our regional offices organised various fundraising events for national and local charities, and supported their local communities, including the annual TClarke London Christmas raffle, which raised money for the Evelina London Children's Hospital. TClarke Scotland's Gary Jackson and John Boyle took part in March for Men, in aid of Prostate Cancer UK, and many staff members ran marathons around the country in aid of various charities.

In early summer, our team from the 22 Bishopsgate project took part in the 2017 Dragon Boat Race organised by Multiplex in aid of the Chickenshed charity

Left: Walton Le Dale Juniors Under 10s football team

Right: TClarke South West's Vicki Knight running in the London Marathon

Corporate social responsibility continued

Diversity and equality

The Group maintains an equality and diversity policy, selecting and promoting employees based on their aptitudes and abilities. TClarke is committed to providing equal opportunities to all current and future employees and values the differences that a diverse workforce can contribute to the organisation.

When recruiting, TClarke gives full and fair consideration to suitable applicants, having regard to individuals' aptitudes and abilities, and takes responsibility for its obligations towards employment of disabled people. The Company is committed to ensuring that any individual who becomes disabled during the course of their employment remains in their own role, where possible, or is employed in another suitable position. Training, career development and promotion of disabled employees should, as far as possible, be identical to that of other employees.

The Company is committed to ensuring that everyone is treated equally regardless of disability or any other condition which cannot be shown to be relevant to performance.

London apprentice intake in 2017

We recognise the need to attract and retain excellent staff which give TClarke the great reputation we are renowned for

Investing in our workforce

Our people are our biggest asset, and we recognise the need to attract and retain excellent staff which give TClarke the great reputation we are renowned for. Creating shareholder value is ultimately dependent on the skill, dedication, reliability and motivation of our workforce, and we prioritise investment in our employees as a key success factor.

Since the launch of the TClarke Training Academy and Career Pathway in January 2017, we have successfully rolled out our plan of monthly training modules to our new trainees and experienced staff to ensure all staff are trained in TClarke's procedures and kept up to date with new systems and technologies.

We have carried out appraisals with all staff members, including our site supervision, which has been invaluable to allow us to understand our staff's training needs and helping them meet their career aspirations. We have paired junior team members with senior mentors to assist them in their journey within TClarke. This ensures that TClarke's values and aspirations are understood throughout the business.

We ensure employees are kept informed and take appropriate steps to ensure that we communicate with our employees in an effective manner to notify everyone regarding matters that are of concern to them and factors that affect the performance of the Company. During 2017, the Company launched a new regular newsletter for employees, 'Pipes & Wires', to keep everyone up to date with what is happening across the Group. When the Company needs to make decisions which affect our people's interests, we consult with employees, or their representatives, and value their opinions when making decisions which affect their interests.

We are proud to have introduced Mental Health First Aid training sessions to enable staff to become qualified Mental Health First Aiders. This is a big step forward within the industry and proves how serious TClarke is about managing every aspect of our employees' health and wellbeing.

TClarke is committed to compliance with the Modern Slavery Act 2015. A statement which sets out our actions to comply with the requirements of the Act appears on the Group's website: www.tclarke.co.uk.

The Group has a number of Health & Safety teams across the UK. This is the Health & Safety team based in London

Principal risks

Risk management

The ability of the Group to identify and manage effectively the risks to its business and operations is fundamental to the successful delivery of the Group's strategy and the protection of its assets and reputation.

The Board is responsible for defining the Group's appetite for, and approach to, risk, including the Group's system of risk management and internal controls. The Board has delegated to the Audit Committee the responsibility for reviewing the effectiveness of the Group's internal controls, including the systems established to identify, assess, manage and monitor risk and provide assurance.

During the year ended 31st December 2016 the Group identified a significant fraud within the finance function of a subsidiary undertaking involving the misappropriation of funds over a number of years. As a result we have implemented a revised internal control framework resulting in standardised processes across the Group and segregation of duties both geographical and functional.

Systems access has been overhauled.

Our risk management process

The Group's risk management framework requires all business units to identify, assess and quantify the specific risks facing them which could impact on their ability to deliver their financial and operational objectives. The business units maintain a register of the significant risks facing the business, including an assessment of the potential and likely impact pre and post-mitigation, and an assessment of the effectiveness of the controls in place to identify and manage potential risks. Actions designed to mitigate identified risks and implement control and process improvements are discussed and agreed with group management. Developments in key risks, including an assessment of the effectiveness of mitigating actions and controls, are reported to and discussed by the Board each month.

Principal risks

The principal risks faced by the Group, and the mitigating actions and controls in place to address these risks, were reviewed in March 2018 and are presented below.

Risk	Strategy impact	Mitigation	Change from 2016	Main drivers for change
Political, economic and market conditions				
1. The construction sector is highly cyclical. The Group is dependent on the planned level of construction and maintenance expenditure by both the public and private sectors. 2. The Group is subject to complex and evolving tax, legal and regulatory requirements. A breach of laws and regulations could lead to litigation, investigations or disputes, resulting in additional costs being incurred, civil and/or criminal proceedings and reputational damage.	Advance our partnerships nationwide Take opportunities in specialist markets and sectors Mirror principal contractors regionally and focus on targeted tendering	1. The Group continues to operate throughout the UK using its core M&E skill base to enable agile movement in and out of sectors to meet changing market demands. 2. The Group monitors its order book to ensure an appropriate balance of work between London and the regions and across the various sectors in which it operates. 3. The Group develops long-term client and contractor relationships and seeks to secure framework agreements to mitigate against demand fluctuations. 4. Cost and skills bases are aligned to reflect anticipated work load. 5. The Group monitors legal and regulatory developments in the areas in which it operates, and seeks legal or other specialist advice as appropriate. All employees, suppliers and subcontractors are required to comply with all applicable laws and regulations. Training is provided on legal and regulatory changes as required.		

Risk	Strategy impact	Mitigation	Change from 2016	Main drivers for change
Financial strength				
The Group's ability to secure and deliver work depends on its perceived financial strength and the availability of cash resources, banking facilities and the ability to provide performance and other bonds as necessary.	Enhance our core business Advance our partnerships nationwide	1. Capital structure and dividend policy managed to ensure adequate reserves maintained to fund growth strategy. 2. The Group monitors cash flow requirements and seeks to match maturity profiles of financial assets and liabilities at contract level. 3. Efficient utilisation of resources monitored via Group-wide business management system. 4. The Group has in place a £10 million revolving credit facility, committed to 31st March 2020, and a £5 million overdraft facility to help manage short-term fluctuations in working capital. 5. The Group also has in place £20 million committed bonding facilities. 6. Creditworthiness of counterparties monitored on an ongoing basis.	↓	The Group's banking facilities comprise a committed £10 milion revolving credit facility to 31st March 2020 and a £5 million overdraft facility. Cash generation has strengthened the balance sheet. Good underlying performance during 2017.
Reputation				
The Group's ability to tender for new business and to maintain strong relationships with customers is dependent on maintaining its reputation for leadership in technological innovation and quality of delivery.	Enhance our core business	1. The Group supports high standards of business ethics, sustainability and compliance, and is committed to improving health and safety at work for all. 2. Feedback is sought from key stakeholders on a regular basis and actions arising from this feedback are discussed and agreed at an appropriate level.	↔	
Winning new work				
Our ability to secure profitable new work is dependent on our ability to: • adequately resource tenders; • understand the technical and commercial challenges incumbent in each tender; and • price the associated risks accordingly. If risks are underpriced, contract losses and reputational damage may result; if risks are overpriced, the Group will not secure sufficient tenders to replenish the order book and grow the business.	Mirror principal contractors regionally and focus on targeted tendering Take opportunities in specialist markets and sectors	1. Focus on strong relationships enables us to understand client needs and focus our tendering activity accordingly. 2. We have experienced teams of estimators throughout the country, with all bids reviewed by a Director and checks carried out to avoid incorrect or non-competitive pricing. 3. The Board remains committed to the principle that we will not bid for work below commercially acceptable rates. 4. A detailed business case is prepared for any proposed expansion into new geographic areas or business sectors, and is subject to prior Board approval.	↔	Tender prices and margins are improving as clients and contractors seek to lock in scarce M&E resource. The Group's order book continues to be replenished.

Principal risks continued

Risk	Strategy impact	Mitigation	Change from 2016	Main drivers for change
Contract delivery				
The Group concurrently runs several hundred contracts across the country, some of huge complexity. These require high-quality, proactive management to ensure delivery of value objectives for all stakeholders. Failure to deliver could result in significant financial and reputational damage.	Sustain our resource advantage Mirror principal contractors regionally and focus on targeted tendering Take opportunities in specialist markets and sectors	1. Ongoing assessment and management of operational risk throughout project lifecycle. 2. Train and maintain industry leading teams of directly employed engineers, surveyors, supervisors and skilled tradespeople. 3. Regular performance reviews of all key suppliers and subcontractors. 4. Insurance cover reassessed each year, to guard against liability claims. 5. Profit and cash flow are monitored throughout the project lifecycle, with regular reviews at contract and business unit level. 6. Contracts of a significant size or risk are regularly reviewed by Executive Management and discussed at Board level.		The Group is benefiting from its focus on relationships and targeted tendering approach with an improvement in the overall quality of secured work. The Group's core resources of skilled tradesmen and project delivery teams gives it a key advantage over competitors dependent on external resources for project delivery.
People and skills				
Attracting, retaining and developing high-calibre staff and skilled tradespeople is key to our ability to deliver value for our stakeholders.	Sustain our resource advantage	1. The Group remains committed to providing apprenticeships, career paths and ongoing training and development for all employees. 2. Remuneration packages for all staff are linked to performance and monitored to ensure they remain competitive. 3. Labour rates are monitored regularly to ensure tender rates are realistic and increases are managed. We have continuous dialogue with the trade unions and continue to review our policies and procedures in managing this risk.		As the construction sector grows, increasing demand for scarce engineering, commercial and site-based resources is making recruitment and retention of employees more difficult. Group has in place apprenticeship programmes. In 2017 we introduced a programme to identify and support future leaders of the business.
Health and Safety				
Failure to manage health, safety and environmental risks could cause serious injury or loss to employees or third parties and expose the Group to significant financial and reputational loss and litigation.	Sustain our resource advantage	1. The Group Managing Director has overall responsibility for health and safety, ensuring safety is prioritised throughout the Group. 2. The Group Health and Safety Director monitors and responds to legal and regulatory developments. 3. Industry leading health and safety policies and procedures are maintained. 4. All employees receive regular training and updates to ensure they are aware of their responsibilities. 5. All employees, suppliers and subcontractors are required to comply with all applicable laws, regulations and standards.		

Risk	Strategy impact	Mitigation	Change from 2016	Main drivers for change
Supply chain				
To deliver projects to the correct specification and to budget requires the availability of components and materials of sufficient quality and at the right price. The majority of projects we secure do not allow for the recovery of increased material costs.	Advance our partnerships nationwide	1. Formal supplier framework agreements are maintained to mitigate this risk, with prices locked in through procurement at the beginning of a contract wherever possible. 2. Regular performance reviews of all key suppliers and subcontractors.	↔	
Pensions				
The Group is exposed to funding risks arising from changes in longevity, inflation and investment assumptions in relation to its defined benefit pension scheme.	Sustain our resource advantage	1. The Group's defined benefit scheme closed to new members from January 2015. 2. Ongoing regulatory and funding requirements are monitored in conjunction with external actuarial advisers and regular meetings are held with the pension scheme trustees.	↑	Actuarial assumptions, driven by falling bond yields, have significantly increased the Group's exposure to defined benefits pension risk. The triennial valuation of the scheme as at 31st December 2015 showed that the scheme deficit had increased and the Group will need to make additional contributions to clear the deficit.
IT systems				
The efficient operation of the Group is dependent on the proper operation and security of its IT systems.	Sustain our resource advantage	1. The Group has implemented a system-wide business management system and undertakes a process of continual improvement. 2. The Group maintains robust cyber security policies to guard against third party access and malicious attacks.	↓	A thorough review of all access rights has been undertaken and weaknesses addressed. Revised internal control framework has been defined and implemented.

Long-term viability statement

The Directors have assessed the Group's prospects and viability, taking into account its current position and the principal risks outlined on pages 32 to 35.

The nature of the Group's business is long term and its business model is open-ended. The UK construction market in which the Group operates is subject to considerable peaks and troughs. The Directors consider a three-year period as appropriate for assessing the ongoing viability of the Group. Most of the projects undertaken by the Group are completed within a three-year time horizon from initial tender. The Group uses a three-year time frame for the preparation of its strategic business plans and financial projection models.

The Group's prospects are assessed primarily through its strategic business planning process and the ongoing monitoring of the principal risks and mitigating actions. The process is led by the Chief Executive and involves Senior Management throughout the Group.

All business units formally update their strategic plans on an annual basis. This process, which takes place in the fourth quarter each year, includes:

- an assessment of the business unit's current position, taking into account its operating environment and the threats and opportunities it faces;
- the business unit's achievements over the previous 12 months measured against its strategic objectives;
- a detailed review of the risks faced by the business units and the strength of the controls and mitigating actions in place;
- the agreement of financial and strategic targets covering the following three years; and
- the preparation of detailed budgets and projections for the next three years in support of the strategic business plan.

The business unit strategic plans are formally reviewed and challenged by the Executive Directors prior to presentation to the full Board.

Based on the financial models submitted by the business units, the Group's financial projections are updated and tested using a range of sensitivities to identify potential threats to the financial viability of the Group over the three-year projection period. These sensitivities include changing assumptions with regard to margins, workload and liquidity of financial assets and liabilities. The key assumptions underlying the financial model include the renewal and continuing availability on similar terms of the Group's existing banking facilities, which comprise a £5 million overdraft facility repayable on demand and a committed £10 million revolving credit facility expiring on 31st March 2020, and the ability to flex the cost base sufficiently to address any significant change in workload. The three-year projections demonstrate that, taking into account any reasonable sensitivities, the Group will be able to operate within its existing facilities over the three-year projection period, and the Directors are confident, as demonstrated by our experience during the recent recession, that the Group's business model allows sufficient flexibility to meet any significant change in demand for its services.

The Group takes a conservative approach to strategic risk. The business case for all significant investments and entry into or exit from specific markets is reviewed and signed off by the Board. Risk registers are maintained and reviewed regularly throughout the year to identify potential threats to the Group's business, to assess the financial, operational and strategic impact of these threats, and to determine appropriate mitigating actions.

Based on their assessment of prospects and viability above, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending 31st December 2020.

The Directors also considered it appropriate to prepare the financial statements on the going concern basis, as explained in note 3A on page 93.

Having successfully completed the shell and core project at Rathbone Square, TClarke went on to deliver the fit out for Facebook's new HQ

Group financial review

Trevor Mitchell
Finance Director

- > **Underlying profit in line with market expectations**
- > **Excellent progress made on strategic financial targets of:**
  1. **Strengthening cash position (26% increase year on year after investments); and**
  2. **Utilising cash to invest in technology through purchase of Eton Associates (Building management system specialist) and building prefabrication facility at Stansted (cash cost approximately £2.5 million in 2017)**
- > **Completion of the Group reorganisation resulting in the Group's operating entities being within a single statutory entity**

Summary of financial position

Continuing operations	2017 £m	2016 £m
Revenue	**311.2**	278.6
Operating profit		
– Underlying[1,2]	**7.3**	6.9
– Reported	**7.9**	4.4
Profit/(loss) before tax		
– Underlying[1]	**6.5**	6.2
– Reported	**7.1**	3.7
Profit/(loss) after tax		
– Underlying[1,2]	**5.2**	4.9
– Reported	**5.6**	2.9
Discontinued operations	**–**	(0.5)
Profit/(loss) for the year	**5.6**	2.4
Earnings per share:		
– Underlying[2]	**12.37p**	11.60p
– Continuing operations	**13.44p**	6.74p
– Reported	**13.44p**	5.45p
Dividend per share	**3.5p**	3.2p

1 Underlying operating profit and profit before tax are stated before amortisation of intangible assets and non-underlying items – see note 7 to the financial statements.

2 Underlying earnings is calculated by dividing underlying profit after tax by the weighted average number of shares in issue.

2017 underlying Group performance

Group revenue rose by 12% to £311.2 million for the year (2016: £278.6 million). Group underlying operating profit increased by £0.4 million to £7.3 million. London and South East delivered particularly strong revenue and margin growth. Scotland and the North also delivered a growth in profits but Central and South West had a poor first half trading, resulting in an underlying loss for the year. Overall operating margins 2.3% (2016: 2.5%). Net underlying overheads as a percentage of revenue were 10% (2016: 9.2%). We move into 2018 with a replenished high-quality order book of £337 million (2016: £330 million).

London and South East

Revenue from our London and South East operations increased by 24% to £177.6 million (2016: £142.9 million), generating an underlying profit of £8.5 million (2016: £3 million). Underlying operating margin increased to 4.8% (2016: 2.4%). The operating margin increase is in part due to a number of large jobs completing in the period thereby releasing significant profits.

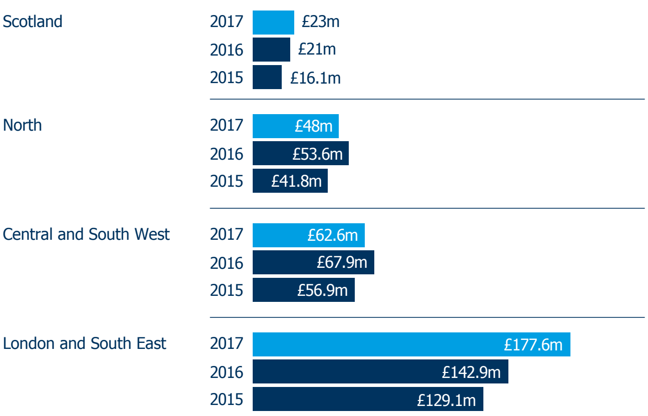
For 2018 the region is engaged on a number of high profile shell & core commercial developments, all of which offer future fit out opportunities. A number of areas continue to be regenerated and offer large-scale mixed commercial and residential opportunities such as the International Quarter in Stratford and Battersea Power Station and Croydon. The development of our manufacturing facility at Stansted and the acquisition of Eton Associates will assist in us offering our clients a broader range of capability from within the TClarke Group.

Central and South West

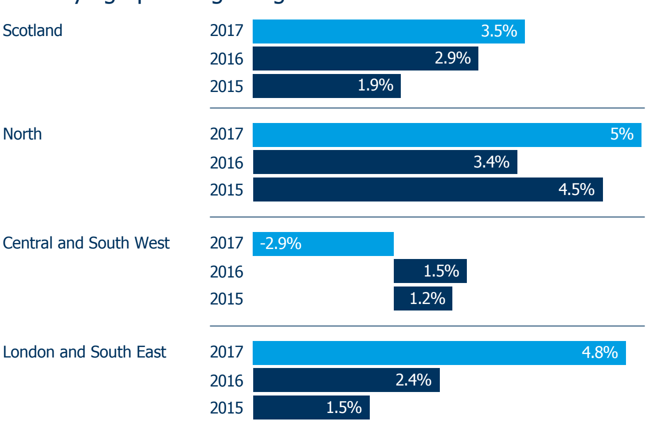
Revenue from our Central and South West operations reduced by 7.8% to £62.6 million (2016: £67.9 million). Underlying loss was £1.8 million (2016: profit £0.9 million). The underlying loss reflects a number of delayed starts in the South West coupled with settlement of a number of legacy jobs. Looking forward, South West has its budgeted turnover secured for 2018 with good quality jobs. As a result, the region is expected to be profitable in the current period.

In the Central area we continue to target opportunities in the residential, retail and FM markets. We aim to build our presence in the Birmingham and Cambridge markets, building upon recent successful completions and activity in these areas.

Revenue



Underlying operating margin



North

In the North, revenue reduced by 11.7% to £48 million (2016: £53.6 million), and underlying operating profit increased to £2.4 million (2016: £1.8 million). The underlying operating margin was 5% (2016: 3.4%); this increase was the result of a particularly strong performance from the Leeds office due to a number of educational projects and a growing small works offering.

Looking forward, Newcastle aims to maintain its revenues with particular focus on regional opportunities within the education sector and a number of social housing opportunities. Leeds continues to see opportunities from its recently developed relationships, notably in education and other public sectors such as prisons. In the North West we aim to build our presence in the key Manchester area, building upon local relationships supported by secured works at BAE, Springfield Nuclear Fuels and for Manchester Airport Group.

Scotland

Scotland's revenue was £23.0 million (2016: £21.0 million), and underlying operating profit was £0.8 million (2016: £0.6 million), representing an underlying operating margin of 3.5% (2016: 2.9%). Scotland's strong performance was due to its collaboration on Intelligent Buildings with the London Operation. As well as its continuing strength in the residential market, Scotland has generated significant IT, mechanical and electrical work streams in the commercial sector.

TClarke Scotland continues to expand, focusing on its key sectors Residential and Technologies under the TClarke Intelligent Buildings banner. There remains a good level of opportunity in these sectors around the Scottish central belt and further afield in key Scottish towns where we have a presence, such as Aberdeen and Dumfries. Whilst M&E Contracting remains a key part of the business, we remain alert to the more competitive nature of this sector.

Non-underlying items

Exceptional and non-underlying items comprise amortisation of intangible assets of £0.2 million (2016: £0.2 million), Eton acquisition costs of £0.2 million and a recovery of misappropriation of funds that occurred in 2016 of £1.0 million (2016: charge of £2.3 million).

Finance costs

Net finance costs were £0.8 million (2016: £0.7 million), including a £0.6 million (2016: £0.5 million) non-cash finance charge in respect of the Group's defined benefit pension scheme. Net interest on bank loans and overdrafts remained at £0.2 million (2016: £0.2 million), reflecting good cash performance throughout the year.

Group financial review continued

Earnings per share

Basic earnings per share after discontinued operations increased to 13.44p (2016: 5.45p), with basic earnings per share from continuing operations increasing to 13.44p (2016: 6.74p).

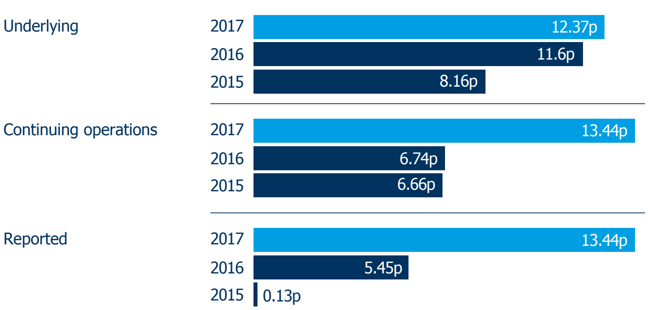
Basic underlying earnings per share after adjusting for amortisation of intangible assets and non-underlying costs and the tax effect of these items, was 12.37p (2016: 11.60p).

Dividends

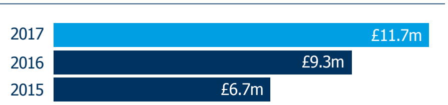
The Board is proposing a final dividend of 2.9p (2016: 2.7p), with the total dividend for the year increasing by 5% to 3.5p (2016: 3.2p). The dividend is covered 3.5 times by underlying earnings.

The final dividend will be paid, subject to shareholder approval, on 25th May 2018 to those shareholders on the register at 27th April 2018. The shares will go ex-dividend on 26th April 2018. A dividend reinvestment plan ('DRIP') is available to shareholders.

Earnings per share



Net cash balance



Pension obligations

The triennial valuation of the pension scheme at 31st December 2015 showed a deficit of £14.9 million, representing a funding level of 67% (2012 valuation: deficit £11.5 million, funding level 68%).

The Group has been pursuing an agreed deficit reduction plan over a number of years; however, market factors have meant that the deficit has not been reduced as intended and the cost of funding current pension commitments has increased. Following agreement of the 2015 valuation, the Group has proposed a revised deficit reduction plan which includes making additional contributions and continuing to provide security to the pension scheme in the form of a charge over property assets up to a combined market value of £3.1 million. From 1st January 2017 the future service contribution increased to 21.4% of pensionable payroll (including employee contributions) and the deficit reduction contribution has been set at £1.0 million for the year ending 31st December 2017, £1.25 million for the year ending 31st December 2018 and £1.5 million per annum thereafter. Employee contributions have increased from 8% to 10%.

The scheme is closed to new members and the Group continues to meet its ongoing obligations to the scheme.

In accordance with IAS 19 'Employee Benefits', an actuarial expense of £2.3 million, net of tax, has been recognised in reserves, with the pension scheme deficit increasing by £2.8 million to £23.4 million (2016: £20.6 million).

Cash flow and funding

Net cash balances improved to £11.7 million at 31st December 2017 (2016: £9.3 million) after deducting the £5.0 million (2016: £3.0 million) outstanding under the Group's revolving credit facility. The balance is after the purchase of Eton Associates (£1.5 million cash in 2017) and the investment in the Stansted prefabrication facility (£1 million).

The Group retains a £10.0 million revolving credit facility, which is committed until 31st March 2020, and a £5.0 million overdraft facility, renewable annually. Interest on overdrawn balances is charged at 2.25% above base rate, and interest on balances drawn down under the revolving credit facility is charged at 2.25% above LIBOR, fixed for the duration of each drawdown (typically three to six months). The Group was compliant with the terms of the facilities throughout the year ended 31st December 2017 and the Board's detailed projections demonstrate that the Group will continue to meet its obligations in the future.

The Group also has in place £32.5 million of bonding facilities, of which £21.9 million were unutilised at 31st December 2017.

Net assets and capital structure

The Group is funded by equity capital, retained reserves and bank loans, and there are no plans to change this structure. The strong underlying performance of the Group was partly offset by the increase in the pension deficit resulting in shareholders' equity rising by £2.3 million during the year to £16.4 million (2016: £14.1 million).

Goodwill and intangible assets increased to £25.3 million (2016: £22.8 million). This was due the acquisition of Eton Associates. Goodwill and intangible assets arising on previous acquisitions represent a significant proportion of the Group's total assets of £144.9 million (2016: £121.5 million). The Board has undertaken a rigorous impairment review in respect of the intangible assets at 31st December 2017 and concluded that no impairment is necessary.

Group reorganisation

During the year we completed the implementation of the Group reorganisation, bringing all the Group's operations together into a single statutory entity, TClarke Contracting Limited, with a separate statutory entity, TClarke Services Limited providing engineering and support services to the enlarged operating company. This reorganisation represents the culmination of a process of rationalisation and increased consistency of organisation and enabled the implementation of a new internal control framework and procedures.

Accounting policies

The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. There have been no significant changes to accounting policies during the year ended 31st December 2017.

Financial risk management

The Group's main financial assets are contract and other trade receivables and cash and bank balances. These assets represent the Group's main exposure to credit risk, which is the risk that a counterparty will fail to discharge its obligations, resulting in financial loss to the Group. The Group may also be exposed to financial and reputational risk through the failure of a subcontractor or supplier.

The financial strength of counterparties is considered prior to signing contracts and reviewed as contracts progress where there are indications that a counterparty may be experiencing financial difficulty. Procedures include the use of credit agencies to check the creditworthiness of existing and new clients and the use of approved suppliers' lists and Group-wide framework agreements with key suppliers.

Trevor Mitchell
Finance Director
27th March 2018

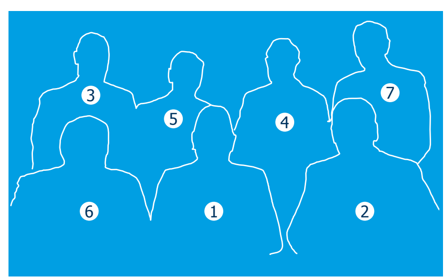
Strategic report approval

The Board confirms that, to the best of its knowledge, the Strategic report on pages 4 to 41 includes a fair review of the development and performance of the business and the position of the Company, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by the Directors and signed on behalf of the Board on 27th March 2018.

Mark Lawrence
Chief Executive Officer
27th March 2018

Board of Directors



Executive Directors

1

Mark Lawrence
Group Chief Executive Officer
Appointed to the Board on 2nd May 2003. Age 50.
Mark has been with the Company for 32 years and started his career here by completing an electrical apprenticeship in 1987. His career progressed through the Company, becoming Technical Director in 1997, Executive Director in 2003 and Managing Director, London Operations in 2007. As Group Chief Executive Officer since January 2010, Mark has led strategic change across the Group and remains a hands-on leader, taking personal accountability and pride in TClarke's performance and, ultimately, our clients' satisfaction. He regularly walks project sites and gets involved personally with many of our clients, contractors and our supply chain.

2

Mike Crowder
Group Managing Director
Appointed to the Board on 1st January 2007. Age 53.
Mike has over 25 years of significant experience in the construction industry and started at TClarke as an apprentice. His vast project-based experience includes the delivery of many flagship jobs and a detailed knowledge of large infrastructure projects. Mike has overall responsibility for Operations and ensuring that all projects are properly managed. He also monitors our engineering departments and projects on a regular basis as a main Board Director. Mike is responsible for Group health and safety, and is actively involved with health and safety risk management and with raising awareness, influencing attitudes and changing behaviour.

3

Trevor Mitchell
Group Finance Director
Appointed to the Board on 1st February 2018. Age 57.
Trevor is a Chartered Accountant and accomplished finance professional with extensive experience across many sectors, including financial services, construction and maintenance, education and retail, working with organisations such as Balfour Beatty plc, Kier Group plc, Rok plc, Clerical Medical Group and Halifax plc. Prior to his appointment, Trevor had been working with TClarke since October 2016, assisting with simplifying the structure and improving the Group's financial controls and procedures. Trevor is a director of It's Purely Financial Limited.

Non-Executive Directors

4

Iain McCusker
Chairman
Nomination Committee Chairman
Appointed to the Board on 1st January 2009. Age 66.
Iain is a Chartered Accountant and former partner at Coopers & Lybrand. He has significant international financial and management experience, gained through senior executive roles at Xerox, Unisys and ACCA. This includes in-depth commercial, operational and risk management experience. Iain is a former member of the Qualifications Board of the Institute of Chartered Accountants of Scotland. He is a Visiting Fellow at Cass Business School and Chairman, NPA Insurance and a former Non-Executive Director of Cripps LLP.

5

Tony Giddings
Senior Independent Non-Executive Director
Remuneration Committee Chairman
Appointed to the Board on 1st October 2014. Age 66.
Tony holds a BSc in Building Administration and is a Fellow of the Chartered Institute of Building. Tony has had a long and successful career in property development, including the delivery of over £1.8 billion in construction projects. He has previously held Board positions at Argent LLP and the British Council for Offices and was Chairman of the Design and Build Foundation from 2001 to 2003. Tony is a Trustee of CRASH and Director of London South Bank University.

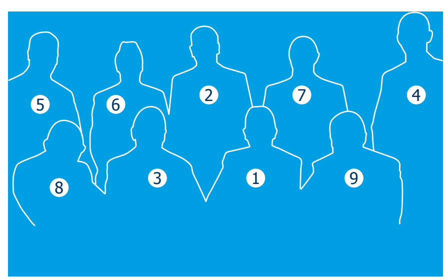
6

Mike Robson
Independent Non-Executive Director
Audit Committee Chairman
Appointed to the Board on 18th November 2015. Age 57.
Mike is a Chartered Accountant with extensive experience of audit, financial management and reporting, gained at PwC and in industry. In a career including 23 years of Board-level experience, Mike has worked in a range of business sectors as Finance Director, Managing Director, owner or adviser. He has a strong focus on improving business performance and developing management teams. Mike has also launched, developed and successfully sold his own internationally based business. Mike also serves as Director of Azure Partners Ltd.

7

Peter Maskell
Independent Non-Executive Director
Appointed to the Board on 1st January 2018. Age 60.
Peter joined Philips Electronics after studying Electrical and Electronic Engineering at Kingston University and he worked there for 37 years. For the last 20 years, he held a number of senior management positions in both the UK and Europe. His last position was as Chairman of the UK group, which had significant business interests in both the healthcare and lighting sectors. In the last five years in the UK, he managed the transformation of the lighting business from product supplier to a full service, systems and solutions provider, fully exploiting the opportunities and benefits offered from the advent of solid state LED lighting and fully connected digital solutions beyond just illumination. Peter is also a non-executive member of the board of the University of Surrey.

Group Management Board



1

Mark Lawrence

Group Chief Executive Officer

(See Board of Directors, page 43, for biography)

2

Mike Crowder

Group Managing Director

(See Board of Directors, page 43, for biography)

3

Trevor Mitchell

Group Finance Director

(See Board of Directors, page 43, for biography)

4

Gary Jackson

Managing Director, Scotland

Gary has over 25 years' experience in the construction industry, the last 15 years at TClarke Scotland. As Managing Director of TClarke Scotland, Gary was originally responsible for developing and leading our successful Residential Plumbing service, and has since developed our M&E Building services operations within the Scottish region and our Intelligent Buildings operations throughout the Group. As part of his role on the Group Management Board, Gary is also directly responsible for Group fleet management and procurement, as well as supporting the Board with his knowledge of HR and Health & Safety.

5

Kevin Mullen

Managing Director, Northern region

Kevin has spent 36 years with the Company, having joined Veale-Nixon Ltd in February 1982 and completed his apprenticeship in 1983 and qualified as a JIB electrician. Kevin steadily progressed through the business to Technical Director, Assistant Managing Director and eventually taking the position of Managing Director of the Newcastle office in 2012. Following this appointment, Kevin took responsibility for the Leeds office in 2013 and the North West office in 2016, becoming the Northern region Managing Director with responsibility for the management of the Northern region over those three offices.

6

Kevin Bones

Managing Director, Central and South West

Kevin has worked for TClarke for over 40 years in varying capacities. Kevin now oversees the operations of the Peterborough, Derby, Birmingham and Kimbolton offices in his role as Managing Director, Central and South West.

7

Andy Griffiths

Group Systems Director

Andy joined TClarke in 1986, initially working with the project management teams before becoming the first TClarke project surveyor. After being project based for many years, he managed the London surveying department before becoming the London Commercial Director. He was involved with the initial implementation of Coins in 2008 and has since worked on the Group reorganisation project and now oversees the central processing centre in Derby.

8

Garry Julyan

Commercial Director

Garry joined TClarke in 2010, has over 20 years of experience working in the construction industry and is a Chartered Quantity Surveyor who has worked previously for principal contractors and consultant organisations. As Commercial Director, Garry is responsible for implementing the commercial strategy of the business, providing commercial and contractual support, identifying risk and opportunity, and overseeing the financial performance of projects to ensure a commercial return.

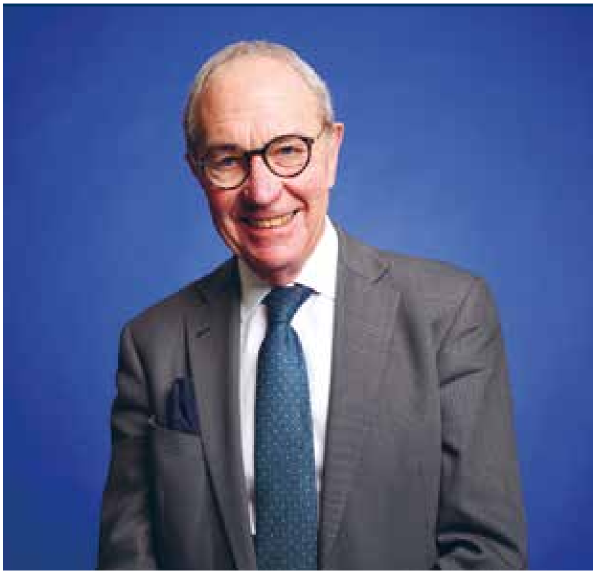
9

David Lanchester

Company Secretary

David joined TClarke in April 2017, was appointed Company Secretary on 26th April 2017 and is responsible for all legal matters for the Group. David is an Associate of the Institute of Chartered Secretaries and Administrators, and has 35 years' broad company secretarial experience and has held Company Secretary roles in listed plcs across a range of sectors.

Corporate governance report



Iain McCusker
Chairman

Chairman's introduction

The Board is committed to high standards of corporate governance and continues to embrace the principles contained in the UK Corporate Governance Code 2016 ('the Code'). The Code sets out principles to which the Listing Rules require all listed companies to adhere, supported by more detailed provisions. This governance section describes the principal activities of the Board and its committees and how the Company complies with the Code.

As a Board, we recognise that a high standard of corporate governance is essential to support the growth of our business and to protect and enhance shareholder value. The Directors, whose names and details are set out on pages 42 and 43, are collectively responsible to shareholders for the long-term success of the Company. The Board does this by supporting entrepreneurial leadership from the Company's executive team whilst ensuring effective controls are established that enable the proper assessment and management of risk. The Board is ultimately responsible for the Company's strategic aims and long-term prosperity; it seeks to achieve this by ensuring that the right financial resources and human talent are in place to deliver the Company's strategy and objectives.

The day-to-day management and leadership of the Company is delivered by the Group Management Board, which comprises the Executive Directors and other key members of the Group's senior management team, including representatives of the regional businesses, details of which are provided on pages 44 and 45.

During 2017, we undertook a formal, internal evaluation of the Board's and its committees' effectiveness. The results of this exercise are summarised on page 49. I am pleased to report that I am satisfied that the Board and each of the Directors are operating effectively. I am therefore happy to recommend that those Directors standing for re-election should be re-elected at the 2018 AGM.

As Chairman, I will continue to evolve our governance framework, being mindful of best practice and the latest developments surrounding corporate governance.

Iain McCusker
Chairman
27th March 2018

Statement of compliance

David Lanchester
Company Secretary

Throughout the year ended 31st December 2017, the Board considers that it has complied with the provisions of the UK Corporate Governance Code 2016 ('the Code'). The Code is issued by the Financial Reporting Council (FRC) and is publicly available on the FRC's website, www.frc.org.uk

Structure of the Board

The Company is managed by the Board of Directors, which currently consists of four Non-Executive Directors (including the Chairman) and three Executive Directors. All of the Directors who served during the year ended 31st December 2017 were deemed to be independent, apart from Beverley Stewart, who retired at the conclusion of the AGM on 5th May 2017 and who was not deemed to be independent according to the Code due to the length of her service.

The Articles of Association require that one-third of the Directors shall retire by rotation each year and become eligible for re-election. This excludes those Directors who may be newly appointed during the year, who are eligible for election at the next Annual General Meeting ('AGM'). At the forthcoming AGM on 18th May 2018, Tony Giddings and Mark Lawrence will retire and offer themselves for re-election. Peter Maskell and Trevor Mitchell are standing for election, having been appointed as Directors since the last AGM.

Mark Lawrence and Mike Crowder have signed service agreements which take into account best practice and contain a notice period of 12 months from either party. Trevor Mitchell has signed a fixed-term service agreement for one year until 31st January 2019.

All Non-Executive Directors have letters of appointment specifying their roles, responsibilities and required time commitment to the Board.

Prior to his appointment as Chairman, Iain McCusker disclosed his significant commitments to the Board. These commitments, and all Directors' biographies, are provided on page 43.

Board diversity

The Board recognises the benefits of Board diversity, including, but not limited to, the appropriate mix of skills, experience, gender, age, ethnicity, background and personality. The Board endorses a balance of diversity and experience to promote Board effectiveness, whilst taking into account the appropriate financial, managerial and industry skills which are relevant to the calibre of a Director of TClarke.

The Board stipulates that new appointments to the Board will be based on merit and suitability to the role, whilst also giving due consideration to diversity. Non-Executive Directors should have the ability to fulfil the requisite time commitment.

Board meetings

The composition of the Board is designed to ensure effective management, control and direction of the Group.

The Board is collectively responsible for the effective oversight of the Company and its businesses. It also determines the strategic direction and governance structure of the Company to enable it to achieve long-term success and deliver sustainable shareholder value. The Board takes the lead in safeguarding the reputation of the Company and ensuring that the Company maintains a sound system of internal control. The Board's full responsibilities are set out in the schedule of matters reserved for the Board.

Matters reserved for the Board include:

- Consideration and approval of the Group's strategy, budgets, structure and financing requirements.
- Consideration and approval of the Group's annual and half-yearly reports and financial statements.
- Consideration and approval of interim and final dividends.
- Consideration and approval of the Group's trading statements.
- Ensuring the maintenance of a sound system of internal controls and risk management.
- Conducting a robust assessment of the principal risks facing the Company, and setting risk appetite.
- Changes to the structure, size and composition of the Board recommended by the Nomination Committee.
- Establishing committees of the Board and determining their terms of reference.

Statement of compliance continued

The Chairman is responsible for the leadership and management of the Board and its governance. By promoting a culture of openness and debate, he facilitates the effective contribution of all Directors and helps maintain constructive relations between Executive and Non-Executive Directors.

The Chief Executive Officer is responsible for the executive leadership and day-to-day management of the Company, to ensure the delivery of the strategy agreed by the Board. Through his leadership of the Group Management Board, he demonstrates his commitment to health and safety, operational and financial performance.

The Senior Independent Director acts as a sounding board for the Chairman and serves as an intermediary for the other Directors, as well as shareholders, as required.

Independent of management, the Non-Executive Directors bring diverse skills and experience vital to constructive challenge and debate. The Non-Executive Directors provide the membership of the Audit, Remuneration and Nomination Committees.

The Board meets formally once a month to consider and decide on matters specifically reserved for its attention. Board papers are circulated sufficiently in advance of Board meetings to enable time for review. The attendance of individual Directors at formal monthly Board and sub-committee meetings is set out below:

Number of meetings attended

	Board (Maximum 14)	**Audit** (Maximum 5)	**Nomination** (Maximum 3)	**Remuneration** (Maximum 6)
Iain McCusker	14	–	3	6
Tony Giddings	11	5	3	5
Beverley Stewart[1]	5	1	0	4
Mike Robson	14	5	3	6
Mark Lawrence	14	–	–	–
Martin Walton	14	–	–	–
Mike Crowder	13	–	–	–

1 Retired 5th May 2017

Board committees

The Board has delegated certain responsibilities to the Audit Committee, Remuneration Committee and Nomination Committee, which report directly to the Board. The terms of reference of each committee are available in the Investors section of the Company's website.

Audit Committee

Mike Robson chairs the Audit Committee and Tony Giddings and Peter Maskell are also members of the Committee. The Board is satisfied that Mike Robson has the requisite recent and relevant financial experience to chair the Audit Committee. The Audit Committee report is set out on pages 51 to 54.

The roles and responsibilities of the Audit Committee include:

- Monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting issues and judgements contained therein.
- Reviewing the Company's internal controls and risk management systems and reviewing the need for an internal audit function on an annual basis.
- Making recommendations to the Board, to be put to shareholders, in relation to the appointment of external auditors and their remuneration and terms of engagement.
- Reviewing and approving the audit plan and ensuring it is consistent with the scope of audit engagement.
- Reviewing the independence of the external auditors and reviewing the effectiveness of the audit process.
- Reviewing the extent of non-audit services provided by the external auditors.
- Reviewing the Company's whistleblowing and anti-bribery procedures.

Nomination Committee

Iain McCusker chairs the Nomination Committee and Mike Robson, Tony Giddings and Peter Maskell are also members of the Committee. The Nomination Committee report is set out on page 55.

The roles and responsibilities of the Nomination Committee include:

- Regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes.
- Evaluating the balance of skills, experience, independence and knowledge on the Board and preparing or approving a description of the role and capabilities required for a particular appointment.
- Responsibility for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- Satisfying itself with regard to succession planning for Directors and other senior executives, taking into account the challenges and opportunities facing the Company and the skills and expertise needed on the Board in the future.
- Making recommendations to the Board concerning membership of the Audit and Remuneration Committees.
- Reviewing annually the time required from Non-Executive Directors.

Remuneration Committee

Tony Giddings chairs the Remuneration Committee and Iain McCusker, Mike Robson and Peter Maskell are also members of the Committee. The Directors' remuneration report is set out on pages 56 to 71.

The role and responsibilities of the Remuneration Committee include:

- Determining the service contracts and base salary levels for the Executive Directors and other senior management.
- Setting remuneration policy for all Executive Directors and the Company's Chairman, taking into account relevant legal and regulatory requirements, the provision of the Code and associated guidance.
- Approving the design of, and determining targets for, any performance-related pay schemes operated by the Company and approving the total annual payments made under such schemes.
- Determining the policy for, and scope of, pension arrangements for each Executive Director and other designated senior executives.
- Reviewing the design of all share incentive plans for approval by the Board and shareholders.
- Agreeing the policy for authorising claims for expenses from the Directors.

Group Management Board

The Group Management Board comprises the Executive Directors and other key members of the Group's senior management team, including representatives of the regional businesses. The role of the Group Management Board is to coordinate and direct the efforts of the four regional businesses and the individual offices below them to manage risk and deliver value for the Group as a whole across our target sectors in line with the Group's strategy. The Group Management Board considers Group initiatives on matters such as Health & Safety, employee involvement, and the development of new services and areas of expertise. The Group Management Board also reviews the operational effectiveness of the business units in matters such as tender submission and success rates, cash generation and maintenance, and health and safety performance.

The Non-Executive Directors meet with members of the Group Management Board and other members of the senior management team at least once a year. In addition, the Non-Executive Directors make visits to the regional offices in order to acquaint themselves with the regional businesses and their senior management and also visit project sites to see work being undertaken at first hand.

Performance evaluation

The effectiveness of the contribution and level of commitment of each Director to fulfil the role of a Director of the Company is the subject of continuing evaluation, having regard to the regularity with which the Board meets, the limited size of the Board and the reporting structures which are in place within the Company to monitor performance.

The Chairman primarily, but acting in conjunction with the Chief Executive Officer, undertakes the task of annual evaluation of performance and commitment of individual Board members by conducting individual interviews. The evaluation of the Board as a whole, and its committees, is also undertaken on an annual basis. New Directors receive a formal induction, overseen by the Chairman in conjunction with the Company Secretary. Training is available for all Directors as and when necessary. The Senior Independent Director, in conjunction with the other independent Non-Executive Directors, undertakes the annual appraisal of the Chairman.

The Board conducted an internal appraisal of its own performance, led by the Chairman in conjunction with the Nomination Committee, covering the composition, procedures and effectiveness of the Board and its committees. The Board members are of the opinion that the Board and its committees operate effectively. Performance is regularly monitored to ensure ongoing obligations are adequately met and the Board regularly considers methods for continuous improvements.

Company Secretary

All Directors have access to the advice and services of the Company Secretary, who ensures that the Board receives appropriate and timely information, that Board procedures are followed and that statutory and regulatory requirements are met.

Relationship with shareholders

The Company recognises the importance of dialogue with both institutional and private shareholders.

Presentations are made to brokers, analysts and institutional investors at the time of the announcement of the year-end and half-year results, and there are regular meetings with analysts and investors throughout the year. The aim of the meetings is to explain the strategy and performance of the Group and to establish and maintain a dialogue so that the investor community can communicate its views to the executive management. All such meetings are reported at Board meetings. In addition, the Chairman is available to meet with major shareholders periodically to discuss Board governance and strategy.

Statement of compliance continued

The Board has always invited communication from private investors and encouraged their participation at the Annual General Meeting. All Board members present at the Annual General Meeting are available to answer questions from shareholders, including the Chairs of the Audit, Remuneration and Nomination Committees. Notice of the Annual General Meeting is given in accordance with best practice and the business of the meeting is conducted with separate resolutions, each being voted on initially by a show of hands, with the results of the proxy voting being provided at the meeting. Further shareholder information is available on our website at www.tclarke.co.uk under the Investor Relations tab.

Internal control

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

In accordance with the Code, the Board confirms that, for the year ended 31st December 2017, it has carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks identified and the controls and mitigating actions in place are described on pages 32 to 35.

Risk management and internal control procedures are delegated to Executive Directors and senior management in the Group, operating within a clearly defined divisional structure. Each division or subsidiary assesses the level of authorisation appropriate to its decision-making process after the evaluation of potential benefits and risks. A three-year strategic plan is prepared for each division and updated annually, including the identification and consideration of significant risks to the division's strategic objectives. Progress against the strategy and the management of the risks identified is formally reviewed on a quarterly basis.

On a quarterly basis the Board reviews management accounts in order to provide effective monitoring of financial performance. At the same time, the Board considers other significant strategic risk management, operational and compliance issues to ensure that the Group's assets are safeguarded and financial information and accounting records can be relied upon. The Board monitors monthly progress on contracts formally. Furthermore, the Company's risk appetite is discussed and considered when making key decisions.

The Board reviews the Company's risk register and monitors risk management procedures as a regular agenda item and the Board receives reports thereon from Group management. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. Given the importance of an effective risk management process, the Company engaged external advisers to assist with further developing the Company's risk management procedures in 2017.

At its meeting on 21st March 2018, the Board carried out the annual internal controls and risk management assessment of the year ended 31st December 2017 by considering documentation from the Audit Committee and reviewing the need for an internal audit function. Further details concerning the Audit Committee's review of internal controls and risk management processes is included in the Audit Committee report on pages 51 to 54. Currently there is no formal internal audit function, this role being covered through regular site visits conducted by quality control and Group finance personnel. As noted in the Audit Committee report, the creation of an internal audit function to augment existing procedures will be kept under review.

Fair, balanced and understandable assessment

In relation to compliance with the Code, the Board has given consideration as to whether or not the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and concluded that this is the case. A statement to this effect is included in the Directors' Responsibilities Statement on page 75. The preparation of this document is co-ordinated by the Finance team and the Company Secretary with Group-wide input and support from other areas of the business. Comprehensive reviews have been undertaken at regular intervals throughout the process by senior management and other contributing personnel within the Group.

The Directors' responsibilities for preparing the financial statements and supporting assumptions that the Company is a going concern are set out on page 75.

Long-term viability statement ('LTVS')

In relation to compliance with the Code, the Board has assessed the prospects of the Company, taking into account the Company's current position and principal risks. The LTVS and supporting assumptions are set out on page 36.

David Lanchester
Company Secretary
27th March 2018

Audit Committee report

Mike Robson
Chair of the Audit Committee

The Audit Committee supports the Board by providing detailed scrutiny over the integrity and relevance of the Group's financial reporting, monitoring the appropriateness of the Group's internal control and risk management systems and overseeing the external audit process.

The Audit Committee has continued to follow a programme of meetings which are timed to coincide with key events in the financial calendar. As a Committee, we are committed to discharging our responsibilities effectively and constructively challenge the information we receive. Over the past year, the regular reports the Audit Committee has received from management and the external auditors have been timely and well presented, which has enabled the Committee to discharge its responsibilities effectively. Where necessary, we request additional detailed information so that we may better assess certain issues, and the risks and opportunities presented.

Further information concerning the activities of the Audit Committee during the year are set out on the following pages.

Mike Robson
Chair of the Audit Committee
27th March 2018

Audit Committee report continued

Membership of the Audit Committee

The members of the Committee during the year were Mike Robson (Chair), Tony Giddings and, until her retirement effective 5th May 2017, Beverley Stewart. Peter Maskell also joined the Committee on his appointment as a Director on 1st January 2018. Biographies of the current members of the Audit Committee are included on page 43.

Governance

The Committee members are all independent Non-Executive Directors. The Board is satisfied that Mike Robson has the requisite recent and relevant financial experience to chair the Audit Committee. The Committee routinely meets four times a year, and additionally as required, to review or discuss other significant matters.

The Company Secretary also attends the meetings and, when requested, the Finance Director, the Chief Executive Officer and the external auditor also attend parts of the meetings.

The terms of reference of the Committee are available on the Company's website under the Investor section – Corporate Governance. The terms of reference were reviewed in 2017 and amended to bring them in line with the UK Governance Code and the FRC Guidance on Audit Committees.

Matters considered by the Audit Committee

The Audit Committee met on five occasions during the year ended 31st December 2017. The principal matters discussed at the meetings are set out below.

Principal matters considered

March 2017

- Draft Annual Report and Financial Statements for the year ended 31st December 2016, including significant judgements and disclosures therein.
- Audit representation letter.
- Annual assessment of internal controls and risk management.
- Review of risk register and mitigating actions.
- A report on internal control and mitigating the risk of fraud.
- Finance Director's report on going concern and viability statement.
- Finance Director's report on goodwill impairment.
- Consideration of the reappointment of external auditors.
- Independence of external auditors.

July 2017

- Progress report on internal control recommendations.
- Draft half-year report and financial statements for the six months ended 30th June 2017, including significant judgements and disclosures therein.

October 2017

- Progress report on internal control recommendations.
- Consideration of the need for an internal audit function.
- Review of policy on non-audit services.
- Review of risk register.

November 2017

- Audit plan presented by the auditors.
- Governance and independence of the external auditors.

December 2017

- Review of accounting policies.
- Review of anti-bribery and corruption and whistleblowing policies.
- Review of Committee's terms of reference.
- Review of Committee's effectiveness.

Significant judgements, key assumptions and estimates

The Audit Committee pays particular attention to matters it considers to be important by virtue of their impact on the Group's results and remuneration of senior management, or the level of complexity, judgement or estimation involved in their application on the consolidated financial statements. The main areas of focus during the year are set out below:

Matter considered and action	
Matter considered: Carrying value of intangible assets and investments	**Action:** Intangible assets comprise a significant element of the Group's net assets. As required by IFRSs, the Company conducts an impairment review of these assets every year. The Committee considered the papers presented by the Finance Director supporting management's assertion that goodwill and other intangible assets were not impaired. This assertion was supported by detailed cash flow and profit projections covering a three-year period, including sensitivity analysis and an analysis of secured workload. It also considered the independent auditors' comments on the key assumptions and detailed forecasts made. The issue of impairment involves making significant judgements about individual cash-generating units and the risks they face. The Committee agreed with management's recommendation that no impairment charge should be made but that there remains a risk of impairment of TClarke Scotland, TClarke South West and TClarke North West in the future and relevant disclosures have therefore been included in the financial statements. Further details concerning the make-up of intangible assets, the assumptions used and the sensitivity of the carrying value of intangible assets can be found in note 12 to the financial statements on pages 107 to 109. Aligned to the review of the carrying value of intangible assets, the Committee also considered the carrying value of the subsidiaries in the Parent Company's financial statements.
Matter considered: Contract profit and revenue recognition	**Action:** The recognition of revenue and profit on construction contracts involves significant judgement due to the inherent difficulty in forecasting the final costs to be incurred on contracts in progress and the process whereby applications are made during the course of the contract with variations, which can be substantial, often being agreed as part of the final account negotiation. The Committee considered the consistency and appropriateness of the Group's policies in respect of profit and revenue recognition during the year, and their specific application to a number of contracts. The Committee concurred with management's assessment of the contracts and the revenue recognised at those times.
Matter considered: Pension scheme accounting	**Action:** The Group's defined benefit pension scheme is valued annually by external advisers in accordance with IFRSs. The valuation is subject to significant fluctuations based on actuarial assumptions, including: • discount rates; • mortality assumptions; • inflation; • salary increases; and • expected return on plan assets. The Committee reviewed the basis of the valuation, including the assumptions used, and considered the sensitivity of the pension scheme valuation to changes in those key assumptions. Further details of the valuation, including the key assumptions used, are disclosed in note 24 to the financial statements on pages 119 to 123. The Committee also considered the accounting implications of the Group reorganisation, further details of which are disclosed in note 29 on page 129.

Audit Committee report continued

Internal controls
In parallel with the Group reorganisation described in note 29, the opportunity was taken to fully review the Group's payment and procurement processes and controls and to improve them where appropriate, particularly in respect of the segregation of duties between staff members. The review was undertaken by an independent party with considerable experience of the industry and the issues it faces. The Audit Committee has concluded that our controls are adequate and appropriate to our business.

Internal audit
Based on representations received from management concerning the operation of internal controls and risk management procedures, the Audit Committee has concluded there is no benefit at present in instigating a formal internal audit process. This will be kept under review.

Risk management
Assisted by Executive Directors, the Audit Committee has focused on maintaining and improving the procedures to identify, manage and mitigate the risks facing the business and to drill down on selected risks on a rolling basis through the year.

External audit
The Audit Committee is responsible for overseeing relations with the external auditors, including the approval of fees, and makes recommendations to the Board on their appointment and reappointment. Details of the auditors' remuneration can be found in note 7 to the financial statements on page 102.

The Committee accepts in principle that certain work of a non-audit nature is most efficiently undertaken by the external auditor. The policy on non-audit services provided by PricewaterhouseCoopers LLP ('PwC') is that the Chairman of the Audit Committee approves all non-audit services and fees, and any such approval is put to the Audit Committee for ratification at the next meeting. The auditors' fees for non-audit services during the year were £nil (2016: £9,000).

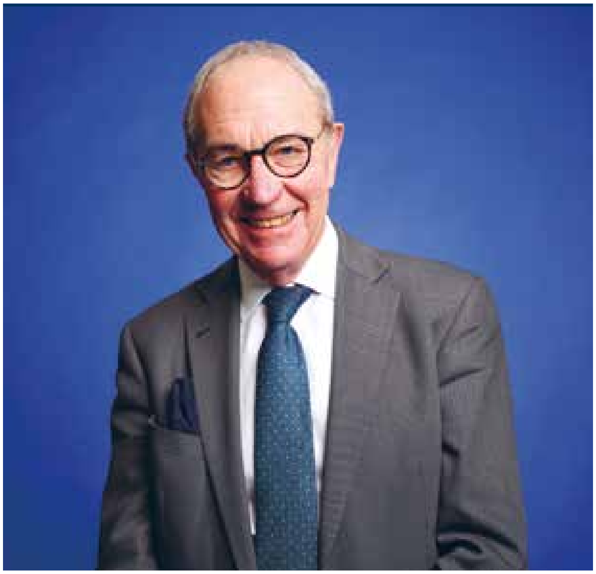
The independence of the external auditors is essential to the provision of an objective opinion on the true and fair presentation in the financial statements. Auditor independence and objectivity is safeguarded by limiting the nature and value of non-audit services performed by the external auditors, ensuring that employees of the external auditors who have worked on the audit in the past two years are not appointed to senior financial positions in the Company, and ensuring the rotation of the lead engagement partner at least every five years.

The Audit Committee reviews the effectiveness of the audit process through quality service reviews with the external auditors post-audit. At the end of the review process, the Audit Committee decides whether, given the results of the review, to recommend to shareholders that the auditors be reappointed.

The last audit tender process was in 2011 when PwC were initially appointed and they have been the auditors since. In accordance with the Auditing Practices Board (APB) Ethical Standard 3, a new audit partner was put in place following completion of the audit for the year ended 31st December 2015. However, following discussions with PwC after the completion of the audit for the year ended 31st December 2016, it was agreed that a new audit partner be put in place. The current lead engagement partner has held the position for one year.

Mike Robson
Chair of the Audit Committee
27th March 2018

Nomination Committee report



Iain McCusker
Chair of the Nomination Committee

During the year, the Nomination Committee comprised Iain McCusker (Chair), Tony Giddings, Mike Robson and, until her retirement effective 5th May 2017, Beverley Stewart. Peter Maskell also joined the Committee on his appointment as a Director on 1st January 2018. Biographies of the current members of the Nomination Committee are included on page 43.

The Nomination Committee met three times during the year to review the structure, size and composition of the Board, undertake a Board evaluation process and to consider succession planning for Directors and other senior executives. The Committee also considered a candidate, Peter Maskell, to replace Beverley Stewart as a Non-Executive Director and, following a thorough interview process, the Committee recommended the appointment of Peter Maskell as a Non-Executive Director. As the Nomination Committee was presented with such a suitable candidate for interview, it was felt that an external search consultancy firm was not required.

Following the departure of Martin Walton, the Finance Director, the Committee met and considered the process for his replacement. The Committee recommended to the Board to appoint Trevor Mitchell as an interim Finance Director for one year in order to give the Committee time to recruit a long-term replacement. Trevor Mitchell was known to the Board for his work in assisting the Company in simplifying the structure and improving the Group's financial controls and procedures.

The Committee gives due consideration to diversification in the make-up of the Board but, due to the size of the Company, the most important consideration is to achieve an appropriate mix of skills, knowledge and experience, taking into account the Company's Board Diversity policy. Before any appointment is made by the Board, the Nomination Committee evaluates the balance of skills, experience, independence and knowledge on the Board and, in the light of this evaluation, prepares a description of the role and capabilities required for a particular appointment.

The performance of individual Directors, the Board, its committees and the Chairman is reviewed annually. In 2017, in order to evaluate the performance of the Board, each member of the Board was asked to complete a detailed questionnaire. The responses to the questionnaire were summarised and were reviewed and discussed by the Nomination Committee. Topics covered in the review included strategy, risk management and the conduct and effectiveness of Board meetings. Whilst there are always opportunities for development and improvement, the Directors have concluded that the Board had effectively discharged its duties during the year.

Iain McCusker
Chair of the Nomination Committee
27th March 2018

Directors' remuneration report

Tony Giddings
Chair of the Remuneration Committee

Annual statement by the Chair of the Remuneration Committee

Dear Shareholders,

On behalf of the Board, I am pleased to present the remuneration report for the year to 31st December 2017. The report comprises:

- The Directors' Remuneration Policy, which was approved at the 2017 AGM and is included for information only, as it is unchanged.
- The Annual Report on Remuneration, which sets out how the remuneration policy was implemented in the financial year ending 31st December 2017 and which together with this introductory statement, is subject to an advisory shareholder vote at the 2018 AGM.

The primary objective of the Remuneration Policy is to promote the long-term success of the Company. In working towards the fulfilment of this objective, our current remuneration structure is intended to be simple and transparent, and to contribute to the building of a sustainable performance culture. Our policy ensures that performance-related components will form a significant proportion of the overall remuneration package, with maximum rewards earned only through the achievement of challenging performance targets based on measures aligned with our long-term strategy. The overarching remuneration framework for Executive Directors consists of base salary, pension, benefits, annual bonus and a single long-term incentive plan (LTIP). Pay is subject to recovery and withholding provisions and share ownership guidelines apply – features intended to enhance the alignment of interest between Executive Directors and shareholders and to contribute to an appropriate level of risk mitigation. The Committee continues to believe this framework is effective and remains aligned with TClarke's strategy.

Performance and reward for 2017

Our 2017 annual bonus was subject to underlying profit before tax targets alongside a scorecard of strategic objectives closely aligned with the KPIs of the business. Underlying profit before tax increased by 5% to £6.5m (2016: £6.2m) and the performance of the Executive Directors in executing against the strategic annual bonus objectives set for them at the start of 2017 was robust. This resulted in a payment between the target and stretch performance levels for each of the financial and strategic elements. As agreed by the Committee at the beginning of 2017, the bonus payable would be adjusted to take account of any material recovery of misappropriated funds relating to the fraud discovered at one of our subsidiary companies in 2016 (for which the Committee determined last year to scale back and withhold the element of the bonus based on financial performance by two-thirds). £1.17m of funds has been recovered to date (less costs) and this was taken into account in arriving at the overall award level. Overall the level of performance achieved resulted in 83% of maximum bonus being payable. The Committee believes this is a fair outcome, reflecting strong Group and individual performance in 2017. The Committee also intends to similarly adjust any bonus payable for 2018 should further misappropriated funds be recovered as part of the strategic assessment.

Earnings per share growth over the three-year period to 31st December 2017 was 295%. This was above the stretch vesting condition for the LTIP award granted in 2015 and, as a result, the award vested in full.

Implementation of the remuneration policy for 2018

The key highlights of how we intend to apply the remuneration policy for 2018 are:

- Base salaries – the Executive Directors' salaries were increased by 3% effective 1st January 2018 which is broadly in line with the average increase across the wider workforce. As part of the review undertaken, the Committee continues to believe that the Chief Executive's salary is not representative of his overall responsibility and is significantly behind market for a company of this size and complexity. However, as previously, the Chief Executive declined a higher increase to his base salary and therefore his increase is in line with his fellow Executive Directors.

- Variable pay – annual bonus maximum will be 150% of salary and an LTIP award will be made in May 2018 at up to 150% of salary.
- Performance measures – will continue to be focused on simple and transparent measures. For the annual bonus, underlying profit before tax will apply for two-thirds of the opportunity and key strategic objectives aligned with the Group's KPIs will apply for the remaining one-third of bonus. For the LTIP, stretching earnings per share targets will be set for financial year 2020.

Board changes

We announced in February that our Group Finance Director, Martin Walton, was stepping down from the Board and that he would be leaving the business. Martin stepped down from the Board on 2nd February 2018. Trevor Mitchell was appointed to the Board on 1st February 2018 as Group Finance Director. Trevor's salary on joining the Board was set at £224,500 and the rest of his package will be fully in line with our approved policy.

Alignment with shareholders

We are mindful of our shareholders' interests and are keen to ensure a demonstrable link between reward and value creation. We are proud of the support we have received in the past from our shareholders, with over 99% approval of the Directors' Remuneration Policy, the Directors' remuneration report and the amendment to the Equity Incentive Plan received last year at the 2017 AGM. We hope that we will continue to receive your support at the forthcoming AGM in 2018.

Tony Giddings
Chair of the Remuneration Committee
27th March 2018

Directors’ Remuneration Policy

This part of the Directors’ remuneration report sets out the Directors’ Remuneration Policy for the Company which was approved by shareholders at the 2017 AGM. The policy came into effect on 5th May 2017 and is next due to be put to shareholders for approval at the 2020 AGM. There have been no changes and it is shown for information and to provide context to the 2017 remuneration report. Some slight amendments have been made so that the report can be appropriately read in the context of the 2018 financial year (for example, the reward scenario charts have been updated). The original policy can be found in the 2016 Annual Report, which can be found on our website.

Policy overview

The primary objective of the remuneration policy is to promote the long-term success of the Company. In working towards the fulfilment of this objective, the Committee takes into account a number of factors when formulating the remuneration policy for the Executive Directors, including the following:

- the need to provide a remuneration structure that is sufficiently competitive to attract, retain and motivate Executive Directors of an appropriate calibre to deliver long-term, sustainable growth of the business;
- the alignment of interests between executives and shareholders through share ownership and appropriate recovery and withholding provisions;
- internal levels of pay and employment conditions across the Group as a whole;
- the principles and recommendations set out in the UK Corporate Governance Code and the views of institutional shareholders and their representative bodies; and
- periodic external comparisons of market trends and practices in similar companies taking into account of their size and complexity.

Our remuneration structure is intended to be simple and transparent, and to contribute to the building of a sustainable performance culture. Our policy ensures that performance-related components will form a significant proportion of the overall remuneration package, with maximum total potential rewards earned only through the achievement of challenging performance targets based on measures selected to promote the long-term success of the Company.

The main elements of the remuneration package for Executive Directors are a base salary, benefits and pension provision and, subject to stretching performance conditions, an annual bonus plan and shares awarded under a long-term incentive plan (‘LTIP’). The Committee has determined that this structure will provide an appropriate balance between fixed and performance-related pay elements. The Committee will continue to review the remuneration policy to ensure it takes due account of remuneration best practice and that it remains aligned with shareholders’ interests.

How the Executive Directors’ remuneration policy relates to the wider workforce

The Committee does not directly consult with employees regarding the remuneration of Directors. However, the pay and conditions elsewhere in the Company are considered when designing the policy for Executive Directors and continue to be considered in relation to implementation of the policy. The Committee regularly monitors pay trends across the workforce and salary increases will ordinarily be (in percentage of salary terms) in line with those of the wider workforce.

The remuneration policy described here provides an overview of the structure that operates for the most senior executives in the Company. Employees below executive level have a lower proportion of their total remuneration made up of incentive-based remuneration, with pay driven by market comparators and the impact of the role in question. Long-term incentives are reserved for those judged as having the greatest potential to influence the Group’s strategic direction, earnings growth and share price performance.

How shareholders’ views are taken into account

The Committee seeks to engage with its major shareholders when any significant changes to the remuneration policy are proposed. The Committee also considers shareholder feedback received in relation to the Directors’ remuneration report and at the AGM each year, and this, plus any additional feedback received from time to time, is considered as part of the Committee’s annual review of remuneration policy. The Committee also closely monitors developments in institutional investors’ best practice expectations.

Summary Director policy table

The table below summarises the remuneration policy for Directors, as effective from the Company's 2017 AGM:

Element of remuneration: **Salary**

Purpose and link to strategy
- To provide competitive fixed remuneration to attract and retain Executive Directors of superior calibre in order to deliver growth for the business

Operation
- Normally reviewed annually with changes typically effective 1st January
- Paid in cash on a monthly basis; pensionable
- Comparison against companies with similar characteristics are taken into account in review
- Internal reference points, the responsibilities of the individual role, progression within the role and individual performance are also taken into account

Maximum
- There is no prescribed maximum annual basic salary or salary increase. Details of the current salary levels are set out in the Annual Report on Remuneration on page 70
- Any salary increase (in percentage of salary terms) will ordinarily be up to the general increase for the broader employee population; however, a higher increase may be awarded to recognise, for example, an increase in the scale, scope or responsibility of the role and/or to take account of relevant market movements
- Where an Executive Director's salary is set below market levels at appointment, a series of increases may be given (in addition to the factors listed above) in order to achieve the desired salary positioning, subject to satisfactory individual performance

Performance targets
- None, although the overall performance of the individual is considered as part of the salary review process

Element of remuneration: **Benefits**

Purpose and link to strategy
- To promote recruitment and retention
- To provide a market consistent benefits package

Operation
- Benefits may include a combination of car or car allowance, private medical insurance and life assurance
- Executive Directors will be eligible for any other benefits which are introduced for the wider workforce on broadly similar terms
- Relocation or travel allowances may be offered if considered appropriate and reasonable by the Committee
- Any reasonable business-related expenses (including tax thereon) can be reimbursed if determined to be a taxable benefit
- Executive Directors are also eligible to participate in any all-employee share plans operated by the Company, in line with prevailing HMRC guidelines (where relevant), on the same basis as for other eligible employees

Maximum
- There is no maximum limit but the Committee reviews the cost of the benefits provision on a regular basis to ensure that it remains appropriate
- Participation in the all-employee share plans is subject to the limits set out by HRMC

Performance targets
- Not applicable

Element of remuneration: **Pension**

Purpose and link to strategy
- Provide competitive retirement benefits

Operation
- Defined benefit or defined contribution scheme (or cash alternative)
- Where the promised levels of benefits cannot be provided through an appropriate pension scheme, the Group may provide benefits through the provision of salary supplements

Maximum
- Defined contribution or cash allowance or combination of the two up to 10% of salary
- Current employees who are existing members of the Company's defined benefit scheme may be entitled to continue to accrue benefits under these arrangements rather than participating in the defined contribution (or cash equivalent) arrangements. The maximum pension on retirement at age 65 is 1/60th of final pensionable salary for service before March 2010, and 1/80th of revalued pensionable salary for service thereafter. A salary supplement may be provided in order to compensate the individual up to the value of benefits lost as a results of HMRC limits

Performance targets
- Not applicable

Directors' Remuneration Policy continued

Element of remuneration: **Bonus**

Purpose and link to strategy

- Incentivise annual achievement of performance targets relating to the Company's KPIs
- Maximum bonus only payable for achieving demanding targets

Operation

- Normally payable in cash
- Non-pensionable
- Levels of award are determined by the Committee after the year end based on performance against the targets set at the start of the year
- All bonus payments are at the ultimate discretion of the Committee and the Committee retains an overriding discretion to ensure that overall bonus payments reflect its view of corporate performance during the year

Maximum

- 150% of salary per annum

Performance targets

- Group financial measures (e.g. profit-related measures) will apply for the majority of the bonus
- If used, personal or strategic objectives will be applied for the minority of the bonus
- Measures and objectives will be determined over a one-year performance period

Element of remuneration: **Long-Term Incentive Plan**

Purpose and link to strategy

- Aligned to delivery of strategy and long-term value creation
- Align Executive Directors' interests with those of shareholders
- To promote retention

Operation

- LTIP awards take the form of conditional rights or nil, nominal cost or market value options and are normally granted annually
- Awards vest after no less than three years subject to the achievement of pre-set performance criteria and continued employment
- The Committee reviews the quantum of awards annually and monitors the continuing suitability of the performance measures
- The Committee may determine at grant that an amount (in cash or shares) equivalent to the dividends paid or payable on vested shares up to the vesting date may become payable; any amount payable may assume the reinvestment of dividends over the vesting period

Maximum

- Annual awards of no more than 150% of salary

Performance targets

- Performance normally measured over three years
- Awards currently vest based on performance against stretching earnings per share ('EPS') targets set and assessed by the Committee. However, different financial, strategic or share price-based measures may be set for future award cycles as appropriate to reflect the strategic priorities of the business at that time
- Notwithstanding the performance outcome, the Remuneration Committee retains the discretion to adjust the vesting outcome upwards or downwards to reflect the underlying performance of the Company over the three-year period
- A maximum of 25% vests at threshold, increasing to 100% vesting at maximum on a straight-line basis
- Withholding and recovery provisions may apply in the event of a material misstatement, error in calculation of award/performance or gross misconduct

Element of remuneration: **Share ownership guidelines**

Purpose and link to strategy

- To increase alignment between Executives and shareholders

Operation

- Executive Directors are required to build and maintain a shareholding of 30,000 shares through the retention of vested share awards or through open market purchases
- Only wholly owned shares will count towards the guideline

Maximum

- Not applicable

Performance targets

- Not applicable

Element of remuneration: **Non-Executive Director**

Purpose and link to strategy

- To provide competitive fees to attract and retain high-calibre Non-Executive Directors
- To reflect the time commitment and responsibilities of the role

Operation

- The Chairman's fee is set by the Board on the recommendation of the Remuneration Committee. The Non-Executive Directors' fees are set by the Board on the recommendation of the Executive Directors. No Director takes part in discussions relating to their own remuneration
- Non-Executives may be paid additional fees for chairing one of the major Board committees or for holding the Senior Independent Director position
- The fees are set taking into account the time commitment and responsibilities of the role
- In exceptional circumstances, if there is a temporary yet material increase in the time commitments for Non-Executive Directors, the Board may pay extra fees to recognise the additional workload
- Fees are normally paid monthly in cash and are normally reviewed annually
- Directors can be reimbursed for any reasonable business-related expenses (including the tax thereon if determined to be a taxable benefit

Maximum

- There is no prescribed maximum fee or fee increase
- Any increase will be guided by changes in market rates, time commitments and responsibility levels as well as by increases for the broader employee population

Performance targets

- Not applicable

Notes:

1 The choice of the performance metrics applicable to the 2018 annual bonus scheme reflects the Committee's belief that any incentive compensation should be appropriately challenging and tied to both the delivery of targets relating to key financial measure, profit, and which support the Company's strategic objectives through individual and/or strategic performance measures intended to ensure that Executive Directors are incentivised to deliver across a range of objectives for which they are accountable. The Committee has retained some flexibility on the specific measures which will be used over the life of the policy to ensure that any measures are fully aligned with the strategic imperatives prevailing at the time they are set.

2 The performance condition applicable to the 2018 LTIP awards is earnings per share growth. EPS was selected by the Remuneration Committee on the basis that it is aligned with the delivery of long-term returns to shareholders and it is the Group's key financial metrics. The Committee has retained flexibility on the measures which will be used for future award cycles to ensure that the measures are fully aligned with the strategy prevailing at the time the awards are granted. Notwithstanding this, the Committee would seek to consult with major shareholders in advance of any material change to the choice of the LTIP performance measures.

3 The Committee operates the annual bonus, LTIP and all employee share plans in accordance with the relevant plan rules and, where appropriate, the Listing Rules and HMRC legislation. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the plans. These include, for example, the timing of awards and setting performance criteria each year, dealing with leavers, discretion to retrospectively amend performance targets in exceptional circumstances (providing the new targets are no less challenging than originally envisaged) and in respect of share awards, to adjust the number of shares subject to an award in the event of a variation in the share capital of the Company.

4 For the avoidance of doubt, in approving this Directors' Remuneration Policy, authority is given to the Company to honour any commitments entered into with current or former Directors (such as the payment of a pension or the vesting/exercise of past share awards). Details of any payments to former Directors will be set out in the Annual Report on Remuneration as they arise.

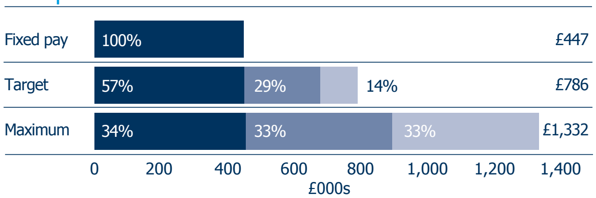
5 Consistent with HMRC legislation, the HMRC all-employee share plans do not have performance conditions.

Directors' Remuneration Policy continued

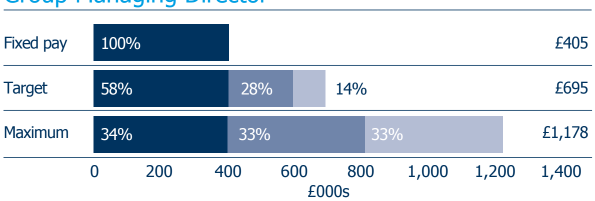
Remuneration scenarios for Executive Directors

The charts below show how the composition of the Executive Directors' remuneration packages vary under the policy at three performance levels (minimum (i.e. fixed pay only), target and maximum).

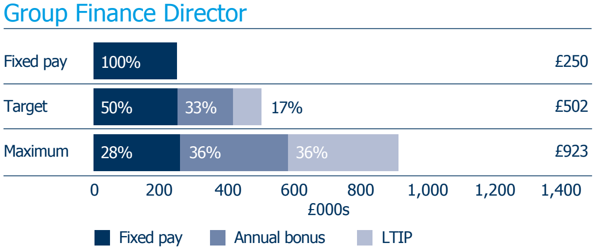
Group Chief Executive



Group Managing Director



Group Finance Director



The charts above are based on:

- salary levels effective 1st January 2018 (or on appointment to the Board if later);
- the value of benefits received in 2017 (as per the Directors' remuneration table) and the projected level for the new Group Finance Director;
- the value of pension contribution received in 2017 (as per the Directors' remuneration table);
- a 150% of salary maximum annual bonus (with the on-target level assuming 50% of maximum); and
- a 150% of salary LTIP award (with target assumed to be 25% of the maximum). No share price appreciation or dividend assumptions in respect of the LTIP awards have been assumed.

Approach to recruitment and promotions

The remuneration package for a new Executive Director would be set in accordance with the terms of the prevailing approved remuneration policy at the time of appointment and take into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

Salary would be provided at such a level as required to attract the most appropriate candidate and may be set initially at a below mid-market level on the basis that it may progress towards the mid-market level once expertise and performance has been proven and sustained.

The maximum level of variable pay which may be awarded to new Executive Directors will be in line with the policy set above. In addition to this, the Committee may make buyout awards in the form of additional cash and/or share-based elements to replace remuneration forfeited by an executive as a result of leaving his or her previous employer. It will, where possible, ensure that these awards are consistent with awards forfeited in terms of vesting periods and expected value.

The Committee may apply different performance measures, performance periods and/or vesting periods for initial awards made following appointment under the annual bonus and/or long-term incentive arrangements, subject to the rules of the scheme, if it determines that the circumstances of the recruitment merit such alteration. LTIP awards can be made shortly following an appointment (assuming the Company is not in a close period).

For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its original terms.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

The fee structure for Non-Executive Director appointments will be based on the Non-Executive Director fee policy as set out in the policy table.

Service contracts and approach to leavers

The Company's policy is for Executive Directors to have service contracts which may be terminated with no more than 12 months' notice from either party. The Executive Directors' service contracts are available for inspection by shareholders at the Company's registered office.

No Executive Director has the benefit of provisions in their service contract for the payment of pre-determined compensation in the event of termination of employment. It is the Committee's policy that the service contracts of Executive Directors will provide for termination of employment by giving notice or by making a payment of an amount equal to basic salary in lieu of the notice period. It is the Committee's policy that no Executive Director should be entitled to a notice period or payment on termination of employment in excess of the levels set out in his or her service contract. Incidental expenses may also be payable, if appropriate.

Annual bonus may be payable with respect to the period of the financial year served, although it will be pro-rated for time and paid at the normal payout date. Any share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on the relevant plan rules. In certain circumstances, such as death, ill health, disability, retirement or other circumstances at the discretion of the Committee, 'good leaver' status may be applied. For good leavers, awards will normally vest at the normal vesting date, subject to the satisfaction of the relevant performance conditions at that time and reduced pro-rata to reflect the proportion of the vesting period actually served. However, under the plan rules, the Remuneration Committee has discretion to determine that awards vest at cessation of employment and/or to disapply the time pro-rating requirement if it considers it appropriate to do so.

In relation to a termination of employment, the Committee may make payments in relation to any statutory entitlements or payments to settle compromise claims as necessary. The Committee also retains the discretion to reimburse reasonable legal expenses incurred in relation to a termination of employment and to meet any transitional costs if deemed necessary. Payment may also be made in respect of accrued benefits, including untaken holiday entitlement.

There is no provision for additional compensation on a change of control. In the event of a change of control, the LTIP awards will normally vest on (or shortly before) the change of control subject to the satisfaction of the relevant performance conditions at that time and, unless the Committee determines otherwise, reduced pro-rata to reflect the proportion of the vesting period served. Outstanding awards under any all employee share plans will vest in accordance with the relevant scheme rules. Bonuses may become payable, subject to performance and, unless the Committee determines otherwise, a pro-rata reduction to reflect the curtailed performance period.

External appointments

The Board allows Executive Directors to accept external Non-Executive Director positions provided the appointment is compatible with their duties as Executive Directors. The Executive Directors may retain fees paid for these services. Any appointment will be subject to approval by the Board.

Non-Executive Directors

The Chairman and Non-Executive Directors' terms are set out in letters of appointment. The letters of appointment of the Non-Executive Directors are available for inspection at the Company's registered office during normal business hours.

Annual Report on Remuneration

Single total figure remuneration (audited)

The table below reports the total remuneration receivable in respect of qualifying services by each Director during the year:

Year ended 31st December 2017

	Total salary and fees £	Taxable benefits £	Annual bonus £	Long-term incentives £	Pension-related benefits £	Total £
Executive:						
Mark Lawrence	293,000	23,825	363,174	69,894	120,978	870,871
Mike Crowder	250,000	28,463	309,863	69,894	119,141	777,361
Martin Walton[1]	218,000	22,215	75,000	–	45,880	361,095
Non-Executive:						
Iain McCusker	60,167	–	–	–	–	60,167
Beverley Stewart[2]	18,958	–	–	–	–	18,958
Tony Giddings	45,500	–	–	–	–	45,500
Mike Robson	45,500	–	–	–	–	45,500

1 Martin Walton resigned from the Board on 2nd February 2018. His termination payment was £319,500, which includes the £75,000 bonus payment. Full details will be disclosed in the 2018 Annual Report.

2 Beverley Stewart retired from the Board on 5th May 2017.

Year ended 31st December 2016

	Total salary and fees £	Taxable benefits £	Annual bonus £	Long-term incentives £	Pension-related benefits £	Total £
Executive:						
Mark Lawrence	279,000	23,449	189,720	–	97,140	589,309
Mike Crowder	238,000	27,986	161,840	–	93,885	521,711
Martin Walton	207,500	21,923	141,100	–	43,888	414,411
Danny Robson[1]	51,875	5,722	–	–	–	57,597
Non-Executive:						
Iain McCusker	51,000	–	–	–	–	51,000
Beverley Stewart	45,500	–	–	–	–	45,500
Tony Giddings	45,500	–	–	–	–	45,500
Mike Robson	45,500	–	–	–	–	45,500

1 Danny Robson stepped down from the Board on 21st March 2016. He also received £104,000 as payment in lieu of notice for six months' base salary with effect from 1st April 2016. No pension contribution was paid for that period.

The figures in the single total figure remuneration table are derived from the following:

Total salary and fees	The amount of salary and fees received in the year.
Taxable benefits	The taxable value of benefits received in the year. These are a car or car allowance and private medical insurance.
Annual bonus	The 2017 annual bonus was subject to underlying profit before tax targets (two thirds of bonus) alongside a scorecard of strategic objectives closely aligned with the KPIs of the business (one third of bonus). The underlying profit before tax targets were as follows: threshold of £5.5m (25% payable), target of £6.05m (50% payable) and stretch of £7.65m (100% payable). Actual performance was £6.5m which resulted in 63% of maximum for this element being payable. This element of the bonus was adjusted upwards by 33% (to 84% of maximum) to reflect the recovery of £1.17m of the misappropriated funds relating to the fraud discovered at one of our subsidiary companies in 2016 (£700k on a net of costs basis) – last year two-thirds of the financial element of the bonus had been scaled back and withheld in light of the non-recurring costs incurred as a result of the fraud; for Mark Lawrence this adjustment resulted in an additional payment for 2017 of £61,384 (2016: bonus of £186,930 withheld) and for Mike Crowder of £52,363 (2016: bonus of £159,460 withheld) (no adjustment was made to Martin Walton's bonus further to his stepping down from the Board on 2nd February 2018). Performance against strategic objectives was strong and resulted in 80% of maximum for this element being payable. Overall this resulted in a bonus of 83% of the maximum (124% of salary) for Mark Lawrence and Mike Crowder. Martin Walton was paid a bonus of £75,000 for 2017 as part of his termination payment.
Long-term incentives	The value of LTIP awards that vest in respect of a performance period that is completed by the end of the relevant financial year. For 2017 this includes the 2015 LTIP awards which will vest in full on 29th April 2018. The value is based on a share price of 77.66p, which is the average share price for the last quarter of 2017. The performance conditions are detailed on page 66. EPS growth over the three year period to 31st December 2017 was 295%. The 2014 LTIP awards lapsed, so nothing is disclosed for 2016.
Pension-related benefits	Pensions are calculated based on HMRC's pension input method. Details of accrued pensions can be found on page 67.

Directors' interests and Minimum Shareholding Requirement ('MSR') (audited)

Directors' interests in the issued share capital of TClarke plc are set out below. There is a MSR for the Executive Directors whereby each Executive Director is required to build and maintain a holding of 30,000 shares in TClarke plc. For Non-Executive Directors, the MSR requirement is 2,000 shares in TClarke plc as defined in the Company's Articles of Association.

The beneficial interests of Directors in the Ordinary share capital of TClarke plc at 31st December 2017 and 31st December 2016 were:

	At 31st December 2017 10p Ordinary shares	At 31st December 2016 10p Ordinary shares	Outstanding conditional share awards[2]	Outstanding conditional options[2]	Outstanding options held under SAYE	MSR achieved at 31st December 2017
Mark Lawrence	41,273	39,607	265,000	30,000	10,322	100%
Mike Crowder	33,273	31,607	250,000	30,000	10,322	100%
Martin Walton	31,273	29,607	235,000	30,000	10,322	100%
Iain McCusker	2,000	2,000	–	–	–	100%
Beverley Stewart[1]	21,000	21,000	–	–	–	100%
Tony Giddings	2,000	2,000	–	–	–	100%
Mike Robson	2,000	2,000	–	–	–	100%

1 Beverley Stewart retired from the Board on 5th May 2017 and held 21,000 shares as at that date.

2 The outstanding conditional share awards and outstanding conditional options are subject to performance conditions.

There have been no changes to Directors' interests since 31st December 2017 other than the lapsing of Martin Walton's share awards and options on his resignation from the Board on 2nd February 2018.

Annual Report on Remuneration continued

The Directors' interests over shares as a result of their participation in the TClarke Equity Incentive Plan ('EIP') are as follows:

	Award date	01/01/2017 Number	Granted	Lapsed	31/12/2017 Number	Exercise price	Earliest date of exercise	Date of expiry
Mark Lawrence								
Conditional shares	29/04/2014	85,000	–	85,000	–	–	–	–
Conditional shares	29/04/2015	90,000	–	–	90,000	–	29/04/2018	29/04/2025
Conditional shares	20/04/2016	60,000	–	–	60,000	–	20/04/2019	20/04/2026
Conditional shares	08/05/2017	–	115,000	–	115,000	–	08/05/2020	08/05/2027
Conditional options	20/04/2016	30,000	–	–	30,000	88.5p	20/04/2019	20/04/2026
Mike Crowder								
Conditional shares	29/04/2014	85,000	–	85,000	–	–	–	–
Conditional shares	29/04/2015	90,000	–	–	90,000	–	29/04/2018	29/04/2025
Conditional shares	20/04/2016	60,000	–	–	60,000	–	20/04/2019	20/04/2026
Conditional shares	08/05/2017	–	100,000	–	100,000	–	08/05/2020	08/05/2027
Conditional options	20/04/2016	30,000	–	–	30,000	88.5p	20/04/2019	20/04/2026
Martin Walton								
Conditional shares	29/04/2014	85,000	–	85,000	–	–	–	–
Conditional shares	29/04/2015	90,000	–	–	90,000	–	29/04/2018	29/04/2025
Conditional shares	20/04/2016	60,000	–	–	60,000	–	20/04/2019	20/04/2026
Conditional shares	08/05/2017	–	85,000	–	85,000	–	08/05/2020	08/05/2027
Conditional options	20/04/2016	30,000	–	–	30,000	88.5p	20/04/2019	20/04/2026

The conditional share awards and options will vest subject to continued employment with the Group and satisfaction of the following performance conditions over a three-year period ending 31st December preceding the earliest vesting date.

Annual growth in EPS above RPI[1]	Proportion of award vesting
Less than 3%	Nil
3%	25%
Between 3% and 10%	Between 25% and 100% on a straight-line basis
Above 10%	100%

1 For the year 2014, the base point from which performance was measured was based on basic EPS for the year preceding the date of grant. For awards from 2015 onwards, the base point is based on average underlying EPS for the three years ending with the year preceding date of grant.

Following his resignation from the Board on 2nd February 2018, the outstanding EIP awards in the name of Martin Walton lapsed on that date under the rules of the EIP.

The Directors' interests in the TClarke Savings Related Share Option Scheme ('SAYE Scheme') are as follows:

	Award date	01/01/2017 Number	Granted	Lapsed	Exercised[1]	31/12/2017 Number	Exercise price	Earliest date of exercise	Date of expiry
Mark Lawrence	11/10/2013	1,666	–	–	1,666	–	54.00p	01/01/2017	30/06/2017
	08/10/2015	10,322	–	–	–	10,322	69.75p	01/12/2018	31/05/2019
Mike Crowder	11/10/2013	1,666	–	–	1,666	–	54.00p	01/01/2017	30/06/2017
	08/10/2015	10,322	–	–	–	10,322	69.75p	01/12/2018	31/05/2019
Martin Walton	11/10/2013	1,666	–	–	1,666	–	54.00p	01/01/2017	30/06/2017
	08/10/2015	10,322	–	–	–	10,322	69.75p	01/12/2018	31/05/2019

1 Options exercised on 31st March 2017.

The market price of a 10p Ordinary share on 29th December 2017 (being the last day of trading of 2017) was 81.38p and the range during the year ended 31st December 2017 was 59.25p to 93.25p.

Following his resignation from the Board on 2nd February 2018, the outstanding SAYE award in the name of Martin Walton lapsed on that date under the rules of the SAYE.

External appointments

Mark Lawrence and Mike Crowder do not hold any external appointments. Trevor Mitchell is a Director of It's Purely Financial Limited.

Pension scheme (audited)

Details of the accrued pension benefits that the Executive Directors would be entitled to on leaving service are as follows:

	Total pension accrued at 31.12.16 £ p.a.	Increase in accrued pension (including inflation) £ p.a.	Increase in accrued pension (excluding inflation) £ p.a.	Total pension accrued at 31.12.17 £ p.a.	Transfer value of accrued pension at 31.12.16 £	Increase in transfer value less Director's contributions £	Transfer value of accrued pension at 31.12.17 £
Mark Lawrence	67,813	9,218	7,184	77,031	1,356,253	120,978	1,540,614
Mike Crowder	69,256	8,997	6,920	78,254	1,385,125	119,141	1,565,074
Martin Walton	21,493	3,774	3,129	25,266	429,858	45,880	505,329

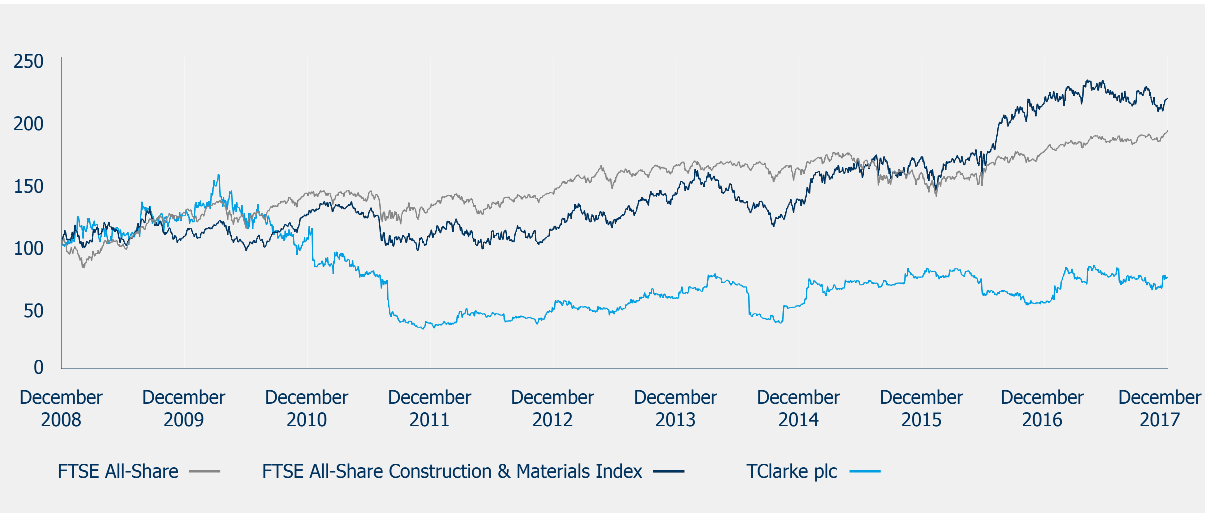
Inflationary increases were assumed to be 3% per annum during 2017 in line with increases in the Consumer Price Index during the year.

Annual Report on Remuneration continued

Performance graph (audited)

The graph below shows the total shareholder return that would have been obtained over the past nine years by investing £100 in shares of TClarke plc on 31st December 2008 and £100 in a notional investment in the FTSE All-Share Index and the FTSE All-Share Construction & Materials Index on the same date. In all cases it has been assumed that all income has been reinvested. The FTSE All-Share Index and the FTSE All-Share Construction & Materials Index are considered to be the most appropriate broad equity indices to use as a comparison because the Company is a constituent of both.

Shareholder return 2009–2017



Total remuneration (audited)

The total remuneration figures for the Chief Executive during each of the last nine financial years are shown in the table below. The total remuneration figure includes the annual bonus based on that year's performance and LTIP awards based on three-year performance periods ending in the relevant year. The annual bonus payout and LTIP vesting level as a percentage of the maximum opportunity are also shown for each of these years.

	2009[1]	2010	2011	2012	2013	2014	2015	2016	2017
Total remuneration (£000s)	231	234	245	266	308	300	436	567	**871**
Annual bonus (%)	0%	0%	0%	0%	9%	0%	24%	32%	**69%**
LTIP vesting (%)	0%	0%	0%	0%	0%	0%	0%	0%	**100%**

1 Pat Stanborough held the position of CEO in 2009.

Percentage change in Chief Executive's remuneration

The table below shows the percentage change in the Chief Executive's salary, benefits and annual bonus between the financial year ended 31st December 2016 and 31st December 2017, compared with that of the total amounts for all UK employees of the Group for each of these elements of pay.

	2017 £k	2016 £k	% change
Salary			
Chief Executive	**293.0**	279.0	5.0%
UK employee average	**45.2**	44.1s	2.5%
Benefits			
Chief Executive	**23.8**	23.5	1.3%
UK employee average	**2**	2	0%
Annual bonus			
Chief Executive	**363.2**	189.7	91.5%
UK employee average	**1.67**	1.66	0.6%
Average number of UK employees	**1,348**	1,331	

Relative importance of spend on pay

The following table shows the Group's total spend on pay relative to dividends and total operating expenses. Total operating expenses comprise cost of sales and administrative expenses before amortisation of intangible assets and non-recurring costs.

	2017 £m	2016 £m	% change
Staff costs	**70.3**	67.1	4.8%
Dividends	**1.4**	1.3	7.7%
Total operating expenses	**304.0**	271.7	11.9%

Service contracts and letters of appointment

Mark Lawrence and Mike Crowder have 12-month notice periods from the Company (and 12 months from the Executive Director) in accordance with their service agreements. Trevor Mitchell has signed a fixed-term service agreement for one year until 31st January 2019.

Non-Executive Directors have letters of appointment which include initial terms of three years.

Consideration by the Directors of matters relating to Directors' remuneration

The Company's approach to the Chairman's and Executive Directors' remuneration is determined by the Board on the advice of the Remuneration Committee.

The members of the Remuneration Committee (all of whom were independent Non-Executive Directors) during the year under review were as follows:

- Tony Giddings (Chair)
- Beverley Stewart (retired 5th May 2017)
- Mike Robson
- Iain McCusker

Biographical information on the Committee members and details of attendance at the Remuneration Committee's meetings during the year are set out on pages 43 and 48 respectively.

The Remuneration Committee has access to independent advice where appropriate. New Bridge Street ('NBS') (a trading name of Aon Hewitt Ltd, an Aon plc company) was appointed by the Committee in 2016 to provide independent advice on remuneration matters.

Representatives from NBS attend Committee meetings on invitation and provide advice to the Committee Chairman outside of meetings as necessary. In 2017, NBS provided specific advice to the Committee in respect of its review of the Company's remuneration policy for Directors. NBS also provided advice in relation to the operation of the Company share schemes. Fees are charged on a cost incurred basis and for advice to the Committee totalled £12,600 in the year ended 31st December 2017. NBS is a member of the Remuneration Consultants Group and operates voluntarily under the Group's code which sets out the scope and conduct of the role of executive remuneration consultants when advising UK listed companies. NBS does not undertake any other work for the Company, and the Committee is satisfied that the advice provided by NBS remains objective and independent.

The Committee also receives input from the Chief Executive and advice from the Company Secretary. No individuals are present when their own remuneration is being discussed.

Annual Report on Remuneration continued

Statement of voting at Annual General Meeting

The Company remains committed to ongoing shareholder dialogue and takes a keen interest in voting outcomes. The following table sets out voting outcomes in respect of the resolutions relating to approving Directors' remuneration matters at the Company's AGM on 5th May 2017:

Resolution	Votes for/ discretionary	% of vote	Votes against	% of vote	Votes withheld
Approval of Directors' Remuneration Policy	11,224,216	99.55%	50,564	0.43%	38,800
Approval of Directors' remuneration report	11,230,066	99.60%	44,807	0.38%	38,707
Approval of amendments to the Equity Incentive Plan	11,235,989	99.55%	51,263	0.44%	26,328

Implementation of the remuneration policy for the year ending 31st December 2018

A summary of how the Directors' Remuneration Policy will be applied during the year ending 31st December 2018 is set out below.

Basic salary

Increases for 2018 are shown below. The Executive Directors' salaries were increased by 3% effective 1st January 2018.

Director	2018	2017	% increase
Mark Lawrence	**£301,800**	£293,000	3%
Mike Crowder	**£257,500**	£250,000	3%
Trevor Mitchell[1]	**£224,500**	N/A	N/A
Martin Walton[2]	**£224,500**	£218,000	3%

1 Trevor Mitchell was appointed a Director on 1st February 2018.
2 Martin Walton resigned as a Director on 2nd February 2018.

Pension arrangements

The Company operated a defined benefit pension and death benefits scheme of which Mark Lawrence and Mike Crowder are members. The defined benefits scheme is closed to new members. The life assurance benefit is four time pensionable salary.

Where the promised levels of benefits cannot be provided through the appropriate scheme, the Group can continue to provide benefits through the provision of salary supplements.

Trevor Mitchell will not receive any pension from the Company.

Annual bonus

The maximum bonus potential for the year ending 31st December 2018 is 150% of salary for all the Executive Directors.

Awards are determined based on a combination of both the Group's financial results, being growth in Group profit before tax (two-thirds of overall bonus) and strategic targets (one third of overall bonus) being met.

Maximum bonus will only be payable when both the financial results of the Group have significantly exceeded expectations and all strategic targets have been met.

The measures have been selected to reflect a range of key financial and operational goals which support the Company's strategic objectives. The respective targets have not been disclosed as they are considered by the Board to be commercially sensitive. However, retrospective disclosure of the targets and performance against them will be provided in the remuneration report for the year ending 31st December 2018 provided that they do not remain commercially sensitive at that time.

The Executive Directors' performance will be assessed individually by the Committee against the measures and targets, relying on audited information where appropriate, and having regard to the value which has been created for shareholders.

Long-term incentives

Consistent with past awards, LTIP awards that will be granted in 2018 will vest subject to continued employment with the Group and satisfaction of the following performance conditions over a three-year period ending on 31st December 2020.

Annual growth in EPS above RPI[1]	Proportion of award vesting
Less than 3%	Nil
3%	25%
Between 3% and 10%	Between 25% and 100% on a straight-line basis
Above 10%	100%

1 Base point from which performance is measured is based on average underlying EPS for the three years ended 31st December 2017.

Non-Executive Directors

The Company's approach to Non-Executive Directors' remuneration is set by the Board with account taken of the time and responsibility involved in each role. No additional fees are paid in respect of membership of any Board committees. A summary of current fees is shown in the table below, which includes an increase of 3% effective 1st January 2018. The Chairman's fee was further reviewed and the fee was found to be significantly below market comparisons for similar roles in companies of a similar size and complexity. The fee has therefore been increased by 10%, in addition to the 3% increase awarded to the other Non-Executive Directors, in order to move it towards a level that better reflects the time commitment associated with the role.

Non-Executive Directors	2018	2017	% increase
Iain McCusker	**£63,300**	£56,000	13%
Peter Maskell	**£46,900**	N/A	N/A
Tony Giddings	**£46,900**	£45,500	3%
Mike Robson	**£46,900**	£45,500	3%

By order of the Board

Tony Giddings
Chair of the Remuneration Committee
27th March 2018

Directors' report

The Directors' report should be read in conjunction with the Strategic report on pages 4 to 41 and the Corporate Governance report on pages 46 to 71, both of which form part of this Directors' report. The Directors' report comprises sections of the Annual Report incorporated by reference as set out below which, taken together, contain the information to be included in the Annual Report, where applicable, under Listing Rule 9.8.4.

Going concern	Page 93
Board membership	Pages 42 and 43
Dividends	Page 40
Directors' long-term incentives	Pages 56 to 71
Corporate Governance report	Pages 46 to 71
Future developments of the business of the Group	Pages 11 to 25
Employee equality, diversity and involvement	Pages 30 and 31
Carbon emissions	Page 28
Information to the independent auditor	Page 75
Dividend waiver	Page 94
Financial risk management	Pages 124 to 127
Subsidiaries	Pages 129 and 130

Directors

The following Directors served during the year ended 31st December 2017 and as at the date of this report, except as indicated:

Name	Appointment
Iain McCusker	Chairman
Tony Giddings	Senior Independent Non-Executive Director
Mike Robson	Non-Executive Director
Mark Lawrence	Group Chief Executive Officer
Mike Crowder	Group Managing Director
Martin Walton	Group Finance Director (resigned 2nd February 2018)
Beverley Stewart	Non-Executive Director (retired 5th May 2017)
Peter Maskell	Non-Executive Director (appointed 1st January 2018)
Trevor Mitchell	Group Finance Director (appointed 1st February 2018)

Brief biographies of current serving Directors, indicating their experience and qualifications, can be found on page 43.

The Articles of Association require that one-third of the Directors shall retire by rotation each year and become eligible for re-election. This excludes those Directors who may be newly appointed during the year, who are eligible for election at the next Annual General Meeting ('AGM'). At the forthcoming AGM on 18th May 2018, Tony Giddings and Mark Lawrence will retire and offer themselves for re-election and Peter Maskell and Trevor Mitchell will offer themselves for election, having been appointed as Directors since the last AGM.

Powers of Directors

The powers of the Directors are determined by the Company's Articles of Association, the Companies Act 2006 and the directions given by the Company by resolutions passed in general meetings. The Directors are authorised by the Articles of Association to issue and allot Ordinary shares, to disapply statutory pre-emption rights and to make market purchases of the Company's shares. The Directors currently have shareholder approval for the issue of Ordinary share capital up to a maximum amount of £1,394,318 and for the buyback of Ordinary shares up to a maximum aggregate of 10% of the issued Ordinary share capital. The Directors will be seeking to renew their authorities at the forthcoming Annual General Meeting.

Share capital

The Company's share capital consists of Ordinary shares with a nominal value of 10p each. The issued share capital as at 31st December 2017 and 27th March 2018 was £4,182,957.70, consisting of 41,829,577 Ordinary shares of 10p each. The Company's issued Ordinary shares are fully paid and rank equally in all respects. There are no restrictions on the size of a holding nor on the transfer of Ordinary shares in the Company or on the exercise of voting rights attached to them, save that:

- 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 Listing Rules of the Financial Conduct Authority, whereby certain employees of the Company require the approval of the Company to deal in the Company's shares.

Further details on share capital are shown in note 20 to the financial statements on pages 114 to 117.

Substantial shareholdings

Notifications of the following voting interests in the Company's Ordinary share capital had been received by the Company (in accordance with Chapter 5 of the FCA's Disclosure and Transparency Rules) as at 31st December 2017 and 27th March 2018:

	Number of shares held at 31st December 2017	% of voting rights held	Number of shares held at 27th March 2018	% of voting rights held
Miton Group Plc	7,385,611	17.66	7,385,611	17.66
Hargreaves Lansdown Stockbrokers	2,456,595	5.87	2,456,595	5.87
Barclays Stockbrokers	2,198,869	5.26	2,198,869	5.26
Walker Crips Wealth Management Ltd	2,189,190	5.23	2,189,190	5.23
Interactive Investor	1,740,829	4.16	1,740,829	4.16
Charles Stanley & Co. Ltd	1,364,585	3.26	1,364,585	3.26

The information shown above was correct at the time of disclosure, however the date received may not have been within the current financial reporting period. It should also be noted that these holdings may have changed since the Company was notified, however, notification of any change is not required until the next notifiable threshold is crossed.

Significant agreements – change of control

The Directors are not aware of any significant agreements that take effect, alter or terminate upon a change of control of the Company following a takeover bid.

The Company has an Equity Incentive Plan ('EIP') in place for Directors and senior management, and an employee share save scheme in place which is available to all employees. The rules of the EIP provide that awards made under the EIP may vest on a change of control of the Company, at the discretion of the Remuneration Committee. The rules of the 2015 Savings Related Share Option Scheme provide that in the event of a change of control, outstanding options may be exchanged or replaced with similar options on the same terms. Further details on employee share schemes are disclosed in note 20 to the financial statements on pages 114 to 117.

There are no other known agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

Significant interests

Save for interests in service agreements, none of which extend beyond 12 calendar months, the Directors have no material interest in any contract of significance that would have required disclosure under the continuing obligations of the Financial Conduct Authority Listing Rules, nor have they any beneficial interest in the issued share capital of the subsidiary companies.

Qualifying third party indemnities

The Articles of Association of the Company entitle the Directors, to the extent permitted by the Companies Act 2006 and other applicable legislation, to be indemnified out of the assets of the Company in the event that they suffer any expenses in connection with certain proceedings relating to the execution of their duties as Directors of the Company.

In addition, the Company has in place insurance in favour of its Directors and officers in respect of certain losses or liabilities to which they may be exposed due to their office up to a limit of £10 million.

Research and development

The Group undertakes research and development activity in creating innovative design and construction solutions integral to the delivery of its projects. The direct expenditure incurred is not separately identifiable as the investment is usually contained within the relevant project.

Political donations

The Group made no political donations during the year ending 31st December 2017 (2016: £nil).

Events after the balance sheet date

There have been no significant events since the balance sheet date which would have a material effect on the financial statements.

Company status

So far as the Directors are aware, the Company is not a close company.

Directors' report continued

Auditor

As far as each Director who is in office at the time when the Directors' report is approved is aware, there is no relevant audit information of which the Company's auditor is unaware, and each such Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418(2) of the Companies Act 2006.

A resolution is to be proposed at the AGM for the reappointment of PricewaterhouseCoopers LLP as auditor of the Company at a rate of remuneration to be determined by the Audit Committee.

Annual General Meeting ('AGM')

The AGM of the Company will be held at 200 Aldersgate, St Pauls, London EC1A 4HD at 10.00am on 18th May 2018. The Notice convening the AGM, together with details of the special business to be considered and explanatory notes for each resolution, is contained in a separate circular sent to shareholders. It is also available to be viewed on the Company's website.

Approved by the Directors and signed on behalf of the Board.

David Lanchester
Company Secretary
27th March 2018

TClarke plc is registered in England No. 119351.

Statement of Directors' responsibilities in respect of the financial statements

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are also responsible for safeguarding the assets of the Group and parent 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 parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and parent company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Board of Directors section on pages 42 and 43, confirm that, to the best of their knowledge:

- the parent company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and result of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

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

On behalf of the Board

Trevor Mitchell
Finance Director

Iain McCusker
Chairman

27th March 2018
TClarke plc
Registered number: 119351

Independent auditors' report to the members of TClarke plc
Report on the audit of the financial statements

Opinion
In our opinion, TClarke 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 31st December 2017 and of the group's profit and the group's and the parent company's cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and, as regards the parent company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report and Financial Statements (the 'Annual Report'), which comprise: the consolidated and company statements of financial position as at 31st December 2017; the consolidated income statement and statement of comprehensive income, the consolidated and company statements of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

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

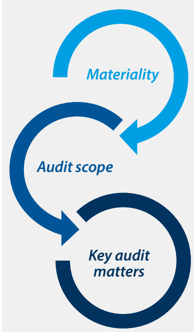
Independence
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company.

We have provided no non-audit services to the group or the parent company in the period from 1st January 2017 to 31st December 2017.

Our audit approach

Overview



- Overall group materiality: £626,000 (2016: £570,000), based on 0.25% of average revenue for the last five years.
- Overall parent company materiality: £484,000 (2016: £513,000), based on 1% of total assets.

- The majority of our audit work was conducted from the head office in London, with component audit teams based in Scotland and the North.
- We met with management from across all four regions in the course of the audit.

- Revenue recognition and long term contract accounting in respect of construction contracts.
- Defined benefit pension plan liabilities.
- Goodwill and intangible assets impairment assessment.

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates, and considered the risk of acts by the group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at group and significant component level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the group and parent company financial statements, including, but not limited to, the Companies Act 2006, the Listing Rules, Pensions legislation and UK tax legislation. Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation, review of correspondence with the regulators, review of correspondence with legal advisors, enquiries of management and review of significant component auditors' work. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Revenue recognition and long term contract accounting in respect of construction contracts We focused on the revenue and profit recognised on long term contracts because they result in material balances, involve judgements and can be complex. IFRS requires revenue to be recognised over the course of the contract, using a 'percentage completion' method. If a project is, or is forecast to be, loss making, it requires the full loss to be recognised. The Group generates revenue from long term contracts relating mainly to mechanical and electrical services. The percentage completion of contracts is calculated based on the amount of costs incurred to date compared with the total expected costs to be incurred on the project, except where this would not be representative of the stage of completion. Forecast end of life costs are inherently subjective.	We selected a sample of contracts to test, based on both quantitative and qualitative criteria including: • high levels of revenue recognised in the year; • low margin or loss-making contracts; and • contracts with high balance sheet exposure at the year-end. We obtained an understanding of and evaluated management's own process and controls for reviewing long-term contracts (including the process for identifying loss-making and/or higher risk contracts and assessing the supporting revenue recognition and cost estimates, including contract variations) and gained an understanding of the key judgements involved and background to the specific contracts selected in our sample. To supplement the detailed substantive testing described below, we tested the operational effectiveness of the controls in place. For our sample of contracts, we focused on the significant judgements adopted by management in relation to the revenue and margin recognition, and, in particular, judgements with respect to the percentage completion, by: • obtaining an understanding of the contract and its particulars; • agreeing forecast revenue to signed contracts, signed variations or other supporting documentation; • tracing a sample of variations to supporting certifications or instructions from clients; • holding discussions with management to understand and challenge areas of judgement taken; • where necessary, reviewing third party expert advice obtained in respect of those judgements; • reconciling revenue recognised with amounts applied for and amounts certified by clients and confirming, using our industry knowledge and experience, that the reconciling items were appropriate; • re-performing the key calculations behind the margin applied, the profit taken and the stage of completion, as well as balance sheet exposure;

Independent auditors' report to the members of TClarke plc
Report on the audit of the financial statements continued

Key audit matter	How our audit addressed the key audit matter
	• assessing the recoverability of balance sheet items by comparing to external certification of the value of work performed; and • agreeing forecast costs to complete to documentary evidence (such as orders signed with subcontractors or supporting calculations) and applying industry knowledge and experience to challenge the completeness of the forecast costs to completion. Based on all of the evidence obtained in the above procedures, we are satisfied the revenue and profit recognised by management is supportable.
Defined benefit pension plan liabilities The Group operates a funded defined benefit scheme for qualifying employees which was closed to new members after 31st December 2014. The scheme has assets of £36.6m and post-retirement liabilities of £60.0m which are significant in the context of the overall balance sheet of the Group. The valuation of the pension liabilities requires significant levels of judgement and technical expertise in choosing appropriate assumptions. Unfavourable changes in a number of the key assumptions (including salary increases, inflation, discount rates and mortality) can have a material impact on the calculation of the liability. As a result of the size of the pension scheme deficit and the judgements inherent in the actuarial assumptions driving the valuation of the pension obligation, we considered this to be an area of focus.	We obtained the actuarial valuation at 31st December 2017 and tested the valuation of the pension liabilities as follows: • We agreed the discount and inflation rates used in the valuation of the pension liability to our internally developed benchmarks, finding these to be within an acceptable range. Our benchmarks are based on our view of relevant economic indicators; • We discussed with the Directors the rationale for the discount rate used and whether the methodology used to derive it was appropriate; and • We tested the Directors' assumptions around inflation and mortality rates by comparing them to, and finding them consistent with, national and industry averages, recognising the particular economic and health and safety factors that affect the construction industry. There was no new census data in the year so we assessed the assumptions made by the actuary in rolling forward the information from the most recent census data. We did not identify any issues within our testing and were satisfied the assumptions applied are within an appropriate range.

Key audit matter	How our audit addressed the key audit matter
Goodwill and intangible assets impairment assessment We focused on this area because the Directors' assessment of the carrying value of goodwill and intangible assets involves complex and subjective judgements about the future results of the business. No impairment was recognised during the year. We focused on those Cash Generating Units (CGUs) we considered to carry more judgement because of current year losses or historic underperformance against budgets, or for which management's impairment assessment model gave lower headroom relative to other CGUs. We paid particular attention to the South West CGU given underperformance against budget in recent years, and also noted the lower headroom in the North West and Scotland CGUs.	We evaluated the Directors' future cash flow forecasts, which were prepared to a sufficiently detailed level, including: • comparing them to the latest Board approved budgets; • testing the integrity of the underlying calculations; • comparing 2017 financial performance to budget and understanding the drivers of improvement in profitability; and • performing sensitivity analysis around the key drivers of the cash flow forecasts, in particular the revenue growth and margin assumptions; and • challenging the discount rate used by independently recalculating the cost of capital, which was consistent with the discount rate used. TClarke South West CGU has been loss making historically, the carrying value of the goodwill is dependent on the CGU's ability to make profits from 2018 onwards. We specifically tested: • the level of secured work by tracing it to supporting orders; and • the 2018 financial performance to budget and understood the drivers of improvement in profitability. We noted the value in use of this business is more sensitive to changes in the assumptions concerning future revenue growth than assumptions surrounding the discount rate. Further, our testing of the South West CGU included sensitivity analysis around the key drivers of the cash flow forecasts, in particular the revenue growth and margin assumptions. Having ascertained the extent of change in those assumptions that either individually or collectively would be required for the goodwill and intangible assets to be impaired, we considered the likelihood of such movement arising in those key assumptions. The Directors have built increased profitability into their forecasts for the CGU and, we challenged them on the realistic impact of the actions they have taken and intend to take to improve the profitability. Although we considered the Directors' expectations of the impact of their actions to be reasonable in light of the evidence available, failure to meet these forecasts and to generate a profit may result in impairment of the goodwill and investment value associated with the TClarke South West CGU in future years. We also examined the disclosures made in the financial statements and concluded they are appropriate. Management have also presented sensitivity analysis in respect of the other CGUs. We examined the disclosures made in the financial statements (including in respect of the North West and Scotland CGUs) and compared these to the sensitivity analyses performed by management. We concluded that the disclosures are appropriate.

We determined that there were no key audit matters applicable to the parent company to communicate in our report.

Independent auditors' report to the members of TClarke plc
Report on the audit of the financial statements continued

How we tailored the audit scope

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

The Group, which is structured into four regional trading segments, is subdivided into 21 legal entities (of which 12 are either non-trading or dormant) for the purposes of financial reporting. We have performed a full scope audit over all nine active entities.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the reporting units by us, as the Group engagement team, or component teams from PwC operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components, in order to be able to conclude whether sufficient appropriate audit evidence had been obtained, as a basis for our opinion on the Group financial statements as a whole.

The majority of our Group audit work, including the audit of the consolidation, was conducted from the head office in London as this is where the key accounting processes and controls are undertaken. We also received reporting from two component auditor teams from PwC in the UK and attended the planning and clearance meetings with the component auditors. Together, the Group and component teams met with representatives from across all four regions to obtain a comprehensive understanding from local management of key matters that had arisen in the year. All work supporting the parent company audit was performed at the head office in London.

Materiality

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

	Group financial statements	Parent company financial statements
Overall materiality	£626,000 (2016: £570,000).	• £484,000 (2016: £513,000).
How we determined it	0.25% of average revenue for the last five years.	• 1% of total assets.
Rationale for benchmark applied	We used revenue as a basis for materiality as the Group's profit margins have historically been low, consistent with the industry as a whole, and therefore revenue is used by the Group as a key performance indicator. An average measure was applied to avoid the volatility caused by fluctuations in revenue over the business cycle.	• We used total assets as a basis for materiality as the parent company does not generate external revenue and we believe that total assets is a more appropriate benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £76,000 and £595,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audits above £31,300 (2016: £28,500) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group's and the parent company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006, (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31st December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

Corporate Governance Statement

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on pages 47 to 50) about internal controls and risk management systems in relation to financial reporting processes and about share capital structures in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA ("DTR") is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in this information. (CA06)

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on pages 47 to 50) with respect to the parent company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. (CA06)

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the parent company. (CA06)

Independent auditors' report to the members of TClarke plc
Report on the audit of the financial statements continued

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

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 50 of the Annual Report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 36 of the Annual Report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the group and statement in relation to the longer-term viability of the group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 50, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the group's and parent company's position and performance, business model and strategy is materially inconsistent with our knowledge of the group and parent company obtained in the course of performing our audit.
- The section of the Annual Report on pages 51 to 54 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements set out on page 75, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the members on 13th May 2011 to audit the financial statements for the year ended 31st December 2011 and subsequent financial periods. The period of total uninterrupted engagement is 7 years, covering the years ended 31st December 2011 to 31st December 2017.

Matthew Mullins
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27th March 2018

Consolidated income statement

for the year ended 31st December 2017

	Note	**2017** Underlying items £m	**2017** Non-underlying items £m	**2017** Total £m	2016 Underlying items £m	2016 Non-underlying items £m	2016 Total £m
Continuing operations:							
Revenue	5	**311.2**	**–**	**311.2**	278.6	–	278.6
Cost of sales		**(273.0)**	**–**	**(273.0)**	(246.2)	–	(246.2)
Gross profit		**38.2**	**–**	**38.2**	32.4	–	32.4
Other operating income		**0.1**	**–**	**0.1**	0.2	–	0.2
Administrative expenses							
Amortisation of intangible assets	7	**–**	**(0.2)**	**(0.2)**	–	(0.2)	(0.2)
Non-underlying costs	7	**–**	**0.8**	**0.8**	–	(2.3)	(2.3)
Other administrative expenses		**(31.0)**	**–**	**(31.0)**	(25.7)	–	(25.7)
Total administrative expenses		**(31.0)**	**0.6**	**(30.4)**	(25.7)	(2.5)	(28.2)
Profit/(loss) from operations	7	**7.3**	**0.6**	**7.9**	6.9	(2.5)	4.4
Finance income	6	**–**	**–**	**–**	–	–	–
Finance costs	6	**(0.8)**	**–**	**(0.8)**	(0.7)	–	(0.7)
Profit/(loss) before taxation		**6.5**	**0.6**	**7.1**	6.2	(2.5)	3.7
Taxation	9	**(1.3)**	**(0.2)**	**(1.5)**	(1.3)	0.5	(0.8)
Profit/(loss) from continuing operations		**5.2**	**0.4**	**5.6**	4.9	(2.0)	2.9
Loss for the year from discontinued operations	10	**–**	**–**	**–**	–	(0.5)	(0.5)
Profit/(loss) for the financial year		**5.2**	**0.4**	**5.6**	4.9	(2.5)	2.4
Earnings/(loss) per share from continuing operations:							
Attributable to owners of TClarke plc							
Basic	11	**12.37p**	**1.07p**	**13.44p**	11.60p	(4.86)p	6.74p
Diluted	11	**12.13p**	**1.04p**	**13.17p**	11.20p	(4.70)p	6.50p
Earnings/(loss) per share:							
Attributable to owners of TClarke plc							
Basic	11	**12.37p**	**1.07p**	**13.44p**	11.60p	(6.15)p	5.45p
Diluted	11	**12.13p**	**1.04p**	**13.17p**	11.20p	(5.95)p	5.25p

Consolidated statement of comprehensive income

for the year ended 31st December 2017

	2017 £m	2016 £m
Profit for the year	**5.6**	2.4
Other comprehensive expense		
Items that will not be reclassified to profit or loss		
Actuarial loss on defined benefit pension scheme	**(2.3)**	(6.3)
Other comprehensive expense for the year, net of tax	**(2.3)**	(6.3)
Total comprehensive income/(expense) for the year	**3.3**	(3.9)

Consolidated statement of financial position
as at 31st December 2017

	Note	2017 £m	2016* £m
Non-current assets			
Intangible assets	12	**25.3**	22.8
Property, plant and equipment	13	**4.9**	3.9
Deferred tax assets	15	**3.8**	3.3
		34.0	30.0
Current assets			
Inventories	16	**0.5**	0.6
Amounts due from customers under construction contracts	17	**26.4**	35.9
Trade and other receivables	18	**67.3**	42.7
Cash and cash equivalents	21	**16.7**	12.3
		110.9	91.5
Total assets		**144.9**	121.5
Current liabilities			
Amounts due to customers under construction contracts	17	**(5.5)**	(2.5)
Trade and other payables	19	**(93.0)**	(81.0)
Current tax liabilities		**(1.5)**	(0.2)
Obligations under finance leases	25	**(0.1)**	(0.1)
		(100.1)	(83.8)
Net current assets		**10.8**	7.7
Non-current liabilities			
Bank loans	22	**(5.0)**	(3.0)
Other payables	19	**–**	–
Retirement benefit obligations	24	**(23.4)**	(20.6)
		(28.4)	(23.6)
Total liabilities		**(128.5)**	(107.4)
Net assets		**16.4**	14.1
Equity attributable to owners of the parent			
Share capital	20	**4.2**	4.2
Share premium	20	**3.1**	3.1
ESOT reserve		**(0.8)**	(0.8)
Revaluation reserve		**0.5**	0.5
Retained earnings		**9.4**	7.1
Total equity		**16.4**	14.1

* See note 17.

The financial statements on pages 84 to 130 were approved by the Board of Directors on 27th March 2018 and were signed on its behalf by:

I McCusker
Director

M Lawrence
Director

Company statement of financial position

as at 31st December 2017

	Note	**2017 £m**	2016 £m
Non-current assets			
Property, plant and equipment	13	**–**	–
Investments	14	**41.7**	39.7
Deferred tax assets	15	**–**	–
		41.7	39.7
Current assets			
Trade and other receivables	18	**0.9**	0.2
Current tax receivables		**0.4**	–
Cash and cash equivalents	21	**5.4**	13.1
		6.7	13.3
Total assets		**48.4**	53.0
Current liabilities			
Trade and other payables	19	**(1.9)**	(4.3)
Current tax liabilities		**–**	(0.3)
		(1.9)	(4.6)
Net current assets		**4.8**	8.7
Non-current liabilities			
Bank loans	22	**(5.0)**	(3.0)
Intra-Group loans	19	**(25.6)**	(30.0)
Retirement benefit obligations	24	**–**	–
		(30.6)	(33.0)
Total liabilities		**(32.5)**	(37.6)
Net assets		**15.9**	15.4
Equity attributable to owners of the parent			
Share capital	20	**4.2**	4.2
Share premium	20	**3.1**	3.1
ESOT reserve		**(0.8)**	(0.6)
Retained earnings		**9.4**	8.7
Total equity		**15.9**	15.4

The Company has taken advantage of the exemption conferred by section 408 of the Companies Act 2006 from presenting its own income statements. The profit after tax for the year was £2.1 million (2016: £5.0 million).

The financial statements on pages 84 to 130 were approved by the Board of Directors on 27th March 2018 and were signed on its behalf by:

I McCusker
Director

M Lawrence
Director

Consolidated statement of cash flows

for the year ended 31st December 2017

	Note	**2017 £m**	2016 £m
Net cash generated from operating activities	21	**6.8**	4.0
Investing activities			
Acquisition of subsidiary, net of cash acquired		**(1.5)**	–
Purchase of property, plant and equipment		**(1.9)**	(0.2)
Receipts on disposal of property, plant and equipment		**0.3**	0.5
Net cash generated from investing activities		**(3.1)**	0.3
Financing activities			
Drawdown (repayment) of bank borrowing	20	**2.0**	(2.0)
Equity dividends paid	20	**(1.4)**	(1.3)
Acquisition of shares by ESOT	20	**(0.2)**	(1.5)
Disposal of shares by ESOT	20	**0.2**	1.1
Repayment of HP and finance lease obligations		**0.1**	–
		0.7	(3.7)
Net increase in cash and cash equivalents		**4.4**	0.6
Cash and cash equivalents at the beginning of the year	21	**12.3**	11.7
Cash and cash equivalents at the end of the year	21	**16.7**	12.3

Company statement of cash flows

for the year ended 31st December 2017

	Note	**2017 £m**	2016 £m
Net cash generated from operating activities	21	**(8.2)**	8.1
Investing activities			
Interest received		**–**	0.1
Investment in subsidiaries		**(1.5)**	(7.9)
Dividends received from subsidiaries		**1.6**	2.6
Net cash generated from investing activities		**0.1**	(5.2)
Financing activities			
Repayment of bank borrowing	20	**2.0**	(2.0)
Equity dividends paid	20	**(1.4)**	(1.3)
Movement in ESOT	20	**(0.2)**	(0.6)
		0.4	(3.9)
Net decrease in cash and cash equivalents		**(7.7)**	(1.0)
Cash and cash equivalents at the beginning of the year	21	**13.1**	14.1
Cash and cash equivalents at the end of the year	21	**5.4**	13.1

Consolidated statement of changes in equity

for the year ended 31st December 2017

	Attributable to owners of the parent					
	Share capital £m	Share premium £m	ESOT share reserve £m	Revaluation reserve £m	Retained earnings £m	Total £m
At 1st January 2016	4.2	3.1	(0.4)	0.6	12.1	19.6
Comprehensive expense						
Profit for the year	–	–	–	–	2.4	2.4
Other comprehensive expense						
Actuarial loss on retirement benefit obligation	–	–	–	–	(7.3)	(7.3)
Deferred income tax on actuarial loss on retirement benefit obligation	–	–	–	–	1.4	1.4
Effect of change in tax rate	–	–	–	–	(0.4)	(0.4)
Total other comprehensive expense	–	–	–	–	(6.3)	(6.3)
Total comprehensive expense	–	–	–	–	(3.9)	(3.9)
Transactions with owners						
Share-based payment credit	–	–	–	–	0.1	0.1
Shares acquired by ESOT	–	–	(0.9)	–	–	(0.9)
Shares distributed by ESOT	–	–	0.5	–	–	0.5
Dividends paid	–	–	–	–	(1.3)	(1.3)
Total transactions with owners	–	–	(0.4)	–	(1.2)	(1.6)
Transfers	–	–	–	(0.1)	0.1	–
At 31st December 2016	**4.2**	**3.1**	**(0.8)**	**0.5**	**7.1**	**14.1**
Comprehensive expense						
Profit for the year	**–**	**–**	**–**	**–**	**5.6**	**5.6**
Other comprehensive expense						
Actuarial loss on retirement benefit obligation	**–**	**–**	**–**	**–**	**(2.7)**	**(2.7)**
Deferred income tax on actuarial loss on retirement benefit obligation	**–**	**–**	**–**	**–**	**0.5**	**0.5**
Effect of change in tax rate	**–**	**–**	**–**	**–**	**–**	**–**
Total other comprehensive expense	**–**	**–**	**–**	**–**	**(2.2)**	**(2.2)**
Total comprehensive income	**–**	**–**	**–**	**–**	**3.4**	**3.4**
Transactions with owners						
Share-based payment credit	**–**	**–**	**–**	**–**	**0.3**	**0.3**
Shares acquired by ESOT	**–**	**–**	**(0.2)**	**–**	**–**	**(0.2)**
Shares distributed by ESOT	**–**	**–**	**0.2**	**–**	**–**	**0.2**
Dividends paid	**–**	**–**	**–**	**–**	**(1.4)**	**(1.4)**
Total transactions with owners	**–**	**–**	**–**	**–**	**(1.1)**	**(1.1)**
Transfers	**–**	**–**	**–**	**–**	**–**	**–**
At 31st December 2017	**4.2**	**3.1**	**(0.8)**	**0.5**	**9.4**	**16.4**

Company statement of changes in equity

for the year ended 31st December 2017

	Attributable to owners of the parent				
	Share capital £m	Share premium £m	ESOT share reserve £m	Retained earnings £m	Total £m
At 1st January 2016	4.2	3.1	(0.1)	11.2	18.4
Comprehensive expense					
Profit for the year	–	–	–	5.0	5.0
Other comprehensive expense					
Actuarial loss on retirement benefit obligation	–	–	–	(7.3)	(7.3)
Deferred income tax on actuarial loss on retirement benefit obligation	–	–	–	1.4	1.4
Effect of change in tax rate	–	–	–	(0.4)	(0.4)
Total other comprehensive expense	–	–	–	(6.3)	(6.3)
Total comprehensive expense	–	–	–	(1.3)	(1.3)
Transactions with owners					
Share-based payment credit	–	–	–	0.1	0.1
Loan repaid by ESOT	–	–	(0.5)	–	(0.5)
Dividends paid	–	–	–	(1.3)	(1.3)
Total transactions with owners	–	–	(0.5)	(1.2)	(1.7)
At 31st December 2016	**4.2**	**3.1**	**(0.6)**	**8.7**	**15.4**
Comprehensive expense					
Profit for the year	**–**	**–**	**–**	**2.1**	**2.1**
Other comprehensive expense					
Actuarial loss on retirement benefit obligation	**–**	**–**	**–**	**–**	**–**
Deferred income tax on actuarial loss on retirement benefit obligation	**–**	**–**	**–**	**–**	**–**
Effect of change in tax rate	**–**	**–**	**–**	**–**	**–**
Total other comprehensive expense	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**–**	**2.1**	**2.1**
Transactions with owners					
Share-based payment credit	**–**	**–**	**–**	**–**	**–**
ESOT movements	**–**	**–**	**(0.2)**	**–**	**(0.2)**
Dividends paid	**–**	**–**	**–**	**(1.4)**	**(1.4)**
Total transactions with owners	**–**	**–**	**–**	**(1.4)**	**(1.6)**
At 31st December 2017	**4.2**	**3.1**	**(0.8)**	**9.4**	**15.9**

Notes to the financial statements

for the year ended 31st December 2017

1 General information

TClarke plc is a public limited company listed on the London Stock Exchange, incorporated and domiciled in the United Kingdom. The address of its registered office and principal place of business is disclosed on page 131. The nature of the Group's operations and its principal activities are described in note 5 and in the Strategic report on pages 4 to 41.

2 Application of new and revised IFRSs

A New standards, interpretations and amended standards adopted by the Group

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1st January 2017, have had a material impact on the Group or Company.

B New standards, interpretations and amended standards in issue but not yet adopted by the Group

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Group or Company, except the following, set out below:

IFRS 9 Financial instruments

IFRS 9 introduced new requirements for the classification and measurement of financial instruments, including impairment requirements for financial assets. The key requirements of IFRS 9 are:

- All financial assets are required to be classified and measured, on initial recognition and subsequently, at either fair value or amortised cost. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.
- For financial liabilities, IFRS 9 retains most of IAS 39's requirements. The main change is that where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The Group is working towards the implementation of IFRS 9 with effect from 1st January 2018. It anticipates that the classification and measurement basis for its financial assets and liabilities will be unchanged by adoption of IFRS 9. The main impact of adopting IFRS 9 is likely to arise from the implementation of the expected credit loss model. No material impact on retained earnings at 31st December 2017 or on profit for future periods is expected.

IFRS 15 Revenue from contracts with customers

IFRS 15, 'Revenue from contracts with customers', deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15 an entity recognises revenue when, or as, a performance obligation is satisfied, that is when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer so that the customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. Variable consideration is included in the transaction price if it is highly probable that there will be no significant reversal of the cumulative revenue recognised when the uncertainty is resolved. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations. The standard is effective for annual periods beginning on or after 1st January 2018.

The Group is working towards the implementation of IFRS 15 and has carried out a comprehensive review of existing contractual arrangements as part of this process. This review has included a detailed consideration of individual contracts covering approximately 50% of Group revenue.

As a result of this review the Directors are of the opinion that there is not likely to be a material impact on revenue, costs and associated balances as at and during the year ended 31st December 2017, and therefore they do not believe that a prior year adjustment will be necessary in respect of the financial statements for the year ending 31st December 2018.

IFRS 16 Leases

IFRS 16 was issued on 13th January 2016 and will become mandatory for accounting periods beginning on or after 1st January 2019, with early adoption permitted. IFRS 16 will replace the current guidance under IAS 17 and related interpretations. The main feature of IFRS 16 is that lessees will have to recognise a lease liability reflecting future lease payments and a 'right of use asset' for almost all lease contracts, whereas at present a distinction is drawn between finance leases and operating leases depending on whether substantially all the risk and reward of ownership have been transferred to the lessee. In future periods, the operating lease charge would be replaced by a depreciation charge.

The Group is yet to assess the full impact of IFRS 16, and intends to adopt the new standard no later than the accounting period beginning 1st January 2019. The Group intends to apply the transitional arrangements permitted by IFRS 16 and will not seek to apply the standard to contracts that were not previously recognised as leases prior to the adoption of IFRS 16. The Directors will complete their assessment of the impact of IFRS 16, including the various options and transitional arrangements available, during the year ended 31st December 2018.

3 Accounting policies

The principal accounting policies applied in the preparation of these consolidated and parent company financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU'), IFRS IC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS and have been prepared on a going concern basis under the historic cost convention as modified by the revaluation of land and buildings. They comprise the parent company financial statements of TClarke plc and the consolidated financial statements of TClarke plc and all its subsidiaries made up to 31st December 2017 and have been presented in £m.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

Going concern

The Group had positive net cash balances at the year end and has in place a three-year £10 million committed revolving credit facility, £5 million of which was drawn down, and a £5 million overdraft facility. For details of the covenants in place refer to note 22 on page 118.

The Group draws on the overdraft facility as and when required to meet working capital requirements. As with all such facilities the overdraft is subject to annual review and is repayable on demand. The overdraft facility was renewed in January 2017. The Directors have received confirmation from the bank that they know of no reason why the overdraft facility will not be renewed when it next falls due for review.

Eton Associates Limited (acquired during the year – see note 28 for further details) had debt facilities comprising a £300,000 invoice discounting facility, a £75,000 overdraft facility and various hire purchase and finance lease agreements, details of which are disclosed in note 25. The Group is in the process of cancelling Eton Associates Limited's banking facilities and absorbing its banking facilities within the Group's banking arrangements.

There is no other external debt.

After making enquiries and taking account of reasonably possible changes in trading performance, the Directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements of both the Group and the parent company.

B Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31st December each year. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns.

Notes to the financial statements continued

for the year ended 31st December 2017

3 Accounting policies continued

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

C Employee Share Ownership Trust ('ESOT')

As the Company is deemed to have control of its ESOT, it is included in the consolidated financial statements. The ESOT's assets (other than investments in the Company's shares), liabilities, income and expenses are included on a line-by-line basis in the consolidated financial statements. The ESOT's investment in the Company's shares is deducted from equity in the consolidated statement of financial position as if they were treasury shares. The Trustee of the ESOT has waived its right to dividends on the shares held in the ESOT.

D Segmental reporting

Operating divisions are reported in a manner consistent with internal reporting provided to the Group Chief Executive, who is the chief operating decision maker responsible for allocating resources to, and assessing the performance of, operating divisions.

E Revenue recognition

Sales revenue is measured at the fair value of work performed and goods and services provided in the normal course of business, net of discounts and VAT. Revenue from construction contracts is recognised in accordance with the Group's policy on construction contracts (see Note F). Revenue from the rendering of services that do not fall to be accounted for as construction contracts is accounted for by reference to the stage of completion of the relevant contract, determined by reference to the proportion of costs incurred. Revenue from the sale of materials and finished goods is recognised when the Group has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Group will receive payment. These criteria are considered to be met when the materials or goods have been delivered to and accepted by the buyer.

Rental income from operating leases is recognised as other operating income on a straight-line basis over the term of the relevant lease.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the Company's right to receive payment has been established.

F Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, measured based on the proportion of contract costs (prime costs and overheads) incurred for the work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion (instances of which are rare).

The earliest point at which profit is taken is that at which the outcome of the contract, based on an assessment by officials of the Company, can be reliably foreseen, taking into account the circumstances of each contract. Variations are included to the extent that the amount can be measured reliably and receipt is considered probable, but no account is taken of claims receivable until agreed. Full provision is made for any foreseeable losses to completion. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable.

G Acquisitions and goodwill

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the aggregate of the fair values at the acquisition date of assets transferred, liabilities incurred and equity instruments issued, to the former owners by the Group in exchange for control of the acquiree. Acquisition-related expenses are recognised directly in the income statement.

Purchased goodwill is measured as the excess of the sum of the fair value of the consideration transferred over the net of the acquisition date fair values of the identifiable assets and liabilities acquired, and is capitalised and classified as an intangible asset in the consolidated statement of financial position.

The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination.

3 Accounting policies continued

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amount subject to being tested for impairment. Goodwill is reviewed for impairment on an annual basis. When the Directors consider the initial value of the acquisition to be negligible, the goodwill is written off to the income statement immediately.

H Impairment of goodwill and other non-financial assets

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Impairment tests on goodwill are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows). For the purposes of impairment testing, goodwill is allocated on initial recognition to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in non-recurring costs in the consolidated income statement, except to the extent they reverse gains previously recognised in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed.

I Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at cost, being their fair value at the acquisition date. Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives of the relevant assets, determined on an individual basis and ranging from one to ten years.

J Property, plant and equipment

Land and buildings comprise mainly offices occupied by the operating units of the Group. Land and buildings are shown at fair value, based on valuations carried out by external independent valuers, less subsequent depreciation. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. On disposal of the asset the balance of the revaluation reserve pertaining to the asset is transferred from the revaluation reserve to retained earnings.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Notes to the financial statements continued

for the year ended 31st December 2017

3 Accounting policies continued

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserves directly in equity; all other decreases are charged to the income statement.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings. On disposal of the asset, the balance of the revaluation reserve pertaining to the asset is transferred from the revaluation reserve to retained earnings.

Depreciation is calculated on a straight-line basis so as to write off the cost less residual values of the relevant assets over their useful lives, using the following rates:

Freehold properties 2%
Leasehold improvements 10% or life of lease if shorter
Plant, machinery and motor vehicles 10%–25%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

K Investments

Investments in subsidiaries are recorded at cost, being the fair value of consideration paid, and subsequently at cost less provisions for impairment. Cost includes the fair value of equity-settled share-based payment arrangements relating to options to acquire shares in TClarke plc granted to subsidiary employees under savings-related share option schemes.

L Inventories

Inventories of raw materials and consumables are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the asset to its present location and condition.

M Leasing and hire purchase commitments

Leases (including similar hire purchase arrangements) are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statement except where they relate to qualifying assets, in which case they are capitalised in accordance with the Group's borrowing costs policy (see note P).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term.

N Financial instruments

The Group's financial instruments comprise trade and other receivables (excluding prepayments), trade and other payables (excluding deferred income), finance leases and similar hire purchase contracts, bank deposits, bank loans and cash and cash equivalents net of overdrafts. The Group does not trade in any financial derivatives. Financial assets and liabilities are offset at the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Trade and other receivables

Trade and other receivables, which are non-interest bearing, are classified as current assets and measured on initial recognition at fair value and subsequently at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired, measured as the difference between the asset's carrying value and the fair value of the estimated recoverable amount, if any.

Insolvency or significant financial difficulties of the debtor, late payments and disputes are considered indicators that a receivable may be impaired. The carrying amount of a trade receivable is reduced to its estimated recoverable amount through the use of an allowance account and the expense recognised in the income statement in administrative expenses. When a trade receivable is uncollectible it is written off against the allowance account for trade receivables.

Bank deposits

Bank deposits comprise cash placed on deposit with financial institutions with an initial maturity of six months or more, and are measured at amortised cost. Finance income is recognised using the effective interest method and is added to the carrying value of the asset as it arises.

3 Accounting policies continued

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, bank overdrafts, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are included within current liabilities in the statement of financial position. Finance income and expense are recognised using the effective interest method and are added to the carrying value of the asset or liability as they arise.

Bank loans

Interest-bearing bank loans are recorded at the fair value of the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in the income statement using the effective interest method, and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently at amortised cost. Trade and other payables are non-interest bearing.

O Taxation

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

Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The amount of any deferred tax asset or liability recognised is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered.

Deferred tax assets and liabilities are offset as the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied on either the same company, or on different companies, where there is an intention to settle current tax assets and liabilities on a net basis.

P Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Q Borrowing costs

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the loan is drawn down. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs that are directly attributable to qualifying assets are added to the cost of the asset. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

R Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when approved by the shareholders at the AGM.

S Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The retirement benefit obligation represents the fair value of the defined benefit obligation at each reporting date as reduced by the fair value of scheme assets. For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the income statement and presented as a component of other comprehensive income.

Notes to the financial statements continued

for the year ended 31st December 2017

3 Accounting policies continued

The current service cost of defined benefit retirement benefit schemes is recognised in 'employee benefit expense' in the income statement, except where included in the cost of an asset, and reflects the increase in the defined benefit obligation resulting from service in the current year, benefit changes, curtailments and settlements. Past service cost is recognised immediately in the income statement.

T Long-term employee benefits

Long-term employee benefits are accrued when the Group has a legal or constructive obligation to make payments under long-term employee benefit arrangements and the amount of the obligation can be reliably measured. The liability is discounted to present value where it is due after more than one year.

U Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 20.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate with a corresponding adjustment to equity.

V Non-underlying items

Non-underlying items are items of financial performance which the Group believes should be separately identified on the face of the income statement to assist in understanding the underlying financial performance achieved by the Group. This includes items that are irregular in nature, and also the amortisation of acquired intangibles, which principally relates to acquired customer relationships. The Group incurs costs, which are recognised as an expense in the income statement, in maintaining these customer relationships. The Group considers that the exclusion of the amortisation charge on acquired intangible from underlying performance avoids the potential double counting of such costs.

4 Significant judgements and sources of estimation uncertainty

In the application of the Group's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the period that may not be readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have the most significant impact are set out below.

Revenue and margin

The recognition of revenue and profit on construction contracts is a key source of estimation uncertainty due to the difficulty of forecasting the final costs to be incurred on a contract in progress and the process whereby applications are made during the course of the contract with variations, which can be significant, often being agreed as part of the final account negotiation.

The Group's policies for the recognition of revenue and profit on construction contracts are set out in note 3F on page 94. Commercial reviews of all live contracts are undertaken on a regular basis, with all significant contracts being reviewed on a monthly basis. The Directors also take into account the recoverability of contract balances and trade receivables, and allowances are made for those balances which are considered to be impaired.

Discontinued operations

The judgement as to whether an activity that has ceased constitutes a discontinued operation requires an assessment of whether it forms a separate component of the Group's business and represents a separate major line of business or geographical area of operations that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

4 Significant judgements and sources of estimation uncertainty continued

Impairment of goodwill and investments

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit giving rise to the goodwill, including the estimation of the timing and amount of future cash flows generated by the cash-generating unit and a suitable discount rate. Further details are provided in note 12. The estimation of the value in use is also used to assess the carrying value of investments in the relevant subsidiaries in the Company's financial statements.

Retirement benefit obligations

The costs, assets and liabilities of the defined benefit scheme operated by the Group are determined using methods relying on actuarial estimates and assumptions, which are largely dependent on factors outside the control of the Group. Details of the key assumptions are set out in note 24, and include the discount rate, expected return on assets, rate of inflation and mortality rates. The Group takes advice from independent actuaries relating to the appropriateness of the assumptions. Changes in the assumptions used may have a significant effect on the income statement, statement of comprehensive income and the statement of financial position. A sensitivity analysis is included in note 24 on pages 122 to 123.

Notes to the financial statements continued

for the year ended 31st December 2017

5 Segment information

A Reportable segments

The Group provides electrical and mechanical contracting and related services to the construction industry and end users.

For management and internal reporting purposes, the Group is organised geographically into four regional divisions: London and South East, Central and South West, the North and Scotland, reporting to the Chief Executive Officer, who is the chief operating decision maker. The measurement basis used to assess the performance of the divisions is underlying profit from operations, stated before amortisation of intangible assets and non-underlying items. Non-underlying items for each segment are disclosed on pages 100 and 101 and in note 7. All assets and liabilities of the Group have been allocated to segments apart from the retirement benefit obligation and tax assets and liabilities.

All transactions between segments are undertaken on normal commercial terms. All the Group's operations are carried out within the United Kingdom, and there is no significant difference between revenue based on the location of assets and revenue based on location of customers. The accounting policies for the reportable segments are the same as the Group's accounting policies disclosed in note 3. Segmential information is based on internal management reporting.

B Segment information – current year

	London & South East £m	Central & South West £m	North £m	Scotland £m	Unallocated and Eliminations £m	Group £m
Total revenue	192.3	63.1	50.8	27.3	–	333.5
Inter segment revenue	(14.7)	(0.5)	(2.8)	(4.3)	–	(22.3)
Revenue from external operations	177.6	62.6	48.0	23.0	–	311.2
Underlying profit from operations	8.5	(1.8)	2.4	0.8	(2.6)	7.3
Amortisation of intangibles	–	–	(0.2)	–	–	(0.2)
Non-recurring items (see note 7)	0.8	–	–	–	–	0.8
Profit from operations	9.3	(1.8)	2.2	0.8	(2.6)	7.9
Finance income						
Finance costs	–	–	–	–	(0.8)	(0.8)
Profit before tax	9.3	(1.8)	2.2	0.8	(3.4)	7.1
Taxation expense					(1.5)	(1.5)
Profit for the year from continuing operations						5.6

5 Segment information continued

C Segment information – prior year

	London & South East £m	Central & South West £m	North £m	Scotland £m	Unallocated and Eliminations £m	Group £m
Total revenue	142.9	67.9	53.6	21.0	–	285.4
Inter segment revenue	–	(1.1)	(3.4)	(2.3)	–	(6.8)
Revenue from external operations	142.9	66.8	50.2	18.7	–	278.6
Underlying profit from operations	3.5	1.0	1.8	0.6	–	6.9
Amortisation of intangibles	–	–	(0.2)	–	–	(0.2)
Non-recurring items (see note 7)	(2.3)	–	–	–	–	(2.3)
Profit from operations	1.2	1.0	1.6	0.6	–	4.4
Finance income	–	–	0.1	–	(0.1)	–
Finance costs	(0.8)	–	–	–	0.1	(0.7)
Profit before tax	0.4	1.0	1.7	0.6	–	3.7
Taxation expense						(0.8)
Profit for the year from continuing operations						2.9

D Revenue

Total revenue comprises:	**2017 £m**	2016 £m
Sales revenue:		
Construction contracts	**289.4**	253.1
Other services	**21.8**	25.5
	311.2	278.6
Operating income:		
Other operating income	**0.1**	0.2
	0.1	0.2

E Information about major customers

Revenue includes £35.4 million (2016: £33.3 million) which arose from sales to a single customer. No other single customer contributed 10% or more of the Group's revenue for either 2017 or 2016.

Notes to the financial statements continued

for the year ended 31st December 2017

6 Finance income and finance cost

	2017 £m	2016 £m
Finance income:		
Interest on bank deposits	**–**	–
Finance costs:		
Interest on bank overdrafts and loans	**(0.2)**	(0.1)
Interest cost in respect of defined benefit pension schemes	**(0.6)**	(0.6)
	(0.8)	(0.7)
Net total of finance income and finance cost	**(0.8)**	(0.7)

7 Profit from operations

A Operating profit is stated after charging/(crediting):

	2017 £m	2016 £m
Amortisation of intangible assets	**0.2**	0.2
Non-underlying costs (see B below)	**(0.8)**	2.3
Depreciation of property, plant and equipment	**0.6**	0.5
Profit on disposals of property, plant and equipment	**–**	(0.1)
Operating lease charges:		
Land and buildings	**0.4**	0.5
Plant, machinery and vehicles	**1.1**	1.3
Project-related raw materials and consumables	**87.6**	74.5
Rent receivable	**–**	–
Bad debt expense	**0.2**	0.2
Fees payable to the Company's auditors for the audit of:		
The Company and consolidation	**0.2**	0.2
Subsidiary companies	**0.1**	0.1
Employee benefit expense (see note 8)	**70.3**	67.1

The auditors' fees for non-audit services during the year were £nil (2016: £9,000).

B Non-underlying items:

	2017 £m	2016 £m
Misappropriation of funds	**–**	1.9
Recovery of misappropriated funds	**(1.0)**	–
Investigation costs	**–**	0.4
Acquisition expenses	**0.2**	–
	(0.8)	2.3

7 Profit from operations continued

In the second half of the year ended 31st December 2016, the Group uncovered financial irregularities within the accounting function of a wholly owned subsidiary, DG Robson Mechanical Services Limited ('DGR'). £2.9 million of cash was misappropriated over a number of years, of which £1.9 million had been expensed in 2016 and £1.0 million had been charged to the income statement in previous years within cost of sales and administrative expenses. The 2016 expense was separately disclosed as a non-recurring item in the financial statements for the year ended 31st December 2016. Results prior to and including 2015 have not been restated as the impact cumulatively and in each year was not considered to be material.

The Group engaged expert professional advisers to assist in the investigation and recovery of the stolen funds. The costs of the investigation have also been included and disclosed as non-recurring costs.

The Group reached an out-of-court settlement with a former employee of DGR and related parties in respect of the misappropriated funds. Under the terms of the settlement agreement, the Company was due to receive aggregate cash payments of £1.43 million on or before 31st December 2017 (unless the Company agreed to an extension of the final settlement date) in full and final settlement of all claims by the Company and its subsidiaries against the individual concerned and related parties. As at 31st December 2017, the Group had received £1.0 million of the settlement amount and was pursuing recovery of the outstanding balance. No account has been taken of outstanding settlement amounts in these financial statements.

The Group continues to pursue other third parties in order to recover the balance of the misappropriated funds. It is too early at this stage to estimate the quantum of any further recovery.

Expenses incurred in respect of the acquisition of Eton Associates Limited during the year have been disclosed as a non-underlying item as acquisitions are irregular events.

8 Employee benefit expense

A Employee benefit expense

	Group		Company	
	2017 £m	2016 £m	**2017 £m**	2016 £m
Staff costs during the year were as follows:				
Wages and salaries	**60.7**	58.4	**–**	21.5
Share awards and options granted to Directors and employees (see note 20)	**0.3**	0.1	**–**	0.1
Termination costs	**–**	0.3	**–**	0.1
Social security costs	**6.4**	6.2	**–**	2.3
Other pension costs	**2.9**	2.1	**–**	0.7
	70.3	67.1	**–**	24.7

Of the above employee costs of the Group, £70.3 million (2016: £66.9 million) relates to continuing operations and £nil (2016: £0.2 million) to discontinued operations. All employee costs of the Company relate to continuing operations.

Notes to the financial statements continued
for the year ended 31st December 2017

8 Employee benefit expense continued

B Monthly average number of employees

	Group		Company	
	2017 Number	2016 Number	**2017 Number**	2016 Number
Staff (including Directors)	**417**	409	**–**	144
Operatives	**931**	902	**–**	239
	1,348	1,311	**–**	383

The monthly average number of employees of the Group comprises 1,348 (2016: 1,311) in continuing operations and nil (2016: nil) in discontinued operations. All Company employees were engaged in continuing operations.

9 Taxation

Taxation expense:	**2017 £m**	2016 £m
Current tax expense		
UK corporation tax payable on profits for the year	**1.6**	0.8
	1.6	0.8
Deferred tax expense/(credit)		
Arising on:		
Origination and reversal of timing differences	**(0.1)**	–
		–
Total income tax expense	**1.5**	0.8
Reconciliation of tax charge		
Profit for the year from continuing operations	**7.1**	3.7
Tax at standard UK tax rate of 19.25% (2016: 20%)	**1.4**	0.7
Tax effect of:		
Permanently disallowed items	**0.1**	0.1
Total income tax expense	**1.5**	0.8
Income tax credited to other comprehensive income	**(0.5)**	(1.0)

The main rate of corporation tax was reduced from 21% to 20% on 1st April 2015 and from 20% to 19% on 1st April 2017. A further reduction in the main rate of corporation tax to 17% from 1st April 2020 had been substantially enacted at 31st December 2017 for the purposes of IAS 12 'Income Taxes'.

10 Discontinued operations

A Description

On 19th November 2015, the Group announced its intention to discontinue its operations in the Cardiff and Bristol areas. The Group's activities in these areas ceased and the closure of the Cardiff and Bristol offices was successfully completed by 31st December 2015, with the remaining employees and any outstanding contractual commitments transferring to our expanded TClarke South West operation. The Group incurred further losses closing out these contractual commitments during 2016 and set out below.

B Financial performance

	2017 £m	2016 £m
Revenue	**–**	4.5
Cost of sales	**–**	(5.1)
Gross loss	**–**	(0.6)
Administrative expenses	**–**	–
Loss from operations before taxation	**–**	(0.6)
Taxation	**–**	0.1
Loss for the financial year	**–**	(0.5)

C Cash flow information

	2017 £m	2016 £m
Net cash flow from operating activities	**–**	(0.6)
Net cash flow from investing activities	**–**	–
Net cash flow from financing activities	**–**	–
Net cash outflow	**–**	(0.6)

11 Earnings per share

A Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of Ordinary shares in issue during the year.

	2017 £m	2016 £m
Earnings/(loss):		
Profit attributable to owners of the Company		
Continuing operations	**5.6**	2.9
Discontinued operations	**–**	(0.5)
Earnings from continuing operations	**5.6**	2.4
Weighted average number of Ordinary shares in issue (000s)	**41,625**	41,613
Basic underlying earnings per share	**13.44p**	5.45p

Notes to the financial statements continued
for the year ended 31st December 2017

11 Earnings per share continued

B Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary shares outstanding to assume conversion of all dilutive potential Ordinary shares. The Company has three categories of dilutive potential Ordinary shares: share options granted under the Savings Related Share Option Scheme and conditional share awards and options granted under the Equity Incentive Plan. Further details of these schemes are given in note 20.

For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2017 £m	2016 £m
Earnings/(loss):		
Profit attributable to owners of the Company		
Continuing operations	**5.6**	2.9
Discontinued operations	**–**	(0.5)
Underlying earnings from continuing operations	**5.6**	2.4
Weighted average number of Ordinary shares in issue (000s)	**41,625**	41,613
Adjustments:		
Savings Related Share Option Schemes	**201**	170
Equity Incentive Plan:		
Conditional share awards	**649**	854
Options	**–**	447
Weighted average number of Ordinary shares for diluted earnings per share (000s)	**42,475**	43,084

C Underlying earnings per share

Underlying earnings per share represents profit for the year from continuing operations adjusted for amortisation of intangible assets and non-recurring items and the tax effect of these items, divided by the weighted average number of shares in issue. Underlying earnings is the basis on which the performance of the operating divisions of the business is measured.

	2017 £m	2016 £m
Profit from continuing operations attributable to owners of the Company	**5.6**	2.9
Adjustments:		
Amortisation of intangible assets	**0.2**	0.2
Non-recurring costs (see note 7)	**(0.8)**	2.3
Tax effect of adjustments	**0.2**	(0.5)
Underlying earnings from continuing operations	**5.2**	4.9
Weighted average number of Ordinary shares in issue (000s)	**41,625**	41,613
Adjustments:		
Savings Related Share Option Schemes	**201**	170
Equity Incentive Plan:		
Conditional share awards	**649**	854
Options	**–**	447
Weighted average number of Ordinary shares for diluted earnings per share (000s)	**42,475**	43,084
Diluted earnings per share	**12.13p**	11.20p

12 Intangible assets

	Goodwill £m	Other intangible assets £m	Total £m
Cost:			
At 1st January and 31st December 2016	24.2	2.9	27.1
Additions	2.7	–	2.7
At 31st December 2017	**26.9**	**2.9**	**29.8**
Accumulated impairment and amortisation:			
At 1st January 2016	(2.2)	(1.9)	(4.1)
Charge for the year	–	(0.2)	(0.2)
At 31st December 2016	**(2.2)**	**(2.1)**	**(4.3)**
Charge for the year	**–**	**(0.2)**	**(0.2)**
At 31st December 2017	**(2.2)**	**(2.3)**	**(4.5)**
Net book value:			
At 1st January 2016	22.0	1.0	23.0
At 31st December 2016	22.0	0.8	22.8
At 31st December 2017	**24.7**	**0.6**	**25.3**

Goodwill relates to the purchase of subsidiary undertakings. Goodwill is not amortised but is tested for impairment in accordance with IAS 36 'Impairment of assets' at least annually or more frequently if events or changes in circumstances indicate a potential impairment. Other intangible assets comprise customer relationships arising on acquisitions. Amortisation of other intangible assets is included in administrative expenses in the income statement.

Goodwill is allocated to cash-generating units as follows:

Cash-generating unit	Operating segment	£m
TClarke London	London & South East	8.1
TClarke Midlands and East	Central & South West	4.8
TClarke Scotland	Scotland	3.0
TClarke North West	North	2.7
Eton Associates Limited	London & South East	2.7
TClarke South West	Central & South West	1.3
TClarke Leeds	North	1.2
TClarke Newcastle	North	0.9
		24.7

Value in use

The carrying value of goodwill has been compared to its recoverable amount based on the value in use of the cash-generating units ('CGUs') to which the goodwill has been allocated. Each operating division within the Group has been assessed as a separate CGU, being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets.

Value in use has been calculated using budgets and forecasts approved by the Board covering the period 2018 to 2020, which take into account secured orders, business plans and management actions. The results of the period subsequent to 2020 have been projected using 2020 forecasts with no growth assumed. The extrapolated cash flow projections have been discounted using a pre-tax discount rate derived from the Company's cost of capital.

Notes to the financial statements continued

for the year ended 31st December 2017

12 Intangible assets continued

Assumptions

The key assumptions to which the assessment of the recoverable amounts of CGUs are sensitive are the projected revenue and operating margin to 2020 and beyond, and the discount rate applied. The range of these assumptions applied to the CGUs within each segment is as follows:

	2017	2016
Pre-tax discount rate	**11.0%**	12.0%
Average annual revenue growth 2017–2020 (2016: 2016–2019)		
London & South East	**(1.4%)**	6.7%
Central & South West	**2.3%**	1.3%
North	**5.2%**	4.2%
Scotland	**2.9%**	6.0%
Average operating margins 2017–2020 (2016: 2016–2019)		
London & South East	**2.5%**	2.2%–2.4%
Central & South West	**2.3%–2.6%**	1.5%–2.0%
North	**2.1%–4.3%**	3.4%–3.9%
Scotland	**2.1%–2.2%**	2.8%–2.9%
Average operating margins beyond 2020 (2016: beyond 2019)		
London & South East	**2.5%**	2.2%–2.4%
Central & South West	**2.4%–2.6%**	1.8%–2.1%
North	**2.5%–4.5%**	3.3%–4.9%
Scotland	**2.2%**	2.9%

Sensitivities

Scotland and North West are considered to be the CGUs most vulnerable to impairment. The key assumptions used in respect of these CGUs are as follows:

	TClarke Scotland	TClarke North West
Pre-tax discount rate	11.0%	11.0%
Annual revenue growth 2017–2020	2.9%	4.0%
Average operating margins 2017–2020	2.1%	2.2%
Operating margins beyond 2020	2.2%	2.5%

Annual revenue growth and operating margin assumptions are supported by an analysis of the secured order book and opportunities identified by the CGUs, with Scotland having secured 83% of its forecast revenue and North West 65% of its forecast revenue for 2017.

Sensitivity analysis has been applied to the cash flow projections for Scotland and North West. The assumption to which the cash flow projections are most sensitive are the projected profit (derived from the projected revenue and margins) and the discount rate. The amount by which these assumptions would be required to change to trigger an impairment in respect of each of these CGUs is as follows:

	Scotland	North West
Decrease in operating profit	38%	35%

South West is forecast to be profitable in 2018 and beyond. Should this not occur, South West may be at risk of impairment.

12 Intangible assets continued

For other CGUs, management has considered the level of headroom resulting from the impairment tests, and performed further sensitivity analysis by changing the base case assumptions applicable to each CGU. This analysis has indicated that no reasonably possible changes in any individual key assumption would cause the carrying amount of the CGU to exceed its recoverable amount.

At 31st December 2017, based on these valuations, no increase in the impairment provision was required against the carrying value of goodwill (2016: £nil).

An assessment of the subsidiary investments using consistent methodology amended for pre-tax cash flows indicates that there is no requirement for any additional impairment provision.

13 Property, plant and equipment

Group	Freehold properties £m	Leasehold improvements £m	Plant, machinery and vehicles £m	Total £m
Cost or valuation:				
At 1st January 2016	3.5	0.7	3.2	7.4
Additions	–	–	0.2	0.2
Disposals	(0.3)	–	(0.6)	(1.1)
At 31st December 2016	**3.2**	**0.7**	**2.6**	**6.5**
Additions	**–**	**1.1**	**0.9**	**2.0**
Disposals	**(0.4)**	**–**	**(0.2)**	**(0.6)**
At 31st December 2017	**2.8**	**1.8**	**3.4**	**7.9**
Accumulated depreciation and impairment:				
At 1st January 2016	(0.3)	(0.4)	(2.1)	(2.8)
Charge for the year	(0.1)	(0.1)	(0.3)	(0.5)
Disposals	0.1	–	0.6	0.7
At 31st December 2016	**(0.3)**	**(0.5)**	**(1.8)**	**(2.6)**
Charge for the year	**(0.1)**	**(0.1)**	**(0.4)**	**(0.6)**
Disposals	**0.1**	**–**	**0.1**	**0.2**
At 31st December 2017	**(0.3)**	**(0.6)**	**(2.1)**	**(3.0)**
Net book value:				
At 1st January 2016	3.2	0.3	1.1	4.6
At 31st December 2016	2.9	0.2	0.8	3.9
At 31st December 2017	**2.5**	**1.2**	**1.3**	**4.9**

The Group's freehold land and buildings were valued at 31st December 2011 based on an external valuation provided by an independent valuer dated 14th October 2011. The external valuation was conducted on the basis of market value as defined by the RICS Valuation Standards, and was determined by reference to recent market transactions on arm's length terms. The revaluation surplus, net of applicable deferred income taxes, was credited to other comprehensive income and is shown in the revaluation reserve in shareholders' equity. A further external valuation was concluded as at 31st January 2018 which indicated that the market value of the Group's property was not significantly different to the book value. The net book value of the freehold properties on a historic cost basis would have been £1.9 million (2016: £2.3 million).

Notes to the financial statements continued

for the year ended 31st December 2017

13 Property, plant and equipment continued

The net book value of Group plant, machinery and vehicles includes £0.1 million (2016: £0.1 million) in respect of assets held under finance leases and hire purchase contracts. Depreciation of £nil (2016: £nil) was charged on these assets during the year.

The Group has granted a charge in favour of the TClarke Group Retirement and Death Benefits Scheme over a number of properties occupied by the Group up to a maximum value of £3.1 million, to secure the future pension obligations of the scheme. The book and fair value of the properties at 31st December 2017 was £2.5 million (2016: £2.6 million).

Company	Leasehold improvements £m	Plant, machinery and vehicles £m	Total £m
Cost or valuation:			
At 1st January 2016	0.4	0.7	1.1
Disposals	–	(0.7)	(0.7)
At 31st December 2016	**0.4**	**–**	**0.4**
Additions	**–**	**–**	**–**
Disposals	**(0.4)**	**–**	**(0.4)**
At 31st December 2017	**–**	**–**	**–**
Accumulated depreciation and impairment:			
At 1st January 2016	(0.3)	(0.5)	(0.8)
Charge for the year	(0.1)	–	(0.1)
Disposals	–	0.5	0.5
At 31st December 2016	**(0.4)**	**–**	**(0.4)**
Charge for the year	**–**	**–**	**–**
Disposals	**0.4**	**–**	**0.4**
At 31st December 2017	**–**	**–**	**–**
Net book value:			
At 1st January 2016	0.1	0.2	0.3
At 31st December 2016	–	–	–
At 31st December 2017	**–**	**–**	**–**

14 Investments

Investments in subsidiaries comprise:

	2017 £m	2016 £m
Cost:		
At 1st January	**49.3**	41.4
Additions	**2.0**	7.9
At 31st December	**51.3**	49.3
Impairment:		
At 1st January	**(9.6)**	(9.3)
Charge for the year	**–**	(0.3)
At 31st December	**(9.6)**	(9.6)
Net book value:		
At 1st January	**39.7**	32.1
At 31st December	**41.7**	39.7

A full list of the Company's subsidiaries is included in note 30 on pages 129 and 130. An annual impairment review is undertaken at 31st December each year in conjunction with the goodwill impairment review (see note 12), using the same underlying cash flow projections and other key assumptions.

The impairment provision comprises the entire cost of subsidiaries where operations have ceased, or a reduction to recoverable amount where there has been a significant reduction in underlying trading and significant losses have been incurred such that the Group is unable to recover the cost of the investment through its net asset value or future trading.

15 Deferred taxation

Group	Revaluations £m	Retirement benefit obligation £m	Accelerated capital allowances £m	Other £m	Total £m
Asset at 1st January 2016	(0.1)	2.6	(0.1)	(0.1)	2.3
Charged to income	–	(0.1)	0.1	–	–
Credited to other comprehensive income	–	1.0	–	–	1.0
Asset at 31st December 2016	**(0.1)**	**3.5**	**–**	**(0.1)**	**3.3**
Charged to income	**–**	**–**	**–**	**0.1**	**0.1**
Charged to other comprehensive income	**–**	**0.5**	**–**	**–**	**0.5**
Asset at 31st December 2017	**(0.1)**	**4.0**	**–**	**–**	**3.9**

The amount of deferred tax recoverable within one year is insignificant. Certain deferred tax assets and liabilities have been offset. The deferred tax asset arises in respect of the deficit on the retirement benefit obligation. A deficit reduction plan is in place to reduce this deficit over a number of years (see note 24). The deferred tax asset will be recovered over time as the deficit is reduced.

Notes to the financial statements continued

for the year ended 31st December 2017

15 Deferred taxation continued

The following is the analysis of the deferred tax balances for financial reporting purposes.

	2017 £m	2016 £m
Deferred tax liabilities	**(0.2)**	(0.2)
Deferred tax assets	**4.0**	3.5
	3.8	3.3

Company	Retirement benefit obligation £m	Total £m
Asset at 1st January 2016	**2.6**	**2.6**
Credited to income	**(0.1)**	**(0.1)**
Charged to other comprehensive income	**1.0**	**1.0**
Transferred to subsidiary	**(3.5)**	**(3.5)**
Asset at 31st December 2016 and 31st December 2017	**–**	**–**

16 Inventories

	2017 £m	2016 £m
Raw materials and consumables	**0.5**	0.6

17 Construction contracts

	2017 £m	2016 £m
Contract work in progress comprises:		
Contract costs incurred plus recognised profits less recognised losses to date	**255.9**	260.3
Less: progress payments	**(235.0)**	(226.9)
	20.9	33.4
Contracts in progress at the reporting date:		
Gross amounts due from customers	**26.4**	35.9
Gross amounts due to customers	**(5.5)**	(2.5)
	20.9	33.4

During the year management reassessed the presentational treatment of certain balance sheet items in respect of the Group's construction contract portfolio in order to provide additional clarity on the respective balances and more appropriate disclosure. This has resulted in certain presentational changes in 2016 as follows: amounts due from customers under construction contracts (increase of £8.1m), trade and other receivables (increase of £0.9m), amounts due to customers under construction contracts (decrease of £1.9m), and trade and other payables (increase of £10.9m).

At 31st December 2017, retentions held by customers of the Group for contract work amounted to £16.7 million (2016: £14.7 million). These amounts are included in trade receivables (see note 18).

Advances received from customers for contract work amounted to £nil (2016: £nil).

18 Trade and other receivables

	Group		Company	
	2017 £m	2016 £m	**2017 £m**	2016 £m
Trade receivables – gross	**52.8**	30.0	**–**	–
Trade receivables – allowances for credit losses	**(0.5)**	(0.5)	**–**	–
Net trade receivables	**52.3**	29.5	**–**	–
Owed by Group companies	**–**	–	**0.3**	0.2
Other receivables	**1.1**	0.1	**0.6**	–
Accrued income	**10.6**	11.0	**–**	–
Prepayments	**3.3**	2.1	**–**	–
	67.3	42.7	**0.9**	0.2
Movements in allowances for credit losses:				
At 1st January	**(0.5)**	(0.5)	**–**	–
Charged in year	**(0.2)**	(0.2)	**–**	–
Recovered in year	**–**	–	**–**	–
Written off in year	**(0.2)**	0.2	**–**	–
At 31st December	**(0.5)**	(0.5)	**–**	–
Trade receivables (including retentions) are due as follows:				
Due within 3 months	**30.6**	13.9	**–**	–
Due in 3 to 6 months	**1.8**	2.2	**–**	–
Due in 6 to 12 months	**4.0**	2.9	**–**	–
Due after more than one year	**4.4**	6.9	**–**	–
Overdue	**12.0**	4.1	**–**	–
	52.8	30.0	**–**	–
The ageing of trade receivables past due but not impaired is as follows:				
Less than 30 days	**0.5**	1.6	**–**	–
31–60 days	**5.5**	0.9	**–**	–
61–120 days	**2.5**	0.4	**–**	–
Greater than 120 days	**3.0**	0.7	**–**	–
	11.5	3.6	**–**	–

Allowances for credit losses have been assessed against individual debtor balances. Where overdue balances are still considered to be recoverable in full no allowance has been made. The allowances mostly relate to small building contractors who have become insolvent or are facing severe financial difficulties at present. Credit risk is spread across a large number of customers and there are no significant concentrations of credit risk.

Notes to the financial statements continued

for the year ended 31st December 2017

19 Trade and other payables

	Group		Company	
	2017 £m	2016 £m	**2017 £m**	2016 £m
Current:				
Trade payables	**53.3**	46.9	**–**	–
Owed to Group companies	**–**	–	**1.4**	2.8
Other taxation and social security	**8.9**	6.6	**–**	1.4
Accruals	**29.4**	25.4	**–**	–
Deferred income	**0.4**	1.3	**–**	–
Other payables	**1.0**	0.8	**0.5**	0.1
	93.0	81.0	**1.9**	4.3
Non-current:				
Owed to Group companies (see note 29)	**–**	–	**25.6**	30.0
Other payables	**–**	0.1	**–**	–
At 31st December	**–**	0.1	**25.6**	30.0
Trade payables payment terms are as follows:				
30 days or less	**22.4**	18.1	**–**	–
31 to 60 days	**18.9**	13.6	**–**	–
Greater than 60 days	**12.0**	15.2	**–**	–
	53.3	46.9	**–**	–

20 Capital and reserves

A Components of owners' equity

The nature and purpose of the components of owners' equity are as follows:

Component of owners' equity	Description and purpose
Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value, net of allowable expenses.
ESOT share reserve	Acquires and holds shares in the Company to be issued to employees in settlement of options exercised and conditional share awards under the Group's employee share schemes.
Revaluation reserve	Cumulative gains recognised on revaluation of land and buildings above depreciated cost.
Retained earnings	Cumulative net gains and losses recognised in the income statement and the statement of comprehensive income.

20 Capital and reserves continued

B Share capital and premium

Allotted, called up and fully paid	**Number of shares**	**Ordinary shares £m**	**Share premium £m**
At 1st January 2016, 31st December 2016 and 31st December 2017	**41,829,577**	**4.2**	**3.1**

All shares rank equally in respect of shareholder rights.

C Save As You Earn scheme

The following options granted to employees and Directors of the Group under the TClarke plc Savings Related Share Option Scheme ('the SAYE scheme'), an approved save as you earn ('SAYE') share option scheme, were outstanding at the end of the year:

	Number of options	Grant date	Exercise date	Exercise price	Fair value at date of grant
2015 SAYE scheme	1,367,537	09/10/2015	01/12/2018 to 31/05/2019	69.75p	1.57p

The SAYE scheme was approved by HM Revenue and Customs on 14th July 2011. In accordance with the scheme rules, all employees of the Group with at least six months' continuous service were eligible to participate in the scheme, the only vesting condition being that the individual remains an employee of the Group over the savings period. The impact of recognising the fair value of employee share option plan grants as an expense under IFRS 2 is £nil for the year ended 31st December 2017 (2016: £nil). The scheme is open to all eligible employees including the Executive Directors. Under the rules of the scheme all participating employees have entered into an approved Save As You Earn contract ('SAYE contract') under which the employee agrees to make monthly contributions, of between £5 and £200 in respect of the 2015 scheme, for a period of three years, at the end of which the employee may use part or all of the proceeds to acquire the shares under option. Options will be exercisable within a period of six months commencing on the date of maturity of the participants SAYE contract.

The number of options outstanding during the year were as follows:

	2017 Number	**2017 Weighted average exercise price (p)**	2016 Number	2016 Weighted average exercise price (p)
At 1st January	**1,904,378**	**66.45**	2,891,484	60.53
Granted	**–**	**–**	–	–
Exercised	**(378,653)**	**76.64**	(717,397)	42.00
Lapsed	**(158,188)**	**77.66**	(269,709)	67.97
At 31st December	**1,367,537**	**80.13**	1,904,378	66.45

The weighted average remaining contractual life of the options at 31st December 2017 was 334 days (2016: 551 days).

On 1st January 2017, 398,933 options granted under the SAYE Scheme became exercisable at an exercise price of 54p per 10p Ordinary share. Options exercised during the year were satisfied by shares held in treasury by the Employee Share Ownership Trust.

Notes to the financial statements continued

for the year ended 31st December 2017

20 Capital and reserves continued

D Equity Incentive Plan

All employees, including Executive Directors, are eligible to participate in the TClarke Equity Incentive Plan ('the Plan') at the discretion of the Remuneration Committee. Awards may be made in the form of approved options, unapproved options, conditional awards of shares and matching awards of shares. Awards may be made in the six-week periods after adoption of the Plan and after the announcement of the Group's interim or final results. No award may be made more than ten years after the date on which the Plan was approved by shareholders (11th May 2011). Options and awards of shares are subject to performance conditions as determined by the Remuneration Committee.

The total number of shares issued or made available pursuant to the Plan, when aggregated with the total number of shares issued or made available pursuant to any other employee share scheme in the ten years immediately preceding the date upon which an award is made, shall not exceed 10% of the Company's issued share capital at the date of the grant.

At 31st December 2017, 750,000 conditional share awards, 90,000 conditional options and 570,000 conditional matching awards have been granted under the TClarke Equity Incentive Plan as follows:

	Conditional shares	Conditional shares	Conditional options	Matching awards	Conditional shares
Date of grant	29/04/2015	20/04/2016	20/04/2016	20/04/2016	08/05/2017
Number of awards	270,000	180,000	90,000	570,000	300,000
Share price at date of grant	71.50p	88.50p	88.50p	88.50p	90.50p
Exercise price	–	88.50p	–	88.50p	–
Option life	3 years	3 years	3 years	3 years	3 years

The conditional share awards and options will vest on the third anniversary of the date of grant, subject to continued employment with the Company and satisfaction of the following performance conditions:

Annual growth in underlying EPS above RPI[1]	Proportion of award vesting
Less than 3%	Nil
3%	25%
Between 3% and 10%	Between 25% and 100% on a straight-line basis
Above 10%	100%

1 Based on average underlying EPS for the three years preceding the date of grant, in respect of the awards granted on 29th April 2015 and 20th April 2016, and on the basic underlying EPS for the year ended 31st December 2016 in respect of the awards granted on 8th May 2017.

Matching awards will vest three years from date of grant conditional on the Group achieving profit targets set at the beginning of each year.

E Share-based payment expense

The charge to the income statement takes into account the number of shares and options that are expected to vest. The impact of recognising the fair value of Equity Incentive Plan grants as an expense under IFRS 2 is £0.3 million charge for the year ended 31st December 2017 (2016: £0.1 million).

20 Capital and reserves continued

F Dividends paid

	2017 £m	2016 £m
Final dividend of 2.90p (2016: 2.70p) per Ordinary share proposed and paid during the year relating to the previous year's results	**1.2**	1.1
Interim dividend of 0.60p (2016: 0.50p) Ordinary share paid during the year	**0.2**	0.2
	1.4	1.3

The Directors are proposing a final dividend of 2.9p (2016: 2.70p) per Ordinary share totalling £1.2 million (2016: £1.1 million).

This dividend has not been accrued at the reporting date.

21 Notes to the statement of cash flows

A Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	Group		Company	
	2017 £m	2016 £m	**2017 £m**	2016 £m
Profit/(loss) from operations:				
Continuing operations	**7.9**	4.4	**(2.6)**	3.9
Discontinued operations	**–**	(0.6)	**–**	–
Depreciation charges	**0.6**	0.5	**–**	0.1
Profit on sale of property, plant and equipment	**–**	(0.1)	**–**	–
Equity-settled share-based payment expense	**0.3**	0.1	**–**	0.1
Amortisation	**0.2**	0.2	**–**	–
Investment impairment	**–**	–	**–**	0.3
Defined benefit pension scheme credit	**(0.5)**	(0.7)	**–**	(0.7)
Operating cash flows before movement in working capital	**8.5**	3.8	**(2.6)**	3.7
(Increase)/decrease in inventories	**0.1**	(0.2)	**–**	–
(Increase)/decrease in contract balances	**12.6**	(6.6)	**–**	11.9
(Increase)/decrease in trade and other receivables	**(23.1)**	(6.4)	**(0.7)**	13.5
Increase/(decrease) in trade and other payables	**9.1**	14.1	**(3.9)**	(20.2)
Cash generated from operations	**7.2**	4.7	**(7.2)**	8.9
Corporation tax paid	**(0.2)**	(0.5)	**(0.1)**	(0.6)
Interest paid	**(0.2)**	(0.2)	**(0.9)**	(0.2)
Net cash generated from operating activities	**6.8**	4.0	**(8.2)**	8.1

B Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments that are readily convertible into cash, less bank overdrafts, and are analysed as follows.

	Group		Company	
	2017 £m	2016 £m	**2017 £m**	2016 £m
Cash and cash equivalents	**16.7**	12.3	**5.4**	13.1

Notes to the financial statements continued

for the year ended 31st December 2017

22 Bank overdrafts and loans

During the year, the Group had in place a £5 million overdraft facility and a £10 million revolving credit facility ('RCF'), both with National Westminster Bank plc. Interest is charged at 2.25% above LIBOR on drawn balances under the RCF and 2.25% above base rate on overdrawn balances. A fee of 0.9% is payable on undrawn balances under the RCF. The RCF includes financial covenants in respect of interest cover and net leverage ratios which are tested quarterly.

All operating companies within the Group (except for Eton Associates Limited, which was acquired during the year) are included within the overdraft facility, and cross guarantees and charges have been granted in favour of National Westminster Bank plc. No value has been attributed to the guarantee contracts in the Company's financial statements as the amount is considered to be negligible.

At 31st December 2017, the Group had unused overdraft facilities of £5 million (2016: £5 million) and had £5 million undrawn committed facilities (2016: £7 million) under the RCF.

The Group was compliant with its obligations under the RCF and the overdraft facility throughout the year.

23 Related party transactions

A Directors' remuneration

	2017 £m	2016 £m
Salaries, fees and other short-term employee benefits	**1.7**	1.5
Termination benefits	**–**	0.1
Share-based payment charge	**0.1**	0.1
Post-employment benefits	**0.2**	0.1
	2.0	1.8

Further disclosures, including details of the highest-paid Director, are included in the Director's remuneration report on pages 56 to 71.

B Key management remuneration

Compensation payable to key management for employee services is shown below. Following the Group reorganisation in 2017, key management includes members of the Group Management Board.

	2017 £m	2016 £m
Salaries, fees and other short-term employee benefits	**1.1**	3.0
Termination benefits	**–**	0.1
Share-based payment charge	**0.1**	0.1
Post-employment benefits	**0.1**	0.4
	1.3	3.6

23 Related party transactions continued

C Sales and purchases of goods and services to/from subsidiaries

The amounts due from and to subsidiaries are disclosed in notes 18 and 19 respectively.

TClarke plc was charged £2.4 million (2016: £nil) by TClarke Services Ltd for Group management services and incurred interest charges of £0.7 million (2016: £nil) on intercompany loans. TClarke plc charged subsidiary companies £nil (2016: £0.7 million) during the year for insurance services and £nil (2016: £0.2 million) for IT services. Sales to other Group companies of £nil (2016: £nil) and cost of sales from other Group companies of £nil (2016: £27.6 million) are included in the financial statements of the Company.

24 Pension commitments

Defined contribution schemes

The Group operates defined contribution pension schemes for all qualifying employees of all its operating companies. The assets of these schemes are held separately from those of the Group in funds under the control of the trustees.

The Group also contributes to an industry-wide, multi-employer defined benefit pension scheme on behalf of certain employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The plan exposes participating employers to actuarial risks associated with the current and former employees of other entities with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individuals participating in the scheme, and the Group does not have access to sufficient information to enable it to use defined benefit accounting. Therefore, the scheme has been accounted for as a defined contribution scheme. The latest formal actuarial valuation as at 5th April 2015 showed that the scheme had a funding level of 101%.

The total cost charged to income of £2.3 million (2016: £1.3 million) represents contributions payable to these schemes by the Group at rates specified in the rules of the separate plans.

Defined benefit scheme

The Group operates a funded defined benefit scheme for qualifying employees. The scheme is registered with HMRC and is administered by the trustees.

With effect from 1st March 2010, the benefit structure was altered from a final salary scheme with an accrual rate of 1/60th to a Career Average Revalued Earnings scheme with an accrual rate of 1/80th. No other post-retirement benefits are provided. The assets of the scheme are held separately from those of the participating companies. Contribution rates during the year ended 31st December 2016, expressed as a percentage of pensionable payroll, were as follows:

The most recent triennial actuarial valuation of the scheme, carried out at 31st December 2015 by Mr J Seed, Fellow of the Institute of Actuaries, showed a deficit of £14.9 million, which represented a funding level of 67%. The valuation was impacted by the significant fall in bond yields over the period leading up to the date of the valuation and a change in mortality assumptions, caused by macro-economic factors beyond the Group's control. As a result, the ongoing cost of funding the scheme has increased significantly. Following agreement of the valuation, a revised funding and deficit reduction plan has been implemented which includes making additional contributions and continuing to provide security in the form of a contingent asset over the Group's property portfolio up to a combined value of £3.1 million, with the aim of eliminating the deficit by 31st March 2029.

From 1st April 2017, the future service contribution increased from 15.7% to 21.4% of pensionable payroll (including employee contributions, which, following employee consultation, were increased from 8% to 10% of pensionable payroll) and the deficit reduction contribution, which was previously set at 13.0% of pensionable payroll, has been set at £1.0 million for the year ending 31st December 2017, rising to £1.25 million for the year ending 31st December 2018 and £1.5 million per annum thereafter.

As part of a Group reorganisation, a subsidiary company, TClarke Services Limited, became the principal employer of the scheme with effect from 23rd December 2016, and the pension scheme liability and related deferred tax asset were transferred to TClarke Services Limited at that date. The Company and its subsidiary, TClarke Contracting Limited, have provided a guarantee to the trustees of the scheme in respect of TClarke Services Limited's obligations to the pension scheme.

Notes to the financial statements continued
for the year ended 31st December 2017

24 Pension commitments continued
The key assumptions used to value the pension scheme liability in the financial statements are set out below:

	2017 %	2016 %
Rate of increase in salaries	**2.65**	2.60
Rate of increase of pensions in payment	**3.10**	3.05
Discount rate	**2.60**	2.80
Inflation assumption	**3.35**	3.30

The mortality assumptions used in the IAS 19 valuation were:	**2017 Years**	2016 Years
Life expectancy at age 65 for current pensioners:		
– Men	**22.0**	21.9
– Women	**24.4**	24.2
Life expectancy at age 65 for future pensioners (current age 45)		
– Men	**23.3**	23.1
– Women	**25.8**	25.7

The amounts recognised in the consolidated statement of financial position are as follows:

	2017 £m	2016 £m
Present value of funded obligations	**60.0**	53.3
Fair value of plan assets	**(36.6)**	(32.7)
Deficit of funded plans	**23.4**	20.6

24 Pension commitments continued

The movement in the defined benefit obligation is as follows:

	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 1st January 2016	43.2	(29.8)	13.4
Current service cost	0.9	–	0.9
Interest expense	1.8	(1.2)	0.6
	2.7	(1.2)	1.5
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense	–	(0.7)	(0.7)
Loss from change in financial assumptions	9.8	–	9.8
Experience gains	(1.8)	–	(1.8)
	8.0	(0.7)	7.3
Contributions:			
Employers	–	(1.6)	(1.6)
Employees	0.4	(0.4)	–
Payment from plans:			
Benefit payments	(1.0)	1.0	–
At 31st December 2016	**53.3**	**(32.7)**	**20.6**
Current service cost	**1.3**	**–**	**1.3**
Interest expense	**1.5**	**(0.9)**	**0.6**
	2.8	**(0.9)**	**1.9**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense	**–**	**(1.7)**	**(1.7)**
Loss from change in financial assumptions	**3.3**	**–**	**3.3**
Experience loss	**1.1**	**–**	**1.1**
	4.4	**(1.7)**	**2.7**
Contributions:			
Employers	**–**	**(1.8)**	**(1.8)**
Employees	**0.6**	**(0.6)**	**–**
Payment from plans:			
Benefit payments	**(1.1)**	**1.1**	**–**
At 31st December 2017	**60.0**	**(36.6)**	**23.4**

Current service cost is included in administrative expenses.
Interest expense is included in finance costs.
Remeasurement gains and losses have been included in other comprehensive income/expense.

Notes to the financial statements continued

for the year ended 31st December 2017

24 Pension commitments continued

Plan assets are held in professionally managed multi-asset funds, cash and bank accounts managed by the trustees, and an insurance annuity contract. Plan assets are comprised as follows:

	2017				2016			
	Quoted	**Unquoted**	**Total**	**%**	Quoted	Unquoted	Total	%
UK quoted	**3.6**	**–**	**3.6**		3.0	–	3.0	
Overseas quoted	**11.7**	**–**	**11.7**		7.1	–	7.1	
Hedge funds	**3.1**	**–**	**3.1**		9.6	–	9.6	
Equities	**18.4**	**–**	**18.4**	**50%**	19.7	–	19.7	60%
Fixed interest corporate bonds	**1.7**	**–**	**1.7**		5.0	–	5.0	
Inflation-linked bonds	**0**	**–**	**–**		0.8	–	0.8	
Government bonds	**4.6**	**–**	**4.6**		1.6	–	1.6	
Debt instruments	**6.3**	**–**	**6.3**	**17%**	7.4	–	7.4	22%
Property	**2.3**	**–**	**2.3**	**6%**	–	2.1	2.1	7%
Cash	**–**	**6.2**	**6.2**	**17%**	–	1.9	1.9	6%
Insurance annuity contracts	**–**	**1.7**	**1.7**	**5%**	–	1.6	1.6	5%
Other	**–**	**1.7**	**1.7**		–	–	–	
Total	**27.0**	**9.6**	**36.6**		27.1	5.6	32.7	

Through the defined benefit pension scheme the Group is exposed to a number of risks, the most significant of which are set out below.

Asset volatility

The objective of the investment strategy is to have sufficient assets to pay benefits to members as they fall due. The scheme assets are invested in a diversified portfolio of growth assets (such as multi-asset funds and equities) and matching assets (such as bonds held in multi-asset funds and cash). Multi-asset funds include property investments. The scheme does not directly own any property assets. In addition, the scheme holds a number of annuity policies which are used to back a number of pensions in payment, reducing the volatility of the results.

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. A significant proportion of scheme assets are held in equities, which are expected to outperform bond yields in the long term while providing volatility and risk in the short term.

The Group believes that due to the long-term nature of scheme liabilities and the strength of the Group, it is appropriate to continue to hold a significant proportion of the assets in equities. The proportion of equities held was increased following a review of the investment strategy and taking into account expected improvements in equity markets and the maturity profile of the scheme.

Change in corporate bond yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the scheme's bond holdings.

Inflation risk

Some of the pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. Caps are in place for inflationary increases which protect the scheme against the impact of extreme inflation. The majority of the plan's assets are largely unaffected by inflation, meaning that any increase in inflation will also increase the deficit.

24 Pension commitments continued

Life expectancy

Pension obligations are payable for the life of the member, and where elected by the member, the member's spouse.

Increases in life expectancy will result in increases in scheme liabilities.

Age profile

The weighted average duration of the unsecured liabilities is approximately 22 years.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease by 10%	Increased by 12%
Inflation assumption	0.5%	Increase by 6%	Decrease by 8%
		Increase by one year in assumption	Decrease by one year in assumption
Life expectancy		Increase by 3%	Decrease by 3%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

25 Lease obligations

A Obligations under finance leases

	Minimum lease payment		Present value of minimum lease payment	
	2017 £m	2016 £m	**2017 £m**	2016 £m
Amounts payable under finance leases:				
Within one year	**0.1**	0.1	**0.1**	0.1
Within one to two years	**–**	–	**–**	–
Within two to three years	**–**	–	**–**	–
Within three to four years	**–**	–	**–**	–
	0.1	0.1	**0.1**	0.1
Less: future finance charges	**–**	–	**–**	–
Present value of lease obligations	**0.1**	0.1	**0.1**	0.1

The average lease term is three to four years. For the year ended 31st December 2017, the average effective borrowing rate was 6% (2016: 6%). Interest rates are fixed at the contract dates. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Obligations under finance leases are secured by the lessor's charges over the leased assets.

Notes to the financial statements continued
for the year ended 31st December 2017

25 Lease obligations continued

B Operating lease obligations

Total outstanding commitments for future minimum lease payments under non-cancellable operating leases fall due as follows:

Group	**Land and buildings 2017 £m**	**Other operating leases 2017 £m**	Land and buildings 2016 £m	Other operating leases 2016 £m
Within one year	**0.4**	**0.9**	0.4	0.9
In second to fifth year inclusive	**0.1**	**1.5**	0.2	0.8
	0.5	**2.4**	0.6	1.7

Company	**Land and buildings 2017 £m**	**Other operating leases 2017 £m**	Land and buildings 2016 £m	Other operating leases 2016 £m
Within one year	**–**	**–**	0.3	0.3
In second to fifth year inclusive	**–**	**–**	–	0.2
	–	**–**	0.3	0.5

26 Contingent liabilities

Group banking facilities and surety bond facilities are supported by cross guarantees given by the Company and participating companies in the Group. There are contingent liabilities in respect of surety bond facilities, guarantees and collateral warranties under contracting and other arrangements entered into in the normal course of business.

Group's defined benefit pension

As part of a Group reorganisation, a subsidiary company, TClarke Services Limited, became the principal employer of the scheme with effect from 23rd December 2016, and the pension scheme liability and related deferred tax asset were transferred to TClarke Services Limited at that date. The Company and its subsidiary, TClarke Contracting Limited, have provided a guarantee to the trustees of the scheme in respect of TClarke Services Limited's obligations to the pension scheme.

27 Financial instruments

A Capital risk management

The Group manages its capital to ensure that each entity within the Group will be able to continue as a going concern; to maintain a strong financial position to support business development, tender qualification and procurement activities; and to maximise the overall return to shareholders over time. Dividends form an important part of the overall return to shareholders. The Group is mindful of the need to ensure that the dividend is covered by earnings over the business cycle and paid out of cash reserves in order to secure the long-term interests of shareholders. The Board considers that it has sufficient capital to undertake its activities for the foreseeable future. The Group's overall capital strategy remains unchanged from 2016.

The capital structure of the Group consists of net funds, including cash and cash equivalents, bank loans and overdrafts and finance lease obligations, and equity attributable to equity holders of the parent company, comprising issued capital, reserves and retained earnings. The Group does not use derivative financial instruments.

27 Financial instruments continued

The capital structure of the Group at 31st December 2017 and 2016 was as follows:

	2017 £m	2016 £m
Cash and cash equivalents	**16.7**	12.3
Less total borrowings	**(5.1)**	(3.1)
Net funds	**11.6**	9.2
Total equity	**16.4**	14.1

B Financial assets and liabilities

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the bases of measurement and the bases on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3. The fair value of the Group's and the Company's financial assets and financial liabilities is not materially different to the carrying value.

Financial assets

The Group's financial assets comprise loans and receivables at amortised cost, and cash and cash equivalents as follows:

31st December 2017	Cash and cash equivalents £m	Trade and other receivables[1] £m	Amounts due from customers under construction contracts £m	Total £m
Carrying value	**16.7**	**64.0**	**26.4**	**107.1**
Contractual cash flows:				
Less than one year	16.7	59.6	26.4	102.7
One to two years	–	3.8	–	3.8
Two to three years	–	0.6	–	0.6
Three to four years	–	–	–	–
Total	**16.7**	**64.0**	**26.4**	**107.1**

31st December 2016				
Carrying value	12.3	40.6	35.9	88.8
Contractual cash flows:				
Less than one year	12.3	33.7	35.9	81.9
One to two years	–	5.5	–	5.5
Two to three years	–	1.2	–	1.2
Three to four years	–	0.2	–	0.2
Total	12.3	40.6	35.9	88.8

1 Trade and other receivables excludes prepayments.

Notes to the financial statements continued
for the year ended 31st December 2017

27 Financial instruments continued

Financial liabilities – analysis of maturity dates

At 31st December 2017, the carrying value of the Group's financial liabilities and maturity profile of the associated contractual cash flows were as follows:

31st December 2017	Trade and other payables[1] £m	Amounts due to customers under construction contracts £m	Bank loans[2] £m	Obligations under finance leases £m	Total £m
Carrying value	**83.7**	**5.5**	**5.0**	**0.1**	**93.1**
Contractual cash flows:					
Less than one year	80.9	5.5	0.2	0.1	85.5
One to two years	2.4	–	0.2	–	2.6
Two to three years	0.4	–	5.0	–	5.4
Three to four years	–	–	–	–	–
Total	**83.7**	**5.5**	**5.4**	**0.1**	**93.5**
31st December 2016					
Carrying value	73.1	2.5	3.0	0.1	78.7
Contractual cash flows:					
Less than one year	71.3	2.5	0.3	0.1	74.2
One to two years	1.3	–	0.2	–	1.5
Two to three years	0.4	–	0.2	–	0.6
Three to four years	0.1	–	3.0	–	3.1
Total	73.1	2.5	3.7	0.1	79.4

1 Trade and other payables exclude deferred income and other taxation and social security.
2 Details of the Group's bank facilities are given in note 22 on page 118.

C Financial risk management

Financial risk management is integral to the way in which the Group is managed. The overall aim of the Group's financial risk management policies is to minimise any potential adverse effects on financial performance and net assets.

The Group does not enter into any derivative transactions and has minimal exposure to exchange rate movement as its trade is based in the United Kingdom.

The financial risks to which the Group is exposed comprise credit risk, market risk and liquidity risk.

27 Financial instruments continued

The Group seeks to manage these risks as follows:

Credit risk

Credit risk is the risk that a counterparty will fail to discharge its obligations and create a financial loss. Credit risk exists, amongst other factors, to the extent that at the reporting date there were significant balances outstanding. The Group's policy is to mitigate this risk by assessing the creditworthiness of prospective clients prior to accepting a contract, requesting progress payments on contract work in progress and investing surplus cash only with large, highly regarded UK financial institutions.

The carrying value of construction contracts, trade and other receivables and cash on deposit represents the Group's maximum exposure to credit risk. There were no significant concentrations of credit risk at 31st December 2017.

Liquidity risk

Liquidity risk is the risk that the Group will not generate sufficient cash and liquid funds to be able to settle its financial liabilities as and when they fall due. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by monitoring cash flows and by matching the maturity profiles of financial assets and liabilities within the bounds of its contractual obligations.

The Group's facilities were successfully renegotiated in December 2016 and now comprise a £10 million RCF and a £5 million overdraft facility. The RCF is a committed facility available until 31st March 2020 and is subject to quarterly financial covenant tests. Management has prepared three-year cash flow projections that demonstrate that the Group will be able to meet these financial covenants. There have been no other significant changes to the nature of financial risks or the Group's objectives and policies for managing these risks.

Based on an interest rate of 3.5%, the effect of a delay/acceleration in the maturity of the Group's trade receivables at the balance sheet date would be to decrease/increase profit by approximately £0.2 million (2016: £0.1 million) for each month of delay/acceleration, and the effect of a delay/acceleration in the maturity of the Group's trade payables at the reporting date would be to increase/decrease profit by approximately £0.2 million (2016: £0.1 million) for each month of delay/acceleration.

Cash flow interest rate risk

The Group is exposed to changes in interest rates on its bank deposits and borrowings. Surplus cash is placed on short-term deposit at fixed rates of interest. Bank overdrafts are at floating rates, at a fixed margin of 2.25% above base rates. The interest rate on amounts drawn down under the RCF are fixed at LIBOR plus 2.25% at the time of drawdown for periods of up to six months. The Group's finance lease obligations are at fixed rates of interest determined at the inception of the lease.

The effect of each 1% increase in interest rates on the Group's floating and short-term fixed rate cash, cash equivalents and bank overdrafts at the reporting date would be to increase profits by approximately £0.1 million (2016: £0.1 million) per annum. Details of the Group's and the Company's bank facilities are disclosed in note 22. Details of finance lease commitments are disclosed in note 25.

Notes to the financial statements continued
for the year ended 31st December 2017

28 Business combinations

On 4th August 2017, the Group acquired 100% of the share capital of Eton Associates Limited ('Eton') for an initial cash consideration of £1.5 million. Additional cash consideration of between £nil and £1.0 million cash is due on agreement of the completion accounts as at 4th August 2017, dependent on the carrying value of net assets, and further cash consideration of up to £0.6 million will become payable to the vendors subject to certain earnings targets being met in the two years ending 4th August 2019. The completion accounts had not yet been completed at the date that these financial statements were approved, and therefore a provisional estimate of the consideration due for the acquisition of Eton has been included in these financial statements.

Eton is a controls systems specialist offering a variety of building management systems, and specialises in installing and maintaining sophisticated building controls systems. The acquisition reflects the Group's strategy to grow and develop its intelligent buildings services offering to support its core mechanical and electrical contracting business.

The following table summarises the provisional consideration paid for Eton, and the provisional fair value of assets acquired and liabilities assumed at the acquisition date. The Group has not yet completed its assessment of the fair value of assets acquired and liabilities assumed, and therefore the amounts included below are provisional.

Consideration at 4 August 2017	**£m**
Cash	1.5
Contingent consideration	0.5
Total consideration	**2.0**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	–
Property, plant and equipment	0.4
Trade and other receivables	1.5
Trade and other payables	(2.4)
Hire purchase and finance lease obligations	(0.2)
Total identifiable net assets	(0.7)
Goodwill	2.7
Total	**2.0**

The contingent consideration arrangements are as follows:
- An additional £0.5 million cash consideration will be paid to the vendors, £0.3 million on 30th April 2018 and £0.2 million on 31st July 2018 following agreement of the completion amounts.

28 Business combinations continued

The following fair value adjustments have been made to Eton's reported assets and liabilities in arriving at the provisional recognised amounts of identifiable assets acquired and liabilities assumed:

- Acquisition-related costs of £0.2 million have been charged to administrative expenses during the year and have been disclosed as a non-underlying item (see note 7B).

The revenue included in the consolidated statement of comprehensive income since 4th August 2017 contributed by Eton was £3.8 million. Eton also contributed profit of £0.0 million over the same period. It is impractical to assess the effect on the consolidated statement of income from 1st January 2017 as no valuation of contracts exists at that date.

29 Group reorganisation

During the year, the Group completed a planned Group reorganisation to rationalise its legal structure and improve the future efficiency of its operations.

The first phase, which was completed as at 31st December 2016, comprised the amalgamation of the Group's operations in London & South East and Central & South West regions into a single trading subsidiary, TClarke Contracting Limited, with a separate subsidiary, TClarke Services Limited, employing all of the staff in these regions and providing internal support services to support the operations of TClarke Contracting Limited.

The second phase, which comprised the amalgamation of the Group's operations in the North and Scotland into this structure, was completed as follows:

- On 31st December 2017, the businesses and trading assets and liabilities of all of the Group's operations in the North and Scotland regions were transferred to TClarke Contracting Limited at book value, in consideration for £6.0 million 10 Year Variable Rate Loan Notes.
- Property, plant and equipment transferred was subsequently transferred to TClarke Services Limited, also at book value in consideration for £0.3 million 10 Year Variable Rate Loan Notes.
- Also on 31st December 2017, the employment contracts of all the Group's staff in the North and Scotland regions were transferred to TClarke Services Limited.
- All loan notes earn interest at 2.5% above base rate.

Eton Associates Limited, which was acquired during the year (see note 28), has been retained as a separate operating entity at present and has not been included in the Group reorganisation.

30 Subsidiary companies

All subsidiaries are wholly owned by TClarke plc unless otherwise stated, and all are incorporated within the United Kingdom.

Electrical and mechanical contractors	Type of shares
DG Robson Mechanical Services Limited*1	Ordinary
Eton Associates Limited[1]	Ordinary
TClarke Contracting Limited[1]	Ordinary
TClarke East Limited*2	Ordinary
TClarke Newcastle Limited**7	Ordinary
TClarke Leeds Limited**3	Ordinary
TClarke North West Limited**4	Ordinary
TClarke (Scotland) Limited**5	Ordinary
TClarke South-East Limited*1	Ordinary
TClarke South West Limited*6	Ordinary

* Trade transferred to TClarke Contracting Limited on 31st December 2016.

** Trade transferred to TClarke Contracting Limited on 31st December 2017.

Notes to the financial statements continued
for the year ended 31st December 2017

30 Subsidiary companies continued

Property holding company	Type of shares
Weylex Properties Limited[1]	Ordinary
Group services company	
TClarke Services Limited[1]	Ordinary
Non-trading and dormant companies	
AG Aylward EMS (Maintenance and Minor Works) Limited[1]	Ordinary
Anglia Electrical Services Limited[1]	Ordinary
GDI Electrical Company Limited[1]	Ordinary
JJ Cross Limited[1]	Ordinary
JJ Cross Services Limited***[1]	Ordinary
Mitchell and Hewitt Limited[8]	Ordinary
TClarke (Northern) Limited[9]	Ordinary
Waldon Security Limited****[1]	Ordinary

*** Shares held by JJ Cross Limited.
**** Shares held by TClarke South West Limited.

Registered offices:
1. 45 Moorfields, London EC2Y 9AE
2. 3 Kym Road, Bicton Industrial Park, Kimbolton, Cambridgeshire PE28 0LW
3. Low Hall Road, Horsforth, Leeds, West Yorkshire LS18 4EF
4. Wilton House, Ackhurst Park, Foxhole Road, Chorley PR7 1NY
5. 6 Middlefield Road, Middlefield Industrial Estate, Falkirk, Stirlingshire FK2 9AG
6. 20 St Austell Business Park, Carclaze, St Austell, Cornwall PL25 4FD
7. Hunter House, 17-19 Byron Street, Newcastle upon Tyne NE2 1XH
8. Windsor Court, Ascot Drive, Derby, Derbyshire DE24 8 GZ
9. Stanhope House, 116-118 Walworth Road, London SE17 1JL

Shareholder information

Company details

Registered office:
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London EC2Y 9AE
Telephone: 020 7997 7410
Email: info@tclarke.co.uk
Company registration number: 119351

The TClarke plc website

Shareholders are encouraged to visit our website www.tclarke.co.uk for further information about the Company. The dedicated investors' section on the website contains information specifically for shareholders, including regulatory announcements and copies of the latest and past financial statements.

Registrars

The Company's shareholder register is maintained by our Registrar, Link Asset Services (formerly Capita Asset Services). If you have any queries relating to your TClarke plc shareholding, you should contact Link Asset Services directly by one of the methods below:

Email: enquiries@linkgroup.co.uk
Telephone: 0871 664 0300
By post: The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Shareholder Portal: www.signalshares.com
If you are yet to register, you will need your investor code.

Analysis of shareholdings

The tables below show an analysis of Ordinary shareholdings as at 31st December 2017.

	Shares	Percentage	Holdings	Percentage
Individuals	7,357,928	18%	784	73%
Banks or nominees	33,180,559	79%	260	24%
Other corporations	1,291,090	3%	29	3%
Totals	41,829,577	100%	1,073	100%
Number of shares held:				
1 to 5,000	398,575	1%	429	40%
5,001 to 10,000	799,840	2%	227	21%
10,001 to 50,000	1,182,823	3%	163	15%
50,001 to 500,000	5,287,694	13%	190	18%
500,001 to 1,000,000	9,749,531	23%	46	4%
1,000,001 to 5,000,000	4,581,136	11%	6	1%
5,000,001 to 10,000,000	19,829,978	47%	12	1%
Totals	41,829,577	100%	1,073	100%

Shareholder information continued

Auditors
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Corporate broker
N+1 Singer
1 Bartholomew Lane
London EC2N 2AX
Tel: 020 7496 3000

Investor relations
RMS Partners Limited
160 Fleet Street
London EC4A 2DQ
Tel: 020 3735 6551

Financial calendar
Annual General Meeting
18th May 2018

Half Year results announcement
7th August 2018

Trading update release
15th November 2018

Final dividend for 2017
Ex-dividend 26th April 2018
Record date 27th April 2018
Payment due 25th May 2018

Interim dividend for 2018
Ex-dividend 6th September 2018
Record date 7th September 2018
Payment due 5th October 2018

These dates are indicative only and may be subject to change.

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Every picture of central London tells a TClarke story as we work with partners to deliver a city for the future.

22 & 100 Bishopsgate

On the skyline, 22 and 100 Bishopsgate, two of our many current major projects in the City of London.

20 Fenchurch St

Known as the Walkie Talkie. We brought the first 33kV power supply to a commercial office in this project.

Olympic Stadium

We provided the electrical and data cabling services for the Olympic stadium and on call FM services during the Games.

Building S5

For the new HQ for the Financial Conduct Authority we have delivered large scale mechanical and electrical packages.

Building S6

For the new HQ for Transport for London we have successfully delivered large scale mechanical package.

IQL S9

Following successful completion of S5 and S6, our teams have moved on to work on building S9, this will be the HQ for Cancer Research UK and The British Council.

Westfield Stratford City

In 2008 we delivered the electrical services for Westfield London. In 2011 we delivered Westfield, Stratford City. In March 2018 we completed the extension to Westfield London.

TClarke

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